OLAM INTERNATIONAL LIMITED

Financial Statements for the First Quarter Ended 30th September 2011

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

1(a)(i) An income statement and statement of comprehensive income or a statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial year.

Profit & Loss Statement - First Quarter FY2012: Group

(in S$'000)	Group		
	Three Months Ended		
	30 Sep 11	**30 Sep 10**	**% change**
Revenue - Sale of goods & services	3,229,363	2,453,849	**31.6%**
Other income	9,834	6,964	
	3,239,197	**2,460,813**	**31.6%**
Costs and expenses			
Cost of goods sold	(2,599,406)	(1,952,723)	
Shipping and logistics	(264,855)	(194,441)	
Commission and claims	(29,702)	(28,590)	
Employee benefit expenses	(85,341)	(65,643)	
Depreciation	(35,836)	(18,420)	
Net measurement of derivative instruments	546	(11,136)	
Other operating expenses	(84,904)	(74,630)	
Finance costs	(98,480)	(82,509)	
	(3,197,978)	(2,428,092)	
Share of results from jointly controlled entities / associates	(1,750)	2,904	
	(3,199,728)	**(2,425,188)**	**31.9%**
Profit before taxation	39,469	35,625	**10.8%**
Taxation	(6,175)	(5,936)	
Profit for the period	**33,294**	**29,689**	**12.1%**
Attributable to:			
Equity holders of the Company	34,222	29,727	**15.1%**
Non-controlling interests	(928)	(38)	
	33,294	**29,689**	

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

Statement of Comprehensive Income – First Quarter FY2012: Group

(in S$'000)	Group Three Months Ended 30 Sep 11	 30 Sep 10
Profit for the period	**33,294**	**29,689**
Other Comprehensive Income:		
Net gain / (loss) on fair value changes during the period	148,518	(151,925)
Recognised in the profit and loss account on occurrence of hedged transactions	85,752	225,799
Foreign currency translation adjustment	180,249	(51,979)
Other comprehensive income	**414,519**	**21,895**
Total Comprehensive Income	**447,813**	**51,584**
Attributable to:		
Equity holders of the Company	447,767	51,622
Non-controlling interests	46	(38)
	447,813	**51,584**

1(b)(i) A statement of financial position (for the Issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year.

(in S$'000)	Group		Company	
	30 Sep 11	**30 Jun 11**	**30 Sep 11**	**30 Jun 11**
Non-current assets				
Property, plant and equipment	1,679,698	1,576,715	2,938	2,279
Intangible assets	482,228	485,938	28,508	24,050
Biological assets	396,706	453,168	-	-
Investment in subsidiary companies	-	-	909,757	810,805
Interests in jointly controlled entities and associates	436,014	411,819	376,917	353,847
Deferred tax assets	28,876	43,053	-	8,542
Other non current assets	2,093	10,004	-	-
	3,025,615	**2,980,697**	**1,318,120**	**1,199,523**
Current assets				
Amounts due from subsidiary companies	-	-	1,886,673	1,945,035
Trade receivables	1,378,684	1,595,446	320,266	446,340
Margin accounts with brokers	411,321	457,133	399,952	444,978
Inventories	4,153,644	3,584,144	816,307	648,073
Advance payments to suppliers	252,991	222,207	117,417	65,060
Advance payments to subsidiary companies	-	-	1,423,485	1,215,058
Cash and short-term fixed deposits	1,213,640	872,247	698,747	502,050
Derivative financial instruments	1,872,663	2,310,144	1,507,116	1,499,233
Other current assets	763,013	558,118	114,252	65,610
	10,045,956	**9,599,439**	**7,284,215**	**6,831,437**
Current liabilities				
Trade payables and accruals	(938,445)	(1,095,603)	(99,514)	(378,328)
Borrowings	(2,665,422)	(3,610,043)	(1,124,065)	(1,936,127)
Derivative financial instruments	(1,762,772)	(2,287,250)	(1,647,946)	(2,026,427)
Provision for taxation	(36,936)	(24,762)	(17,646)	(15,608)
Other current liabilities	(76,777)	(112,306)	(28,895)	(56,371)
	(5,480,352)	**(7,129,964)**	**(2,918,066)**	**(4,412,861)**
Net current assets	4,565,604	2,469,475	4,366,149	2,418,576
Non-current liabilities				
Deferred tax liabilities	(181,627)	(177,283)	(2,669)	-
Borrowings	(4,154,254)	(2,970,527)	(3,004,514)	(1,829,569)
	(4,335,881)	**(3,147,810)**	**(3,007,183)**	**(1,829,569)**
Net assets	**3,255,338**	**2,302,362**	**2,677,086**	**1,788,530**
Equity attributable to equity holders of the Company				
Share capital	2,077,845	1,577,110	2,077,845	1,577,110
Reserves	1,120,427	668,232	599,241	211,420
	3,198,272	2,245,342	2,677,086	1,788,530
Non-controlling interests	57,066	57,020	-	-
Total equity	**3,255,338**	**2,302,362**	**2,677,086**	**1,788,530**

1(b)(ii) Aggregate amount of Group's borrowings and debt securities.

Amounts repayable in one year or less or on demand

	30 Sep 11		30 Jun 11	
	Secured (in S$'000)	Unsecured (in S$'000)	Secured (in S$'000)	Unsecured (in S$'000)
Overdrafts	-	248,870	-	437,169
Loans	-	2,215,169	32,932	2,939,074
Medium Term Notes	-	200,000	-	199,443
Finance Lease	-	1,383	-	1,425
Total	**-**	**2,665,422**	**32,932**	**3,577,111**

Amounts repayable after one year

	30 Sep 11		30 Jun 11	
	Secured (in S$'000)	Unsecured (in S$'000)	Secured (in S$'000)	Unsecured (in S$'000)
Medium / Long Term Loans	-	2,586,891	-	1,713,917
Medium Term Notes	-	600,000	-	349,717
Bonds	-	944,663	-	885,338
Finance Lease	-	22,700	-	21,555
Total	**-**	**4,154,254**	**-**	**2,970,527**

1(c) A statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year is as follows:

(in S$'000)	Group	
	Three Months Ended	
	30 Sep 11	30 Sep 10
Cash flow from operating activities		
Profit before taxation	**39,469**	**35,625**
Adjustments for:		
Amortisation of intangible assets and depreciation of property, plant and equipment	39,468	18,713
Cost of share-based payment	4,428	8,480
Gain on disposal of property, plant and equipment	266	194
Interest income	(6,478)	(3,685)
Interest expense	98,480	82,509
Net measurement of derivative instruments	(546)	11,136
Share of results from jointly controlled entities and associates	1,750	(2,904)
Operating cash flow before reinvestment in working capital	**176,837**	**150,068**
Increase in inventories	(623,980)	(254,969)
Decrease / (increase) in receivables and other current assets	168,068	(346,200)
Increase in advance payments to suppliers	(20,108)	(82,936)
Decrease / (increase) in margin account with brokers	25,812	(4,133)
(Decrease) / increase in payables and other current liabilities	(109,588)	38,205
Cash flow used in operations	**(382,959)**	**(499,965)**
Interest income received	6,478	3,685
Interest expense paid	(92,929)	(93,749)
Tax paid	(5,999)	(4,131)
Net cash flow used in operating activities	**(475,409)**	**(594,160)**
Cash flow from investing activities		
Proceeds from disposal of property, plant and equipment	1,523	420
Purchase of property, plant and equipment	(100,609)	(176,722)
Purchase of intangibles assets	(3,069)	-
Long term investment	-	(98,611)
Net cash flow used in investing activities	**(102,155)**	**(274,913)**
Cash flow from financing activities		
Proceeds from borrowings, net	579,119	445,627
Proceeds from issuance of shares on exercise of share options	9,300	12,098
Proceeds from issuance of bonds	-	328,750
Proceeds from issuance of shares for cash	491,435	-
Net cash flow from financing activities	**1,079,854**	**786,475**
Net effect of exchange rate changes on cash and cash equivalents	27,402	31,875
Net increase / (decrease) in cash and cash equivalents	**529,692**	**(50,723)**
Cash and cash equivalents at the beginning of the period	435,078	503,932
Cash and cash equivalents* at the end of the period	**964,770**	**453,209**

*Cash and cash equivalents include cash and bank balances, fixed deposits less overdrafts.

1(d)(i) A statement (for the Issuer and Group) showing either (i) all changes in equity, or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

3 months Group	Attributable to owners of the Parent								Non-Controlling Interests	Total Equity
	Share Capital $'000	Capital Reserves $'000	Foreign Currency Translation Reserves $'000	Fair Value Adjustment Reserves $'000	Share-based Compensation Reserves $'000	Revenue Reserves $'000	Total Reserves $'000	**Total $'000**	**$'000**	**$'000**
At 30 September 2011:										
At 1 July 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**
Profit for the period	-	-	-	-	-	34,222	34,222	34,222	(928)	33,294
Other comprehensive income										
Net gain on fair value changes during the financial year	-	-	-	148,518	-	-	148,518	148,518	-	148,518
Recognised in the profit and loss account on occurrence of hedged transactions	-	-	-	85,752	-	-	85,752	85,752	-	85,752
Foreign currency translation adjustment	-	-	179,275	-	-	-	179,275	179,275	974	180,249
Other comprehensive income for the financial year, net of tax	**-**	**-**	**179,275**	**234,270**	**-**	**-**	**413,545**	**413,545**	**974**	**414,519**
Total comprehensive income for the year	**-**	**-**	**179,275**	**234,270**	**-**	**34,222**	**447,767**	**447,767**	**46**	**447,813**
Contributions by and distributions to owners										
Issue of shares for cash	491,435	-	-	-	-	-	-	491,435	-	491,435
Issue of shares on exercise of share option	9,300	-	-	-	-	-	-	9,300	-	9,300
Share-based expense	-	-	-	-	4,428	-	4,428	4,428	-	4,428
Total contributions by and distributions to owners	**500,735**	**-**	**-**	**-**	**4,428**	**-**	**4,428**	**505,163**	**-**	**505,163**
At 30 September 2011	**2,077,845**	**129,586**	**(199,550)**	**(88,479)**	**58,622**	**1,220,248**	**1,120,427**	**3,198,272**	**57,066**	**3,255,338**

3 months Group	Attributable to owners of the Parent								Non-Controlling Interests	Total Equity
	Share Capital $'000	Capital Reserve	Foreign Currency Translation Reserves $'000	Fair Value Adjustment Reserves $'000	Share-based Compensation Reserves $'000	Revenue Reserves $'000	Total Reserves $'000	**Total $'000**	**$'000**	**$'000**
At 30 September 2010:										
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 period	-	-	-	-	-	29,727	29,727	29,727	(38)	29,689
Other comprehensive income										
Net gain on fair value changes during the financial year	-	-	-	(151,925)	-	-	(151,925)	(151,925)	-	(151,925)
Recognised in the profit and loss account on occurrence of hedged transactions	-	-	-	225,799	-	-	225,799	225,799	-	225,799
Foreign currency translation adjustment	-	-	(51,979)	-	-	-	(51,979)	(51,979)	-	(51,979)
Other comprehensive income for the financial year, net of tax	**-**	**-**	**(51,979)**	**73,874**	**-**	**-**	**21,895**	**21,895**	**-**	**21,895**
Total comprehensive income for the year	**-**	**-**	**(51,979)**	**73,874**	**-**	**29,727**	**51,622**	**51,622**	**(38)**	**51,584**
Contributions by and distributions to owners										
Issue of shares upon conversion of bonds	93,601	(15,811)	-	-	-	-	(15,811)	77,790	-	77,790
Issue of shares on exercise of share option	12,098	-	-	-	-	-	-	12,098	-	12,098
Share-based expense	-	-	-	-	8,480	-	8,480	8,480	-	8,480
Acquisition of subsidiary company	-	-	-	-	-	-	-	-	74	74
Total contributions by and distributions to owners	**105,699**	**(15,811)**	**-**	**-**	**8,480**	**-**	**(7,331)**	**98,368**	**74**	**98,442**
Total transactions with owners in their capacity as owners	**105,699**	**(15,811)**	**-**	**-**	**8,480**	**-**	**(7,331)**	**98,368**	**74**	**98,442**
At 30 September 2010	**1,307,280**	**129,877**	**(218,431)**	**(174,541)**	**38,683**	**839,051**	**614,639**	**1,921,919**	**(1,108)**	**1,920,811**

3 months Company	Share Capital $'000	Capital Reserves $'000	Foreign Currency Translation Reserves $'000	Fair Value Adjustment Reserves $'000	Share-based Compensation Reserves $'000	Revenue Reserves $'000	Total Reserves $'000	**Total Equity $'000**
	Attributable to owners of the Parent							
At 30 September 2011:								
At 1 July 2011	**1,577,110**	**129,877**	**(290,938)**	**(323,267)**	**54,194**	**641,554**	**211,420**	**1,788,530**
Profit for the period	-	-	-	-	-	3,092	3,092	3,092
Other comprehensive income								
Net gain on fair value changes during the financial year	-	-	-	160,811	-	-	160,811	160,811
Recognised in the profit and loss account on occurrence of hedged transactions	-	-	-	73,347	-	-	73,347	73,347
Foreign currency translation adjustment	-	-	146,143	-	-	-	146,143	146,143
Other comprehensive income for the financial year, net of tax	**-**	**-**	**146,143**	**234,158**	**-**	**-**	**380,301**	**380,301**
Total comprehensive income for the year	**-**	**-**	**146,143**	**234,158**	**-**	**3,092**	**383,393**	**383,393**
Contributions by and distributions to owners								
Issue of shares for cash	491,435	-	-	-	-	-	-	491,435
Issue of shares on exercise of share option	9,300	-	-	-	-	-	-	9,300
Share-based expense	-	-	-	-	4,428	-	4,428	4,428
Total contributions by and distributions to owners	**500,735**	**-**	**-**	**-**	**4,428**	**-**	**4,428**	**505,163**
Total transactions with owners in their capacity as owners	**500,735**	**-**	**-**	**-**	**4,428**	**-**	**4,428**	**505,163**
At 30 September 2011	**2,077,845**	**129,877**	**(144,795)**	**(89,109)**	**58,622**	**644,646**	**599,241**	**2,677,086**

3 months Company	Share Capital $'000	Capital Reserves $'000	Foreign Currency Translation Reserves $'000	Fair Value Adjustment Reserves $'000	Share-based Compensation Reserves $'000	Revenue Reserves $'000	Total Reserves $'000	**Total Equity $'000**
	Attributable to owners of the Parent							
At 30 September 2010:								
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 period	-	-	-	-	-	(6,592)	(6,592)	(6,592)
Other comprehensive income								
Net (loss) on fair value changes during the financial year	-	-	-	(89,453)	-	-	(89,453)	(89,453)
Recognised in the profit and loss account on occurrence of hedged transactions	-	-	-	170,258	-	-	170,258	170,258
Foreign currency translation adjustment	-	-	(100,559)	-	-	-	(100,559)	(100,559)
Other comprehensive income for the financial year, net of tax	**-**	**-**	**(100,559)**	**80,805**	**-**	**-**	**(19,754)**	**(19,754)**
Total comprehensive income for the year	**-**	**-**	**(100,559)**	**80,805**	**-**	**(6,592)**	**(26,346)**	**(26,346)**
Contributions by and distributions to owners								
Issue of shares upon conversion of bonds	93,601	(15,811)	-	-	-	-	(15,811)	77,790
Issue of shares on exercise of share option	12,098	-	-	-	-	-	-	12,098
Share-based expense	-	-	-	-	8,480	-	8,480	8,480
Total contributions by and distributions to owners	**105,699**	**(15,811)**	**-**	**-**	**8,480**	**-**	**(7,331)**	**98,368**
Total transactions with owners in their capacity as owners	**105,699**	**(15,811)**	**-**	**-**	**8,480**	**-**	**(7,331)**	**98,368**
At 30 September 2010	**1,307,280**	**129,877**	**(180,880)**	**(183,598)**	**38,683**	**517,031**	**321,113**	**1,628,393**

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	Jul - Sep 11	**Jul - Sep 10**
Issue of Shares for cash (subscription)	94,408,000	-
Issue of Shares for cash (preferential offering)	97,292,951	-
Issue of Shares upon conversion of Bonds	-	94,778,382
Issue of shares on exercise of share options	15,075,000	7,722,186

	Sep 11	**Sep 10**
Shares to be issued upon exercise of:		
Conversion right of convertible bonds	240,123,414	240,304,130
Share options	78,238,000	107,658,930
Total no. of shares	**318,361,414**	**347,963,060**

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	Sep 11	**Jun 11**
Issued, fully paid share capital :		
Balance no. of shares as at the beginning of period	2,235,508,918	2,020,759,705
Issue of Shares for cash	191,700,951	94,408,000
Issue of Shares on conversion of Bonds	-	94,959,097
Issue of Shares on exercise of share options	15,075,000	25,382,116
Total no. of shares outstanding as at the end of period	**2,442,284,869**	**2,235,508,918**

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

N/A

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The financial statements presented above have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

N/A

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The adoption of the new and revised accounting standards that became applicable from 1 July 2011 did not result in substantial changes to the Group accounting policies, which are consistent with those used in the audited financial statements as at 30 June 2011.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the changes.

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements as at 30 June 2011 except for the adoption of new or revised FRS that are mandatory for financial years beginning on or after 1 July 2011. The adoption of these FRS has no significant impact to the Group.

6. Earnings per ordinary share of the Group for the current financial period reported and for the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

Reported earnings per ordinary share#

	Group	
	Three Months Ended	
	30 Sep 11	30 Sep 10
(a) Based on weighted average no. of shares (cents/share)	1.40	1.43
(b) Based on fully diluted basis (cents/share)	1.38	1.41
Weighted average no. of shares applicable to basic earnings per share	2,442,234,869	2,072,192,493
Weighted average no. of shares based on fully diluted basis	2,475,092,954	2,113,541,771

#For EPS calculations as per FRS 33, outstanding shares have been multiplied using an "Adjustment Factor" calculated by taking the difference in the price at which Preferential Offering was made (S$ 2.61) and the price on the last day of exercise of entitlements (S$ 2.56) and as a result, prior year earnings per share figures have been adjusted.

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

(a) current financial period reported on; and

(b) immediately preceding financial year.

	Group		Company	
(In cents per share)	As at 30 Sep 11	As at 30 Jun 11	As at 30 Sep 11	As at 30 Jun 11
Net asset value (NAV) per ordinary share based on issued share capital as at end of the period	111.21	78.70	108.45	78.93

The NAV for the Group before fair value adjustment reserve, goodwill and other intangibles increased from 114.88 cents/share in June 2011 to 134.58 cents/share in September 2011.

8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:

(a) any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.

Introduction

Today, Olam is a leading global integrated supply chain manager of agricultural products and food ingredients, with operations in 65 countries. As supply chain managers, we are engaged in the sourcing of a wide range of agricultural commodities from the producing countries and processing, warehousing, transporting, shipping, distributing and marketing of these products right up to the factory gate of our customers in the destination markets. We also manage risk at each stage of the supply chain. From our founding in 1989, the Company has evolved from a single country, single product trader to a multi-country, multi-product supply chain manager.

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

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

Building on existing and new capabilities has included careful expansion upstream into plantation ownership and management (perennial crops), farming (annual crops), dairy farming and forest concessions management. These opportunities, both organic and inorganic, have been pursued in countries that have a comparative advantage to produce these commodities relatively better and at relatively lower costs on a sustainable basis. Pursuit of the more interesting opportunities in the upstream segment has led us to complete transactions in palm and rubber plantations in Africa, almond plantations in Australia, coffee plantation in Laos, peanut, soyabean and corn farming in Argentina, rice farming in Nigeria and Mozambique, cotton farming in Mozambique, dairy farming in Uruguay and the development of tropical forest concessions in The Republic of Congo (ROC), Gabon and Mozambique.

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

Another area covers the proposed manufacturing and distribution of fertilizer in Gabon, West Africa, which will capitalize further on our extensive grower and supplier base in various producing countries.

In addition, Olam has also diversified into two new businesses which build on latent assets and capabilities developed over the last 22 years:

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

ii) Packaged Foods distribution in West Africa, building our own consumer brands in the food category which capitalize on our existing knowledge of African markets and operations, brands, and consumers. The foundation for this downstream activity is our knowledge and capabilities related to the management of food supply chains and the common distribution pipeline that we have built for related commodity products (including rice, sugar, wheat flour and dairy products) in West Africa.

Business Segmentation and Reporting

We organize the products into 4 reporting segments. In addition to the products, a 5th segment is reported for activities related to CFS. The segmental reporting is described below:

Business Segment	Products
Edible Nuts, Spices & Beans	Cashews Peanuts Almonds Spices & Vegetable Ingredients 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 Project (SEZ)
Commodity Financial Services (CFS)	Market Making Risk Management Solutions Commodity Funds Management

Background to analysing our Financial Statements

Profitability

a. ***Inclusion of results of companies acquired by the Group***: The Q1 FY2012 results include the consolidated results of tt Timber International (tt Timber), Britannia Food Ingredients Holdings Limited (BFIHL), US Almonds and NZ Farming Systems Uruguay (NZFSU), the acquisitions of which were completed after Q1 FY2011. As a result of the financial impact of these acquisitions, the consolidated results for Q1 FY2012 are not strictly comparable to the results of Q1 FY2011.

b. ***Gross and Net Contribution:*** We measure and track our profitability in terms of Gross Contribution (GC) and Net Contribution (NC) per ton of product supplied. For every transaction, we target a minimum dollar net contribution per ton of product supplied based on the investment, risks, complexities and value added services that we provide to our customers to meet their specific requirements. We are focused on enhancing these margins by providing value added services such as vendor managed inventory solutions (VMI), organic certification, traceability guarantees, fair trade produce certification (FTP), customised grades and quality, processed ingredients supply, proprietary market intelligence and risk management solutions.

GC is calculated as the revenue from the sale of goods plus other income, less the cost of goods sold (raw material costs plus other direct costs, including packing costs etc.), shipping and logistics expenses, claims and commissions, net gain/ (loss) from changes in fair value of biological assets, net measurement of derivative instruments and share of gain/loss from jointly controlled entities/associates. For the purposes of determining Net Contribution, finance costs excluding interest on debt for fixed capital investments, net of interest income are reduced from the GC. For analyzing the performance of the group, share of jointly controlled entities/associates has been included in the GC and NC. The proportionate share of volumes has also been included for calculation of GC and NC/ ton.

The computation for GC and NC, together with a comparative statement for the corresponding period of the immediately preceding financial year is as under:

(in S$'000)	Group		
	Three Months Ended		
	30 Sep 11	30 Sep 10	% change
Total Revenue	**3,239,197**	**2,460,813**	
Add:			
- Share of results from jointly controlled entities / associates	(1,750)	2,904	
Less:			
- Interest income	(6,478)	(3,685)	
- Cost of goods sold, shipping and logistics, commissions and claims net gain / (loss) from changes in fair value of biological assets	(2,893,963)	(2,175,754)	
- Net measurement of derivative instruments, gain / (loss) on foreign exchange, bank charges	(23,835)	(22,706)	
- Non-controlling Interests	928	38	
Gross Contribution (GC)	**314,099**	**261,610**	**20.1%**
GC per Ton	**169**	**165**	**2.0%**
Less:			
- Net interest on working capital	(62,169)	(58,640)	
Net Contribution (NC)	**251,930**	**202,970**	**24.1%**
NC per Ton	**135**	**128**	**5.5%**

c. ***Volumes:*** Volume is one of the key drivers of our profitability. Given our integration and end-to-end supply chain capabilities, we seek to match the supply of our products with demand from our customers. The volume of agricultural products that we supply is largely within our control, and is a function of the strength of our supply chain infrastructure in the origins (producing countries) and the markets (consuming countries).

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

Based on this seasonality, we have observed the phasing and range of our earnings to be as follows:

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

Statement of financial position and Cash Flow Statement

Working capital is deployed to fund inventories, trade and other receivables, margin accounts with brokers, advance payments to suppliers, trade payables and accruals. Working capital needs fluctuate constantly due to changes in the volume and prices of agricultural products. This may cause either an increase or decrease in funds allocated to operations. A large part (around 85%) of working capital is used to fund the liquid hedged inventories that meet four qualifying conditions:

1) *non-perishability* (all commodities in Olam's portfolio are non-perishable with a shelf life of minimum 2 years or above);

2) *limited obsolescence risk* (not easily substitutable or not likely to go out of style or fashion),

3) *hedged or sold forward* (no inventory value erosion risk as the inventory is hedged), and

4) *liquid* (can be converted into cash at short notice).

These inventories and secured receivables are therefore liquid assets and are regarded as near cash. Changes in working capital are therefore not permanent deployment of funds as this capital gets converted into cash when goods are delivered to customers or tendered on the Exchange and monies are collected.

Profit and Loss Statement

Olam International Limited is pleased to report a Net Profit After Tax of S$33.3 million for the three months ended 30 September 2011 ("Q1 FY2012"), a growth of 12.1% compared to S$29.7 million achieved in Q1 FY2011. Profit for the period attributable to equity holders grew 15.1% to S$34.2 million compared to S$29.7 million achieved in the previous corresponding period.

Olam 's Q1 FY2012 performance was achieved against a difficult macroeconomic backdrop stemming from a growing and spreading sovereign debt crisis in Europe and the USA, a looming European banking and financial crisis, political gridlock, stalled growth in G7 countries with worrying prospects of a prolonged period of subpar growth, increased volatility across equity, bond and commodity markets and volatile and unstable currencies. Our ability to deliver volume, revenue and earnings growth despite these tough conditions is a testament to the resilience of the "Olam Model". The Company grew its sales volume by 17.7% in Q1 FY2012 compared to Q1 FY2011. In Q1 FY2012, revenue grew by 29.8% to S$ 3.18 billion and NC grew by 24.1% to S$251.9 million.

NC per ton has grown from S$128 per ton in Q1 FY2011 to S$135 in Q1 FY2012 (5.5% improvement in NC margin per ton). Margin growth, driven by both increased provision of value added services as well as selective integration across the value chain, accounted for 31% growth in overall NC, Volume growth accounted for the balance of the 69% growth in NC.

The food category is made up of three segments including Edible Nuts, Spices and Beans, Confectionery and Beverage Ingredients, and Food Staples and Packaged Foods. These segments accounted for 80.5% of our revenue and 83.2% of our volumes in Q1 FY2012. This segment is relatively more recession resistant. Sales Volume for the Food category increased by 19.7% in Q1 FY2012 compared to Q1 FY2011. Net contribution (NC) for this segment increased by 38.6% in Q1 FY2012 compared to Q1 FY2011. NC per ton also increased by 15.8% to S$144.7 per ton in Q1 FY2012 from S$125.0 per ton in Q1 FY2011.

The Industrial Raw Materials category includes four agri-commodities, namely Cotton and Wool (together, our Natural Fibres business), Rubber and Wood Products. This category accounted for the remaining 19.5% of revenue and 16.8% of our volumes in Q1 FY2012. This segment is relatively more recession sensitive and was adversely impacted during this quarter. While Wool, Rubber and the SEZ BUs performed well in this category, Cotton and Wood Products BUs underperformed during this period due to weakening demand, falling prices, eroding basis and heightened counterparty risk during the quarter. Sales Volume for this category grew by 8.7% in Q1 FY2012 compared to Q1 FY2011. Net Contribution for this category decreased by 17.4% in Q1 FY2012 compared to Q1 FY2011; NC per ton declined by 23.9% to S$97.2 per ton from S$127.8 per ton in Q1 FY2011.

Business Segmental Analysis

The following table provides the segmental# breakdown on Sales Volume, Sales Revenue, Gross Contribution (GC) and Net Contribution (NC) for Q1 FY2012:

Quarter

	Sales Volume (in Metric Tons)		Revenue (in S$'000)		Gross Contribution (GC) (in S$'000)		Net Contribution (NC) (in S$'000)	
Segment	**Sep 11**	**Sep 10**	**Sep 11**	**Sep 10**	**Sep 11**	**Sep 10**	**Sep 11**	**Sep 10**
Edible Nuts, Spices & Beans	366,038	327,828	519,224	425,319	88,903	65,155	79,878	55,186
Per ton (S$)					**243**	**199**	**218**	**168**
Confectionery & Beverage Ingredients	286,154	231,733	1,093,751	733,045	87,535	65,854	63,233	44,160
Per ton (S$)					**306**	**284**	**221**	**191**
Food Staples & Packaged Foods	897,238	734,862	948,919	721,307	91,320	72,260	81,178	62,469
Per ton (S$)					**102**	**98**	**90**	**85**
Industrial Raw Materials*	312,646	287,706	667,091	573,644	49,408	53,518	30,394	36,780
Per ton (S$)					**158**	**186**	**97**	**128**
Commodity Financial Services	-	-	378	534	(3,067)	4,823	(2,753)	4,375
Total	**1,862,076**	**1,582,129**	**3,229,363**	**2,453,849**	**314,099**	**261,610**	**251,930**	**202,970**
Per ton (S$)					**169**	**165**	**135**	**128**

excluding non controlling interests
*Sales volume for Wood Products is measured in cubic meters.

The **Edible Nuts, Spices & Beans segment** registered volume growth of 11.7%, revenue growth of 22.1%, GC growth of 36.5% and NC growth of 44.7% compared to Q1 FY2011. NC per ton in this segment grew 29.6% from S$168 to S$218. The Spices and Vegetable Ingredients business continues to perform well with the seasons in the US, China and Vietnam progressing well. In October 2011, we strengthened the business with the acquisition of the bulk spices and private label assets of Vallabhdas Kanji Limited, one of Asia's leading processor and exporter of multiple spices. The Edible Nuts business also performed well across Almonds, Peanuts and Cashew businesses during the quarter. In November 2011, the company announced that it is entering the hazelnut business with the acquisition of the Progida Group, a leading exporter of hazelnuts from Turkey which is the world's largest producer of hazelnuts.

The **Confectionery & Beverage Ingredients segment** registered volume growth of 23.5%, 32.9% growth in GC and 43.2% growth in NC compared to Q1 FY2011. More importantly, this segment grew its NC per ton by 16.0% from S$191 in Q1 FY2011 to S$221 in Q1 FY2012. The West Africa cocoa season is progressing well. The Cocoa business has had a good start to the season. It continued to integrate the operations of Britannia during the quarter. Coffee has had a good start in Asia and Africa with the Andean & Central American region also picking up during the quarter. Coffee plantation initiatives in Laos, Ethiopia and Tanzania have progressed as planned during this quarter.

The **Food Staples & Packaged Foods segment** achieved volume growth of 22.1%, GC growth of 26.4% and NC growth of 29.9% compared to Q1 FY2011. This strong volume growth was led by the Rice and the Grains businesses, with strong market share growth in the African markets. NC per ton grew by 6.4% from S$85 in Q1 FY2011 to S$90 in Q1 FY2012. The Rice and Grains business performed better than expectations during the quarter. In August 2011, the Company announced the acquisition of a 3500 tons crush per day (TCD) sugar milling with co-generation facilities of Hemarus Industries Limited in India, further expanding our sugar milling footprint in India. The dairy business in New Zealand (Open Country Dairy Limited) continued to face difficult trading conditions, given the uncertain milk price outlook as discussed in Q4 2011 Results Announcement.

The **Industrial Raw Materials segment** saw volume growth of 8.7%, GC decline of 7.7% and NC decline of 17.4% compared to Q1 FY2011. This segment constituted 16.8% of the Company's volumes, 19.5% of its revenues, 15.7% of its GC and 12.1% of its NC. NC per ton in this segment declined by 23.9% from S$128 in Q1 FY2011 to S$97 in Q1 FY2012. As mentioned before, the products in this segment are sensitive to the economic cycle and the business in the segment experienced tough trading conditions during the quarter. Very high volatility in cotton prices and weakening demand due to macro-economic uncertainty led to fall in differentials / basis for Cotton. This had an impact of reducing our NC in Cotton. However, this impact was partially mitigated by fee income generated by our ginning operations particularly in Australia, which had a much larger crop to gin this season. We believe that the unprecedented volatility seen in the Cotton markets in the last cropping season seem to have now stabilized as we enter the new cropping season.

The Wood Products business performed below expectations. While the prices for the products in the segment have stabilized at lower levels, demand continues to remain soft. The Wool, Rubber and the SEZ businesses in this segment have done well during Q1 FY2012 and their prospects for the rest of FY2012 continue to be favourable.

The **Commodity Financial Services (CFS) business** registered a quarterly loss of S$ 2.8 million as compared to profit of S$ 4.4 million during Q1 in the previous year due to exceptional volatility in the commodity prices. As a result of these conditions, CFS went into a risk-off mode at times during the quarter. We decided to reduce activity level and capital invested and preferred to stay on the sidelines. We continue to develop the key activities of the CFS business, namely market making in commodity options and risk management solutions in line with our business plans.

Costs and Expenses

Overhead expenses at S$181.7 million for Q1 FY2012 were 23.5% higher than the corresponding quarter in FY2011, mainly on account of increased overheads for recently acquired businesses and for the provision of additional performance incentives in Q1 FY2012 compared to Q1 FY2011.

Taxation

Income Tax provisions have increased to S$6.2 million for Q1 FY2012 as compared to S$5.9 million for Q1 FY2011.

Net profit after tax

Net profit after tax increased by 12.1% to S$33.3 million for Q1 FY2012 from S$29.7 million in Q1 FY2011. Profit for the period attributable to equity holders grew 15.1% to S$34.2 million compared to S$29.7 million achieved in the previous corresponding period.

Statement of financial postion & Cash Flow

During Q1 FY2012, the industry continued to experience significant volatility in the prices of various commodities. The application of provisions under FRS39 affects equity and fair value of derivative financial instruments in the Statement of financial position. Since we participate in this industry as supply chain managers and not as positional / directional traders, market volatility, as in past periods, has had limited impact on the profitability of the Group during this period.

Property, plant and equipment

During Q1 FY2012, property, plant and equipment increased from S$1,576.7 million to S$1,679.7 million. The increase of S$103.0 million was mainly on account of Organic capex investments in farming in the USA, wheat mill in Ghana, Palm in Gabon.

Current Assets

Debtors Analysis

Debtor days as at 30 September 2011 increased to 38 days as compared to 36 days as at 30 September 2010.

Stocks

Stock turnover days increased to 130 days as at 30 September 2011, as compared to 111 days as at 30 September 2010. Stock value increased by S$569.5 million to S$4,153.6 million, from S$3,584.1 million as on 30 June 2011 due to increased procurement as the agricultural seasons got under way in origins.

Advance to Suppliers

Advance to Suppliers days decreased to 7 days as at 30 September 2011 from 12 days as at 30 September 2010. The advances increased from S$222.2 million as at 30 June 2011 to S$253.0 million as at 30 September 2011.

Cash and Fixed Deposits

Cash and Fixed Deposits increased by 39.1% to S$1,213.6 million as on 30 September 2011 from S$872.2 million as on 30 June 2011 as we drew down on the syndicated loan facilities pending deployment in fixed capital and working capital investments.

Borrowings

Borrowings increased to S$6,819.7 million as of 30 September 2011 from S$6,580.6 million as of 30 June 2011. This increase was mainly on account of drawdown of the longterm facilities pending deployment in working capital / M&A / capex projects. The borrowings, net of cash and cash equivalents decreased by S$102.3 to S$5,606.0 million as compared to S$5,708.3 million as at 30 June 2011.

Equity

Total share capital and reserves (before Fair Value Adjustment Reserves and Non-controlling interest) increased by 28.0% from S$2,568.1 million as of 30 June 2011 to S$3,286.8 million as of 30 September 2011 due to funds received for tranche two and three of the equity raising exercise launched in June 2011 . Fair Value Adjustment Reserves decreased from (S$322.7) as of 30 June 2011 to (S$88.5) million as of 30 September 2011.

During Q1 FY2012, the Company issued 206,775,951 shares for cash and the exercise of share options.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

   There was no forecast made by the Company.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.

    The Group constantly reviews corporate development opportunities which are in line with our corporate growth strategy. Some of these are in the nature of acquisitions and joint ventures. The Group is currently in discussions with various parties on such opportunities. If any of these opportunities were to materialize these may have an effect on the financials of the Group. The Group continues to remain positive about its prospects for the remaining part of FY2012.

11. Dividend

    (a) Current Financial Period Reported on 30 September 2011.

    Any dividend recommended for the current financial period reported on?

    NIL

    (b) Corresponding Period of the Immediately Preceding Financial Year.

    Any dividend declared for the corresponding period of the immediately preceding financial year?

    NIL

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

N.A

(d) Date payable

N.A

(e) Books closure date

N.A

12. If no dividend has been declared/recommended, a statement to that effect.

N.A.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii).

N. A.

Confirmation of the Board

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

We hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited interim financial results for period ended 30 September 2011 to be false or misleading in any material aspects.

On behalf of the Board of Directors

R. Jayachandran
Chairman

Sunny George Verghese
Group Managing Director & CEO

BY ORDER OF THE BOARD

Sunny George Verghese
Group Managing Director & CEO

14 November 2011