

Olam International Limited

Management Discussion and Analysis

Results for the period ended December 31, 2015



This Management Discussion and Analysis (MD&A) should be read and understood only in conjunction with the full text of Olam International Limited's Financial Statements for the Quarter and Eighteen Months ended December 31, 2015 lodged on SGXNET on February 29, 2016.

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MANAGEMENT DISCUSSION AND ANALYSIS

Results for the period ended December 31, 2015 ("12M 2015"[1])

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[1] The Company had announced a fiscal year-end change from June 30 to December 31. With this change, the Company's fiscal year, which began on July 1, 2014 will end on December 31, 2015. Thereafter, the Company will follow a January to December fiscal year. The numbers presented and analysed in the MD&A from pages 3-29 are for the fourth quarter ("Q4 2015") and 12 months ("12M 2015") ended December 31, 2015 and are compared to the prior corresponding quarter ("Q4 2014") and 12 months ("12M 2014") ended December 31, 2014. See additional explanation on page 10.

Key Highlights

Financial Performance

SGD Mn

	12M 2015	12M 2014	% Change	Q4 2015	Q4 2014	% Change
Volume ('000 MT)	12,506.7	14,021.9	(10.8)	3,692.4	3,371.4	9.5
Revenue	19,052.6	19,772.0	(3.6)	5,448.4	4,879.4	11.7
Net loss in fair value of biological assets	(14.4)	(19.5)	(26.3)	17.1	(12.0)	n.m.
EBITDA	**1,122.8**	**1,106.6**	**1.5**	**313.1**	**283.2**	**10.5**
Depreciation & Amortisation	(237.1)	(209.8)	13.0	(76.6)	(45.2)	69.4
Net Finance costs	(448.9)	(474.5)	(5.4)	(121.3)	(104.8)	15.7
Taxation	(105.9)	(94.9)	11.6	(28.0)	(26.2)	6.9
Exceptional items	(397.0)	302.9	n.m.	(296.1)	13.6	n.m.
PAT	(66.0)	630.3	n.m.	(208.9)	120.6	n.m.
PATMI	**(64.3)**	**591.0**	**n.m.**	**(221.3)**	**118.7**	**n.m.**
Operational PATMI	**346.2**	**288.1**	**20.1**	**88.2**	**105.1**	**(16.2)**

❖ Olam achieved **strong underlying performance** in 12M 2015 with **Operational Profit After Taxes and Minority Interests** (PATMI after excluding exceptional items) **up by 20.1% to S$346.2 million** (12M 2014: S$288.1 million).

❖ **Earnings Before Interest, Tax, Depreciation, and Amortisation (EBITDA) grew by 1.5% to S$1,122.8 million** in 12M 2015 compared to S$1,106.6 million in 12M 2014 with growth across three of our segments – **Edible Nuts, Spices & Vegetable Ingredients** (**up 16.3%** from S$335.5 million to S$390.2 million), **Confectionery and Beverage Ingredients** (**up 16.7%** from S$278.3 million to S$324.9 million) and the **Commodity Financial Services** business (**up from a loss of S$17.9 million to positive S$10.6 million**). This was partly offset by reduced contributions from **Food Staples & Packaged Foods** (**down** from S$295.2 million to S$212.1 million) and **Industrial Raw Materials segments** (**down** from S$215.6 million to S$185.1 million).

❖ **Reported PATMI** for 12M 2015 was a loss of **S$64.3 million** as a result of a net exceptional loss of S$397.0 million recorded during the period. This net exceptional loss was primarily on account of the change in the presentation of fair value gain / loss of our equity investment in PureCircle Limited ("PCL") (S$192.6 million), one-time cost on the buyback of higher cost debt (S$126.5 million), NZFSU dairy restructuring and herd revaluation expenses (S$76.9 million) and the one-time transaction expenses of the ADM Cocoa acquisition (S$34.1 million), partly offset by the gain on sale-and-leaseback of Palm plantations in Gabon (S$33.6 million). The reported PATMI for 12M 2015 is compared against a PATMI of S$591.0 million in 12M 2014, which included an exceptional gain of S$302.9 million principally from the revaluation of our equity stake in PCL (S$270.3 million) and the sale and leaseback of Australian almond assets (S$65.4 million).

- **Reported PATMI for Q4 2015** was negative S$221.3 million (Q4 2014: S$118.7 million) primarily on account of a change in exceptional items from a gain of S$13.6 million in Q4 2014 to a net loss of S$296.1 million in Q4 2015. The net loss was primarily on account of the change in the presentation of fair value gain / loss of our equity investment in PCL (S$192.6 million), NZFSU dairy restructuring and herd revaluation expenses (S$76.9 million), one-time transaction expenses of the ADM Cocoa acquisition (S$34.1 million) and the buyback of convertible bonds (S$23.5 million), partly offset by the gain on sale-and-leaseback of Palm plantations in Gabon (S$33.6 million).

- The results for **12M 2015** and **Q4 2015** include a **change in the presentation** of fair value gain / loss of the Company's equity investment in PCL. The investment in PCL was previously fair valued at the end of each reporting period, based on its prevailing share price, and any resultant non-cash fair value gain or loss was recorded under Other Comprehensive Income ("OCI"), in accordance with SFRS 39. As a result of the change, the cumulative non-cash fair value changes of the PCL investment were re-classified to the profit and loss statement from OCI in Q4 2015 resulting in an increase of S$192.6 million in OCI and a corresponding reduction in the profit and loss statement, which can be seen on page 2 of the SGXNET results announcement. However, **there is no change to the Company's total equity (including reserves) or cash flow position.** Please refer to pages 5-6 for further details.

- **Sales volume declined by 10.8%** as compared to 12M 2014 on account of reduced volumes from lower margin businesses that were discontinued or restructured in line with our strategic plan objectives. The most significant impact on volumes was due to the discontinued Grains operations in certain geographies within the Food Staples & Packaged Foods segment.

- These results also included a **net loss of S$14.4 million** for 12M 2015 on the **fair valuation of biological assets** compared to a **net loss of S$19.5 million** in 12M 2014.

- **Net finance costs** (excluding the one-time charge on the buyback of bonds) were lower at **S$448.9 million** in 12M 2015 compared to **S$474.5 million** in 12M 2014 due to various initiatives undertaken to optimise debt tenors and cost of borrowing. This reduction was partly offset by an increase in average debt as well as higher cost local currency loans for our import and domestic distribution businesses, which helped to partially mitigate the impact of sharp currency devaluation in some markets.

- **Depreciation and amortisation** was **higher at S$237.1 million** in 12M 2015 **compared to S$209.8 million** in 12M 2014 due to a higher fixed asset base, primarily from the McCleskey Mills ("MMI") and ADM Cocoa acquisitions.

- **Tax expenses** (excluding tax on exceptional items) for 12M 2015 were **higher at S$105.9 million** as compared to **S$94.9 million** for the prior corresponding period due to a shift in the geographical mix of earnings contribution towards higher tax jurisdictions.

- We incurred gross **cash capital expenditure (Capex) of S$2,339.5 million** in 12M 2015 as compared to S$455.7 million in 12M 2014. Net of disposals, we invested cash of **S$2,089.7 million** in 12M 2015 as compared to a cash release of S$12.7 million in 12M 2014. The gross Capex for 12M 2015 includes an investment of S$1,855.4 million for the MMI and ADM Cocoa acquisitions which were not part of the strategic plan guidance.

- We generated **positive net operating cash flow** of S$154.9 million during 12M 2015. However, free cash flow to firm (FCFF) was negative S$2,062.6 million primarily due to an investment of S$1,855.4 million for the MMI and ADM Cocoa acquisitions.

- **Net gearing of 1.94 times** at December 31, 2015 was higher than 1.85 times as at December 31, 2014. The gearing level remains in line with our 2016 objective of at or below 2.0 times.

- Subsequent to the strategic plan announcement in April 2013, we have completed 21 **strategic initiatives** to-date which have **released cash of S$1,150.5 million**, generated a **P&L gain of S$150.3 million** and added **S$154.6 million directly to our capital reserves**.

- The Board of Directors has recommended **a final ordinary dividend of 3.5 cents per share**, bringing **total dividend** for the 18-month financial year ended December 31, 2015 to **6.0 cents per share**.

Change in basis of presentation of the equity investment in PureCircle Limited ("PCL")

Pursuant to the reduction in the Company's equity interest in PCL to below 20% and the resignation of Mr. Sunny Verghese from the board of PCL on March 18, 2014, the Company had classified its investment in PCL as an "available-for-sale" asset as per SFRS 39 and in consultation and agreement with the Company's auditors. This classification resulted in a non-cash fair value gain of S$270.3 million which represented the difference between the Company's carrying cost of GBP 2.01 per share and PCL's closing market price of GBP 6.40 per share on March 18, 2014. This gain was presented as an exceptional item in the results for the quarter ended March 31, 2014 ("Q1 2014").

Consequently, all fair value changes on the PCL investment between March 18, 2014 and September 30, 2015 were presented under Other Comprehensive Income ("OCI") at each reporting period. The same methodology was also adopted by the Company, in consultation and agreement with the Company's auditors, for the preparation of the Company's Q4 2015 un-audited financial results. However, the Company was subsequently advised by its auditors on the evening of February 25, 2016 that in accordance with SFRS 39, and in view of the significant and prolonged decline in the share price of PCL, it would be prudent to instead present the non-cash fair value change of S$192.6 million previously recorded through the OCI to the profit and loss statement.

The Board subsequently met with the auditors on Friday, February 26, 2016, at its scheduled meeting to approve the un-audited financial statements, to discuss their advice on the change in the basis of presentation. The Board deliberated on this advice and elected to adopt the same on Friday evening, after the close of trading hours. Therefore, the Company could not provide prior notification of the impact of this change via SGXNET ahead of the scheduled release of its un-audited results before market opening on Monday, February 29, 2016.

This change of S$192.6 million from OCI to the profit and loss statement represented the difference between PCL's closing market price of GBP 6.40 per share on March 18, 2014 and GBP 4.03 per share on December 31, 2015. This loss is reported as an exceptional item for Q4 2015 and 12M 2015. While this had an adverse impact on the reported profit, however, **the total equity (including reserves) and cash flow position of the Company has not been impacted.**

The Company continues to believe in the long term strategy, competitive position and growth prospects of PCL.

Strategic Partnership with Mitsubishi Corporation

On August 28, 2015, the Company entered into a subscription agreement (the "Subscription Agreement") with Mitsubishi Corporation ("MC"), a global integrated business enterprise that develops and operates businesses across a variety of sectors with over 200 offices and subsidiaries in 90 countries worldwide.

The transaction sets the platform for a long term strategic partnership between Olam and MC that leverages the strengths of both companies to increase their participation in the Japan market and collaborate in other mutually beneficial business opportunities across the world.

Pursuant to the Subscription Agreement, the Company raised approximately S$915.0 million of additional equity capital by issuing 332.73 million new ordinary shares (the "New Shares") to MC at an issue price of S$2.75 per New Share. The New Shares represented approximately 12.0% of the enlarged issued and paid up share capital (excluding treasury shares) of the Company immediately after completion of the Subscription Agreement. Temasek Holdings ("Temasek") remains Olam's majority shareholder with a 51.4% controlling stake in the enlarged issued and paid-up share capital (excluding treasury shares) of the Company upon completion of the Subscription Agreement.

MC, in a separate and independent transaction, also acquired approximately 222.0 million secondary shares from the Kewalram Chanrai Group, representing approximately 8.0% of the enlarged issued and paid-up share capital (excluding treasury shares) of Olam immediately following the issuance of the New Shares. Post the completion of both these transactions, MC has become Olam's second largest shareholder with a 20.0% shareholding in the Company. Temasek Holdings remains Olam's majority shareholder with a 51.4% stake.

M&A / Investments

- On January 28, 2015, the Company completed the **acquisition of MMI** for a cash consideration of US$178.0 million (S$234.7 million). The final purchase price allocation for the acquisition was completed in Q3 2015.
- On February 2, 2015, the Company **completed the sale of a 25.0% stake in its Packaged Foods business to Sanyo Foods Co. Ltd**. ("Sanyo Foods"). The Company received **cash proceeds of US$167.5 million (S$219.0 million)** and generated a capital gain of **S$106.2 million to reserves.** Following the completion of the sale, Olam owns 75.0% of Caraway Pte Ltd. ("Caraway"), the holding company for all of the Company's Packaged Foods businesses with the balance 25.0% owned by Sanyo Foods.

- On March 2, 2015, the Company announced its participation in the **Republic of Gabon's ("RoG") GRAINE out-grower plantation programme** through a joint venture in which RoG will hold 51.0% equity ownership and the Company will hold the balance 49.0%.

- On October 16, 2015, the Company announced the **completion of the ADM Cocoa acquisition** at an enterprise value of **US$1,204.0 million** on a cash free and debt free basis. Olam Cocoa is now a top three integrated supplier of cocoa beans and products globally.

  Pending finalisation of the opening balance sheet, in accordance with the terms of the Master Purchase Agreement and the completion of the purchase price allocation ("PPA"), the **purchase consideration and subsequent investments** made in the acquired business **have been included** in the balance sheet as at December 31, 2015, as follows:

	SGD Mn
Property, plant and equipment	254.1
Other non-current assets	526.0
Non-current assets	**780.1**
Inventories	1,248.2
Trade receivables	243.5
Other current assets	410.1
Current assets	**1,901.8**
Trade payables and accruals	(120.6)
Other current liabilities	(135.4)
Current liabilities	**(256.0)**
Total Invested Capital	**2,425.9**

The final allocation will be made post the PPA exercise which is expected to be completed by Q3 2016.

- Post 12M 2015, the Company announced that it had **acquired Amber Foods Limited**, which owns the **wheat milling and pasta manufacturing assets of the BUA Group** in Nigeria, for a total enterprise value of **US$275.0 million**. The acquisition is expected to be completed by Q2 2016.

Financing

- On January 15, 2015, the Company announced the issuance of **US$50.0 million 5 year Senior Notes** due 2020 in a private placement to an institutional investor in Japan at a fixed coupon of 4.00%.

- On January 28, 2015, the Company announced that it had exercised its option to **redeem all of the outstanding US$750.0 million 6.75% bonds** due 2018 at a redemption price of 103.375% of the principal amount. Consequent to the redemption, the Company recorded a **one-time charge of S$100.6 million in 12M 2015** towards payment of redemption premium, amortisation of deferred expenses and the write back of the changes in the fair valuation of the bond from inception till June 30, 2014.

  The bonds, which were initially issued at 95% of their principal amount, had an effective interest cost of 8.08%. By exercising the redemption option, the Company has replaced these bonds using short and medium term borrowing at an effective cost of ~2.00% to 2.50% per annum thereby **saving approximately S$55.0 to S$60.0 million of interest per annum** over the next three years.

- On March 17, 2015, the Company announced the issuance of **A$125.0 million 4.875% 5 year Senior Unsecured Notes due 2020**. On March 19, 2015, the Company announced the issuance of additional notes of A$25.0 million, thereby increasing the total aggregate principal amount of the **combined issuance to A$150.0 million at an issue price of 100.069%** of their principal amount. The **post-swap US Dollar fixed coupon for the combined 5 year tenor issuance is 3.975% per annum**.

- On April 29, 2015, the Company announced the issuance of an **additional A$30.0 million 5 year Senior Unsecured Notes due 2020** which would be fungible with the A$150.0 million issuance. **The effective post-swap US Dollar fixed coupon on the new issuance was 3.60% per annum for 5 years**, which was at a significant discount to the prevailing secondary prices of the Company's outstanding bonds**.**

- On August 12, 2015, the Company announced that it had secured a **US$800.0 million revolving credit facility** (the "US Facility") for its US subsidiaries. The US Facility consists of a two-year and three-year tranche of US$400.0 million each. Proceeds from the US Facility will be used to pre-pay existing debt and for supporting our growing businesses in the US. As a result of the pre-payment, we incurred a one-time cost of S$2.4 million in Q3 2015 which is expected to be offset by future interest savings from the US Facility.

- On August 31, 2015, the Company announced the issuance of **¥6.2 billion** (approximately US$51.2 million) 5 year Senior Notes due 2020 in a private placement to an institutional investor in Japan. The Notes were issued at a fixed coupon of 1.375% payable semi-annually in arrears and will mature on September 9, 2020. **The post-swap US Dollar fixed coupon is 3.75% per annum**.

- On October 28, 2015, the Company announced that it had secured a **revolving credit and term loan facility** (the "Facility") aggregating **US$1,000 million**. The Facility consists of two tranches - a US$850 million 364-day revolving credit facility and a US$150 million 5-year term loan. Proceeds from the Facility will be applied towards refinancing existing debt and meeting working capital and general corporate funding requirements of the Company.

- On December 9, 2015, the Company announced its intention to **repurchase the US$500,000,000 6 per cent. Convertible Bonds due 2016** ("Bonds") for cash by way of an invitation to holders of Bonds to offer to tender their Bonds for repurchase. On December 21, 2015, the Company announced that it had accepted **US$269.5 million** of Bonds for repurchase at a price of **102.5% of their principal amount**. As a result of the repurchase, the Company recorded a **one-time charge of S$23.5 million in the 12M 2015 results.**

  Post 12M 2015, the Company announced that it had received and accepted **US$175.9 million** of Bonds for repurchase at a price of **102.5% of their principal amount**. The Company also repurchased and cancelled **US$10.3 million** of Bonds through open market purchases and redeemed the outstanding balance of **US$44.3 million** at **100.0% of their principal amount**.

Others

- On January 8, 2015, we announced a **fiscal year-end change from June 30 to December 31.** This change was done to align our fiscal year to comply with the Group consolidation and reporting requirements of our majority shareholder.

- With this change, for the purpose of statutory reporting (SGXNET) the quarterly and cumulative financials are presented for the fiscal year which began on July 1, 2014 and ended on December 31, 2015.

- As part of the transition to the new fiscal year, the numbers presented and analysed in the MD&A are for the fourth quarter ("Q4 2015") and 12 months ("12M 2015") ended December 31, 2015 on the new fiscal year basis (January 1, 2015 to December 31, 2015) and are compared to the prior corresponding periods.

- To aid comparison with the financial statements on SGXNET, we are also presenting the financials for the 18 months ended December 31, 2015 ("18M FY15") as compared to 12 months ended June 30, 2014 ("12M FY14") in the Cumulative Financials section of the MD&A.

- In addition, pro-forma historical financial statements (profit and loss statement, balance sheet, abridged cash flow) as well as business and value chain segmental analysis have been re-stated to the new financial year (January to December) for the past three years (2012, 2013 and 2014) to facilitate analysis. These were disclosed via SGXNET on May 11, 2015, and are also available on our website (www.olamgroup.com/investor-relations/)

Strategic Plan Update

1. **Recalibrate the pace of investments**
   We incurred gross **Capex of S$2,339.5 million** in 12M 2015 **as compared to S$455.7 million** in 12M 2014. The Capex for 12M 2015 includes an investment of approximately S$1,855.4 million for the acquisitions of MMI and ADM Cocoa which were not part of the strategic plan Capex guidance.

2. **Optimise balance sheet**
   Several initiatives have been undertaken towards optimising working capital utilisation across the supply chain, including a reduction in inventory levels, receivable factoring, securing higher supplier credit and prioritisation of higher margin transactions within each business unit.

In addition, **various initiatives to optimise the balance sheet and improve returns have also been completed**. These include the sale-and-leaseback of Dairy farming land in Uruguay, almond plantation assets in the US and Australia, palm plantations in Gabon, the repurchase of long term unsecured bonds of **US$30.0 million** issued by NZ Farming Systems Uruguay Limited ("NZFSU") and the repurchase of 7.0% **perpetual capital securities** and 6.0% **fixed rate notes** due 2022 **aggregating S$54.2 million**.

3. **Pursue opportunities for unlocking intrinsic value**

   We have **completed several initiatives**, including the sale of our basmati rice mill in India, the sale of a 25.5% interest in our instant noodles business in Nigeria to Sanyo Foods of Japan, the sale of the Dirranbandi cotton gin and the partial sale of the Collymongle gin in Australia, the sale of a 50.0% stake in our Grains origination operation – Olam Lansing Canada, the sale of 9.8% equity stake in our Dairy processing operation – Open Country Dairy (OCD), New Zealand, the sale of 20.0% stake in the SEZ to the Republic of Gabon, the sale of 80.0% stake in our Australian grains business to Mitsubishi Corporation, sale of equity in our upstream Palm and Rubber joint ventures in Gabon to the Republic of Gabon and the sale of 25.0% stake in our Packaged Foods business to Sanyo Foods.

4. **Optimise shape of portfolio and reduce complexity**

   In addition to the **partial divestment of our Wood Products business in Gabon**, we sold our **Timber subsidiary** Compagnie Forestière des Abeilles SA ("CFA") in Gabon for **US$6.0 million**. We also **exited from the Rice distribution business** in Côte d'Ivoire, announced the **sale of our Australian wool business** and closed a **vegetable dehydrates facility in the US**.

   These transactions will help bring a sharper focus to the business and are expected to reduce operating costs going forward.

In summary, initiatives already completed have **released cash of S$1,150.5 million,** generated a **P&L gain of S$150.3 million** and added **S$154.6 million to** our **capital reserves:**

SGD Mn

Summary of Completed Strategic Plan Initiatives	Number of Initiatives	P & L impact	Addition to capital reserves	Cash flow impact
Closed in 2012	**1**	**17.4**		**68.6**
Closed in 2013	**4**	**18.2**	**14.2**	**65.5**
Sale and Leaseback of Almond Plantation Assets, Australia		65.4		233.2
Divestment of Olam Lansing JV, Canada				6.8
Sale of Timber Assets, Gabon		(14.6)		22.8
Repurchase of Bonds and Perpetual Securities		1.0	2.3	
Sale of 9.8% stake in OCDL, New Zealand		(0.6)		35.1
Australian Grains JV with Mitsubishi Corporation		28.8		79.8
Sale of Timber Subsidiary in Gabon		(22.6)		7.5
Sale of Collymongle Cotton Gin, Australia		6.0		9.9
Sale of 20% stake in SEZ to RoG, Gabon				74.8
Sale of Dairy Processing Plant, Cote d'Ivoire		17.7		32.7
Sale of 10%/20% stake in Palm/Rubber to RoG, Gabon			31.9	40.0
Sale and Leaseback of Dairy Farm Land, Uruguay		21.0		70.4
Sale of Australian Wool Business		(2.7)		
Closure of SVI dehydrates facility, US		(4.9)		
Closed in 2014	**14**	**94.5**	**34.2**	**612.9**
Sale of 25% stake in Packaged Foods BU to Sanyo Foods			106.2	219.1
Sale and Leaseback of Palm Plantations, Gabon		20.2		184.4
Closed in 2015	**2**	**20.2**	**106.2**	**403.5**
Total	**21**	**150.3**	**154.6**	**1,150.5**

Note 1: Cash proceeds for some initiatives will be received in 2016.

Note 2: Figures in the table above may change to reflect the closing balance sheet position and changes in the closing exchange rates from the date of completion till the date of reporting.

Summary of Financial and Operating Results (Jan – Dec 2015)

Profit and Loss Analysis

SGD Mn

	12M 2015	12M 2014	% Change	Q4 2015	Q4 2014	% Change
Volume ('000 MT)	**12,506.7**	**14,021.9**	**(10.8)**	**3,692.4**	**3,371.4**	**9.5**
Revenue	**19,052.6**	**19,772.0**	**(3.6)**	**5,448.4**	**4,879.4**	**11.7**
Other Income^	45.7	59.2	(22.8)	4.6	14.9	(69.5)
Cost of sales^	(16,974.2)	(17,641.5)	(3.8)	(4,959.9)	(4,188.7)	18.4
Overhead expenses^	(961.2)	(860.0)	11.8	(299.3)	(220.9)	35.5
Other operating expenses	(31.0)	(197.7)	(84.3)	87.3	(184.6)	n.m.
Net (loss)/ gain in fair value of biological assets^	(14.4)	(19.5)	(26.3)	17.1	(12.0)	n.m.
Share of results from jointly controlled entities and associates	5.2	(5.9)	n.m.	14.9	(4.9)	n.m.
EBITDA	**1,122.8**	**1,106.6**	**1.5**	**313.1**	**283.2**	**10.5**
EBITDA %	5.9%	5.6%		5.7%	5.8%	
Depreciation & Amortisation	(237.1)	(209.8)	13.0	(76.6)	(45.2)	69.4
EBIT	885.7	896.7	(1.2)	236.5	238.0	(0.6)
Exceptional items	(397.0)	302.9	n.m.	(296.1)	13.6	n.m.
Net Finance costs^	(448.9)	(474.5)	(5.4)	(121.3)	(104.8)	15.7
PBT	39.8	725.1	(94.5)	(180.9)	146.7	n.m.
Taxation^	(105.9)	(94.9)	11.6	(28.0)	(26.2)	6.9
PAT	**(66.0)**	**630.3**	**n.m.**	**(208.9)**	**120.6**	**n.m.**
PAT %	-0.3%	3.2%		-3.8%	2.5%	
Non-controlling interests (incl. exceptional items)	(1.7)	39.3	n.m.	12.4	1.8	588.9
PATMI	**(64.3)**	**591.0**	**n.m.**	**(221.3)**	**118.7**	**n.m.**
PATMI %	-0.3%	3.0%		-4.1%	2.4%	
Operational PAT	**331.0**	**327.4**	**1.1**	**87.2**	**107.0**	**(18.5)**
Operational PAT %	1.7%	1.7%		1.6%	2.2%	
Non-controlling interests^	(15.2)	39.3	n.m.	(1.0)	1.8	n.m.
Operational PATMI	**346.2**	**288.1**	**20.1**	**88.2**	**105.1**	**(16.2)**
Operational PATMI %	1.8%	1.5%		1.6%	2.2%	

^Excluding exceptional items

Sales Volume

Volume declined 10.8% due to reduced volume from lower margin or discontinued operations (such as Grains trading, Wood Products in Gabon and cashew processing in Nigeria), which was in line with our strategic plan objectives.

Revenue

Overall revenue declined by 3.6% due to lower volumes, which was partly offset by the acquisition of ADM Cocoa and higher prices of some commodities, such as almonds, cocoa and cashews as compared to the prior corresponding period.

Other Income

Other income (excluding exceptional items) was reduced by S$13.5 million due to lower miscellaneous income as compared to the prior corresponding period.

Cost of Sales

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

Overhead Expenses

Overhead expenses increased by 11.8% to S$961.2 million in 12M 2015 from S$860.0 million in 12M 2014 due to the MMI and ADM Cocoa acquisitions, higher employee expenses and lease charges.

Other Operating Expenses

Other operating expenses fell by S$166.7 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 net loss in fair value of biological assets from S$19.5 million in 12M 2014 to S$14.4 million in 12M 2015. The reduction was a result of lower net fair value of our almond plantations in Australia, partly offset by fair value gains from our almond plantations in the US and Coffee plantations in Brazil, Tanzania and Zambia.

Share of Results from Jointly Controlled Entities and Associates

Share of results from jointly controlled entities and associates improved from a loss of S$5.9 million in 12M 2014 to a gain of S$5.2 million in 12M 2015, mainly due to higher contribution from SIFCA which was partly offset by lower contributions from Acacia Investments, a Palm joint venture in Mozambique, SEZ in Gabon and OCD in New Zealand.

EBITDA

EBITDA for 12M 2015 grew by 1.5% to S$1,122.8 million with three of our five segments recording an increase and strong results from the Edible Nuts, US SVI, Cotton, Coffee and Grains businesses. This was partly offset by a decline in contribution from the Food Staples & Packaged Foods and Industrial Raw Materials segments. The Food Staples & Packaged Foods segment was adversely impacted due to reduced trading volumes, continued underperformance of Dairy farming operations in Uruguay, the adverse impact of currency devaluation on our Palm refining operations in Mozambique and the Packaged Foods business and a lower contribution from Sugar and Palm trading. The Industrial Raw Materials segment was impacted by a lower contribution from the SEZ business as compared to the prior corresponding period.

Depreciation and Amortisation

Depreciation and amortisation expenses increased from S$209.8 million in 12M 2014 to S$237.1 million in 12M 2015 due to a higher fixed asset from the acquisitions of MMI and ADM Cocoa as compared to the prior period.

Finance Costs

Net finance costs declined from S$474.5 million in 12M 2014 to S$448.9 million in 12M 2015 due to a reduction in the overall cost of borrowing arising from the repayment of higher cost and longer tenor loans in 2014 and 2015. This was partly offset by an increase in average debt and higher cost local currency borrowings that were deployed for our import and domestic distribution businesses in order to mitigate the impact of local currency devaluation.

Taxation

Tax charge on the base business was higher at S$105.9 million in 12M 2015 compared to S$94.9 for 12M 2014 due to a shift in the geographical mix of earnings contribution towards higher tax jurisdictions.

Non-controlling Interest

Non-controlling interest primarily comprised the minority share of results from Rusmolco, Olam Palm Gabon, Olam Rubber Gabon, Olam Algodao do Vale do Zambeze Limitada, Mozambique (Olam AVZ) and Caraway (Packaged Foods). 12M 2015 recorded a loss of S$15.2 million, compared to a gain of S$39.3 million in 12M 2014 due to reduced contributions from Rusmolco, Caraway and Olam AVZ. In addition, 12M 2014 results included the minority share of results from the SEZ business which is classified under share of results from jointly controlled entities and associates in 12M 2015.

Non-controlling interest excludes a gain of S$13.5 million comprising the minority share of Olam Palm Gabon arising from the sale-and-leaseback of Palm plantation assets. This gain is presented under Exceptional Items.

Exceptional Items

12M 2015 results included a net exceptional loss of S$397.0 million as against a gain of S$302.9 million in 12M 2014 as shown on page 16.

Exceptional items for 12M 2015 include a gain of S$33.6 million from the sale-and-leaseback of Palm plantation assets in Gabon. Of this, S$13.5 million pertains to the non-controlling interest share of minority shareholders of Olam Palm Gabon.

SGD Mn

	12M 2015	12M 2014	Q4 2015	Q4 2014
Sale of Dairy Processing Plant, Cote d'Ivoire	0.6	12.9	0.1	0.8
Sale and Leaseback of Dairy Farm Land, Uruguay	0.9	20.0	0.2	20.0
Sale and Leaseback of Palm Plantations, Gabon	33.6		33.6	
Sale of Wool Business, Australia	(0.1)	(2.6)	-	(2.6)
Sale of Dirranbandi Cotton Gin, Australia		0.2		
Sale of Collymongle Cotton Gin, Australia		6.0		
Sale and leaseback of Almond Plantation Assets, Australia		65.4		
Sale of stake in Grains business, Australia		28.8		
Fair Valuation of investment in PureCircle Limited	(192.6)	270.3	(192.6)	
Closure of SVI dehydrates facility, US	(0.3)	(4.6)	(0.1)	(4.6)
Impairment of Coffee plantations, Laos		(24.4)		
NZFSU Dairy restructuring & herd revaluation gain/loss, Uruguay	(76.9)	17.8	(76.9)	
Impairment of Cotton gins, US	(1.7)		(1.7)	
ADM acquisition expenses	(34.1)		(34.1)	
Sale of Timber subsidiary (CFA), Gabon		(22.6)		
Sale of additional stake in SEZ, Gabon		(5.0)		
Sale of Timber Assets, Gabon		(14.6)		
Sale of stake in OCDL, New Zealand		(0.6)		
Impairment of Mechanical Cashew Facility, Nigeria		(25.3)		
Expenses on prepayment of higher cost loans, Singapore		(19.8)		
Expenses on prepayment of higher cost loans, US	(2.4)		-	
Loss on Bonds Redemption 2015 - Interest portion	(82.0)		(0.9)	
Loss on Bonds Redemption 2015 - FV portion	(18.6)		(0.2)	
Gain on buyback of bonds		1.0		
Loss on buyback of Convertible bonds	(23.5)		(23.5)	
Exceptional Items	**(397.0)**	**302.9**	**(296.1)**	**13.6**

PATMI

Reported PATMI for 12M 2015 recorded a loss of S$64.3 million due to a net exceptional loss of S$397.0 million in 12M 2015 as against a net exceptional gain of S$302.9 million in 12M 2014.

Operational PATMI

Operational PATMI (excluding exceptional items) increased by 20.1% over the prior corresponding period as higher EBITDA, lower finance costs and non-controlling interests offset the increase in depreciation, amortisation and tax.

Balance Sheet Analysis

SGD Mn

	31-Dec-15	31-Dec-14	Change
Uses of Capital			
Fixed Capital	6,730.5	6,056.3	674.2
Working Capital	8,317.2	6,259.4	2,057.8
Cash	2,143.2	1,845.8	297.4
Others	462.1	(27.1)	489.2
Total	**17,653.0**	**14,134.4**	**3,518.6**
Sources of Capital			
Equity & Reserves	5,226.4	4,320.1	906.3
Non-controlling interests	240.6	126.3	114.3
Short term debt	5,512.2	2,623.7	2,888.5
Long term debt	6,781.7	7,217.0	(435.3)
Fair value reserve	(107.9)	(152.7)	44.8
Total	**17,653.0**	**14,134.4**	**3,518.6**

Our total assets of S$17.7 billion comprised S$2.1 billion of cash, S$8.3 billion of working capital and S$6.7 billion of fixed assets. These were funded by S$5.2 billion of equity, S$5.5 billion of short term debt and S$6.8 billion of long term debt.

Of the S$3,518.6 million increase in overall balance sheet size as compared to end-December 2014, S$2,425.9 million was on account of the acquisition of ADM Cocoa.

Working Capital

SGD Mn

	31-Dec-15	31-Dec-14	Change
Stock	6,691.7	4,988.3	1,703.4
Advance to suppliers	715.0	664.4	50.6
Receivables	1,495.2	1,373.7	121.5
Trade creditors	(1,753.7)	(1,373.2)	(380.5)
Others	1,169.0	606.2	562.8
Working Capital	**8,317.2**	**6,259.4**	**2,057.8**

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

The overall working capital increased by S$2,057.8 million compared to end-December 2014, primarily on account of the acquisition of ADM Cocoa. Excluding the impact of the acquisition, working capital increased by S$412.0 million.

days

	31-Dec-15	31-Dec-14	Change
Stock	143	110	33
Advance to suppliers	15	14	1
Receivables	28	27	1
Trade creditors	(37)	(30)	(7)
Total cash cycle	**149**	**121**	**28**

Our overall working capital cycle increased from 121 days as at end-December 2014 to 149 days as at end-December 2015. The increase was primarily on account of the ADM Cocoa acquisition which increased inventory days and was partly offset by the increase in trade creditor days.

Cash Flow Analysis

SGD Mn

Cash Flow Summary	12M 2015	12M 2014	Y-o-Y
Operating Cash flow (before Interest & Tax)	1,150.8	1,148.3	2.5
Changes in Working Capital	(995.9)	(766.2)	(229.7)
Net Operating Cash Flow	**154.9**	**382.1**	**(227.2)**
Tax paid	(127.8)	(65.6)	(62.2)
Capex/ Investments	(2,089.7)	12.7	(2,102.4)
Free cash flow to firm (FCFF)	**(2,062.6)**	**329.2**	**(2,391.8)**
Net interest paid	(478.4)	(411.5)	(66.9)
Free cash flow to equity (FCFE)	**(2,540.9)**	**(82.3)**	**(2,458.6)**

We generated positive net operating cash flow of S$154.9 million in 12M 2015. However, FCFF was negative S$2,062.6 million primarily on account of an investment of S$1,855.4 million for the MMI and ADM Cocoa acquisitions.

Debt, Liquidity and Gearing

SGD Mn

	31-Dec-15	31-Dec-14	Change
Gross debt	12,293.9	9,840.7	2,453.2
Less: Cash	2,143.2	1,845.8	297.4
Net debt	10,150.7	7,994.9	2,155.8
Less: Readily marketable inventory	5,232.9	3,947.9	1,285.0
Less: Secured receivables	1,155.8	1,030.4	125.4
Adjusted net debt	3,762.0	3,016.6	745.4
Equity (before FV adj reserves)	5,226.4	4,320.1	906.3
Net debt / Equity (Basic)	**1.94**	**1.85**	**0.09**
Net debt / Equity (Adjusted)	**0.72**	**0.70**	**0.02**

Net debt increased by S$2,155.8 million as compared to end-December 2014 primarily due to the acquisition of ADM Cocoa. Net gearing of 1.94 times as at December 31, 2015 was higher than the 1.85 times as at December 31, 2014, but remained within the strategic plan target of at or below 2.0 times.

Of the S$6.7 billion inventory position, approximately 78.2% or S$5.2 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$1.5 billion in trade receivables, approximately 77.3% were secured. Typically, at any given point, about 75-85% 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 0.72 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$15.6 billion in available liquidity as at December 31, 2015, including unutilised bank lines of S$7.1 billion.

Segmental Review and Analysis

For Q4 2015

SGD Mn

Segment	Sales Volume ('000 MT)		Revenue		EBITDA		Invested Capital (IC)	
	Q4 2015	Q4 2014	Q4 2015	Q4 2014	Q4 2015	Q4 2014	31-Dec-15	31-Dec-14
Edible Nuts, Spices and Vegetable Ingredients	463.7	239.8	1,120.6	1,008.8	91.0	70.5	3,480.9	3,356.6
Confectionery and Beverage Ingredients	473.2	370.4	1,956.6	1,493.4	127.0	93.2	5,717.9	3,249.6
Food Staples and Packaged Foods	2,423.5	2,360.9	1,743.5	1,892.6	48.2	70.3	3,231.4	3,075.4
Food Category	**3,360.4**	**2,971.1**	**4,820.7**	**4,394.8**	**266.2**	**234.0**	**12,430.2**	**9,681.6**
Industrial Raw Materials (IRM)	332.1	400.3	628.1	484.5	55.4	54.9	1,917.5	1,872.0
Commodity Financial Services (CFS)	N.A.	N.A.	(0.3)	0.0	(8.5)	(5.6)	82.6	3.2
Non-Food Category	**332.1**	**400.3**	**627.8**	**484.5**	**46.9**	**49.3**	**2,000.1**	**1,875.2**
Total	**3,692.4**	**3,371.4**	**5,448.4**	**4,879.4**	**313.1**	**283.2**	**14,430.3**	**11,556.8**

Note 1: IC excludes:

(a) Gabon Fertiliser Project (31-Dec-15: S$209.8 million, 31-Dec-14: S$182.4 million), and

(b) Long Term Investment (31-Dec-15: S$269.2 million, 31-Dec-14: S$334.4 million)

For 12M 2015

SGD Mn

Segment	Sales Volume ('000 MT)		Revenue		EBITDA		Invested Capital (IC)		EBITDA/ Avg IC	
	12M 2015	12M 2014	12M 2015	12M 2014	12M 2015	12M 2014	31-Dec-15	31-Dec-14	12M 2015	12M 2014
Edible Nuts, Spices and Vegetable Ingredients	1,549.2	1,527.2	4,227.2	3,692.3	390.2	335.5	3,480.9	3,356.6	11.4%	9.6%
Confectionery and Beverage Ingredients	1,689.5	1,437.1	6,859.6	5,721.8	324.9	278.3	5,717.9	3,249.6	7.2%	9.9%
Food Staples and Packaged Foods	7,904.9	9,356.4	5,391.2	7,187.3	212.1	295.2	3,231.4	3,075.4	6.7%	8.8%
Food Category	**11,143.6**	**12,320.7**	**16,478.0**	**16,601.4**	**927.2**	**909.0**	**12,430.2**	**9,681.6**	**8.4%**	**9.4%**
Industrial Raw Materials (IRM)	1,363.1	1,701.2	2,574.6	3,170.6	185.1	215.6	1,917.5	1,872.0	9.8%	11.6%
Commodity Financial Services (CFS)	N.A.	N.A.	0.0	(0.1)	10.6	(17.9)	82.6	3.2	24.7%	-546.1%
Non-Food Category	**1,363.1**	**1,701.2**	**2,574.6**	**3,170.5**	**195.7**	**197.7**	**2,000.1**	**1,875.2**	**10.1%**	**10.6%**
Total	**12,506.7**	**14,021.9**	**19,052.6**	**19,771.9**	**1,122.8**	**1,106.6**	**14,430.3**	**11,556.8**	**8.6%**	**9.6%**

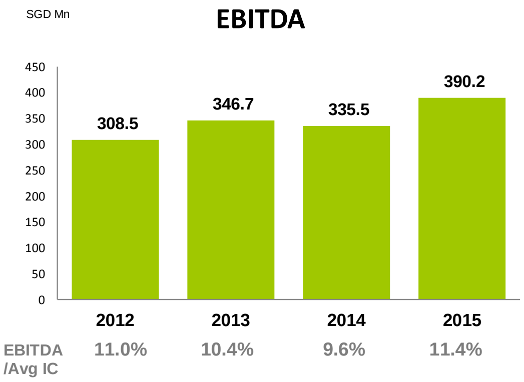
Note1: IC excludes:

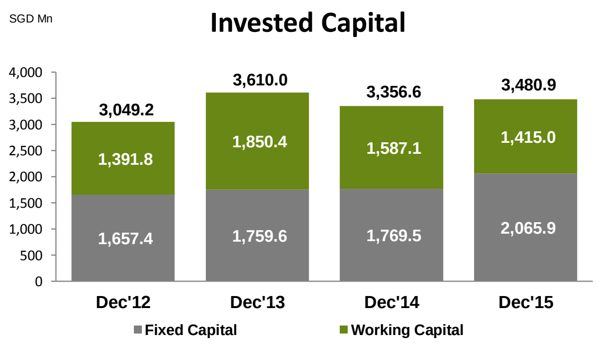
(a) Gabon Fertiliser Project (31-Dec-15: S$209.8 million, 31-Dec-14: S$182.4 million), and

(b) Long Term Investment (31-Dec-15: S$269.2 million, 31-Dec-14: S$334.4 million)

Edible Nuts, Spices & Vegetable Ingredients

The Edible Nuts, Spices & Vegetable Ingredients segment registered a year-on-year volume growth of 1.4%, revenue growth of 14.5% and EBITDA growth of 16.3% in 12M 2015.





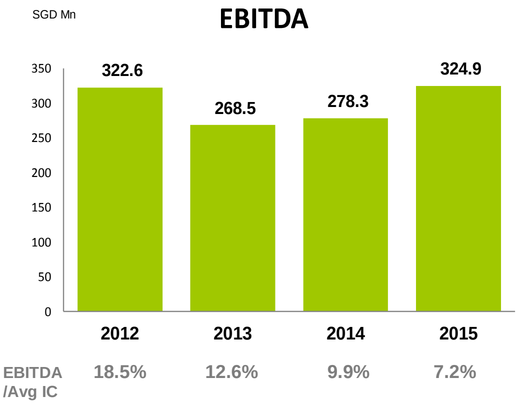
The increase in volume as compared to the prior corresponding period was primarily on account of higher peanut volumes from the MMI acquisition, partly offset by lower tomato paste sales, reduced cashew volumes due to the closure of the processing plant in Nigeria and lower US dehydrated vegetable volumes from the closure of our processing facility in Modesto, California. Segment revenues were higher due to elevated prices of almonds and cashews.

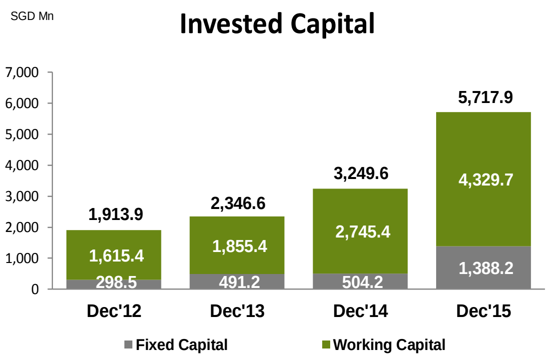
The almonds business continued its strong performance, aided by favourable market conditions and the depreciation of the Australian dollar. Hazelnuts, cashews and the Spices & Vegetable Ingredients business in the US performed well. We also recorded incremental EBITDA from the acquisition of MMI, but this was partially offset by the underperformance in the Argentinean Peanut business due to lower peanut prices, and the adverse impact of the Argentinean peso.

Invested capital in the segment increased by S$124.3 million as compared to end-December 2014 primarily due to acquisition of MMI, investment in increased acreage of almond and pistachio plantations in the US and higher inventories of almonds and cashews due to increased prices. The increase was partly offset by a reduction in biological assets due to lower net fair value of our Australian almond plantation assets as most of the estates achieved peak maturity.

EBITDA to average invested capital (“EBITDA/IC”) for the segment grew from 9.6% in 12M 2014 to 11.4% in 12M 2015 driven by higher segment EBITDA despite higher average invested capital.

Confectionery & Beverage Ingredients





The Confectionery & Beverage Ingredients segment recorded a 17.6% increase in volumes, driven by increased Cocoa and Coffee sales. Segment revenues increased by 19.9% due to higher volumes as well as an increase in cocoa prices compared to the prior corresponding period.

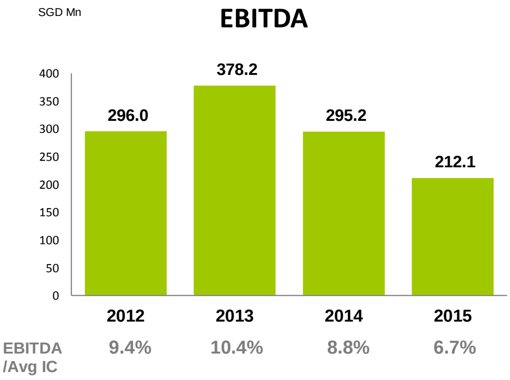
Segment EBITDA grew by 16.7% with increased contribution from the Coffee platform and the ADM Cocoa acquisition, partly offset by a lower contribution from the Cocoa supply chain business. The Coffee platform performed strongly across the value chain which included supply chain trading, soluble coffee processing in Vietnam and Spain and upstream plantations in Brazil, Tanzania and Zambia.

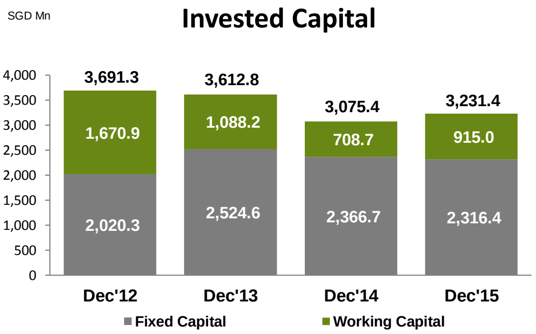
Segment results for 12M 2015 included the contribution from the acquisition of ADM Cocoa for the period from October 16, 2015 to December 31, 2015.

Invested capital in the segment increased by S$2,468.3 million as compared to end-December 2014 primarily on account of the acquisition of ADM Cocoa. Excluding this investment, the segmental invested capital increased by S$42.4 million due to the increase in fixed capital from investments in cocoa processing in Côte d'Ivoire and investments in upstream Coffee plantations.

In spite of the growth in EBITDA, the significant increase in average invested capital caused the segment EBITDA/IC to decline from 9.9% in 12M 2014 to 7.2% in 12M 2015.

Food Staples & Packaged Foods





Food Staples & Packaged Foods segment volumes declined by 15.5% primarily due to lower traded volumes of Grains, Sugar, Palm and Rice. Segment revenues decreased by 25.0% due to lower volumes as well as lower prices of all commodities in this segment as compared to the prior corresponding period.

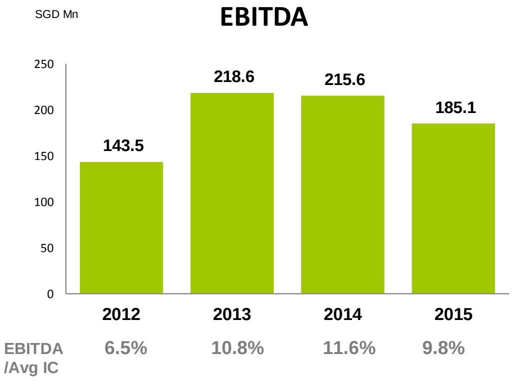
The Grains and Rice businesses performed well during this period. However, overall segment EBITDA declined by 28.2% due to reduced trading volumes, continued underperformance of Dairy farming operations in Uruguay, the adverse impact of currency devaluation on our Palm refining operations in Mozambique and the Packaged Foods business and a lower contribution from Sugar and Palm trading.

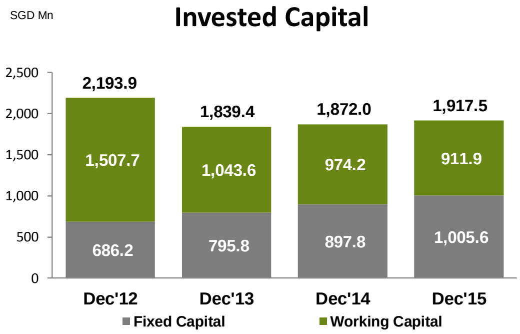
As announced previously, the Dairy farming operation in Uruguay was substantially restructured on account of the continued depressed market conditions in dairy and operational underperformance. We closed a significant number of dairy farms and reduced herd population from approximately 87,000 to 56,000 which resulted in a one-time restructuring cost of S$76.9 million in Q4 2015. We are encouraged by the improvement in farm operating costs and milk productivity post the restructuring. Subject to dairy prices, the business is expected to turn profitable from 2017.

Overall invested capital increased by S$156.0 million vis-à-vis end-December 2014 due to higher working deployed in this segment.

Segment EBITDA/IC declined from 8.8% in 12M 2014 to 6.7% in 12M 2015, due to lower EBITDA.

Industrial Raw Materials





The Industrial Raw Materials volumes declined by 19.9% due to lower Fertiliser trading, Cotton and Wood Products volumes during the period. Segment revenue declined by 18.8% due to lower volumes as compared to the prior corresponding period.

The Cotton and Wood Products businesses recorded a growth in EBITDA. However, overall segment EBITDA declined by 14.1% due to a reduced contribution from the SEZ business as compared to the prior corresponding period.

Overall invested capital increased by S$45.5 million compared to end-December 2014 due to investments in upstream Rubber plantations and SEZ in Gabon.

Segment EBITDA/IC declined from 11.6% in 12M 2014 to 9.8% in 12M 2015, due to lower EBITDA.

Commodity Financial Services

The CFS business registered an improved EBITDA of S$10.6 million in 12M 2015 versus a loss of S$17.9 million in 12M 2014. Invested capital in this segment increased by S$79.4 million due to an increase in margin requirements.

Value Chain Review and Analysis

For 12M 2015

SGD Mn

	Sales Volume ('000 MT)		Revenue		EBITDA		Invested Capital (IC)		EBITDA/ Avg IC	
	12M 2015	12M 2014	12M 2015	12M 2014	12M 2015	12M 2014	31-Dec-15	31-Dec-14	12M 2015	12M 2014
Upstream	433.2	415.7	1,167.2	1,033.7	192.5	182.5	3,130.4	2,826.5	6.5%	6.6%
Supply Chain	9,370.2	11,558.6	13,080.4	14,959.6	599.9	608.8	4,851.9	4,936.4	12.3%	12.5%
Mid/ Downstream	2,703.3	2,047.6	4,805.0	3,778.6	330.4	315.3	6,448.0	3,793.9	6.5%	8.2%
Total	**12,506.7**	**14,021.9**	**19,052.6**	**19,771.9**	**1,122.8**	**1,106.6**	**14,430.3**	**11,556.8**	**8.6%**	**9.6%**

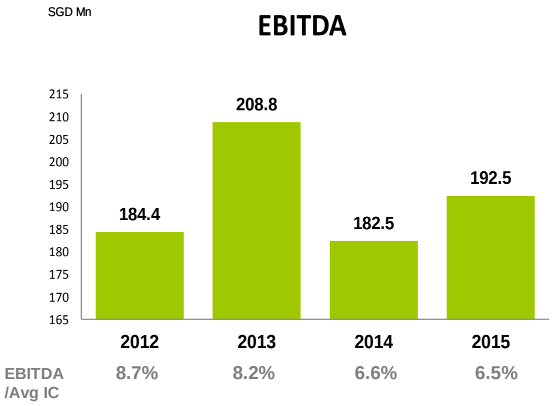
Note: IC excludes:

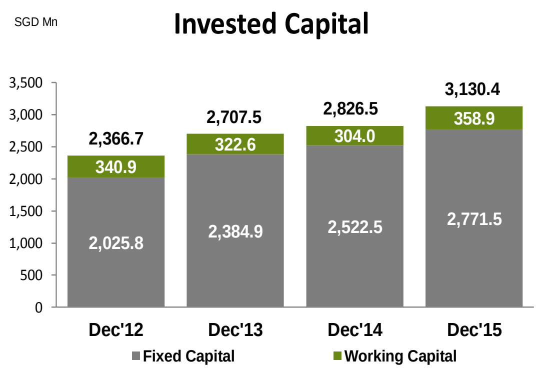
(a) Gabon Fertiliser Project (31-Dec-15: S$209.8 million, 31-Dec-14: S$182.4 million), and

(b) Long Term Investment (31-Dec-15: S$269.2 million, 31-Dec-14: S$334.4 million)

Upstream

The Upstream segment registered a year-on-year volume growth of 4.2%, revenue growth of 12.9% and EBITDA growth of 5.5% in 12M 2015.





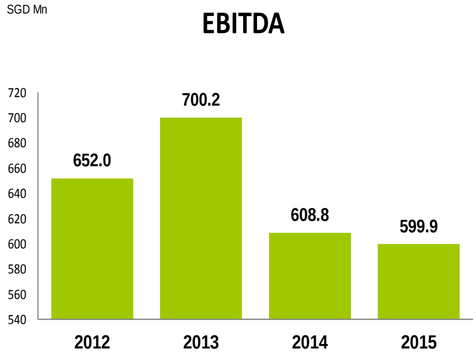
The growth in volume was driven by higher production and yields from the Rice farm in Nigeria, almond orchards in the US and Australia and Dairy farming in Russia. Revenue growth was primarily on account of higher prices of almonds. The growth in EBITDA was due to increased contribution from almond and Coffee plantations and higher contribution from SIFCA. This was partly offset by lower contribution from the Dairy farming operations in Uruguay.

Invested capital in the segment increased by S$303.9 million from end-December 2014, mainly on account of higher fixed capital invested in almond, Coffee, Palm and Rubber plantations and the rice farming.

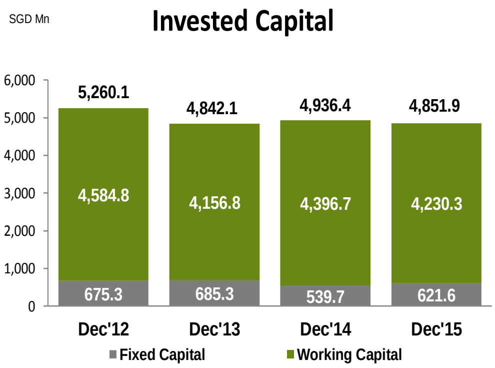
EBITDA/IC declined from 6.6% in 12M 2014 to 6.5% in 12M 2015 due to higher average invested capital. Of the total segment invested capital of S$3.1 billion, S$1.8 billion was partly contributing or gestating. The fully contributing invested capital of S$1.3 billion generated an EBITDA/IC of 14%.

Supply Chain

The Supply Chain segment recorded a decline in volume by 18.9% due to reduced volume from lower margin or discontinued operations, which was in line with our strategic plan objectives. Revenue declined by 12.6% as the reduction in volume was partly offset by higher cocoa prices. Lower volumes and reduced contribution from Sugar and Palm trading and the Cocoa supply chain business resulted in segment EBITDA declining by 1.5%.



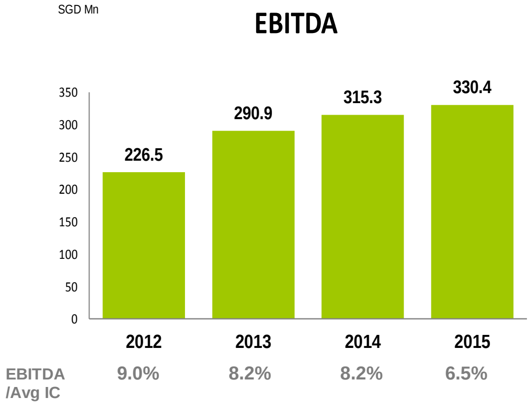
EBITDA /Avg IC	12.4%	13.9%	12.5%	12.3%

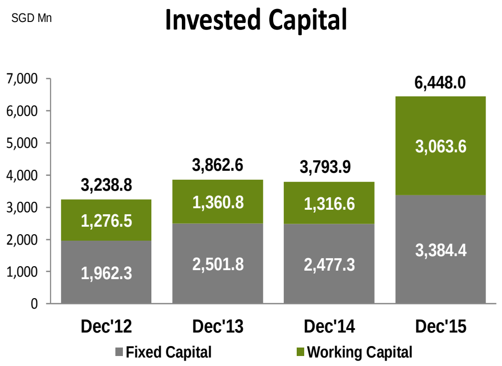


Invested capital in the segment was reduced by S$84.5 million, despite an increase in fixed capital due to lower average commodity prices. However, EBITDA/IC declined marginally from 12.5% in 12M 2014 to 12.3% in 12M 2015 due to lower EBITDA.

Mid/Downstream

The Mid/Downstream segment volumes and revenue recorded a strong growth of 32.0% and 27.2%. The growth was driven by an increase in wheat milling, Palm refining and Cocoa processing volumes and from the MMI and ADM Cocoa acquisitions.





EBITDA grew by 4.8% due to strong contribution from wheat milling in Africa, soluble Coffee processing in Vietnam and Spain, Sugar refining in India, SVI and Peanut businesses in the US and from the acquisition of ADM Cocoa. This was partly offset by the adverse impact of currency devaluation on our Palm refining operations in Mozambique and the Packaged Foods business in Africa and reduced contribution from the SEZ business.

Invested capital increased by S$2,654.1 million during the period, mainly due to the MMI and ADM Cocoa acquisitions.

EBITDA/IC declined from 8.2% in 12M 2014 to 6.5% in 12M 2015 as there was a significant increase in average invested capital due to the MMI and ADM Cocoa acquisitions.

Of the total segment invested capital of S$6.4 billion, S$3.1 billion was partly contributing or gestating. The fully contributing invested capital of S$3.4 billion generated an EBITDA/IC of 10%.

Cumulative Financials (Jul 2014 to Dec 2015)

To aid comparison with the financial statements on SGXNET, we are also presenting the financials for the 18 months ended December 31, 2015 ("18M FY15") as compared to the 12 months ended June 30, 2014 ("12M FY14") in this section.

Results presented in this section are not comparable to the prior reported period of the 12 months ended June 30, 2014.

Profit and Loss Analysis

SGD Mn

	18M FY15	12M FY14	% Change
Volume ('000 MT)	**19,012.3**	**14,877.3**	**n.m.**
Revenue	**28,230.6**	**19,421.8**	**n.m.**
Other Income^	66.2	53.8	n.m.
Cost of sales^	(25,026.5)	(17,481.8)	n.m.
Overhead expenses^	(1,375.1)	(805.0)	n.m.
Other operating expenses	(229.8)	(18.6)	n.m.
Net (loss)/ gain in fair value of biological assets^	(42.3)	(3.7)	n.m.
Share of results from jointly controlled entities and associates	2.3	2.2	n.m.
EBITDA	**1,625.4**	**1,168.8**	**n.m.**
EBITDA %	5.8%	6.0%	
Depreciation & Amortisation	(342.0)	(215.6)	n.m.
EBIT	1,283.4	953.2	n.m.
Exceptional items	(371.3)	283.1	n.m.
Net Finance costs^	(677.8)	(504.8)	n.m.
PBT	234.4	731.5	n.m.
Taxation^	(137.9)	(90.2)	n.m.
PAT	**96.5**	**641.3**	**n.m.**
PAT %	0.3%	3.3%	
Non-controlling interests (incl. exceptional items)	(2.3)	32.8	n.m.
PATMI	**98.7**	**608.5**	**n.m.**
PATMI %	0.3%	3.1%	
Operational PAT	**467.8**	**358.2**	**n.m.**
Operational PAT %	1.7%	1.8%	
Non-controlling interests^	(15.7)	32.8	n.m.
Operational PATMI	**483.5**	**325.4**	**n.m.**
Operational PATMI %	1.7%	1.7%	

^Excluding exceptional items

Balance Sheet Analysis

SGD Mn

	31-Dec-15	30-Jun-14	Change
Uses of Capital			
Fixed Capital	6,730.5	6,143.9	586.6
Working Capital	8,317.2	5,956.0	2,361.2
Cash	2,143.2	1,590.1	553.1
Others	462.1	(127.7)	589.8
Total	**17,653.0**	**13,562.3**	**4,090.7**
Sources of Capital			
Equity & Reserves	5,226.4	4,260.4	966.0
Non-controlling interests	240.6	22.1	218.5
Short term debt	5,512.2	4,503.8	1,008.4
Long term debt	6,781.7	4,836.2	1,945.5
Fair value reserve	(107.9)	(60.2)	(47.7)
Total	**17,653.0**	**13,562.3**	**4,090.7**

Our total assets of S$17.7 billion comprised S$2.1 billion of cash, S$8.3 billion of working capital and S$6.7 billion of fixed assets. These were funded by S$5.2 billion of equity, S$5.5 billion of short term debt and S$6.8 billion of long term debt.

Cash Flow Analysis

SGD Mn

Cash Flow Summary	18M FY15	12M FY14	Change
Operating Cash flow (before Interest & Tax)	1,705.9	1,175.5	530.4
Changes in Working Capital	(1,392.5)	(944.5)	(448.0)
Net Operating Cash Flow	**313.4**	**231.0**	**82.4**
Tax paid	(166.9)	(53.7)	(113.2)
Capex/ Investments	(2,133.5)	(206.0)	(1,927.5)
Free cash flow to firm (FCFF)	**(1,987.0)**	**(28.7)**	**(1,958.3)**
Net interest paid	(665.3)	(475.9)	(189.4)
Free cash flow to equity (FCFE)	**(2,652.3)**	**(504.6)**	**(2,147.7)**

SGXNET and MD&A Reconciliation

The table below summarises the differences between the financial statements on SGXNET and MD&A on account of adjustment for exceptional items.

SGD Mn

	18M FY15	12M FY14	Q4 2015	Q4 2014
Other Income^	**66.2**	**53.8**	**4.6**	**14.9**
Other Income	142.2	452.4	38.6	37.7
Less: Exceptional items	76.0	398.6	34.1	22.7
Cost of sales^	**(25,026.5)**	**(17,481.8)**	**(4,959.9)**	**(4,188.7)**
Cost of sales	(25,045.1)	(17,481.8)	(4,960.1)	(4,188.7)
Less: Exceptional items	(18.6)	-	(0.2)	-
Overhead expenses^	**(1,375.1)**	**(805.0)**	**(299.3)**	**(220.9)**
Other operating expenses^	**(229.8)**	**(18.6)**	**87.3**	**(184.6)**
Other expenses	(1,877.5)	(940.6)	(473.0)	(412.4)
Less: Exceptional items	(272.6)	(117.0)	(261.0)	(6.9)
Net (loss)/ gain in fair value of biological assets^	**(42.3)**	**(3.7)**	**17.1**	**(12.0)**
Net (loss)/ gain in fair value of biological assets	(86.8)	14.2	(27.4)	(12.0)
Less: Exceptional items	(44.5)	17.8	(44.5)	-
Net Finance costs^	**(677.8)**	**(504.8)**	**(121.3)**	**(104.8)**
Finance income	50.0	14.4	14.1	12.8
Finance costs	(835.7)	(519.2)	(159.8)	(117.6)
Less: Exceptional items	(108.0)	-	(24.4)	-
Taxation^	**(137.9)**	**(90.2)**	**(28.0)**	**(26.2)**
Income tax expense	(141.6)	(106.5)	(28.0)	(28.4)
Less: Exceptional items	(3.7)	(16.3)	-	(2.3)
Non-controlling interests^	**(15.7)**	**32.8**	**(1.0)**	**1.8**
Non-controlling interests	(2.3)	32.8	12.4	1.8
Less: Exceptional items	13.5	-	13.5	-

^ As stated in the MD&A

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 70 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 US, pistachio orchards in the US, peanut farming in Argentina, Coffee plantations in Laos, Ethiopia, Tanzania, Zambia and Brazil, Rice farming in Nigeria, Palm and Rubber plantations in Gabon, 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 peanut shelling in the US, 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, Germany, Netherlands, Singapore, Canada, Ghana and Nigeria and wheat milling in Nigeria, Ghana, Senegal and Cameroon.

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 and Dairy) 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 onion, garlic, and tomato)
Confectionery & Beverage Ingredients	3) Cocoa 4) Coffee
Food Staples & Packaged Foods	5) Rice 6) Sugar and Natural Sweeteners 7) Grains & Animal Feed 8) Palm 9) Dairy 10) Packaged Foods
Industrial Raw Materials (IRM)	11) Cotton 12) Wood Products 13) Rubber 14) Fertiliser 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 first half of the year (January to June) compared to the second half of the year (July to December). Based on this seasonality, we have observed the distribution of our earnings in prior periods follow the schedule below:

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

Key Definitions

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

Sales Volume: 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, Taxation and Non-Controlling Interest.

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.