

OLAM INTERNATIONAL LIMITED

Financial Statements for the First Quarter Ended 30 September 2012

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 FY2013: Group

(in S\$'000)	Group		
	Three Months Ended		
	30 Sep 12	30 Sep 11	% change
Revenue - Sale of goods & services	4,689,147	3,229,363	45.2%
Other income	8,529	9,834	
	4,697,676	3,239,197	45.0%
Costs and expenses			
Cost of goods sold	(3,858,874)	(2,599,406)	
Shipping and logistics	(413,314)	(264,855)	
Commission and claims	(35,156)	(29,702)	
Net gain from changes in fair value of biological assets	10,107	-	
Employee benefit expenses	(115,169)	(85,341)	
Depreciation	(40,076)	(35,836)	
Net measurement of derivative instruments	6,325	546	
Other operating expenses	(71,508)	(84,904)	
Finance costs	(134,456)	(98,480)	
	(4,652,121)	(3,197,978)	
Share of results from jointly controlled entities / associates	2,322	(1,750)	
	(4,649,799)	(3,199,728)	45.3%
Profit before taxation	47,877	39,469	21.3%
Taxation	(6,036)	(6,175)	
	41,841	33,294	25.7%
Attributable to:			
Owners of the Company	43,184	34,222	26.2%
Non-controlling interests	(1,343)	(928)	
	41,841	33,294	

- 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 FY2013: Group

(in S\$'000)	Group	
	Three Months Ended	
	30 Sep 12	30 Sep 11
Profit for the period	41,841	33,294
Other Comprehensive Income:		
Net (loss)/ gain on fair value changes during the period	(45,301)	148,518
Recognised in the profit and loss account on occurrence of hedged transactions	19,930	85,752
Foreign currency translation adjustment	(119,891)	180,249
Other comprehensive income	(145,262)	414,519
Total Comprehensive Income	(103,421)	447,813
Attributable to:		
Owners of the Company	(101,069)	447,767
Non-controlling interests	(2,352)	46
	(103,421)	447,813

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 12	30 Jun 12	30 Sep 12	30 Jun 12
Non-current assets				
Property, plant and equipment	2,718,740	2,620,995	2,925	2,724
Intangible assets	642,392	660,157	23,706	24,411
Biological assets	640,311	631,339	-	-
Investment in subsidiary companies	-	-	1,663,026	1,567,661
Interests in jointly controlled entities and associates	477,065	482,864	366,155	378,566
Deferred tax assets	31,665	37,735	-	-
Other non-current assets	9,044	9,163	-	-
	4,519,217	4,442,253	2,055,812	1,973,362
Current assets				
Amounts due from subsidiary companies	-	-	2,090,515	2,092,954
Trade receivables	1,656,027	1,596,796	538,281	394,663
Margin accounts with brokers	234,483	-	270,981	-
Inventories	4,473,467	4,410,014	591,705	738,291
Advance payments to suppliers	299,003	320,556	38,074	98,153
Advance payments to subsidiary companies	-	-	1,962,304	1,750,052
Cash and short-term fixed deposits	1,380,244	1,110,856	947,023	703,960
Derivative financial instruments	927,754	1,302,200	572,054	867,718
Other current assets	770,980	645,307	133,229	105,607
	9,741,958	9,385,729	7,144,166	6,751,398
Current liabilities				
Trade payables and accruals	(869,391)	(1,133,893)	(143,219)	(494,101)
Margin accounts with brokers	-	(140,567)	-	(77,011)
Borrowings	(3,752,127)	(3,148,333)	(1,430,994)	(1,207,680)
Derivative financial instruments	(1,163,654)	(1,115,711)	(1,082,980)	(981,232)
Provision for taxation	(51,318)	(33,493)	(17,849)	(18,184)
Other current liabilities	(206,963)	(193,101)	(39,543)	(77,247)
	(6,043,453)	(5,765,098)	(2,714,585)	(2,855,455)
Net current assets	3,698,505	3,620,631	4,429,581	3,895,943
Non-current liabilities				
Deferred tax liabilities	(183,398)	(194,071)	(277)	(1,496)
Borrowings	(4,614,897)	(4,341,051)	(3,848,504)	(3,113,814)
	(4,798,295)	(4,535,122)	(3,848,781)	(3,115,310)
Net assets	3,419,427	3,527,762	2,636,612	2,753,995
Equity attributable to owners of the Company				
Share capital	2,077,038	2,077,038	2,077,038	2,077,038
Treasury shares	(96,081)	(96,081)	(96,081)	(96,081)
Capital Securities	272,034	276,886	272,034	276,886
Reserves	1,046,636	1,147,767	383,621	496,152
	3,299,627	3,405,610	2,636,612	2,753,995
Non-controlling interests	119,800	122,152	-	-
Total equity	3,419,427	3,527,762	2,636,612	2,753,995

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

Amounts repayable in one year or less or on demand

	30 Sep 12		30 Jun 12	
	Secured	Unsecured	Secured	Unsecured
	(in S\$'000)	(in S\$'000)	(in S\$'000)	(in S\$'000)
Overdrafts	-	313,863	-	445,664
Loans	103,123	2,706,053	288,289	2,063,566
Medium Term Notes	-	598,110	-	349,492
Finance Lease	-	1,198	-	1,322
Convertible Bonds	-	29,780	-	-
Total	103,123	3,649,004	288,289	2,860,044

Amounts repayable after one year

	30 Sep 12		30 Jun 12	
	Secured	Unsecured	Secured	Unsecured
	(in S\$'000)	(in S\$'000)	(in S\$'000)	(in S\$'000)
Medium / Long Term Loans	102,276	2,377,289	126,915	2,979,584
Medium Term Notes	-	1,206,685	-	248,850
Bonds	-	902,065	-	955,973
Finance Lease	-	26,582	-	29,729
Total	102,276	4,512,621	126,915	4,214,136

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 12	30 Sep 11
Cash flow from operating activities		
Profit before taxation	47,877	39,469
Adjustments for:		
Amortisation of intangible assets and depreciation of property, plant and equipment	43,866	39,468
Cost of share-based payment	4,790	4,428
Fair value of biological assets	(10,107)	-
Loss on disposal of property, plant and equipment	157	266
Interest income	(3,481)	(6,478)
Interest expense	134,456	98,480
Net measurement of derivative instruments	(6,325)	(546)
Share of results from jointly controlled entities and associates	(2,322)	1,750
Operating cash flow before reinvestment in working capital	208,911	176,837
Increase in inventories	(194,256)	(623,980)
Decrease in receivables and other current assets	120,216	168,068
Decrease / (increase) in advance payments to suppliers	32,064	(20,108)
(Increase) / decrease in margin account with brokers	(379,659)	25,812
Decrease in payables and other current liabilities	(281,224)	(109,588)
Cash flow used in operations	(493,948)	(382,959)
Interest income received	3,481	6,478
Interest expense paid	(141,019)	(92,929)
Tax paid	(1,638)	(5,999)
Net cash flow used in operating activities	(633,124)	(475,409)
Cash flow from investing activities		
Proceeds from disposal of property, plant and equipment	2,500	1,523
Purchase of property, plant and equipment	(213,655)	(100,609)
Purchase of intangibles assets	-	(3,069)
Net cash flow used in investing activities	(211,155)	(102,155)
Cash flow from financing activities		
Proceeds from borrowings, net	1,276,984	579,119
Proceeds from issuance of shares on exercise of share options	-	9,300
Payment of capital securities distribution	(9,704)	-
Proceeds from issuance of shares for cash	-	491,435
Net cash flow provided by financing activities	1,267,280	1,079,854
Net effect of exchange rate changes on cash and cash equivalents	(19,732)	27,402
Net increase in cash and cash equivalents	403,269	529,692
Cash and cash equivalents at the beginning of the period	601,762	435,078
Cash and cash equivalents* at the end of the period	1,005,031	964,770

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

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 Company										Non-Controlling Interests	Total Equity
	Share Capital	Treasury Shares	Capital Securities	Capital Reserves	Foreign Currency Translation Reserves	Fair Value Adjustment Reserves	Share-based Compensation Reserves	Revenue Reserves	Total Reserves	Total		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
At 30 September 2012:												
At 1 July 2012	2,077,038	(96,081)	276,886	120,093	(344,781)	(125,190)	72,327	1,425,318	1,147,767	3,405,610	122,152	3,527,762
Profit for the period	-	-	-	-	-	-	-	43,184	43,184	43,184	(1,343)	41,841
Other comprehensive income												
Net loss on fair value changes during the financial period	-	-	-	-	-	(45,301)	-	-	(45,301)	(45,301)	-	(45,301)
Recognised in the profit and loss account on occurrence of hedged transactions	-	-	-	-	-	19,930	-	-	19,930	19,930	-	19,930
Foreign currency translation adjustment	-	-	-	-	(118,882)	-	-	-	(118,882)	(118,882)	(1,009)	(119,891)
Other comprehensive income for the financial period, net of tax	-	-	-	-	(118,882)	(25,371)	-	-	(144,253)	(144,253)	(1,009)	(145,262)
Total comprehensive income for the period	-	-	-	-	(118,882)	(25,371)	-	43,184	(101,069)	(101,069)	(2,352)	(103,421)
Contributions by and distributions to owners												
Share-based expense	-	-	-	-	-	-	4,790	-	4,790	4,790	-	4,790
Dividends on ordinary shares	-	-	-	-	-	-	-	-	-	-	-	-
Accrued capital securities distribution	-	-	4,852	-	-	-	-	(4,852)	(4,852)	-	-	-
Payment of capital securities distribution	-	-	(9,704)	-	-	-	-	-	-	(9,704)	-	(9,704)
Total contributions by and distributions to owners	-	-	(4,852)	-	-	-	4,790	(4,852)	(62)	(4,914)	-	(4,914)
At 30 September 2012	2,077,038	(96,081)	272,034	120,093	(463,663)	(150,561)	77,117	1,463,650	1,046,636	3,299,627	119,800	3,419,427

3 months Group	Attributable to owners of the Company										Non-Controlling Interests	Total Equity
	Share Capital	Treasury Shares	Capital Securities	Capital Reserve	Foreign Currency Translation Reserves	Fair Value Adjustment Reserves	Share-based Compensation Reserves	Revenue Reserves	Total Reserves	Total		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'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 period	-	-	-	-	-	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 period, net of tax	-	-	-	-	179,275	234,270	-	-	413,545	413,545	974	414,519
Total comprehensive income for the period	-	-	-	-	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 Company	Attributable to owners of the Company									
	Share Capital	Treasury Shares	Capital Securities	Capital Reserves	Foreign Currency Translation Reserves	Fair Value Adjustment Reserves	Share-based Compensation Reserves	Revenue Reserves	Total Reserves	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 30 September 2012:										
At 1 July 2012	2,077,038	(96,081)	276,886	129,877	(210,221)	(128,785)	72,327	632,954	496,152	2,753,995
Profit for the period	-	-	-	-	-	-	-	5,009	5,009	5,009
Other comprehensive income										
Net loss on fair value changes during the financial period	-	-	-	-	-	(42,486)	-	-	(42,486)	(42,486)
Recognised in the profit and loss account on occurrence of hedged transactions	-	-	-	-	-	15,250	-	-	15,250	15,250
Foreign currency translation adjustment	-	-	-	-	(90,242)	-	-	-	(90,242)	(90,242)
Other comprehensive income for the financial period, net of tax	-	-	-	-	(90,242)	(27,236)	-	-	(117,478)	(117,478)
Total comprehensive income for the period	-	-	-	-	(90,242)	(27,236)	-	5,009	(112,469)	(112,469)
Contributions by and distributions to owners										
Share-based expense	-	-	-	-	-	-	4,790	-	4,790	4,790
Accrued capital securities distribution	-	-	4,852	-	-	-	-	(4,852)	(4,852)	-
Payment of capital securities distribution	-	-	(9,704)	-	-	-	-	-	-	(9,704)
Total contributions by and distributions to owners	-	-	(4,852)	-	-	-	4,790	(4,852)	(62)	(4,914)
Total transactions with owners in their capacity as owners	-	-	(4,852)	-	-	-	4,790	(4,852)	(62)	(4,914)
At 30 September 2012	2,077,038	(96,081)	272,034	129,877	(300,463)	(156,021)	77,117	633,111	383,621	2,636,612

3 months Company	Attributable to owners of the Company									
	Share Capital	Treasury Shares	Capital Securities	Capital Reserves	Foreign Currency Translation Reserves	Fair Value Adjustment Reserves	Share-based Compensation Reserves	Revenue Reserves	Total Reserves	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
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 period	-	-	-	-	-	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 period, net of tax	-	-	-	-	146,143	234,158	-	-	380,301	380,301
Total comprehensive income for the period	-	-	-	-	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

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.

Issue of shares for cash	Jul - Sep 12	Jul - Sep 11
Issue of Shares for cash (subscription)	-	94,408,000
Issue of Shares for cash (preferential offering)	-	97,292,951
Issue of shares on exercise of share options	-	15,075,000

	Sep 12	Sep 11
Shares to be issued upon exercise of:		
Conversion right of convertible bonds	242,563,783	240,123,414
Share options	142,257,000	78,238,000
Total no. of shares	384,820,783	318,361,414

- 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 12	Jun 12
Issued, fully paid share capital :		
Balance no. of shares as at the beginning of period	2,442,409,869	2,235,508,918
Issue of Shares for cash	-	191,700,951
Issue of Shares on exercise of share options	-	15,200,000
Total no. of shares outstanding as at the end of period	2,442,409,869	2,442,409,869
Total no. of shares held as treasury shares	(52,196,000)	(52,196,000)
Total no. of shares outstanding as at the end of period net of treasury shares	2,390,213,869	2,390,213,869

- 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 2012 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 2012.

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 2012 except for the adoption of new or revised FRS that are mandatory for

financial years beginning on or after 1 July 2012. 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.

Earnings per ordinary share

	Group	
	Three Months Ended	
	30 Sep 12	30 Sep 11
(a) Based on weighted average no. of shares (cents/share)	1.60	1.40
(b) Based on fully diluted basis (cents/share)	1.60	1.38
Weighted average no. of shares applicable to basic earnings per share	2,390,213,869	2,442,234,869
Weighted average no. of shares based on fully diluted basis	2,390,213,869	2,475,092,954

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

- (a) current financial period reported on; and
 (b) immediately preceding financial year.

	Group		Company	
	As at 30 Sep 12	As at 30 Jun 12	As at 30 Sep 12	As at 30 Jun 12
(In cents per share)				
Net asset value (NAV) per ordinary share based on issued share capital as at end of the period	135.10	139.44	107.95	112.76

The NAV for the Group before fair value adjustment reserve decreased from 144.56 cents/share in June 2012 to 141.26 cents/share in September 2012.

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

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 the processing, warehousing, transporting, shipping, distributing and marketing of these products right up to the factory gate of our customers in the destination markets. We also manage risk at each stage of the supply chain. From our 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 the upstream (plantation and farming), midstream (manufacturing/ processing) and downstream parts of the value chain.

Building on existing and new capabilities, the Group has selectively expanded 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 this strategy has led us to invest selectively in palm and rubber plantations in Africa, almond orchards in Australia and California, coffee plantation in Laos, Ethiopia, Tanzania and Zambia, peanut, soybean and corn farming in Argentina, rice farming in Nigeria and Mozambique, cotton farming in Mozambique, Brazil, Ghana and Ivory Coast, dairy farming in Uruguay and Russia and the development of tropical hard wood 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 such as wheat milling in Nigeria and Ghana, sugar milling and refining in India, Indonesia and Brazil, cocoa processing in Ivory Coast and Nigeria, tomato paste manufacturing in California, dehydrates manufacturing in USA and China, peanut ingredient manufacturing in USA, palm oil refining in the Ivory Coast and Mozambique mechanical processing of cashews in Ivory Coast and Nigeria, cashew ingredients manufacturing in Vietnam and the USA, spice grinding in Vietnam, dairy processing in Ivory Coast and Malaysia, specialty fats manufacturing in the UK, hazelnut processing in Turkey, soluble coffee manufacturing in Vietnam and sawmilling in ROC and Gabon amongst others.

Another growth initiative covers the proposed manufacturing and distribution of Fertiliser in Gabon, which will capitalise further on our extensive grower and supplier base in various producing countries.

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

In addition, Olam has diversified into a set of new businesses which build on latent assets and capabilities developed over the last 23 years including the Commodity Financial Services business (CFS), which benefits from our deep understanding of both commodity and financial markets, as well as from our capabilities in and knowledge of leading-edge risk management practices.

Business Segmentation and Reporting

We organise the businesses (BUs) into 4 reporting segments. In addition to the products, a 5th segment is reported for activities related to the CFS business. The segmental reporting is described below:

Business Segment	Businesses (BUs)
Edible Nuts, Spices & Beans	Cashews Peanuts Almonds Hazelnuts Spices & Vegetable Ingredients Sesame Beans (Pulses, Lentils & Peas)
Confectionery & Beverage Ingredients	Cocoa Coffee Sheanuts
Food Staples & Packaged Foods	Rice Sugar and Natural Sweeteners Grains (Wheat, Barley, Corn) Palm Products Dairy Products Packaged Foods (PFB)
Industrial Raw Materials (IRM)	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 FY2013 results include the consolidated results of Hemarus Industries Limited (HIL), Vallabhdas Kanji Limited (VKL), Trusty Foods Limited (TFL), United Biscuits Limited (UBL), Progida Group ("PROGIDA"), OK Foods Nigeria Limited ("OK"), Russian Dairy Company LCC ("RUSMOLCO") and Olam Macao Spain (formerly Macao Commodities Trading SL), the acquisitions of which were completed after Q1 FY2012. As a result of the financial impact of these acquisitions, the consolidated results for Q1 FY2013 are not strictly comparable to the results of Q1 FY2012.
- b. ***Gross and Net Contribution:*** We measure and track our profitability for most business units in terms of Gross Contribution (GC) and Net Contribution (NC) per tonne of product supplied. For every transaction, we target a minimum dollar net contribution per tonne of product supplied based on the investment, risks, complexities and value added services that we provide to our customers. 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 total revenue from the sale of goods and services plus other income and share of gain/loss from jointly controlled entities/associates, 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, non-controlling interests and non-recurring exceptional items which are recorded for the period. For the purpose of determining Net Contribution, finance costs excluding interest on debt for fixed capital investments, net of interest income are deducted from the GC. For analysing the performance of the Group, the 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/ tonne.

The computation for GC and NC, 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 12	30 Sep 11	% change
Total Revenue	4,697,676	3,239,197	
Add:			
- Share of results from jointly controlled entities / associates	2,322	(1,750)	
Less:			
- Interest income	(3,481)	(6,478)	
- Cost of goods sold, shipping and logistics, commissions and claims net gain / (loss) from changes in fair value of biological assets	(4,297,237)	(2,893,963)	
- Net measurement of derivative instruments, gain / (loss) on foreign exchange, bank charges	(10,086)	(23,835)	
- Non-controlling Interests	1,343	928	
Gross Contribution (GC)	390,537	314,099	24.3%
GC per Tonne	106	169	-37.1%
Less:			
- Net interest on working capital	(79,077)	(62,169)	
Net Contribution (NC)	311,460	251,930	23.6%
NC per Tonne	85	135	-37.5%

- 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). There are no associated volumes for non supply chain businesses like SEZ and CFS.
- 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 in a particular year, based on weather patterns. In addition to an early or delayed harvesting season, the precise timing and size of arrivals of these products can also vary based on the farmers' selling decisions; these are mainly a function of the farmers' view on prices and inventory holding capacity. The majority of our origins are located in the northern hemisphere. Consequently, our earnings tend to be relatively higher in the Second half of the Financial Year (January to June) compared to the First Half of the Financial Year (July to December).

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

Q1 July - Sept	Q2 Oct - Dec	1 st Half July - Dec	Q3 Jan - March	Q4 Apr - June	2 nd 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 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

The Group reported a Net Profit After Tax of S\$41.8 million for the full year ended 30 September 2012 ("FY2013"), a growth of 25.7% compared to S\$33.3 million achieved in Q1 FY2012. Net Profit for the period attributable to equity holders (or Profit After Tax and Minority Interest), grew by 26.2% to S\$43.2 million compared with the S\$34.2 million achieved in the previous corresponding period.

The Group grew its sales volume by 97.7% in Q1 FY2013 compared to Q1 FY2012. In Q1 FY2013, revenue grew by 45.2% to S\$ 4.69 billion and NC grew by 23.6% to S\$311.5 million. NC per tonne has decreased from S\$135 in Q1 FY2012 to S\$85 in Q1 FY2013.

The Food category which is made up of three segments including Edible Nuts, Spices & Beans, Confectionery & Beverage Ingredients and Food Staples & Packaged Foods, accounted for 90.4% of the overall volumes (83.2% in Q1 FY2012), 80.2% of the revenues (79.3% in Q1 FY2012) and 89.4% of the NC (89.0% in Q1 FY2012) of the Group. This category has proven to be relatively recession resistant and continued to grow volumes and NC despite the general recessionary conditions across most consumption markets.

Sales Volume for the Food category increased by 114.7% in Q1 FY2013 compared to Q1 FY2012. Net contribution (NC) for this category increased by 24.2% in Q1 FY2013 compared to Q1 FY2012. Due to a significant increase in volumes in the Grains business within the Food Staples & Packaged Foods segment, overall NC per tonne declined to S\$84 in Q1 FY2013 as the Grains business has a structurally lower NC per tonne vis-à-vis the rest of the product platforms within the food segment.

The Industrial Raw Materials segment includes four agri-commodities, namely Cotton and Wool (together, our Natural Fibres business), Rubber and Wood Products, along with Fertiliser and the Special Economic Zone project in Gabon. This segment accounted for the remaining 19.8% of revenue and 9.6% of our volumes in Q1 FY2013. Sales Volume for this category grew by 13.1% in Q1 FY2013 compared to Q1 FY2012 while NC for this category decreased by 4.2% in Q1 FY2013 compared to Q1 FY2012. The Cotton business has started a slow recovery process in terms of traded volumes, while NC margins are still trailing below the normalised range. The Wood Products business continued to experience volume and contribution pressures and is unlikely to see any immediate recovery.

The CFS segment performed well during the quarter and delivered an NC of S\$3.9 million for Q1 FY2013, as compared to a loss of S\$2.8 million for Q1 FY2012.

The quarterly results include an operational gain of S\$10.1 m in Q1 FY2013 on account of fair valuation of biological assets. The quarterly exercise of fair valuation of biological assets was started from only Q3 FY2012 and hence there was no operational gain/ loss booked in the corresponding period of FY2012.

Business Segmental Analysis

The following table provides the segmental[#] breakdown on Sales Volume, Sales Revenue, Gross Contribution (GC) and Net Contribution (NC) for Q1 FY2013:

First Quarter

Segment	Sales Volume (in Metric Tonnes)		Revenue (in S\$'000)		Gross Contribution (GC) (in S\$'000)		Net Contribution (NC) (in S\$'000)	
	Sep 12	Sep 11	Sep 12	Sep 11	Sep 12	Sep 11	Sep 12	Sep 11
Edible Nuts, Spices & Beans	419,914	366,038	585,424	519,224	110,707	88,903	97,661	79,878
Per tonne (S\$)					264	243	233	218
Confectionery & Beverage Ingredients	309,776	286,154	1,262,025	1,093,751	95,826	87,535	69,847	63,233
Per tonne (S\$)					309	306	225	221
Food Staples & Packaged Foods	2,597,316	897,238	1,914,763	948,919	132,208	91,320	110,959	81,178
Per tonne (S\$)					51	102	43	90
Industrial Raw Materials*	353,559	312,646	926,585	667,091	47,692	49,408	29,115	30,394
Per tonne (S\$)**					135	158	82	97
Commodity Financial Services**	-	-	350	378	4,104	(3,067)	3,878	(2,753)
Total	3,680,565	1,862,076	4,689,147	3,229,363	390,537	314,099	311,460	251,930
Per tonne (S\$)**					106	169	85	135

excluding non-controlling interests

*Sales volume for Wood Products is measured in cubic meters.

**Calculated on results including service activities like SEZ, CFSG, which do not have associated volumes.

The **Edible Nuts, Spices & Beans segment** registered volume growth of 14.7%, revenue growth of 12.7%, GC growth of 24.5% and NC growth of 22.3% compared to Q1 FY2012. NC per tonne in this segment grew 6.6% from S\$218 to S\$233. The growth in volume was largely driven by the contribution from the new hazelnuts business in Turkey, spices from our facilities in Vietnam, China and India and the Vegetable Ingredients business in California (garlic, onion and tomatoes).

The Almonds business both in Australia and the US continued to perform well with favourable weather and market conditions driving better volumes and margins. Post the integration of the PROGIDA hazelnuts business in Turkey, we have successfully completed the first procurement season ahead of plan. The pepper business in Vietnam as well as garlic business in China are both well positioned to perform amidst favourable market conditions.

The **Confectionery & Beverage Ingredients segment** registered volume growth of 8.3%, 9.5% growth in GC and 10.5% growth in NC compared to Q1 FY2012. The segment grew its NC per tonne by 2.0% from S\$221 in Q1 FY2012 to S\$225 in Q1 FY2013. Both cocoa and coffee businesses had a strong and steady start to the year in terms of volumes and margins while bulk of the procurement seasons are yet to start. In line with our upstream investment strategy, the acquisition of Northern Coffee Corporation in Zambia was announced during the quarter and we continue to make good progress on our other upstream initiatives in Laos and East Africa. The greenfield Cocoa processing project in Ivory Coast is progressing well and all the West African Cocoa origins are well positioned for the main crop season ahead.

The **Food Staples & Packaged Foods segment** achieved volume growth of 189.5%, GC growth of 44.8% and NC growth of 36.7% compared to Q1 FY2012. The strong volume growth was driven by the Grains business, which saw an increase in milling volumes in Africa, as well as origination volumes across Australia, Russia and Ukraine. This also led to a decline in the NC per tonne from S\$90 in Q1 FY2012 to S\$43 in Q1 FY2013 due to the inherently lower margin on bulk products like wheat, sugar and rice. However, the lower NC per tonne was offset by the much higher volume growth, contributing to the robust growth in the overall NC pool for the segment. The wheat mill in Ghana continued its strong performance and reached capacity utilisation levels of 80% during the quarter. The grains origination business was further strengthened by the acquisition of a port based elevation facility in the Port of Azov in Russia and the expansion of Crown Flour Mills in Nigeria is progressing well.

The NZFSU dairy business faced challenging conditions which led to milk production levels being approximately 10% behind forecast. The integration of the RUSMOLCO dairy investment is currently

underway and is expected to conclude during H2 FY2013. The PFB business has got off to a good start this year with volume and margin growth across multiple categories. The integration of OK Foods and Kayass Enterprises S.A. in Nigeria is progressing as per plan. The commissioning of the greenfield project for tomato paste sachet plant in Nigeria has helped in gaining market share in a hitherto untapped segment.

The Brazilian sugar milling asset acquisition, which was announced in May 2012, is set for financial closing by Q3 FY2013.

The **Industrial Raw Materials segment** saw volume growth of 13.1%, GC decline of 3.5% and NC decline of 4.2% compared to Q1 FY2012. This segment constituted 9.6% of the Group's volumes, 19.8% of its revenues, 12.2% of its GC and 9.3% of its NC. NC per tonne in this segment declined by 15.3% from S\$97 in Q1 FY2012 to S\$82 in Q1 FY2013. The Cotton business has seen volume recovery during the quarter and we expect it to start delivering normalized NC margins from H2 FY2013. The Wool and Rubber businesses have had a good start during the quarter while Wood Products business continues to be lacklustre.

The **Commodity Financial Services** business which was on a risk-off mode during most of Q1 FY2012 and delivered a positive NC of S\$3.9 million in Q1 FY2013, compared to a loss of S\$2.8 million for Q1 FY2012.

Costs and Expenses

Q1 FY2013: Overhead expenses at S\$210.3 million for Q1 FY2013 were 15.8% higher than the S\$181.7 incurred in Q1 FY2012. Overhead expenses include employee benefit expenses which increased from S\$85.3 m in Q1 FY2012 to S\$115.2 m in Q1 FY2013 largely due to consolidation of acquisitions done during FY2012, viz, HIL, VKL, TFL, UBL, PROGIDA, OK, RUSMOLCO and Olam Macao Spain. Overhead expenses also include depreciation expenses which increased from S\$35.8 m in Q1 FY2012 to S\$40.1 m in Q1 FY2013 and other operating expenses which decreased from S\$60.5 m in Q1 FY2012 to S\$55.1 m in Q1 FY2013.

Taxation

Q1 FY2013: Income Tax provisions have marginally decreased to S\$6.0 million for Q1 FY2013 as compared to S\$6.2 million for Q1 FY2012.

Net profit after tax

Q1 FY2013: Net profit after tax increased by 25.7% to S\$41.8 million for Q1 FY2013 from S\$33.3 million in Q1 FY2012. Operational Net Profit for the period attributable to equity holders grew by 26.2% to S\$43.2 million compared to S\$34.2 million achieved in the previous corresponding period.

Statement of financial position & Cash Flow

During Q1 FY2013, the industry continued to experience significant volatility in the prices of various commodities. The application of provisions under FRS 39 affects equity and fair value of derivative financial instruments in the statement of financial position.

As of 30 September 2012, the Company maintained un-drawn bank lines aggregating S\$3,404 million to provide for any near term commodity price inflation that would increase the working capital requirement. The Company was also very active in debt capital markets and issued several fixed rate notes of varying maturity profiles to the tune of US\$1.1 billion.

Property, plant and equipment

During Q1 FY2013, property, plant and equipment increased from S\$2,621.0 million to S\$2,718.7 million. The increase of S\$97.7 million was due to capex investments in port facility in Russia, Palm and Rubber in Gabon, sugar mill in India, PFB in Nigeria, Almonds orchards processing facilities in Australia, SEZ in Gabon, Cocoa processing in Ivory Coast, Soluble Coffee plant in Vietnam, farming in the USA and expansion of Crown Flour Mills in Nigeria.

Current Assets

Debtors Analysis

Debtor days as at 30 September 2012 decreased to 32 days as compared to 38 days as at 30 September 2011.

Stocks

Stock turnover days also decreased to 94 days as at 30 September 2012, as compared to 130 days as at 30 September 2011. The IRM segment especially Cotton saw an absolute reduction in inventory while some of the increase was contributed by Edible Nuts and Food Staples businesses, especially Grains.

Advance to Suppliers

Advance to suppliers decreased to 6 days as at 30 September 2012 from 7 days as at 30 September 2011. The advances decreased from S\$320.6 million as at 30 June 2012 to S\$299.0 million as at 30 September 2012.

Cash and Fixed Deposits

Cash and Fixed Deposits increased by 24.3% to S\$1,380.2 million as of 30 September 2012 from S\$1110.9 million as of 30 June 2012 in line with the need for increased liquidity for the forthcoming crop seasons.

Borrowings

Borrowings increased to S\$8,367.0 million as of 30 September 2012 from S\$7,489.4 million as of 30 June 2012. This increase was mainly on account of a drawdown of the long-term facilities pending deployment in working capital / M&A projects / capital expenditures. Group borrowings, net of cash and fixed deposits, increased by S\$608.3 million to S\$6,986.8 million as compared to S\$6,378.5 million as at 30 June 2012. Secured loans, which decreased from S\$415 million as of 30 June 2012 to S\$205 million as of 30 September 2012, relate to loans taken by subsidiaries and are secured by specific assets of these subsidiaries. The Company was also very active in debt capital markets and issued several fixed rate notes of varying maturity profiles to the tune of US\$1.1 billion.

Equity

Total share capital and reserves (before Fair Value Adjustment Reserves and Non-controlling interest) decreased by 2.3% from S\$3,530.8 million as of 30 June 2012 to S\$3,450.2 million as of 30 September 2012 mainly due to change in currency translation reserves. Fair Value Adjustment Reserves increased from (S\$125.2) million as of 30 June 2012 to (S\$150.6) million as of 30 September 2012.

Net Debt to Equity increased from 1.81x as of 30 June 2012 to 2.03x as of 30 September 2012.

During Q1 FY2013, the Company did not issue any shares for cash or 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 materialise, these may have an effect on the financials of the Group.

The cyclical events experienced over the past year combined with the continuing volatility and uncertainty in the global markets could have some residual impact on the results in FY2013.

However, we remain positive about the long-term fundamentals of our industry, as well as our overall business model and will continue to execute on our strategy to grow our long term intrinsic value across all existing business segments.

11. Dividend

- (a) Current Financial Period Reported on 30 September 2012.

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). If no IPT mandate has been obtained, a statement to that effect.

The Company has not obtained a general mandate from shareholders for Interested Person Transactions.

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 2012 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 2012