Time & again

Annual Report 2011

OLAM

0630hrs
San Joaquin Valley, California
36˚36´N, 120˚11´W

MORE CROP PER DROP

Herb Kalar is the manager of Olam's 2,752 hectares of almond orchards in central California. He is responsible for 22 staff and his aim is to produce 'more crop per drop' through efficient use of water and fertilisers. Olam's field monitoring stations read soil and climate conditions every 15 minutes. Herb can download the data on his smart phone or laptop, giving him the controlled performance he needs. This year the orchards produced a yield of 3,400kg/hectare, an increase of more than 35% over 2010.

Time & again

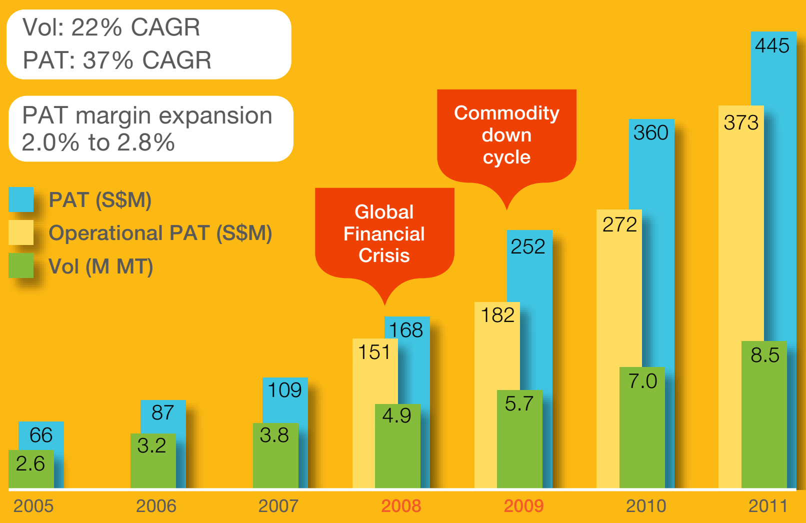
Every day, across the world, Olam delivers on its promise to its suppliers (growers/farmers), customers and partners. Time and again we have shown that this creates exceptional results for our shareholders. It is the commitment of our people across every aspect of our business that has enabled us to exceed our targets consistently over the past 22 years.

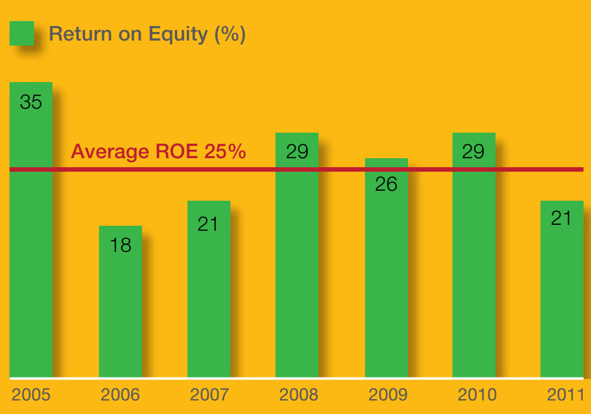
This annual report is dedicated to our 17,000 direct employees and the exceptional results they have delivered in 2011. Olam has grown from 1 product in 1 country to 20 product categories across 65 countries and is a global leader in 10 of these categories today.

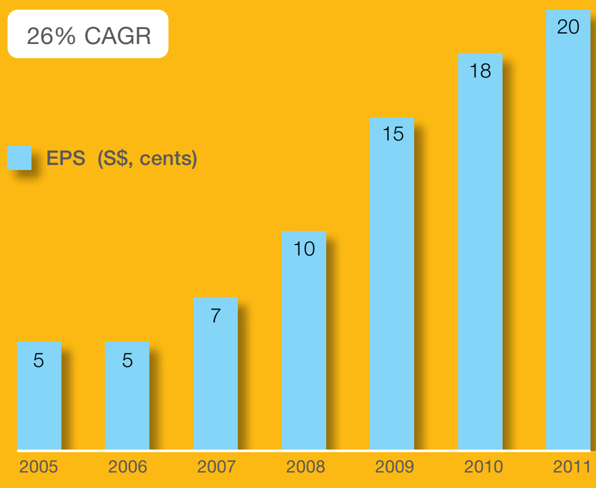
We could not have achieved this without strong leadership and a clear vision. Our success has been driven by a repeatable formula for adjacency expansion across the agricultural products and food ingredients supply chain. We are now in the process of reshaping our portfolio by expanding upstream, midstream and downstream into new parts of the value chain, with the potential to achieve even greater returns in the future.

Contents

Consistent track record of sustained growth across economic and commodity cycles







Delivering value

consistently across economic and commodity cycles

From our start 22 years ago, we have consistently delivered on and grown our top line, bottom line and earned more than our cost of capital concurrently across economic and commodity cycles. We have continued to demonstrate this over the past 7 years as we have weathered the global financial crisis in 2008 followed by a commodity down-cycle in 2009.

The resilience of the Olam model to perform and deliver across volatile cycles has helped us exceed our targets time and again. Since 2005 we have grown our volume at a CAGR of 22% from 2.6 million tonnes to 8.5 million tonnes, while growing PAT at a CAGR of 37% from S$66 million to S$445 million. The key foundations for the resilience in our business model are:

Focused portfolio	A portfolio focused mainly on food ingredients and raw materials, which is inherently more recession resistant. Also built a defensible portfolio that is relatively less contested.
Diversified risk	Broad participation across products, geographies and vertically across the whole value chain. Uniquely shaped porfolio.
Differentiated strategy	Differentiated business model of outoriginig our competition, providing customised solutions and services and selective integration across the value chain. Well defined global strategy implemented at a granular product and country level.
Nature of Participation	Participating in these markets primarily as a supply chain manager and not trading these markets on a proprietary or directional basis reduces the volatility in our earnings.
Operating efficiency	Businesses managed with robust operating and financial discipline, well supported by proprietary systems.
Strong liquidity	Effective management of liquidity and a proven ability to maintain both short and long-term funding in difficult financial markets. Raised equity and debt capital premptively to support growth and navigate through potential disruptions in equity and debt capital markets.
Management excellence	A high calibre, high performance global management team, with an embedded culture and ambition.

Our consistent growth is well supported by long-term global demand for agricultural commodities that is forecasted to outstrip supply in many of our core product groups.

VOL 22% CAGR

PAT 37% CAGR

ROE 25% AVE

EPS 26% CAGR

Time & again

1400 hrs
Champasak, Laos

14°53'N 105°52'E

NURTURING A COFFEE CULTURE
Phetsamone Soudphoumy (above left) is a field supervisor at Olam's Thevada Estate, responsible for 135 hectares of coffee plantation. He organises cultivation and also oversees labour welfare and safety standards. He is constantly innovating to improve efficiency. By developing a locally made tractor mounted sprayer he helped achieve a 75% reduction of man-days required for weeding. He is also involved in Olam's community welfare initiatives to eradicate child labour, improve children's education, enhance conservation and promote workplace hygiene.

Growing value upstream

We have pursued a strategy of identifying excess return opportunities in the upstream part of the value chain and selectively investing in these opportunities. We have expanded our upstream operations by making 21 investments across 10 products and 11 origins. We have invested in almond, coffee, palm and rubber plantations, in rice, peanut, dairy and cotton farming and in tropical forest concessions across various geographies. The guiding principle for all our upstream investments is based on securing a cost structure below the marginal cost producer's cost of production so that we are viable across all pricing scenarios including a deep downcycle in commodity prices. This strategy will provide us with a significant competitive advantage as a low cost producer, yielding enhanced returns and improving our overall margin profile.

21

Investments across 2.2m hectares

+54.3%

Net Contribution

S$154m

EBITDA +56.1%

Time & again

0600 hrs
Ribaue, Mozambique

15°02'S 38°16'E

PICKING GOOD COTTON IN MOZAMBIQUE

Iahaia Latifo (above left) joined Olam more than 12 years ago. He hits the dirt road by 7:00am as a typical daily journey cycle may include up to five to seven village visits and 15 cotton field audits. Latifo aims to make the Ribaue cotton concession the best in Olam Mozambique. In the past year he has increased the number of cotton farmers from 4,000 to 6,800 and cultivation from 3,700 to 6,500 hectares. He expects to further double his production next year. However, when asked about his best achievement, he talks first about teaching farmers how to improve farm yields from 400 to 520 kg/hectare.

Global leaders in sourcing

Olam is today a global leader in 8 out of 14 product platforms in its portfolio and we have a clear path to leadership in all by 2016. In our core origination business, we are present in 85% of the producing origins for our basket of products and entered 7 new geographies in 2011 including Mexico, Guatemala, Panama, Costa Rica, Cambodia, Ecuador and Malaysia. We have a network of over 2,000,000 farmers worldwide and support more than 11,000 customers in 70 end markets, including many leading global brands. In the first 2 years of our strategic plan we have implemented 11 of our 18 target initiatives originally identified in this part of the value chain for the 6 year plan period to 2015.

7

new origins in 2011

S$13,784m

Sales revenue +50.4%

S$839m

NC +37.5%

Time & again

1630 hrs
Williams, California

37°0'N, 121°34'W

MEETING TARGETS SAFELY
Arturo Espindola (above left) is a supervisor for the paste department at Olam's tomato cannery in Williams. Arturo has worked at the plant since 1995 when he joined as an Evaporator Operator and in 2004 he was promoted as a Supervisor. He is responsible for the direct supervision of staff and processes, aiming to reduce downtime to meet production targets while meeting or exceeding customer quality requirements. He is also very active within the company as the Chairperson of the Safety Committee and the Co-Chairperson of the Employee Advisory Council.

Adding value to our core

Processing, contract manufacturing and distribution is a new core platform of our business. Our strategy has been to extend into value added products and services as an adjacency to our core strength in origination, enhancing our ability to service our clients and grow long-term value based customer relationships. We have executed 20 out of our 25 target initiatives in this part of the value chain in the first 2 years of our cycle, spread across 10 product groups. These value accretive projects will help us gain higher margins and achieve higher returns per dollar of equity invested.

$1,645m

Sales Revenue +53.3%

20

growth initiatives executed against 3-year target of 25

$136m

EBITDA +29.3%

Time & again

1600 hrs
Chennai, India

37°0'N, 121°34'W

A NEW GROWTH PLATFORM

Ramesh Sundaresan joined Olam in 1994 and moved to Singapore as a coffee futures trader. In 2010 he used his knowledge of and experience in derivatives trading to help establish Invenio, Olam's Commodity Financial Services (CFS) business. This business uses proprietary information and an in-depth understanding of commodity and financial markets and leading edge risk management practices to undertake market making, volatility arbitrage trading and providing risk management solutions to our customers.

Investing in latent assets

Olam has a strong platform of knowledge and capabilities that we have developed in our businesses over the last 22 years. We are currently monetising these latent capabilities and skills in 3 areas. We are leveraging on our extensive grower and supplier base by entering the fertiliser manufacturing and distribution business. We have started a Commodity Financial Services business (CFS), which benefits from our deep understanding of commodity and financial markets, as well as leading-edge risk management practices. We have also developed a Packaged Foods Distribution business (PFB) in West Africa, building our own consumer brands in the food category and capitalising on our existing distribution strengths and insights of African markets.

US$678m

Agri Inputs Planned Investment (Olam's Share)

6

Packaged Food Brands

10

Countries

S$25m

CFS Group NC +1.4%

Time & again

1300 hrs
Olam HQ, Singapore

1°17'N, 103°50'E

OXYGEN FOR GROWTH

Krishnan Ravikumar, Group Chief Financial Officer (CFO), joined Olam as Financial Controller in 1992 and became CFO when Olam International was incorporated in 1996. He leads the Finance, Accounting and Corporate Affairs functions of the Group and is a member of the Olam Executive Committee, Risk and Investment Committees. Ravi has successfully helped to steer Olam through our funding and liquidity requirements across economic cycles over the past 20 years, ensuring we have always had sufficient oxygen for growth.

Strong liquidity profile

We have been able to access equity and debt capital funding under challenging capital and credit market conditions, reflecting the confidence of our investors and creditors in our capacity to execute on our strategy. As a result, we have been able to build a strong and resilient balance sheet with ample liquidity and firepower. During the year, we raised New Equity of US$603 million and additional debt with different maturity profiles. We were able to increase our working capital facilities by 49% during FY 2011. Our total credit lines aggregate to S$9,987 million.

US$603m

New equity

S$9,987m

Total credit facilities

49%

Increase in working capital

0800 hrs
Lampung, Indonesia

5°27'S, 105°16'E

SPREADING THE WORD

Khairuddin is one of Olam's sustainability initiative coordinators based out of Sumatra. He has been instrumental in taking our six-year old cocoa sustainability programme from Sulawesi to Sumatra. He now coordinates training of 5,000 farmers in Sumatra through a network of 15 field training staff. His ability to mix easily with farmer communities has ensured a fast acceptance of our programme in Sumatra. He also actively promotes innovative pest management practices, helping to make organic herbicide, fertiliser and pesticides for the rejuvenation of non-productive cocoa plantations.

Unlocking mutual value

Every day Olam confronts many of the challenges that we will all face as our population grows, resources become scarce and our impact on the environment increases. We are committed to addressing these issues and are increasing our commitment and investment in our sustainability programmes. This year we launched the Olam Livelihood Charter with the goal of ‘unlocking mutual value’ in the communities where we operate. This embeds our commitment to linking small-scale farmers to the global supply chain, to improve their economic prosperity and social welfare. We have also put our environmental performance under scrutiny and have started by measuring our environmental footprint with the goal of setting hard targets in 2012.

1.5m

Farmers - 110 initiatives in 30 countries

70,000

people - HIV/AIDS education

$21m

Crop finance for 64,500 farmers

1600 hrs
Maputo, Mozambique

25°58'S, 32°35' E

TEAMWORK IN OLAM

Ujjwalkanta Senapati (Country Head), **Jose Cabanelas** (Retail Operations Manager), **Elias Tivane** (Legal and HR Manager) and **JS Ramakrishna** (Branch Manager, South Mozambique), have collaborated to develop a successful rice retail network. There are already ten stores in Maputo with a new cash-and-carry outlet due to open soon. Here they are at the Baixa retail store in the Central Market Place, Maputo.

Growing leadership and talent

We have continued to grow our global talent pool and deepen our entrepreneurial culture. Our aim has been to embed stretch, ambition and foster an ownership culture that enables us to achieve our strategic objectives. At the heart of this is our Global Assignee Talent Pool (GATP) who all carry the Olam DNA and help translate this into actionable programmes. We build empowered teams that build businesses and help us grow leaders for the future.

632

GATP +14%

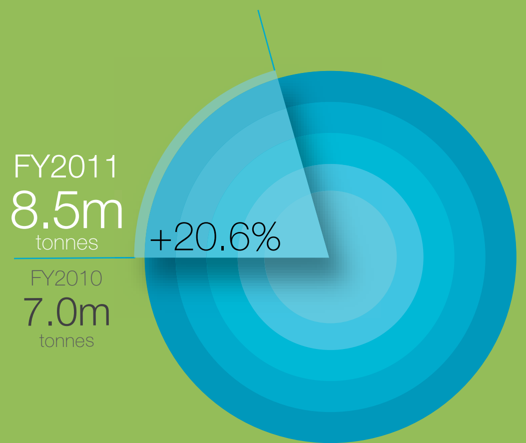
<7%

5 Year voluntary attrition rate

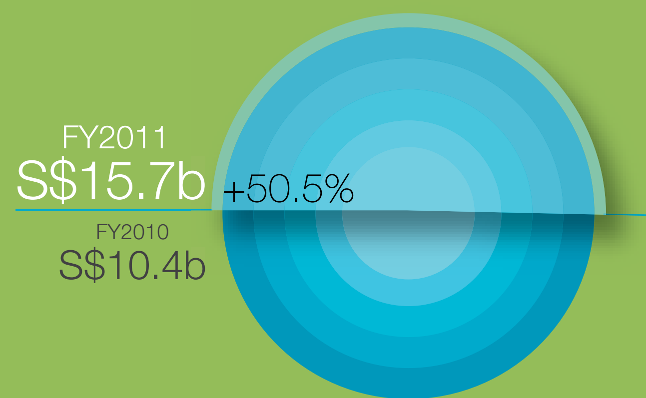
20.3%

GATP CAGR over 7 years

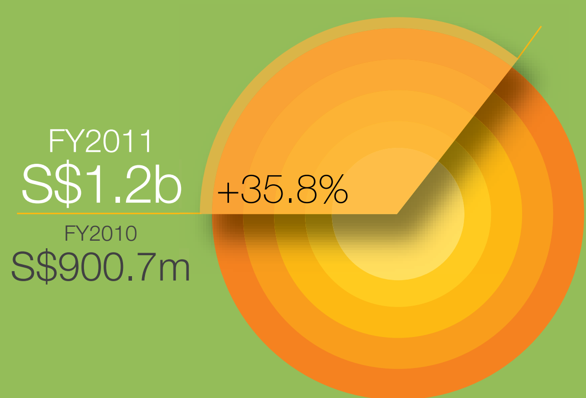
Performance overview



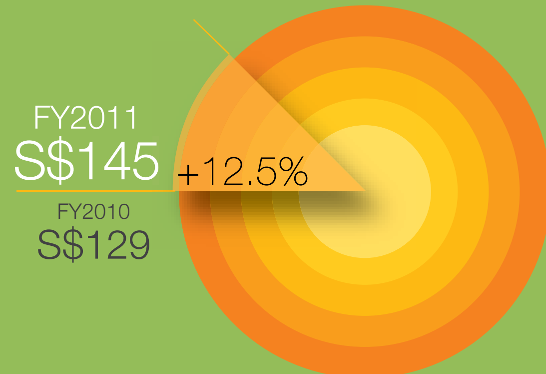
Volume



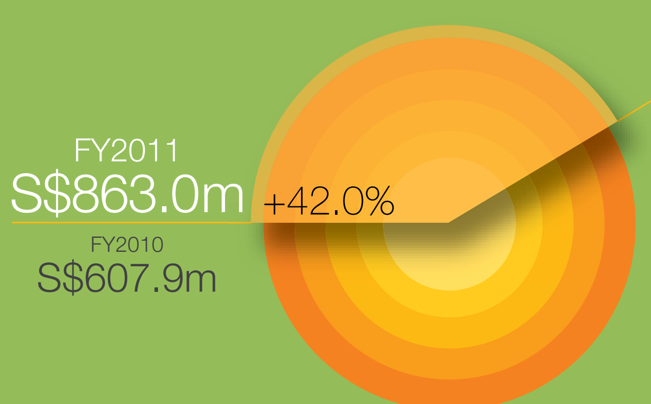
Sales Revenue



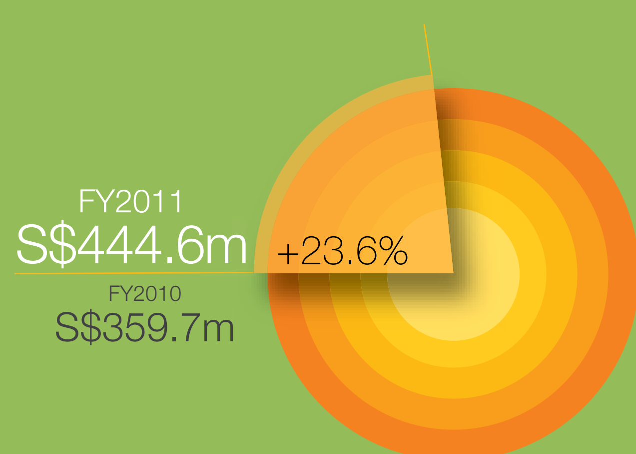
Net Contribution



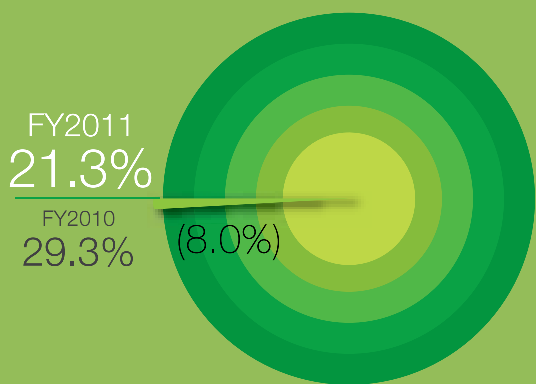
Net Contribution/tonne



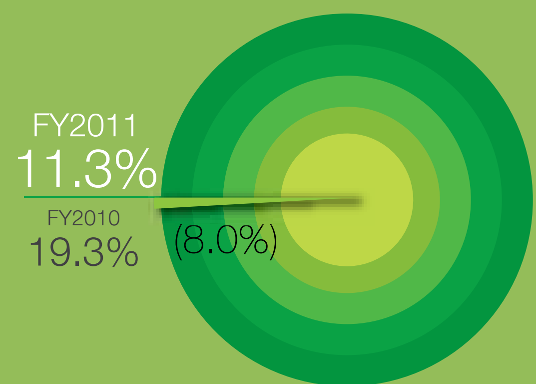
EBITDA



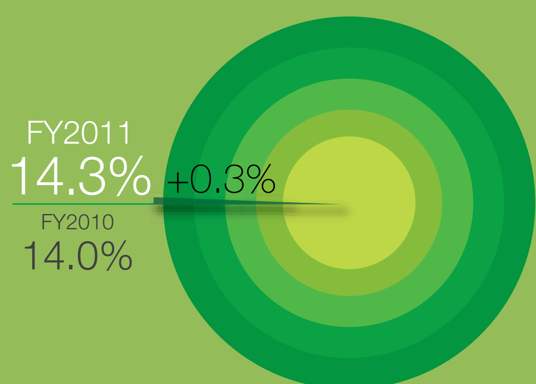
NPAT



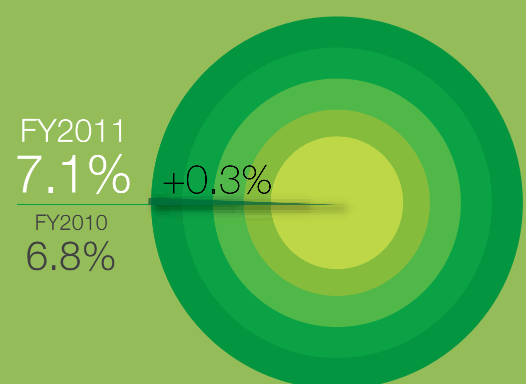
ROE



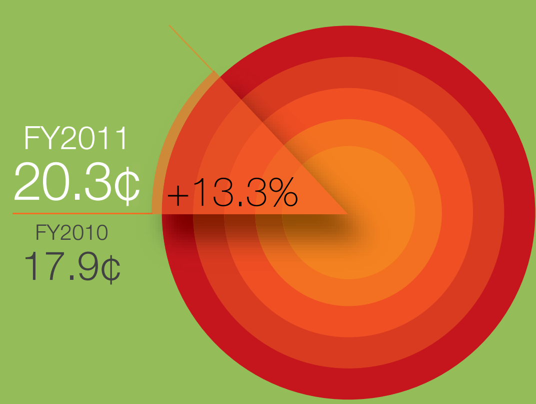
Equity Spread



ROIC



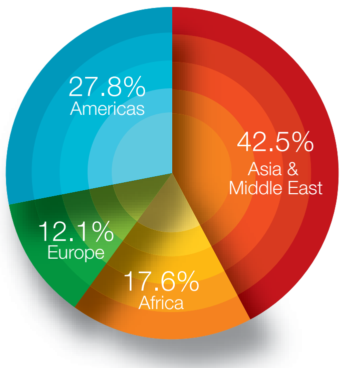
Capital Spread



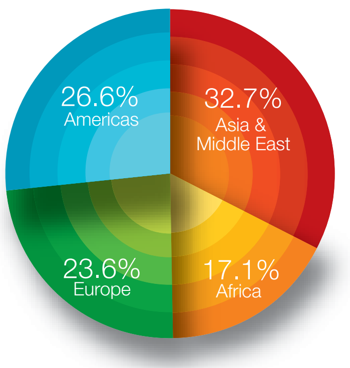
EPS

Financial summary

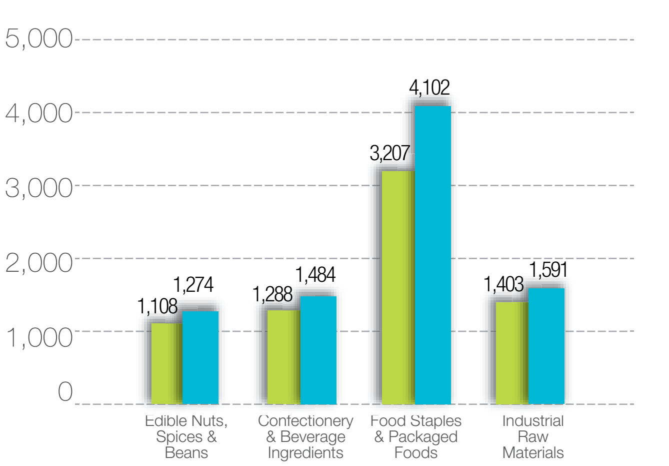
Sourcing Volume by Continent (FY2011)



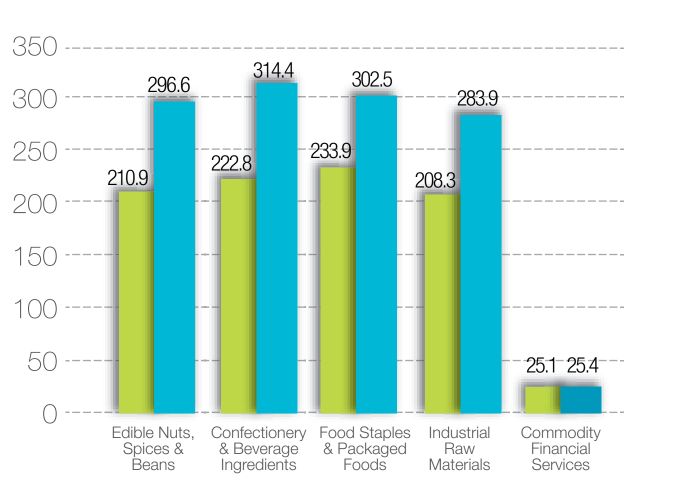
Sales Revenue By Continent (FY2011)



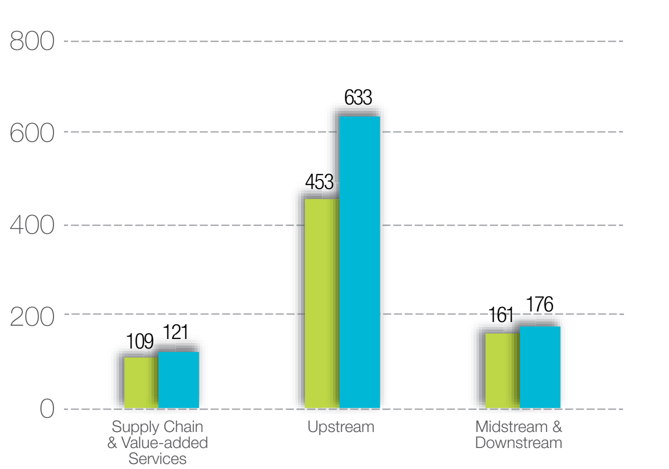
Sales Volume By Business Segment ('000 Metric Tonnes)



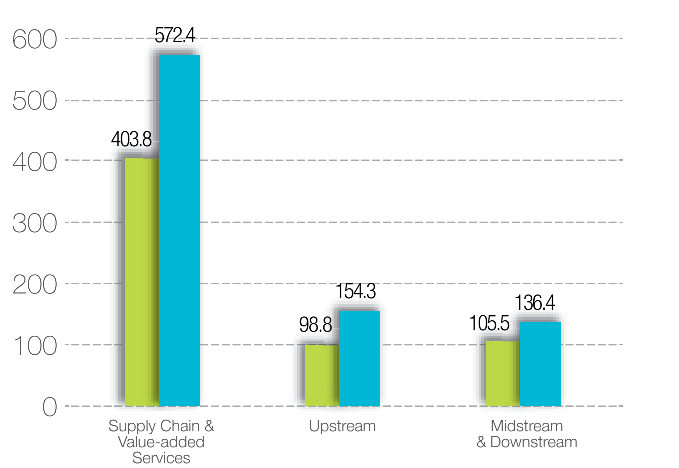
Net Contribution By Business Segment (S$ Million)



Net Contribution Per Tonne (S$) by Value Chain Segment



EBITDA By Value Chain Segment (S$ Million)



Financial highlights

For the Year Ended 30 June (S$'000)

	FY2011	FY2010	Change %
Consolidated Results			
Sales Volume ('000 Metric Tonnes) *	**8,452**	7,006	20.6
Sales Revenue	**15,734,945**	10,455,032	50.5
Gross Contribution	**1,471,574**	1,060,003	38.8
Gross Contribution Per Tonne (S$)	**174**	151	15.1
Net Contribution	**1,222,839**	900,703	35.8
Net Contribution Per Tonne (S$)	145	129	12.5
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	**863,046**	607,856	42.0
Earnings Before Interest and Tax (EBIT)	**785,187**	538,344	45.9
Profit Before Tax	**510,265**	420,195	21.4
Reported Net Profit After Tax Attributable to Shareholders	**429,841**	359,469	19.6
Net Profit After Tax Attributable to Shareholders (excluding exceptional items)	**372,780**	271,831	37.1
Earnings Per Share basic (cents)	**20.3**	17.9	13.3
Net Dividend Per Share (cents)	**5.0**	4.5	11.1
Other Financial Information			
Total Debt	**6,580,570**	4,503,004	46.1
Cash & Cash Equivalents	**872,247**	671,543	29.9
Shareholders' Equity	**2,245,342**	1,771,929	26.7
Net Debt to Equity (times) **	**2.22**	1.90	0.32
Net Debt to Equity (times) ** adjusted for liquid assets	**0.54**	0.43	0.11
Return on Beginning-of-period Equity (%)	**21.3**	29.3	(8.0)
Return on Average Equity (%)	**18.7**	22.2	(3.5)
Return on Average Invested Capital (%)	**14.3**	14.0	0.3
Interest Coverage (times)	**2.49**	3.04	(0.6)
Adjusted Interest Coverage (times) #	**8.3**	11.8	(3.5)
Cash to Sales (%)	**5.54**	6.42	(0.9)

* Includes proportionate share of volumes from jointly controlled entities and associates

** Before Fair Value Adjustment Reserves

EBITDA less working capital interest /Total interest expense less working capital interest

The team capitalised on Olam's core competencies and global reach to execute our strategy and integrate strategic acquisitions, complete important capital projects on schedule and deliver excellent milestone results.

A track record of profitable growth

Financial Year 2011 was yet another memorable year in which our company reached new heights in business growth and financial performance, amidst an uneven global recovery.

We continued our track record of profitable growth by combining ongoing organic initiatives with selective acquisitions in line with our 'strategic plans'. Our performance in financial year 2011 is again a testament to our sound business strategy and commitment to execution excellence. We will continue to work ceaselessly to sharpen our focus on our strengths and capabilities to deliver maximum value for our shareholders.

The Company recorded a 50.5% increase in Sales revenue in FY2011 to S$15.7 billion from S$10.4 billion in FY2010. Net Profit after Tax for the year increased to S$445 million from S$359 million in FY2010, an increase of 23.6%. Part of this Net profit increase was due to one off net gain of S$57.1 million. Excluding these one off gains for FY 2011 and FY2010, Net Profit after Tax grew by 37.1%. I would like to congratulate and thank our global team for their extraordinary drive, resulting in this sterling performance.

The team capitalised on Olam's core competencies and global reach to execute our strategy and integrate strategic acquisitions, complete important capital projects on schedule and deliver excellent milestone results.

Earnings per share grew from 17.89 cents in FY2010 to 20.27 cents in FY2011 while return on equity (ROE) for FY2011 was 21.3%. The Board of Directors is pleased to recommend a First and Final dividend of 5 cents per share. This amounts to a total dividend pay-out of S$111.77 million and a dividend pay-out ratio of 26%. We thank you for your support in our recent capital raising effort.

A more detailed review of the results of the year and the operating performance of the Group is contained in the CEO's review on pages 28 to 41 of this report.

During the year we continued to strengthen our Corporate Governance and are committed to maintaining high standards in corporate governance. The Board and Management Team continued to engage one another in addressing a complex array of business and business related issues. I am therefore pleased to inform you that our Board has received the Gold Award in the "Best Managed Boards" category of the Singapore Corporate Awards 2011 and I would like to congratulate all the Board Members for this significant achievement.

I would like to once again thank our 17,000 plus employees worldwide for their untiring efforts in enabling the Company to achieve excellent results in this year. People are our core asset and we will continue to invest time and resources in talent development to ensure that Olam always has a deep bench strength of capable managers.

I would also like to thank my fellow Directors on the Board, our investors and business partners for their continued support over the year. We will spare no effort in charting new growth plans to ensure that we continue to prosper in the years ahead.

Sincerely Yours,

R. Jayachandran
Chairman

Board of Directors

Mr Tse Po Shing Andy
Non-Executive Director

Mr. Andy Tse is an independent Non-Executive Director and was appointed to the Board in 2002. He is the Managing Director of AIF Capital Limited and has over 14 years of experience in private equity investment in infrastructure and other related sectors in Asia and Australia. Mr. Tse holds directorships in both local and overseas companies. He obtained an MBA from the Chinese University of Hong Kong and is a qualified Chartered Financial Analyst. He has been conferred an Investment Adviser's License by the Securities and Futures Commission of Hong Kong. He chairs our Risk Committee and is a member of the Capital & Investment Committee.

Sunny George Verghese
Group Managing Director and CEO

Mr. Sunny Verghese is the Group Managing Director and CEO and was appointed to the Board in 1996. He has been with the Kewalram Chanrai (KC) Group for over two decades and in 1989 was mandated to start Olam with a view to building an agricultural products business for the Group. Before joining the KC Group, he worked for Unilever in India. He is a member of Olam's Capital & Investment and Risk Committees. Mr Verghese is currently Chairman of International Enterprise, Singapore and serves on the Board of Trustees of the National University of Singapore.

He also chairs the Governing Council of the Human Capital Leadership Institute. Mr. Verghese is also a Non-Executive Director on the Board of PureCircle Limited. He holds a postgraduate degree in Business Management from the Indian Institute of Management, Ahmedabad and has completed the Advanced Management Programme from the Harvard Business School.

Mr. Verghese has won several awards including Ernst & Young Entrepreneur of the Year for Singapore in 2008 and most recently Best CEO of the Year 2011 at the Singapore Corporate Awards. He was also awarded the Public Service Medal by the Government of the Republic of Singapore in 2010.

Mr R. Jayachandran
Non-Executive Chairman

Mr R. Jayachandran was appointed Non-Executive Chairman of Olam in 2006. He has been a Non-Executive Director since 1995 and was Non-Executive Vice-Chairman from 2004. He has been on the board of Kewalram Singapore Limited since 1979 and a member of the Kewalram Chanrai Group Board since 1992. Mr. Jayachandran is Executive Chairman of Aquarius Investment Advisors Pte Ltd, Singapore. He is also a founding shareholder and Director of Redington Group of Companies. In 2008, Mr Jayachandran was appointed as Singapore's High Commissioner to the Republic of Mauritius and he is also a board member of the National Heritage Board.

Mr. Jayachandran is a qualified chartered accountant and has over 35 years' experience in capital raising, strategic planning and business development. He completed the Advanced Management Program (AMP) at Harvard University in 1995. He sits on our Governance & Nomination, Human Resource & Compensation and Capital & Investment Committees.

Mr Michael Lim Choo San
Lead Independent Director

Mr. Michael Lim is a Non-Executive and Independent Director since September 2004. He was appointed as Lead Independent Director in May 2010. He is currently Chairman of the Land Transport Authority of Singapore and Nomura Singapore Limited and holds directorship in PSA International Pte Ltd and Nomura Holdings Inc. (Japan).

A chartered accountant by profession, Mr. Lim was Price Waterhouse Singapore's Managing Partner from 1992 and the Executive Chairman of PricewaterhouseCoopers Singapore from 1999 until his retirement in 2003. He is also a member of the Public Service Commission and Legal Service Commission. Mr. Lim was conferred the Meritorious Service Medal by the Government of the Republic of Singapore in 2010. He is the Chairman of the Board's Audit & Compliance Committee and the Governance & Nomination Committee and is also a member of the Risk Committee.

Mr Mark Haynes Daniell
Independent Director

Mr Mark Daniell is a Non-Executive and Independent Director and was appointed to the Board in October 2002. He is currently Chairman of The Raffles Family Wealth Trust Pte Ltd and The Cuscaden Group Pte Ltd, Vice-Chairman of Aquarius Investment Advisors Pte Ltd and a Director of Merlindus Technologies Pte Ltd. Mr Daniell has experience in investment banking, strategy, mergers and acquisitions and corporate transformation, and is the author of a number of books on business strategy. His career with Bain & Company spanned over 20 years and he was formerly Managing Director of Bain & Company (Asia) Inc. He holds a Juris Doctor degree from Harvard Law School, a law degree from University College, Oxford and is a qualified Attorney in the Commonwealth of Massachusetts. He is Chairman of the Human Resource & Compensation Committee and is a member of the Corporate Responsibility & Sustainability, Audit & Compliance and Governance & Nomination Committees.

Mr Narain Girdhar Chanrai
Non-Executive Director

Mr N G Chanrai is a Non-Executive Director and was appointed to the Board in 1995. He is the Managing Director of Kewalram Singapore Limited and has been the Group CEO of the Kewalram Chanrai Group since December 2004. A BSc Economics graduate from the University of London, he has worked in various operations of the Kewalram Group in Africa, the UK and Singapore and oversaw its global treasury and accounting functions before becoming Kewalram's Group CEO in 2004. Mr Chanrai is a member of our Audit & Compliance, Governance & Nomination and Capital & Investment Committees.

Board of Directors

Sridhar Krishnan
Executive Director

Sridhar joined Olam in 1991 and over the past twenty years has held many senior positions in the Company covering Businesses, Geographies and Functions. He is currently responsible for the Rice and Wood Products businesses and has oversight of the company's Human Resources, Insurance, Corporate Communications and Administration functions. He is a member of the Corporate Executive Team and Strategy Committee. He was appointed as a member of Olam's Board in 1998 and is a member of the Board's Risk and Corporate Responsibility & Sustainability Committees. Sridhar holds a Bachelor's degree in Commerce and is a postgraduate in Business Management from a leading business school in India and has over 35 years' work experience.

Mr Jean-Paul Pinard
Independent Director

Mr. Jean-Paul Pinard is a Non-Executive and Independent Director and was appointed to the Board in 2008. Mr. Pinard spent 17 years with the International Finance Corporation, Washington, DC (IFC), becoming Director of the Agricultural Department, responsible for managing IFC's US$1.5 billion portfolio of loan and equity investments in agribusiness and food industries. Mr. Pinard is currently a board member of several companies. Mr. Pinard holds a PhD in Economics from the University of California and a Diplome d'Ingenieur from the Ecole Polytechnique, Paris. He chairs our Corporate Responsibility & Sustainability Committee and is a member of the Capital & Investment and Human Resource & Compensation Committees.

Mr Wong Heng Tew
Independent Director

Mr. Wong Heng Tew is a Non-Executive and Independent Director and was appointed to the Board in 2003. He was Managing Director, Investments at Temasek Holdings from 2002 to 2008 and was concurrently their Chief Representative in Vietnam from 2005 to 2008. Following his retirement in 2008, Mr. Wong is now Advisory Director for Temasek Holdings. His experience lies in investments, mergers and acquisitions, restructuring of companies, divestments and corporate stewardship. In 1998, he was appointed to the Pro Tem Committee for the formation of the Singapore Exchange. Mr. Wong holds directorships in local and overseas companies. He holds a Bachelor of Engineering degree from the University of Singapore and has completed the Program for Management Development at Harvard Business School.
He is a member of our Audit & Compliance, Governance & Nomination and Human Resource & Compensation Committees.

Shekhar Anantharaman
Executive Director

Shekhar was appointed to the Board in 1998. He currently has oversight responsibility for Olam's global Edible Nuts, Spices & Vegetable Ingredients and Packaged Foods businesses. He also has regional oversight for the Company's operations in China, Brazil, Argentina and North America, as well as the functional oversight of the Manufacturing and Technical Services (MATS) function. He is a member of the Company's Strategy Committee and the Corporate Executive Team. He has over 25 years of work experience, of which almost 20 years have been with Olam. Apart from his varied experience as the Global Product Head for many of Olam's businesses, he has also held senior roles in Country Management, as well as in corporate Functions like Finance, IT and Treasury. He holds a degree in Aeronautical Engineering and a postgraduate degree in Business Management. Shekhar is one of the three management representatives on Olam's Group Board and is a member of the Board's Capital & Investment and Corporate Responsibility & Sustainability Committees.

Mr Robert Michael Tomlin
Independent Director

Mr. Robert Tomlin is a Non-Executive and Independent Director and was appointed to the Board in 2004. Mr. Tomlin is on the board of trustees of Singapore Management University and a member of the Catalist Advisory Panel of the Singapore Exchange. Mr. Tomlin retired from UBS Investment Bank in August 2009, having served as Vice-Chairman, Asia and subsequently, Senior Advisor. Prior to this he spent 30 years with the Schroder Group, 12 of which were as CEO, SE. Asia. He currently chairs the Design Singapore Council and the Singapore Repertory Theatre. Mr. Tomlin also sits on the Board of Invenio Holdings Pte. Ltd., a subsidiary and the Commodity Financial Services arm of the Company and holds directorships in local and overseas companies. Mr. Tomlin holds a BA in Modern Languages from Downing College, Cambridge and is a Business Management Graduate from Harvard Business School. He chairs our Capital & Investment Committee and is a member of the Audit & Compliance, Risk and Corporate Responsibility & Sustainability Committees.

Our objective is to build relevant scale by becoming a US$1 billion NPAT company by 2016.

Building & executing a winning strategy

FY2011 has been another exceptional year of profitable growth for Olam. At Olam, we define profitable growth as growth that achieves three key outcomes concurrently: i) growing the top line; ii) growing the bottom line, and iii) earning more than our cost of capital.

Delivering profitable growth that builds intrinsic value

For FY2011 we grew top line - Sales Revenue and Sales Volume by 50.5% and 20.6% respectively; we grew bottom line - Reported Net Profit (including exceptional items) and Operational Net Profits (excluding exceptional items) by 23.6% and 37.1% respectively. We generated an equity spread (ROE-KE) of 11.3% and a total capital spread (ROIC-WACC) of 7.1% respectively.

This is not the first year that Olam has concurrently achieved all three key outcomes that define profitable growth. We have achieved profitable growth, so defined, in each of the seven years since our listing in FY2005. In fact, we have achieved profitable growth all through our 22 year history across different economic and commodity cycles. When we achieve all these three outcomes concurrently, **we build intrinsic value for our continuing shareholders,** which is our **Governing Objective.**

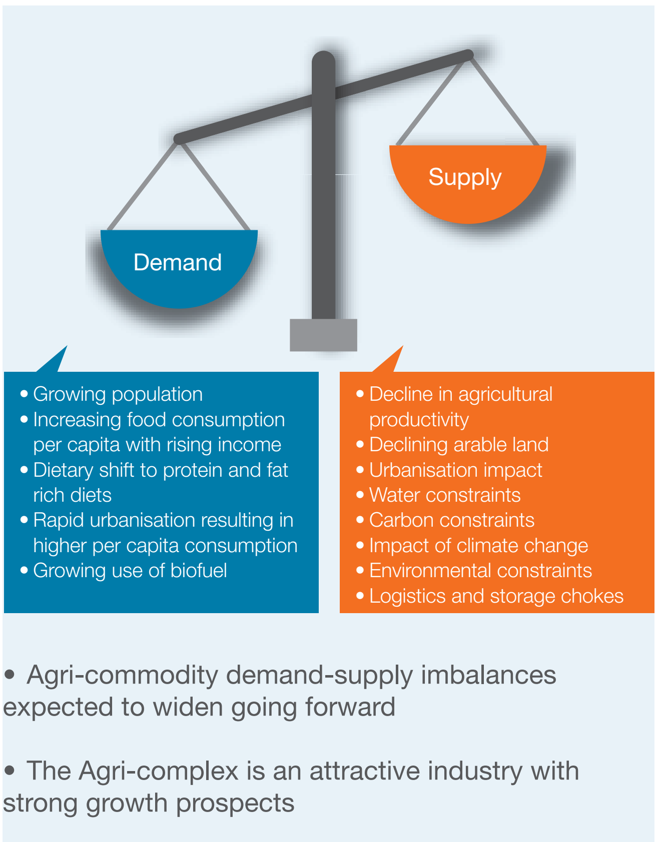
The FY2011 results, achieved under challenging market conditions, were not about maximising short term performance but were achieved while investing and laying the foundation to shape the future direction of the Company. We have promoted a culture that demands combining financial accountability in the short term with long term thinking, backed by targeted investments to realise that vision.

Our financial performance in FY2011 clearly demonstrates that **we remain a competitive growth company** with a clear winning strategy and strong execution of that Strategy.

Crafting a Winning Strategy

In mid 2009, we announced our new six year Corporate Strategic Plan for the period FY2010 to FY2015 split into 2 three year cycles (FY2010-FY2012 and FY2013-FY2015). In the FY2009 and FY2010 CEO's Review, I had outlined this strategy in detail including a description of the key trends that impact our industry and which informed our judgment about the strategic choices that we made. Based on this analysis, we came to the conclusion that the agri complex is (a) going to have a **growing supply-demand imbalance** over a secular time horizon; (b) **an attractive industry** with **strong growth prospects**; (c) experiencing a trend towards **industry consolidation** as participants seek to achieve leadership positions; (d) seeing growing concerns about **food hygiene and safety,** and that (e) **sustainability** would become a key differentiator with customers looking to develop green and sustainable supply chains for their raw materials.

We assessed key industry trends in 2009 to identify profitable new growth ideas



To recap, the new **Strategy** had **four key elements:**

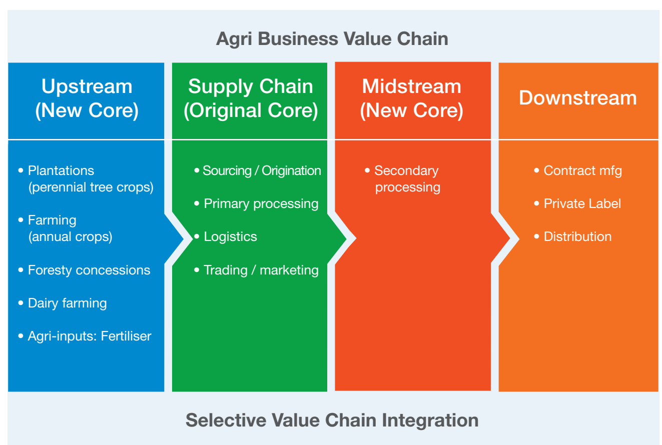
(i) **Selectively integrate upstream** into plantations in excess return opportunities targeting specific countries where we believe they have a comparative advantage to produce these commodities cheaper or better sustainably over the long term. We would only invest upstream if we were able to achieve a cost structure that was below the marginal cost producer's cost of production for that commodity. This ensured that we would be profitable in the upstream activity under all pricing scenarios including a deep commodity down cycle. Our strategy to integrate upstream was therefore not based on a speculative judgment of higher commodity prices over the long term.

(ii) **Selectively integrate midstream** in value added processing initiatives that offer excess returns. In order to mitigate any asset utilisation risk as we set up these processing facilities, we did so only when there was sufficient internal captive load from our supply chain business, which eliminated the asset utilisation risk.

(iii) **Invest in our core supply chain** and value added services business to take it to full potential, and

(iv) **Leverage our latent assets and capabilities** that we have built over the last 22 years to enter into adjacent new business opportunities. Three new business opportunities were identified for expansion: i) Commodity Financial Services business (CFS), leveraging our deep understanding of physical commodity markets, commodity derivative markets and our strong risk management capabilities; ii) Packaged Foods Business (PFB), leveraging our significant distribution infrastructure and capabilities in Africa, and iii) Fertilizer manufacturing and distribution, leveraging on the privileged relationships that we have built with growers and farmers and our configuration of direct upstream plantation and farming investments that would serve as a source of core captive fertiliser demand. Based on this, we announced our 6 year Corporate Strategy (FY2010 to FY2015) to **increase margins and quadruple intrinsic value.**

Key thrust of this Strategy was selective integration into excess return upstream & midstream value chain segments

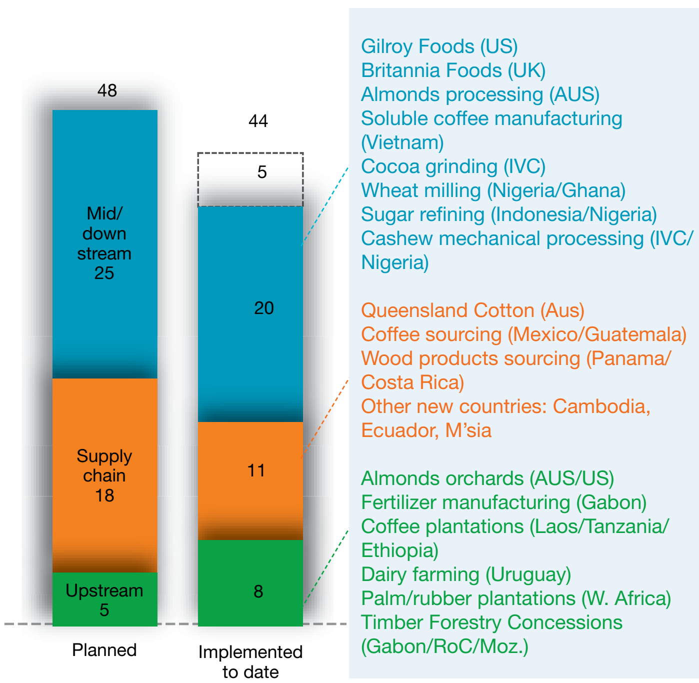


The key objective of this plan was to quadruple our intrinsic value over the six year period (FY2010 to FY2015) by achieving **a step order change in our margin profile of doubling our after tax margins from 2% to 4%** over this period.

Strong execution: Delivering our Strategy

In order to realise this objective of doubling our net margins and enhancing returns, we **prioritised 48 growth initiatives** across our 20 businesses for implementation in the first three year cycle. We have now completed two years of executing this plan (FY2010 & FY2011) and demonstrated our commitment by **announcing investments worth US$1.94 billion** in the first two years of the plan. We **have executed 39 of the planned growth initiatives** in the first two years. In addition, we have **also executed 5 other initiatives** which are 'On-Strategy' but were not part of the 2009 plan. We have **executed** this plan with **focus** and **intensity.**

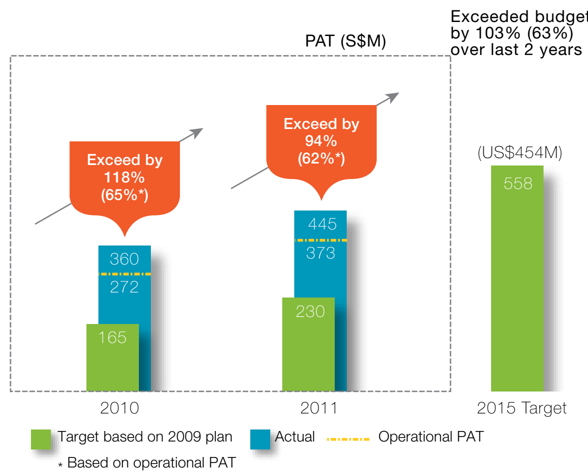
We have executed well against this plan



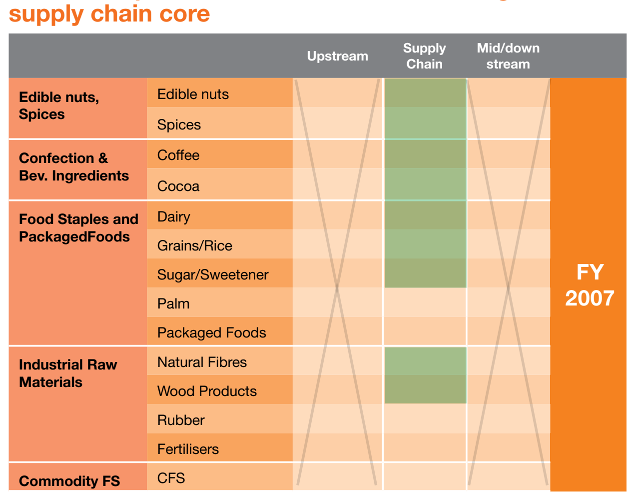
As a result, **in the first two years** of this plan, **we have doubled after tax earnings** (before exceptional items) from S$182 million in FY2009 to S$373 million in FY2011. Including exceptional items, we have **grown after tax earnings from S$252 million in FY2009 to S$445 million in FY2011.** We are **well ahead of our original** Strategic Plan **net earnings targets/milestones** set for this period **exceeding it by 63% (excluding exceptional gains) and 103% (including exceptional gains)** and are now **poised to achieve** our original **FY2015 NPAT goal of US$454 million at least two years ahead of the plan.** Successful execution has clearly helped us accelerate our earnings and also improve our margin and return profile.

More importantly, the **investments made** over the past two years of the strategic planning cycle **have strengthened our business, enhanced our competitive position, extended our competitive advantage** and **improved the quality of our earnings.** We have **substantively changed the shape of our portfolio** and **now have a uniquely shaped and differentiated portfolio.**

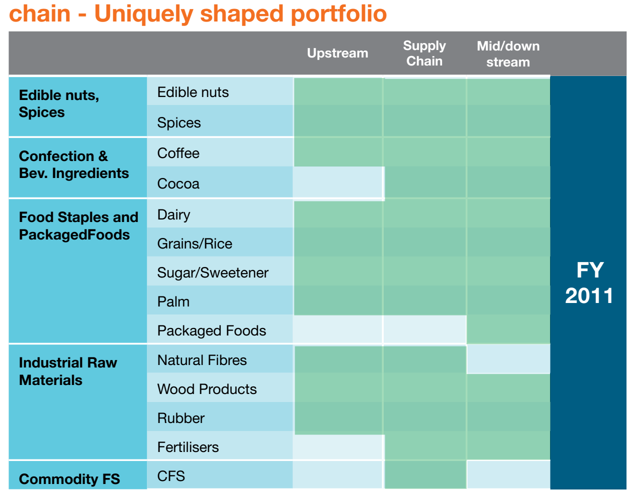
As a result, we are on a strong trajectory towards achieving our FY2015 targets



Until 2007, portfolio focused on the asset light supply chain core



Now well diversified, across scale platforms & value chain - Uniquely shaped portfolio



Revised Aspirations: FY2016

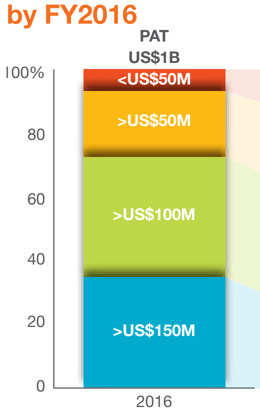
Given the strong results, momentum and trajectory, we have now decided to **roll forward our strategic plan by one year to FY2016** (instead of FY2015) and **reset our FY2016 NPAT target to US$1 billion** (compared to the erstwhile US$454 million NPAT target for FY2015). At this level, we believe we would have achieved relevant scale vis-a-vis the major players in our industry. If we achieve this, we would be among the fastest to accomplish this in our industry (27 years since inception). We would also end up with a uniquely shaped portfolio with a clearly superior margin and return profile compared to the industry. Typically, our peers achieve an NPAT of US$1 billion at a top line of US$50 to US$60 billion while we are targeting to achieve the same bottom line at a top line which is about half that of our industry through this differentiated strategy. Importantly, we are seeking to achieve the revised ambition of US$1 billion NPAT by FY2016 **without further equity dilution to achieve this outcome.**

FY2016 revised aspirations: US$1B PAT

- US$1B in PAT by 2016
- Relevant scale amongst peers
- ROE>25%
- PAT margin >4%
- EPS Growth >20% CAGR
- **No further equity dilution planned for target earnings**

By 2016 we expect to build leadership positions across the portfolio. The **portfolio** will be **well balanced** with 3 platforms contributing earnings of ≥US$150 million each, 6 platforms contributing ≥US$100 million each, 3 platforms contributing ≥US$50 million each and 2 platforms contributing ≥US$25 million each with **10 platforms achieving global leadership positions**, while **4 platforms achieve regional leadership positions.**

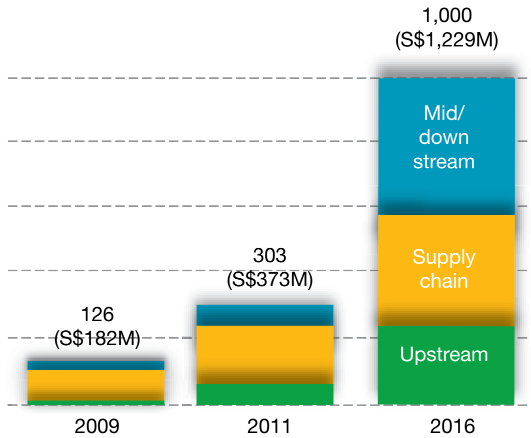
Achieving relevant scale & leadership positions by FY2016



	Regional Leader	Global Leader
Rubber	•	
Wood Products		•
Sugar/sweeteners	•	•
Dairy		•
Palm	•	
Natural fibres		•
Cocoa		•
Coffee		•
Rice/grains	•	•
Packaged foods	•	
Spices		•
Edibles nuts		•
Fertiliser	•	

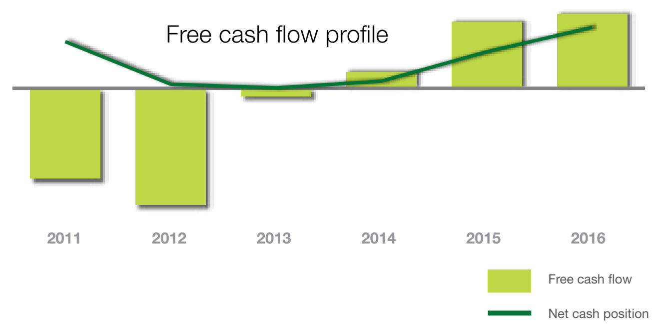
In addition, by FY2016 the portfolio will be **uniquely shaped and well balanced** from a **value chain contribution point of view.**

Uniquely shaped portfolio, well balanced value chain contribution by FY2016



We also **expect to become operating cash flow positive from FY2014 / FY2015** as shown below:

Strong operating cashflow outlook



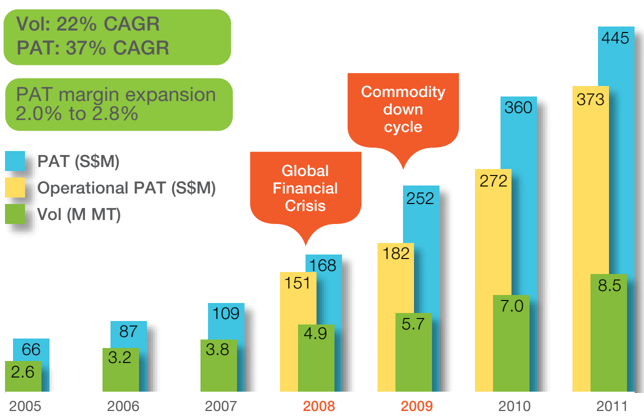
Assessing Effectiveness of our Strategy

Having completed two years of executing our new Strategy, it is useful at this point to take stock of how well we have executed the new Corporate Strategy and assess if the new Strategy is working. In this context, we felt it would be useful to **use different tests for assessing the effectiveness** of our Strategy. Several of the eight questions that we chose to assess the effectiveness of our Strategy were contained in a recent McKinsey online survey aimed at putting a company's strategies to the test. The **8 tests** against which we would like to evaluate our Strategy, are as follows:

1) Does our strategy allow us to perform consistently across economic & commodity cycles?

Over the years we have demonstrated a **consistent track record** of **sustained profitable growth across both economic and commodity cycles** as shown below:

Consistent track record of sustained growth across economic & commodity cycles



The resilience of the Olam model against volatile economic cycles (1998 Asian Financial Crisis, 2001 Recession and 2008 Global Financial Crisis) and volatile commodity cycles (2002 and 2009 commodity down cycles) has helped us deliver consistent and sustained profitable growth over these years.

This is a result of: i) having a **recession resistant portfolio** with 80% of our volumes coming from the food category where demand is relatively inelastic and recession resistant; ii) a **diversified and well balanced portfolio** consisting of 20 agricultural commodities with operations in 65 countries and selectively integrated across upstream, supply chain core, midstream and downstream parts of the agri value chain. Our **selective integration across the value chain** also **helps reduce volatility** in our performance. No individual commodity, country or value chain step dominates our revenue or earnings. This **diversified presence mitigates individual product and country risk.** In addition, we have also **built a highly defensible portfolio.** The chart below shows the contestability of the product categories that we participate in with regard to competition from the commodity majors; iii) our **nature of participation as a supply chain manager** rather than a directional, proprietary or positional trader **reduces the volatility of our earnings**. 71% of our net contribution in FY2011 came from the supply chain core segment which is minimally impacted by price volatility; iv) our **operating efficiencies** resulting from managing our business with robust operating and financial discipline well **supported by IT, Risk, Finance and MIS Systems;** v) our **strong liquidity profile** and demonstrated ability to access both short term and long term funding even under difficult capital market conditions; vi) our **management depth** consisting of extensive high calibre, high performance entrepreneurial global management team with an embedded culture and ambition.

Built a unique and highly defensible portfolio, less contested

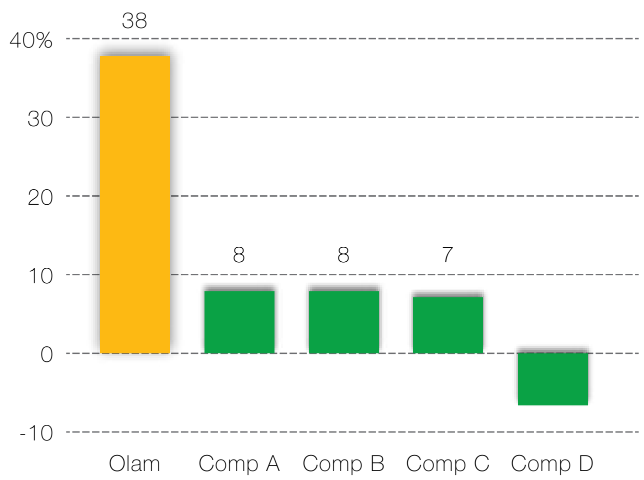
	Olam	ADM	Bunge	Cargill	Dreyfus	Glencore	Noble	Wilmar
Edible nuts	✓	×	×	×	×	×	×	×
Spices & Vegetable Ingredients	✓	×	×	×	×	×	×	×
Sesame	✓	×	×	×	×	×	×	✓
Coffee	✓	×	×	×	✓	×	✓	×
Cocoa	✓	✓	×	✓	×	×	✓	×
Dairy	✓	×	×	×	×	×	×	×
Grains	✓	✓	✓	✓	✓	✓	✓	✓
Rice	✓	✓	×	×	✓	×	✓	✓
Sugar	✓	×	✓	✓	✓	✓	✓	✓
Sweeteners	✓	×	×	×	×	×	×	×
Palm	✓	×	×	✓	✓	×	✓	✓
PFB	✓	×	×	×	×	×	×	✓
Cotton	✓	×	×	✓	✓	✓	✓	×
Wool	✓	×	×	×	×	×	×	×
Wood Products	✓	×	×	×	×	×	×	×
Rubber	✓	×	×	×	×	×	×	✓
Fertilisers	✓	×	×	×	×	×	×	×
CFS	✓	✓	×	✓	✓	×	×	×
Presence in products(#)	**18**	**4**	**2**	**6**	**7**	**3**	**7**	**7**

2) **Does our strategy allow us to beat the market?**

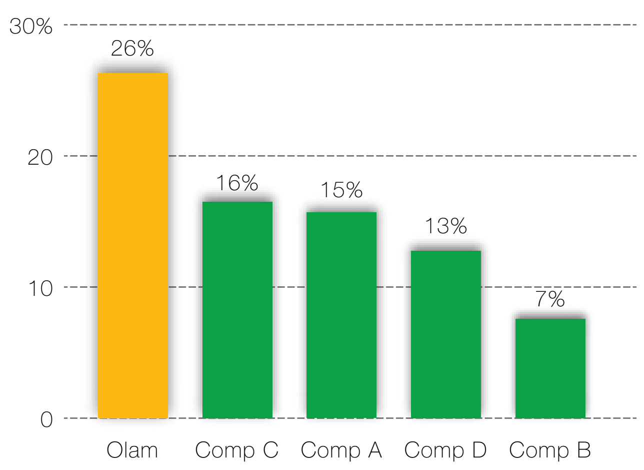
The **ultimate test** of any good strategy is to allow you to **beat your competition and the market.** We **have outperformed our peers in volume growth** and earnings (PBT) growth for the period FY2007 to FY2010. **Our ROE is amongst the highest in the industry.** We have also **outperformed the benchmark STI Index** by a significant margin for the 7 years since listing.

We have outperformed our peers & beaten the market

PBT growth (2007-10 CAGR)



ROE (2007-10 Avg)



Source: Bloomberg

3) **Does our strategy tap into a true source of competitive advantage?**

Our consistent track record of above market growth and returns is driven by our competitive advantage, which is based on the following:

i) We have **built differentiation** in our core supply chain business in two areas: (a) **at the grower/supplier end** we have superior origination skills (**out-origining our competition by sourcing directly from the farm gate**), and (b) **at the customer end,** we provide **customised marketing solutions and services** (currently we offer seven different value added services including organic certification, FTP certification, traceability guarantees, customised grades, vendor managed inventory solutions, risk management solutions, proprietary market intelligence and value added processed ingredients).

ii) **Deep emerging market expertise:** Today nearly 80% of the 65 countries that we are present in are emerging markets. **Over time, we have cumulated and compounded our insights into these markets and developed extensive and strong networks in these countries.** We also have a global political and sovereign risk insurance cover that protects us against political and sovereign risks including coup, civil war, public disorder, civil commotion, forced nationalisation of our assets, selective discrimination against foreign investors etc.

iii) **Repeatable and scalable adjacency based growth formula:** Our capacity to **find adjacent business opportunities that share suppliers, customers, channels, costs or capabilities with our existing business has helped us** routinely and reflexively **scale the business with low execution risk.** Thus our edible nuts business started as a cashew business and grew into a broader edible nut platform as we migrated into closely linked adjacencies including peanuts and almonds which shared customers, channels, costs and capabilities with the cashew business. In a relatively short period of time we have built leadership position in these three edible nuts. This gives us the confidence that we can progressively expand into other adjacent edible nut categories in the future, including hazelnuts, pecans, walnuts, pistachios, macadamia nuts etc. and build similar leadership positions.

Sources of our competitive advantage

- Leadership supply with Olam DNA (632 strong Global Assignee talent pool)
- Operate as one company
- Entrepreneurial and empowered culture
- Embedded stretch & ambition

- Evolved from 1 product in 1 country to 14 platforms across 65 countries
- Selectively integrated into 4 value chain steps

- Farmgate sourcing model through 1.5M grower and supplier relationships
- Providing differentiated marketing solutions & services
- Embedded and scaleable risk and IT systems

- Deep experience and strong networks in Africa, Asia, Latin America
- Political & sovereign risk insurance cover

iv) **Organisational advantage: In the ultimate analysis, our people are our most important competitive advantage.** We currently employ 17,000 people worldwide. Of this, 632 managers constitute our Global Assignee Talent Pool (GATP). **These managers carry the Olam DNA** and have deep knowledge of our business model, our operating systems, our risk systems, our control systems, and more importantly, share our values and culture. We **deploy our competencies into new product or country adjacencies by deploying these people who carry our DNA** as part of the core leadership team in those new businesses. Our capacity to **operate as one company,** build an **entrepreneurial and empowered culture,** our capacity to **embed stretch and ambition** across the company and the **capacity to transfer the Olam DNA** through the Global Assignee Talent Pool to new businesses gives us a distinct competitive advantage.

v) **Uniquely shaped portfolio:** In addition to the four sources of our competitive advantage described above, **our uniquely shaped portfolio combines** with these sources **to give us a sustainable edge.** The main elements of our uniquely shaped portfolio include: i) **focused on a single commodity asset class,** the agri complex; ii) within that **broadly diversified across 30 commodities organised into 14 scale platforms;** iii) **selectively integrated across the value chain** (upstream, supply chain core, midstream & downstream) in excess return opportunities; iv) **defensible portfolio** that is less contested as described earlier; v) **leadership position and relevant global scale** in 8 of the 14 platforms with plans in place to achieve this in the other platforms by FY2016.

Built a uniquely shaped portfolio

This differentiated business model combined with the uniquely shaped portfolio provides us a true source of sustainable competitive advantage.

We have built true sources of competitive advantage: uniquely shaped portfolio & delivery model

4) **Does our strategy rest on privileged / proprietary insights?**

Our **strategy** is nuanced and **rests on privileged/ proprietary insights** including: i) **privileged farmer relationships** with over 1.5 million farmers and extensive local procurement and distribution networks in 65 countries built over the last 22 years which provides us proprietary insights into these markets; ii) **our participation choices** are **driven** by these **privileged insights** (e.g. our investments in upstream assets with cost advantage; our coffee plantations in Laos and dairy farming in Uruguay are good examples of leveraging such insights); iii) **securing privileged access/control** of key choke points or resources (e.g. long term gas supply contract at very competitive prices for the fertiliser plant in Gabon, port based wheat milling investments in Nigeria and Ghana); iv) Our **leadership positions** in multiple agri products **provides proprietary knowledge and insight** (eg. mechanical cashew processing, trading strategies to manage backwardated markets); and v) Our **extensive customer base** of more than 11,600 with high levels of customer loyalty and stickiness provides us opportunities to increase our value proposition to them.

5) **Does our strategy put us ahead of key long term structural trends?**

In 2009, when we developed our Corporate Strategy, we had identified **5 major trends** that would **shape the future of our industry.** The Strategy that we developed sought to put us ahead of these trends as shown below:

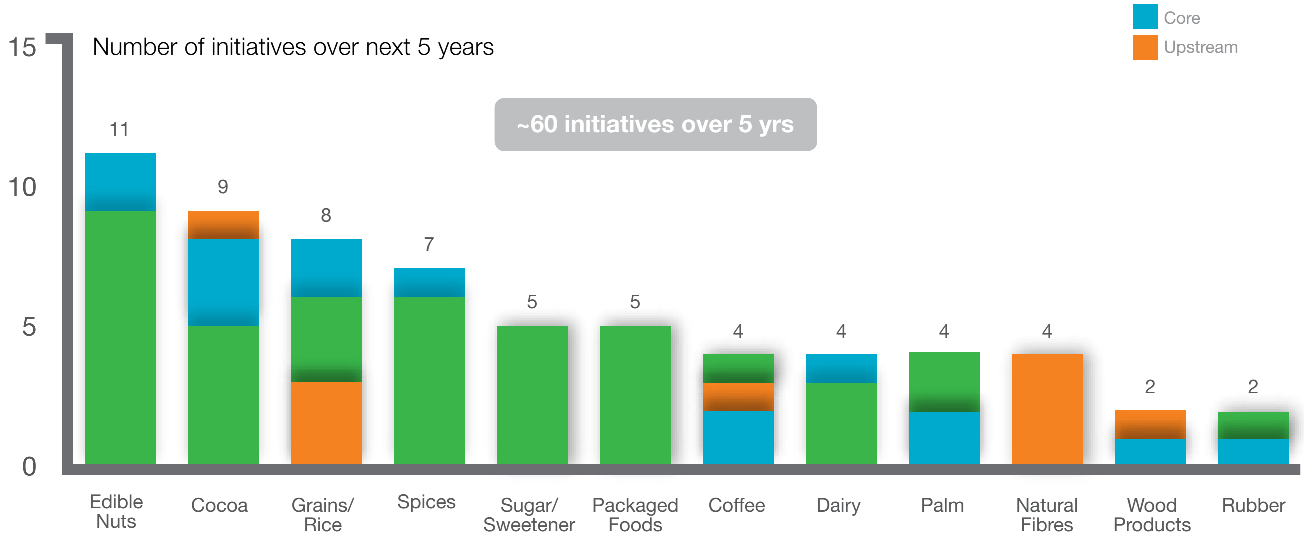
Our strategy puts us ahead of trends

Agri-Complex Megatrends	Olam's Strategic response
Growing structural supply-demand imbalances in key commodities	Invest selectively in upstream plantations / farming
Higher consumption of value added processed/packaged food	Invest in midstream value added ingredient processing
Customer's growing emphasis on Sustainability	Develop an Olam standard & brand of Sustainability & make this a core value proposition to our customers
Customer's growing concern about food safety & product hygiene	Invest in traceability systems & exercise more control over the entire value chain
Industry consolidation	Bulk up both through M&A as well as organic growth initiatives

6) **Is our strategy granular enough on where to compete?**

In the last 2 years we had executed 44 growth initiatives as explained under the section on "Strong execution: Delivering our Strategy". Going forward, we have **prioritised over 60 growth initiatives** that we would be executing over the next 5 years across the various business units. **Translating** the **high level Strategy** to **this level of granularity** and specificity **substantively improves** our **capacity to execute** our strategy as it **provides a detailed roadmap** for execution.

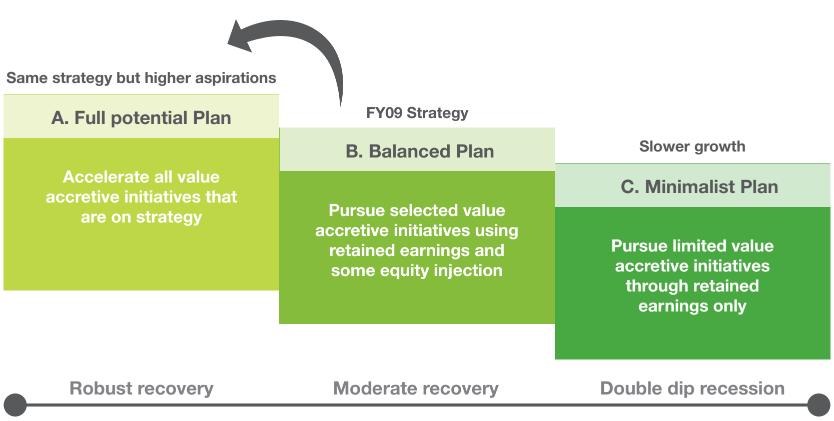
Our strategy is granular on where to compete



7) **Does our strategy embrace uncertainty?**

As I write this review, the world is being buffeted by waves of economic turmoil of such intensity and magnitude that it poses serious challenges to businesses as they try to navigate their way through this looming crisis. Growing and spreading sovereign debt woes in the G7 countries with Europe at its epicenter, a looming European banking and financial crisis, political gridlock, stalled growth in the G7 countries with the worrying prospects of a prolonged period of sub par growth, eroding competitiveness, increased volatility across equity, bond, commodity and property markets and volatile and unstable currencies plague the big developed economies. Along with the Global Financial Crisis (GFC) of 2008, these developments have **taught us the lesson that volatility is here to stay and is an integral part of the business landscape.** As businesses we have to learn to navigate through this volatility. If the IMF, World Bank, Federal Reserve and the ECB with their army of macro economists have not been able to call either the 2008 GFC or the current stalled economic growth prospects for the G7 countries, companies like us have relatively less chance of predicting the eventual macro economic outcomes. Instead at Olam, we have **focused our attention to prepare the business for different economic scenarios.** This way, we have dramatically reduced our vulnerability to "tail risk events". In line with this, we have developed and secured Board approval for three alternative strategic plans: i) a **minimalist plan** assuming a major double dip recession, ii) a **base case plan** assuming a prolonged period of sub par growth, and iii) a **full potential plan** assuming an accelerated recovery.

Our strategy gives us flexibility to respond to changes in the economic environment



8) **Does our strategy balance commitment and flexibility?**

For the **successful execution** of a good strategy, we need to **commit resources** behind that strategy, otherwise the strategy will just remain on paper. That is why **we have committed US$1.94 billion over the last 2 years to executing this strategy.** However, we do not want to commit our entire fire power to only those strategic growth initiatives that are visible today. We need to keep some dry powder for emerging opportunities that will surface as we progress into the plan. Good strategies need to **retain the flexibility** to recalibrate, do course correction or fine tune these strategies if the competitive context or industry structure dramatically changes. We need to therefore balance commitment with flexibility. The following chart gives examples of how we have done it in Olam.

Corporate Responsibility & Sustainability (CR&S)

I believe that in the 21st Century, **companies must serve two roles equally well.** We **must deliver long term and lasting value for our continuing shareholders,** while at the same time **being a positive force for sustainable change in the communities and contexts in which we operate.** Our sustainability philosophy has evolved over the years and today rests on an **"ethic of mutuality".** In this model of mutuality we ask ourselves two questions before we proceed with any new sustainability initiative: i) Is there deep company expertise and the right configuration of assets and capabilities to make a significant impact on a particular sustainability initiative? and ii) Does the proposed activity have mutual reciprocal value for both the company and the community? As of today **we have established 110 initiatives, unlocking mutual value for 1.5 million farmers in 30 countries.**

We also believe that **developing an Olam brand of sustainability** and **making this a core value proposition for our customers** would be a key way in which we will differentiate ourselves.

Our strategy balances commitment & flexibility

Invest in building the supply chain businesses to full potential	**Cotton: QCH Acquisition** • Leadership: #10 player to #2; 12% share • Expanded footprint beyond Africa & Asia to Australia, US & Brazil • Increased value added services - Ginning and warehousing
Expand upstream, mid/downstream to grow margins	**Almonds: TimberCorp assets in Australia & 4 roll ups in the US** • M&A led orchard entry with lowest cost position in US/Australia • Enhanced trading optionality and margins with integration • Global origination and end market access
Unlock value in attractive new areas	**Fertiliser: Urea Manufacturing in Gabon** • One of the lowest cost producers globally • Partnerships to reduce contract & execution risk - Tata Chemicals and Gabon Government • Execution on track

The McKinsey survey revealed that only a small proportion of the companies surveyed met many of these tests. I believe the Olam's track record of above market growth and returns is a result of developing and executing a winning strategy that meets most of these timeless tests for an effective strategy.

We are united in our ambition to seize this unique opportunity to **set the pace and tone for sustainability leadership in our field.** We are building an end-to-end platform – **"The Olam Sustainability Standard"**. This Standard will ensure our value chain from the field to the store improves livelihoods in emerging economies; carefully manages our use of natural resources; guarantees traceability and safety of products through our Responsible Sourcing Guidelines and ensures our staff have a safe workplace.

Building Customer Partnerships

FY2011 has been a **milestone year** for Olam in **developing close customer partnerships.** We accelerated joint business partnerships with several key customers developing long term strategic partnerships in several cases and **transforming erstwhile transactional relationships to more long term strategic supply partnerships.** We have developed leading edge customer insights based on which we have built customised solutions and services to meet specific customer needs. This has helped us further decommoditise our business and create more customer stickiness.
We are beginning to understand the **power of our farm gate supply chain network and franchise to create a unique sustainability proposition,** an **Olam brand and standard of sustainability** for our key customers. All of this has given us the energy and confidence to lift our customer focus to a much higher plane in the future.

Operating and Financial Review

All Earnings and Return Metrics Improve

FY2011 was another milestone year for Olam with strong growth across all key performance metrics.

Our **sales volume** reached 8.5 million metric tonnes, an increase of 20.6% from a year ago. The growth was broad based across all the segments.

Headline **revenue growth** was even higher at 50.5% reaching S$15.7 billion in Sales Revenue. The revenue growth was a combination of volume growth and higher commodity prices across most of the products we supply.
Net Contribution (NC) grew by 35.8% to reach S$1,222.8 million. NC growth was broad based across all our business segments. 49% of this NC growth was contributed by volume growth while the balance 51% was on account of margin increases. Our margin, measured as NC/MT was up 12.5% from S$128.5 to S$144.6.

Net contribution & NC/MT Growth

Segments	Net Contribution FY2011 S$ million	FY2010 S$ million	Change (%)
Edible Nuts, Spices & Beans	296.6	210.9	40.7
NC/MT (S$ / ton)	232.7	190.3	22.3
Confectionery & Beverages Ingredients	314.4	222.8	41.1
NC/MT (S$ / ton)	211.8	172.9	22.5
Food Staples & Packaged Foods	302.5	233.9	29.3
NC/MT (S$ / ton)	73.7	72.9	1.1
Food Category Total	**913.6**	**667.6**	**36.8**
NC/MT (S$ / ton)	133.1	119.1	11.8
Industrial Raw Materials	283.9	208.1	36.4
NC/MT (S$ / ton)	178.3	148.2	20.3
Commodity Financial Services	25.4	25.1	1.4
Consolidated Total	**1,222.8**	**900.7**	**35.8**
NC/MT (S$ / ton)	144.6	128.5	12.5

Successful execution of our **Corporate Strategy** through **selective** and **targeted integration upstream** into **plantations** and **midstream** into **processing** has **enhanced margins** and delivered **accelerated earnings** and **returns.** Supply chain NC/MT was S$121 compared to upstream NC/MT of S$633 and midstream NC/MT of S$176. EBITDA/MT was S$80 for the supply chain part, S$573/MT for the upstream and S$127/MT for the midstream respectively.

Value Chain Segmental Analysis

ValueChain Initiatives	Sales Revenue (in S$m)		Growth %	Net Contribution (in S$m)		Growth %	EBITDA (in S$'000)		Growth %
	Jun 2011	Jun 2010		Jun 2011	Jun 2010		Jun 2011	Jun 2010	
Supply Chain & VAS	13,784	9,163	50.4	864	635	36.1	572	403	41.9
Margin (%)				6.3	6.9		4.2	4.4	
Per Ton				121	109		80	70	
Upstream	306	219	39.5	170	110	54.3	154	99	56.1
Margin (%)				55.7	50.4		50.5	45.1	
Per Ton				633	453		573	406	
Midstream & Downstream	1,645	1,073	53.5	189	156	21.3	136	106	29.3
Margin (%)				11.5	14.5		8.3	9.8	
Per Ton				176	161		127	109	
Total	15,735	10,455	50.5	1,223	901	35.8	863	608	42.0
Margin (%)				7.8	8.6		5.5	5.8	
Per Ton				145	129		102	87	

Net Profit (including exceptional items) increased **23.6% to S$445 million. Net Profit (excluding exceptional items)** grew **37.1%** to **S$373 million** during this period.

EPS (including exceptional items) grew **13.3%** to **20.27 cents** while **EPS (excluding exceptional items)** grew **29.9% to 17.58 cents.**

We achieved **21.3% ROE** (on beginning of period capital) and **14.3% ROIC** generating **11.3% Equity Spread** and **7.1% Total Capital Spread** respectively.

Strong Liquidity Profile

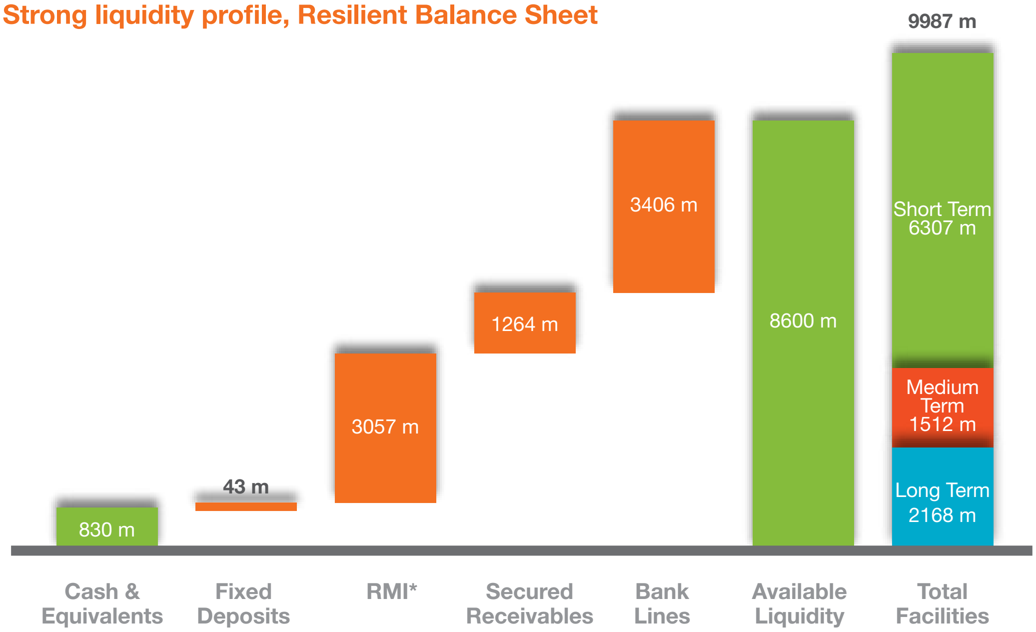
In spite of tough credit and capital market conditions, we were able to raise new equity, long-term debt capital and short-term working capital funding during the year.

During the year we raise **new equity of US$603 million** and additional debt with different maturity profiles. We **increased** our **working capital facilities by 49%** during the year and **grew** our **total facilities to S$9,987 million.** This reflects the **confidence of our investors and creditors** in the **strength of our business model** and our **capacity to execute** on our Strategy.

We continued to remain focused on managing our working capital effectively and efficiently. **Stock days** decreased from **101** in **FY2010** to **91 days** in **FY2011**. **Advances to suppliers** came **down from 9 days to 5 days** while debtor days were slightly up from 34 to 37 days. Overall, we were **able to reduce our cash-to-cash cycle** from **119 days to 105 days.**

The Company has **generated significant additional liquidity** as a result and **built a resilient and flexible Balance Sheet** that will allow it to cope well under deteriorating capital market conditions. The company's **total capital position is sufficient to support** its long term and short term capital requirements over the next two to three years.

Strong liquidity profile, Resilient Balance Sheet



*RMI: inventories that are liquid, hedged, or sold forward

Conclusion

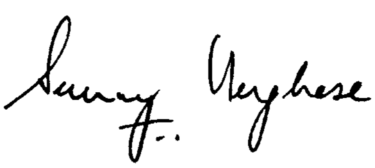
FY2011 was a key inflection point in Olam's history. The **success** of our **new Strategy,** which has **helped us materially exceed the cumulative milestones** that we had set for the end of the first two years of our Plan, has given us added **confidence to reset our ambitions significantly higher.** Our uniquely shaped portfolio and differentiated business model provides us a distinct advantage to realise our **revised aspiration to become a US$1 billion NPAT company by FY2016**. We have built leadership positions in 8 of our 14 platforms and have developed a road to results in achieving global leadership in the remaining platforms by FY2016.

Looking back at last year, **I remain very proud of our people across the company.** They worked harder and smarter than ever and delivered admirably for our shareholders, our suppliers and customers and for the communities in which we operate. I thank all of them for delivering yet another milestone performance.

We are grateful to our customers, suppliers, dedicated agents and business partners who have greatly contributed to our success during the year. We are also **grateful to our continuing shareholders and long term investors** who share our vision for this business and who have shown the same commitment and willingness to partner us in building long-term shareholder value. As a management team, we will strive to do our utmost to repay the trust, commitment and confidence reposed in us.

We believe **we are in a very attractive industry with strong growth prospects.** The strategic initiatives that we have taken and the configuration of assets and capabilities that we have built position us well to build market leading positions in the industry.

Clearly, our best is yet to come.



Sunny George Verghese
Group Managing Director & CEO

Global Presence

Olam's Presence

11,000 customers
65 countries
70 end markets
20 products
17,000 employees
2,000,000 farmers
100 factories

Nurturing talent

A top strategic priority for us in Olam is to support our businesses in building talent capabilities and a strong leadership pipeline capable of executing our ambitious growth objectives. We are committed to executing our talent management strategy and ensuring that it is clearly aligned to our business strategy.

17,000 direct employees

2011 GATP 632

< 7% 5 Year voluntary attrition rate

GATP 20.3% CAGR over 7 years

We recognise that a key success factor in achieving our growth plans is our ability to make our leadership model scalable and replicable. Our aim is therefore to hire exceptional people and provide them great opportunities to build their capabilities and their careers across multiple businesses, geographies and functions. Our global leaders are internationally mobile, have a deep familiarity with our business model and share a common understanding of our core values and culture.

Replicating the Olam DNA

Our Global Assignee Talent Pool (GATP) carries our DNA, deploying our distinctive competencies into new businesses and markets. As we continue to replicate our business model, expertise transferred through our global talent pool is of critical importance. Time and again we significantly reduce our execution risks in our new businesses by ensuring that each new business or location is led by a core team of tried, tested and proven senior managers.

A key imperative is promoting and strengthening this empowering environment. Over the next few years this will be reinforced through a coaching culture. This will accelerate our leadership engine to produce business leaders with the skills to form the internal leadership pipeline required to meet our growth plans.

Building loyalty

Over the past five years we have achieved a voluntary attrition rate of less than 7%. A key contributor to the low attrition rate is our people-sensitive work environment. We ensure there are multiple touch points available to our people to resolve personal issues speedily. Our worldwide employee base enjoys the experience of working alongside many unique individuals. We are continuing to hire, engage, develop and retain our leadership and a high quality diverse workforce, while also striving to provide an inclusive work environment.

Our people are the architects of our future. It is our people who have contributed to building our culture into what it is today. We take this culture and make it fungible across product, geography and functional boundaries. Our people and the organisational advantage that they create for us are, in the ultimate analysis, our true sustainable competitive advantage.

A proactive approach

Risk is inherent to the nature of our business, and the management and control of that risk a key contributor to our success.

Our Risk function provides independent oversight of enterprise-wide risks, and acts to ensure that risks are controlled through proactive risk mitigation measures.

Olam's Risk function operates with the aim of fulfilling 5 key strategic goals:

- Preventing surprise losses so as to protect the bottom line and ensure that our management team is aware of all significant risks.
- Enabling better decision-making through availability of reliable, actionable risk information to all stakeholders.
- Contributing to the execution of our growth strategy by building understanding of new categories of risk.
- Driving synergies across businesses by facilitating the transfer of ideas and information and enabling the sharing of best practices among our businesses.
- Developing a company-wide risk culture by building a shared understanding of our appetite for risk, a respect for risk and a process-based mindset.

Our 'one company' approach

Our Risk function has been instrumental in the transfer of learning across Olam's businesses, ensuring that successes achieved in one part of the company are repeated across others. In recent years, we have expanded into the midstream and upstream segments, beyond our core supply chain base. However, the learnings from our supply chain business have been of immense value in the midstream space. The knowledge gained about the behaviour of local commodity prices and their interplay with international prices through years of experience in the distribution of commodities such as rice, was successfully leveraged in the risk management of exposures run by our sugar refining business in Indonesia. The learnings from our Indonesian business were further transferred to our wheat milling operations in Nigeria.

Our upstream foray into almond plantations was an entirely new business for Olam, and entailed setting up a framework for the risk management of our price exposure from the almond crop. This framework was successfully transferred to our peanut farming business in Argentina, adjusted appropriately to account for differences between plantation and annual crops.

Empowering managers

We are currently in the process of rolling out the Olam Risk System (ORS) as a one-stop portal for all risk-related information. The ORS allows managers across the company easy online access to their risk exposures, various risk metrics such as VaR, as well as scenario analysis capabilities. By providing all relevant risk-related information at the click of a button, the ORS empowers managers to scale up their businesses without being encumbered by lack of data.

Olam's move into the market-making and fund management business through Invenio Commodity Financial Services was supported by the substantial technological investments required for such a business. We implemented Murex as the trading system for the business, bringing to bear the pricing, analytics and risk management capabilities of the system as a core contributor to its success. The use of Murex has now been extended to the rest of Olam's physical commodity trading businesses, transferring the same cutting-edge capabilities to the analysis of the hedging strategies employed by our physical businesses.

Developing a Sustainability Framework

Building an end-to-end sustainable supply chain demands a full understanding of all our activities and those of our farmers, communities and suppliers from seed to shelf. We have embarked on a multi-faceted process across 20 products in 65 countries to break down our value chain into component parts for evaluation against sustainability criteria, with the end goal of developing the **Olam Sustainability Standard** which can be applied throughout our entire operation.

Farmer Supply Chains

Our primary goal in the small-scale farmer network is to improve rural livelihoods for farmers in emerging economies. We aim to move these farmers from subsistence-based agriculture to commercial viability by unlocking mutual value.

We also have relationships with large-scale contract farmers in the developed world. We collaborate so these farmers practice sustainable agriculture and focus particularly on water and carbon management.

Olam Plantations Concessions and Farms

We divide our increasing company-owned upstream operations, into three areas:

Plantations – Developing our palm, coffee and almond plantations to internationally recognised standards

Concessions – Managing our forestry operations to industry standards, safeguarding environmental stewardship and social welfare

Company Farms – Gaining control of the supply chain and ensuring a higher degree of traceability and quality

Sourcing

We source products through a range of third party providers that require social and environmental management. In order to monitor our current standards, we are embarking on the development of 'Responsible Sourcing Guidelines' that will be applicable to the full range of products within our supply chain. This is a control that we know will reassure our 11,000 global customers.

These guidelines will be developed through consultation and external technical support and will build on the increasing need and capability to trace products to source.

Stakeholders

Engaging with our stakeholders, understanding their needs, improving and communicating our performance.

For a full explanation of Olam's Corporate Responsibility and Sustainability (CRS) programmes, please refer to our CRS Report 2011.

The Olam Sustainability Standard will help us – improve livelihoods in emerging economies; carefully manage our use of natural resources; guarantee traceability and safety of products through our Responsible Sourcing Guidelines and ensure our staff have a safe workplace. We believe that going forward, Olam must serve two roles. We must deliver long-term and lasting value for our continuing shareholders, while at the same time being a positive force for sustainable change in the communities and contexts in which we operate.

Processing

The evolution of our business model into the processing part of the value chain has led us to develop new competencies. Our newly established global function - Manufacturing and Technical Services has been tasked with establishing policies, standards and codes of practice that are being rolled out across our 100 factories throughout the world.

These tools are designed to both measure and mitigate our environmental footprint, as well as ensuring food safety and a safe workplace.

Logistics

We define logistics as the transport of raw produce and finished product by both sea and road, as well as warehousing in all our origin and destination markets.

We have identified the need to establish a company-wide sustainability strategy for our transportation activities, to improve efficiency and reduce carbon emissions. This will include collaborating with our shipping providers, moving production closer to source and the reduction of energy where possible in our warehousing through technology.

Office Buildings

The energy consumed in our office buildings is a small fraction of the company's overall footprint, but we consider our actions in these marketing offices to be of high symbolic value for staff buy-in and adoption of the sustainability strategy.

Employees are developing green initiatives by improving energy consumption, waste recycling and usage of sustainable supplies. Identification of green champions and a significant internal communications campaign will help us make substantial improvements in this area.

Customers
Employees

Shareholders
Investors

Suppliers
Governments

Media
NGOs

Civil Society
Farmers

The Olam Livelihood Charter

Earlier this year we launched Olam's new Livelihood Charter, formalising our long-standing commitment to investing in rural communities in emerging countries across the world. The Olam Livelihood Charter draws on our experience gained through nurturing these communities to improve their economic prosperity and social welfare across multiple products.

Eight benchmark Principles detailed on the right, form the foundations of the Charter and reflect our support of the UN Millennium Development Goals. The Charter covers our sourcing across a growing number of products and is focused on emerging countries in Africa, Asia and Latin America.

1	**Finance**	Pre-finance of crop purchase and capital advances for production
2	**Improved Yield**	Investment in training and supply of inputs
3	**Market Access**	Commitment to a fair and competitive price
4	**Quality**	Encouragement of good quality by enhancing value to farmers and customers
5	**Social Investment**	Support of rural health, education and infrastructure
6	**Labour Practices**	Education on child labour, gender and safety issues
7	**Environmental Impact**	Improvement of our overall environmental footprint
8	**Traceability**	Tracking of products to source

At present there are six Initiatives that qualify as Livelihood Charter Programmes – qualification is only granted when all eight Principles are applied. These Programmes are: Sulawesi Farmer, Olam and Blommer Chocolate Alliance; The Nigerian Rice Partnership; Promotion of sustainable Arabica Coffee in North-West Cameroon; Rehabilitation of Cotton in Northern Côte d'Ivoire; Coffee Development in Peru; Côte d'Ivoire Farmer, Olam and Blommer Chocolate Alliance.

Within these six Initiatives alone, there are nearly 65,000 farmers represented who collectively farm 111,000 hectares. A table summarising the data for these six Initiatives can be found below.

As we develop new Initiatives, they will be designed within the Livelihood Charter structure. This gives farmers our long-term commitment to enhanced incomes through sustainable farming practices and offers our customers the supply chain assurances they are seeking.

Finance	Market Access	Quality	Training	Inputs	
Crop and loan US$21.1 million	Buy back in cash US$98.2 million	Premium paid US$3.5 million	Invested US$2.4 million to reach 57,600 farmers	Seedlings	441,000 (tree crops)
				Fertiliser	151,970 bags
				Insecticide	168,000 litres

Social Investment	
3 schools received materials	1 maternity unit constructed
25 teachers trained	1 medical laboratory near completion
217 staff members received HIV/AIDS awareness training	1 cooperative store near completion
70 km feeder roads rehabilitated	7 warehouses constructed
3 primary schools near completion	1 water pump installed
5,000 cattle vaccinated	



Integrating upstream opportunities

We have expanded our upstream operations across 10 products and 11 origins by making 21 investments, far exceeding our original target of 5 that we set in our 2009 planning cycle. This strategy will bring us a significant competitive advantage as a low cost, certified producer of high quality products, yielding excess returns and improving our overall margin profile.

Building on existing and new capabilities, we identified excess return integration opportunities upstream in the value chain and have invested in these on a selective basis. This upstream integration has resulted in investments in plantation ownership and management (perennial crops), farming (annual crops), dairy farming and forest concessions management.

For each of the products where we are integrating upstream, we have mapped the cost of production and the sustainable comparative advantage a particular country has to produce that crop cheaper and better.

Investing in competitive advantage

When we looked at our plantation investments in Africa, we found that land acquisition costs are a fraction of what they are in Asia and labour costs, after adjusting for lower labour productivity, is still better in Africa. Further, given the slower wage price inflation, regulatory arbitrage opportunities, lower competitive intensity and higher perceived risk of execution in Africa, we see that returns in Africa would probably be twice the returns from similar investments in Asia.

Our pursuit of the more interesting opportunities in the upstream segment has led us to complete transactions in palm and rubber plantations in Africa, almond plantations in Australia and California, coffee plantations in Laos, Ethiopia and Tanzania, peanut and soybean farming in Argentina, rice farming in Nigeria and Mozambique, cotton farming in Mozambique, dairy farming in Uruguay and the development of forest concessions in The Republic of Congo (ROC), Gabon and Mozambique.

We have expanded our upstream participation through 21 plantation and farming investments made so far across 10 business units.

1 Harvesting Almonds in California
Olam's advanced irrigation techniques at our 2,752 hectares of almond orchards on the San Joaquin Valley, California means the ten year-old orchards are now producing a yield of 3,400 kg/hectare, an increase of 35% over their 2010 performance.

2 Coffee cultivation in Laos
Our coffee plantation in Champasak, Laos is located in the heart of Boloven Plateau at an altitude of 1,250 metres, we have acquired 3,000 ha of land of which 1,460 hectares has been planted. The rest will be planted in 2011-12.

3 Growing rice in Mozambique
We are actively participating in rice farming in Mozambique, assisting 40,000 farmers with inputs and financing, as well as providing a market for their produce. Through these efforts we are helping to ensure that food security becomes a reality for this country.

21 Investments

2.2m hectares

Sale Revenue S$306m +39.5%

EBITDA S$154m +56.1%

EBIDTA margin 50.5%


MAMA GOLD
Primeira Qualidade
Arroz Branco Extra Longo
NET WT. 5Kg
AFRICANA

Growing our core

Over the last 22 years we have built a strong core as a leading supply chain manager of agricultural raw materials and food ingredients. During this time we have developed a powerful and differentiated growth model, based on superior origination, trading and risk management skills, emerging market expertise, repeatable and scalable adjacency based growth and an organisational advantage built around our people and processes.

Superior origination, trading and risk management skills
These skills are enabled through our farm-gate sourcing model across two million grower and supplier relationships, by providing differentiated marketing solutions and services, and through our embedded and scalable risk and IT systems.

Emerging market expertise Our deep experience and extensive networks in Africa, Asia and Central and South America, as well as our political and sovereign risk insurance cover place us in a position of strength.

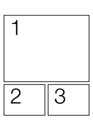
Repeatable and scalable adjacency based growth formula
We have evolved from one product in one country to 20 products across 65 countries and are selectively integrating into all four parts of the value chain. Adjacencies are identified based on whether supplier sharing, customer sharing, channel sharing, cost sharing or capability sharing opportunities exist.

Organisational advantage We have a well-established supply of leaders with the Olam DNA through our 632 strong Global Assignee Talent Pool. We operate as one company with a strong entrepreneurial and empowered culture, which encourages embedding stretch and ambition across the company.

This has enabled us to build true sources of competitive advantage across multiple agricommodities, strong origination skills through a global footprint, a basket of value-added services and risk management/arbitrage skills. This has allowed us to carve out a unique position for ourselves in an era of industry consolidation and increased volatility. We have built global leadership positions in 8 out of the 14 product platforms and a path to leadership across all these platforms by FY 2016. We have very privileged grower/farmer relationships with a network in excess of two million farmers and close customer relationships with over 11,000 customers in 70 end markets. Last but not least, it has helped us build strong control systems in each of the businesses and geographies where we operate.

71% of our Net Contribution in FY 2011 is from supply chain services and hence minimally impacted by price volatility. The supply chain segment generated revenue growth of 50.4% to S$13.78 billion and EBITDA growth of 44.3% to S$553 million in FY11.

In 2009, we embarked on 18 supply chain initiatives as a part of our growth strategy. We have already implemented 11 out of the 18 initiatives covering cotton in Australia, coffee sourcing in Mexico and Guatemala, wood products sourcing from Costa Rica and Panama and we have set up operations in three new countries, Cambodia, Ecuador and Malaysia.



1 Retail distribution in Mozambique
Olam is actively participating in Rice Farming in Mozambique to improve food security for the country. Our Rice distribution network now spans most of Mozambique's towns, and our Rice brand, Mama Gold, is one of the leading brands in the country.

2 Sourcing and ginning cotton
Olam has a global supply network of over 100,000 farmers, ginners and suppliers and we have a dominant presence in Africa, with ginning operations in 7 countries. We operate three Cotton concessions in Mozambique, increasing our productivity and yields through innovative Cotton Extension Services, to improve the lives of rural farmers in these regions.

3 Processing onions and garlic in California
Olam is the world's largest vertically integrated processor of dehydrated onion, garlic, capsicums, and parsley. We grow, harvest and wash our ingredients to ensure maximum quality and safety. We then gently air-dry them to lock in peak colour, taste, texture and performance.

7 new origins

Implemented 11 out of 18 initiatives

Sales Revenue S$13,784m +50.4%

Net Contribution S$839m +37.5%

EBITDA S$553m +44.3%


BRITANNIA
BRITANNIA FOOD INGREDIENTS LIMITED
RN208
Batch: D8129

Expanding our core

The evolution of our business model over recent years had led us to develop new competencies as we pursued our strategic goals. Processing, contract manufacturing and distribution is now an important platform of our business.

We have identified and invested in value-accretive manufacturing projects that will help us appropriate a higher share of the profit pool and enhance our margin per tonne. These investments will help us achieve higher returns per dollar of equity and invested capital and in turn lift our overall portfolio equity and total invested capital spreads. Most of our midstream investments are in products and regions where we have sufficient internal captive load that considerably reduces the asset utilisation risk when we invest in these manufacturing operations.

Investing across businesses and geographies

In our 2009 strategic plan, we had identified 25 initiatives in the midstream part of the value chain. Of these, we have implemented 20 initiatives so far. Our edible nuts business set up facilities to mechanically process raw cashew nuts in Nigeria and Côte d'Ivoire, as well as process almonds in the United States. Our cocoa business, for example is in the proccess of setting up a cocoa grinding facility in Côte d'Ivoire and through our acquisition of Britannia Foods in the UK has become one of the leading independent suppliers of speciality fats to the confectionery and snack food industries in the United Kingdom.

Our Spices and Vegetable Ingredients business acquired the operating assets of Gilroy Foods from ConAgra in the USA, including dehydrated onion, garlic, and capsicum operations, as well as proprietary products consisting of controlled moisture vegetables and shelf stable purees. Our grains business invested in midstream assets by acquiring an existing milling unit in Nigeria while embarking on a green-field milling project in Ghana. Our coffee business set up a spray and freeze dried soluble coffee manufacturing plant in Vietnam, while our sugar business expanded into the midstream part of the value chain was spearheaded by an inorganic refining investment in Indonesia and a green-field investment in Nigeria.

Stretching our targets

We have achieved 20 out of our 25 target initiatives for 2015 in the first 2 years, spread across 10 product groups. These projects will help us gain higher margins and achieve higher returns per dollar of equity invested. The midstream and downstream segment delivered a turnover growth of 53.3% to S$1.6 billion for FY2011 and an EBITDA growth of 29.3% to S$136 million, adding significant value to our core.

1

2 3

1 Processing onions at Gilroy
We grow, harvest and wash our ingredients to ensure maximum quality and safety, following which we gently air-dry them to lock in peak colour, taste, texture and performance. We consider exemplary levels of quality, service and safety to be our priority in providing for all the vegetable and savoury needs of our customers.

2 Producing specialty fats in the UK
In 2011, we acquired Britannia Food Ingredients (BFI), one of the leading independent speciality fats suppliers to the UK confectionery and snack food industries. BFI is an accredited ingredient supplier to the leading confectionery and food majors with an operating history of 15 years.

3 Flour milling in Nigeria
In December 2009 Olam acquired Crown Flour Mills (CFM), the third largest wheat miller in Nigeria. CFM operates 2 mills. one in Tin Can, Lagos and another in Warri. Encouraged by our performance so far we are now planning to substantially increase capacity in both mills.

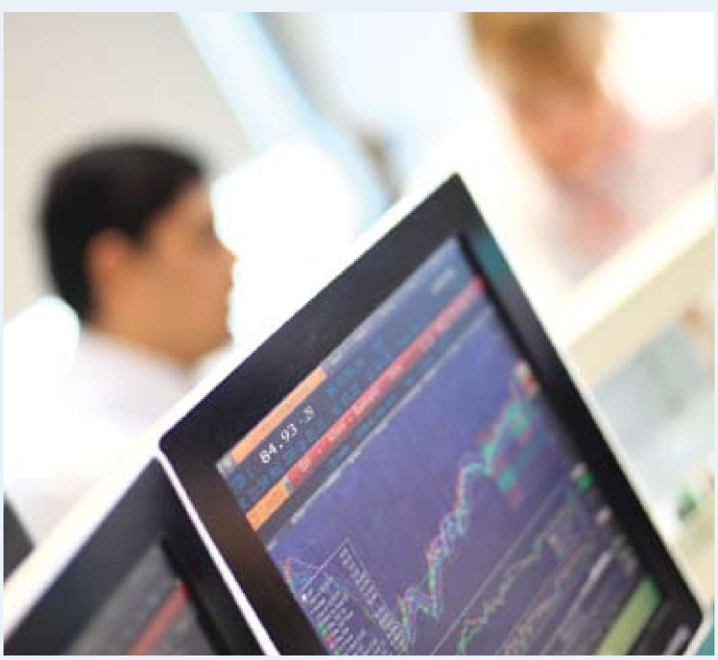
20 initiatives implemented against 5 year target of 25

Sales Revenue $1,645m +53.3%

Net Contribution $189m +21.3%

EBITDA $136m +29.3%


Cherie
Noodles
70g
Cherie
Noodles
70g




Enrista
Coffee 3 in 1
Enrista
Coffee 3 in 1
Enrista
Coffee 3 in 1
Enrista
Cappuccino
Cherie
Noodles
Cherie
Noodles
Enrista
Hot Chocolate
Enrista
White Chocolate
Festin
Festin
Festin
Festin

Leveraging latent assets

Over the last 22 years, we have developed a strong platform of capabilities such as grower and supplier relationships and our understanding of both physical commodity and derivative markets. Leveraging on these latent assets and capabilities, we have entered three new businesses, Packaged Food distribution in Africa, Fertiliser Manufacturing in Africa and the Commodity Financial Services business.

Packaged Foods

The packaged food distribution business leverages on our distribution franchise and network across several African countries and is focused on building our own consumer brands in the food category, which capitalise on our supply chain strengths as well as our existing knowledge of African markets and operations, brands and consumers. The foundation for this downstream activity is our knowledge and capabilities related to the management of food supply chains and the common distribution pipeline that we have built for related commodity products (including rice, sugar, wheat flour and dairy products) in West Africa.

Starting from ready-to-use coffee sachets in Nigeria, this business has been expanded to include Tomato Paste and Purees, Instant Noodles and Biscuits across Ghana, Togo, Mali, Burkina Faso, Côte d'Ivoire and the Democratic Republic of Congo. Over the past three years we have invested in several acquisitions and green-field projects in this space.

Commodity Financial Services

The Commodity Financial Services (CFS) business leverages our understanding of commodity markets, our knowledge of derivative markets and our strong risk management skills. This business is currently focused on three activities - market making and volatility arbitrage; risk solutions and fund management. We launched a relative value fund in 2010 that has made a successful start and currently has US$63 million in assets under management. The CFS business has continued to invest in building capacity and increasing the scale of its operations. This segment registered a growth in NC of 1.4% for FY2011 and contributed 2% of the Company's Net Contribution. The key activities of the CFS business, namely market making in commodity options and providing risk management solutions, continue to develop well in line with our business plans.

Agri-inputs

The Fertiliser business will leverage our grower and supplier relationships that we have built over the last 22 years to supply them with the fertiliser inputs that they need. The company has entered into a joint venture agreement with the government of the Republic of Gabon and Tata Chemicals to construct a port-based ammonia-urea fertiliser complex in Gabon for a total investment of US$1.3 billion based on securing competitively priced long term natural gas contract from the government that will give this project a key significant competitive advantage.

1

2 3

1 Food distribution in Nigeria
We manufacture and sell our Cherie brand of Instant Noodles in Nigeria, one of the highest per capita consumers of instant noodles after Southeast Asia and China. It is also one of the top five fastest growing instant noodles markets in the world.

2 Commodity Financial Services (CFS)
Our CFS business launched its first Relative Value Commodity Fund (the Ektimo RV Fund) in July 2010. The businesses focuses on three core areas; these are Market Making & Volatility Trading, Risk Management Solutions and Fund Management.

3 Packaged Foods Business (PFB)
We manufacture, market and sell a range of branded packaged food products to consumers across many African markets. Our portfolio currently includes 6 key brands that are marketed in more than 10 South and West African countries.

US$678M Agri-inputs Planned Investment (Olam's Share)

10 Countries 6 Packaged Food Brands

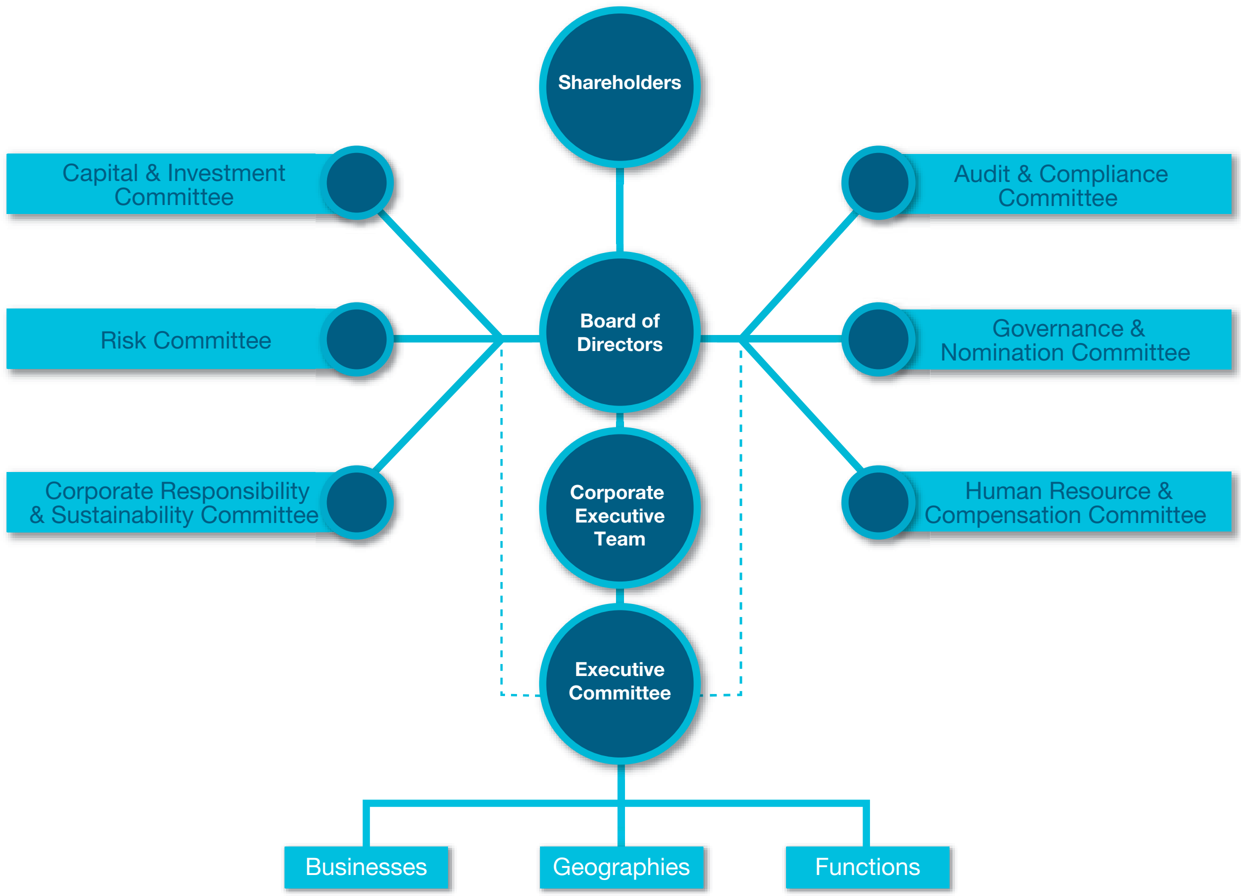
CFS Group NC S$25.4m +1.4%

Corporate governance

Olam continues to observe a high standard of corporate governance in keeping with its overarching philosophy of delivering consistent financial performance with integrity. It strongly supports the principles of openness, integrity and accountability as set out in the Code of Corporate Governance 2005 (the "Code"). The Board and Management continue to uphold the highest standards of corporate governance within the Company in accordance with the Code and our own model of good governance. We focus on the substance and spirit of the Code while continuing to deliver on the Company's vision and objectives

The key aspects of our Company's corporate governance framework and practice are outlined below:

Our Current Corporate Governance Structure



Our History

From the Company's founding in 1995, we have consistently pursued the highest standards of corporate governance. The Board comprises of both Non-executive and Executive Directors and holds regular meetings to review the operations, business and performance of the Company. There is a clear division of responsibility between the Chairman and the Chief Executive Officer, ensuring a balance of power and authority. The financial statements of the Group are audited by Ernst & Young, one of the top four accounting firms globally.

Effective Board to lead and control the Company (Principle 1)

Olam is led by a dynamic Board which engages actively in the business of the Company. The Board provides effective leadership and support to the Senior Management team of the Company, enabling the Company to scale heights without compromising integrity and internal controls. Collectively, the Board and the Senior Management team ensure the long-term success of the Company. The Board represents the shareholders of the Company and is accountable to them for value creation through the effective governance of the business. Our Board of Directors is responsible for the overall policies of the Company and for providing direction for corporate action. The foremost roles of the Board are to:

(a) Provide leadership and guidance to management on strategic direction in relation to the Company's activities which are of a significant nature and ensure that the necessary financial and human resources are in place for the Company to meet its objectives.

(b) Oversee the process and framework for evaluating the adequacy of internal controls, risk management, financial reporting and compliance and satisfy itself as to the adequacy and effectiveness of such processes and framework.

(c) Review Senior Management's performance;

(d) Approve major acquisitions, divestments and fund raising exercises.

(e) Ensure the Company's compliance with laws and regulations as may be relevant to the business.

(f) Assume responsibility for corporate governance.

(g) Set the Company's value and standards, and ensure that obligation to shareholders and others are understood and met, from time to time.

(h) Evaluate, review and provide guidance to the Company on corporate responsibility and sustainability issues, policies, standards and strategy in the context of the Company's activities that may have an impact on environment and social issues.

In the course of 2010/2011, the Board along with the Senior Management reviewed the execution and the status of the 6-year corporate strategy rolled out in 2009 to increase margins and grow intrinsic value for its shareholders in an ethical, socially responsible and environmentally sustainable way. The Board is regularly updated on the execution and implementation of the Company's corporate strategy and provides their advice and input to Management to ensure the delivery of the strategy. As a part of the Board's commitment to engage and provide leadership to Management in areas concerning the business and operations of the Company, ad-hoc sub-committees of the Board may be formed. One such committee was the Commodity Financial Services Sub-Committee ("CFSG Sub-Committee") comprised of Michael Lim Choo San, Robert Michael Tomlin, Andy Tse and Sunny George Verghese which was supported by the Executive CFSG team. The CFSG Sub-Committee provided oversight and support to the Management in respect of the launch of the Company's Commodity Financial Services Business in July 2010.

As a Board, the Directors set aside a full day in each quarter to review and evaluate the Company's operations and performance and address key policy matters. In addition to the regular meetings, ad-hoc Board briefings, and physical meetings, some meetings are held via telephone conference in accordance with Article 111 of the Company's Articles of Association to deliberate on urgent and substantive matters. With the increased complexities and size of operations of the Company, the Board and its committees has committed to understanding its business and operations by spending substantive time through offsite meetings held and presentations organized in various locations where the Company operates. During the year under review, the Board held eight meetings to discuss and review the Group's business, strategies and plans. A table showing Directors' attendance at Board and Board Committees meetings during the year under review is provided below. Olam believes that the effectiveness, dedication and indelible contribution of its Board toward the continuous growth of the Group cannot be measured solely by the attendance of Directors at meetings. The commitment, involvement and engagement of the Board in the business of the Company go beyond these scheduled meetings.

Name	Board Meeting	Audit & Compliance Committee Meeting	Human Resource & Compensation Committee Meeting	Governance & Nomination Committee Meeting	Capital & Investment Committee Meetings	Corporate Responsibility & Sustainability Committee Meeting	Risk Committee Meeting
R. Jayachandran	8		3	1	4		
Narain Girdhar Chanrai	7	5		1	5		
Michael Lim Choo San	7	5		1			3
Robert Michael Tomlin	8	4			5	4	2
Mark Haynes Daniell	8	5	3			5	
Wong Heng Tew	7	4	3	1			
Tse Po Shing	7				4		3
Jean-Paul Pinard	8		3		5	5	
Sunny George Verghese	8				5		3
Sridhar Krishnan	8					5	3
Shekhar Anantharaman	8				5	4	
No. of meetings held	8	5	3	1	5	5	3

To keep the Directors abreast of developments in the industry as also in the Company's global operations, country visits and interactions with business and geography teams are amongst the different types of exposure provided to the Directors as part of their ongoing education. Directors are also invited to participate in sessions and talks conducted by specialists and experts on trends, developments and issues concerning the industry which the Company operates. Furthermore the Directors are taken through detailed presentations on the development and progress of the Group's key operations, updates on the changes to the SGX-ST Listing Rules, Companies Act, accounting standards and other relevant laws and regulations and where necessary, programs on Directors' duties and responsibilities etc. Newly appointed directors are issued with formal letters upon their appointment, which outline their duties and obligations as Directors and are also given a handbook containing relevant information concerning the Group. Orientation Programs, which include visit to the Group's operations, briefing on the various operations of the Group and meeting with various key management personnel, are arranged for newly appointed Directors.

A strong and independent element on the Board (Principle 2)

Our Board currently consists of 11 members, three of whom are Executive Directors and the balance eight, Non-executive Directors. We have six Independent Directors on our Board.

Our Directors bring with them invaluable experience and extensive business networks and expertise in diverse fields. The size, composition and blend of experience of the current Board allow discussions on matters of policy, strategy and performance to be informed, critical and constructive. A brief profile of each Director is given on pages 24 to 27 of this annual report.

The Governance & Nomination Committee (GNC) is of the view that, given the size, nature and scope of the Company's operations, the Board should have between 10 and 12 members, who as a group, possess the required capabilities, skills and experience for the Board to discharge its duties and responsibilities effectively. The GNC determines on an annual basis whether or not a Director is independent, bearing in mind the definition of an Independent Director under the Corporate Governance Code.

The nature of the current Directors' appointments on the Board and details of their membership on Board Committees are set out below:

Name	Board Membership	Audit & Compliance Committee	Governance & Nomination Committee	Human Resource & Compensation Committee	Risk Committee	Capital & Investment Committee	Corporate Responsibility & Sustainability Committee
R. Jayachandran	Non-executive Chairman	–	Member	Member	–	Member	–
Narain Girdhar Chanrai	Non-executive Director	Member	Member	–	–	Member	–
Michael Lim Choo San	Lead Independent Director	Chairman	Chairman	–	Member	–	–
Mark Haynes Daniell	Independent Director	Member	Member	Chairman	–	–	Member
Robert Michael Tomlin	Independent Director	Member	–	–	Member	Chairman	Member
Wong Heng Tew	Independent Director	Member	Member	Member	–	–	–
Tse Po Shing	Independent Director	–	–	–	Chairman	Member	–
Jean-Paul Pinard	Independent Director	–	–	Member	–	Member	Chairman
Sunny George Verghese	Executive Director & CEO	–	–	–	Member	Member	–
Shekhar Anantharaman	Executive Director	–	–	–	–	Member	Member
Sridhar Krishnan	Executive Director	–	–	–	Member	–	Member

Chairman and Chief Executive Officer to be separate to ensure appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making (Principle 3)

There is a clear division of responsibility between the Chairman and the Chief Executive Officer (CEO) to ensure that there is a balance of power and authority. The Chairman is responsible for ensuring Board effectiveness and conduct while the CEO leads the Management team and has overall responsibility of the Company's operations, organisational effectiveness and implementation of Board policies and decisions. The CEO remains accountable to the Board for the decisions and actions taken as well as for the performance of the Group. The Chairman works closely with the CEO on matters to be tabled at meetings as well as in ensuring that Board members receive accurate, timely and clear information. Under the leadership of the Chairman, the Board held robust, open and constructive discussions at its meetings with adequate time allocated to sufficiently review issues tabled.

The Non-executive, Independent Directors fulfill a pivotal role in corporate accountability. Their role is particularly important as they provide unbiased and independent views, advice and judgment to take care of the interests, not only of the Company but also of shareholders, employees, customers, suppliers and the many communities in which the Company conducts business. During the year under review, the Non-executive Directors met quarterly, without the presence of Management, to review the performance of Management and the reporting of the Group's performance by Management. The Board had, at the recommendation of the GNC, appointed a Lead Independent Director as part of the Board succession planning in order to provide continuity of leadership at the Board level in the absence of the Chairman. The Lead Independent Director also acts as a bridge between the Independent Director and the Chairman as well as represents shareholders' interests.

Board Members to have complete, adequate and timely information (Principle 6)

Board to provide a balanced and understandable assessment of the company's performance, position and prospects (Principle 10)

Meeting agenda and board materials are sent to all Directors prior to all board and board committee meetings. This is sent sufficiently in advance to enable the Directors to obtain further details and explanations where necessary. Managers who can provide additional insight into the matters at hand are invited to be present at the relevant time during the Board and Board Committees meeting. The Directors are also provided with the names and the contact details of the Company's Senior Management, Board Secretariat and the Company Secretary to facilitate direct access to them. Non-Executive Directors meet with Senior Management independently to be briefed on various issues. Board members are invited to participate in the Annual Management Committee Meetings to interact with Management as well as to gain insight on the development and plans of the Company. Presentations on the Group's business and activities are provided to the Board throughout the year by the Company's Management team. The Board takes independent professional advice as and when necessary to enable it or the Independent Directors to discharge their responsibilities effectively.

The role of the Company Secretary is clearly defined and includes the responsibility of ensuring that the board procedures are followed and that applicable rules and regulations are complied with. The Board is further supported by an executive Board Secretariat team which provides additional information that the Board members may need. The executive Board Secretariat team provides information and summary on changes in regulation or law, as circumstances require.

The Board has adopted a policy of openness and transparency in the conduct of the Company's affairs while preserving the commercial interests of the Company. The Company has been reporting its financial results quarterly and holding media and analyst meetings to coincide with the quarterly results announcements.

Financial results and other price sensitive information are disseminated to shareholders via SGXNET, to the SGX-ST, press releases, the Company's website and through media and analyst briefings.

The Company has in place a comprehensive investor relations programme to keep investors informed of material developments in the Company's business and affairs beyond that which is prescribed, but without prejudicing the business interests of the Company.

Board Committees

To assist the Directors in the discharge of their oversight function, Board Committees have been constituted with clear terms of reference, which are reviewed periodically. There are currently six (6) Board Committees, namely, the Audit & Compliance Committee, the Capital & Investment Committee, the Risk Committee, the Governance & Nomination Committee, the Human Resource & Compensation Committee and the Corporate Responsibility & Sustainability Committee. All the Board Committees are actively engaged and play an important role in ensuring good corporate governance in the Company.

During the course of the year, the Risk Committee undertook a review of its terms of reference to align its role with the business and operational needs of the Company so as to ensure continuous effectiveness of the Board Committees. The revised terms of reference of the Risk Committee was reviewed by the Governance & Nomination Committee and was recommended to the Board for approval and adoption. The review of the terms of reference by the Board Committees is carried out annually taking into consideration the changing needs in the business and operations of the Company, relevant laws and regulations, etc.

Establishment of Audit & Compliance Committee with Terms of Reference (Principle 11)

The Audit & Compliance Committee (ACC) has our four independent Directors, Mr. Michael Lim (Chairman), Mr. Robert Tomlin, Mr. Mark Daniell and Mr. Wong Heng Tew and our non-executive Director, Mr. Narain Girdhar Chanrai as its members. The Committee met five times during the year and its terms of reference are to:

(a) Assist the Board in discharging its statutory and other responsibilities on internal controls, financial and accounting matters, operational and compliance controls, and business and financial risk management policies and systems, and to ensure that a review of the effectiveness of the same (which may be carried out by the external or internal auditors) is conducted at least annually.

(b) Review with the external auditors their audit plan, their evaluation of the system of internal controls, their audit report, their management letter, the Company management's response and allocation of audit resources according to the key business and financial risk areas as well as the optimum coverage and efforts between the external and internal auditors.

(c) Review the quarterly and annual financial statements before submission to the Board of Directors for approval, focusing in particular, on changes in accounting policies and practices, major operating risk areas and overview of all group risk on an integrated basis, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards as well as compliance with any stock exchange and statutory/regulatory requirements.

(d) Review the internal controls and procedures and ensure co-ordination between the external auditors and the Company management, reviewing the assistance given by the management team to the auditors, and discussing problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of the management where necessary).

(e) Review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has, or is likely to have, a material impact on the Group's operating results or financial position, and the management's response to the same.

(f) Review and approve the audit plans of the external and internal auditors.

(g) Consider the appointment or re-appointment of the external auditors and matters relating to resignation or dismissal of the auditors.

(h) Review the scope and results of the audit and its cost effectiveness and the independence and objectivity of the external auditors annually.

(i) Review transactions falling within the scope of Chapter 9 of the Listing Manual.

(j) Undertake such other reviews and projects as may be requested by our Board of Directors and report to the Board of Directors its findings from time to time on matters arising and requiring the attention of the ACC.

(k) Undertake such other functions and duties as may be required by statute or the Listing Manual, and by such amendments made thereto from time to time.

The ACC has full access to and cooperation of the Management and full discretion to invite any Director or executive officer to attend its meetings. The Company has an Internal Audit team and together with the external auditors, reports their findings and recommendations independently to the ACC.

On the recommendation of the ACC and the approval of the Board, the Company has formalized a Code of Conduct that provides an introduction to important standards and policies that everyone working for the Company should adhere to. This Code also encourages and provides a channel for employees to report in good faith and confidence without fear of reprisals or concerns about possible improprieties in financial reporting.

During the year, the ACC reviewed the financial statements of the Company before the announcement of the financial results. The Committee met with the internal and external auditors and discussed with them any issues of concern.

In addition, the ACC also reviewed the nature and extent of all non-audit services performed by the external auditors to establish whether their independence has in any way been compromised as a result, and has confirmed that such services would not affect the independence of the external auditors.

Independent Internal Audit Function (Principle 13)
Sound System of Internal Controls (Principle 12)

Internal Audit

The internal audit function is established to support the Governance Process and provide a source of confidence to the ACC that there is sound managerial control over all aspects of the operations of Olam including statutory compliances, accounting, asset management and control systems.

The Internal Audit Head reports directly to the Chairman of the ACC with a dotted line relationship to the CEO of the Company. The Internal Audit team has full, free and unrestricted access at all times to all books, personnel, documents, accounts, property, vouchers, records, correspondence and other data of the Company. The Internal Auditors also have the right, to enter any premises of Olam and to request any officer to furnish all information and such explanations deemed necessary for them to form an opinion on the probity of action, adequacy of systems and/or of controls.

The scope of Internal Audit is reasonably comprehensive to enable the effective and regular review of all operational, financial and related activities. The Internal Audit coverage extends to all areas of the Company and its controlled entities and includes financial, accounting, administrative, computing and other operational activities. An internal compliance monitoring system was developed as a self assessment tool for monitoring the performance of the business units on key control aspects and processes.

The ACC reviews the proposed scope of the Internal Audit function, the performance of the Internal Audit function and the Internal Audit Plan semi-annually. It ensures that no limitation on audit has been interposed. The Internal Audit's summary of findings and recommendations are reviewed and discussed at the ACC meetings.

The ACC is assisted in the discharge of this function by the Executive Audit Committee (EAC). The EAC has Jagdish Parihar, Global Head & Managing Director of the Cotton Business as its chair and V. Srivathsan, Regional Head West Africa, S. Suresh, President – Finance & Accounts and Rajeev Kadam, Global Head Internal Audit as its members.

Risk Management and Internal Controls

The Company's internal control structure consists of the policies and procedures established to provide reasonable assurance that the organisation's related objectives would be achieved.

At Olam, the internal control extends beyond the accounting and finance function – its scope is Company-wide and touches all activities of the Company.

Our Field Operations Manual (FOM) is the main guidebook which prescribes the process and documentation requirements for all our procurement, grading, sorting, processing, storage, transits and shipment of our products. Strict adherence of this FOM is the key to our control over operational risks. To ensure that this is happening, we have periodical internal and external audit reviews.

To round off the process, we link the Internal Audit findings into the manager's performance evaluation system, to ensure the desired influence on behaviour.

The Company's Enterprise Risk Management (ERM) framework covers Market Risks, Credit & Counter Party Risks, Operational Risks and Information Risks. The Company has a Risk Committee and an independent Risk Control function to measure and monitor Market Risks and Credit & Counter Party Risks. Our risk management system is outlined on pages 46 & 47.

During the year, the ACC assessed the strength of the internal audit team in the Company in respect of its numbers and qualification. Whilst the internal audit system and the internal controls put in place by Management provides reasonable assurance against material financial misstatements or loss, reliability, relevance and integrity of information (including financial information), completeness of records, safeguarding of assets, effectiveness and efficiency of operations and compliance with applicable policies, laws and regulations, it is opined that such assurance cannot be absolute in view of the inherent limitations of any internal audit system and internal controls against the occurrence of significant human and system errors, poor judgment in decision-making, losses, fraud or other irregularities.

Risk Committee

Our Non-Executive and Independent Director, Mr. Tse Po Shing chairs the Risk Committee (RC). Mr. Robert Tomlin, Mr. Michael Lim Choo San, Mr. Sunny Verghese and Mr. Sridhar Krishnan are the other members of this Committee. The RC met three times during the year under review and it has oversight of the following matters:

(a) To review with Management the Group's guideline, policies and systems to govern the process for assessing and managing risks

(b) To review and recommend risk limits and budgets;

(c) To review major non-compliances with risk policies;

(d) To review benchmarks for and major risk exposures from such risks;

(e) To request, receive and review reports from management on the action taken to monitor and manage the exposures;

(f) To identify and evaluate new risk on an enterprise level and to table a report to the Board;

(g) To review the Enterprise Risk Scorecard bi-annually and determine the risks to be escalated to the Board;

(h) To review the framework and effectiveness of the Enterprise Risk Scorecard; and

(i) To review reports of significant issues prepared by the Executive Risk Committee.

The committee is assisted by the Executive Risk Committee (ERC), which ensures the day to day tracking, monitoring and control of risks. The Risk Committee Chairman is provided with regular risks reports and updates by the ERC. The ERC is chaired by Mr. Ashok Hegde, Global Head of Risk and has the Managing Directors of our Coffee, Cocoa, Edible Nuts and Cotton businesses as its members, in addition to the Group CFO and the Group Risk Controller. During the year under review, the RC carried out a rigorous review of the Enterprise Risk Scorecard and engaged Management actively in ensuring the adequacy, effectiveness and relevance of the Enterprise Risk Scorecard against the business and operations of the Group.

Capital & Investment Committee

The Capital & Investment Committee (CIC) is chaired by the Independent and Non-Executive Director, Mr. Robert Tomlin. The members of the Committee comprised of Mr. R. Jayachandran, Mr. N.G. Chanrai, Mr. Tse Po Shing, Mr. Jean-Paul Pinard, Mr. Sunny Verghese and Mr. Shekhar Anantharaman.

Apart from the generally scheduled meetings, the CIC held frequent meetings via telephone conference as and when required to discuss any proposed capital projects of the Group. The CIC met five times during the year and has oversight of the following matters:

(a) To review and recommend financial strategies, policies, gearing and financial risks, new business risks, and capital structure of the Company;

(b) To review and recommend equity capital raising plans;

(c) To review and recommend debt capital raising plans and significant banking arrangements;

(d) To review investment policy guidelines and capital expenditure plans;

(e) To review and assess the adequacy of foreign currency management;

(f) To review and recommend on mergers, acquisitions and divestments; and

(g) To review and recommend on dividend policy and dividend declarations.

The CIC has, as its executive arm the Executive Investment Committee ("EIC") with Mr. Richard Haire as its Chair, Mr. Jagdish Parihar as its Alternate Chair and Mr. K Ravikumar and Mr. Ashok Hegde as its members. In addition, a Special Committee of the CIC comprised of Mr. Robert Tomlin, Mr. R. Jayachandran and Mr. Sunny Verghese was constituted to facilitate a fast track review of time sensitive investments and investments of a confidential nature. The Special Committee of the CIC remains accountable to the CIC for any decisions taken.

Formal and transparent process for appointment of new Directors (Principle 4)

Our Governance & Nomination Committee (GNC) is chaired by Mr. Michael Lim Choo San, an Independent and Non-Executive Director. He is not a substantial shareholder nor is he directly associated with a substantial shareholder. Mr. R. Jayachandran, Mr. N. G. Chanrai, Mr. Mark Daniell and Mr. Wong Heng Tew are other members of the GNC. The GNC met three times during the year. The GNC is guided by the following terms of reference:

(a) To review the size, skills and composition of the Board to ensure there is adequate representation in respect of issues and challenges, without compromising Board effectiveness and participation. Identify the critical needs in terms of expertise and skills, as well as knowledge of the jurisdictions in which Olam operates.

(b) To recommend the appointment and re-appointment of Directors.

(c) To conduct an annual review of the independence of each Director.

(d) To assess the effectiveness of the Board and its members.

(e) To recommend performance criteria for evaluating the Board's performance.

(f) To recommend membership for board committees.

(g) To consider and review Company's corporate governance principles.

(h) To consider questions of possible conflicts of interest of board members and senior executives.

Independence of Directors

On an annual basis, the GNC carries out an assessment of the independence of individual Directors following the principles of the Code of Corporate Governance. The GNC also reviews the independence of a Director in specific instances by assessing all of the relationships between the Group and companies in which that Director holds or held positions to ensure that the relationships do not interfere with the Directors' exercise of objective or independent judgment or their ability to act in the best interests of the Group's business.

Re-election of Directors

All Directors submit themselves for re-nomination and re-election at least once in three years. Pursuant to Article 103 of the Articles of Association of the Company, one third of the Directors retire from office at the Company's annual general meeting. In addition, the Company's Articles of Association also provides that a newly appointed Director must submit himself for re-election at the annual general meeting following the appointment.

The details of the retirement and re-election of the Directors are shown below:

Name of Director	Board Membership	Date of First Appointment to the Board	Date of Last Re-election as Director
R. Jayachandran	Non-executive Chairman	4 July 1995	28 October 2010
Narain Girdhar Chanrai	Non-executive Director	4 July 1995	29 October 2008
Michael Lim Choo San	Independent Director	24 September 2004	29 October 2008
Mark Haynes Daniell	Independent Director	31 October 2002	29 October 2009
Robert Michael Tomlin	Independent Director	24 September 2004	28 October 2010
Wong Heng Tew	Independent Director	10 October 2003	28 October 2010
Tse Po Shing	Independent Director	12 September 2002	29 October 2009
Jean-Paul Pinard	Independent Director	29 October 2008	28 October 2010
Sunny George Verghese	Executive Director & CEO	11 July 1996	29 October 2008
Sridhar Krishnan	Executive Director	1 April 1998	29 October 2009
Shekhar Anantharaman	Executive Director	1 April 1998	29 October 2009

All new appointments and re-nomination of Directors are subject to the recommendation of the GNC. Some of the criteria considered by the Committee while evaluating Directors' appointments are:

(a) Independence of mind.

(b) Capability and how it meets the current needs of the Company and simultaneously complements the skill set of the other Board members.

(c) Experience and track record in high-performing companies.

(d) Ability to commit time and effort toward discharging his responsibilities as a Director.

(e) Reputation and integrity.

Formal assessment of the effectiveness of the Board as a whole and the performance of individual Directors (Principle 5)

The Board considers the importance of putting the right people, with the range of skills, knowledge and experience together in order for effective governance of the Group's business. The GNC assists the Board in ensuring that the Board is comprised of individuals whose background, skills, experience and personal characteristics will enhance the present Board and meet its future needs.

Based on the recommendations of the GNC, the Board has laid down a preliminary set of assessment criteria to assess the effectiveness of the Board as a whole and contribution of each director to the effectiveness of the Board. The assessment criteria for the Board evaluation covers amongst other criteria, Board performance in relation to discharging its principal functions, its effectiveness in ensuring the long term success of the Company, composition of the Board, relationship amongst Board members and the adequacy and performance of Board Committees in relation to discharging the responsibilities set out in their respective terms of reference. The individual Directors' assessment criteria are in relation to their industry and functional expertise, level of involvement, contribution, objectivity and interactive skills when working with Board members and participation at Board meetings. During the year, the GNC carried out an evaluation of the effectiveness of the Board, the individual Board Members and the Chairman of the Board. The Chairman of the Board, in consultation with the GNC Chairman, may set up meetings with Board Members with a view to sharing feedbacks and comments received and to work out action plans to address specific issues raised.

In the course of the year, the GNC further reviewed the effectiveness and relevance of the Board and individual director performance evaluation process which aims to help the Board uncover its strengths and challenges so that the Board would be in a position to further improve on the discharge of its oversight duties.

Formal and transparent process for fixing remuneration packages of Directors and senior executives (Principle 7)

Remuneration of Directors should be adequate but not excessive (Principle 8)

Disclosure on remuneration policy, level and mix of remuneration and procedure for setting remuneration (Principle 9)

The Human Resource & Compensation Committee (HRCC) is responsible for three key areas, namely, executive and leadership development, executive compensation policy and equity based plans. The HRCC is also tasked to review annually the adequacy of the fees paid to non-executive directors. The HRCC proposes, subject to the approval of the Board, the remuneration and terms and conditions of service of Senior Management and the remuneration to be paid to each Director for his services as a member of the Board as well as Committees of the Board. The HRCC is chaired by Mr. Mark Daniell, our Independent and Non-Executive Director and has Mr. R. Jayachandran, Mr. Wong Heng Tew and Mr. Jean-Paul Pinard as its other members. Apart from Mr. R. Jayachandran who is a Non-Executive Director, all members of the HRCC are Independent and Non-executive Directors. The HRCC met three (3) times during the year. The terms of reference of the HRCC includes the following:

(a) Review succession plans for key positions in the Group;

(b) Oversee the development of key executives and talented executives;

(c) Review management's programs for recruitment, retention, and development of the Group Managing Director and Chief Executive Officer and key management personnel; and

(d) Establish and oversee the process for evaluating the performance of the Group Managing Director and Chief Executive Officer and key management personnel in the fulfillment of their responsibilities, meeting objectives and performance targets.

The HRCC carries out regular discussion with the CEO and the Board on putting in place processes for succession planning at the most senior levels including the CEO and the Chairman of the Board.

The HRCC, has, as its executive arm, The Human Resources Committee (HRC] with Mr. Ashok Krishen as its Chair, Mr. Gerry Manley as the Alternate Chair and Mr. Ranveer Chauhan and Mr. V Srivathsan as its members.

Remuneration Policy for Non-Executive Directors

The remuneration framework for non-executive directors adopted by the HRCC consists of a base fee, fees for membership of board committees, as well as fees for chairing Board Committees. In addition, the HRCC had recommended the extension of Olam's share option scheme to include non-executive directors and independent directors to recognize the invaluable role played by them in furthering the business interests of the Group by their experience and expertise. To facilitate timely payment of Directors' fees, Directors' fees are paid in advance on a quarterly basis for the current financial year once approval is obtained from shareholders at the annual general meeting. The details of the Directors' fees paid for the financial year ended 30 June 2011 quarterly in advance is tabled below. Executive Directors are not entitled to either base fees or fees for membership in Board Committees. Remuneration for Executive Directors comprises of a base salary and participation in an incentive and share option plan based on the Company's performance during the period of the plan.

The Directors' fees paid for the financial year ended 30 June 2011 quarterly in advance amounted to S$825,000.00 (FY 2010: S$816,447) and were based on the following rates:

Name	Position	Committee chairmanship/membership	Base Director fee	Committee Chairmanship/ membership fees	Total
R. Jayachandran	Non-executive Chairman	Member, CIC Member, GNC	$90,000	$40,000	$130,000
Narain Girdhar Chanrai	Non-executive Director	Member, GNC Member, CIC Member, ACC Member, RC	$45,000	$50,000	$95,000
Michael Lim Choo San	Independent Director	Chairman, ACC Chairman, GNC	$45,000	$70,000	$115,000
Mark Haynes Daniell	Independent Director	Member, ACC Chairman/Member, CRSC Member, GNC Chairman, HRCC	$45,000	$60,000	$105,000
Robert Michael Tomlin	Independent Director	Chairman, CIC Member, ACC Member, CRSC Member, RC	$45,000	$70,000	$115,000
Wong Heng Tew	Non-executive Director	Member, ACC Member, GNC Member, HRCC	$45,000	$40,000	$85,000
Jean-Paul Pinard	Non-executive Director	Chairman/Member, CRSC Member, HRCC Member, CIC	$45,000	$50,000	$95,000
Tse Po Shing	Non-executive Director	Chairman, RC Member, CIC	$45,000	$40,000	$85,000
				Total	$825,000

During the year under review, the HRCC commissioned an independent review by Freshwater Advisers, an external consultant on the adequacy of the level of remuneration of non-executive directors. The HRCC carried out a thorough review of the proposal made by the independent consultant and recommended raising the remuneration of the base fee of Board Chairman and directors, fees for membership of board committees, as well as fees for chairing Board Committees. The HRCC further recommends the payment of base fee to the Lead Independent Director and an attendance fee for Board Offsite meetings. Details of the recommended increase in non-executive remuneration are provided below. The recommendations were made on the basis that non-executive directors should be remunerated for their knowledge, the responsibilities vested upon them and their time commitment taking into consideration the complexities of the business, the business structure and the fees paid to peer companies. The Board has endorsed the HRCC's recommendations for Shareholders' approval at the annual general meeting of the Company to be held on 28 October 2011.

Proposed Compensation for Non-Executive Directors for the Year Ending 30 June 2012:

Nature of Appointment	S$
Board of Directors	
Base Fee (Chairman)	160,000
Base Fee (Member)	60,000
Audit & Compliance Committee	
Chairman's fee	50,000
Member's fee	25,000
Capital & Investment Committee	
Chairman's fee	50,000
Member's fee	25,000
Governance & Nomination Committee	
Human Resource & Compensation Committee	
Corporate Responsibility & Sustainability Committee	
Risk Committee	
Chairman's fee	30,000
Member's fee	15,000
Lead Independent Director	15,000
Attendance Fee at Board Offsite	2,500

Remuneration Policy for Executive Directors and Other Key Executives

The Company advocates a performance based remuneration system that is flexible and responsive to the market. The remuneration is linked to the Company and individual executive's performance.

The total remuneration comprises of three components: an annual fixed cash component, an annual performance incentive and a long term incentive. The annual fixed component consists of the annual basic salary and other fixed allowances. The annual performance incentive is tied to the Company's and individual executive's performance, while the long term incentive is granted based on the individual's performance and contribution made.

To remain competitive, it would be our aim to benchmark our executive's compensation with that of similar performing companies and remain in the top 25 percentile. The compensation structure would be so designed that as one moves up the corporate ladder, the percentage of his/her total remuneration at risk increases.

Level and Mix of Remuneration of Directors for the Year Ended 30 June 2011

The level and mix of each of Director's remuneration are set out below.

Remuneration Band & Name of Director	Base/fixed salary	Variable or performance related income/ bonuses	Fees	Benefits in kind	Total	Share Option held under ESOS*
$1,500,000 and above						
Sunny George Verghese	11%	88%	–	1%	100%	30,000,000
$1,000,000 to $1,500,000						
Sridhar Krishnan	43%	57%	–	0%	100%	1,500,000
Shekhar Anantharaman	40%	60%	–	0%	100%	1,750,000
Below $250,000						
R. Jayachandran	–	–	100%	–	100%	–
Narain Girdhar Chanrai	–	–	100%	–	100%	–
Mark Haynes Daniell	–	–	100%	–	100%	100,000
Michael Lim Choo San	–	–	100%	–	100%	100,000
Robert Michael Tomlin	–	–	100%	–	100%	100,000
Wong Heng Tew	–	–	100%	–	100%	100,000
Tse Po Shing	–	–	100%	–	100%	–
Jean-Paul Pinard	–	–	100%	–	100%	

* The subscription price of the share option is the price equal to the average of the last dealt prices for a share for the five consecutive market days preceding the date of grant.

Level and Mix of Remuneration of Executive Directors for the Year Ended 30 June 2010

Remuneration Band & Name of Director	Base/ fixed salary	Variable or performance related income/ bonuses	Fees	Benefits in kind	Total
$1,000,000 and above					
Sunny George Verghese	14%	84%	–	2%	100%
$500,000 and above					
Sridhar Krishnan	71%	28%	–	1%	100%
Shekhar Anantharaman	62%	37%	–	1%	100%

Level and Mix of Remuneration of the Top Five Executives for the Year Ended 30 June 2011

In considering the disclosure of remuneration of the top 5 executives of the Company, the Company considered the industry conditions in which the Company operates as well as the confidential nature of key executives' remuneration. The Company believes that the disclosure of remuneration of its top 5 executives as recommended by the Code would be prejudicial to the Company's interests and hamper its ability to retain and nurture the Group's talent pool. The Company has instead presented the remuneration band of the top five executives (who are not also directors of the Company) as follows:

Remuneration Band	No. of Executives
$1,000,000 and above	5

Remuneration of employees who are immediate family members of a Director or the Non-Executive Chairman

No employee of the Company and its subsidiaries was an immediate family member of a Director or the CEO and whose remuneration exceeded $150,000 during the year under review. Immediate family member means the spouse, child adopted child, step-child, brother, sister and parent.

Corporate Responsibility & Sustainability Committee

As supply chain managers of agricultural products, our sustainability initiatives are inter-woven into our business model and are aimed at making meaningful social impact in the communities within which we are operating. The Corporate Responsibility & Sustainability Committee (CRSC) is chaired by our Non-executive and Independent Director, Mr. Jean-Paul Pinard and has Mr. Mark Haynes Daniell, Mr. Robert Tomlin, Mr. Shekhar Anantharaman and Mr. Sridhar Krishnan as it members. The committee met five times during the year. The terms of reference of this committee includes:

(a) To review and recommend to the Board the CSR vision and strategy for the Group;

(b) To ensure CSR perspectives are fully integrated into the Company's strategy;

(c) To track Global CSR trends and assess their potential impact on the Group;

(d) To monitor implementation, through the Executive CSR committee, the strategy as well as the policies and investments in the CSR area;

(e) To review and approve all corporate publications and website content related to CSR;

(f) To undertake an annual review of progress made on key initiatives;

(g) To support Management's response to crises, where required; and

(h) To review the Company's annual Corporate Responsibility & Sustainability Report.

The CRSC is assisted in the formulation and implementation of various sustainability policies and projects, by the Executive CRS Committee with Mr. Gerry Manley as its Chair and Mr. Chris Brett Vice President, Corporate Responsibility & Sustainability as one of its members.

As part of the CRSC's vigorous engagement in corporate responsibility and sustainability matters concerning the Group's business and operations, the CRSC visited certain of the Company's global operations with some members of the Management team to better enable the committee in providing leadership and support to the Executive CRS Committee. The CRSC actively monitors corporate responsibility and sustainability issues and the report by Management on such issues in the Company's pursuit of various investments.

Regular, effective and fair communication with shareholders (Principle 14)

Greater Shareholder participation at Annual General Meetings (Principle 15)

Investor communication: A key thrust area

At Olam, we believe it is important for us to communicate our business, strategic developments and financial results to investors and at the same time understand their perspectives. The Investor Relations department has lead responsibility in this regard with the active involvement of the CEO and the CFO. The Board is periodically briefed on our interactions with investors. We also conduct investor perception surveys, the results of which are shared with the Board. We also track shareholder changes on a regular basis to have a good understanding of our investor base. Earning investors' trust and confidence is at the heart of Olam's investor relations efforts. The Company values strengthening shareholder and investor relations through regular dialogues with the investing community. Through these efforts, we continue to embrace strong principles in corporate governance and transparency.

We hold frequent dialogues, meetings and conference calls with analysts, shareholders and investors to facilitate understanding of the Company's business model and growth strategies. Investment roadshows are held on an ongoing basis to meet up with a broad spectrum of shareholders and potential investors across the globe. We also take the initiative to help investors and analysts get a view of our business through field visits.

Delivering quality and timely information in a transparent manner

Besides communicating a clear business strategy with the investor community, we aim to deliver quality and timely information to analysts, shareholders and investors. We hold media and analysts conferences, both face-to-face and telephone conferences depending on the needs of our audiences, to announce our operating and financial results on a quarterly basis, as well as to communicate important corporate developments such as mergers and acquisitions announcements. Since FY2008 we started the practice of having a live video webcast to cater to the needs of global investors, retail and employee shareholders in Olam. In addition, the full financial statements and other presentation materials provided at the conferences are disseminated through the SGXNET onto the SGX-ST website outside trading hours.

We maintain an active electronic database of analysts, shareholders and investors, tracking every investor meeting and measuring the frequency and content of each interaction. Such a system enables us to deliver our company results and announcements to the investment community electronically so that each has access to our information on an equal and timely basis. In addition, the tracking feature of the system helps us ensure that we have regular and meaningful interactions with the investors and are able to address their concerns and needs in a timely and informed manner.

As the internet and other electronic means of communication have become more accessible to investors, we continue to leverage such means in order to achieve a greater reach to investors, especially those who are outside Singapore and in different time zones. Our aim is also to facilitate investors' online information gathering process by providing easy-to-access financial and non-financial information, resources and tools. For instance, we included transcripts of the media and analysts conference held for important announcements on our investor relations website to facilitate investors' navigation through the various topics discussed at the conference.

Growing and diversifying shareholder base

Our aim is to achieve a geographically diversified shareholder base. We do this by holding frequent dialogues, meetings and conference calls with a broad spectrum of shareholders and potential investors from targeted geographies.

In FY2011, we participated in several customised roadshows and international investment conferences held in Singapore, Hong Kong, UK, Canada and the US with support from various brokerage firms. We believe these roadshows enhance the visibility of Olam among diverse groups of investors and provide the investors with access to the Management team, thereby helping them better understand our business environment, business model and growth potential. These roadshows also provide opportunities for us to update our current shareholders on the developments in our business on a regular basis.

In June 2011, we carried out a three-tranche equity fund raising and subscription exercise to increase and diversify our sources of capital for growth. We successfully placed new shares to over 100 institutional and other investors raising approximately S$245.46 million, demonstrating our broad-based and continued investor support for Olam's growth plans and prospects. We also raised a further S$249.1 million through a preferential offering to entitled shareholders and placed an additional 94.4 million shares to Temasek Holdings for another S$245.46 million subsequent to the financial year end.

While Olam actively pursues an outreach programme to institutional investors, it does not neglect its relations with employees and retail shareholders. We keep our employee shareholders informed of our Investor Relations activities via our employee portal and retail investors through the shareholder communication services facilitated by the Securities Investors' Association (SIAS) of Singapore, such as the regular corporate profiles seminars organised to reach out to retail shareholders.

Increasing analyst coverage

We continue to engage sell-side analysts with the objective of extending research coverage and thereby our reach to investors. As of end-FY2011, 20 research institutions cover Olam compared to 17 in FY2010. We are actively and continuously involved in discussions with other leading international and local research firms to initiate coverage on our stock.

Encouraging greater shareholder participation at Annual General Meeting

We regard the annual general meeting (AGM) as an opportunity to communicate directly with shareholders. We are committed to efforts to establish more effective ways of communicating with our shareholders around the AGMs. Shareholders are informed of the annual general meetings through notices published in the newspapers or through circulars. To encourage more shareholder participation, our AGMs are held at a central location that is easily accessible by most shareholders. Our 16th AGM was held at the SGX Centre located in Shenton Way, Singapore's Central Business District.

Board members including the Chairman of the Audit & Compliance Committee, the Human Resource & Compensation Committee and the Governance & Nomination Committee and key executives of the Senior Management team attend the AGM. Our external auditors and legal advisers are also present at the AGM to assist the Directors in addressing shareholders' queries.

We treat shareholder issues, particularly those that require shareholders' approval, such as the re-election of Directors and approval of Directors' fees, as distinct subjects and submit them to the AGM as separate resolutions.

Voting in absentia by mail or electronic means requires careful study and is only feasible if there is no compromise to either the integrity of the information and/or the true identity of the shareholder. In support of greater transparency and toward an efficient voting system, the Company intends to provide electronic poll voting instead of voting by show of hands at its forthcoming AGM. Shareholders who are present in person or represented at the meeting will be entitled to vote on each of the resolutions by poll, using an electronic voting system. With the introduction of electronic poll voting, Shareholders present in person or represented at the meeting will be entitled to vote on a one share, one vote basis. In addition, the voting results of all votes cast in respect of each resolution will be instantaneously displayed at the meeting and announced to the SGX-ST following the AGM.

Accolades

Medium cap corporate of the year

Olam has been awarded the Medium Cap Corporate of the Year 2010, Singapore by Asiamoney in its annual Asia's best-managed companies 2010 awards. In Asiamoney's Dec/Jan 2011 issue, Olam is said to have been long regarded as a well-managed corporate, but it particularly demonstrated it during the past year. The awards were determined based on surveys with fund managers and analysts. According to Asiamoney, a clear business strategy, well-communicated business goals and opportunism were some of the traits possessed by Asia's most successful companies during 2010.

Most transparent company

Olam was awarded the "Most Transparent Company" for the Commerce category at the SIAS Investors Choice Awards 2010 in October 2010 for the fifth consecutive year. The awards are based on key criteria such as timeliness, substantiality and clarity of news releases, degree of media access, frequency of corporate results, availability of segmental information and communication channels. Winners are selected from nominations received from investment analysts, heads of research, fund managers and members of the mass media.

Best Managed Boards (Gold) Award, Best Chief Executive Officer Award, Singapore Corporate Awards 2011

Olam bagged the Gold Award for Best Managed Boards at the Singapore Corporate Awards 2011 for companies with S$1 billion and above in market capitalisation. The award is based on a judging panel's assessment of the key areas, namely, board and executive succession planning, selection and development programme, board and executive performance review process, board and executive remuneration programme, financial governance, risk management process, committee effectiveness and board leadership.

In addition, Group Managing Director & CEO Sunny Verghese was named the Best Chief Executive Officer for companies with market capitalisation of S$1 billion and above. This award recognises CEOs who have led an organisation to scale new heights in its respective industry segment, while also achieving excellence in corporate governance.

Securities Transactions

The Company is committed to transparency, fairness and equity in dealing with all shareholders and in ensuring adherence to all laws and regulations that govern a company listed and trading on the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Employee Share Dealing Committee ("ESDC") was set up to formulate and review the best practices in the dealing of securities by directors, executives and employees. The ESDC is chaired by Mr. Ranveer Singh Chauhan with Mr. V Srivathsan as the co-chair and Mr. Joydeep Bose, Mr. N. Muthukumar and Mr. Sriram Subramanian as its members. The ESDC reports to the CEO.

Through the ESDC, the Company has issued a policy on dealings in securities of the Company in line with the Best Practices Guide in line with the listing rules of the SGX-ST to its Directors, executives and employees setting out the implications of insider trading and guidance on such dealings. The policy provides that the Company, its Directors, executives and employees undertake not to deal in the Company's securities at any time after a price sensitive development has occurred, or has been the subject of a decision, until the price sensitive decision has been publicly announced. In particular the Company, its Directors and executives will not deal in the Company's securities during the following period:

(a) commencing two weeks prior to making public of the quarterly financial results and ending at the close of trading on the date of the announcement of the relevant results; and
(b) commencing one month prior to making public the half yearly and annual financial results and ending at the close of trading on the date of the announcement of the relevant results.

The ESDC has undertaken a review of the policy on dealings in securities in the course of the year to ensure that the policy continues to be in line with existing regulations and requirements. In keeping with the policy, Directors, executives and employees of the Company are notified of close periods for dealing in the Company's securities.

Material Contracts

There was no material contracts entered into by the Company or any of its subsidiaries involving the interests of any Director or controlling shareholder.

Interested Person Transactions

The Company has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the ACC and that the transactions are carried out on a normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders. The Company's disclosure in respect of interested person transactions for the financial year ended 30 June 2011 are as follows:-

<table>
<tr><th>Name of interested person</th><th>Aggregate value of all interested person transactions (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) (S$'000)</th><th>Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920) (S$'000)</th></tr>
<tr><td>Kewalram Nigeria Limited</td><td>505</td><td rowspan="3">Not applicable – the Company does not have a shareholders' mandate under Rule 920</td></tr>
<tr><td>Redington Nigeria Limited</td><td>8</td></tr>
<tr><td>Total</td><td>513</td></tr>
</table>

Corporate information

Board of Directors

Non-Executive Chairman
R. Jayachandran

Group Managing Director and CEO
Sunny George Verghese

Lead Independent Director
Michael Lim Choo San

Non-Executive Directors
Narain Girdhar Chanrai
Mark Haynes Daniell
Robert Michael Tomlin
Wong Heng Tew
Tse Po Shing
Jean-Paul Pinard

Executive Directors
Sridhar Krishnan
Shekhar Anantharaman

Company Secretary

Wan Tiew Leng, Lynn

Head Office

Olam International Limited
9 Temasek Boulevard
#11-02 Suntec Tower 2
Singapore 038989
Tel : (65) 6339 4100
Fax : (65) 6339 9755

Executive Committee

Sunny George Verghese
Sridhar Krishnan
Shekhar Anantharaman
Jagdish Achleshwar Prasad Parihar
Gerard Anthony Manley
Vivek Verma
Ashok Krishen
Krishnan Ravikumar
Ashok Hegde
Venkataramani Srivathsan
Ranveer Singh Chauhan
Richard Haire

Registered Office/ Share Registrar

50 Raffles Place, #32-01
Singapore Land Tower
Singapore 048623
Tel : (65) 6536 5355
Fax : (65) 6536 2402

Management Committee

Sunny Verghese
Sridhar Krishnan
Shekhar Anantharaman
Jagdish Parihar
Gerard Anthony Manley
Vivek Verma
Ashok Krishen
Krishnan Ravikumar
Ashok Hegde
Venkataramani Srivathsan
Ranveer Singh Chauhan
Richard Haire
Alejandro Castro
Amit Khirbat
Amit Agrawal
Amit Suri
Anupam Gupta
Anupam Jindel
Arun Balakrishnan
Arun Sharma
Ashish Govil
Azeez Abdul Syed
Bob Dall'Alba
Brian Boor
Charles Davis
Chris Brett
Christoph Rudolph
Cliff White
David Beca
Damien Houlahan
Darshan Raiyani
Dave de Frank
David Watkins
Devashish Chaubey
Girish Nair
Greg Estep
Jayant Parande
Jeffery Beere
Jim West
John Gibbons
Joydeep Bose
Juan Antonio Rivas
Kapa Prasad
Keshav Chandra Suresh
Mahesh Menon
Manish Dhawan
Manvinder Singh
Michael Smyth
M. D. Ramesh
M. Ramanarayanan
M. Sathyamurthy
Mukul Mathur
N. Muthukumar
Pawel Redzisz
Prakash Kanth
Raj Vardhan
Raja Saoud
Rajeev Kadam
Rajeev Raina
Ray Steitz
Ramesh Sundaresan
Ravi Pokhriyal
Rob Hunink
Sachin Sachdev
Sandeep Hota
Sandeep Kumar Jain
Sanjay Sacheti
Shankar Athreya
Sivaswami Raghavan
Sridhar Krishnan
S. Venkita Padmanabhan
Sriram Subramanian
Stephen Driver
Stephen Smith
Suresh Sundararajan
Tejinder Saraon
Thiagaraja Manikandan
Thomas Gregersen
Vasanth Subramanian
Vibhu Nath
Vinayak Narain
Vipan Kumar
V. R. Aravind

Auditors

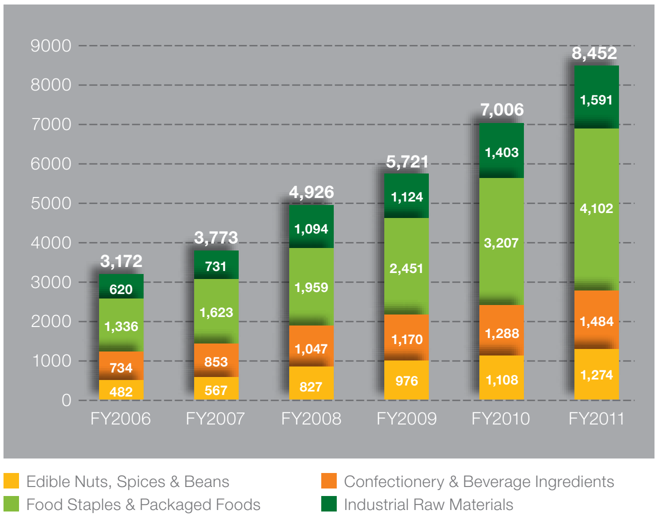
Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner-in-charge (since FY2008):
Yee Woon Yim

Principal Bankers

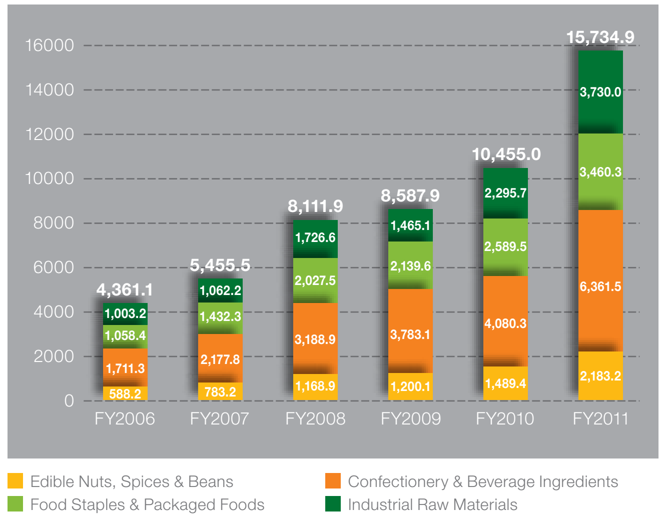
ABN Amro Bank N.V.
Australia and New Zealand Banking Group Limited
BNP Paribas
Commerzbank AG
Credit Suisse AG
DBS Bank Ltd
ING Bank N.V.
JPMorgan Chase Bank, N.A.
National Australia Bank
Natixis, Singapore
Oversea-Chinese Banking Corporation Limited
Rabobank International
Standard Chartered Bank
Sumitomo Mitsui Banking Corporation
The Bank of Tokyo-Mitsubishi UFJ, Ltd
The Hongkong and Shanghai Banking Corporation Limited
The Royal Bank of Scotland Plc

Financial analysis

Sales Volume
('000 metric tonnes)



Sales Revenue
(S$million)



Sales Volume

('000 metric tonnes)	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	6-year CAGR
Edible Nuts, Spices & Beans	482	567	827	976	1,108	1,274	21.5%
Confectionery & Beverage Ingredients	734	853	1,047	1,170	1,288	1,484	15.1%
Food Staples & Packaged Foods	1,336	1,623	1,959	2,451	3,207	4,102	25.2%
Industrial Raw Materials	620	731	1,094	1,124	1,403	1,591	20.7%
Total	**3,172**	**3,773**	**4,926**	**5,721**	**7,006**	**8,452**	**21.7%**

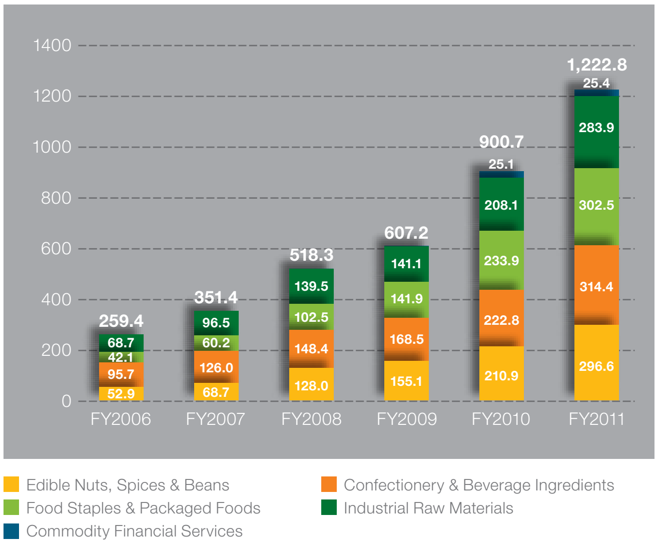
Sales volume grew at CAGR of 21.7% over the last six years, from 3.17 million tonnes in FY2006 to 8.45 million tonnes in FY2011. All the four segments contributed to the growth in volume in FY2011.

Sales Revenue

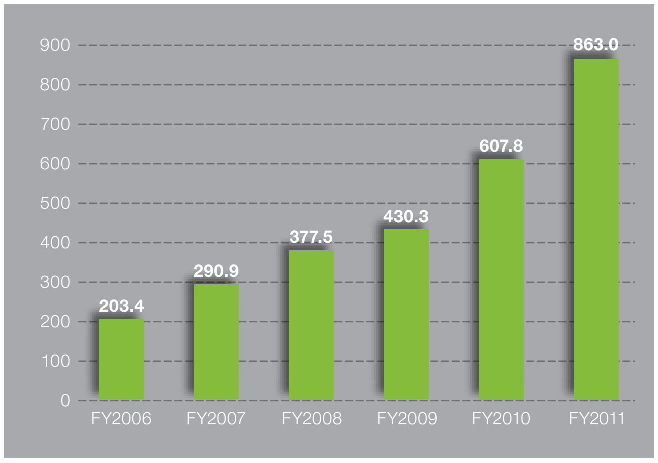
(S$million)	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	6-year CAGR
Edible Nuts, Spices & Beans	588.2	783.2	1,168.9	1,200.1	1,489.4	2,183.2	30.0%
Confectionery & Beverage Ingredients	1,711.3	2,177.8	3,188.9	3,783.1	4,080.3	6,361.5	30.0%
Food Staples & Packaged Foods	1,058.4	1,432.3	2,027.5	2,139.6	2,589.5	3,460.3	26.7%
Industrial Raw Materials	1,003.2	1,062.2	1,726.6	1,465.1	2,295.7	3,730.0	30.0%
Total	**4,361.1**	**5,455.5**	**8,111.9**	**8,587.9**	**10,455.0**	**15,734.9**	**29.3%**

Total sales revenue grew at CAGR of 29.3% over the last six years from S$4.36 billion in FY2006 to S$15.73 billion in FY2011. The growth was mainly due to the rising sales volume throughout the six-year period.

Net Contribution (S$million)



Earnings Before Interest, Tax, Depreciation & Amortisation (S$million)



Net Contribution

(S$million)	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	6-year CAGR
Edible Nuts, Spices & Beans	52.9	68.7	128.0	155.1	210.9	296.6	41.2%
Confectionery & Beverage Ingredients	95.7	126.0	148.4	168.5	222.8	314.4	26.9%
Food Staples & Packaged Foods	42.1	60.2	102.5	141.9	233.9	302.5	48.3%
Industrial Raw Materials	68.7	96.5	139.5	141.1	208.1	283.9	32.8%
Commodity Financial Services	–	–	–	0.6	25.1	25.4	–
Total	**259.4**	**351.4**	**518.3**	**607.2**	**900.7**	**1,222.8**	**36.4%**

Net Contribution (NC) grew at CAGR of 36.4% from S$259.4 million in FY2006 to S$1.22 billion in FY2011 with NC per tonne rising from S$82 to S$145 that was largely driven by growth from the four product segments.

Earnings Before Interest, Tax, Depreciation & Amortisation

(S$million)	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	6-year CAGR
	203.4	290.9	377.5	430.3	607.8	863.0	**41.6%**

Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) grew from S$203.4 million in FY2006 to S$863.0 million in FY2011, a CAGR growth of 41.6% over the six-year period.

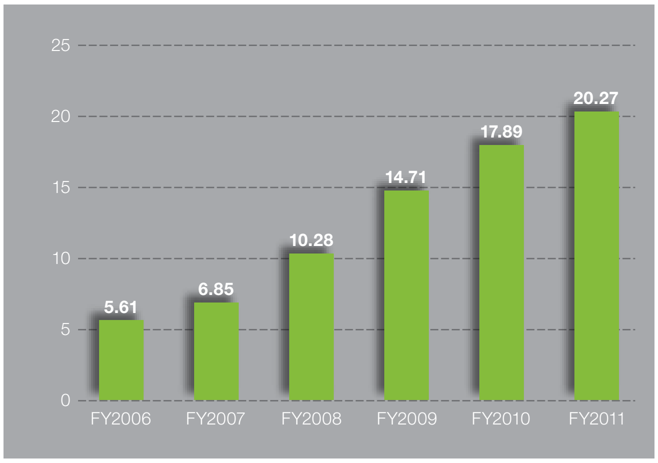
Net Profit After Tax (S$million)

Net Profit After Tax

(S$million)	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	6-year CAGR
	87.2	109.0	167.7	252.0	359.7	444.6	**38.5%**

Net Profit After Tax increased from S$87.2 million in FY2006 to S$444.6 million in FY2011 at CAGR of 38.5%. Excluding exceptional gains, Net Profit After Tax increased at a CAGR of 34.8% to reach S$387.5 million in FY2011.

Earnings Per Share
(cents)

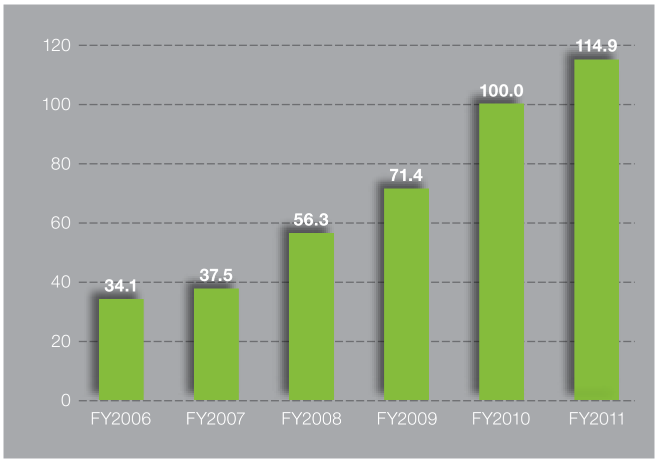


Earnings Per Share

(cents)	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	6-year CAGR
	5.61	6.85	10.28	14.71	17.89	20.27	**29.3%**

Earnings Per Share (EPS) grew from 5.61 cents in FY2006 to 20.27 cents in FY2011 at a CAGR of 29.3%.

Net Tangible Asset Per Share
(cents)

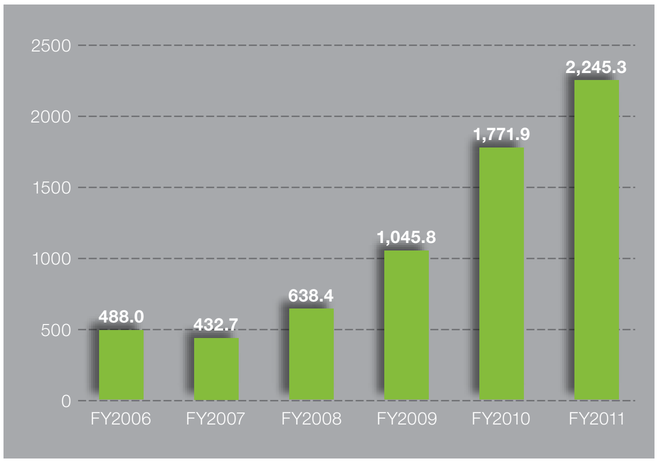


Net Tangible Asset Per Share

(cents)	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	6-year CAGR
	34.1	37.5	56.3	71.4	100.0	114.9	**27.5%**

Net Tangible Asset Per Share rose from 34.1 cents in FY2006 to 114.9 cents in FY2011, implying a CAGR growth of 27.5% during this period.

Shareholders' Equity
(S$million)



Shareholders' Equity

(S$million)	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	6-year CAGR
	488.0	432.7	638.4	1,045.8	1,771.9	2,245.3	**35.7%**

Our shareholders' equity increased from S$488 million in FY2006 to S$2,245.3 million in FY2011 through a combination of growth in retained earnings and equity raised in FY2008, FY2010 and FY2011.

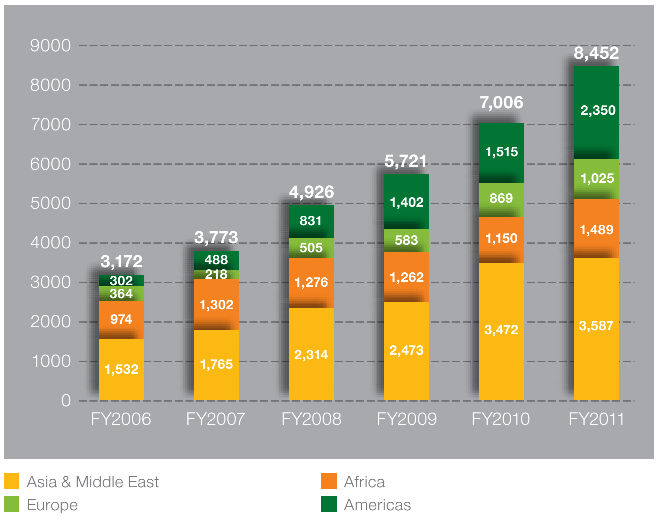
Return on Equity
(%)

Return on Equity

(%)	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011
	17.5	20.6	28.7	26.1	29.3	21.3

Based on beginning-of-period equity, Return on Equity for FY2011 was 21.3% compared to 29.3% in FY2010 with an equity spread of 11.3%.

Sourcing Volume by Continent
('000 Metric Tonnes)

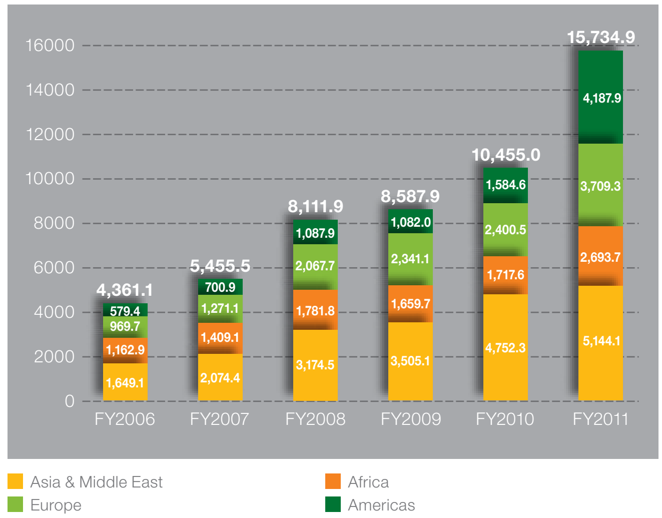


Sourcing Volume By Continent

('000 metric tonnes)	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011
Asia & Middle East	1,532	1,765	2,314	2,473	3,472	3,587
Africa	974	1,302	1,276	1,262	1,150	1,489
Europe	364	218	505	583	869	1,025
Americas	302	488	831	1,402	1,515	2,350
Total	**3,172**	**3,773**	**4,926**	**5,721**	**7,006**	**8,452**

Asia & Middle East continues to be our top sourcing continent, accounting for 42.5% of total volume in FY2011. The Americas are the second largest origin as both North and South America continued to grow their sourcing volumes in FY2011.

Sales Revenue by Continent
(S$million)

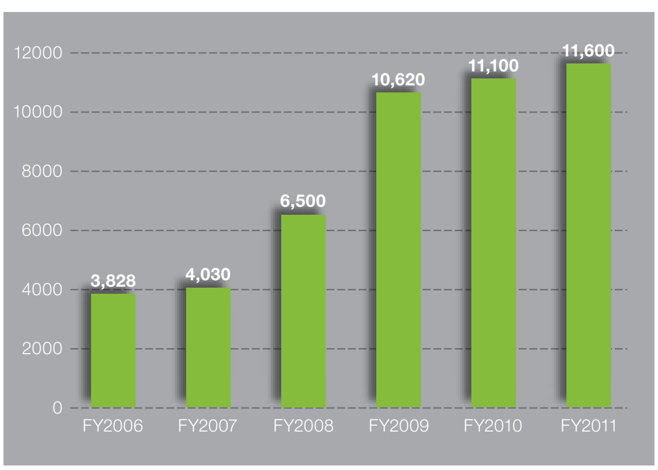


Sales Revenue By Continent

(S$million)	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011
Asia & Middle East	1,649.1	2,074.4	3,174.5	3,505.1	4,752.3	5,144.1
Africa	1,162.9	1,409.1	1,781.8	1,659.7	1,717.6	2,693.7
Europe	969.7	1,271.1	2,067.7	2,341.1	2,400.5	3,709.3
Americas	579.4	700.9	1,087.9	1,082.0	1,584.6	4,187.9
Total	**4,361.1**	**5,455.5**	**8,111.9**	**8,587.9**	**10,455.0**	**15,734.9**

Asia & Middle East remains the largest market for sales while the Americas' share of sales rose to become the second largest, accounting for 26.6% in FY2011.

Number of Customers

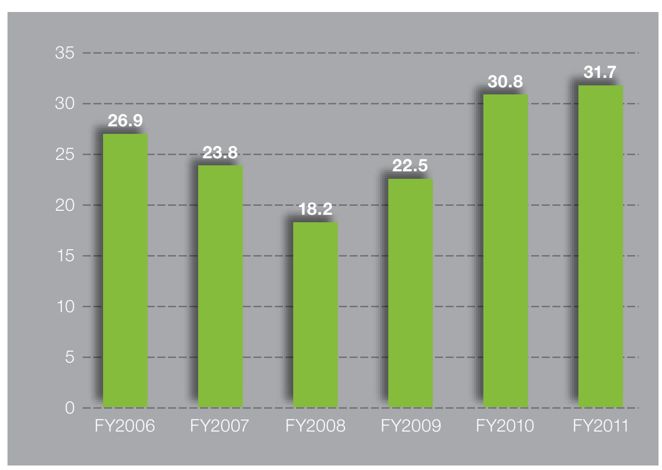


Number of Customers

FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	6-year CAGR
3,828	4,030	6,500	10,620	11,100	11,600	**24.8%**

Total number of customers increased from 3,828 in FY2006 to 11,600 in FY2011, a CAGR of 24.8%. The increase has been the result of our goal to diversify our customer base and expand through acquisitions.

Top 25 Customers' Share of Total Sales Revenue
(%)



Top 25 Customers' Share of Total Sales Revenue

(%)	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011
	26.9	23.8	18.2	22.5	30.8	31.7

Our share of revenues from top 25 customers averaged at 25.6% over the six-year period.

General information

General Information on Olam International Limited Annual Report 2011 for the Financial Year Ended 30 June 2011 (FY2011)

Introduction

Our Annual Report and Accounts for FY2011 present an overview of the Company (Olam International Limited) and the Group (Olam International Limited and its subsidiaries) management's discussion of the Company's financial performance in FY2011, compared to that in prior years and our plans and strategies for the future. This guide is intended to walk you through the basics of how to read our Annual Report and Accounts for FY2011.

Business Segmentation and Reporting

We organise the products and services which we supply into five reporting segments – Edible Nuts, Spices & Beans; Confectionery & Beverage Ingredients; Food Staples & Packaged Foods; Industrial Raw Materials and Commodity Financial Services. The table below shows the mix of products and services within each segment.

Business Segment	Products
Edible Nuts, Spices & Beans	Cashews Peanuts Almonds Spices & Vegetable Ingredients *(previously known as Spices & Dehydrates)* Sesame Beans (Pulses, Lentils & Peas)
Confectionery & Beverage Ingredients	Cocoa Coffee Sheanuts
Food Staples & Packaged Foods	Rice Sugar Grains (Wheat, Barley, Corn) Palm Products Dairy Products Packaged Foods
Industrial Raw Materials	Cotton Wool Wood Products Rubber Agri Inputs (Fertiliser) Special Economic Zone (SEZ) Project
Commodity Financial Services	Market Making Risk Management Solutions Commodity Funds Management

Additional information is provided on the progress we made on the various value chain initiatives across three value chain segments as follows:

Value Chain Segment	Value Chain Activity
Supply Chain & Value Added Services (VAS)	This segment includes all activities relating to Origination, Sourcing, Primary Processing, Logistics, Trading and Marketing (including VAS) and Risk Management of agricultural products and the CFS business.
Upstream	This segment includes all activities relating to Farming (annual row crops), Plantations (perennial tree crops), Dairy Farming and Forest Concessions.
Midstream & Downstream	This segment includes all activities relating to Secondary Processing, Contract Manufacturing, Branded Distribution and Private Label activities.

Background to Analysing Financial Statements

One of the key drivers of our profitability is the volume of products supplied. Given our integration and end-to-end supply chain capabilities, we seek to match the supply of our products with demand from our customers. The volume of agricultural products we supply is largely within our control and is a function of the extent of our supply chain infrastructure in the origins (producing countries) and the markets (consuming countries). Volumes include proportionate share of volumes from jointly controlled entities and associates.

We measure and track our profitability in terms of Gross Contribution (GC) and Net Contribution (NC) per tonne of product supplied.

GC is calculated as the revenue from the sale of goods plus other income, less the cost of goods sold (raw material costs plus other direct costs, including packing costs etc.), shipping and logistics expenses, claims and commissions, net gains or losses from changes in fair value of biological assets, net measurement of derivative instruments and share of gains or losses from jointly controlled entities and associates.

For the purposes of determining NC, finance costs excluding interest on debt for fixed capital investments, net of interest income are reduced from the GC.

For analysing the performance of the Group, our share of profits from jointly controlled entities and associates has been included in the GC and NC. The proportionate share of volumes has also been included for the calculation of GC and NC per tonne.

For every transaction, we target a minimum NC per tonne of product supplied based on the investment, risks, complexities and value added services that we provide to our customers to meet their specific requirements. We are focused on enhancing these margins by providing value-added services such as vendor managed inventory solutions, organic certification, traceability guarantees, fair trade produce certification, customised grades and quality, processed ingredients supply, proprietary market intelligence and risk management solutions.

We believe that reporting profit measures of GC and NC provide valuable additional information on our underlying earnings trends to our shareholders. The terms GC and NC are not defined terms under the Financial Reporting Standards (FRS) of Singapore and may not, therefore, be comparable to similarly-titled profit measurements reported by other companies. These measures are not intended to be substitutes for, or superior to, FRS measurements of profit. GC and NC are key metrics used by management to measure the progress of Olam in the execution of its strategic plan. We believe that the communication and explanation of the GC and NC profit measures are essential in order for readers of Olam's financial statements to understand fully the performance of the Company and the Group.

Disclaimer

Certain sections of our Annual Report and Accounts for FY2011 have been audited. The sections that have been audited are set out on pages 86 to 175. Readers should note that legislation in Singapore governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Except where you are a shareholder, this material is provided for information purposes only and is not, in particular, intended to confer any legal rights on you. This Annual Report and Accounts do not constitute an invitation to invest in the Company's shares. Any decision you make by relying on this information is solely your responsibility. The information given is as of the dates specified, is not updated and any forward-looking statement is made subject to the reservation specified in the following paragraph.

Cautionary statement

This document may contain forward-looking statements. Words such as 'expects', 'anticipate', 'intends' or the negative use of these terms and other similar expressions of future performance or results and their negatives are intended to identify such forward-looking statements. These forward-looking statements are based upon current expectations and assumptions regarding anticipated developments and other factors affecting the Group. They are not historical facts, nor are they guarantees of future performance.

Because these forward-looking statements involve risks and uncertainties, there are important factors that could cause actual reports to differ materially from those expressed or implied by these forward-looking statements, including among others, competitive pricing and activity, demand levels for the products that we supply, cost variances, the ability to maintain and manage key supplier and customer relationships, supply chain sources, currency values, interest rate, the ability to integrate acquisitions and complete planned divestitures, physical risks, environmental risk, the ability to manage regulatory, tax and legal matters and resolve pending matters within current estimates, legislative, fiscal and regulatory development, political, economic and social conditions in the geographic markets where the Group operates and new or changed priority of the Company's or its subsidiaries' Boards. Further details of potential risks and uncertainties affecting the Group are described in the Group's prospectus dated 31 January 2005 and filings with the Singapore Exchange (SGX).

These forward-looking statements speak only as of the date of this document. Except as required by any applicable law or regulation, the Group expressly disclaims any obligation or undertaking to release publicly any updates or revision to any forward-looking statements contained herein to reflect any change in the Group's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Olam International Limited and Subsidiary Companies

Annual Financial Statements 30 June 2011

Contents

Report of the Directors

The directors are pleased to present their report to the members together with the audited consolidated financial statements of Olam International Limited ("the Company") and its subsidiary companies ("the Group") and the balance sheet, profit and loss account, statement of comprehensive income and statement of changes in equity of the Company for the financial year ended 30 June 2011.

Directors

The directors of the Company in office at the date of this report are:-

R. Jayachandran
Narain Girdhar Chanrai
Michael Lim Choo San
Robert Michael Tomlin
Mark Haynes Daniell
Wong Heng Tew
Tse Po Shing
Jean-Paul Pinard
Sunny George Verghese
Sridhar Krishnan
Shekhar Anantharaman

Arrangements to enable directors to acquire shares and debentures

Except as disclosed in this report, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Cap. 50, an interest in shares, debentures and share options of the Company and related corporations (other than wholly-owned subsidiary companies) as stated below:-

	Held in the name of the director or nominee			Deemed interest		
Name of directors	**As at 1.7.2010**	**As at 30.6.2011**	**As at 21.7.2011**	**As at 1.7.2010**	**As at 30.6.2011**	**As at 21.7.2011**
The Company						
Olam International Limited						
(a) Ordinary shares						
Narain Girdhar Chanrai	–	–	–	459,602,064 (1)	–	–
Sunny George Verghese	89,574,893	89,574,893	108,646,477	–	–	–
Sridhar Krishnan	14,429,138 (2)	15,229,138 (2)	15,856,879 (2)	–	–	–
Shekhar Anantharaman	14,602,861 (2)	15,402,861 (2)	16,038,498 (2)	–	–	–
(b) Notes issued (3)						
Michael Lim Choo San	500,000	500,000	500,000	–	–	–
(c) US$250,000,000 Bonds						
R. Jayachandran	–	–	–	–	US$1,500,000 (4)	US$1,500,000 (4)

Directors' interests in shares and debentures (cont'd)

	Held in the name of the director or nominee			Deemed interest		
Name of directors	As at 1.7.2010	As at 30.6.2011	As at 21.7.2011	As at 1.7.2010	As at 30.6.2011	As at 21.7.2011
The Company						
Olam International Limited						
(d) Options to subscribe for ordinary shares						
Mark Haynes Daniell	100,000	100,000	100,000	–	–	–
Michael Lim Choo San	100,000	100,000	100,000	–	–	–
Robert Michael Tomlin	100,000	100,000	100,000	–	–	–
Wong Heng Tew	100,000	100,000	100,000	–	–	–
Sunny George Verghese	30,000,000	30,000,000	15,000,000	–	–	–
Sridhar Krishnan	2,300,000	1,500,000	1,500,000	–	–	–
Shekhar Anantharaman	2,550,000	1,750,000	1,750,000	–	–	–

(1) The deemed interest in these shares arose out of Narain Girdhar Chanrai being one of the trustees of the Girdhar Kewalram Chanrai Settlement ("GKC"), Hariom Trust and the Dayal Damodar Chanrai Settlement ("DKC") of whom three of the four are each holding approximately 28 per cent respectively in the issued and paid-up capital of Kewalram Chanrai Holdings Limited ("KCH"). The other shareholder is the PKC 2008 Settlement ("PKC"), holding approximately 16 percent in KCH. Pursuant to section 7(4A) of the Singapore Companies Act, Cap. 50, GKC, Hariom Trust and DKC are associates of PKC and vice versa. Hence, PKC would be deemed to be interested in the shares held by KCH. Kewalram Singapore Limited ("KSL") is a wholly-owned subsidiary of Chanrai Investment Corporation Limited ("CICL"), which in turn is a wholly-owned subsidiary of KCH. KSL has a direct interest in the Company amounting to 459,602,064 ordinary shares as at 1 July 2010. CICL and KCH are therefore deemed to be interested in the 459,602,064 shares held by KSL in the Company.

(2) These shares include shares that were jointly registered under Messrs Sridhar Krishnan, Shekhar Anantharaman and Joydeep Bose ("the Trustees") and are held in trust for the management (including the directors) and employees of the Group pursuant to the Olam International Limited Employee Share Subscription Scheme 2004 ("ESSS"). Under the ESSS, a total of 1,418,826 (2010: 1,418,826) shares are jointly registered under the Trustees and are held in trust for the management (including the directors) and employees of the Group with the balance being held in the director's own name as at 30 June 2011.

(3) This refers to Notes issued under Series 48 of the S$800,000,000 Multicurrency Medium Term Note Programme established by the Company, comprising S$250,000,000 in principal amount of 4.07% notes due 2013. The number stated should be regarded as S$ currency. The Notes is issued in denominations of S$250,000.

(4) The deemed interest in the US$250,000,000 7.5% Bonds due 2020 ("Bonds") arose out of R. Jayachandran's and his spouse's interest in Eljay Holdings Ltd by virtue of section 7 of the Companies Act. Eljay Holdings is the holder of the US$1,500,000 Bonds.

Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Employee share subscription scheme

The Olam International Limited Employee Share Subscription Scheme 2004 ("the ESSS") was implemented on 26 October 2004. The ESSS comprised 73,913,044 ordinary shares of $0.23 per share, which were fully allotted and issued by the Company.

Olam employee share option scheme

The Olam Employee Share Option Scheme ("the ESOS") was approved by the shareholders on 4 January 2005 at the Extraordinary General Meeting of the Company. The ESOS Rules were amended on 29 October 2008 at the Extraordinary General Meeting of the Company. Under the amended rules, the directors (including Non-Executive Directors and Independent Directors) and employees of the Group are eligible to participate in the ESOS and all subsequent options issued to Group's employees and Executive Directors shall have a life of ten years instead of five. For Options granted to the Company's Non-Executive Directors and Independent Directors, the Option Period shall be no longer than five years. Controlling Shareholders and associates of Controlling Shareholders are not eligible to participate in the ESOS.

Olam employee share option scheme (cont'd)

The objectives of the ESOS are to provide an opportunity for employees of the Group, directors (including Non-Executive Directors and Independent Directors) or full-time employees of the Company, to participate in the equity of the Company so as to motivate them to greater dedication, loyalty and higher standard of performance, and to give recognition to employees of the Group who have contributed to the success and development of the Company and/or the Group.

Subject to any adjustment as stated in the ESOS, the subscription price for each share in respect of which a Market Price Option is exercisable shall be at a price (the "Market Price") equal to the average of the last dealt prices for a share, as determined by reference to the daily official list or any other publication published by SGX-ST, for the five consecutive Market days immediately preceding the offering date of that option, rounded up to the nearest whole cent.

Each Option shall be exercisable, in whole or in part, during the option period as follows:-

(a) in the case of a Market Price Option, a period commencing after the first anniversary of the Offering Date and expiring on the tenth anniversary of such Offering Date.

(b) in the case of an Incentive Option, a period commencing after the second anniversary of the Offering Date and expiring on the tenth anniversary of such Offering Date.

Provided that, in the case of Non-Executive Directors or Independent Directors, such option period shall not extend beyond the fifth anniversary of such offering date or any maximum period that may be prescribed by law.

In the event of an Option being exercised in part, the balance of the Option not exercised shall continue to be exercisable until such time as it lapses in accordance with the ESOS.

As at the date of this report, the ESOS is administered by the Human Resource & Compensation Committee which comprises the following directors:-

Mark Haynes Daniell – Chairman
R. Jayachandran
Wong Heng Tew
Jean-Paul Pinard

During the financial year ended 30 June 2011:-

- There were 25,382,116 ordinary shares issued pursuant to the exercise of options granted under the ESOS.

Details of all the options to subscribe for ordinary shares of the Company pursuant to the ESOS outstanding as at 30 June 2011 are as follows:-

Expiry date	Exercise price ($)	Number of options
11 February 2015	0.62	15,000,000
2 January 2012	2.04	200,000
2 July 2012	3.14	1,199,000
5 September 2012	3.03	2,000,000
8 October 2012	3.14	790,000
29 October 2012	3.14	400,000
9 January 2013	2.89	1,426,000
12 June 2013	2.65	1,148,000
21 July 2019	2.28	45,365,000
17 February 2020	2.35	15,000,000
23 July 2020	2.64	5,980,000
17 December 2020	3.10	2,380,000
14 March 2021	2.70	2,425,000
Total		**93,313,000**

Olam employee share option scheme (cont'd)

The details of options granted to the directors of the Group, are as follows:-

Name of Participant	Options granted during financial year under review	Exercise Price for options granted during the financial year under review	Aggregate options granted since the commencement of the scheme to the end of financial year under review	Aggregate options exercised since the commencement of the scheme to the end of financial year under review	Aggregate options outstanding as at the end of financial year under review
Mark Haynes Daniell	–	–	100,000	–	100,000
Michael Lim Choo San	–	–	100,000	–	100,000
Robert Michael Tomlin	–	–	100,000	–	100,000
Wong Heng Tew	–	–	100,000	–	100,000
Sunny George Verghese	–	–	30,000,000	–	30,000,000
Sridhar Krishnan	–	–	2,300,000	800,000	1,500,000
Shekhar Anantharaman	–	–	2,550,000	800,000	1,750,000

The options granted to Mark Haynes Daniell, Michael Lim Choo San, Robert Michael Tomlin and Wong Heng Tew, who are Independent and Non-Executive Directors of the Company were approved by the shareholders of the Company at the Annual General Meeting held on 29 October 2007. These options are exercisable in tranches of 25%, 35% and 40% on or after the first, second and third anniversaries of 29 October 2007. The options will expire five years after the date of the grant.

The 15,000,000 options granted to Sunny George Verghese in 2005 are exercisable in three equal tranches of 5,000,000 each on or after the first, second and third anniversaries respectively of the date of the admission of the Company to the official list of the SGX-ST (11 February 2005) at the exercise price of $0.62 if the vesting conditions are met. The 15,000,000 options granted to Sunny George Verghese in 2010 are exercisable in three equal tranches of 5,000,000 each on or after the first, second and third anniversaries of the grant date (17 February 2010) at the exercise price of $2.35. The options will expire ten years after the date of grant.

The 800,000 options granted to each of Sridhar Krishnan and Shekhar Anantharaman in 2006 are exercisable in tranches of 25%, 35% and 40% on or after the first, second and third anniversaries of the grant date (1 June 2006) at the exercise price of $1.52 if the vesting conditions are met. The options will expire five years after the date of grant. These options were exercised during the year under review. The 1,500,000 options granted to Sridhar Krishnan and 1,750,000 options granted to Shekhar Anantharaman in 2009 are exercisable in tranches of 25% and 75% at the end of the third anniversary and fourth anniversary from the date of grant (21 July 2009) at the exercise price of $2.28 if the vesting conditions are met. The options will expire ten years after the date of grant.

Apart from that which is disclosed above, no directors or employees of the Group received 5% or more of the total number of options available under the ESOS.

The options granted by the Company do not entitle the holder of the options, by virtue of such holding, to any right to participate in any share issue of any other company.

There were no Incentive Options granted from commencement of ESOS to the financial year end under review.

There were no options granted at a discount.

There were no options granted to controlling shareholders of the Company and their associates.

Invenio Equity Participation Scheme

Invenio Holdings Pte. Ltd. ("Invenio"), a subsidiary of the Company, had implemented the Invenio Equity Participation Scheme (the "Invenio Equity Scheme") which was approved and adopted by the shareholders of Invenio at an Extraordinary General Meeting held on 13 January 2011.

The Invenio Equity Scheme was set up to incentivise and reward selected eligible employees and give participants an opportunity to have a personal equity interest in Invenio and amongst other objectives, motivate participants to optimise their performance standards and efficiency and to maintain a high level of contribution to Invenio and its subsidiaries (the "Invenio Group").

Participation in the Scheme is restricted to directors and employees of the Invenio Group (including associated companies over which Invenio has control), and employees of the Company or its subsidiaries who have been seconded or deputed to Invenio and who hold an executive position in Invenio. Controlling shareholders of Invenio and their associates are not eligible to participate in the Invenio Equity Scheme.

Employees selected to participate receive an initial allotment of Invenio shares for which they will pay a fixed multiple of then-prevailing book value at the relevant time, as specified in the Invenio Equity Scheme. Subsequently, a portion of up to 50% of any cash or other incentive due to them as employees under any performance-based bonus or incentive scheme initiated by the Invenio Group for its employees will be paid to them in the form of Invenio shares allotted to them, valued at a fixed multiple of the then prevailing book value at the relevant time, in accordance with the Invenio Equity Scheme.

The shares will be ordinary shares in Invenio, ranking pari passu with other ordinary shares in Invenio's issued share capital in respect of all entitlements, including dividends or other distributions, save that the Invenio Equity Scheme provides for certain obligations and restrictions on transfer of the shares by Participants.

The details of the awards granted under the Scheme are as follows:

Year of Award	No. of Holders	No. of Shares
2011	18	2,670,000

During the year, the aggregate number of new shares issued pursuant to the Invenio Equity Scheme did not exceed 15% of the issued share capital of Invenio.

Audit and Compliance Committee

The Audit & Compliance Committee (the "ACC") comprises four Independent Directors and a Non-Executive Director. The members of the ACC are Mr. Michael Lim Choo San (Chairman), Mr. Robert Michael Tomlin, Mr. Mark Haynes Daniell, Mr. Wong Heng Tew and Mr. Narain Girdhar Chanrai. The ACC performed the functions specified in Section 201B of the Singapore Companies Act, the Code of Corporate Governance 2005 and the Listing Manual of the Singapore Exchange.

The ACC held five meetings during the year under review. The ACC met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and their evaluation of the Company's internal accounting control systems.

The ACC reviewed the following:-

- audit plans of the internal and external auditors of the Company and ensured the adequacy of the Company's system of accounting controls and the cooperation given by the Company's management to the external and internal auditors;
- quarterly and annual financial statements of the Group and the Company prior to their submission to the Board of Directors for adoption;
- the Company's material internal controls, including financial, operational, compliance controls and risk management via reviews carried out by the internal auditors;
- legal and regulatory matters that may have a material impact on the financial statements, related compliance policies & programmes and any reports received from regulators;
- independence and objectivity of the external auditors;
- interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange); and
- the scope and results of the audit.

Audit and Compliance Committee (cont'd)

Further, the ACC

- held meetings with the external auditors and the management in separate executive sessions to discuss any matters that these groups believed should be discussed privately with the ACC;
- recommended to the Board of Directors that the external auditors be nominated for re-appointment and that their compensation for the renewed period be approved; and
- reported actions and minutes of the ACC meetings to the Board of Directors with such recommendations as the ACC considered appropriate.

The ACC had full access and cooperation of the management and full discretion to invite any director or executive officer to attend its meetings.

The ACC also reviewed the cost effectiveness of the audit conducted by the external auditors and the nature and extent of all non-audit services performed by the external auditors and has confirmed that such services would not affect their independence.

The ACC has nominated Ernst & Young LLP for re-appointment as auditors of the Company at the forthcoming Annual General Meeting.

Further details regarding the functions of the ACC are disclosed in the Report on Corporate Governance in the Company's Annual Report to shareholders.

Auditors

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditors.

On behalf of the Board,

R. Jayachandran
Director

Sunny George Verghese
Director

Singapore
28 September 2011

Statement by the Directors

We, R. Jayachandran and Sunny George Verghese, being two of the directors of Olam International Limited, do hereby state that, in the opinion of the directors:-

(i) the accompanying balance sheets, profit and loss accounts, statements of comprehensive income, statements of changes in equity and consolidated cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2011 and the results of the business, changes in equity of the Group and of the Company and cash flows of the Group for the financial year ended on that date; and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board,

R. Jayachandran
Director

Sunny George Verghese
Director

Singapore
28 September 2011

Independent Auditors' Report

For the financial year ended 30 June 2011 to the Members of Olam International Limited

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Olam International Limited (the Company) and its subsidiaries (collectively, the Group), which comprise the balance sheets of the Group and the Company as at 30 June 2011, profit and loss accounts, statements of comprehensive income and statements of changes in equity of the Group and the Company and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the Act) and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet, profit and loss account, statement of comprehensive income and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2011 and the results and changes in equity of the Group and the Company and cash flows of the Group for the year ended on that date.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and Certified Public Accountants
Singapore
28 September 2011

Profit and Loss Accounts

for the year ended 30 June 2011

	Note	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Sale of goods	4	**15,734,945**	10,455,032	**9,769,160**	7,537,972
Sale of services	4	**68,442**	47,354	**19,091**	–
Other income	5	**124,751**	139,897	**81,842**	36,899
		15,928,138	10,642,283	**9,870,093**	7,574,871
Cost of goods sold	6	**(13,126,857)**	(8,465,914)	**(8,772,016)**	(6,673,973)
Shipping and logistics		**(1,230,110)**	(1,012,091)	**(351,120)**	(375,062)
Commission and claims		**(135,361)**	(97,157)	**(88,280)**	(67,876)
Net gain from changes in fair value of biological assets	12	**80,365**	53,989	**–**	–
Employee benefits expenses	30	**(341,106)**	(238,553)	**(103,193)**	(111,179)
Depreciation	10	**(91,471)**	(68,530)	**(1,533)**	(1,682)
Net measurement of derivative instruments	7	**28,117**	77,915	**(734)**	75,950
Other operating expenses	7	**(285,260)**	(257,196)	**(138,039)**	(58,530)
Finance costs	8	**(344,358)**	(227,475)	**(217,348)**	(156,879)
		(15,446,041)	(10,235,012)	**(9,672,263)**	(7,369,231)
Share of results from jointly controlled entities and associates	14	**28,168**	12,924	**–**	–
Profit before taxation		**510,265**	420,195	**197,830**	205,640
Taxation	9	**(65,697)**	(60,446)	**(26,760)**	(12,628)
Profit for the financial year		**444,568**	359,749	**171,070**	193,012
Attributable to:					
Owners of the Company		**429,841**	359,469	**171,070**	193,012
Non-controlling interests		**14,727**	280	**–**	–
		444,568	359,749	**171,070**	193,012
Earnings per share attributable to owners of the Company (cents)					
Basic	25	**20.27**	17.89		
Diluted	25	**18.66**	14.79		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Comprehensive Income

for the year ended 30 June 2011

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Profit for the financial year	**444,568**	359,749	**171,070**	193,012
Other comprehensive income				
Net loss on fair value changes during the financial year	**(444,726)**	(88,352)	**(476,461)**	(98,741)
Recognised in the profit and loss accounts on occurrence of hedged transactions	**370,392**	19,880	**417,597**	54,505
Foreign currency translation adjustments	**(204,793)**	(81,417)	**(210,617)**	(38,759)
Share of other comprehensive income of jointly controlled entities and associates	**(7,580)**	–	**–**	–
Other comprehensive income for the financial year, net of tax	**(286,707)**	(149,889)	**(269,481)**	(82,995)
Total comprehensive income for the financial year	**157,861**	209,860	**(98,411)**	110,017
Attributable to:				
Owners of the Company	**143,134**	209,580	**(98,411)**	110,017
Non-controlling interests	**14,727**	280	**–**	–
	157,861	209,860	**(98,411)**	110,017

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Balance Sheets

at 30 June 2011

	Note	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Non-current assets					
Property, plant and equipment	10	**1,576,715**	1,054,166	**2,279**	4,673
Intangible assets	11	**485,938**	341,586	**24,050**	19,456
Biological assets	12	**453,168**	181,883	**–**	–
Subsidiary companies	13	**–**	–	**810,805**	789,954
Deferred tax assets	9	**43,053**	63,978	**8,542**	9,697
Investments in jointly controlled entities and associates	14	**411,819**	467,237	**353,847**	442,402
Long-term investment	15	**–**	18,752	**–**	18,752
Other non-current assets	21	**10,004**	4,161	**–**	–
		2,980,697	2,131,763	**1,199,523**	1,284,934
Current assets					
Amounts due from subsidiary companies	16	**–**	–	**1,945,035**	1,340,165
Trade receivables	17	**1,595,446**	976,781	**446,340**	275,388
Margin accounts with brokers	18	**457,133**	152,815	**444,978**	165,164
Inventories	19	**3,584,144**	2,584,046	**648,073**	461,731
Advance payments to suppliers	20	**222,207**	237,784	**65,060**	85,824
Advance payments to subsidiary companies	20	**–**	–	**1,215,058**	1,415,482
Cash and short-term fixed deposits	33	**872,247**	671,543	**502,050**	388,657
Derivative financial instruments	35	**2,310,144**	657,270	**1,499,233**	595,022
Other current assets	21	**558,118**	392,656	**65,610**	85,200
		9,599,439	5,672,895	**6,831,437**	4,812,633
Current liabilities					
Trade payables and accruals	22	**(1,095,603)**	(648,391)	**(378,328)**	(330,343)
Borrowings	24	**(3,610,043)**	(2,295,568)	**(1,936,127)**	(1,560,631)
Provision for taxation		**(24,762)**	(34,920)	**(15,608)**	(16,319)
Derivative financial instruments	35	**(2,287,250)**	(608,046)	**(2,026,427)**	(562,004)
Other current liabilities	23	**(112,306)**	(98,651)	**(56,371)**	(56,982)
		(7,129,964)	(3,685,576)	**(4,412,861)**	(2,526,279)
Net current assets		**2,469,475**	1,987,319	**2,418,576**	2,286,354
Non-current liabilities					
Deferred tax liabilities	9	**(177,283)**	(140,861)	**–**	–
Borrowings	24	**(2,970,527)**	(2,207,436)	**(1,829,569)**	(2,014,917)
		(3,147,810)	(2,348,297)	**(1,829,569)**	(2,014,917)
Net assets		**2,302,362**	1,770,785	**1,788,530**	1,556,371
Equity attributable to owners of the Company					
Share capital	26	**1,577,110**	1,201,581	**1,577,110**	1,201,581
Reserves		**668,232**	570,348	**211,420**	354,790
		2,245,342	1,771,929	**1,788,530**	1,556,371
Non-controlling interests		**57,020**	(1,144)	**–**	–
Total equity		**2,302,362**	1,770,785	**1,788,530**	1,556,371

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

for the year ended 30 June 2011

2011 Group	Share capital (Note 26) $'000	Capital reserves[4] $'000	Foreign currency translation reserves[1] $'000	Fair value adjustment reserves[2] $'000	Share-based compensation reserves[3] $'000	Revenue reserves $'000	Total reserves $'000	Total $'000	Total Non-controlling interests $'000	Total equity $'000
		Attributable to owners of the Company								
At 1 July 2010	1,201,581	145,688	(166,452)	(248,415)	30,203	809,324	570,348	1,771,929	(1,144)	1,770,785
Profit for the financial year	–	–	–	–	–	429,841	429,841	429,841	14,727	444,568
Other comprehensive income										
Net loss on fair value changes during the financial year	–	–	–	(444,726)	–	–	(444,726)	(444,726)	–	(444,726)
Recognised in the profit and loss accounts on occurrence of hedged transactions	–	–	–	370,392	–	–	370,392	370,392	–	370,392
Foreign currency translation adjustments	–	–	(204,793)	–	–	–	(204,793)	(204,793)	–	(204,793)
Share of other comprehensive income of jointly controlled entities and associates	–	–	(7,580)	–	–	–	(7,580)	(7,580)	–	(7,580)
Other comprehensive income for the financial year, net of tax	–	–	(212,373)	(74,334)	–	–	(286,707)	(286,707)	–	(286,707)
Total comprehensive income for the year	–	–	(212,373)	(74,334)	–	429,841	143,134	143,134	14,727	157,861
Contributions by and distributions to owners										
Issue of shares for cash	241,779	–	–	–	–	–	–	241,779	–	241,779
Issue of shares upon conversion of bonds	94,283	(15,811)	–	–	–	–	(15,811)	78,472	–	78,472
Issue of shares on exercise of share option	39,467	–	–	–	–	–	–	39,467	–	39,467
Share-based expense	–	–	–	–	23,991	–	23,991	23,991	–	23,991
Dividends on ordinary shares (Note 27)	–	–	–	–	–	(53,139)	(53,139)	(53,139)	–	(53,139)
Total contributions by and distributions to owners	375,529	(15,811)	–	–	23,991	(53,139)	(44,959)	330,570	–	330,570
Changes in ownership interests in subsidiaries that do not result in a loss of control										
Acquisition of subsidiary company	–	–	–	–	–	–	–	–	39,262	39,262
Acquisition of/equity contribution by non-controlling interests	–	(291)	–	–	–	–	(291)	(291)	4,175	3,884
Total changes in ownership interests in subsidiaries	–	(291)	–	–	–	–	(291)	(291)	43,437	43,146
Total transactions with owners in their capacity as owners	375,529	(16,102)	–	–	23,991	(53,139)	(45,250)	330,279	43,437	373,716
At 30 June 2011	1,577,110	129,586	(378,825)	(322,749)	54,194	1,186,026	668,232	2,245,342	57,020	2,302,362

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

2010 Group	Share capital (Note 26) $'000	Capital reserves[4] $'000	Foreign currency translation reserves[1] $'000	Fair value adjustment reserves[2] $'000	Share-based compensation reserves[3] $'000	Revenue reserves $'000	Total reserves $'000	Total Non-controlling interests $'000	Total equity $'000
		Attributable to owners of the Company							
At 1 July 2009	708,586	24,450	(85,035)	(179,943)	17,765	560,023	337,260	46	1,045,892
Profit for the financial year	–	–	–	–	–	359,469	359,469	280	359,749
Other comprehensive income									
Net loss on fair value changes during the financial year	–	–	–	(88,352)	–	–	(88,352)	–	(88,352)
Recognised in the profit and loss accounts on occurrence of hedged transactions	–	–	–	19,880	–	–	19,880	–	19,880
Foreign currency translation adjustments	–	–	(81,417)	–	–	–	(81,417)	–	(81,417)
Other comprehensive income for the financial year, net of tax	–	–	(81,417)	(68,472)	–	–	(149,889)	–	(149,889)
Total comprehensive income for the year	–	–	(81,417)	(68,472)	–	359,469	209,580	280	209,860
Contributions by and distributions to owners									
Issue of shares for cash	437,389	–	–	–	–	–	–	–	437,389
Issue of shares upon conversion of bonds	30,461	(3,149)	–	–	–	–	(3,149)	–	27,312
Issue of shares under the Scrip Dividend Scheme	14,114	–	–	–	–	–	–	–	14,114
Issue of shares on exercise of share option	11,031	–	–	–	–	–	–	–	11,031
Share-based expense	–	–	–	–	12,438	–	12,438	–	12,438
Dividends on ordinary shares (Note 27)	–	–	–	–	–	(110,168)	(110,168)	–	(110,168)
Equity portion of convertible bonds	–	124,387	–	–	–	–	124,387	–	124,387
Total contributions by and distributions to owners	492,995	121,238	–	–	12,438	(110,168)	23,508	–	516,503
Changes in ownership interests in subsidiaries that do not result in a loss of control									
Acquisition of subsidiary company	–	–	–	–	–	–	–	(1,470)	(1,470)
Total changes in ownership interests in subsidiaries	–	–	–	–	–	–	–	(1,470)	(1,470)
Total transactions with owners in their capacity as owners	492,995	121,238	–	–	12,438	(110,168)	23,508	(1,470)	515,033
At 30 June 2010	1,201,581	145,688	(166,452)	(248,415)	30,203	809,324	570,348	(1,144)	1,770,785

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

2011 Company	Share capital (Note 26) $'000	Capital reserves(4) $'000	Foreign currency translation reserves(1) $'000	Fair value adjustment reserves(2) $'000	Share-based compensation reserves(3) $'000	Revenue reserves $'000	Total reserves $'000	Total equity $'000
		Attributable to owners of the Company						
At 1 July 2010	1,201,581	145,688	(80,321)	(264,403)	30,203	523,623	354,790	1,556,371
Profit for the financial year	–	–	–	–	–	171,070	171,070	171,070
Other comprehensive income								
Net loss on fair value changes during the financial year	–	–	–	(476,461)	–	–	(476,461)	(476,461)
Recognised in the profit and loss accounts on occurrence of hedged transactions	–	–	–	417,597	–	–	417,597	417,597
Foreign currency translation adjustments	–	–	(210,617)	–	–	–	(210,617)	(210,617)
Other comprehensive income for the financial year, net of tax	–	–	(210,617)	(58,864)	–	–	(269,481)	(269,481)
Total comprehensive income for the year	–	–	(210,617)	(58,864)	–	171,070	(98,411)	(98,411)
Contributions by and distributions to owners								
Issue of shares for cash	241,779	–	–	–	–	–	–	241,779
Issue of shares up on conversion of bonds	94,283	(15,811)	–	–	–	–	(15,811)	78,472
Issue of shares on exercise of share option	39,467	–	–	–	–	–	–	39,467
Share-based expense	–	–	–	–	23,991	–	23,991	23,991
Dividends on ordinary shares (Note 27)	–	–	–	–	–	(53,139)	(53,139)	(53,139)
Total contributions by and distributions to owners	375,529	(15,811)	–	–	23,991	(53,139)	(44,959)	330,570
Total transactions with owners in their capacity as owners	375,529	(15,811)	–	–	23,991	(53,139)	(44,959)	330,570
At 30 June 2011	1,577,110	129,877	(290,938)	(323,267)	54,194	641,554	211,420	1,788,530

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

2010 Company	Share capital (Note 26) $'000	Capital reserves[4] $'000	Foreign currency translation reserves[1] $'000	Fair value adjustment reserves[2] $'000	Share-based compensation reserves[3] $'000	Revenue reserves $'000	Total reserves $'000	Total equity $'000
		Attributable to owners of the Company						
At 1 July 2009	708,586	24,450	(41,562)	(220,167)	17,765	440,779	221,265	929,851
Profit for the financial year	–	–	–	–	–	193,012	193,012	193,012
Other comprehensive income								
Net loss on fair value changes during the financial year	–	–	–	(98,741)	–	–	(98,741)	(98,741)
Recognised in the profit and loss accounts on occurrence of hedged transactions	–	–	–	54,505	–	–	54,505	54,505
Foreign currency translation adjustments	–	–	(38,759)	–	–	–	(38,759)	(38,759)
Other comprehensive income for the financial year, net of tax	–	–	(38,759)	(44,236)	–	–	(82,995)	(82,995)
Total comprehensive income for the year	–	–	(38,759)	(44,236)	–	193,012	110,017	110,017
Contributions by and distributions to owners								
Issue of shares for cash	437,389	–	–	–	–	–	–	437,389
Issue of shares up on conversion of bonds	30,461	(3,149)	–	–	–	–	(3,149)	27,312
Issue of shares under the Scrip Dividend Scheme	14,114	–	–	–	–	–	–	14,114
Issue of shares on exercise of share option	11,031	–	–	–	–	–	–	11,031
Share-based expense	–	–	–	–	12,438	–	12,438	12,438
Dividends on ordinary shares (Note 27)	–	–	–	–	–	(110,168)	(110,168)	(110,168)
Equity portion of convertible bonds	–	124,387	–	–	–	–	124,387	124,387
Total contributions by and distributions to owners	492,995	121,238	–	–	12,438	(110,168)	23,508	516,503
Total transactions with owners in their capacity as owners	492,995	121,238	–	–	12,438	(110,168)	23,508	516,503
At 30 June 2010	1,201,581	145,688	(80,321)	(264,403)	30,203	523,623	354,790	1,556,371

(1) **Foreign currency translation reserves**
The foreign currency translation reserves are used to record exchange differences arising from the translation of the financial statements of the Company and the Group's foreign operations whose functional currencies are different from that of the Group's presentation currency as well as the share of foreign currency translation reserves of jointly controlled entities and associates.

(2) **Fair value adjustment reserves**
Fair value adjustment reserves record the portion of the fair value changes on derivative financial instruments designated as hedging instruments in cash flow hedges that are determined to be effective hedges.

(3) **Share-based compensation reserves**
Share-based compensation reserves represent the equity-settled shares and share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled shares and share options and is reduced by the expiry of the share options.

(4) **Capital reserves**
Capital reserves represent the premium paid on acquisition of non-controlling interests, residual amount of convertible bonds net of proportionate share of transaction costs, after deducting the fair value of the debt and derivative component on date of issuance.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Cash Flow Statement

for the year ended 30 June 2011

	2011 $'000	2010 $'000
Cash flows from operating activities		
Profit before taxation	**510,265**	420,195
Adjustments for:-		
Allowance for doubtful debts	**7,420**	10,064
Amortisation of intangible assets and depreciation of property, plant and equipment	**107,568**	71,803
Share-based expense	**23,991**	12,438
Fair value of biological assets	**(80,365)**	(53,989)
Gain on disposal of property, plant and equipment	**(1,038)**	(320)
Impairment of investment in associate	**35,596**	–
Impairment of fixed assets and intangible assets	**–**	4,796
Interest income	**(12,375)**	(21,689)
Interest expense	**344,358**	227,475
Inventories written down/(written back), net	**23,746**	(405)
Net measurement of derivative instruments	**(28,117)**	(77,915)
Negative goodwill arising from acquisition of subsidiary/assets (Note 11)	**(79,794)**	(118,200)
Share of results from jointly controlled entities and associates	**(28,168)**	(12,924)
Gain on remeasurement of investment upon business combination (Note 11)	**(11,994)**	–
Operating cash flows before reinvestment in working capital	**811,093**	461,329
Increase in inventories	**(1,152,830)**	(621,073)
Increase in receivables and other current assets	**(866,612)**	(359,142)
(Increase)/decrease in advance payments to suppliers	**(11,089)**	29,386
Increase in margin account with brokers	**(360,071)**	(90,141)
Increase/(decrease) in payables and other current liabilities	**295,736**	(58,363)
Cash used in operations	**(1,283,773)**	(638,004)
Interest income received	**12,375**	21,741
Interest expense paid	**(306,605)**	(200,766)
Tax paid	**(45,118)**	(36,554)
Net cash flows used in operating activities	**(1,623,121)**	(853,583)
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	**11,092**	8,091
Purchase of property, plant and equipment	**(333,830)**	(171,223)
Purchase of intangibles	**(26,817)**	(10,882)
Acquisition of subsidiaries/assets, net of cash acquired (Note 11)	**(555,163)**	(533,752)
Investment in associate	**–**	(94,348)
Acquisition of non-controlling interests (Note 11)	**(13,635)**	–
Equity contribution by non-controlling interests	**17,810**	–
Long-term investment	**–**	(18,752)
Net cash flows used in investing activities	**(900,543)**	(820,866)
Cash flows from financing activities		
Dividends paid on ordinary shares by the Company	**(53,139)**	(96,054)
Proceeds from borrowings, net	**1,969,073**	864,642
Proceeds from issuance of shares on exercise of share options	**39,467**	11,031
Proceeds from issuance of bonds	**328,750**	684,780
Proceeds from issuance of shares for cash	**241,779**	437,389
Net cash flows from financing activities	**2,525,930**	1,901,788
Net effect of exchange rate changes on cash and cash equivalents	**(71,120)**	7,916
Net (decrease)/increase in cash and cash equivalents	**(68,854)**	235,255
Cash and cash equivalents at beginning of year	**503,932**	268,677
Cash and cash equivalents at end of year (Note 33)	**435,078**	503,932

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the financial statements

30 June 2011

1. Corporate information

Olam International Limited ("the Company") is a limited liability company, which is domiciled and incorporated in Singapore. The Company is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The principal activities of the Company are those of sourcing, processing, packaging and merchandising of agricultural products. The principal activities of the subsidiaries are disclosed in Note 13 to the financial statements.

The registered office of the Company is located at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623. The place of business of the Company is at 9 Temasek Boulevard, #11-02 Suntec Tower Two, Singapore 038989.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet, profit and loss account, statement of comprehensive income and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

The financial statements are presented in Singapore Dollars ($ or SGD) and all values in the tables are rounded to the nearest thousand ($'000) as indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards and Interpretations of FRS (INT FRS) that are effective for annual periods beginning on or after 1 July 2010. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

2.3 Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but are not yet effective:

Description	Effective for annual periods beginning on or after
Revised FRS 24 *Related Party Disclosures*	1 January 2011
Amendments to INT FRS 114 *Prepayments of a Minimum Funding Requirement*	1 January 2011
INT FRS 115 *Agreements for the Construction of Real Estate*	1 January 2011
Amendments to FRS 107 *Disclosures – Transfers of Financial Assets*	1 July 2011
Amendments to FRS 12 *Deferred Tax – Recovery of Underlying Assets*	1 January 2012
Improvements to FRSs issued in 2010	
• Amendments to FRS 101 First-time Adoption of Financial Reporting Standards	1 January 2011
• Amendments to FRS 107 Financial Instruments: Disclosures	1 January 2011
• Amendments to FRS 1 Presentation of Financial Statements Disclosures	1 January 2011
• Amendments to FRS 34 Interim Financial Reporting	1 January 2011
• Amendments to INT FRS 113 Customer Loyalty Programmes	1 January 2011

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective (cont'd)

Except for the revised FRS 24, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the revised FRS 24 is described below.

Revised FRS 24 Related Party Disclosures

The revised FRS 24 clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised FRS 24 expands the definition of a related party and would treat two entities as related to each other whenever a person (or a close member of that person's family) or a third party has control or joint control over the entity, or has significant influence over the entity. The Group is currently determining the impact of the changes to the definition of a related party has on the disclosure of related party transactions. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Group when implemented in 2012.

2.4 Functional and foreign currency

The Group's consolidated financial statements are presented in Singapore Dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

The Company's functional currency is the United States Dollar ("USD"), which reflects the economic substance of the underlying events and circumstances of the Company. Although the Company is domiciled in Singapore, most of the Company's transactions are denominated in USD and the selling prices for the Company's products are sensitive to movements in the foreign exchange rate with the USD.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

(b) Group companies

The assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the balance sheet date and their profit or loss are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income relating to that particular foreign operation is recognised in the profit or loss.

2. Summary of significant accounting policies (cont'd)

2.4 Functional and foreign currency (cont'd)

(c) *Translation to the presentation currency*

The financial statements are presented in Singapore Dollar ("SGD") as the Company's principal place of business is in Singapore and it is felt that presenting the financial statements in SGD would be more appropriate.

The financial statements are translated from USD to SGD as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate ruling at that balance sheet date;
- Income and expenses for each profit and loss account are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- All exchange differences arising on the translation are included in the foreign currency translation reserves.

2.5 Subsidiary companies and principles of consolidation

Subsidiary companies

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiary companies are accounted for at cost less any impairment losses.

A list of the Group's subsidiary companies is shown in Note 13.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with FRS 39 either in profit or loss or as change to other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

2. Summary of significant accounting policies (cont'd)

2.5 Subsidiary companies and principles of consolidation (cont'd)

Basis of consolidation (cont'd)
In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.10(a). In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

2.6 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated balance sheet, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.7 Jointly controlled entities

The Group has interests in joint ventures which are jointly controlled entities. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest.

The consolidated financial statements include the Group's share of the total recognised gains and losses of its jointly controlled entities on an equity accounted basis, from the date that joint control commences until the date that joint control ceases. When the Group's share of losses exceeds the carrying amount of the investment, the investment is reported as nil and recognition of losses is discontinued except to the extent of the Group's commitment.

In the Company's separate financial statements, investments in jointly controlled entities are stated at cost less impairment loss. The carrying amounts of the jointly controlled entities are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated and any impairment loss is recognised whenever the carrying amount exceeds the recoverable amount. The impairment loss is charged to profit or loss.

Upon loss of joint control, the Group measures any retained investment at its fair value. Any difference between the carrying amount of the former joint venture entity upon loss of joint venture control and the aggregate of the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.8 Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associate is measured in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is neither amortised nor tested individually for impairment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is deducted from the carrying amount of the investment and is recognised as income as part of the Group's share of results of the associate in the period in which the investment is acquired.

The profit or loss reflects the share of the results of operations of the associates. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associates.

The Group's share of the profit or loss of its associates is shown on the face of profit or loss after tax and non-controlling interests in the subsidiaries of associates.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each balance sheet date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the profit or loss.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of significant influence over the associate, the Group measures any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in profit or loss.

2.9 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.19. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, all property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Freehold land has an unlimited useful life and therefore is not depreciated. Leasehold land and buildings are depreciable over the shorter of the estimated useful life of the asset or the lease period.

2. Summary of significant accounting policies (cont'd)

2.9 Property, plant and equipment (cont'd)

Depreciation of an asset begins when it is available for use and is computed on a straight line basis over the estimated useful life except for ginning assets of Queensland Cotton Holdings which are depreciated using the units of use method. The estimated useful life of the assets is as follows:-

Leasehold land and buildings	–	20 to 50 years
Plant and machinery	–	5 to 10 years; 30 years for ginning assets
Motor vehicles	–	3 to 5 years
Furniture and fittings	–	5 years
Office equipment	–	5 years
Computers	–	3 years

Capital work-in-progress are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit and loss account in the year the asset is derecognised.

2.10 Intangible assets

(a) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may by impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit and loss account. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss of disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.4.

2. Summary of significant accounting policies (cont'd)

2.10 Intangible assets (cont'd)

(b) Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised on a straight-line basis over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives or not yet available for use are not subject to amortisation and they are tested for impairment annually or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised.

2.11 Biological assets

Biological assets are stated at fair value less estimated point-of-sale costs, with any resultant gain or loss recognised in the profit or loss.

2.12 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

2. Summary of significant accounting policies (cont'd)

2.12 Impairment of non-financial assets (cont'd)

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.13 Financial assets

Initial recognition and measurement

Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by FRS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

(b) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

2. Summary of significant accounting policies (cont'd)

2.13 Financial assets (cont'd)

Derecognition

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

2.14 Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of other financial liabilities, plus directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

The Group has not designated any financial liabilities upon initial recognition at fair value through profit or loss.

Other financial liabilities

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and short-term fixed bank deposits which are subject to an insignificant risk of changes in value. These include bank overdrafts that form an integral part of the Group's cash management.

Cash and cash equivalents carried in the balance sheets are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 2.13.

2.16 Receivables

Trade receivables, which are on trade terms, margin accounts with brokers as well as receivables from subsidiary companies, advance payments to suppliers and other current assets (excluding prepayments) and other non-current assets are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 2.13.

An allowance is made for doubtful debts when there is objective evidence that the Group will not be able to collect the debt. Bad debts are written off when identified. Further details on the accounting policy for impairment of financial assets are stated in Note 2.17 below.

2.17 Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

(a) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the profit or loss.

2. Summary of significant accounting policies (cont'd)

2.17 Impairment of financial assets (cont'd)

(b) Financial assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

2.18 Inventories

Inventories principally comprise commodities held for trading and inventories that form part of the Group's normal purchase, sale or usage requirements for its processing activities.

Inventories for commodity trading businesses are measured at fair value less costs to sell, with changes in fair value less costs to sell recognised in the profit or loss in the period of the change.

Other inventories are stated at the lower of cost and net realisable value. Inventories are valued on first-in-first-out basis. Net realisable value represents the estimated selling price in the ordinary course of business, less anticipated cost of disposal and after making allowance for damages and slow-moving items.

For agricultural produce that is harvested, cost of inventory is stated at fair value less estimated point-of-sale costs at the time of harvest (the "initial cost"). Thereafter this inventory is carried at the lower of cost and net realisable value.

Where necessary, allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

2.19 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.20 Financial guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in the profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to the profit or loss.

2.21 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

2. Summary of significant accounting policies (cont'd)

2.22 Employee benefits

(a) Defined contribution plan

The Group participates in the national pension schemes as defined by the laws of countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to the balance sheet date.

(c) Employee share subscription/options scheme

Employees (including senior executives) of the Group receive remuneration in the form of share-based payment for services rendered ("equity-settled transactions").

The cost of these equity-settled transactions with employees is measured with reference to the fair value at the date on which the share subscriptions/options are granted. In valuing the share options, no account is taken of any performance conditions.

This cost is recognised in the profit or loss, with a corresponding increase in the share-based compensation reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to the profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market condition or non-vesting condition, which are treated as vested irrespective of whether or not the market condition or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. In the case where the option does not vest as the result of a failure to meet a non-vesting condition that is within the control of the Group or the employee, it is accounted for as a cancellation. In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in profit or loss upon cancellation. The employee share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employee share option reserve is transferred to share capital if new shares are issued, or to treasury shares if the options are satisfied by the reissuance of treasury shares.

In situations where equity instruments are issued and some or all of the goods or services received by the entity as consideration cannot be specifically identified, the unidentified goods or services received (or to be received) are measured as the difference between the fair value of the share-based payment and the fair value of any identifiable goods or services received at the grant date. This is then capitalised or expensed as appropriate.

Where the terms of an equity-settled award are modified, an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for a modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it has vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

2. Summary of significant accounting policies (cont'd)

2.23 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Operating lease

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Finance lease

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss.

2.24 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable, excluding discounts, rebates, and sales taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must be met before revenue is recognised:-

Sale of goods

Revenue from the sale of goods is recognised upon passage of title to the customer which generally coincides with their delivery and acceptance.

Sale of services

Revenue from services rendered is recognised upon services performed.

Interest income

Interest income is recognised using the effective interest method.

2.25 Government grants, export incentives and subsidies

Government grants, export incentives and subsidies are recognised at their fair values where there is reasonable assurance that the grant will be received and all conditions attached to the grant will be complied with. When the grant relates to an expense item, it is recognised in the profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate. When the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to the profit or loss over the expected useful life of the relevant asset by equal annual instalments.

2. Summary of significant accounting policies (cont'd)

2.26 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred income tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2. Summary of significant accounting policies (cont'd)

2.26 Taxes (cont'd)

(b) Deferred tax (cont'd)

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:-

- where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the assets or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.27 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge.

The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 38, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.28 Share capital and share issue expenses

Proceeds from issuance of ordinary shares net of directly attributable expenses are recognised as share capital in equity.

2.29 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

   (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

   (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and for which the fair values can be reliably determined.

2. Summary of significant accounting policies (cont'd)

2.30 Derivative financial instruments and hedging activities

Derivative financial instruments include forward currency contracts, commodity futures, options, over-the-counter ("OTC") structured products, commodity physical forwards and interest rate contracts. These are used to manage the Group's exposure to risks associated with foreign currency, commodity price and interest rate fluctuations. Certain derivatives are also used for trading purposes. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of forward currency contracts and interest rate derivatives are calculated by reference to current forward exchange rates and interest rates respectively for contracts with similar maturity profiles. The fair values of commodity futures, options, OTC structured products and physical forwards are determined by reference to available market information and market valuation methodology. Where the quoted market prices are not available, fair values are based on management's best estimates which are arrived at by reference to market prices.

Any gains or losses arising from changes in fair value on derivative financial instruments that are ineffective hedges or are held for trading are taken to the profit and loss account for the year.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

When the hedge accounting is applied, all hedges are classified as cash flow hedges because they are held for hedging the exposure to variability in cash flows that is attributable to highly probable risk exposure and could affect profit or loss.

For cash flow hedges which meet the criteria for hedge accounting, the effective portion of the gain or loss on the hedging instrument is recognised directly in the fair value adjustment reserves, while the ineffective portion is recognised in the profit and loss account.

Amounts taken to fair value adjustment reserves are transferred to the profit and loss account when the hedged transaction affects profit or loss, such as when a forecasted sale occurs, or when financial income or financial expense is recognised.

If the forecast transaction is no longer expected to occur, amounts previously recognised in fair value adjustment reserves are transferred to the profit and loss account. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in fair value adjustment reserves remain in equity until the forecast transaction occurs. If the related transaction is not expected to occur, the amount is taken to the profit and loss account.

2. Summary of significant accounting policies (cont'd)

2.31 Convertible bonds

When convertible bonds are issued, the total proceeds net of transaction costs are allocated to the debt component, the fair value of derivative financial instruments component and the equity component, which are separately presented on the balance sheet.

The debt component is recognised initially at its fair value, determined using a market interest rate for equivalent non-convertible bonds. It is subsequently carried at amortised cost using the effective interest method until the debt is extinguished on conversion or redemption of the bonds.

The derivative financial instruments component is determined by the fair value of the embedded derivatives on the date of issue. The fair value is reassessed at every balance sheet date and the difference is recognised in the profit and loss account.

The balance after reducing the debt component and the fair value of the embedded derivatives component from the net proceeds is presented as capital reserve under equity. The carrying amount of the equity component is not adjusted in subsequent periods. When the conversion option is exercised, the carrying amount of the equity component will be transferred to share capital account. When the conversion option lapses, its carrying amount will be transferred to retained earnings.

2.32 Related parties

A party is considered to be related to the Group if:

(a) The party, directly or indirectly through one or more intermediaries,

- (i) controls, is controlled by, or is under common control with, the Group;
- (ii) has an interest in the Group that gives it significant influence over the Group; or
- (iii) has joint control over the Group;

(b) The party is an associate;

(c) The party is a jointly-controlled entity;

(d) The party is a member of the key management personnel of the Group or its parent;

(e) The party is a close member of the family of any individual referred to in (a) or (d); or

(f) The party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

(g) The party is a post-employment benefit plan for the benefit of the employees of the Group, or of any entity that is a related party of the Group.

3. Significant accounting judgements and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Judgements made in applying accounting policies

In the process of applying the accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effects on the amounts recognised in the financial statements:

(a) Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determine the sales prices of the goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

(b) Fair value of derivative financial instruments and debt components of convertible bonds

The Company assesses the fair value of derivative financial instruments and debt components of the convertible bonds that require judgement in determining the most appropriate valuation models and inputs including share volatility and interest yield rates.

(c) Income taxes

The Group has exposure to income taxes in numerous jurisdictions. A degree of judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes would be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimating uncertainty as at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of investments in subsidiary companies

The Company assesses at each reporting date whether there is an indication that the investments in subsidiaries may be impaired. This requires an estimation of the value in use of the cash generating units. Estimating the value in use requires the Company to make an estimate of the expected future cash flows from the cash generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(b) Impairment of goodwill

On an annual basis, the Group determines whether goodwill is impaired. This requires an estimation of the value in use of the cash generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

3. Significant accounting judgements and estimates (cont'd)

3.2 Key sources of estimation uncertainty (cont'd)

(c) Useful lives of plant and machinery

The cost of plant and machinery is depreciated on a straight-line basis over the plant and machinery's estimated economic useful lives. Management estimates the useful lives of these plant and machinery to be within 5 to 10 years, with the exception of ginning assets where the estimated useful lives of ginning assets, are up to 30 years. These are common life expectancies applied in the agri-commodities industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised. The carrying amount of the Group's plant and machinery at the balance sheet date is disclosed in Note 10 to the financial statements.

(d) Employee share options

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the employee share options at the date on which they are granted. Judgement is required in determining the most appropriate valuation model for the share options granted, depending on the terms and conditions of the grant. Management is also required to use judgement in determining the most appropriate inputs to the valuation model including expected life of the option, volatility and dividend yield. The assumptions and model used are disclosed in Note 30.

(e) Biological assets

The Group's biological assets (other than annual crops) are stated at fair value less point-of-sale costs. This is estimated by reference to the fair value of the biological assets assessed by an independent valuer. Changes in the conditions of the biological assets could impact the fair value of the assets.

(f) Impairment loss on investment in associates

Investment in associates mainly relate to dairy processing investment in Open Country Dairy Limited ("OCDL") and high intensity natural sweetener investment in PureCircle Limited ("PCL"). Management undertook an impairment assessment following the underperformance of these 2 investments during the year, which resulted in an impairment of the Group's cost of investment in OCDL amounting to $35,596,000, being the difference in carry amount and the recoverable amount using the value in use method.

The value in use calculations were based on the discounted cash flow model. The cash flows were derived from the budget for the next five years. The recoverable amount is sensitive to estimates and assumptions on expected sales volume and future sale prices, expected future costs and expenses, weighted average cost of capital as well as terminal growth rates. Actual outcomes could differ from these estimates and assumptions. The carrying amount of the Group's investment in OCDL and PCL as at 30 June 2011 was $202,951,000 (2010: $271,279,000).

(g) Impairment of loans and receivables

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset under loans and receivables is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

3. Significant accounting judgements and estimates (cont'd)

3.2 Key sources of estimation uncertainty (cont'd)

(h) Fair value of financial instruments

Where the fair values of financial instruments recorded on the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flow model. The inputs to these models are derived from observable market data where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of model inputs regarding forward prices, credit risk and volatility that are not supported by observable market data. Changes in assumptions about these factors could affect the reported fair value of financial instruments. The valuation of financial instruments is described in more details in Note 35.

4. Sale of goods

Revenue from sale of goods is stated net of discounts and returns. It excludes interest income, realised gain or loss on derivatives and in respect of the Group, intra-group transactions.

Sale of services

Revenue from sale of services mainly represents processing income.

5. Other income

Other income included the following:

	Group		Company	
	2011 $'000	**2010 $'000**	**2011 $'000**	**2010 $'000**
Dividend income from subsidiary	**–**	–	**1,280**	–
Interest income from loans and receivables	**12,375**	21,689	**78,212**	36,313
Miscellaneous income [1]	**18,428**	8	**190**	586
Fair value gain on investment held for trading	**2,160**	–	**2,160**	–
Negative goodwill arising from business combinations (Note 11)	**79,794**	118,200	**–**	–
Gain on remeasurement of investment upon business combination (Note 11)	**11,994**	–	**–**	–
	124,751	139,897	**81,842**	36,899

[1] Miscellaneous income for the Group comprised mainly income from commissions and claims.

6. Cost of goods sold

	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
This is stated after (charging)/crediting:				
(Loss)/gain on derivatives net of fair value changes	**(1,018,134)**	38,100	**(502,241)**	43,769
Foreign exchange gain on cost of goods sold [(1)]	**238,993**	39,177	**–**	–
Export incentives and subsidies received [(2)]	**94,491**	95,243	**–**	–
Grant income received [(3)]	**32,654**	–	**–**	–
Inventories (written down)/written back, net (Note 19)	**(23,746)**	406	**3,536**	2,766

[(1)] Foreign exchange gain arising between the time of receiving payments for purchase of goods and the time of sale of such goods.

[(2)] Export incentives and subsidies relate to income from government agencies of various countries for export of agricultural products.

[(3)] Grant income relates to the conceptualisation, marketing and promotion of the special economic zone in Gabon.

7. Other operating expenses/net measurement of derivative instruments

	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Other operating expenses are stated after (charging)/crediting:				
Allowance for doubtful debts:				
– Trade receivables (Note 17)	**(5,238)**	(4,806)	**(3,745)**	(615)
– Advance payments to suppliers (Note 20)	**(2,182)**	(5,258)	**(19)**	(3,287)
Amortisation of intangible assets (Note 11)	**(16,097)**	(3,274)	**(1,922)**	–
Bad debts written back/(written off):				
– Trade receivables	**644**	(53)	**655**	–
– Advance payments to suppliers	**(3,919)**	(7,989)	**(3,772)**	–
Bank charges	**(36,163)**	(32,434)	**(22,273)**	(22,461)
Gain on disposal of property, plant and equipment	**1,038**	320	**–**	81
Gain/(loss) on foreign exchange, net	**63,709**	20,655	**(14,631)**	24,435
Impairment loss on:				
– Plant and machinery (Note 10)	**–**	(1,403)	**–**	–
– Intangible assets (Note 11)	**–**	(3,393)	**–**	–
– Investment in subsidiary companies (Note 13)	**–**	–	**(1,784)**	–
– Investment in associate (Note 14b)	**(35,596)**	–	**(35,596)**	–
Rental expenses	**(39,713)**	(38,472)	**(4,037)**	(7,236)
Travelling expenses	**(44,470)**	(32,026)	**(11,210)**	(8,874)
Transaction costs incurred in business combinations (Note 11)	**(8,673)**	(29,160)	**–**	–
Non-audit fees paid to auditors	**(846)**	(538)	**(672)**	(287)
Net measurement of derivative instruments are stated after (charging)/crediting:				
– Convertible bonds	**(833)**	54,057	**(833)**	54,057
– Derivatives held for trading	**28,950**	23,858	**99**	21,893
	28,117	77,915	**(734)**	75,950

8. Finance costs

Finance costs included the following:

	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Interest expense:				
– On bank overdrafts	**20,302**	13,515	**–**	1
– On bank loans	**191,508**	120,963	**85,324**	77,997
– On medium-term notes	**13,160**	7,092	**13,160**	7,092
– On bonds	**80,367**	70,291	**80,367**	70,291
– Others	**39,021**	15,614	**38,497**	1,498
	344,358	227,475	**217,348**	156,879

9. Income tax

(a) Major components of income tax expense

Major components of income tax expense are:

	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Profit and loss accounts				
Current income tax:				
Singapore	**28,534**	11,991	**26,760**	11,991
Foreign	**13,192**	19,181	**–**	–
Under/(Over) provision in respect of prior years	**469**	(707)	**–**	–
	42,195	30,465	**26,760**	11,991
Deferred income tax:				
Singapore	**–**	637	**–**	637
Foreign	**23,502**	29,344	**–**	–
Income tax expense	**65,697**	60,446	**26,760**	12,628

The Company is an approved company under the Global Trader Programme ("GTP") of International Enterprise Singapore and Development and Expansion Incentive ("DEI") under the International Headquarters ("IHQ") award of Singapore Economic Development Board. By virtue of this, the Company is entitled to a concessionary income tax rate of 5% for a period of 5 years from 1 July 2008 to 30 June 2013 on qualifying activities, products and income.

9. Income tax (cont'd)

(a) Major components of income tax expense (cont'd)

	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Statement of comprehensive income:				
Deferred income tax related to items credited directly to other comprehensive income:				
Net change in fair value adjustment reserves for derivative financial instruments designated as hedging instruments in cash flow hedges	**6,249**	16,384	**37**	4,226
Deferred tax recorded in other comprehensive income	**6,249**	16,384	**37**	4,226
Statement of changes in equity:				
Deferred tax expenses charged directly to equity:				
Convertible bonds	**–**	(6,561)	**–**	(6,561)

(b) Relationship between tax expense and accounting profit

A reconciliation of the statutory tax rate to the Group's and Company's effective tax rate is as follows:

	Group 2011 %	Group 2010 %	Company 2011 %	Company 2010 %
Statutory tax rate	**17.0**	17.0	**17.0**	17.0
Tax effect of non-deductible expenses	**4.9**	3.5	**11.1**	6.5
Higher statutory tax rates of other countries	**3.3**	3.2	**–**	–
Tax effect of income taxed at concessionary rate	**(5.3)**	(5.0)	**(13.0)**	(10.8)
Tax effect on non-taxable income	**(4.3)**	(3.6)	**(2.7)**	(5.7)
Tax effect of jointly controlled entities/associates	**(1.2)**	(0.5)	**–**	–
Tax effect of others, net	**(1.5)**	(0.3)	**1.1**	(0.9)
	12.9	14.3	**13.5**	6.1

9. Income tax (cont'd)

(c) Deferred income tax

	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Deferred tax assets	**43,053**	63,978	**8,542**	9,697
Deferred tax liabilities	**(177,283)**	(140,861)	**–**	–
Net deferred tax (liabilities)/assets	**(134,230)**	(76,883)	**8,542**	9,697

The analysis of deferred income tax is as follows:

	Group: Consolidated balance sheet 2011 $'000	Group: Consolidated balance sheet 2010 $'000	Group: Consolidated profit and loss account 2011 $'000	Group: Consolidated profit and loss account 2010 $'000	Company: Balance sheet 2011 $'000	Company: Balance sheet 2010 $'000
Deferred tax liabilities:						
Differences in depreciation	**96,106**	39,331	**46,685**	3,514	**171**	190
Fair value adjustment on business combinations	**122,822**	91,455	**(8,198)**	–	**–**	–
Revaluation of financial instruments to fair value	**–**	–	**–**	9,909	**–**	–
Biological assets	**21,968**	22,178	**(6,078)**	22,930	**–**	–
Convertible bonds	**5,746**	6,550	**–**	–	**5,746**	6,550
Others	**4,353**	–	**4,353**	(1,800)	**36**	45
Gross deferred tax liabilities	**250,995**	159,514			**5,953**	6,785
Deferred tax assets:						
Allowance for doubtful debts	**1,493**	824	**(767)**	13	**–**	–
Inventories written-down	**171**	194	**–**	(45)	**170**	194
Revaluation of financial instruments to fair value	**17,034**	6,383	**–**	–	**14,325**	16,288
Unabsorbed losses	**98,067**	72,730	**(14,787)**	(2,633)	**–**	–
Others	**–**	2,500	**2,294**	(1,907)	**–**	–
Gross deferred tax assets	**116,765**	82,631			**14,495**	16,482
Net deferred tax (liabilities)/assets	**(134,230)**	(76,883)			**8,542**	9,697
Deferred income tax expense/(credit)			**23,502**	29,981		

The Group has tax losses of $58,843,000 (2010: $35,666,000) and capital allowances of $18,494,000 (2010: $20,942,000) that are available for offset against future taxable profits of the companies in which the losses arose for which no deferred tax asset has been recognised. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

10. Property, plant and equipment

Group	Freehold land $'000	Leasehold land and buildings $'000	Plant and machinery $'000	Other assets[1] $'000	Capital work-in-progress $'000	Total $'000
Cost						
As at 1 July 2009	39,721	163,521	240,324	68,602	115,305	627,473
Additions	6,140	2,652	62,646	21,747	78,039	171,224
Acquired through business combinations	38,691	158,507	279,680	3,181	118	480,177
Disposals	(1,089)	(2,108)	(4,318)	(7,744)	(1,587)	(16,846)
Reclassification	(4,227)	36,355	88,548	(519)	(120,157)	–
Foreign currency translation adjustments	(4,166)	(4,139)	(15,119)	(5,771)	(11,575)	(40,770)
As at 30 June 2010 and 1 July 2010	75,070	354,788	651,761	79,496	60,143	1,221,258
Additions	10,495	18,723	38,017	31,349	235,246	333,830
Acquired through business combinations (Note 11)	204,653	73,754	61,712	11,024	11,829	362,972
Disposals	(88)	(3,523)	(23,404)	(8,817)	–	(35,832)
Reclassification	1,167	1,592	32,717	7,214	(42,690)	–
Foreign currency translation adjustments	(8,326)	(23,359)	(38,763)	(3,714)	(5,365)	(79,527)
As at 30 June 2011	282,971	421,975	722,040	116,552	259,163	1,802,701
Accumulated depreciation and impairment loss:						
As at 1 July 2009	–	15,076	61,889	36,174	–	113,139
Charge for the year	–	12,794	43,729	12,007	–	68,530
Impairment of assets	–	–	1,403	–	–	1,403
Disposals	–	(613)	(2,782)	(5,679)	–	(9,074)
Reclassification	–	(7)	(166)	173	–	–
Foreign currency translation adjustments	–	(854)	(3,294)	(2,758)	–	(6,906)
As at 30 June 2010 and 1 July 2010	–	26,396	100,779	39,917	–	167,092
Charge for the year	–	18,788	54,689	17,994	–	91,471
Disposals	–	(1,367)	(18,037)	(6,374)	–	(25,778)
Reclassification	–	(509)	326	183	–	–
Foreign currency translation adjustments	–	(1,314)	(8,700)	3,215	–	(6,799)
As at 30 June 2011	–	41,994	129,057	54,935	–	225,986
Net carrying value						
As at 30 June 2011	282,971	379,981	592,983	61,617	259,163	1,576,715
As at 30 June 2010	75,070	328,392	550,982	39,579	60,143	1,054,166

[1] Other assets comprise motor vehicles, furniture and fittings, office equipment and computers.

10. Property, plant and equipment (cont'd)

Company	Buildings $'000	Plant and machinery $'000	Motor vehicles $'000	Furniture and fittings $'000	Office equipment $'000	Computers $'000	Total $'000
Cost							
As at 1 July 2009	163	–	1,293	2,128	994	3,371	7,949
Additions	–	68	362	3	789	2,624	3,846
Disposals	–	–	(570)	–	–	(5)	(575)
Foreign currency translation adjustments	(5)	–	(42)	(71)	(37)	(117)	(272)
As at 30 June 2010 and 1 July 2010	158	68	1,043	2,060	1,746	5,873	10,948
Additions	–	37	–	5	16	1,176	1,234
Disposals	–	(43)	(35)	–	(716)	(1,284)	(2,078)
Foreign currency translation adjustments	(19)	(8)	(127)	(253)	(189)	(717)	(1,313)
As at 30 June 2011	139	54	881	1,812	857	5,048	8,791
Accumulated depreciation							
As at 1 July 2009	83	–	615	1,579	830	1,868	4,975
Charge for the year	8	2	162	197	108	1,205	1,682
Disposals	–	–	(201)	–	–	–	(201)
Foreign currency translation adjustments	(3)	–	(20)	(53)	(28)	(77)	(181)
As at 30 June 2010 and 1 July 2010	88	2	556	1,723	910	2,996	6,275
Charge for the year	7	10	123	148	44	1,201	1,533
Disposals	–	–	(35)	–	(48)	(407)	(490)
Foreign currency translation adjustments	(11)	(1)	(71)	(217)	(111)	(395)	(806)
As at 30 June 2011	84	11	573	1,654	795	3,395	6,512
Net carrying value							
As at 30 June 2011	55	43	308	158	62	1,653	2,279
As at 30 June 2010	70	66	487	337	836	2,877	4,673

Assets held under finance lease

During the financial year, the Group acquired leasehold land and buildings with an aggregate cost of $34,304,000 (2010: $Nil) by means of finance lease.

The carrying amount of leasehold land and buildings held under finance lease at the end of the reporting period was $33,300,000 (2010: $Nil).

11. Intangible assets

Group	Goodwill $'000	Customer relationships[1] $'000	Trademark $'000	Software $'000	Water rights[2] $'000	Concession rights[3] $'000	Others[4] $'000	Total $'000
Cost								
As at 1 July 2009	100,184	18,985	917	4,789	–	–	11,194	136,069
Additions	–	–	–	8	–	–	10,874	10,882
Acquired through business combinations	3,791	–	–	–	216,005	–	–	219,796
Foreign currency translation adjustment	(3,308)	(634)	(31)	9	(6,114)	–	27	(10,051)
As at 30 June 2010 and 1 July 2010	100,667	18,351	886	4,806	209,891	–	22,095	356,696
Additions	–	–	–	21,836	–	1,651	3,330	26,817
Acquired through business combinations	7,528	15,445	–	–	–	100,752	1,273	124,998
Disposals	–	–	–	(40)	–	–	(816)	(856)
Reclassification	–	–	–	(846)	–	–	846	–
Foreign currency translation adjustment	(9,241)	(2,801)	(109)	(75)	25,189	(3,570)	(472)	8,921
As at 30 June 2011	98,954	30,995	777	25,681	235,080	98,833	26,256	516,576
Accumulated amortisation and impairment								
As at 1 July 2009	–	2,530	–	2,046	–	–	3,955	8,531
Amortisation	–	1,225	–	1,891	–	–	158	3,274
Impairment	3,393	–	–	–	–	–	–	3,393
Foreign currency translation adjustment	(6)	(86)	–	(29)	–	–	33	(88)
As at 30 June 2010 and 1 July 2010	3,387	3,669	–	3,908	–	–	4,146	15,110
Amortisation	–	2,152	–	5,933	–	5,935	2,077	16,097
Disposals	–	–	–	(32)	–	–	(816)	(848)
Reclassification	–	–	–	(770)	–	–	770	–
Foreign currency translation adjustment	185	(527)	–	399	–	(211)	433	279
As at 30 June 2011	3,572	5,294	–	9,438	–	5,724	6,610	30,638
Net carrying value								
As at 30 June 2011	95,382	25,701	777	16,243	235,080	93,109	19,646	485,938
As at 30 June 2010	97,280	14,682	886	898	209,891	–	17,949	341,586
Average remaining amortisation period (years) – 2011	–	7 – 15	–	3 –10	–	7 – 25	8 – 36	
Average remaining amortisation period (years) – 2010	–	12	–	0.5	–	–	10 – 37	

11. Intangible assets (cont'd)

Company	Goodwill $'000	Trademark $'000	Software $'000	Others[4] $'000	Total $'000
Cost					
As at 1 July 2009	6,420	917	–	1,603	8,940
Additions	–	–	–	10,874	10,874
Foreign currency translation adjustment	(255)	(31)	–	(72)	(358)
As at 30 June 2010 and 1 July 2010	6,165	886	–	12,405	19,456
Additions	–	–	5,990	3,170	9,160
Foreign currency translation adjustment	(756)	(109)	(213)	(1,635)	(2,713)
As at 30 June 2011	5,409	777	5,777	13,940	25,903
Accumulated amortisation					
As at 1 July 2009, 30 June 2010 and 1 July 2010	–	–	–	–	–
Amortisation	–	–	300	1,622	1,922
Foreign currency translation adjustment	–	–	(11)	(58)	(69)
As at 30 June 2011	–	–	289	1,564	1,853
Net carrying amount					
As at 30 June 2011	5,409	777	5,488	12,376	24,050
As at 30 June 2010	6,165	886	–	12,405	19,456
Average remaining amortisation period (years) – 2011	–	–	3 – 10	8 – 16	
Average remaining amortisation period (years) – 2010	–	–	–	9 – 17	

(1) Customer relationships acquired as part of the business combination were initially recognised at their fair value at the date of acquisition and are subsequently carried at cost less accumulated amortisation.

(2) Water rights relates to perpetual access to share of water from specified consumptive pool.

(3) Concession rights consist of rights to harvest trees in designated areas. Amortisation is charged over the estimated useful life of the concession rights.

(4) Others comprise trade names, marketing agreements and non-compete fees.

Impairment testing of goodwill and other intangible assets

Goodwill and intangible assets with infinite life arising from business combinations have been allocated to the following cash-generating units ("CGU"), which are also the reportable operating segments, for impairment testing:

- Universal Blanchers
- Britannia Food Ingredients Holdings Limited
- Queensland Cotton Holdings
- Olam International – Brazilian Cotton
- Naarden Agro Products B.V.
- Olam Orchards Australia Pty Ltd
- Qingdao Key Foods
- Olam Spices & Vegetables Ingredients

11. Intangible assets (cont'd)

Impairment testing of goodwill and other intangible assets (cont'd)

The carrying amounts allocated to each CGU are as follows:

	Goodwill		Trademark		Water rights	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Universal Blanchers	**60,888**	69,404	**–**	–	**–**	–
Britannia Food Ingredients Holdings Limited	**7,258**	–	**–**	–	**–**	–
Queensland Cotton Holdings						
– Australian Cotton	**6,781**	5,749	**–**	–	**–**	–
– Australian Pulses	**1,818**	1,745	**–**	–	**–**	–
– USA Cotton	**2,725**	2,615	**–**	–	**–**	–
Olam International						
– Brazilian Cotton	**5,409**	6,165	**–**	–	**–**	–
Naarden Agro Products B.V	**2,053**	1,974	**–**	–	**–**	–
Olam Orchards Australia Pty Ltd	**–**	–	**–**	–	**235,080**	209,891
Olam International						
– Qingdao Key Foods [(1)]	**–**	9,628	**–**	886	**–**	–
Olam Spices & Vegetables Ingredients [(1)]	**8,450**	–	**777**	–	**–**	–
	95,382	97,280	**777**	886	**235,080**	209,891

(1) During the year, the Group completed an internal reorganisation to integrate the dehydrated products business in USA following the acquisition of selected assets and liabilities of Gilroy Foods & Flavors from ConAgra Foods, Inc., into the Olam Spices & Vegetables Ingredients ("OSVI") business unit. As a result of the restructuring, the dehydrated garlic business of Qingdao Key Foods was controlled and monitored under the OSVI CGU. Accordingly, the goodwill and the trademark arising from the acquisition of Qingdao Key Foods have been allocated to the OSVI CGU for impairment testing.

The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a 5-year period. The post-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolated cash flows beyond the 5-year period are as follows:

	Growth rates		Discount rates	
	2011 %	2010 %	2011 %	2010 %
Universal Blanchers	**2.00**	2.00	**10.00**	10.40
Queensland Cotton Holdings [(1)]	**2.00**	2.00	**13.00**	13.00
Olam International – Brazilian Cotton	**2.00**	2.00	**13.00**	13.00
Naarden Agro Products B.V.	**2.00**	2.00	**7.73**	7.73
Qingdao Key Foods	**–**	2.00	**–**	12.00
Olam Spices and Vegetables Ingredients	**2.00**	–	**12.00**	–
Olam Orchards Australia Pty Ltd	**2.00**	2.00	**12.00**	12.00

(1) The growth rates and discount rates used is the same for all CGUs relating to Queensland Cotton Holdings.

The calculations of value in use for the CGUs are most sensitive to the following assumptions:

Budgeted gross margins – Gross margins are based on average values achieved at prevailing market conditions at the start of the budget period.

Growth rates – The growth rates indicated are as estimated by the management based on published industry research and do not exceed the long-term average growth rate for the industries relevant to the CGUs.

Discount rates – Discount rates reflect management's estimate of risks specific to each CGU. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals.

11. Intangible assets (cont'd)

Business Combination

The Group acquired the following assets and subsidiaries during the financial year:

	Dehydrated and vegetables products' assets $'000	Almond orchards assets $'000	NZ Farming Systems Uruguay Limited $'000	Britannia Food Ingredients Holdings Limited and Britannia Storage and Distribution Limited $'000	tt Timber International AG $'000	Total $'000
Property, plant and equipment (Note 10)	58,322	50,797	208,905	14,181	30,767	362,972
Intangible assets	9,684	–	–	7,034	100,752	117,470
Biological assets (Note 12)	–	44,325	43,304	–	–	87,629
Inventories	243,495	–	3,790	28,369	24,910	300,564
Trade and other receivables	39,554	–	16,984	37,273	5,052	98,863
Advance payments to suppliers	–	–	–	–	2,513	2,513
Other current assets	–	–	9,564	–	–	9,564
Cash and bank balances	–	–	3,393	853	2,726	6,972
	351,055	95,122	285,940	87,710	166,720	986,547
Trade and other payables	(26,517)	–	(30,761)	(54,408)	(7,631)	(119,317)
Accruals and provisions	(7,241)	–	(5,746)	(5,547)	(7,917)	(26,451)
Bank overdrafts	–	–	(1,911)	–	(399)	(2,310)
Borrowings	–	–	(68,077)	(1,622)	–	(69,699)
Deferred tax liabilities	(1,426)	–	(1,141)	(3,957)	(38,548)	(45,072)
	(35,184)	–	(107,636)	(65,534)	(54,495)	(262,849)
Total identifiable net assets at fair value	315,871	95,122	178,304	22,176	112,225	723,698
Non-controlling interest measured based on proportionate share of net identifiable assets	–	–	(39,262)	–	–	(39,262)
Net identifiable assets	315,871	95,122	139,042	22,176	112,225	684,436
Goodwill arising from acquisition	–	–	–	7,528	–	7,528
Negative goodwill arising from acquisitions (Note 5)	(3,310)	(3,309)	(14,807)	–	(58,368)	(79,794)
	312,561	91,813	124,235	29,704	53,857	612,170
Consideration transferred for the acquisition						
Cash paid	312,561	74,263	95,183	23,962	53,857	559,826
Deferred settlement	–	–	–	5,742	–	5,742
Finance leases and loans obtained	–	17,550	–	–	–	17,550
Total consideration	312,561	91,813	95,183	29,704	53,857	583,118
Fair value of equity interest in subsidiary held by Group immediately before the acquisition [1]	–	–	29,052	–	–	29,052
	312,561	91,813	124,235	29,704	53,857	612,170
Less: Cash and cash equivalents acquired	–	–	(1,483)	(853)	(2,327)	(4,663)
Less: Non-cash items	–	(17,550)	(29,052)	(5,742)	–	(52,344)
Net cash outflow on acquisition of subsidiaries/assets	312,561	74,263	93,700	23,109	51,530	555,163

[1] The Group recognised a gain of $11,994,000 as a result of measuring at fair value its 18.45% equity interest in NZSFU held before the business combination. The gain is included in "Other Income" line item in the Group's profit or loss for the year ended 30 June 2011.

11. Intangible assets (cont'd)

Business Combinations (cont'd)

Acquisition of assets

(i) Dehydrated and vegetables products' assets

In line with the spices and vegetables ingredients' business strategy, on 20 July 2010 (the 'acquisition date'), the Group purchased selected assets and liabilities of Gilroy Foods & Flavors ("Gilroy") from ConAgra Foods, Inc. in the USA through its wholly owned subsidiary, Olam West Coast, Inc.

(ii) Almond orchards assets

In order to expand the Group's operations in the edible nuts business in the USA, the Group acquired the almond orchards assets in the USA through its wholly owned subsidiary, Olam Farming, Inc on the following dates:

Almond orchards	Name of sellers	Date of acquisition
Chowchilla	Blech Corporations	17 August 2010
Diego	Stanislaus Almond Ranch, LLC	8 December 2010
	Koy Almond Ranch, LLC	30 December 2010
	Lake Road Grizzly	5 January 2011
Nevada	Hostetler Ranches, LLC	3 June 2011

Acquisition of subsidiaries

The Group acquired the following subsidiaries during the financial year:

Name of subsidiaries acquired	Note	Equity interest acquired %	Date of acquisition
NZ Farming Systems Uruguay Limited ("NZFSU")	(iii)	59.53	27 September 2010
tt Timber International AG ("tt Timber")	(iv)	100.00	11 January 2011
Britannia Food Ingredients Holdings Limited ("BFI") and Britannia Storage and Distribution Limited ("BSD")	(v)	100.00	28 January 2011

(iii) NZ Farming Systems Uruguay Limited

The acquisition of NZSFU is to integrate the Group's upstream activity into dairy farming in a cost competitive location.

Trade and other receivables acquired

Trade and other receivables acquired comprise gross trade and other receivables amounting to $16,984,000, which approximates fair value. It is expected that full contractual amount of the receivables can be collected.

(iv) tt Timber International AG

The acquisition of tt Timber will provide a platform for the Group to build substantial scale and industry leadership in certified tropical hardwood.

Trade and other receivables acquired

Trade and other receivables acquired comprise gross trade and other receivables amounting to $5,052,000, which approximates fair value. It is expected that full contractual amount of the receivables can be collected.

11. Intangible assets (cont'd)

Business Combinations (cont'd)

(v) Britannia Food Ingredients Holdings Limited ("BFI") and Britannia Storage and Distribution Limited ("BSD")

During the year, the Group acquired 100% equity interest in BSD and 85% equity interest in BFI. As part of the acquisition of BFI, the Group also entered into a Call and Put option with a director of BFI, where the Group can exercise its call option or the director of BFI can exercise his put option for the remaining 15% interest in BFI at an agreed valuation.

The combination of the Call and Put option at an agreed valuation gives the Group deemed access to the benefits associated with the ownership of the remaining 15% shares in BFI. As such, the Group is deemed to have acquired 100% equity stake in BFI as at the date of acquisition.

The acquisition of BFI and BSD is to align the Group's continuous expansion of its global strategy to integrate its supply chain into value-added midstream processing and to serve the growing requirements of the global chocolate industry.

Trade and other receivables acquired

Trade and other receivables acquired comprise gross trade and other receivables amounting to $37,273,000, which approximates fair value. It is expected that full contractual amount of the receivables can be collected.

Transaction costs

Total transaction costs related to all acquisitions of $8,673,000 have been recognised in the "Other operating expenses" line item in the Group's profit and loss account for the year ended 30 June 2011.

Goodwill arising from acquisitions

Goodwill of $7,528,000 is mainly due to the synergies expected to achieve from integrating the value added midstream processing business of the subsidiary into the Group's existing supply chain business. The goodwill recognised is not expected to be deductible for income tax purposes.

Negative goodwill arising from acquisitions

The negative goodwill amounting to $79,794,000 arising from the acquisitions are mainly related to purchase of distressed assets and are not expected to be taxable for income tax purposes.

Impact of the acquisitions on profit and loss

The Group has chosen not to disclose the impact of the acquisitions on revenues and profit and loss as this information is considered to be sensitive.

Acquisition of non-controlling interests

As at 30 June 2010, the Group had 18.45% equity interest in NZFSU. On 27 September 2010, the Group acquired an additional 59.53% shareholding in NZFSU for a cash consideration of $95,183,000 via a takeover offer, thus making it a subsidiary.

Subsequent to the acquisition of the 59.53% equity interest, the Group further acquired an additional 7.95% equity stake in NZSFU from the non-controlling interests for a cash consideration of $14,539,000, thus increasing the Group's total equity stake to 85.93% in NZSFU.

The premium on acquisition of the 7.95% equity stake amounting to $904,000 has been recognised in "Capital reserves" within equity.

12. Biological assets

Biological assets consist of plantations, annual crops and livestock.

	Group 2011 $'000	Group 2010 $'000
As at 1 July	**181,883**	19,629
Net additions [(1)]	**95,097**	8,572
Business combinations (Note 11)	**87,629**	108,675
Effect of movement in exchange rate	**8,194**	(8,982)
Net change in fair value less estimated costs to sell	**80,365**	53,989
As at 30 June	**453,168**	181,883

(1) These are mainly net additions to annual crops and livestock.

Analysis of biological assets

Plantations consist of almonds to sell to various domestic and international markets as part of its normal operations. The almond orchards presently consist of trees aged between 3 and 20 years (2010: 3 to 7 years).

During the year ended 30 June 2011, the Group harvested approximately 18,839 metric tonnes (2010: 15,700 metric tonnes) of almonds which had a fair value less estimated point-of-sale costs of approximately $122,587,000 (2010: $91,815,000). The fair value of almonds was determined with reference to the market prices at the date of harvest.

Annual crops consist of seeds for various commodities (onions, tomatoes and other vegetables) which are given to farmers to sow and grow. Farmers take all the harvest risks and bear all the farming costs. On harvesting of the commodities, the Group has the first right to buy the produce from these farms.

At the end of the year, the Group's total planted area of plantations and annual crops is approximately 14,710 (2010: 11,949) hectares and 4,504 (2010: 930) hectares respectively.

Livestock relates mainly to dairy cattle in Uruguay. At the end of the year, the Group held 43,640 cows which are able to produce milk (mature assets) and 14,862 heifers being raised to produce milk in the future (immature assets). The Group produced 7,366,955 kg of milk solids with a fair value less estimated point-of-sale costs of $50,408,000 in the year ended 30 June 2011.

Fair value determination

The fair value of biological assets (other than annual crops and livestock) is estimated with reference to a professional valuation using the present value of expected net cash flows from the biological assets. The valuations are based on following significant assumptions:

(i) The average life of trees for plantations have been taken up to 25 years;
(ii) Rates considered for discounting future cash flows range between 12% and 13% per annum;
(iii) Annual rate of inflation ranging from 2.5% to 4%;
(iv) Location, soil type and infrastructure for determining estimated yield; and
(v) Market price of the biological assets dependent on the prevailing market price of the products after harvest.

The annual crops have been valued using adjusted cost, which is the estimate of the yield and cost of the crop at harvest discounted for the remaining time to harvest, which approximate fair value.

The fair value of livestock is determined based on market prices of livestock of similar age, breed and generic merit.

12. Biological assets (cont'd)

Financial risk management strategies related to agri activities

The Group is exposed to financial risk in respect of agricultural activity. The agricultural activity of the Group consists of the management of biological assets to produce marketable output. The primary financial risk associated with this activity occurs due to the length of time between expending cash on the purchase or planting and maintenance of biological assets and on harvesting and ultimately receiving cash from the sale of the marketable output. The Group plans for cash flow requirements for such activities and manages its debt and equity portfolio actively.

13. Subsidiary companies

	Company	
	2011 $'000	**2010 $'000**
Quoted shares at cost	**122,273**	–
Unquoted shares at cost	**564,354**	389,930
Less: Impairment loss	**(11,029)**	(9,245)
Currency realignment	**(52,942)**	(7,168)
	622,656	373,517
Loans to subsidiary companies	**188,149**	416,437
	810,805	789,954
Market value of quoted shares	**148,998**	–

The Company has provided impairment loss of $1,784,000 (2010: $Nil) on the investment in the subsidiaries as the carrying amount exceeds the fair value based on the net asset value of the subsidiaries.

Loans to subsidiary companies are non-interest bearing, unsecured and are not repayable within the next 12 months except for amounts of $157,487,000 (2010: $398,398,000) which are unsecured and bear interest ranging from 2.5% to 9% (2010:1% to 5%) per annum.

13. Subsidiary companies (cont'd)

Significant subsidiary companies of Olam International Limited are as follows:

Name of company	Country of incorporation	Principal activities	Effective percentage of equity held by the Group 2011 %	2010 %
Olam Cam Sarl (2)	Cameroon	(a)	**100**	100
Olam Ghana Limited (2)	Ghana	(a)	**100**	100
Olam Ivoire Sarl. (2)	Ivory Coast	(a)	**100**	100
Olam Nigeria Ltd (2)	Nigeria	(a)	**100**	100
Naarden Agro Products B.V (2)	Netherlands	(a)	**100**	100
Key Foods Hong Kong Limited (3)	Hong Kong	(b)	**100**	100
Olam Tanzania Ltd (2)	Tanzania	(a)	**100**	100
Outspan Ivoire SA (2)	Ivory Coast	(a)	**100**	100
Olam Gabon Sarl. (2)	Gabon	(a)	**100**	100
Olam Mocambique, Limitada (2)	Mozambique	(a)	**100**	100
Olam Vietnam Limited (2)	Vietnam	(a)	**100**	100
Olam South Africa (Proprietary) Limited (2)	South Africa	(a)	**100**	100
Olam Brasil Ltda (2)	Brazil	(a)	**100**	100
Olam Europe Limited (2)	United Kingdom	(a)	**100**	100
PT Olam Indonesia (2)	Indonesia	(a)	**100**	100
Outspan Brasil Importacăo e Exportacăo Ltda (2)	Brazil	(a)	**100**	100
Olam Shanghai Limited (2)	China	(a)	**100**	100
Olam Argentina S.A. (2)	Argentina	(a)	**100**	100

13. Subsidiary companies (cont'd)

Significant subsidiary companies of Olam International Limited are as follows:

Name of company	Country of incorporation	Principal activities	Effective percentage of equity held by the Group 2011 %	2010 %
Panasia International FZCO (2)	United Arab Emirates	(a)	**100**	100
Outspan Colombia S.A (2)	Colombia	(a)	**100**	100
Olam Honduras, S.A., de C.V. (4)	Honduras	(a)	**100**	100
Olam Investments Limited (2)	Mauritius	(b)	**100**	100
Café Outspan Vietnam Limited (2)	Vietnam	(a)	**100**	100
LLC Outspan International (2)	Russia	(a)	**100**	100
Olam Investments Australia Pty Ltd (2)	Australia	(b)	**100**	100
Olam (Thailand) Limited (2)	Thailand	(a)	**100**	100
Outspan Bolovens Limited (2)	Laos	(a) & (c)	**100**	100
Olam Agro India Limited (2)	India	(a)	**100**	100
Crown Flour Mills Limited (2)	Nigeria	(a)	**100**	100
Olam Orchards Australia Pty. Ltd. (2)	Australia	(a) & (c)	**100**	100
Outspan Mexico SA de CV (3)	Mexico	(a)	**100**	100
Invenio Holdings Pte. Ltd. (1)	Singapore	(b)	**88.64**	100
tt Timber International AG (3)	Switzerland	(a)	**100**	–
NZ Farming Systems Uruguay Limited (2)	New Zealand	(a)	**85.93**	–
Britannia Food Ingredients Holdings Limited (2)	United Kingdom	(b)	**100**	–
Gabon Special Economic Zone SA (2)	Gabon	(e)	**60**	–
Olam Palm Gabon SA (2)	Gabon	(a) & (c)	**70**	–

13. Subsidiary companies (cont'd)

Significant subsidiary companies of subsidiaries of Olam International Limited are as follows:

Name of company	Principal activities	Effective percentage of equity held by the Group 2011 %	2010 %
Subsidiary company of **Olam Investments Limited** is as follows:			
Olam Agro India Limited (2) (India)	(a)	**100**	100
Subsidiary company of **Olam Investments Australia Pty Ltd** is as follows:			
Olam Australia Pty Ltd (2) (Australia)	(a)	**100**	100
Subsidiary company of **Olam Australia Pty Ltd** is as follows:			
Queensland Cotton Holdings Pty Ltd (2) (Australia)	(b)	**100**	100
Subsidiary companies of **Queensland Cotton Holdings Pty Ltd** are as follows:			
QC International Pty Ltd (2) (Australia)	(b)	**100**	100
Australian Cotton Corporation Pty Ltd (2) (Australia)	(b)	**100**	100
Queensland Cotton Corporation Pty Ltd (2) (Australia)	(a)	**100**	100
Subsidiary company of **QC International Pty Ltd** is as follows:			
Olam Holdings Partnership (2) (USA)	(b)	**99**	99
Subsidiary companies of **Olam Holdings Partnership** are as follows:			
QC (US) International, Inc. (2) (USA)	(b)	**100**	100
Olam US Holdings Inc. (2) (USA)	(b)	**100**	100
Subsidiary company of **QC (US) International, Inc.** is as follows:			
QC (US) Inc. (2) (USA)	(b)	**100**	100
Subsidiary companies of **QC (US) Inc.** are as follows:			
Anderson Clayton Corp. (2) (USA)	(a)	**100**	100
QC (US) Marketing, Inc. (2) (USA)	(a)	**100**	100

13. Subsidiary companies (cont'd)

Significant subsidiary companies of subsidiaries of Olam International Limited are as follows:

Name of company	Principal activities	Effective percentage of equity held by the Group 2011 %	2010 %
Subsidiary companies of **Olam US Holdings Inc.** are as follows:			
Universal Blanchers, L.L.C [2] (USA)	(a)	**100**	100
Olam Americas, Inc. [2] (USA)	(a)	**100**	100
Subsidiary companies of **Olam Americas, Inc.** are as follows:			
Olam West Coast, Inc. [2] (USA)	(a)	**100**	100
Olam Tomato Processors, Inc. [2] (USA)	(a)	**100**	100
Olam Farming, Inc. [2] (USA)	(a) & (c)	**100**	100
Subsidiary company of **Invenio Holdings Pte. Ltd.** is as follows:			
Invenio Commodity Financials Pte. Ltd. [1] (Singapore)	(d)	**100**	100
Subsidiary company of **Britannia Food Ingredients Holdings Limited** is as follows:			
Britannia Food Ingredients Limited [2] (United Kingdom)	(a)	**100**	–
Subsidiary companies of **tt Timber International AG** are as follows:			
Congolaise Industrielle des Bois SA [2] (Republic of Congo)	(a)	**100**	–
Commerce et Industrie des Bois SA [2] (Gabon)	(a)	**100**	–
Subsidiary companies of **Commerce et Industrie des Bois SA** are as follows:			
Gabonaise Industrielle des Bois SA [2] (Gabon)	(a)	**100**	–
Compagnie Forestiere des Abeilles SA [2] (Gabon)	(a)	**100**	–

(a) Sourcing, processing, packaging and merchandising of agricultural products.
(b) Investment holding.
(c) Agricultural operations.
(d) Risk management activities.
(e) Infrastructure development.

[1] Audited by Ernst & Young LLP, Singapore.
[2] Audited by associated firms of Ernst & Young LLP, Singapore.
[3] Audited by other CPA firms.
[4] Not required to be audited by the law of the country of incorporation.

14. Investments in jointly controlled entities and associates

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Jointly controlled entities (Note 14a)	**208,868**	195,958	**150,065**	170,980
Associates (Note 14b)	**202,951**	271,279	**203,782**	271,422
	411,819	467,237	**353,847**	442,402

(a) Investments in jointly controlled entities

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Unquoted shares at cost	**3,015**	3,015	**2,186**	2,186
Loans to jointly controlled entities [1]	**148,306**	168,951	**148,306**	168,951
Share of post-acquisition reserves	**62,341**	25,410	**–**	–
Currency realignment	**(4,794)**	(1,418)	**(427)**	(157)
	208,868	195,958	**150,065**	170,980

[1] Loans to jointly controlled entities include loan to Nauvu Investments Pte Ltd amounting to $147,562,000 (2010: $168,203,000). The loan is unsecured, non-interest bearing and is not expected to be repayable within the next 12 months.

Details of the jointly controlled entities at end of financial year are as follows:

Name of company	Country of incorporation	Principal activities	Percentage of equity held	
			2011 %	2010 %
Held by the Company				
Nauvu Investments Pte Ltd [1]	Singapore	(a)/(b)	**50**	50
Solimar Foods Ingredients S.L. [2]	Spain	(a)	**49**	49
Usicam S.A. [3]	Cameroon	(a)	**50**	50
Held by a subsidiary				
Mitrsuphan Rice Co. Ltd [3]	Thailand	(a)	**49**	49

(a) Sourcing, processing, packaging and merchandising of agricultural products.

(b) Technical services

[1] Audited by Ernst & Young LLP, Singapore

[2] Audited by associated firm of Ernst & Young LLP, Singapore

[3] Audited by other CPA firms

14. Investments in jointly controlled entities and associates (cont'd)

(a) Investments in jointly controlled entities (cont'd)

The Group's share of the jointly controlled entities' underlying assets and liabilities, and results are as follows:

	Group	
	2011 $'000	2010 $'000
Assets and liabilities:		
Current assets	**18,074**	5,914
Long-term assets	**950,170**	202,816
Total assets	**968,244**	208,730
Current liabilities	**(707,885)**	(1,356)
Long-term liabilities	**(147,646)**	(168,120)
Total liabilities	**(855,531)**	(169,476)
Results:		
Income	**74,181**	20,023
Expenses	**(37,437)**	(4,735)
Profit after tax for the financial year	**36,744**	15,288

(b) Investments in associates

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Quoted shares at cost	**169,031**	169,031	**169,031**	169,031
Unquoted shares at cost	**105,923**	105,923	**105,923**	105,923
Share of post-acquisition reserves	**(874)**	(67)	**–**	–
Currency realignment	**(35,533)**	(3,608)	**(35,576)**	(3,532)
Less: Impairment loss (Note 3.2f)	**(35,596)**	–	**(35,596)**	–
	202,951	271,279	**203,782**	271,422
Market value of quoted shares	**52,335**	158,626	**52,335**	158,626

14. Investments in jointly controlled entities and associates (cont'd)

(b) Investments in associates (cont'd)

Details of the associates at end of financial year are as follows:

Name of company	Country of incorporation	Principal activities	Percentage of equity held 2011 %	2010 %
Held by the Company				
Open Country Dairy Limited [1]	New Zealand	Processing and trading of agricultural commodities	**24.75**	24.75
PureCircle Limited [1]	Bermuda	Processing and trading of agricultural commodities	**20**	20

[1] Audited by other CPA firms

The Group's share of the associates' underlying assets and liabilities, and results are as follows:

	Group 2011 $'000	Group 2010 $'000
Assets and liabilities:		
Current assets	**76,495**	79,332
Long-term assets	**95,416**	96,705
Total assets	**171,911**	176,037
Current liabilities	**(25,957)**	(27,052)
Long-term liabilities	**(61,461)**	(56,334)
Total liabilities	**(87,418)**	(83,386)
Results:		
Income	**167,375**	120,838
Expenses	**(175,951)**	(123,202)
Loss after tax for the financial year	**(8,576)**	(2,364)

15. Long-term investment

Long-term investment in 2010 related to an 18.45% shareholding in NZ Farming Systems Uruguay Limited ("NZFSU"). The market value of the investment as at 30 June 2010 was $18,172,000.

On 27 September 2010, the Company acquired an additional 59.53% shareholding in NZFSU for a cash consideration of $95,183,000 via a takeover offer, thus making it a subsidiary (Note 11).

16. Amounts due from subsidiary companies

	Company	
	2011 $'000	2010 $'000
Trade receivables	658,493	583,610
Loans to subsidiaries [1]	341,466	616,355
Non-trade receivables [2]	945,076	140,200
	1,945,035	1,340,165
Amounts due from subsidiary companies are stated after deducting allowance for doubtful debts of		
– Trade	1,843	2,101
– Non-trade	3,072	3,502
	4,915	5,603
The movement of the allowance accounts is as follows:		
Movement in allowance accounts:		
At 1 July	5,603	5,797
Currency realignment	(688)	(194)
At 30 June	4,915	5,603

(1) Loans to subsidiaries include amounts totalling $246,404,000 (2010: $400,937,000) which are unsecured and bear interest ranging from 4.73% to 8.00% (2010: 3.50% to 6.31%) per annum, repayable on demand and is to be settled in cash. The remaining amounts are non-interest bearing, unsecured, repayable on demand and are to be settled in cash.

(2) The non-trade receivables are interest-free, unsecured, repayable within the next 12 months and are to be settled in cash.

17. Trade receivables

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Trade receivables	1,444,556	857,687	446,029	274,816
GST, VAT and other indirect tax receivables	150,890	119,094	311	572
	1,595,446	976,781	446,340	275,388

Trade receivables are non-interest bearing and are generally on 30 to 60 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Trade receivables denominated in foreign currencies at 30 June are as follows:

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
United States Dollar	278,796	240,743	–	–
Great Britain Pound	39,061	3,269	39,061	3,269
Euro	41,066	62,252	8,483	17,378

17. Trade receivables (cont'd)

The Group's and the Company's trade receivables that are impaired at the balance sheet date and the movement of the allowance accounts used to record the impairment are as follows:

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Trade receivables – nominal amounts	**1,462,064**	878,018	**454,296**	285,885
Allowance for doubtful debts	**(17,508)**	(20,331)	**(8,267)**	(11,069)
	1,444,556	857,687	**446,029**	274,816
Movement in allowance accounts:				
At 1 July	**20,331**	17,480	**11,069**	10,817
Charge for the year	**5,238**	4,806	**3,745**	615
Written off	**(6,864)**	(1,247)	**(5,242)**	–
Currency realignment	**(1,197)**	(708)	**(1,305)**	(363)
At 30 June	**17,508**	20,331	**8,267**	11,069

Trade receivables that are individually determined to be impaired at the balance sheet date relate to debtors that are insignificant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

The analysis of debtors ageing at the balance sheet date is as follows:

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Trade receivables:				
Less than 30 days	**1,046,871**	565,152	**329,978**	185,949
30 to 60 days	**302,462**	207,263	**83,156**	60,120
61 to 90 days	**42,753**	37,113	**19,812**	12,630
91 to 120 days	**25,672**	12,360	**6,850**	3,554
121 to 180 days	**18,885**	11,682	**3,840**	3,089
More than 180 days	**7,913**	24,117	**2,393**	9,474
	1,444,556	857,687	**446,029**	274,816

18. Margin accounts with brokers

Margin accounts are maintained with recognised futures dealers and brokers for trades done on the futures exchanges. These margin accounts move in relation to trades done on futures, variation margins required and prices of the commodities traded.

These amounts reflect the payments made to futures dealers as initial and variation margins depending on the volume of trades done and price movements.

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Margin deposits with brokers	**553,357**	219,208	**537,328**	182,660
Amounts due to brokers	**(96,224)**	(66,393)	**(92,350)**	(17,496)
	457,133	152,815	**444,978**	165,164

19. Inventories

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Balance sheets:				
Commodity inventories at fair value	**822,016**	515,632	**140,311**	43,978
Commodity inventories at the lower of cost and net realisable value	**2,762,128**	2,068,414	**507,762**	417,753
	3,584,144	2,584,046	**648,073**	461,731
Profit and loss accounts:				
Inventories recognised as an expense in cost of goods sold inclusive of the following (charge)/credit	**(11,433,348)**	(8,469,222)	**(8,266,239)**	(6,678,210)
– Inventories written-down	**(29,712)**	(6,254)	**–**	(3,894)
– Reversal of write-down of inventories (1)	**5,966**	6,660	**3,536**	6,660

(1) The reversal of write-down of inventories was made when the related inventories were sold above their carrying amounts.

20. Advance payments to suppliers

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Third parties	**222,207**	237,784	**65,060**	85,824
Subsidiary companies	**–**	–	**1,215,058**	1,415,482
	222,207	237,784	**1,280,118**	1,501,306

These represent advance payments to suppliers and subsidiary companies for procurement of physical commodities.

20. Advance payments to suppliers (cont'd)

Advance payments to suppliers denominated in foreign currencies at 30 June are as follows:

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
United States Dollar	**20,505**	32,946	**–**	–
Great Britain Pound	**140**	47	**26,577**	83,331
Euro	**21,357**	21,951	**312,769**	190,137

Advance payments to suppliers relating to third parties for the Group and Company are stated after deducting allowance for doubtful debts of $8,143,000 (2010: $9,194,000) and $1,009,000 (2010: $3,282,000) respectively.

The movement in the allowance accounts is as follows:

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Movement in allowance accounts:				
As at 1 July	**9,194**	6,573	**3,282**	–
Charge for the year	**2,182**	5,258	**19**	3,287
Written off	**(3,020)**	(1,810)	**(1,958)**	–
Foreign currency translation adjustment	**(213)**	(827)	**(334)**	(5)
At 30 June	**8,143**	9,194	**1,009**	3,282

21. Other current/non-current assets

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Current:				
Staff advances (1)	**11,952**	9,223	**5,606**	3,831
Deposits	**22,489**	17,751	**2,255**	3,121
Option premium receivable	**–**	47,149	**–**	47,149
Insurance receivables (2)	**7,351**	16,705	**4,065**	16,622
Short-term investment (3)	**38,950**	–	**38,950**	–
Sundry receivables	**82,119**	64,720	**2,276**	7,020
Export incentives and subsidies receivable (4)	**110,902**	133,724	**–**	–
	273,763	289,272	**53,152**	77,743
Development costs (5)	**119,467**	–	**–**	–
Prepayments	**164,888**	103,384	**12,458**	7,457
	558,118	392,656	**65,610**	85,200
Non-current:				
Other non-current assets	**10,004**	4,161	**–**	–

(1) Staff advances are interest-free, unsecured, repayable within the next 12 months and are to be settled in cash.

(2) Insurance receivables pertain to pending marine and inventories insurance claims. The outstanding claims are currently being processed by the insurance companies for final settlement.

(3) Short-term investment relates to investment in the Ektimo Commodity Relative Value Fund LP ('Fund'), which invests in a portfolio of commodity markets including agriculture, metals, energy and livestock.

(4) These relate to incentives and subsidies receivable from the Government agencies from various countries.

(5) Development costs relates to external costs incurred in development of a special economic zone in Gabon.

22. Trade payables and accruals

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Trade payables	**613,112**	396,153	**284,488**	251,528
Accruals	**415,644**	215,236	**73,595**	78,815
Advances received from customers	**61,862**	30,858	**20,245**	–
GST payable and equivalent	**4,985**	6,144	**–**	–
	1,095,603	648,391	**378,328**	330,343

Trade payables are non-interest bearing. Trade payables are normally on 30 to 60 days' terms while other payables have an average term of two months.

Trade payables denominated in foreign currencies at 30 June are as follows:

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
United States Dollar	**26,104**	69,240	**–**	–
Great Britain Pound	**225**	–	**209**	–
Euro	**16,990**	21,933	**14,675**	20,270

Trade payables include an amount of $7,871,064 (2010: $12,104,094) due to an associate.

23. Other current liabilities

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Interest payable on bank loans	**48,086**	25,492	**37,671**	22,594
Sundry payables	**37,950**	34,301	**–**	–
Option premium payable	**18,700**	34,388	**18,700**	34,388
	104,736	94,181	**56,371**	56,982
Provision for withholding tax	**7,570**	4,470	**–**	–
	112,306	98,651	**56,371**	56,982

24. Borrowings

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Current:				
Bank overdrafts (Note 33)	**437,169**	167,611	**–**	–
Bank loans	**2,669,858**	1,287,870	**1,434,536**	837,352
Term loans from banks	**302,148**	840,087	**302,148**	723,279
Medium-term notes	**199,443**	–	**199,443**	–
Obligation under finance leases (Note 28c)	**1,425**	–	**–**	–
	3,610,043	2,295,568	**1,936,127**	1,560,631
Non-current:				
Term loans from banks	**1,713,918**	1,228,312	**634,820**	1,035,793
Medium-term notes	**349,717**	249,016	**349,717**	249,016
Obligation under finance leases (Note 28c)	**21,556**	–	**–**	–
Other bonds	**345,428**	–	**305,124**	–
Convertible bonds, unsecured	**539,908**	730,108	**539,908**	730,108
	2,970,527	2,207,436	**1,829,569**	2,014,917
	6,580,570	4,503,004	**3,765,696**	3,575,548

Borrowings denominated in foreign currencies as at 30 June are as follows:

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Singapore Dollar	**666,898**	290,000	**666,898**	290,000
Great Britain Pound	**190,444**	240,973	**190,444**	240,973

Bank overdrafts and bank loans

The bank loans for the Company are repayable within 12 months and bear interest in the range of 0.85% to 6.38% (2010: 1.11% to 2.59%) per annum.

The bank loans and bank overdrafts for the subsidiary companies are repayable within 12 months and bear interest in the range of 1% to 22% (2010: 1% to 17%) per annum.

Bank loans include an amount of $32,932,000 (2010: $13,307,600) secured by the assets of a subsidiary.

Term loans from banks

Term loans from banks of the Company bear interest at floating interest rates ranging from 1.76% to 4.46% (2010: 1.91% to 4.37%) per annum. Term loans for the Company are unsecured and are repayable between 2 to 4 years.

Term loans from banks for the subsidiary companies bear interest at floating interest rates ranging from 2.79% to 12.00% (2010: 1.42% to 11.00%) per annum. Term loans for the subsidiary companies are unsecured and are repayable between 2 to 7 years.

In 2010, term loans from banks included Industrial Development Bonds of $11,276,000 which were issued by one of the subsidiary companies that bear interest at IRB ("Industrial Revenue Bond") rate + 1.125%. The loan has been fully repaid as of year ended 30 June 2011.

24. Borrowings (cont'd)

Medium-term notes

The Company has multicurrency medium-term notes programme with a maximum aggregate principal amount of $800,000,000 (2010: $800,000,000). These medium-term notes are unsecured, bear interest at a fixed rate, ranging from 2.12% to 4.07% (2010: 4.07%) per annum and are repayable between one and two years.

Obligations under finance leases

Obligations under finance leases amounting to $17,422,000 (2010: $Nil) are guaranteed by holding company of the subsidiary.

Obligations under finance leases bear interest ranging from 7.30% to 9.00% (2010: Nil) per annum and are repayable between 1 and 7 years.

Other bonds

On 7 August 2010, the Company issued a 7.5% interest bearing unsecured senior bonds of US$250,000,000 due in 2020 amounting to $305,124,000.

The remaining $40,304,000 relates to US$30,000,000 long term bonds that were issued by NZ Farming Systems Uruguay Limited via a trust structure in Uruguay prior to acquisition by the Company. The bonds have an initial fixed interest rate of 5% per annum for the period to 30 September 2010, and thereafter an annual variable interest rate of between 5% and 15% per annum calculated annually using a formula based on gross milk revenues and certain key input costs. The bond is expected to have term of approximately 15 years, and the expected average interest rate is 8.9% per annum to the early redemption option in January 2018 with interest being accrued to date on this basis.

Convertible bonds, unsecured

On 3 July 2008, the Company issued 1% interest bearing convertible bonds of US$300,000,000. The bonds will mature in 5 years from the issue date at their redemption value of US$358,140,000 or can be converted any time between 13 August 2008 and 23 May 2013 into fully paid ordinary shares of the Company at an initial conversion price of $3.8464 per share with a fixed exchange rate of $1.3644 to US$1.00. In 2009, bonds aggregating to a principal amount of US$280,800,000 were bought back.

The carrying amount of the liability component of the above convertible bonds at the balance sheet date is derived as follows:

	Group and Company	
	2011 $'000	2010 $'000
Balance at the beginning of the period	**27,627**	23,683
Converted to shares during the year	**(682)**	–
	26,945	23,683
Less: Currency realignment	**(3,321)**	(792)
Add: Accretion of interests	**4,630**	4,736
	28,254	27,627

24. Borrowings (cont'd)

Convertible bonds, unsecured (cont'd)

On 4 March 2009, the Company issued 1.281% interest bearing convertible bonds of US$122,616,000 ("New bonds") in exchange for the bonds issued on 3 July 2008 with a nominal value of US$157,200,000. The New bonds will mature on 3 July 2013 at their redemption value of US$185,763,240 or can be converted any time between 12 April 2009 and 23 May 2013 into fully paid ordinary shares of the Company at an initial conversion price of $1.656 per share with a fixed exchange rate of $1.5067 to US$1.00.

The carrying amount of the liability component of the above bonds at the balance sheet date is derived as follows:

	Group and Company	
	2011	**2010**
	$'000	**$'000**
Balance at the beginning of the period	**136,958**	144,551
Less:		
Converted to shares during the year	**(136,958)**	(22,158)
Currency realignment	**–**	(4,828)
Add: Accretion of interests	**–**	19,393
	–	136,958

On 2 September 2009, the Company issued 6.0% interest bearing convertible bonds of US$400,000,000. The bonds will mature in 7 years from the issue date and have an initial conversion price of $3.0853 per share with a fixed exchange rate of $1.4400 to US$1.00. On 1 October 2009, the Company increased the issue size of the bonds by an additional US$100,000,000 bringing the total issue size to be US$500,000,000.

The carrying amount of the liability component of the above convertible bonds at the balance sheet date is derived as follows:

Balance at the beginning of the period:	**565,523**	700,400
Less:		
Proportionate share of expenses on issue of convertible bonds	**–**	(12,631)
Equity component net of deferred tax at inception	**–**	(133,997)
Currency realignment	**(69,399)**	–
Add: Accretion of interests	**15,530**	11,751
	511,654	565,523
Total convertible bonds	**539,908**	730,108

25. Earnings per share

Basic earnings per share is calculated by dividing the net profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the net profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of dilutive shares and options).

The following reflects the profit and share data used in the basic and diluted earnings per share computations for the years ended 30 June:

	Group	
	2011 $'000	2010 $'000
Net profit attributable to owners of the Company for basic earnings per share	**429,841**	359,469
Adjustments:		
Interest on convertible bonds	**20,788**	37,682
Net measurement loss / (gain) on convertible bonds	**833**	(54,057)
Net profit attributable to owners of the Company for diluted earnings per share	**451,462**	343,094
	No. of shares	**No. of shares**
Weighted average number of ordinary shares on issue applicable to basic earnings per share [1]	**2,120,460,030**	2,009,002,290
Dilutive effect of convertible bonds	**252,132,946**	276,169,858
Dilutive effect of share options	**46,972,544**	34,656,813
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share	**2,419,565,520**	2,319,828,961

(1) The weighted average number of ordinary shares has been restated for the effects of the preferential share offering issue on 5 July 2011. Outstanding shares have been multiplied using an "Adjustment Factor" calculated by taking the difference in the price at which Preferential Offering was made ($2.61) and the price on the last day of exercise of entitlements ($2.56).

Subsequent to the financial year end,

a. One of the directors of the Company exercised the options to acquire 15,000,000 (2010: Nil) ordinary shares.
b. 97,292,951 new ordinary shares in the capital of the Company were allotted and issued under a pro rata and non-renounceable preferential offering.
c. 94,408,000 new ordinary shares in the capital of the Company were allotted and issued to Breedens Investments Pte. Ltd. (an indirect wholly-owned subsidiary of Temasek Holdings (Private) Limited).

There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and the date of these financial statements.

26. Share capital

	Group and Company			
	2011		2010	
	No. of shares	$'000	No. of shares	$'000
Ordinary shares issued and fully paid [1]				
Balance at 1 July	**2,020,759,705**	**1,201,581**	1,715,894,324	708,586
Issue of shares for cash	**94,408,000**	**241,779**	273,459,000	437,389
Issue of shares upon conversion of bonds	**94,959,097**	**94,283**	18,911,168	30,461
Issue of shares under scrip dividend scheme	**–**	**–**	5,633,004	14,114
Issue of shares on exercise of share options	**25,382,116**	**39,467**	6,862,209	11,031
Balance at 30 June	**2,235,508,918**	**1,577,110**	2,020,759,705	1,201,581

[1] The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

27. Dividends

	Group and Company	
	2011 $'000	2010 $'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
– One tier tax exempted first and final dividend for 2010: $0.025 (2009: $0.035) per share	**53,139**	69,790
– One tier tax exempted interim dividend for 2011: $Nil (2010: $0.02) per share	**–**	40,378
	53,139	110,168
Value of scrip dividends allotted and issued:		
– Issuance of Nil shares (2010: 5,633,004 new shares) at an issue price of $Nil (2010: $2.51) in lieu of first and final dividend, net of expenses	**–**	14,114
Proposed but not recognised as a liability as at 30 June:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
– One tier tax exempted first and final dividend for 2011: $0.05 per share	**111,775**	–
– One tier tax exempted second and final dividend for 2010: $0.025 per share	**–**	50,519
	111,175	50,519

28. Commitments

(a) Operating lease commitments

Rental expenses of the Group and Company (principally for offices, warehouses and employees' residences) were $39,713,000 (2010: $38,472,000) and $4,037,000 (2010: $7,236,000), respectively. Most leases contain options for renewing the leases. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

Future minimum rental payable under non-cancellable operating leases were as follows:

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Within one year	**22,877**	18,626	**6,285**	4,456
After one year but not more than five years	**32,216**	15,863	**5,867**	1,595
More than five years	**5,322**	7,341	**–**	–
	60,415	41,830	**12,152**	6,051

(b) Capital commitments

Capital expenditure contracted for as at the balance sheet date but not recognised in the financial statements are as follows:

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Capital commitments in respect of property, plant and equipment	**76,195**	31,474	**–**	3,957
Commitments in respect of acquisitions	**–**	250,000	**–**	–
	76,195	281,474	**–**	3,957

(c) Finance lease commitments

The Group has finance leases for land and buildings. These leases have terms of renewal but no purchase options and escalation clauses. Renewals are at the option of the specific entity that holds the lease.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group 2011 $'000	
	Minimum lease payments	Present value of payments (Note 24)
Not later than one year	**1,626**	1,425
Later than one year but not later than five years	**6,519**	5,175
Later than five years	**16,594**	16,381
Total minimum lease payments	**24,739**	22,981
Less: Amounts representing finance charges	**(1,758)**	–
Present value of minimum lease payments	**22,981**	22,981

In 2010, there were no finance leases for the Group and the Company.

29. Contingent liabilities

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Contingent liabilities not provided for in the accounts:				
Financial guarantee contracts given to subsidiary companies [1]	**–**	–	**3,685,209**	1,840,642

[1] Amounts utilised by subsidiary companies on the bank facilities secured by corporate guarantees amounted to $1,367,241,349 (2010: $547,789,002).

The Company has agreed to provide continuing financial support to certain subsidiary companies.

30. Employee benefits expenses

Employee benefits expenses (including executive directors):

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Salaries and employee benefits	**299,950**	207,548	**85,644**	102,217
Central Provident Fund contributions and equivalents	**16,612**	15,708	**1,824**	1,605
Retrenchment benefits	**553**	600	**–**	–
Share-based expense	**23,991**	14,697	**15,725**	7,357
	341,106	238,553	**103,193**	111,179

(a) Employee share subscription scheme

The Olam International Limited Employee Share Subscription Scheme 2004 (the "ESSS") was implemented on 26 October 2004. The ESSS comprised 73,913,044 ordinary shares of $0.23 per share, which were fully allotted and issued by the Company.

The share-based expense to be recognised by the Group and Company over the three years amounted to $2,457,000 and $1,027,000 respectively. The share-based expense was based on the fair value price of $0.2965 per share which represented a discount from the estimated value of the Company's pre-IPO share price.

(b) Employee share option scheme

The Olam Employee Share Option Scheme (the "ESOS") was approved by shareholders at an Extraordinary General Meeting held on 4 January 2005. The ESOS rules were amended on 29 October 2008 at the Extraordinary General Meeting of the Company. Under the amended rules, the directors (including Non-Executive Directors and Independent Directors) and employees of the Group are eligible to participate in the ESOS and all subsequent options issued to Group's employees and Executive Directors shall have a life of 10 years instead of 5. For Options granted to the Company's Non-Executive Directors and Independent Directors, the Option Period shall be no longer than 5 years.

The shares issued upon the options being exercised carry full dividend and voting rights.

Controlling Shareholders and associates of Controlling Shareholders are not eligible to participate in the ESOS.

30. Employee benefits expenses (cont'd)

(b) Employee share option scheme (cont'd)

On 4 January 2005, 15,000,000 share options were issued to the group managing director and CEO, Sunny George Verghese. These share options are exercisable and hence vested in 3 equal tranches over the three years from the Company's listing date (11 February 2005). The total share-based expense to be recognised over the vesting period with respect to these options amounted to $736,512. The contractual life of the options is 10 years. There are no cash settlement alternatives.

Further, the following options were issued as of 30 June 2011. All these options have a contractual life of 5 to 10 years with no cash settlement alternatives.

Date of issue	No. of share options issued	Total share-based expense $'000	Vesting period	In annual tranches of %
1 June 2006	**42,995,160**	**10,068**	4 years	22, 32, 37, 9
2 January 2007	**900,000**	**285**	4 years	10, 20, 30, 40
2 July 2007	**2,300,000**	**1,531**	3 years	25, 35, 40
5 September 2007	**2,000,000**	**1,231**	3 years	25, 35, 40
8 October 2007	**1,855,000**	**1,197**	3 years	25, 35, 40
29 October 2007	**400,000**	**259**	3 years	25, 35, 40
9 January 2008	**2,250,000**	**1,345**	3 years	25, 35, 40
12 June 2008	**1,780,000**	**1,161**	3 years	25, 35, 40
21 July 2009	**48,625,000**	**38,883**	4 years	0, 0, 25, 75
17 February 2010	**15,000,000**	**18,020**	3 years	33, 33, 34
23 July 2010	**5,980,000**	**5,388**	4 years	0, 0, 25, 75
17 December 2010	**2,380,000**	**2,726**	4 years	0, 0, 25, 75
14 March 2011	**2,425,000**	**2,142**	4 years	0, 0, 25, 75
	128,890,160	**84,236**		

There has been no cancellation or modification to the ESSS and ESOS during both 2011 and 2010.

(b) Employee share option scheme (cont'd)

Movement of share options during the financial year

The following table illustrates the number and weighted average exercise price (WAEP) of, and movements in, share options during the financial year:

	2011		2010	
	Number of share options	Weighted average exercise price $	Number of share options	Weighted average exercise price $
Outstanding at the beginning of the year	**109,831,116**	**1.94**	56,300,825	1.52
Granted during the year [1]	**10,785,000**	**2.74**	63,625,000	2.30
Forfeited during the year	**(1,921,000)**	**2.36**	(3,232,500)	2.59
Exercised during the year [2]	**(25,382,116)**	**1.55**	(6,862,209)	1.52
Outstanding at the end of the year [3]	**93,313,000**	**2.13**	109,831,116	1.94
Exercisable at end of year	**27,163,000**	**1.55**	44,786,116	1.37

(1) The weighted average fair value of options granted during the financial year ended 30 June 2011 was $0.95 (2010: $0.88).

(2) The weighted average share price when the options were exercised was $2.93 (2010: $2.53).

(3) The range of exercise prices for options outstanding at the end of the year was $0.62 to $3.14 (2010: $0.62 to $3.14). The weighted average remaining contractual life for these options is 7.05 years (2010: 6.18 years).

The fair value of share options as at the date of grant, is estimated by the Company using the Black Scholes Model, taking into account the terms and conditions upon which the options are granted. The expected life of the option is based on the assumption that the options would be exercised within six months of the vesting date. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome. The inputs to the model used for the share options granted during financial years ended 30 June 2011 and 2010 are shown below:

Grant date	21 July 2009	
Vested in	3 Year	4 Year
Dividend yield (%)	1.92	2.40
Expected volatility (%)	57.10	56.70
Risk free interest rate (%)	0.82	1.09
Expected life of the option (years)	6.50	7.00
Share price of underlying equity ($)	2.28	2.28

30. Employee benefits expenses (cont'd)

(b) Employee share option scheme (cont'd)

Grant date	17 February 2010		
Vested in	1 Year	2 Year	3 Year
Dividend yield (%)	1.86	2.33	2.91
Expected volatility (%)	57.05	57.05	57.05
Risk free interest rate (%)	3.13	3.13	3.13
Expected life of the option (years)	10.00	10.00	10.00
Share price of underlying equity ($)	2.35	2.35	2.35

Grant date	23 July 2010	
Vested in	3 Year	4 Year
Dividend yield (%)	2.13	2.66
Expected volatility (%)	56.02	56.62
Risk free interest rate (%)	0.70	1.27
Expected life of the option (years)	6.50	7.00
Share price of underlying equity ($)	2.64	2.64

Grant date	17 December 2010	
Vested in	3 Year	4 Year
Dividend yield (%)	1.81	2.27
Expected volatility (%)	53.02	53.75
Risk free interest rate (%)	2.25	3.63
Expected life of the option (years)	6.50	7.00
Share price of underlying equity ($)	3.10	3.10

Grant date	14 March 2011	
Vested in	3 Year	4 Year
Dividend yield (%)	2.14	2.67
Expected volatility (%)	54.46	55.19
Risk free interest rate (%)	1.11	1.50
Expected life of the option (years)	6.50	7.00
Share price of underlying equity ($)	2.63	2.63

31. Related party disclosures

An entity or individual is considered a related party of the Group for the purposes of the financial statements if: i) it possesses the ability (directly or indirectly) to control or exercise significant influence over the operating and financial decisions of the Group or vice versa; ii) it is subject to common control or common significant influence.

The following are the significant related party transactions entered into by the Company and Group in the ordinary course of business on terms agreed between the parties:

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Subsidiary companies:				
– Sales	**–**	–	**1,913,622**	1,582,931
– Purchases	**–**	–	**3,887,297**	2,990,882
– Insurance premiums paid	**–**	–	**5,004**	5,319
– Commissions paid	**–**	–	**22,504**	13,212
– Interest received on loan	**–**	–	**72,885**	18,752
– Consultancy fee paid	**–**	–	**7,951**	6,505
– Management fee received	**–**	–	**19,091**	5,076
Purchases from associate	**101,522**	96,936	**101,522**	96,936
Shareholder related companies:				
– Purchase of motor vehicles and other assets	**513**	1,374	**–**	–

32. Compensation of directors and key management personnel

The remuneration of directors and key management personnel during the years is as follows:

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Directors' fees	**825**	817	**825**	817
Salaries and employee benefits	**22,617**	10,603	**16,971**	10,002
Central Provident Fund contributions and equivalents	**357**	196	**83**	127
Share-based expense	**10,645**	2,998	**10,260**	2,632
	34,444	14,614	**28,139**	13,578
Comprising amounts paid to:				
– Directors of the Company	**19,977**	8,532	**19,977**	8,532
– Key management personnel	**14,467**	6,082	**8,162**	5,046
	34,444	14,614	**28,139**	13,578

32. Compensation of directors and key management personnel (cont'd)

Directors' interest in employee share benefit plans

At the end of the reporting date, the total number of outstanding share options which were issued/allocated to the directors and key management personnel under existing employee benefit schemes is given below:

	2011 Share options	2010 Share options
Employee Share Option Scheme:		
Directors	**33,650,000**	35,250,000
Key management personnel	**10,950,000**	14,515,000

33. Cash and short-term fixed deposits

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Cash and bank balances	**829,085**	412,426	**465,588**	141,232
Fixed deposits	**43,162**	259,117	**36,462**	247,425
	872,247	671,543	**502,050**	388,657

Cash at banks earns interest at floating rates based on daily bank deposit rates ranging from 0.10% to 4.40% (2010: 0.02% to 4.00%) per annum. Short-term deposits are made for varying periods between 1 and 365 days (2010: 1 to 365 days) depending on the immediate cash requirements of the Group, and earn interests at floating rates ranging from 0.08% to 8.75% (2010: 0.06% to 10.00%) per annum.

Cash and short-term fixed deposits denominated in foreign currencies at 30 June are as follows:

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
United States Dollar	**50,270**	27,244	**–**	–
Great Britain Pound	**23,325**	38,456	**17,334**	38,455
Euro	**29,937**	17,296	**28,659**	17,214
Singapore Dollar	**5,761**	6,682	**5,494**	6,681

33. Cash and short-term fixed deposits (cont'd)

Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following:

	Group	
	2011 $'000	**2010 $'000**
Cash and bank balances	**829,085**	412,426
Fixed deposits	**43,162**	259,117
Bank overdrafts (Note 24)	**(437,169)**	(167,611)
	435,078	503,932

Bank overdrafts are included in the determination of cash and cash equivalents because they form an integral part of the Group's cash management.

34. Financial risk management policies and objectives

The Group's principal financial instruments, other than derivative financial instruments and investment in security, comprise bank loans, medium-term notes, term loans from banks, bonds, cash and bank balances, fixed deposits and bank overdrafts. The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The Group also enters into derivative transactions, including interest rate swaps, commodity options, swaps and futures contracts and foreign currency forward contracts. The purpose is to manage the commodity price risk, foreign currency risk and interest rate risk arising from the Group's operations and its sources of financing.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

The main risks arising from the Group's financial instruments are commodity price risk, credit risk, foreign currency risk, liquidity risk and interest rate risk. The Board of Directors reviews and agrees on the policies for managing each of these risks and they are summarised below:

(a) Commodity price risk

Commodities traded by the Group are subject to fluctuations due to a number of factors that result in price risk. The Group purchases and sells various derivative products, primarily exchange traded futures and options with the purpose of managing market exposure to adverse price movements in these commodities. The Group has established policies and exposure limits that restrict the amount of unhedged fixed price physical positions in each commodity.

34. Financial risk management policies and objectives (cont'd)

(a) Commodity price risk (cont'd)

The Group also enters into commodity derivatives for trading purposes. The Group's trading market risk appetite is determined by the Board of Directors, with detailed exposure limits recommended by the Executive Risk Committee and approved by the Board Risk Committee.

At balance sheet date, if the commodities price index moved by 1.0% with all other variables held constant, the Group's profit net of tax would have changed by $21,118,000 (2010: $7,039,000) and equity would have changed inversely by $8,140,000 (2010: $9,471,000) arising as a result of fair value on Group's commodity futures, options contracts, physical sales and purchases commitments as well as the inventory held at balance sheet date.

(b) Credit risk

Credit risk is limited to the risk arising from the inability of a customer to make payment when due. It is the Group's policy to provide credit terms only to creditworthy customers. These debts are continually monitored and therefore, the Group does not expect to incur material credit losses.

The carrying amounts of trade and other receivables, advances to suppliers, margin accounts with brokers, cash and short-term deposits payments, including derivatives with positive fair value represent the Group's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk. Deposits and cash balances are placed with reputable banks.

The Group has no significant concentration of credit risk with any single customer.

Exposure to credit risk

At the balance sheet date, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheets, including derivatives with positive fair values.

The Group's maximum exposure to credit risk for trade debtors at the balance sheet date is as follows:

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
By operating segments:				
Edible nuts, spices and beans	**353,408**	233,992	**136,033**	116,414
Confectionery and beverage ingredients	**389,268**	187,647	**178,002**	23,286
Industrial raw materials	**482,044**	220,577	**97,042**	79,067
Food staples and packaged food business	**218,873**	215,471	**34,952**	56,049
Commodity financial services	**963**	–	**–**	–
	1,444,556	857,687	**446,029**	274,816

34. Financial risk management policies and objectives (cont'd)

(b) Credit risk (cont'd)

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 17 (Trade receivables).

(c) Foreign currency risk

The Group trades its products in several countries and, as a result, is exposed to movements in foreign currency exchange rates. The primary purpose of the Group's foreign currency hedging activities is to protect against the volatility associated with foreign currency purchases and sales of raw materials and other assets and liabilities created in the normal course of business. The Group primarily utilises foreign currency forward exchange contracts to hedge firm commitments. The Group does not use foreign currency forward exchange contracts for trading purposes.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities. The foreign currencies in which these transactions are denominated are mainly United States Dollar (USD), Great Britain Pound (GBP), Euro (EUR), Australian Dollar (AUD) and Singapore Dollar (SGD).

The following table demonstrates the sensitivity of the Group's profit before tax and equity to a reasonably possible change in the USD, GBP, EUR, AUD and SGD exchange rates, with all other variables held constant.

	Group			
	2011		2010	
	Profit net of tax $'000 Increase/ (decrease)	Equity $'000 Increase/ (decrease)	Profit net of tax $'000 Increase/ (decrease)	Equity $'000 Increase/ (decrease)
USD – strengthened 0.5%	**(4,364)**	**(443)**	(2,841)	(224)
GBP – strengthened 0.5%	**(1,158)**	**(914)**	(557)	(839)
EUR – strengthened 0.5%	**(1,850)**	**(1,960)**	957	82
AUD – strengthened 0.5%	**(563)**	**(1,097)**	1,681	(2,647)
SGD – strengthened 0.5%	**(10)**	**3,205**	(3,745)	2,237

34. Financial risk management policies and objectives (cont'd)

(d) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations associated with its financial liabilities or due to shortage of funds.

To ensure continuity of funding, the Group primarily uses short-term bank facilities which are transaction-linked and self-liquidating in nature. The Group also has a multicurrency medium-term notes programme, as well as term loans from banks, to fund its ongoing working capital requirement and growth needs.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the balance sheet date based on contractual undiscounted repayment obligations.

	2011 $'000				2010 $'000			
	One year or less	One to five years	Over five years	Total	One year or less	One to five years	Over five years	Total
Group								
Financial liabilities:								
Trade payables and accruals (Note 22)	**1,095,603**	**–**	**–**	**1,095,603**	648,391	–	–	648,391
Other current liabilities (Note 23)	**56,650**	**–**	**–**	**56,650**	68,689	–	–	68,689
Borrowings	**3,810,537**	**2,425,314**	**1,128,694**	**7,364,545**	2,313,788	1,649,185	571,641	4,534,614
Derivative financial instruments (Note 35)	**2,287,250**	**–**	**–**	**2,287,250**	608,046	–	–	608,046
Total undiscounted financial liabilities	**7,250,040**	**2,425,314**	**1,128,694**	**10,804,048**	3,638,914	1,649,185	571,641	5,859,740
Company								
Financial liabilities:								
Trade payables and accruals (Note 22)	**378,328**	**–**	**–**	**378,328**	330,343	–	–	330,343
Other current liabilities (Note 23)	**18,700**	**–**	**–**	**18,700**	34,388	–	–	34,388
Borrowings	**2,080,336**	**1,289,663**	**1,027,846**	**4,397,845**	1,575,953	1,456,666	565,523	3,598,142
Derivative financial instruments (Note 35)	**2,026,427**	**–**	**–**	**2,026,427**	562,004	–	–	562,004
Total undiscounted financial liabilities	**4,503,791**	**1,289,663**	**1,027,846**	**6,821,300**	2,502,688	1,456,666	565,523	4,524,877

34. Financial risk management policies and objectives (cont'd)

(d) Liquidity risk (cont'd)

The table below shows the contractual expiry by maturity of the Group and Company's contingent liabilities and commitments. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

	2011 $'000				2010 $'000			
	One year or less	One to five years	Over five years	Total	One year or less	One to five years	Over five years	Total
Group								
Financial guarantees	–	–	–	–	–	–	–	–
Company								
Financial guarantees	1,367,241	–	–	1,367,241	547,789	–	–	547,789

(e) Interest rate risk

The Company's and the Group's exposure to market risk for changes in interest rates relate primarily to its floating rate loans and borrowings. Interest rate risk is managed by management on an on-going basis such as managing the risk through interest rate derivatives with the primary objective of limiting the extent to which net interest exposure could be affected by adverse movements in interest rates. The details of the interest rates relating to the interest-earning financial assets and interest-bearing financial liabilities are disclosed in various notes of the financial statements.

At the balance sheet date, if interest rates had moved by 25 basis points with all other variables held constant, the Group's profit net of tax would have changed inversely by $9,662,000 (2010: $8,216,000).

35. Fair values of financial instruments

(a) Fair value of financial instruments that are carried at fair value

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	Group 2011			
	Quoted prices in active markets for identical instruments (Level 1) $'000	Significant other observable inputs (Level 2) $'000	Significant unobservable inputs (Level 3) $'000	Total $'000
Financial assets:				
Derivatives financial instruments				
– Foreign exchange contracts	–	234,617	–	234,617
– Commodity contracts	747,233	759,940	568,281	2,075,454
– Convertible bonds	–	73	–	73
	747,233	994,630	568,281	2,310,144
Financial liabilities:				
Derivatives financial instruments				
– Foreign exchange contracts	–	40,526	–	40,526
– Commodity contracts	1,141,283	954,610	77,093	2,172,986
– Interest rate swaps	–	73,738	–	73,738
	1,141,283	1,068,874	77,093	2,287,250

35. Fair values of financial instruments

(a) Fair value of financial instruments that are carried at fair value

	Group 2010			
	Quoted prices in active markets for identical instruments (Level 1) $'000	Significant other observable inputs (Level 2) $'000	Significant unobservable inputs (Level 3) $'000	Total $'000
Financial assets:				
Derivatives financial instruments				
– Foreign exchange contracts	–	87,830	–	87,830
– Commodity contracts	249,025	260,403	–	509,428
– Convertible bonds	–	60,012	–	60,012
	249,025	408,245	–	657,270
Financial liabilities:				
Derivatives financial instruments				
– Foreign exchange contracts	–	65,799	–	65,799
– Commodity contracts	272,964	174,225	–	447,189
– Interest rate swaps	–	95,058	–	95,058
	272,964	335,082	–	608,046

Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e. derived from prices), and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial instruments transferred from Level 2 to Level 3

During the financial year ended 30 June 2011, the Group transferred certain financial instruments from Level 2 to Level 3 of the fair value hierarchy, due to changes in inputs to the valuation models to better represent the fair value of the physical forward contracts. The carrying amount of the total financial assets transferred from FY 2010 was $72,621,000.

35. Fair values of financial instruments (cont'd)

(a) Fair value of financial instruments that are carried at fair value (cont'd)

Impact of changes to key assumptions on fair value of Level 3 financial instruments

For certain commodity contracts, the fair value had been determined using a fair value model. The valuation requires management to make certain assumptions about the model inputs, including forward prices, credit risk and volatility that may not be supported by observable market data.

Management has determined that the potential effect of adjusting the assumptions to the model inputs of the valuation model by +/- 1% would have changed the profit or loss for the Group by $3,764,000 (2010: $Nil). The carrying amount of the physical contracts at 30 June 2011 is $491,188,000 (2010: $Nil).

Derivative financial instruments

The fair value of derivative financial instruments is as follows:

	Group		Company	
	Fair value		Fair value	
	Assets $'000	Liabilities $'000	Assets $'000	Liabilities $'000
2011				
Derivatives held for hedging [1]				
Foreign exchange contracts	234,617	40,526	54,823	38,706
Commodity contracts	2,046,972	2,162,784	1,444,337	1,913,983
Interest rate swaps	–	73,738	–	73,738
Total derivatives held for hedging	2,281,589	2,277,048	1,499,160	2,026,427
Derivatives held for trading				
Commodity contracts	28,482	10,202	–	–
Convertible bonds	73	–	73	–
Total derivatives held for trading	28,555	10,202	73	–
Total derivatives	2,310,144	2,287,250	1,499,233	2,026,427

[1] Derivatives held for hedging that were assessed to be ineffective or classified as fair value through profit or loss are recognised in profit and loss accounts.

35. Fair values of financial instruments (cont'd)

(a) Fair value of financial instruments that are carried at fair value (cont'd)

Derivative financial instruments (cont'd)

	Group Fair value		Company Fair value	
	Assets $'000	Liabilities $'000	Assets $'000	Liabilities $'000
2010				
Derivatives held for hedging [1]				
Foreign exchange contracts	87,830	65,799	53,630	46,443
Commodity contracts	433,168	372,807	405,120	346,121
Interest rate swaps	–	95,058	–	95,058
Total derivatives held for hedging	520,998	533,664	458,750	487,622
Derivatives held for trading				
Commodity derivatives				
Commodity contracts	76,260	74,382	76,260	74,382
Convertible bonds	60,012	–	60,012	–
Total derivatives held for trading	136,272	74,382	136,272	74,382
Total derivatives	657,270	608,046	595,022	562,004

(1) Derivatives held for hedging that were assessed to be ineffective or classified as fair value through profit or loss are recognised in profit and loss accounts.

As at 30 June 2011, the settlement dates on open foreign exchange derivatives and commodity derivatives ranged between 1 and 23 months (2010: 1 and 23 months).

The foreign exchange derivatives held for hedging are used to hedge the foreign currency risk of future purchases or sales. The commodity derivatives held for hedging are used to hedge the commodity price risk related to forecasted transactions. The interest rate derivatives held for hedging are used to hedge the interest rate risk related to the floating rate loans. In addition, a portion of the commodity derivatives are used for trading purposes.

For all the foreign exchange and commodity derivatives used for hedging purposes, the forecasted transactions are expected to occur within 23 months (2010: 23 months). For all cases where the Group applies hedge accounting, the fair value of the derivative recorded in the fair value adjustment reserves will be recycled through the profit and loss accounts upon occurrence of the forecasted transactions.

Cash flow hedges of expected transactions that were assessed to be highly effective have resulted in a net fair value loss of $322,749,000 and $323,267,000 for the Group and Company respectively (2010: $248,415,000 and $264,403,000 respectively).

No cash flow hedges of expected transactions were assessed to be ineffective under FRS 39 and recognised in the profit and loss accounts for the Group and the Company for the year (2010: $Nil).

35. Fair values of financial instruments (cont'd)

(b) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

(i) Cash and short-term deposits, trade receivables, advance payments to suppliers, other current assets, margin accounts with brokers, amounts due from subsidiary companies, trade payables and accruals and other current liabilities

The fair values of these financial instruments approximate their carrying amounts at the balance sheet date because of their short-term maturity.

(ii) Borrowings

The carrying amount of the borrowings except for medium term notes and other bonds are approximation of fair values as they are subjected to frequent repricing (floating rates).

The fair value of medium term notes and other bonds are estimated by discounting expected future cash flows at market incremental lending rate at the reporting date.

There are no material differences between carrying amounts and the fair values of medium term notes and other bonds for the current financial year.

36. Capital management

The primary objective of the Group's capital management is to achieve sustainable growth and maximise return to the shareholders.

The Group manages the capital structure by a balanced mix of debt and equity. Necessary adjustments are made in the capital structure considering the factors viz., the changes in the general economic conditions, available options of financing and the impact of the same on the liquidity position. Higher leverage is used for funding more liquid working capital needs and conservative leverage is used for long-term capital investments.

The Group calculates the level of debt capital required to finance the working capital requirements using traditional and modified financial metrics including leverage/gearing ratios and asset turnover ratios.

As of balance sheet date, leverage ratios are as follows:

	Group	
	2011	**2010**
Gross debt to equity:		
– Before fair value adjustment reserve	**2.56x**	2.23x
Net debt to equity:		
– Before fair value adjustment reserve	**2.22x**	1.90x

The Group assesses the level of debt capital used to finance capital investment in respect of the projected risk and returns of these investments using a number of traditional and modified investment and analytical models including discounted cash flows. It also assesses the use of debt capital to fund such investments relative to the impact on the Group's overall debt capital position and capital structure.

In order to manage its capital structure, the Group may issue debt of either a fixed or floating nature, arrange credit facilities, issue medium-term notes, issue new shares or convertible bonds and adjust dividend payments.

37. Classification of financial assets and liabilities

Group	2011 Loans and receivables $'000	Carried at amortised cost $'000	Held for hedging $'000	Fair value through profit or loss/held for trading $'000
Financial assets:				
Loans to jointly controlled entities (Note 14)	**148,306**	**–**	**–**	**–**
Trade receivables (Note 17)	**1,595,446**	**–**	**–**	**–**
Margin accounts with brokers (Note 18)	**457,133**	**–**	**–**	**–**
Advance payments to suppliers (Note 20)	**222,207**	**–**	**–**	**–**
Other current assets (Note 21)	**234,813**	**–**	**–**	**38,950**
Cash and short-term fixed deposits (Note 33)	**872,247**	**–**	**–**	**–**
Derivative financial instruments (Note 35)	**–**	**–**	**2,281,589**	**28,555**
Other non-current assets (Note 21)	**10,004**	**–**	**–**	**–**
	3,540,156	**–**	**2,281,589**	**67,505**
Financial liabilities:				
Trade payables and accruals (Note 22)	**–**	**1,095,603**	**–**	**–**
Other current liabilities (Note 23)	**–**	**104,736**	**–**	**–**
Borrowings (Note 24)	**–**	**6,580,570**	**–**	**–**
Derivative financial instruments (Note 35)	**–**	**–**	**2,277,048**	**10,202**
	–	**7,780,909**	**2,277,048**	**10,202**

Group	2010 Loans and receivables $'000	Carried at amortised cost $'000	Held for hedging $'000	Available-for-sale assets $'000	Fair value through profit or loss/held for trading $'000
Financial assets:					
Loans to jointly controlled entities (Note 14)	168,951	–	–	–	–
Long-term investment (Note 15)	–	–	–	18,752	–
Trade receivables (Note 17)	976,781	–	–	–	–
Margin accounts with brokers (Note 18)	152,815	–	–	–	–
Advance payments to suppliers (Note 20)	237,784	–	–	–	–
Other current assets (Note 21)	289,272	–	–	–	–
Cash and short-term fixed deposits (Note 33)	671,543	–	–	–	–
Derivative financial instruments (Note 35)	–	–	520,998	–	136,272
Other non-current assets (Note 21)	4,161	–	–	–	–
	2,501,307	–	520,998	18,752	136,272
Financial liabilities:					
Trade payables and accruals (Note 22)	–	648,391	–	–	–
Other current liabilities (Note 23)	–	94,181	–	–	–
Borrowings (Note 24)	–	4,503,004	–	–	–
Derivative financial instruments (Note 35)	–	–	533,664	–	74,382
	–	5,245,576	533,664	–	74,382

37. Classification of financial assets and liabilities (cont'd)

Company	2011 Loans and receivables $'000	Carried at amortised cost $'000	Held for hedging $'000	Fair value through profit or loss/held for trading $'000
Financial assets:				
Loans to subsidiary companies (Note 13)	188,149	–	–	–
Loans to jointly controlled entities (Note 14)	148,306	–	–	–
Amounts due from subsidiary companies (Note 16)	1,945,035	–	–	–
Trade receivables (Note 17)	446,340	–	–	–
Margin accounts with brokers (Note 18)	444,978	–	–	–
Advance payments to suppliers (Note 20)	1,280,118	–	–	–
Other current assets (Note 21)	14,202	–	–	38,950
Cash and short-term fixed deposits (Note 33)	502,050	–	–	–
Derivative financial instruments (Note 35)	–	–	1,499,160	73
	4,969,178	–	1,499,160	39,023
Financial liabilities:				
Trade payables and accruals (Note 22)	–	378,328	–	–
Other current liabilities (Note 23)	–	56,371	–	–
Borrowings (Note 24)	–	3,765,696	–	–
Derivative financial instruments (Note 35)	–	–	2,026,427	–
	–	4,200,395	2,026,427	–

Company	2010 Loans and receivables $'000	Carried at amortised cost $'000	Held for hedging $'000	Available-for-sale assets $'000	Fair value through profit or loss/held for trading $'000
Financial assets:					
Loans to subsidiary companies (Note 13)	416,437	–	–	–	–
Loans to jointly controlled entities (Note 14)	168,951	–	–	–	–
Long-term investment (Note 15)	–	–	–	18,752	–
Amounts due from subsidiary companies (Note 16)	1,340,165	–	–	–	–
Trade receivables (Note 17)	275,388	–	–	–	–
Margin accounts with brokers (Note 18)	165,164	–	–	–	–
Advance payments to suppliers (Note 20)	1,501,306	–	–	–	–
Other current assets (Note 21)	77,743	–	–	–	–
Cash and short-term fixed deposits (Note 33)	388,657	–	–	–	–
Derivative financial instruments (Note 35)	–	–	458,750	–	136,272
	4,333,811	–	458,750	18,752	136,272
Financial liabilities:					
Trade payables and accruals (Note 22)	–	330,343	–	–	–
Other current liabilities (Note 23)	–	56,982	–	–	–
Borrowings (Note 24)	–	3,575,548	–	–	–
Derivative financial instruments (Note 35)	–	–	487,622	–	74,382
	–	3,962,873	487,622	–	74,382

38. Segmental information

The Group's businesses are organised and managed as 5 broad segments grouped in relation to different types and nature of products traded. The Group's supply chain activities of sourcing, processing and merchandising span across a broad range of agricultural products.

The segmentation of products has been done in the following manner:

- Edible Nuts, Spices and Beans – cashews, peanuts, almonds, spices and dehydrates, sesame and beans including pulses, lentils and peas.
- Confectionery and Beverage Ingredients – cocoa, coffee and sheanuts.
- Industrial Raw Materials – cotton, wool, wood products, rubber, agri inputs (fertiliser) and special economic zone.
- Food Staples and Packaged Foods – rice, sugar, wheat, barley, palm, dairy products and packaged foods.
- Commodity Financial Services – market making, risk management solutions, commodity fund management

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise corporate cash, fixed deposits, other receivables and corporate liabilities such as taxation, amounts due to bankers and medium-term notes. Assets which are unallocated are common and shared by segments and thus it is not practical to allocate them.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance cost) which is managed on group basis and income tax which is evaluated on group basis are not allocated to operating segments.

The turnover by geographical segments is based on the location of customers regardless of where the goods are produced. The assets and capital expenditure are attributed to the location of those assets.

Segment accounting policies are the same as the policies of the Group as described in Note 2. The Group generally accounts for inter-segment sales and transfers as if the sales or transfers were to third parties at current market prices.

38. Segmental information (cont'd)

(a) Business segments

	Edible nuts, spices and beans		Confectionery and beverage ingredients	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Segment revenue :				
Sales to external customers	**2,183,158**	1,489,434	**6,361,459**	4,080,307
Segment result	**163,314**	109,548	**204,409**	132,416
Net finance costs	**–**	–	**–**	–
Finance income	**–**	–	**–**	–
Share of results from jointly controlled entities	**208**	–	**284**	605
Share of results from associate	**–**	–	**–**	–
Impairment of investment in associate	**–**	–	**–**	–
Unallocated income (1)				
Profit before taxation				
Taxation expense				
Profit for the financial year				
Segment assets	**2,651,552**	1,750,612	**2,020,117**	1,964,687
Unallocated assets (2)				
Segment liabilities	**221,983**	79,393	**236,352**	329,288
Unallocated liabilities (3)				
Other segmental information:				
Impairment of property, plant and equipment/intangible assets	**–**	–	**–**	–
Depreciation and amortisation	**26,354**	29,026	**10,782**	8,750
Capital expenditure	**171,440**	355,232	**43,698**	50,433

(b) Geographical segments

	Asia, Middle East and Australia		Africa	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Segment revenue:				
Sales to external customers	**5,144,122**	4,752,291	**2,693,668**	1,717,632
Intersegment sales	**1,820,200**	2,506,689	**2,425,291**	1,296,673
	6,964,322	7,258,980	**5,118,959**	3,014,305
Non-current assets (4)	**1,455,847**	1,364,422	**572,588**	366,201

Industrial raw materials		Food staples and packaged foods		Commodity financial services		Consolidated	
2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000
3,730,049	2,295,746	**3,460,279**	2,589,545	**–**	–	**15,734,945**	10,455,032
210,734	151,448	**157,656**	111,386	**20,906**	20,622	**757,019**	525,420
–	–	**–**	–	**–**	–	**(344,358)**	(227,475)
–	–	**–**	–	**–**	–	**12,375**	21,689
(395)	36	**36,647**	14,647	**–**	–	**36,744**	15,288
–	–	**(8,576)**	(2,364)	**–**	–	**(8,576)**	(2,364)
–	–	**(35,596)**	–	**–**	–	**(35,596)**	–
						92,657	87,637
						510,265	420,195
						(65,697)	(60,446)
						444,568	359,749
4,224,826	1,410,996	**2,184,514**	1,389,748	**15,632**	147,575	**11,096,641**	6,663,618
						1,483,495	1,141,040
						12,580,136	7,804,658
2,395,711	291,118	**460,016**	413,418	**13,753**	82,550	**3,327,815**	1,195,767
						6,949,959	4,838,106
						10,277,774	6,033,873
–	4,796	**–**	–	**–**	–	**–**	4,796
53,256	13,970	**15,857**	20,058	**1,319**	–	**107,568**	71,804
78,090	29,196	**403,025**	216,540	**549**	–	**696,802**	651,401

Europe		Americas		Eliminations		Consolidated	
2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000
3,709,251	2,400,531	**4,187,904**	1,584,578	**–**	–	**15,734,945**	10,455,032
324,958	211,593	**1,443,613**	679,497	**(6,014,062)**	(4,694,452)	**–**	–
4,034,209	2,612,124	**5,631,517**	2,264,075	**(6,014,062)**	(4,694,452)	**15,734,945**	10,455,032
17,971	8,245	**934,291**	392,895	**–**	–	**2,980,697**	2,131,763

38. Segmental information (cont'd)

(c) Information on major customers

The Group has no major customers accounting for more than 10% of the turnover.

(1) Unallocated income mainly relates to negative goodwill, net of related transaction costs.

(2) The following unallocated assets items are added to segment assets to arrive at total assets reported in the consolidated balance sheet:

	Group	
	2011 $'000	2010 $'000
Cash and bank balances	**829,085**	412,426
Deferred tax assets	**43,053**	63,978
Fixed deposits	**43,162**	259,117
Other current / non-current assets	**568,122**	345,507
Fair value of derivative assets	**73**	60,012
	1,483,495	1,141,040

(3) The following unallocated liabilities items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated balance sheet:

	Group	
	2011 $'000	2010 $'000
Borrowings	**6,580,570**	4,503,004
Deferred tax liabilities	**177,283**	140,861
Other liabilities	**93,606**	64,263
Provision for taxation	**24,762**	34,920
Fair value of derivative liabilities	**73,738**	95,058
	6,949,959	4,838,106

(4) Non-current assets mainly relate to property, plant and equipment, intangible assets, biological assets and investments in jointly controlled entities and associates.

39. Events occurring after the reporting period

(a) On 29 July 2011, the Company announced that its fully underwritten US$1.25 billion Syndicated Term Loan Facility which comprised a US$625 million 3-year tranche and a US$625 million 5-year tranche had been successfully closed. Proceeds from the Facility would be applied towards refinancing of existing debts, as well as for working capital and for general corporate funding requirements of the Company, including capital expenditure and expansion of its supply chain management business.

(b) On 31 August 2011, the Company announced its acquisition of 100% shareholding of Hemarus Industries Limited with its 3,500 tons crush per day (TCD) sugar milling facility, a 20 MW co-generation facility and accompanying assets in India for a total purchase consideration of US$73.8 million. Olam would further invest US$6.6 million to enhance the sugar milling capacity to 5,000 TCD.

(c) On 12 September 2011, the Company, Tata Chemicals Limited and the Government of the Republic of Gabon ("RoG'') announced the signing of the Pre Construction Services Agreement for the proposed 1.3 million tons per annum (MTPA) Urea fertiliser plant in Gabon ("Project") between their Joint venture company Gabon Fertiliser Company and Technip S.A.. The Project is based on natural gas as feedstock to be supplied at competitive price by RoG and will produce granular Urea.

40. Comparatives

During the year, the Group re-presented certain line items within the profit and loss accounts and balance sheets as disclosed below. The comparatives have also been re-presented for consistency.

Profit and Loss Accounts

"Sale of services" and "Net gain on changes in fair value of biological assets", which were previously included in "Other income", have been disclosed as separate line items.

Gain/(loss) on foreign exchange which was previously disclosed as a single line item has been included in "Other operating expenses" and separately disclosed in the notes to the financial statements.

Balance Sheets

"Interests in jointly controlled entities" and "Investment in associates", which were previously disclosed separately, have been combined into "Interests in jointly controlled entities and associates", with separate disclosures included in the notes to the financial statements.

"Cash and bank balances" and "Fixed deposits", which were previously disclosed separately, have been combined into "Cash and short-term fixed deposits" with separate disclosures in the notes to the financial statements.

"Amounts due to bankers", "Medium term notes" (both current and non-current) and "Convertible bonds" have been included in "Borrowings", with separate disclosures in the notes to the financial statements.

41. Authorisation of financial statements

The financial statements for the financial year ended 30 June 2011 were authorised for issue in accordance with a resolution of the directors on 28 September 2011.

Use of Proceeds

Capital raising exercise completed by the Company during the year:

Equity Fund Raising – Allotment and Issue of 94,408,000 New Ordinary Shares on 16 June 2011	Utilisation Status
Private placement of 94,408,000 new shares at the private placement issue price of S$2.60 per placement share to institutional and other investors for a total gross proceeds of S$245.46 million	The proceeds were fully drawn down to finance new capital expenditures and acquisitions for the Group and for the general corporate purposes of the Group.

Substantial Shareholders

(As recorded in the Register of Substantial Shareholders as at 16 September 2011) [(1)]

	Name of Shareholder	Direct	Deemed
1.	Kewalram Singapore Limited ("**Kewalram**")[(2)]	480,493,065	–
2.	Chanrai Investment Corporation Limited ("**CICL**")[(3)]	–	480,493,065
3.	Kewalram Chanrai Holdings Limited ("**KCH**")[(3)]	–	480,493,065
4.	GKC Trustees Limited as trustees of Girdhar Kewalram Chanrai Settlement ("**GKC Settlement**") [(3)]	–	480,493,065
5.	MKC Trustees Limited as trustees of Hariom Trust ("**HT**") [(3)]	–	480,493,065
6.	DKC Trustees as trustees of Dayal Damodar Chanrai Settlement ("**DDC Settlement**") [(3)]	–	480,493,065
7.	Investec Trustees (Jersey) Ltd as trustee of The PKC 2008 Settlement (formerly known as Pitamber Kewalram Chanrai Settlement) ("**PKC 2008 Settlement**") [(3)]	–	480,493,065
8.	Breedens Investments Pte. Ltd. ("**Breedens**")	311,136,140	–
9.	Seletar Investments Pte Ltd ("**Seletar**") [(4)]	–	390,398,453
10.	Temasek Capital (Private) Limited ("**Temasek Capital**") [(4)]	–	390,398,453
11.	Temasek Holdings (Private) Limited ("**Temasek Holdings**") [(4)]	–	398,672,040
12.	The Capital Group Companies, Inc. ("**CGC**") [(5)]	–	165,805,756
13.	AllianceBernstein L.P ("**ABLP**") [(6)]		145,967,663
14.	(a) AXA America Holdings Inc. (b) Oudinot Participations. (c) AXA Financial, Inc. (d) AXA Equitable Financial Services, LLC (e) AXA Equitable Life Insurance Company (f) ACMC, Inc. (g) AllianceBernstein Holding L.P. (collectively "**AXA Group**") [(6)]	–	145,967,963
15.	AXA S.A [(6)]	–	146,035,663

Notes:

1 Based on 2,442,284,869 shares (excluding treasury shares) as at 16 September 2011.

2 Kewalram Singapore Limited's shares are held in the following manner:

i. 372,265,793 Ordinary Shares under its own name

ii. 28,227,272 Ordinary Shares under Citibank Nominees Singapore Pte Ltd

iii. 80,000,000 Ordinary Shares under Raffles Nominees (Pte) Limited

3 Kewalram Singapore Limited ("Kewalram") is a wholly-owned subsidiary of Chanrai Investment Corporation Limited ("CICL"), which in turn is a wholly-owned subsidiary of Kewalram Chanrai Holdings Limited ("KCH").

CICL and KCH are therefore deemed to be interested in the 480,493,065 Ordinary Shares held by Kewalram.

The GKC Settlement, Hariom Trust, the DDC Settlement and the PKC 2008 Settlement are shareholders of KCH, each holding approximately 28%, 28%, 28% and 16% respectively in the issued and paid-up capital of KCH. Pursuant to Section 7(4A) of the Companies Act, as the GKC Settlement, Hariom Trust and the DDC Settlement are associates of the PKC 2008 Settlement and vice versa, the PKC 2008 Settlement would be deemed to be interested in the shares held by Kewalram.

The GKC Settlement, Hariom Trust, the DDC Settlement and the PKC 2008 Settlement are therefore deemed to be interested in the 480,493,065 Ordinary Shares held by Kewalram in the Company.

4 Seletar is the holding company of Breedens and Aranda Investments Pte. Ltd. ("Aranda") and is deemed to be interested in the shares held by Breedens and Aranda.

Temasek Capital is the holding company of Seletar and is deemed to be interested in the shares held by Breedens and Aranda collectively.

Temasek Holdings is the holding company of Temasek Capital, which in turn is the holding company of Seletar, which in turn holds all issued shares in Breedens and Aranda. In addition, DBS Group Holdings Limited ("DBSH"), an associated company of Temasek Holdings has a deemed interest in 8,273,587 shares in the Company by virtue of Section 7 of the Companies Act (Cap. 50). Accordingly, Temasek Holdings has a deemed interest in an aggregate of 398,672,040 shares (being all shares held by Breedens, Aranda and DBSH).

5 CGC is deemed to be interested in the shares in the Company over which its subsidiaries have (a) no voting rights but disposal rights only as well as (b) both voting and disposal rights.

6 ABLP is deemed to have an interest in shares in the Company. The holdings represent the aggregate of interests that (i) ABLP is deemed to have in shares which are owned by client accounts which are managed by ABLP on a discretionary basis, and (ii) ABLP's subsidiaries are deemed to have in shares which are owned by client accounts which are managed by these subsidiaries on a discretionary basis.

AXA Group is deemed to have an interest in shares of the Company through their deemed interest in the interests of ABLP under either Section 7(4) or Section 7(4A) of the Companies Act (Cap. 50).

AXA S.A. is deemed to have an interest in the Company through its affiliates, ABLP and AXA Rosenberg Investment Management Asia Pacific Ltd ("ARIMAP"). ARIMAP's interests arise out of (i) interests in shares which are owned by client accounts which are managed by ARIMAP on a discretionary basis, as ARIMAP is generally entitled to exercise voting and/or disposal rights to these shares.

Statistics of Shareholdings

as at 16 September 2011

Issued and fully Paid-up Capital	:	S$2,148,435,224.065
Number of Ordinary Shares in Issue (excluding treasury shares)	:	2,442,284,869
Number of Treasury Shares held	:	Nil
Class of Shares	:	Ordinary
Voting Rights	:	1 vote per share

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 999	261	2.15	43,715	0.00
1,000 – 10,000	9,645	79.35	40,778,665	1.67
10,001 – 1,000,000	2,219	18.26	74,012,900	3.03
1,000,001 and above	29	0.24	2,327,449,589	95.30
TOTAL	**12,154**	**100.00**	**2,442,284,869**	**100.00**

Twenty Largest Shareholders

	Name	No. of Shares	%
1.	CITIBANK NOMINEES SINGAPORE PTE LTD	487,652,231	19.97
2.	KEWALRAM SINGAPORE LIMITED	372,265,793	15.24
3.	BREEDENS INVESTMENTS PTE LTD	311,136,140	12.74
4.	DBSN SERVICES PTE LTD	302,916,278	12.40
5.	DBS NOMINEES PTE LTD	254,825,831	10.43
6.	RAFFLES NOMINEES (PTE) LTD	167,434,519	6.86
7.	HSBC (SINGAPORE) NOMINEES PTE LTD	134,385,915	5.50
8.	UNITED OVERSEAS BANK NOMINEES PTE LTD	121,790,084	4.99
9.	ARANDA INVESTMENTS PTE LTD	79,262,313	3.25
10.	SUNNY GEORGE VERGHESE	19,419,206	0.80
11.	MERRILL LYNCH (SINGAPORE) PTE LTD	18,703,431	0.77
12.	UOB KAY HIAN PTE LTD	14,473,854	0.59
13.	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	9,603,186	0.39
14.	BNP PARIBAS SECURITIES SERVICES SINGAPORE	3,733,424	0.15
15.	DEVASHISH CHAUBEY	3,327,486	0.14
16.	CITIBANK CONSUMER NOMINEES PTE LTD	3,173,667	0.13
17.	DB NOMINEES (S) PTE LTD	3,095,384	0.13
18.	KRISHNAN RAVI KUMAR	2,825,000	0.12
19.	PHILLIP SECURITIES PTE LTD	2,498,696	0.10
20.	BANK OF SINAPORE NOMINEES PTE LTD	2,396,303	0.10
	TOTAL	**2,314,918,741**	**94.80**

Bondholder of 1% Convertible Bonds Due 2013

Maturity Date	:	3 July 2013
Conversion Price	:	S$3.72 per share*
Conversion Premium	:	30% above reference share price i.e S$2.9588
Redemption Price	:	119.38% of principal amount on maturity date
Conversion Period	:	At any time on or after 13 August 2008 to 23 May 2013.

The US$300 million 1% convertible bonds due 2013 issued by Olam International Limited on 3 July 2008 (the "2008 CBs") are represented by a Global Certificate registered in name of The Bank of New York Depository (Nominees) Limited, which is a nominee of a Common Depository and holding the bonds on behalf for, Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme.

As at the latest practicable date, The Bank of New York Depository (Nominees) Limited, is entered in the register of holders as the holder of the balance US$15,600,000 2008 CBs. The identity of the holders of the beneficial interests in the 2008 CBs is not currently known.

* *The conversion price of the 2008 CBs was adjusted to S$3.72 per share with effect from 11 July 2011 pursuant to the subscription of 94,408,000 new ordinary shares in the capital of the Company by Breedens Investments Pte. Ltd., an indirect wholly-owned subsidiary of Temasek Holdings (Private) Limited, after taking into account the adjustments and amounts carried forward from the (i) private placement of 94,408,000 new ordinary shares to institutional and other investors; and (ii) pro rata and non-renounceable preferential offering of 97,292,951 new ordinary shares in the capital of the Company to entitled shareholders.*

Bondholder of 6% Convertible Bonds Due 2016

Due Date	:	15 October 2016
Conversion Price	:	S$3.04 per share#
Conversion Premium	:	25% above reference share price
Redemption Price	:	Principal amount together with unpaid accrued interest thereon on the maturity date i.e 15 October 2016
Conversion Period	:	At any time from 25 November 2009 up to the close of business on 5 October 2016

The US$500 million 6% convertible bonds due 2016 issued by Olam International Limited on 15 October 2009 and 5 November 2009 (the "2009 CBs") are represented by a Global Certificate registered in the name of The Bank of New York Depository (Nominees) Limited, which is a nominee of a Common Depository and holding the bonds on behalf for, Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking, société anonyme.

As at the latest practicable date, The Bank of New York Depository (Nominees) Limited, is entered in the register of holders as the holder of the balance US$500 million 2009 CBs. The identity of the holders of the beneficial interests in the 2009 CBs is not currently known.

\# *The conversion price of the 2009 CBs was adjusted to S$3.04 per share with effect from 11 July 2011 pursuant to the subscription of 94,408,000 new ordinary shares in the capital of the Company by Breedens Investments Pte. Ltd., an indirect wholly-owned subsidiary of Temasek Holdings (Private) Limited, after taking into account the adjustments and amounts carried forward from the (i) private placement of 94,408,000 new ordinary shares to institutional and other investors; and (ii) pro rata and non-renounceable preferential offering of 97,292,951 new ordinary shares in the capital of the Company to entitled shareholders.*

Public Float

Approximately 45.2% of the Company's shares are held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

Notice of Annual General Meeting

OLAM INTERNATIONAL LIMITED
(Company Registration No. 199504676H)
(Incorporated in Singapore with limited liability)

NOTICE IS HEREBY GIVEN that the Seventeenth Annual General Meeting of Olam International Limited ("the Company") will be held at Suntec Singapore International Convention & Exhibition Centre, Meeting Room 209 (Level 2), 1 Raffles Boulevard Suntec City, Singapore 039593 on Friday, 28 October 2011 at 2.00 p.m. for the following purposes:

As Ordinary Business

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the year ended 30 June 2011 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a first and final dividend of 5 cents per share tax exempt (one-tier) for the year ended 30 June 2011. (FY2010: 4.5 cents) **(Resolution 2)**

3. To re-elect the following Directors of the Company retiring pursuant to Article 103 of the Articles of Association of the Company:-

Mr. Narain Girdhar Chanrai	(Retiring under Article 103)	**(Resolution 3)**
Mr. Sunny George Verghese	(Retiring under Article 103)	**(Resolution 4)**
Mr. Shekhar Anantharaman	(Retiring under Article 103)	**(Resolution 5)**
Mr. Michael Lim Choo San	(Retiring under Article 103)	**(Resolution 6)**

[See Explanatory Note (i)]

4. To approve the payment of Directors' fees of S$1,440,000 for the year ending 30 June 2012. (2011: S$990,000.00)

[See Explanatory Note (ii)] **(Resolution 7)**

5. To re-appoint Messrs Ernst & Young LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. ***(Resolution 8)***

6. To transact any other ordinary business which may be properly transacted at an Annual General Meeting.

As Special Business

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

7. **Authority to issue shares**

That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Directors of the Company be authorised and empowered to:

(a) (i) issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue , consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iii)] **(Resolution 9)**

8. **Authority to issue shares under the Olam Employee Share Option Scheme**

That the Directors of the Company be authorised and empowered to offer and grant options under the Olam Employee Share Option Scheme ("the Scheme") and to issue shares in the Company to all the holders of options granted by the Company under the Scheme, whether granted during the subsistence of this authority or otherwise, upon the exercise of such options and in accordance with the terms and conditions of the Scheme, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Scheme and any other share schemes which are in place shall not exceed fifteen per centum (15%) of the issued shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iv)] **(Resolution 10)**

9. **Renewal of the Share Buyback Mandate**

That:

(1) for the purposes of the Companies Act, Cap. 50 (the "**Companies Act**"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire ordinary shares in the capital of the Company (the "**Shares**") not exceeding in aggregate the Maximum Limit (as defined below), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as defined below), whether by way of:

(a) market purchase(s) (each a "**Market Purchase**") on Singapore Exchange Securities Trading Limited (the "SGX-ST"); and/or

(b) off-market purchase(s) (each an "**Off-Market Purchase**") in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act;

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and listing rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Buyback Mandate**");

(2) unless varied or revoked by the members of the Company in a general meeting, the authority conferred on the Directors pursuant to this Ordinary Resolution 11 may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Ordinary Resolution 11 and expiring on the earlier of:

(a) the date on which the next annual general meeting of the Company ("**AGM**") is held or required by law to be held; or

(b) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Buyback Mandate are carried out to the full extent mandated, whichever is the earlier; and

(3) in this Ordinary Resolution 11:

"**Maximum Limit**" means that number of issued Shares representing not more than 10% of the issued ordinary share capital of the Company as at the date of the passing of this Ordinary Resolution 11, unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered (excluding any treasury shares that may be held by the Company from time to time). Any Shares which are held as treasury shares will be disregarded for purposes of computing the 10% limit;

"**Relevant Period**" means the period commencing from the date on which the last AGM was held and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier, after the date of this Resolution; and

"**Maximum Price**", in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) which shall not exceed:

(a) in the case of a Market Purchase, 105% of the Average Closing Price; and

(b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price,

where:

"**Average Closing Price**" means the average of the closing market prices of the Shares over the last five Market Days, on which transactions in the Shares were recorded, before the day on which the purchase or acquisition of Shares was made, or as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five Market Days; and

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

(4) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider necessary, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution 11.

[See Explanatory Note (v)] **(Resolution 11)**

10. **Authority to issue shares under the Olam Scrip Dividend Scheme**

That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors of the Company be and are hereby authorised to allot and issue such number of ordinary shares in capital of the Company as may be required to be allotted and issued from time to time pursuant to the Olam Scrip Dividend Scheme.

[See Explanatory Note (vi)] **(Resolution 12)**

By Order of the Board

Wan Tiew Leng, Lynn
Company Secretary
Singapore

Date: 13 October 2011

Explanatory Notes:

(i) Mr. Narain Girdhar Chanrai will, upon re-election as a Director of the Company, continue his office as non-executive director and will remain as a member of the Audit & Compliance Committee, Governance & Nomination Committee and Capital & Investment Committee. He will be considered non-executive and non-independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.

Mr. Sunny George Verghese will, upon re-election as a Director of the Company, continue his office as executive director and will remain as a member of the Risk Committee and Capital & Investment Committee. He is concurrently the Chief Executive Officer of the Company.

Mr. Shekhar Anantharaman will, upon re-election as a Director of the Company, continue his office as executive director and will remain as a member of the Capital & Investment Committee and Corporate Responsibility & Sustainability Committee.

Mr. Michael Lim Choo San will, upon re-election as a Director of the Company, remain as Chairman of the Audit Committee and Governance & Nomination Committee and a member of the Risk Committee. He will be considered independent for the purpose of Rule 704(8) of Listing Manual of the SGX-ST. He is concurrently the Lead Independent Director of the Board.

(ii) Ordinary Resolution 7 should be read in conjunction with the proposed increase in non-executive directors' fees and the proposed compensation for non-executive directors for the year ending 30 June 2012 reported in the Corporate Governance Statement on page 60 of the Annual Report. Ordinary Resolution 7, if passed, will facilitate the payment of Directors' fees during the financial year ending 30 June 2012 in which the fees are incurred. The amount of the Directors' fees is computed based on the fees structure as reported in the Corporate Governance statement on page 60 of this Annual Report. The Directors' fees proposed for payment also includes an additional 20 per centum (20%) to provide for unforeseen circumstances (such as the appointment of additional Director and/or the formation of additional Board Committees).

(iii) Ordinary Resolution 9, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the total number of issued shares in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

(iv) Ordinary Resolution 10, if passed, will empower the Directors of the Company, from the date of this Meeting until the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or when varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company of up to a number not exceeding in total fifteen per centum (15%) of the issued shares in the capital of the Company from time to time pursuant to the exercise of the options under the Scheme.

(v) Ordinary Resolution 11 relates to the renewal of the Share Buyback Mandate which was approved by the shareholders of the Company on 29 October 2009, and, if passed, will empower the Directors of the Company to purchase or otherwise acquire ordinary shares of the Company by way of market or off-market purchases or acquisitions of up to 10% of the total number of issued shares (excluding treasury shares) in the capital of the Company at the Maximum Price (as defined in Ordinary Resolution 11 above). Unless varied or revoked by the Company in a general meeting, such authority shall remain effective until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, or the date on which the purchases or acquisitions of shares by the Company pursuant to the Share Buyback Mandate are carried out to the full extent mandated, whichever is the earlier. The rationale for, the authority and limitation on, the sources of funds to be used for such purchases and/or acquisitions by the Company pursuant to the Share Buyback Mandate, the amount of financing and the illustrative financial effects of such purchases and/or acquisitions on the audited consolidated financial accounts of the Group for the financial year ended 30 June 2011, are set out in greater detail in the letter to shareholders of the Company in the Appendix to this Notice of Annual General Meeting.

(vi) Ordinary Resolution 12, if passed, will empower the Directors of the Company to issue shares in the Company from time to time pursuant to the Olam Scrip Dividend Scheme to shareholders who, in respect of a qualifying dividend, have elected to receive shares in lieu of the cash amount of that qualifying dividend. Unless varied or revoked by the Company in a general meeting, such authority shall remain effective until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier. Please refer to the circular to shareholders of the Company dated 7 October 2009 for the terms and conditions of the Olam Scrip Dividend Scheme.

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a Member of the Company.
2. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than 48 hours before the time appointed for holding the Meeting.

Olam International Limited

(Company Registration No. 199504676H)
(Incorporated In The Republic of Singapore with limited liability)

Proxy Form

IMPORTANT:
1. For investors who have used their CPF monies to buy Olam International Limited's shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

(Please see notes overleaf before completing this Form)

*I/We, ____

of ____

being a *member/members of OLAM International Limited (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing *him/her, the Chairman of the Meeting as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Seventeenth Annual General Meeting (the "Meeting") of the Company to be held on Friday, 28 October 2011 at Suntec Singapore International Convention & Exhibition Centre, Meeting Room 209 (Level 2), 1 Raffles Boulevard Suntec City, Singapore 039593 at 2.00 p.m. and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [√] within the box provided.)

No.	Resolutions relating to:	For	Against
1	Directors' Report and Audited Accounts for the year ended 30 June 2011		
2	Payment of proposed first and final dividend of 5 cents per share tax exempt (one-tier) for the year ended 30 June 2011		
3	Re-election of Mr. Narain Girdhar Chanrai as a Director		
4	Re-election of Mr. Sunny George Verghese as a Director		
5	Re-election of Mr. Shekhar Anantharaman as a Director		
6	Re-election of Mr. Michael Lim Choo San as a Director		
7	Approval of Directors' fees amounting to S$1,440,000 for the year ending 30 June 2012		
8	Re-appointment of Messrs Ernst & Young LLP as Auditors		
9	Authority to issue new shares		
10	Authority to issue shares under the OLAM Employee Share Option Scheme		
11	Renewal of Share Buyback Mandate		
12	Authority to issue shares under the OLAM Scrip Dividend Scheme		

Dated this ______________________ day of ______________________ 2011

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____
Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

* Delete where inapplicable

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote instead of him/her. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the second named proxy shall be an alternate to the first named or at the Company's option to treat the instrument of proxy as invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than 48 hours before the time appointed for the Annual General Meeting.

5. (i) The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing.

   (ii) Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

   (iii) Where the instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or the power of attorney or other authority, if any, or a duly certified true copy thereof shall (failing previous registration with the Company) if required by law, be duly stamped and be deposited at the Registered Office, not less than forty-eight hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.

6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company shall reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Olam International Limited
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Singapore 038989

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