

Olam International Limited

Management Discussion and Analysis

Results for the period ended June 30, 2016




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 Second Quarter and First-Half ended June 30, 2016 lodged on SGXNET on August 12, 2016.

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MANAGEMENT DISCUSSION AND ANALYSIS

Results for the Second Quarter ("Q2 2016") and First-Half ended June 30, 2016 ("H1 2016")

Contents

Key Highlights

Financial Performance

SGD Mn

	H1 2016	H1 2015 Restated	% Change	Q2 2016	Q2 2015 Restated	% Change
Volume ('000 MT)	6,447.5	5,586.6	15.4	3,482.0	2,903.8	19.9
Revenue	9,742.8	9,132.7	6.7	4,981.3	4,811.6	3.5
Net loss in fair value of biological assets	(6.5)	(14.3)	(54.4)	(1.2)	(12.4)	(90.1)
EBITDA	**648.4**	**634.7**	**2.1**	**315.6**	**291.9**	**8.1**
Depreciation & Amortisation	(164.3)	(124.7)	31.7	(83.8)	(66.5)	26.1
Net Finance costs	(191.1)	(224.3)	(14.8)	(91.7)	(101.1)	(9.3)
Taxation	(59.8)	(63.5)	(5.8)	(28.8)	(32.0)	(10.1)
Exceptional items	(12.4)	(97.7)	n.m.	0.1	(0.5)	n.m.
PAT	220.9	124.5	77.5	111.5	91.8	21.4
PATMI	**228.6**	**132.1**	**73.0**	**114.9**	**95.8**	**20.0**
Operational PATMI	**241.0**	**229.8**	**4.9**	**114.8**	**96.3**	**19.2**

Note: *Prior period financial statements have been restated due to changes to accounting standards pertaining to Agriculture (SFRS 41) and Property, Plant and Equipment (SFRS 16) that came into effect from January 1, 2016. Please see page 20 for additional details.*

- **Profit After Tax and Minority Interests (PATMI) increased 73.0 %** from S$132.1 million to **S$228.6 million in H1 2016**. This was due to **lower exceptional charges** in H1 2016 compared to H1 2015. The exceptional charges in both periods were due to the buybacks of high priced bonds, amounting to S$97.7 million in H1 2015 and S$12.4 million in H1 2016.

- **Operational Profit After Taxes and Minority Interests** (PATMI excluding exceptional items) **increased by 4.9% to S$241.0 million** (H1 2015: S$229.8 million).

- **Earnings Before Interest, Tax, Depreciation, and Amortisation (EBITDA) improved by 2.1% to S$648.4 million in H1 2016** compared to S$634.7 million in H1 2015 with growth in **Confectionery & Beverage Ingredients** (**up 37.9% from S$143.2 million to S$197.5 million**) and **Food Staples & Packaged Foods** (**up 24.7% from S$132.8 million to S$165.6 million**) segments offset by lower contribution from **Edible Nuts, Spices & Vegetable Ingredients** (**down 24.5% from S$237.2 million to S$179.2 million**), **Industrial Raw Materials** (**down 7.3% from S$113.5 million to S$105.2 million**) and **Commodity Financial Services (CFS)** (**down from S$8.0 million to S$0.9 million**) segments.

- **Sales volume increased by 15.4%** as compared to H1 2015 with all segments except Edible Nuts, Spices & Vegetable Ingredients recording a growth in volumes.

- These results also included a **net loss of S$6.5 million for H1 2016** on the **fair valuation of biological assets**[1] compared to a **net loss of S$14.3 million in H1 2015**.

- **Net finance costs** (excluding the one-time charge on the buyback of bonds) **were lower at S$191.1 million in H1 2016** compared to S$224.3 million in H1 2015 despite higher overall debt, a testament to the various initiatives undertaken to optimise debt tenures and reduce cost of borrowing.

- **Depreciation and amortisation**[2] was **higher at S$164.3 million** in H1 2016 compared to S$124.7 million in H1 2015 due to a higher fixed asset base, primarily from the acquisition of ADM's cocoa processing business (Cocoa Processing assets) and BUA Group's wheat milling assets in Nigeria.

- We incurred gross **cash capital expenditure (Capex) of S$621.3 million** in H1 2016 (H1 2015: S$446.4 million), mainly for the acquisition of the wheat milling assets in Nigeria (S$311.7 million). **Net of disposals**, we invested cash of **S$555.4 million** in H1 2016 as compared to S$208.6 million in H1 2015.

- We generated **higher positive Free Cash Flow to Firm (FCFF)** of **S$191.2 million and negative Free Cash Flow to Equity (FCFE) of S$5.0 million** in H1 2016 versus S$135.0 million and negative S$115.1 million respectively in H1 2015.

- **Net gearing stood at 1.98 times** at June 30, 2016 compared to 1.96 times as at December 31, 2015. The gearing level remains in line with our objective of at or below 2.0 times.

- Since April 2013, we have completed **22 strategic initiatives** to-date which **released cash of S$1,210.5 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 declared an **interim (one-tier tax exempt) ordinary dividend of 3.0 cents per share**.

[1] Fair valuation of biological assets is now reported in accordance with amendments to Singapore Financial Reporting Standards ("SFRS") 16 – Property Plant and Equipment and SFRS 41 – Agriculture. Fair valuation of biological assets for the prior period has also been restated accordingly. See page 20 for more explanation.

[2] Depreciation and amortisation is now reported in accordance with amendments to SFRS 16 and SFRS 41. See page 20 for more explanation. Depreciation and amortisation for the prior period has also been restated accordingly.

Update on the Strategic Partnership with Mitsubishi Corporation

In April 2016, the Company formed a **30/70 joint venture with Mitsubishi Corporation (MC) in Japan**. The new joint venture MC Agri Alliance Ltd (MCAA), which will import and distribute coffee, cocoa, sesame, edible nuts, spices, vegetable ingredients and tomato products for the Japanese market, is on track to **commence operations by October 1, 2016**.

M&A / Investments

- In January 2016, the Company completed the **acquisition of 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** (S$311.7 million).

- In April 2016, Olam announced that it will invest **US$150.0 million** to set up two state-of-the-art **animal feed mills, poultry breeding farms and a hatchery** in **Nigeria**.

- In early June 2016, Olam announced that it had acquired the **remaining 50.0% interest in Acacia Investments** (AI) it does not already own from its joint venture partner for a total consideration of **US$24.0 million**. The acquisition is expected to be completed in late August 2016.

- During the same month, the Company announced that it had acquired **100.0% interest in Brooks Peanut Company** (Brooks) at an enterprise value of **US$85.0 million**. The acquisition was completed on July 1, 2016.

- In July 2016, Olam Palm Gabon, the 60:40 joint venture between Olam and the Republic of Gabon, acquired **palm and palm oil assets from SIAT Gabon** for approximately **US$24.6 million**. The assets acquired comprise the agro-industrial complexes of Makouké and Lambaréné, which include 3,600 hectares of plantations, processing mills of 30 tonnes per hour capacity, a refinery of 75 tonnes per day capacity, and edible oil brands.

Financing

- In December 2015, the Company **repurchased** US$269.5 million of the **US$500.0 million 6.0% Convertible Bonds due 2016** (Bonds) through a tender offer at a price of 102.5% of their principal amount. In January 2016, it further 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. As a result, a **one-time charge of S$12.4 million** was recorded **in Q1 2016**.

- On April 5, 2016, the Company issued **US$300.0 million 5-year Senior Notes** due 2021 under its US$5.0 billion Euro Medium Term Note Programme priced at a fixed coupon of 4.5%.

- On April 14, 2016, the Company secured a **US$650.0 million Revolving Credit Facility** agreement, consisting of two tranches of US$325 million each, a 364-day revolving credit facility and a 2-year revolving credit facility. Proceeds from the Facility are applied towards refinancing of existing debt and meeting working capital and general corporate funding requirements of the Company.

- On April 19, 2016, the Company signed a **5-year US$175.0 million loan agreement with IFC**, a member of the World Bank Group, to finance its permanent working capital and capital expenditure requirements for the Hemarus sugar mill and spice processing facilities in India, as well as the sesame hulling and Crown Flour Mill facilities in Nigeria.

- On May 17, 2016, the Company announced the issuance of **¥5,500,000,000 (US$50.0 million) 5-year fixed rate senior unsecured notes** due 2021 at a fixed yen coupon rate of 1.427%.

- In July 2016, Olam issued **US$500.0 million Perpetual Capital Securities** under its US$5.0 billion Euro Medium Term Note Programme. Priced at par, the perpetuals bear a distribution rate of 5.35% for the first five years, which will then be reset at the end of five years. If the perpetuals were issued on or before June 30, 2016, the proforma net debt to equity ratio would have been 1.62 times[3].

[3] Perpetual securities of US$500.0 million will be treated as equity under capital securities.

Strategic Plan Update

Initiatives already completed have **released cash of S$1,210.5 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**
SEZ Partial Repayment of Loan				60.0
Closed in 2016	**1**			**60.0**
Total	**22**	**150.3**	**154.6**	**1,210.5**

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

Profit and Loss Analysis

SGD Mn

	H1 2016	H1 2015 Restated	% Change	Q2 2016	Q2 2015 Restated	% Change
Volume ('000 MT)	**6,447.5**	**5,586.6**	**15.4**	**3,482.0**	**2,903.8**	**19.9**
Revenue	**9,742.8**	**9,132.7**	**6.7**	**4,981.3**	**4,811.6**	**3.5**
Other Income^	21.6	28.6	(24.3)	10.5	16.2	(35.3)
Cost of sales^	(8,597.2)	(8,055.0)	6.7	(4,441.9)	(4,328.4)	2.6
Overhead expenses^	(475.3)	(427.0)	11.3	(219.3)	(211.0)	3.9
Other operating expenses	(41.1)	(25.3)	62.3	(18.6)	11.9	n.m.
Net loss in fair value of biological assets	(6.5)	(14.3)	(54.4)	(1.2)	(12.4)	(90.1)
Share of results from jointly controlled entities and associates	4.1	(4.9)	n.m.	4.7	3.9	18.6
EBITDA^	**648.4**	**634.7**	**2.1**	**315.6**	**291.9**	**8.1**
EBITDA %	6.7%	6.9%		6.3%	6.1%	
Depreciation & Amortisation	(164.3)	(124.7)	31.7	(83.8)	(66.5)	26.1
EBIT	484.1	510.0	(5.1)	231.8	225.4	2.8
Exceptional items	(12.4)	(97.7)	n.m.	0.1	(0.5)	n.m.
Net Finance costs^	(191.1)	(224.3)	(14.8)	(91.7)	(101.1)	(9.3)
PBT	280.7	188.0	49.3	140.3	123.8	13.3
Taxation^	(59.8)	(63.5)	(5.8)	(28.8)	(32.0)	(10.1)
PAT	**220.9**	**124.5**	**77.5**	**111.5**	**91.8**	**21.4**
PAT %	2.3%	1.4%		2.2%	1.9%	
Non-controlling interests	(7.6)	(7.6)	0.4	(3.4)	(3.9)	(13.4)
PATMI	**228.6**	**132.1**	**73.0**	**114.9**	**95.8**	**20.0**
PATMI %	2.3%	1.4%		2.3%	2.0%	
Operational PATMI	**241.0**	**229.8**	**4.9**	**114.8**	**96.3**	**19.2**
Operational PATMI %	2.5%	2.5%		2.3%	2.0%	

^Excluding exceptional items

Sales Volume

Volume grew 15.4% as all segments except Edible Nuts, Spices & Vegetable Ingredients reported growth in sales volume.

Revenue

Revenue increased by 6.7% mainly on higher volumes and lower prices of some commodities offsetting price increases in others in the portfolio.

Other Income

Other income (excluding exceptional items) was lower by S$7.0 million due to lower miscellaneous income as compared to the prior corresponding period.

Cost of Sales

Cost of Sales rose in line with revenue increase during the period.

Overhead Expenses

Overhead expenses increased by 11.3% to S$475.3 million in H1 2016 from S$427.0 million in H1 2015 primarily due to the acquisition of Cocoa Processing and wheat milling assets.

Other Operating Expenses

Other operating expenses went up by S$15.8 million, primarily due to higher unrealised foreign exchange losses during the current period. These losses mainly arose from the depreciation of the Nigerian Naira post the deregulation of the country's foreign exchange policy and the Mozambican Metical.

Net Changes in Fair Value of Biological Assets

There was a reduction in net loss from fair valuation of biological assets from S$14.3 million in H1 2015 to S$6.5 million in H1 2016 as the size of the milking herd decreased post the restructuring of the dairy farming operations in Uruguay.

Share of Results from Jointly Controlled Entities and Associates

Share of results from jointly controlled entities and associates improved significantly to a gain of S$4.1 million in H1 2016 compared to a loss of S$4.9 million in H1 2015. This was mainly due to the higher contribution from OCD in New Zealand and Acacia Investments in Mozambique, which more than offset reduced contribution from SEZ in Gabon.

EBITDA

EBITDA for H1 2016 improved by 2.1% to S$648.4 million as Confectionery & Beverage Ingredients and Food Staples & Packaged Foods segments reported a strong growth in EBITDA, offsetting the decline in contribution from the remaining three segments.

Depreciation and Amortisation

Depreciation and amortisation expenses increased from S$124.7 million in H1 2015 to S$164.3 million in H1 2016 due to a higher fixed asset base following the acquisition of the Cocoa Processing and wheat milling assets.

Finance Costs

Net finance costs declined from S$224.3 million in H1 2015 to S$191.1 million in H1 2016 due to a reduction in the overall cost of borrowing arising from the change in borrowing mix and the buyback of high cost debt in 2015.

Taxation

Tax expenses declined marginally from S$63.5 million in H1 2015 to S$59.8 million in H1 2016. Excluding exceptional items, the taxable profits were comparable in both periods.

Non-controlling Interest

Non-controlling interest, which is primarily comprised of the minority share of results from Rusmolco, Olam Palm Gabon (OPG), Olam Rubber Gabon, Olam Algodao do Vale do Zambeze Limitada, Mozambique (Olam AVZ) and Caraway (Packaged Foods), was flat in H1 2016 compared to H1 2015. This was because lower contribution from Caraway and OPG was offset by the better results from Rusmolco.

Exceptional Items

The H1 2016 results included a net exceptional loss of S$12.4 million while the H1 2015 results had S$97.7 million in net exceptional losses. Losses in both periods came about on account of the buybacks of high priced bonds.

SGD Mn

	H1 2016	H1 2015	Q2 2016	Q2 2015
Sale of Dairy Processing Plant, Cote d'Ivoire		0.3		
Sale and Leaseback of Dairy Farm Land, Uruguay		0.5		0.1
Sale of Australian Wool Business		(0.1)		
Closure of SVI dehydrates facility, US		(0.1)		
Loss on Bonds Redemption 2015 - Interest portion		(80.2)		(0.5)
Loss on Bonds Redemption 2015 - FV portion		(18.2)		(0.1)
Loss on buyback of Convertible bonds	(12.4)		0.1	
Exceptional Items	**(12.4)**	**(97.7)**	**0.1**	**(0.5)**

PATMI

PATMI increased 73.0 % from S$132.1 million in H1 2015 to S$228.6 million in H1 2016. This was largely due to a lower exceptional loss of S$12.4 million recorded in H1 2016 compared to S$97.7 million loss in H1 2015.

Operational PATMI

Operational PATMI (excluding exceptional items) grew by 4.9% over the prior corresponding period due to higher EBITDA and lower net finance costs, although this was partly offset by higher depreciation and amortisation.

Balance Sheet Analysis

SGD Mn

	30-Jun-16	31-Dec-15 Restated	Change vs Dec 15	30-Jun-15 Restated	Change vs Jun 15
Uses of Capital					
Fixed Capital	6,245.4	6,674.7	(429.3)	6,076.3	169.1
Working Capital	7,693.6	8,317.2	(623.6)	6,504.7	1,188.9
Cash	2,152.0	2,143.2	8.8	1,383.6	768.4
Others	738.4	478.4	260.0	(188.0)	926.4
Total	**16,829.4**	**17,613.5**	**(784.1)**	**13,776.6**	**3,052.8**
Sources of Capital					
Equity & Reserves	4,941.0	5,187.0	(246.0)	4,423.9	517.1
Non-controlling interests	224.7	240.6	(15.9)	225.6	(0.9)
Short term debt	4,542.6	5,512.2	(969.6)	2,915.7	1,626.9
Long term debt	7,399.6	6,781.7	617.9	6,487.9	911.7
Fair value reserve	(278.5)	(107.9)	(170.6)	(276.5)	(2.0)
Total	**16,829.4**	**17,613.5**	**(784.1)**	**13,776.6**	**3,052.8**

Our total assets of S$16.8 billion comprised S$6.2 billion of fixed assets, S$7.7 billion of working capital and S$2.2 billion of cash. These were funded by S$4.9 billion of equity, S$4.5 billion of short term debt and S$7.4 billion of long term debt. The overall balance decreased by S$784.1 million as compared to end-December 2015 primarily on account of the reduction in working capital as outlined in the section below.

Compared to end-June 2015, the overall balance sheet grew by S$3,052.8 million primarily due to the acquisition and incremental working capital for the Cocoa Processing and wheat milling assets.

Working Capital

	30-Jun-16	31-Dec-15 Restated	Change vs Dec 15	30-Jun-15 Restated	Change vs Jun 15
Stock	6,197.6	6,691.7	(494.1)	4,747.1	1,450.5
Advance to suppliers	750.9	715.0	35.9	768.5	(17.6)
Receivables	1,501.0	1,495.2	5.8	1,663.0	(162.0)
Trade creditors	(1,998.8)	(1,753.7)	(245.1)	(1,358.1)	(640.7)
Others	1,242.9	1,169.0	73.9	684.2	558.7
Working Capital	**7,693.6**	**8,317.2**	**(623.6)**	**6,504.7**	**1,188.9**

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

The overall working capital came down by S$623.6 million compared to end-December 2015. However, compared to end-June 2015, working capital rose by S$1,188.9 million, mainly because of the acquisition and incremental working capital for the Cocoa Processing and wheat milling assets.

# of days

	30-Jun-16	31-Dec-15	Change vs Dec 15	30-Jun-15 Restated	Change vs Jun 15
Stock	131	143	(12)	107	24
Advance to suppliers	15	15	0	17	(2)
Receivables	28	28	0	33	(5)
Trade creditors	(42)	(37)	(5)	(30)	(12)
Total cash cycle	**132**	**149**	**(17)**	**127**	**5**

Our overall working capital cycle increased from 127 days as at end-June 2015 to 132 days as at end-June 2016. This was primarily due to higher inventory days from the Cocoa Processing assets which were partly offset by reduced supplier advances and receivables as well as higher trade creditor days.

Cash Flow Analysis

SGD Mn

Cash Flow Summary	H1 2016	H1 2015	Y-o-Y
Operating Cash flow (before Interest & Tax)	661.3	654.5	6.8
Changes in Working Capital	130.0	(275.0)	405.0
Net Operating Cash Flow	**791.3**	**379.5**	**411.8**
Tax paid	(44.7)	(35.9)	(8.8)
Capex/ Investments	(555.4)	(208.6)	(346.8)
Free cash flow to firm (FCFF)	**191.2**	**135.0**	**56.2**
Net interest paid	(196.2)	(250.1)	53.9
Free cash flow to equity (FCFE)	**(5.0)**	**(115.1)**	**110.1**

We generated positive Free Cash Flow to Firm (FCFF) of S$191.2 million in H1 2016, an increase of S$56.2 million as against S$135.0 million in H1 2015. Increased operating cash flows and lower working capital offset the increase in taxes and net Capex. Net Capex was higher due to the acquisition of the wheat milling assets in Nigeria for S$311.7 million. Free Cash Flow to Equity (FCFE) improved from a negative S$115.1 million a year ago to a smaller negative of S$5.0 million in H1 2016.

Debt, Liquidity and Gearing

SGD Mn

	30-Jun-16	31-Dec-15 Restated	Change vs Dec 15	30-Jun-15 Restated	Change vs Jun 15
Gross debt	11,942.2	12,293.9	(351.7)	9,403.5	2,538.7
Less: Cash	2,152.0	2,143.2	8.8	1,383.6	768.4
Net debt	9,790.2	10,150.7	(360.5)	8,019.9	1,770.3
Less: Readily marketable inventory	4,815.5	5,232.9	(417.4)	3,560.4	1,255.1
Less: Secured receivables	1,134.7	1,155.8	(21.1)	1,288.8	(154.1)
Adjusted net debt	3,840.0	3,762.0	78.0	3,170.7	669.3
Equity (before FV adj reserves)	4,941.0	5,187.0	(246.0)	4,423.9	517.1
Net debt / Equity (Basic)	**1.98**	**1.96**	**0.02**	**1.81**	**0.17**
Net debt / Equity (Adjusted)	**0.78**	**0.73**	**0.05**	**0.72**	**0.06**

Net debt decreased by S$360.5 million as compared to end-December 2015 primarily due to the reduction of short term debt as working capital declined. Despite lower net debt, net gearing was marginally higher at 1.98 times than the 1.96 times as at December 31, 2015. This was because our equity position (before fair value adjustment reserves) as at June 30, 2016 came down due to the reduction in foreign currency translation reserves. Our net gearing remains within our strategic plan target of at or below 2.0 times.

Of the S$6.2 billion inventory position, approximately 77.7% or S$4.8 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$1.5 billion in trade receivables, approximately 75.6% 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 0.78 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$14.7 billion in available liquidity as at June 30, 2016, including unutilised bank lines of S$6.6 billion.

Segmental Review and Analysis

For Q2 2016

SGD Mn

Segment	Sales Volume ('000 MT)		Revenue		EBITDA		Invested Capital (IC)		
	Q2 2016	Q2 2015 Restated	Q2 2016	Q2 2015 Restated	Q2 2016	Q2 2015 Restated	H1 2016	31-Dec-15 Restated	H1 2015 Restated
Edible Nuts, Spices and Vegetable Ingredients	431.6	519.6	1,004.5	1,090.0	99.0	127.3	3,021.8	3,463.0	3,454.3
Confectionery and Beverage Ingredients	450.3	410.7	1,806.6	1,831.0	92.3	59.8	5,564.6	5,680.9	3,226.4
Food Staples and Packaged Foods	2,110.2	1,599.9	1,383.6	1,156.6	79.9	52.8	3,184.4	3,230.6	3,127.7
Food Category	**2,992.1**	**2,530.2**	**4,194.7**	**4,077.6**	**271.2**	**239.9**	**11,770.8**	**12,374.5**	**9,808.4**
Industrial Raw Materials (IRM)	490.0	373.6	786.6	734.0	40.0	55.0	1,712.7	1,917.5	2,002.9
Commodity Financial Services (CFS)	N.A.	N.A.	0.0	0.0	4.4	(3.1)	64.1	82.6	65.2
Non-Food Category	**490.0**	**373.6**	**786.6**	**734.0**	**44.4**	**51.9**	**1,776.8**	**2,000.1**	**2,068.1**
Total	**3,482.0**	**2,903.8**	**4,981.3**	**4,811.6**	**315.6**	**291.9**	**13,547.6**	**14,374.6**	**11,876.4**

Note: IC excludes:

(a) Gabon Fertiliser Project (30-Jun-16: S$212.1 million, 31-Dec-15: S$ 209.8 million, 30-Jun-15: S$ 180.5 million), and

(b) Long Term Investment (30-Jun-16: S$ 172.5 million, 31-Dec-15: S$ 269.2 million, 30-Jun-15: S$ 270.8 million)

For H1 2016

SGD Mn

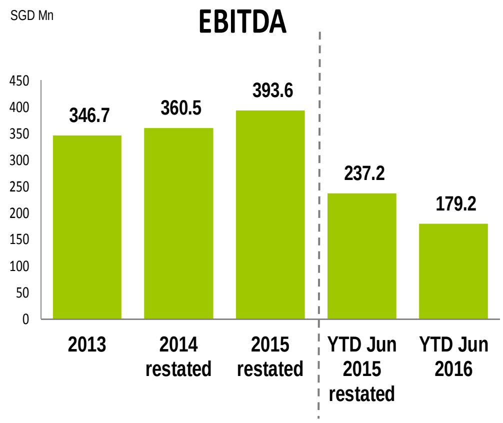
Segment	Sales Volume ('000 MT)		Revenue		EBITDA		Invested Capital (IC)		
	H1 2016	H1 2015 Restated	H1 2016	H1 2015 Restated	H1 2016	H1 2015 Restated	H1 2016	31-Dec-15 Restated	H1 2015 Restated
Edible Nuts, Spices and Vegetable Ingredients	731.9	754.3	1,771.4	1,965.8	179.2	237.2	3,021.8	3,463.0	3,454.3
Confectionery and Beverage Ingredients	983.4	890.3	4,057.3	3,541.7	197.5	143.2	5,564.6	5,680.9	3,226.4
Food Staples and Packaged Foods	3,902.5	3,257.8	2,585.0	2,295.6	165.6	132.8	3,184.4	3,230.6	3,127.7
Food Category	**5,617.8**	**4,902.4**	**8,413.7**	**7,803.1**	**542.3**	**513.2**	**11,770.8**	**12,374.5**	**9,808.4**
Industrial Raw Materials (IRM)	829.7	684.2	1,329.1	1,329.6	105.2	113.5	1,712.7	1,917.5	2,002.9
Commodity Financial Services (CFS)	N.A.	N.A.	-	-	0.9	8.0	64.1	82.6	65.2
Non-Food Category	**829.7**	**684.2**	**1,329.1**	**1,329.6**	**106.1**	**121.5**	**1,776.8**	**2,000.1**	**2,068.1**
Total	**6,447.5**	**5,586.6**	**9,742.8**	**9,132.7**	**648.4**	**634.7**	**13,547.6**	**14,374.6**	**11,876.4**

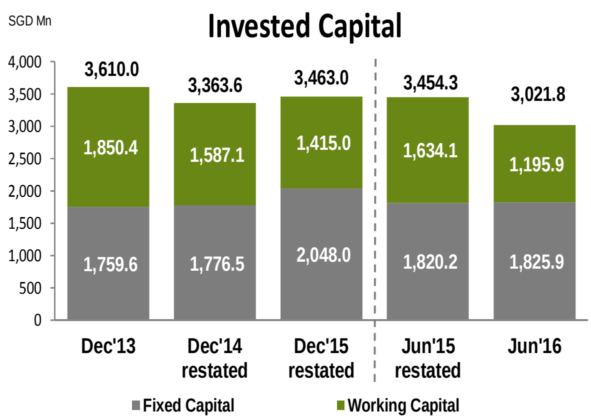
Note: IC excludes:

(a) Gabon Fertiliser Project (30-Jun-16: S$212.1 million, 31-Dec-15: S$ 209.8 million, 30-Jun-15: S$ 180.5 million), and

(b) Long Term Investment (30-Jun-16: S$ 172.5 million, 31-Dec-15: S$ 269.2 million, 30-Jun-15: S$ 270.8 million)

Edible Nuts, Spices & Vegetable Ingredients





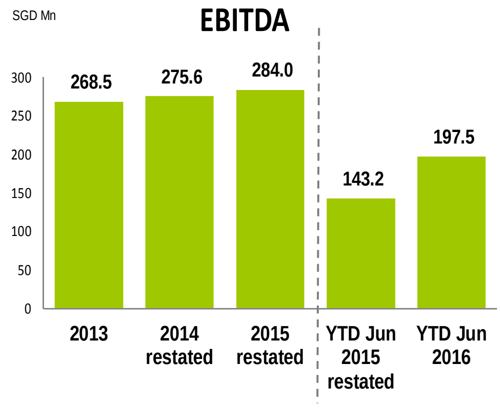
The Edible Nuts, Spices & Vegetable Ingredients segment saw volumes reduced by 3.0% in H1 2016 mainly arising from lower tomato paste volume as demand weakened.

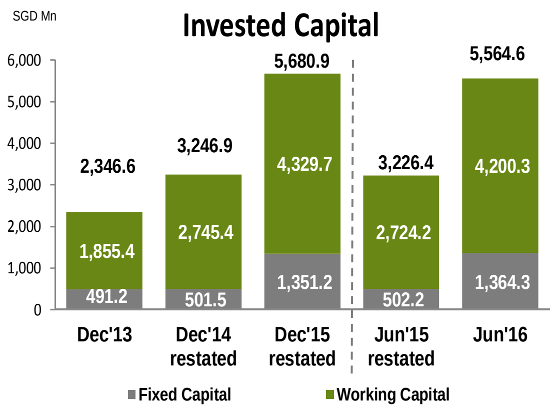
Segment revenues fell by 9.9% on reduced volumes as well as on lower prices of almonds and tomato paste.

Segment EBITDA decline by 24.5% in H1 2016 mainly due to the reduction in contribution from the almond and tomato processing businesses even though other businesses including cashew, peanut, sesame, hazelnut and US dehydrated vegetables performed better than H1 2015. The almond business, which mainly comprises upstream operations, was impacted by lower prices while the tomato processing business experienced margin pressures arising from the decline in market prices. Such conditions are expected to continue into the rest of the year.

Invested capital in the segment was reduced by S$432.5 million as compared to end-June 2015 since there was a reduction in working capital due to lower prices of almonds and tomato paste.

Confectionery & Beverage Ingredients





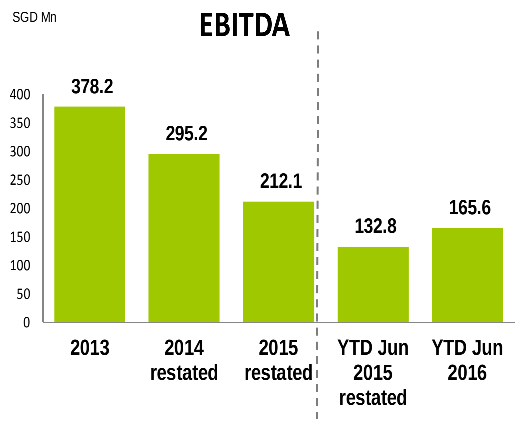
The Confectionery & Beverage Ingredients segment recorded a 10.5% increase in volumes. The increase came mainly from the consolidation of the results of the acquired Cocoa Processing assets, although part of the increase was offset by lower supply chain volumes given the impact of adverse weather in West Africa on cocoa bean supply and quality.

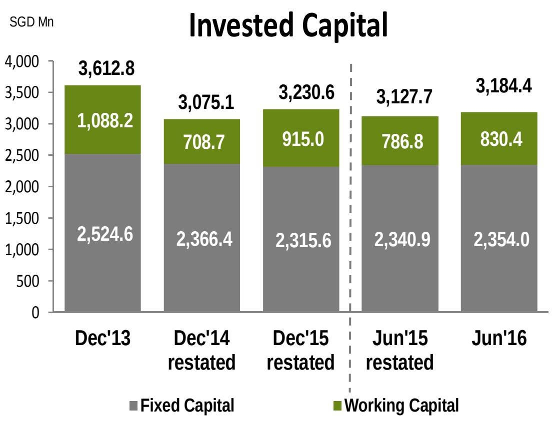
Segment revenues rose by 14.6% largely due to the increases in Cocoa volumes and cocoa price, which was partly offset by the decline in coffee prices.

Segment EBITDA grew by 37.9% as both Cocoa and Coffee platforms reported better performance. Cocoa's overall contribution to segment EBITDA was on account of the consolidation of the results of the acquired Cocoa Processing assets offset to some extent by the lower contribution from the supply chain business. Coffee had an excellent first half in terms of sales volumes and margins, both in green coffee and soluble coffee businesses.

Invested capital in this segment increased by S$2,338.2 million as compared to end-June 2015 primarily due to the acquisition of Cocoa Processing assets as well as higher inventory levels and prices of Cocoa.

Food Staples & Packaged Foods





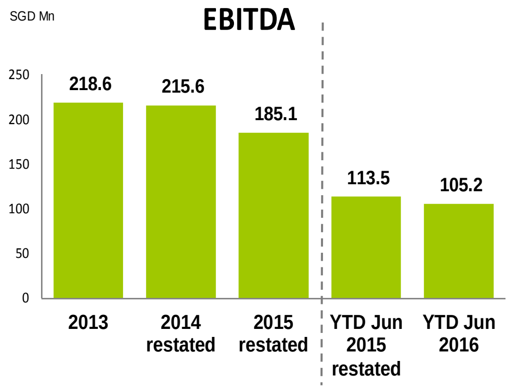
Food Staples & Packaged Foods segment volumes increased by 19.8% mainly because of higher volumes from Grains' wheat milling operations in West Africa post the acquisition of BUA Group's wheat milling assets in Nigeria. Part of the increase in volumes also came from Grains' origination and export operations in the Black Sea region.

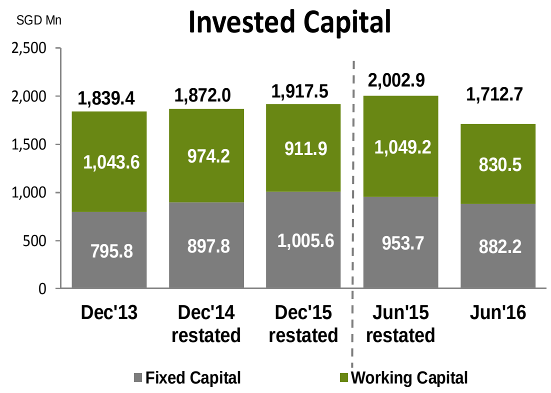
Segment revenue grew by 12.6% in H1 2016 as a result of volume growth as well as lower prices of Rice, Palm and Dairy compared to the previous corresponding period.

The segment reported a strong 24.7% growth in EBITDA as most platforms within this segment recorded an improvement in EBITDA over the prior corresponding period. The wheat milling business in West Africa and the Rice, Sugar, Palm and Dairy platforms showed higher EBITDA in H1 2016. The edible oil refining operations in Mozambique and the Dairy supply chain business performed better than last year. Both the dairy farming businesses in Russia and Uruguay recorded improved operating metrics and hence better results compared to the prior corresponding period. Rice and Sugar supply chain businesses also had improved performance as compared to H1 2015. The Packaged Foods business underperformed in H1 2016 mainly due to continued currency volatility and the disruption of dairy and beverage juices production in Nigeria after a plant fire in April 2016.

Overall invested capital increased by S$56.7 million compared to end-June 2015. The increase in fixed capital due to the acquisition of wheat milling assets in Nigeria was offset by the depreciation impact of the Naira.

Industrial Raw Materials





The Industrial Raw Materials volumes grew by 21.3% as a result of larger Cotton volumes during H1 2016.

Segment revenue was flat compared to H1 2015 as lower cotton prices offset the growth in volumes.

Despite higher volumes, overall segment EBITDA declined by 7.3% as the Cotton business recorded lower margins compared to the prior corresponding period.

Overall invested capital dropped by S$290.2 million compared to end-June 2015 due to a reduction in working capital in Cotton and fixed capital in Gabon SEZ.

Commodity Financial Services

The CFS business registered an EBITDA of S$0.9 million in H1 2016 versus S$8.0 million in H1 2015.

Invested capital in this segment remained largely unchanged compared to end-June 2015.

Annexure:

Impact of Changes in Accounting Standards

Amendments to SFRS 16 (Property, Plant and Equipment) and SFRS 41 (Agriculture)

With effect from January 1, 2016, SFRS 16 and SFRS 41 have been amended and now require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with SFRS 16.

Due to the change, Olam's bearer plants (which include palm oil, rubber, coffee and almond trees) after initial recognition will be measured under SFRS 16 at accumulated cost (before maturity) and at cost less accumulated depreciation (after maturity) where costs is deemed to be based on the fair value at the beginning of the earliest period presented, which is July 1, 2014.

The bearer plants will be subject to annual depreciation over their remaining economic useful lives. However, produce which grows on bearer plants will remain in the scope of SFRS 41 and will continue to be measured at fair value less costs to sell.

As a result of these amendments, Olam's balance sheets as at July 1, 2014 and December 31, 2015 have been restated. In addition, the profit and loss statements for the 18 and 12 months ended December 31, 2015 and quarter ended June 30, 2015 have been restated.

Historical profit and loss statements (based on the MD&A format) and balance sheets for the financial years 2012 to 2015, with 2014 and 2015 financial statements restated in accordance with the amendments to accounting standards SFRS 16 and SFRS 41, were posted on the SGXNET on June 30, 2016. Historical EBITDA, Average Invested Capital (IC) and EBITDA/IC by business and value chain segments for the financial years 2012 to 2015 as well as EBITDA and IC by business segment for the four quarters of 2015 were also provided in the same announcement.

Early adoption of SFRS 109 (Financial Instruments)

The Company has elected to early adopt SFRS 109 with effect from January 1, 2016. The adoption of SFRS 109 provides better alignment between the underlying business operations and its financial and accounting impact. The new standard better reflects the risk management activities of the Company by matching the business impact with the financial and accounting impact of its hedging activities.

In addition, the standard introduces new basis of classification for financial assets that take into account the business model and cash flow characteristics of those assets.

There are no material financial effects arising from the early adoption of SFRS 109, except for the classification of quoted equity shares (PureCircle Limited). For this asset, the Company has adopted the option of recording fair value changes through OCI. As a result, upon initial adoption of SFRS 109, the impairment of S$192.6 million on this asset that was previously recorded under revenue reserves has been reclassified to fair value adjustment reserve as on January 1, 2016. From H1 2016, all fair value changes on this asset will henceforth be recorded under OCI.

The line items of the financial statements that have been impacted by these changes have been summarised below.

Balance sheet as at June 30, 2015

	Prior Year Restatement		
	30 Jun 2015		
	(Previously stated) S$ m	Increase / (decrease) S$ m	(Restated) S$ m
Balance Sheet (Extract)			
Property, plant and equipment	3,001.4	801.0	3,802.4
Biological assets	1,147.7	(792.1)	355.6
Total Assets	16,425.1	8.9	16,434.0
Deferred tax liabilities	(279.9)	1.5	(278.4)
Total Liabilities	(12,062.4)	10.4	(12,052.0)
Net Assets	**4,362.7**	**10.4**	**4,373.1**
Revenue Reserves	2,250.3	12.2	2,262.5
Foreign Currency Translation reserves	(528.8)	(1.7)	(530.5)
Total equity	**4,362.7**	**10.4**	**4,373.1**

Profit and Loss account for the Second Quarter ended June 30, 2015

	Prior Year Restatement		
	30 Jun 2015		
	(Previously stated) S$ m	**Increase / (decrease) S$ m**	**(Restated) S$ m**
Profit & Loss Account (Extract)	**3 Months**		
Net (loss)/ gain in fair value of biological assets	(19.2)	6.8	(12.4)
EBITDA	**285.1**	**6.8**	**291.9**
Depreciation and amortisation	(57.4)	(9.1)	(66.5)
PBT	126.1	(2.2)	123.9
Taxation	(35.3)	3.3	(32.0)
PAT	**90.8**	**1.1**	**91.9**
PATMI	**94.7**	**1.1**	**95.8**
Operational PATMI	**95.2**	**1.1**	**96.3**

Profit and Loss account for the First-Half ended June 30, 2015

	Prior Year Restatement		
	30 Jun 2015		
	(Previously stated) S$ m	**Increase / (decrease) S$ m**	**(Restated) S$ m**
Profit & Loss Account (Extract)	**6 months**		
Net (loss)/ gain in fair value of biological assets	(33.9)	19.5	(14.4)
EBITDA	**615.2**	**19.5**	**634.7**
Depreciation and amortisation	(109.9)	(14.8)	(124.7)
PBT	183.3	4.7	188.0
Taxation	(64.9)	1.4	(63.5)
PAT	**118.4**	**6.1**	**124.5**
PATMI	**126.0**	**6.1**	**132.1**
Operational PATMI	**223.7**	**6.1**	**229.8**

Cash flow for the Second Quarter ended June 30, 2015

	Prior Year Restatement		
	30 Jun 2015		
	(Previously stated) S$ m	Increase / (decrease) S$ m	(Restated) S$ m
Cash Flow (Extract)	3 Months		
Profit before taxation	126.1	(2.2)	123.9
Amortisation of intangible assets and depreciation of property, plant and equipment	57.4	9.1	66.5
Fair value of biological assets	19.2	(6.8)	12.4
Operating cash flow before reinvestment in working capital	282.4	-	282.4

Cash flow for the First-Half ended June 30, 2015

	Prior Year Restatement		
	30 Jun 2015		
	(Previously stated) S$ m	Increase / (decrease) S$ m	(Restated) S$ m
Cash Flow (Extract)	6 Months		
Profit before taxation	183.4	4.7	188.1
Amortisation of intangible assets and depreciation of property, plant and equipment	109.9	14.8	124.7
Fair value of biological assets	33.9	(19.6)	14.3
Operating cash flow before reinvestment in working capital	654.4	-	654.4

SGXNET Financial Statements and MD&A Reconciliation

The table below summarises the differences between the financial statements on SGXNET and MD&A due to adjustments for exceptional items.

SGD Mn

	H1 2016	H1 2015	Q2 2016	Q2 2015
Other Income^	**21.6**	**28.6**	**10.5**	**16.2**
Other Income	21.6	29.6	10.5	16.5
Less: Exceptional items	-	1.0	-	0.3
Cost of sales^	**(8,597.2)**	**(8,055.0)**	**(4,441.9)**	**(4,328.4)**
Cost of sales	(8,597.2)	(8,073.1)	(4,441.9)	(4,328.5)
Less: Exceptional items	-	(18.1)	-	(0.1)
Overhead expenses^	**(475.3)**	**(427.0)**	**(219.3)**	**(211.0)**
Other operating expenses^	**(41.1)**	**(25.3)**	**(18.6)**	**11.9**
Other expenses	(516.4)	(452.6)	(237.9)	(199.2)
Less: Exceptional items	-	(0.3)	-	(0.1)
Net Finance costs^	**(191.1)**	**(224.3)**	**(91.7)**	**(101.1)**
Finance income	15.3	11.7	6.8	8.7
Finance costs	(218.8)	(316.3)	(98.3)	(110.3)
Less: Exceptional items	(12.4)	(80.3)	0.1	(0.5)
Taxation^	**(59.8)**	**(63.5)**	**(28.8)**	**(32.0)**
Income tax expense	(59.8)	(63.5)	(28.8)	(32.0)
Less: Exceptional items	-	-	-	-

^ as stated in MD&A

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, Cocoa plantation in Indonesia, 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.

Growing responsibly

Our purpose of "Growing Responsibly" describes how we do business. We ensure profitable growth is achieved in an ethical, socially responsible and environmentally sustainable manner. As a global agri-business, Olam endeavours to generate economic prosperity, contribute positively to social wellbeing and manage our stewardship of the environment by providing sustainable agricultural products and food ingredients. Through the Olam Livelihood Charter, our flagship programme undertaken to support smallholder communities across the globe, we 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 and Vegetable Ingredients	1) Edible Nuts (cashew, peanuts, almonds, hazelnuts and sesame) 2) Spices & Vegetable Ingredients (including pepper, onion, garlic and tomato)
Confectionery and Beverage Ingredients	3) Cocoa 4) Coffee
Food Staples and Packaged Foods	5) Rice 6) Sugar and Natural Sweeteners 7) Grains and Animal Feed 8) Palm 9) Dairy 10) Packaged Foods
Industrial Raw Materials (IRM)	11) Natural Fibers (Cotton) 12) Wood Products 13) Rubber 14) Fertiliser 15) Ag Logistics and Infrastructure (including Special Economic Zone or 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 Ag logistics and Infrastructure (including Special Economic Zone or 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: Sale of goods in metric tonne equivalent. 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.