



The Brand Behind The Brands

Team Introduction

- ❖ **Sunny Verghese**
Group Managing Director & CEO (Executive Director)
- ❖ **K. Ravikumar**
Chief Financial Officer
- ❖ **S. Suresh**
General Manager, Corporate Affairs & Investor Relations
- ❖ **Chow Hung Hoeng**
Manager, Investor Relations



Olam International Limited

FY2006

1H FY2006 Results Briefing

14th February 2006





This presentation should be read in conjunction with Olam International Limited's First Half (Interim), FY2006 (1H FY2006) Financial Results for the period ended 31st December 2005 statement lodged on SGXNET on 14th February 2006.



Cautionary note on forward-looking statements

This presentation may contain statements regarding the business of Olam International Limited and its subsidiaries ('Group') that are of a forward looking nature and are therefore based on management's assumptions about future developments.

Such forward looking statements are intended to be identified by words such as 'believe', 'estimate', 'intend', 'may', 'will', 'expect', and 'project' and similar expressions as they relate to the Group. Forward-looking statements involve certain risks and uncertainties because they relate to future events. Actual results may vary materially from those targeted, expected or projected due to several factors.

Potential risks and uncertainties includes such factors as general economic conditions, foreign exchange fluctuations, interest rate changes, commodity price fluctuations and regulatory developments. Such factors that may affect Olam's future financial results are detailed in our listing prospectus, listed in this presentation, or discussed in today's press release and in the management discussion and analysis section of the company's 1H FY2006 (Interim) results report and filings with SGX. The reader and/or listener is cautioned to not unduly rely on these forward-looking statements. We do not undertake any duty to publish any update or revision of any forward looking statements.



Results Presentation: Outline

- ❖ Market Review & Analysis
- ❖ WTO Ministerial HK December 2005 : update
- ❖ Results: 1H FY2006 - Consolidated P&L Analysis
- ❖ Results: 1H FY2006 - Segmental Analysis
- ❖ Results: 1H FY2006 - Balance Sheet Analysis
- ❖ Strategy Update
- ❖ Outlook & prospects
- ❖ Q&A



Market: Review & Analysis



Trading Conditions: Performance of Commodity Indices

	1 Jul 2005	31 Dec 2005	% Change
GSCI	390.73	431.72	10.49
CRB	306.91	347.89	13.35
RICI	3,071.00	3,301.00	7.49
DOW JONES-AIG	154.66	171.15	10.66
OLAM'S BASKET			4.83

Farm commodity prices today are at its lowest relative to energy prices in the last 200 years.

Source: Bloomberg



Major Commodity Indices & their Component weightings

(All figures in %)	RICI	GSCI	DOW JONES-AIG	CRB
Energy	44.00	73.89	36.00	17.60
Precious Metals	7.00	1.92	7.00	17.60
Industrial Metals	14.00	6.75	18.00	11.80
Livestock	3.00	5.78	9.00	11.80
Agriculture	32.00	11.65	30.00	41.20
Total	100.00	100.00	100.00	100.00
No. of underlying Commodities	39	25	20	17

- ❖ Commodity indices are unleveraged, fully collateralized exchange traded long only investments in commodity futures that is broadly diversified across multiple commodities.

Source: Bloomberg

Olam's Basket: (Volume weighted)

	1 Jul 2005	31 Dec 2005	% Change
Rice	285.0	300.0	5.26
Sugar	267.6	361.7	35.16
Cocoa	853.0	920.0	7.85
Coffee	1,239.0	1,183.0	(4.52)
Cotton	54.47	54.70	0.42
Cashew	2.40	2.08	(13.33)
Timber	325.0	325.0	0.00

Source: Company



Performance of Indices 1998-2005: All Asset Classes

	Compounded Annual Return (%)	Total Return (%)	Rank
RICI	17.19	195.58	1
GSCI	14.51	152.36	3
DOW JONES-AIG	11.20	106.53	4
SPCI	8.01	69.35	13
CRB	4.41	34.27	29

✿ **Ranking of over 50 indices across multiple asset classes**

Source: Bloomberg & Barclay Trading Group Ltd



Commodity Index Returns:

	GSCI	DJAIGCI	S&P 500
1969 - 2005:			
- Return %	12.5	-	11.1
- Volatility %	18.5	-	15.5
1990 - 2005:			
- Return %	7.1	7.6	11.6
- Volatility %	18.2	11.9	14.3
2000 - 2005:			
- Return %	15.6	13.3	(3.2)
- Volatility %	22.2	14.0	15.6

Source: Goldman Sachs / AIG Trading

Commodities as an alternate asset class: Why?

- ❖ **Negatively co-related to stocks**
- ❖ **Negatively co-related to bonds**
- ❖ **Positively co-related to inflation**
- ❖ **Positively co-related to changes in rate of inflation**
- ❖ **Extent of returns comparable to equities (1970-2004)**
- ❖ **Volatility comparable to equities**



Alternative ways of investing in Commodities:

- ❖ **Owning actual physical commodities**
- ❖ **Owning shares / equity in commodity producers/ companies**
- ❖ **Active commodity trading (futures & options)**
- ❖ **Commodity index investment**



Commodity investment: Key developments

- ❖ Demand for commodity investments is on the rise
- ❖ Hedge funds more active, both long & short
- ❖ Commodity investments are still, relatively speaking, tiny
- ❖ Investor flows into each commodity asset class is still small relative to total production
- ❖ There is rapid growth in futures markets volumes with all markets increasing in size
- ❖ While role of investor buying is important, it is still outweighed by fundamentals.



Commodity market review: Fundamental drivers

- ✿ **Above-trend growth in raw materials demand**
 - China & India's industrialisation and income growth as a key driver
- ✿ **Below-trend growth in supply**
 - Lack of investment & increased environmental & political risk in non renewables, and lack of arable land availability for renewal
- ✿ **Low inventory levels**
 - Significant inventory drawdown & in some cases, critically low levels
- ✿ **Weaker US dollar**
 - commodity prices are negatively co-related to the US\$, which is expected to remain weaker than in the past
- ✿ **Investment Gestation**
 - long lead times to bring additional productive capacity on stream.

WTO Ministerial HK: Dec 2005 update



World trade in agricultural products 2004

(billion dollars & percentage)	
Value	783
Annual percentage change	
1980-85	(2)
1985-90	9
1990-95	7
1995-00	(1)
2000-04	9
2002	6
2003	16
2004	15
Share in world merchandise trade	8.8
Share in world export of primary products	37.9

Source: WTO International Trade Statistics 2005

Major regional flows in world exports of agricultural products 2004

(billion dollars & percentage)	Value	Annual percentage change		
	2004	2000-04	2003	2004
Intra-Europe	297.4	11	23	14
Intra-Asia	84.0	7	9	16
Intra-North America	59.7	5	4	14
North America to Asia	40.0	2	16	4
South & Central America to Europe	26.3	10	19	18
South & Central America to North America	14.6	6	14	14

Source: WTO International Trade Statistics 2005

Share of agricultural products trade in total merchandise trade by region, 2004

	Exports	Imports
World	8.8	8.8
North America	9.9	6.2
South & Central America	28.9	9.4
Europe	9.1	9.7
Commonwealth of Independent States (CIS)	9.0	13.7
Africa	12.1	14.5
Middle East	2.4	11.1
Asia	6.0	8.4

Source: WTO International Trade Statistics 2005



Types of agricultural subsidies:

- ✿ **Export subsidies**
- ✿ **Domestic subsidies**
- ✿ **Market protection/import tariffs**
- ✿ **Non trade concerns subsidies**
- ✿ **Special and differentiating conditions subsidies**



Trade distorting domestic subsidies: classification

Amber Box

Domestic supports are those subsidies that are seen as highly trade distorting. For example, if a government pays producers money to export more of their goods

Blue Box

The “blue box” contains any subsidy that would normally be considered trade distorting, but that encourages farmers to limit production, not increase it.

Green Box

Subsidies that are not trade-distorting fall into the “green box” category. They must be funded by the government and cannot be a subsidy that controls prices.



US farm subsidies: 1995-2004

Year	Amount (US\$ billion)
1995	7.24
1996	7.27
1997	7.46
1998	12.36
1999	21.57
2000	23.54
2001	22.46
2002	12.96
2003	16.44
2004	12.53
Total	143.84

Source: EWG's Farm Subsidy Database

US farm subsidies: 1995-2004 by product

Product	Amt (US\$ billion)
Corn	41.86
Wheat	19.83
Cotton	15.78
Soya bean	13.02
Rice	9.98
Sorghum	3.72
Dairy	3.13
Livestock	2.63
Peanut	2.02
Barley	1.66

Product	Amt (US\$ billion)
Tobacco	0.53
Sunflower	0.42
Sugar Beet	0.35
Apple	0.26
Oat	0.19
Wool	0.17
Canola	0.17
Conservation Reserve	16.62
Disaster Payments	11.92
Environmental Quality	0.95

Source: EWG's Farm Subsidy Database

US farm subsidies: key characteristics

- ❖ US farm subsidies supported less than 2% of the work force and less than 2% of the GDP
- ❖ 60% of all farmers do not collect government subsidy payments
- ❖ The top 10% of subsidy recipients accounted for 72% of all subsidies paid
- ❖ The top 10% recipients averaged US\$33,283 in annual payments, compared to the bottom 80% who received US\$721 on an average.



EU Common agricultural policy (CAP):

- ❖ Total EU farm subsidies estimated at Euro 45 billion amounting to 44% of the total EU budget. 20 years ago, farm subsidies was 70% of EU budget.
- ❖ Farming accounts for less than 2% of EU's workforce and less than 3% share of EU's GDP.
- ❖ 80% of its subsidies goes to the richest 20% of its farmers.
- ❖ Total OECD's subsidies estimated at around US\$320 billion dwarfing total developmental assistance provided by OECD to developing countries (US\$51 billion).



Developing Country Net Agricultural Trade

(Exports Minus Imports, in Billions of Dollars)

		Changes in Agricultural Trade Policies By				
Region:	1997 Net Trade Levels	US only	EU only	Japan, Korea only	All Industrialized Countries	% Increase
Sub-Saharan Africa	\$7.4	\$8.1	\$9.6	\$7.6	\$10.7	45%
Asia	\$12.3	\$15.6	\$15.6	\$15.7	\$22.8	85%
Latin America & the Caribbean	\$31.7	\$37.1	\$39.3	\$32.5	\$46.4	47%
Other Developing Countries	(\$31.0)	(\$29.4)	(\$21.9)	(\$30.1)	(\$19.1)	38%
All Developing Countries	\$20.4	\$31.4	\$42.6	\$25.7	\$60.80	198%

Source: International Food Policy Research Institute (IFPRI)

Annual Changes in Incomes Going to Primary Agriculture and Agroindustrial Production (Increase in Million Dollars)

	Changes in Agricultural Trade Policies By			
Region:	US only	EU only	Japan, Korea only	All Industrialized Countries
Sub-Saharan Africa	\$455	\$1,290	\$150	\$1,945
Asia	\$2,186	\$2,099	\$2,346	\$6,624
Latin America & the Caribbean	\$2,896	\$4,480	\$607	\$8,258
Other Developing Countries	\$1,148	\$5,069	\$339	\$6,659
All Developing Countries	\$6,684	\$12,936	\$3,442	\$23,486

Source: International Food Policy Research Institute (IFPRI)

Developing Countries' Dependence on Agriculture

	Latin America & Caribbean	Sub-Saharan Africa	South Asia	East Asia & Pacific	All Developing Countries	Least Developed Countries
Percentage of GDP from Agriculture	7.9	17.9	28.3	15.4	13.2	36.7
Rural population (% of total population)	26.5	68.4	73.2	67.7	60.6	76.4
Agricultural Exports (% of total merchandise trade)	28.3	23.9	17.9	11.7	15.3	35.3

Source: International Food Policy Research Institute (IFPRI)



Potential Impact of Industrialized Country Agricultural Trade Liberalization On Developing Countries

	Annual Increase in Incomes Going to Primary Agriculture & Agroindustrial Production		Increase in Net Agricultural Trade	
	<i>Liberalization in All IND Countries</i>		<i>(Exports Minus Imports)</i>	
	Million US\$	%	Million US\$	%
China	2265.4	1.5	3664.3	327.3
Indonesia	593.6	1.2	1039.8	93.5
Malaysia	261.3	2.4	440.3	22.3
Philippines	238.1	1.4	394.7	31.0
Thailand	1755.0	11.0	2873.1	57.2
Vietnam	81.9	3.1	205.2	14.3
Bangladesh	43.6	0.6	112.9	16.8
India	1129.4	1.1	1376.1	28.0
Sri Lanka	26.6	0.7	37.0	53.9
Other South Asia	228.7	1.2	336.6	26.3

Source: International Food Policy Research Institute (IFPRI)

Potential Impact of Industrialized Country Agricultural Trade Liberalization On Developing Countries

	Annual Increase in Incomes Going to Primary Agriculture & Agroindustrial Production		Increase in Net Agricultural Trade	
	<i>Liberalization in All IND Countries</i>		<i>(Exports Minus Imports)</i>	
	Million US\$	%	Million US\$	%
Mexico	980.6	1.9	1857.0	382.4
Central America/Caribbean	1531.8	9.5	2754.1	78.5
Colombia	339.7	2.2	743.0	27.9
Peru	363.3	3.3	402.2	53.7
Venezuela	100.8	1.1	161.5	16.4
Rest of Andean Pact	212.0	3.8	412.1	17.1
Argentina	1833.0	2.8	2674.0	24.4
Brazil	2258.7	2.5	4262.0	49.5
Chile	240.8	2.6	581.0	20.4
Uruguay	154.5	4.8	298.4	34.5
Rest of South America	242.7	15.9	536.2	166.0

Source: International Food Policy Research Institute (IFPRI)

Potential Impact of Industrialized Country Agricultural Trade Liberalization On Developing Countries

	Annual Increase in Incomes Going to Primary Agriculture & Agroindustrial Production		Increase in Net Agricultural Trade	
	<i>Liberalization in All IND Countries</i>		<i>(Exports Minus Imports)</i>	
	Million US\$	%	Million US\$	%
Middle East	1244.6	4.6	1924.9	17.0
Morocco	236.1	3.3	389.4	203.7
Rest of North Africa	736.9	2.3	1224.9	19.1
Botswana	23.2	14.6	49.0	30.4
S. Africa & Rest of SACU	459.5	5.1	1065.4	102
Malawi	26.7	3.1	55.7	12.5
Mozambique	61.8	5.4	53.9	67.5
Tanzania	87.8	3.1	92.8	25.5
Zambia	50.9	5.1	62.0	103.9
Zimbabwe	79.1	4.7	131.2	12.9
Other Southern Africa	175.2	12.0	418.6	421.1
Uganda	80.6	2.2	48.2	10.6
Rest of sub-Saharan Africa	888.6	2.6	1342.5	32.3

Source: International Food Policy Research Institute (IFPRI)

What happened in HK:

- ✿ All export subsidies to be phased out by 2013 with front loading of the phasing.
- ✿ US Cotton export subsidies to be phased out by 2006.
- ✿ Developing countries won measures to protect poor farmers.
- ✿ Strengthen language on domestic support subsidies (tightening the disciplines on 'blue box' component).
- ✿ Duty-free, Quota-free (DFQF) market access for LDCs.
- ✿ New disciplines to prevent the abuse of food aid with the provision of a 'safe box' for the exemption of bonafide emergency aid.
- ✿ Limited progress on NAMA and services.
- ✿ Round to be completed in 2006.

Results:
1H FY2006
Consolidated P&L Analysis



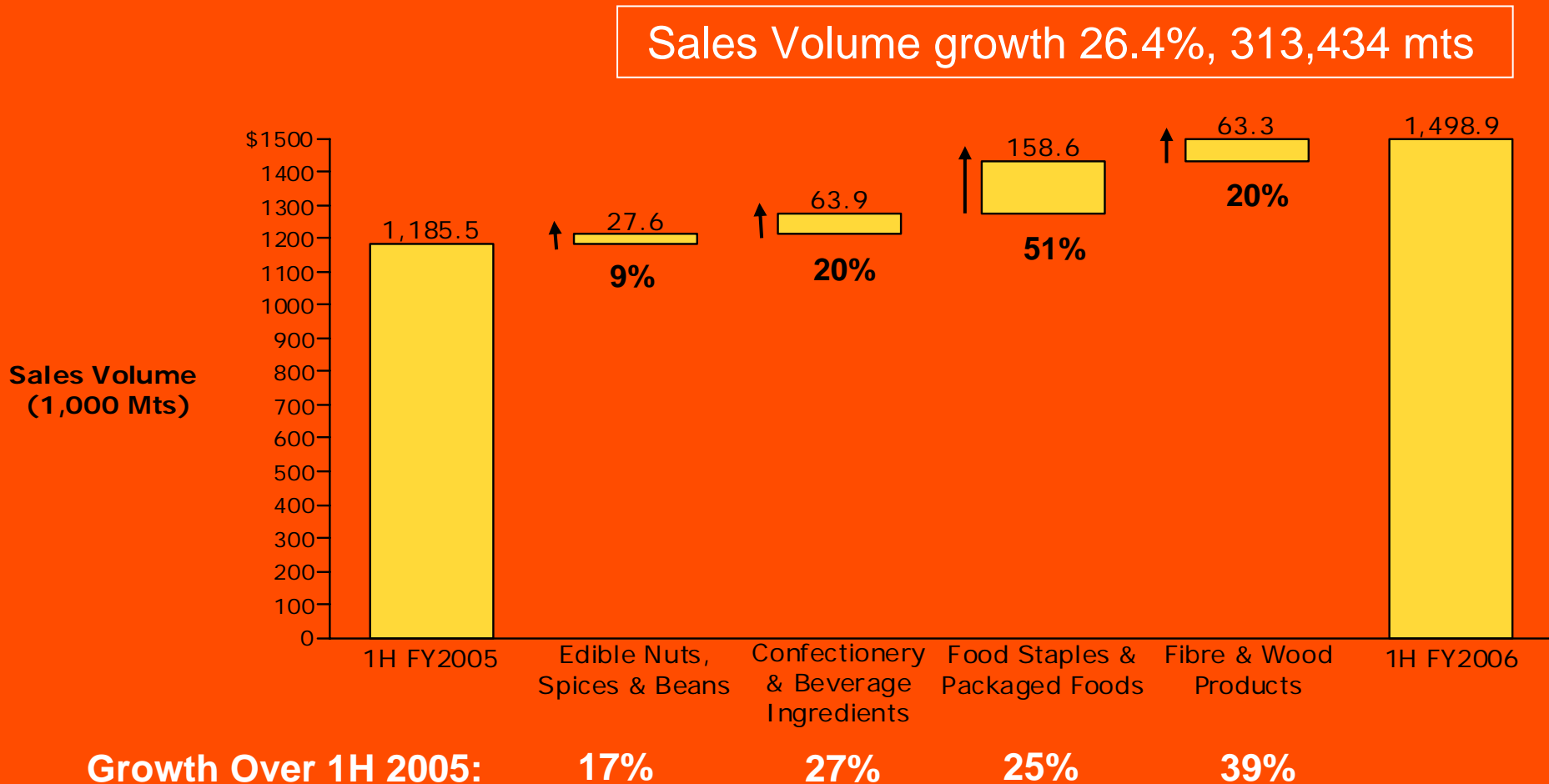
Consolidated P&L Analysis: 1H FY2006

✿ **Sales Volume: 1.499 million metric tons**

- 26.4% growth over 1H FY2005
- Volume growth across all 4 segments



Sales Volume Growth: Segmental Contribution



Consolidated P&L analysis: 1H FY2006

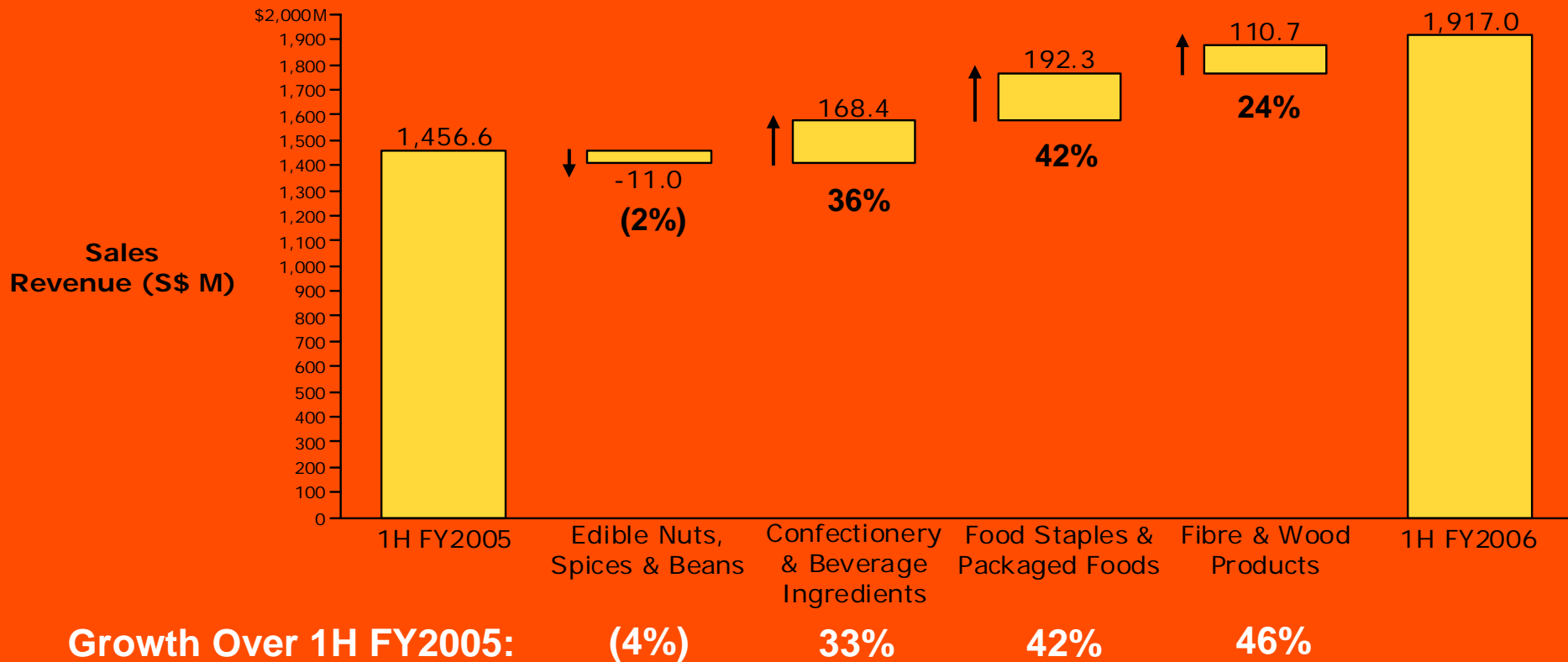
❖ **Total Revenue: S\$1,917.0 million**

- 31.6% growth over 1H FY2005
- Revenue growth in 3 out of 4 segments



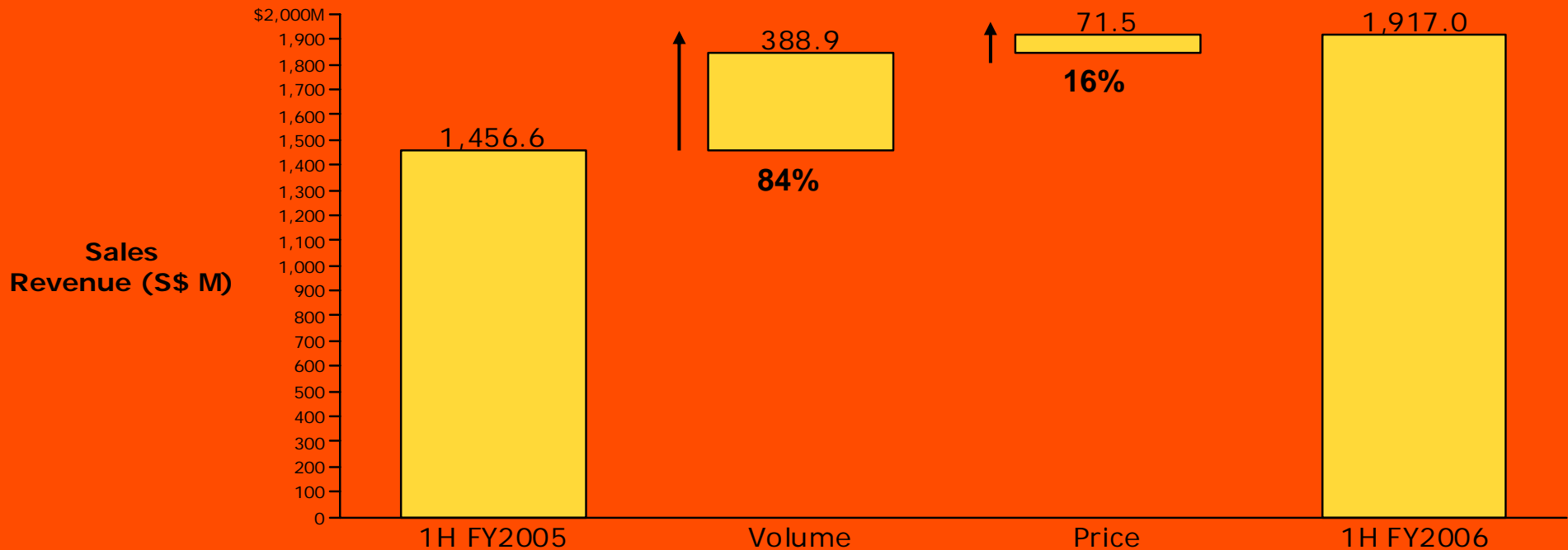
Sales Revenue Growth: Segmental Contribution

Sales revenue growth 31.6%, S\$460.4 million



Sales Revenue Growth: Sources

Sales revenue growth 31.6%, S\$460.4 million



Consolidated P&L Analysis: 1H FY2006

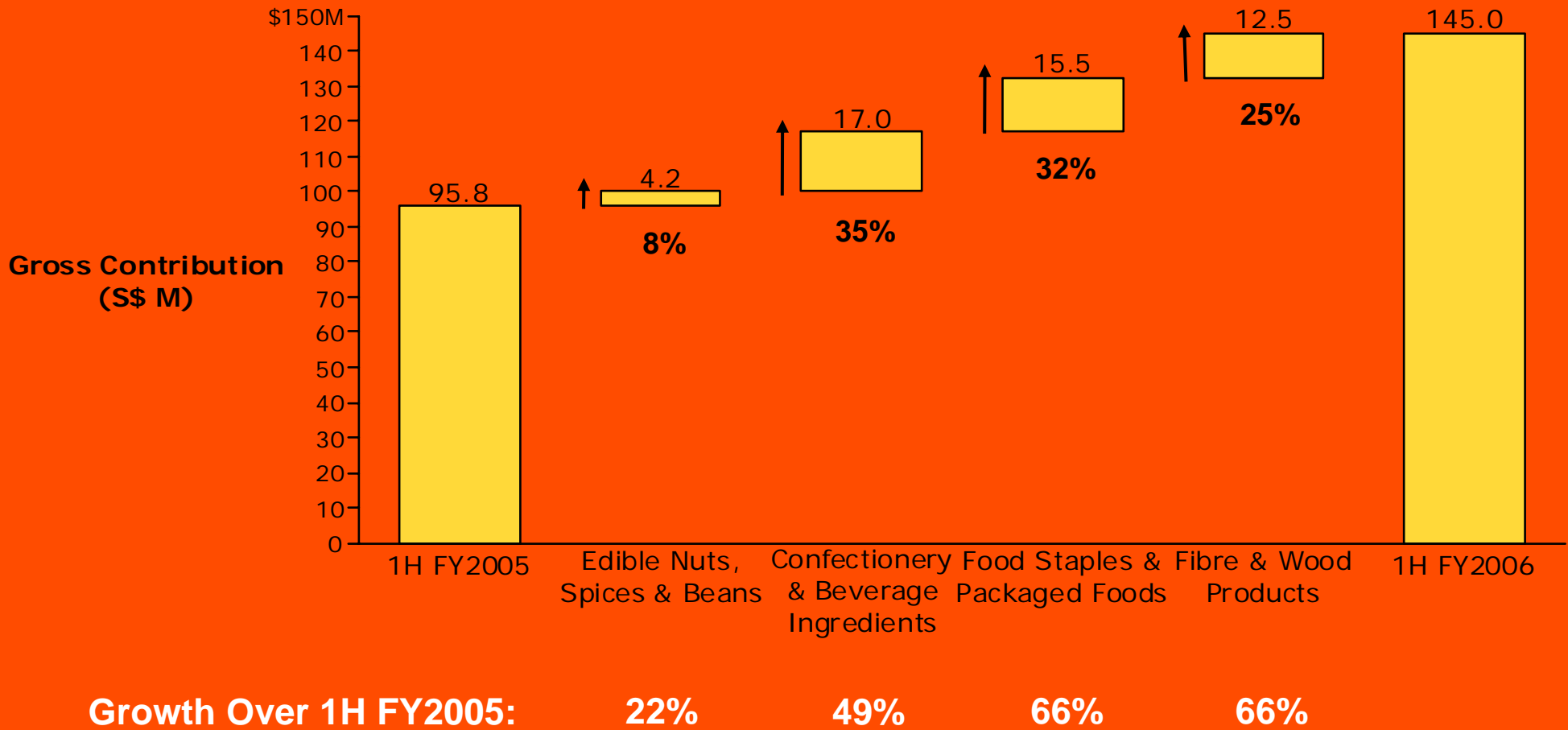
❖ **Gross Contribution (GC) : S\$145.0 million**

- 51.3% growth over 1H FY2005
- GC growth across all segments



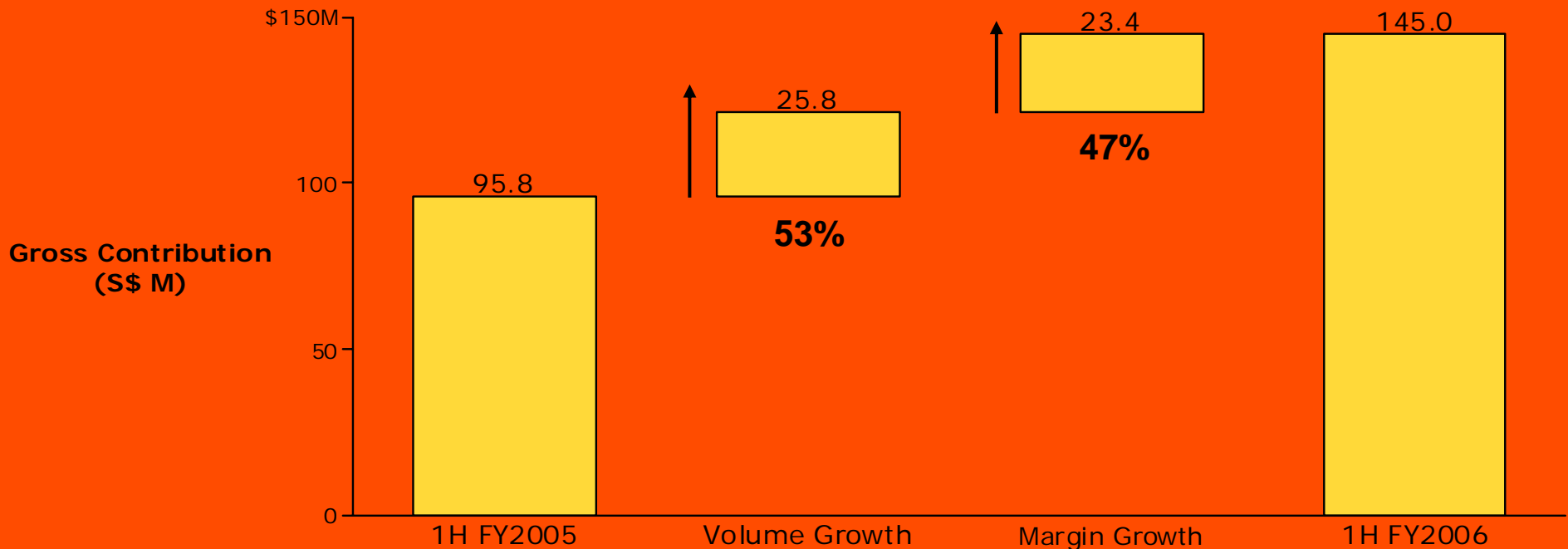
Gross Contribution Growth: Segmental Share

GC growth 51.3%, S\$49.2 million



Gross Contribution Growth: Sources

GC growth 51.3%, S\$49.2 million



Interest Costs

❖ **Total increase in interest costs S\$23.9 million or 108.4%.**

	1H FY2005 (S\$'000)	1H FY2006 (S\$'000)	Increase (S\$'000)	% Increase
Interest Expenses	22,061	45,966	23,905	108.4%
Sales	1,456,594	1,916,985	460,391	31.6%
Interest Rate	4.50%	5.85%	1.35%	29.9%
Interest variance due to interest rate increase				10,575
Interest variance due to working capital increase				13,330
Total Net Increase in Interest				23,905



Consolidated P&L Analysis: 1H FY2006

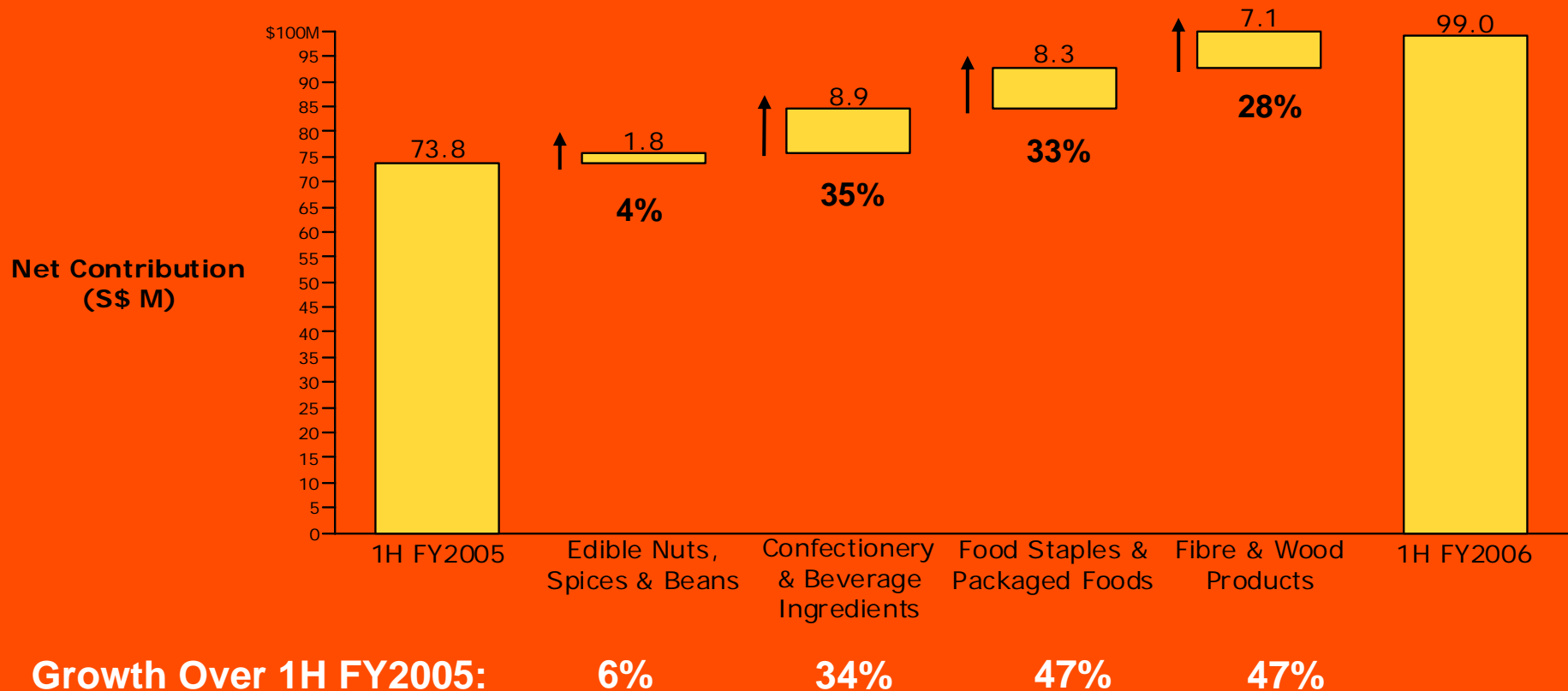
✿ **Net Contribution (NC) : S\$99.0 million**

- 34.2% growth over 1H FY2005
- NC growth across all segments



Net Contribution Growth: Segmental Share

NC growth 34.2%, S\$25.2 million

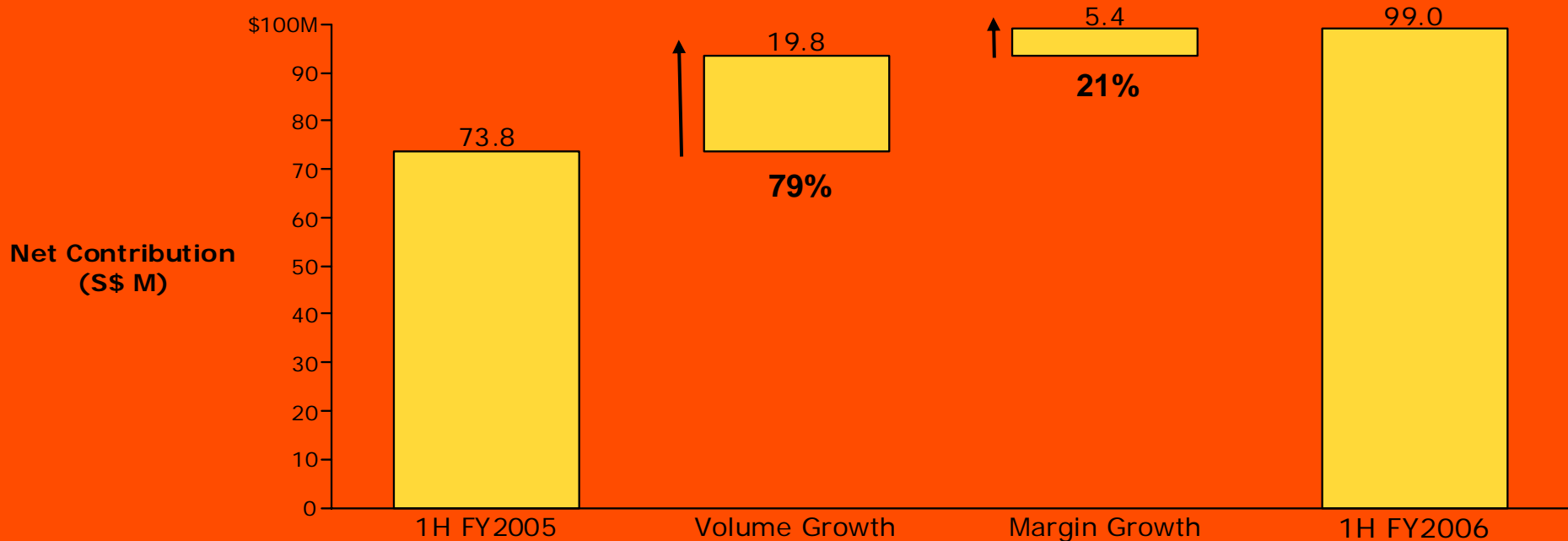


✿ Net Contribution Margin 5.16% in 1H FY2006 vs 5.07% in 1H FY2005

✿ Net Contribution per ton S\$66/ton in 1H FY2006 vs S\$62/ton in 1H FY2005

Net Contribution Growth: Sources

NC growth 34.2%, S\$25.2 million



Consolidated P&L Analysis: 1H FY2006

- ❖ **SG&A** increased by 34.6% to S\$64.8 million in 1H FY2006.

	1H FY2006	1H FY2005	Change
SG&A (S\$ million)	64.8	48.1	(34.6%)
SG&A / Sales ratio	3.38	3.30	



Consolidated P&L Analysis: 1H FY2006

❖ **Net Profit After Tax (NPAT): S\$30.6 million**

- 35.6% growth over 1H FY2005

❖ **Earnings per Share (EPS)**

- 1.97 cents/share in 1H FY2006 vs 2.01 cents/share in 1H FY2005 (based on weighted average no. of shares)



Results: 1H FY2006

Segmental Analysis



Segmental Analysis 1H FY2006: Summary

Olam Consolidated

- Turnover **S\$1,917 million**
- Volume **1.499 mmts**
- NC **S\$99.0 m**
- NPAT **S\$30.6 m**

Edible Nuts, Spices & Beans

- Turnover **\$236.3 m**
- Volume **0.188mmts**
- NC **\$15.9 m**

• NC Share **16.1%**



Confectionery & Beverage Ingredients

- Turnover **\$682.9 m**
- Volume **0.303mmts**
- NC **\$34.9 m**

• NC Share **35.3%**



Food Staples & Packaged Foods

- Turnover **\$645.2 m**
- Volume **0.781mmts**
- NC **\$26.2 m**

• NC Share **26.4%**



Fibre & Wood Products

- Turnover **\$352.6 m**
- Volume **0.227mmts**
- NC **\$22.0 m**

• NC Share **22.2%**



Segmental Analysis: Edible Nuts, Spices & Beans

Description	1H FY2006		1H FY2005		% Change
	Amount	S\$/Ton	Amount	S\$/Ton	
Volume (metric tons)	187,647		160,045		▲ 17.2%
Revenue (S\$'000)	236,294	1,259	247,309	1,545	▼ (4.5%)
Net Contribution (S\$'000)	15,936	85	14,999	94	▲ 6.2%



Segmental Analysis: Confectionary & Beverage Ingredients

Description	1H FY2006		1H FY2005		% Change
	Amount	S\$/Ton	Amount	S\$/Ton	
Volume (metric tons)	303,010		239,073		↑ 26.7%
Revenue (S\$'000)	682,873	2,254	514,499	2,152	↑ 32.7%
Net Contribution (S\$'000)	34,941	115	26,083	109	↑ 34.0%



Segmental Analysis: Food Staples & Packaged Foods

Description	1H FY2006		1H FY2005		% Change
	Amount	S\$/Ton	Amount	S\$/Ton	
Volume (metric tons)	780,639		622,043		↑ 25.5%
Revenue (S\$'000)	645,224	827	452,902	728	↑ 42.5%
Net Contribution (S\$'000)	26,153	34	17,805	29	↑ 46.9%



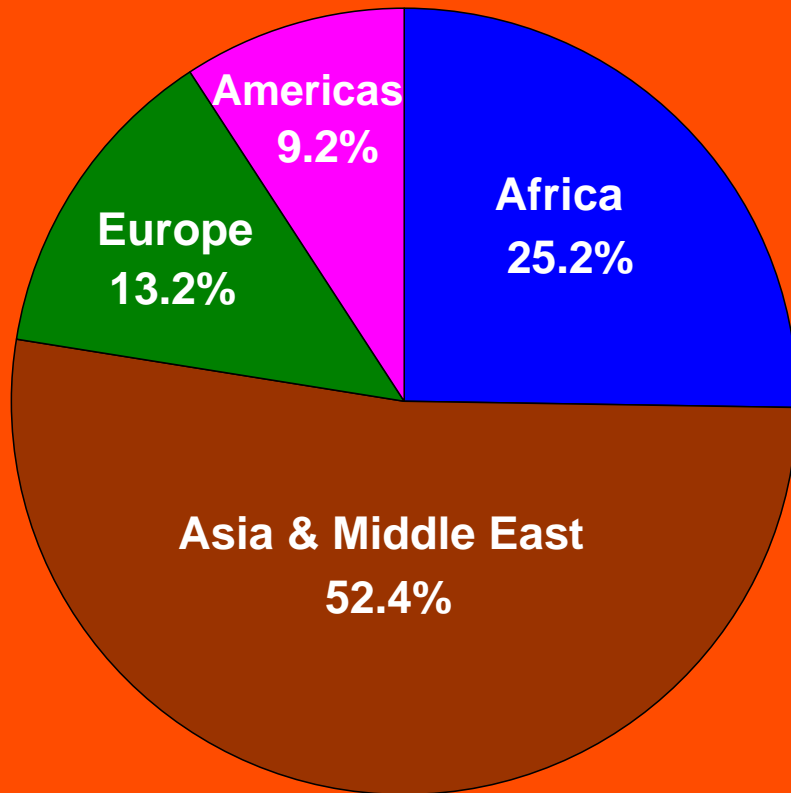
Segmental Analysis: Fibre & Wood products

Description	1H FY2006		1H FY2005		% Change
	Amount	S\$/Ton	Amount	S\$/Ton	
Volume	227,594		164,295		↑ 38.5%
Turnover	352,594	1,549	241,884	1,472	↑ 45.8%
Net Contribution	21,975	97	14,900	91	↑ 47.5%

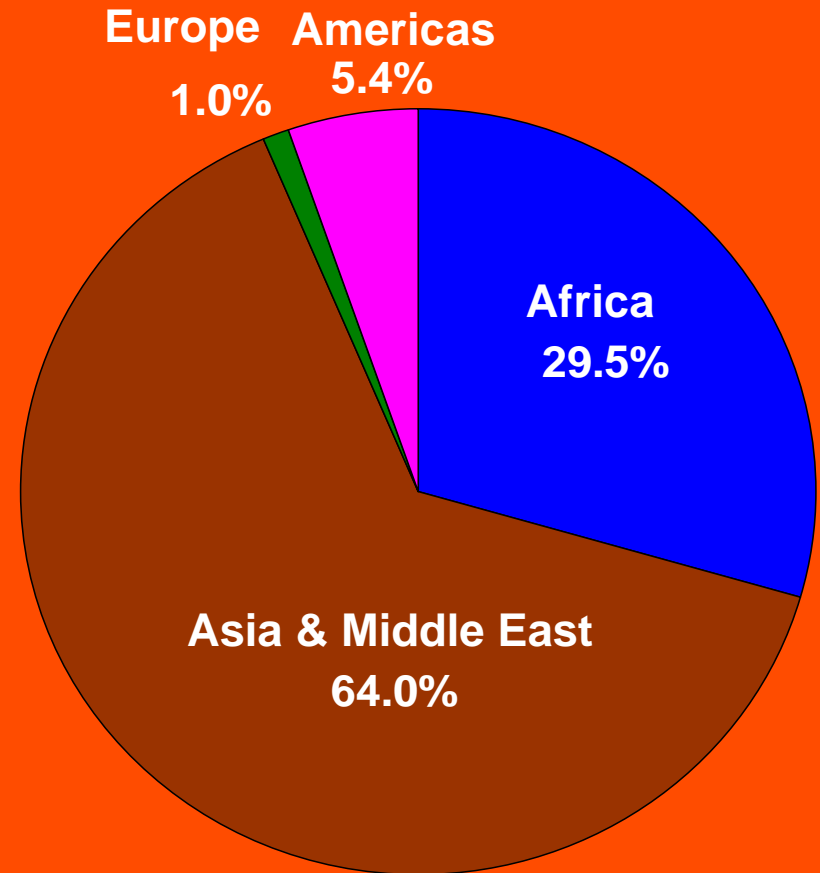


Well Diversified Sourcing: Origins

Sourcing Volume 1H FY2006

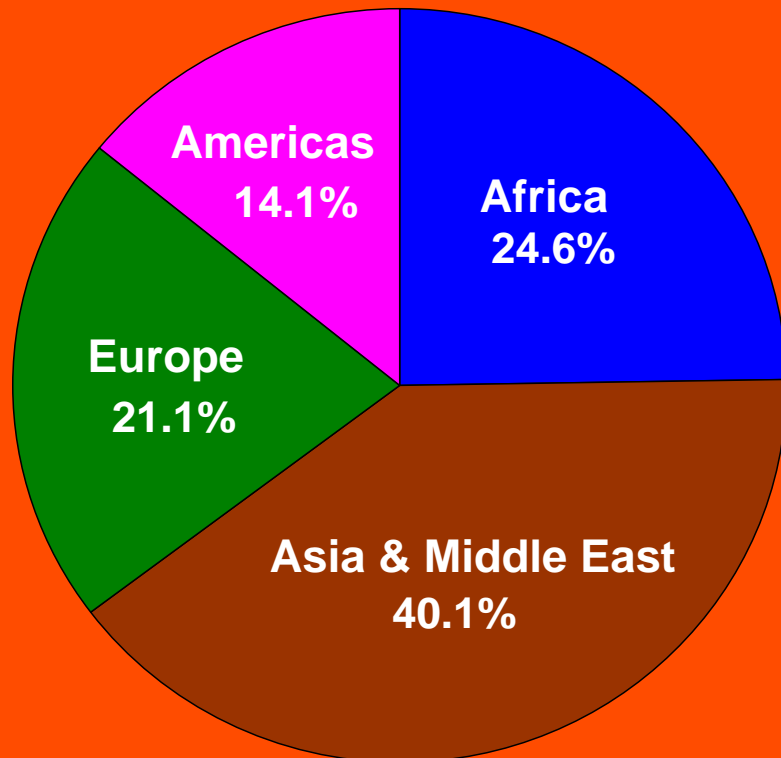


Sourcing Volume 1H FY2005

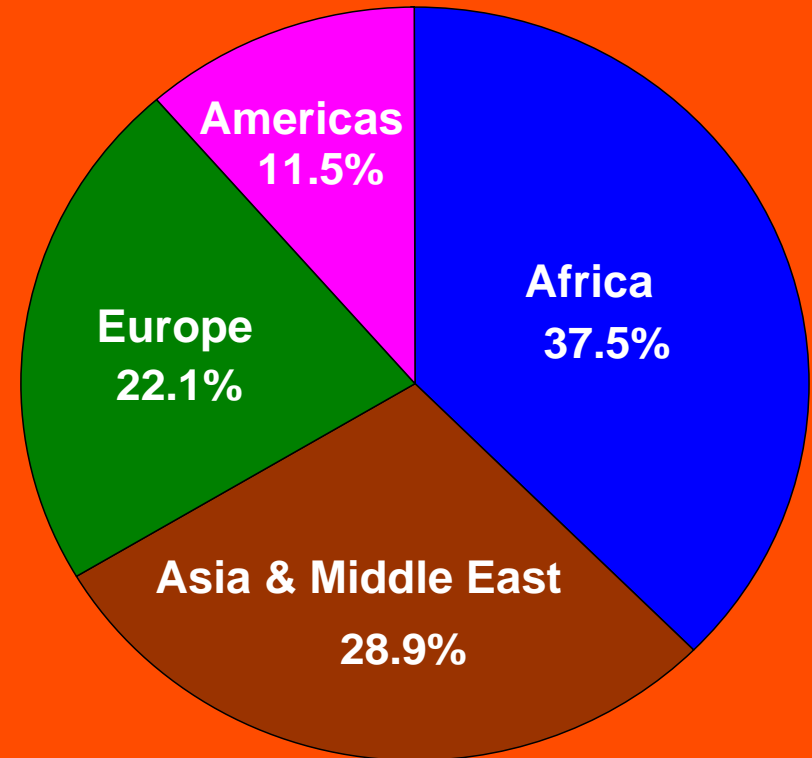


Well Diversified Sales: Markets

Sales Turnover 1H FY2006



Sales Turnover 1H FY2005



Well diversified: **Customers**

Segment	Top 5 Customer Share of Total Sales
Edible Nuts, Spices & Beans	2.8%
Confectionery & Beverage Ingredients	11.2%
Food Staples & Packaged Foods	1.8%
Fibre & Wood Products	3.2%

❖ **No customer accounts for more than 5% of our sales.**



Results: 1H FY2006

Balance Sheet Analysis



Balance Sheet Analysis: Summary

(Figures in S\$'000)	31 Dec 2005	30 Jun 2005	% Change
Fixed Assets & Investments	56,291	40,650	38.5%
Current Assets			
Debtors	524,308	649,179	(19.2%)
Stocks	1,041,038	1,019,025	2.2%
Cash & Cash Equivalents	246,842	165,367	49.3%
Other Current Assets	568,238	266,693	113.1%
Total Assets	2,436,717	2,140,914	13.8%
Trade Creditors	110,962	175,026	(36.6%)
Borrowings	1,690,812	1,450,747	16.5%
Other Liabilities	191,369	18,416	939.1%
Net Assets	443,574	496,725	(10.7)%
Equity & Reserves	443,574	496,725	(10.7%)

Balance Sheet Analysis: Ratios

	31 Dec 2005	30 Jun 2005	Change
Current Asset Ratios			
Debtors (days)	49	70	21
Stock (days)	105	119	14
Advance to Suppliers (days)	26	11	(15)
Trade Creditors (days)	11	20	(9)
Current Ratio (x)	1.46	1.28	

Balance Sheet Analysis: Debtors

- 59.9% of Debtors secured by Letter of Credit / Docs of Title.
- Debtor quality good. No additional provisions created over June 2005



Balance Sheet Analysis: **Stock**

(in S\$ Millions)	Dec 2005	Jun 2005	Increase
Edible Nuts, Spices & Beans	162.3	148.7	9.1%
Confectionery & Beverage Ingredients	478.4	510.6	(6.3%)
Food Staples & Packaged Foods	261.2	304.2	(14.1%)
Fibre & Wood Products	139.1	55.5	150.6%
Total	1,041.0	1,019.0	2.2%

- 88.0% of stocks sold forward or hedged.
- The increase in inventory value is entirely on account of price increases. \$38.1 m of the inventory value increase is due to an increase in prices of the underlying products.
- \$16.1 m of stock value reduced due to a reduction in volume of stock carried.

Balance Sheet Analysis: **Fixed Assets**

❖ **Fixed assets**

- Investment in fixed assets amounted to S\$20.9 million in 1H FY2006 as compared to S\$8.6 million in 1H FY2005. The increases was mainly on account of processing, warehousing, milling and logistics infrastructure.



Balance Sheet Analysis: Cash & Borrowings

- ❖ **Cash and Fixed Deposits** increased by 49.3% to S\$246.8 million
- ❖ **Borrowings:**
 - ❖ Only 56.8% of our total credit facilities were used as of 31st Dec.

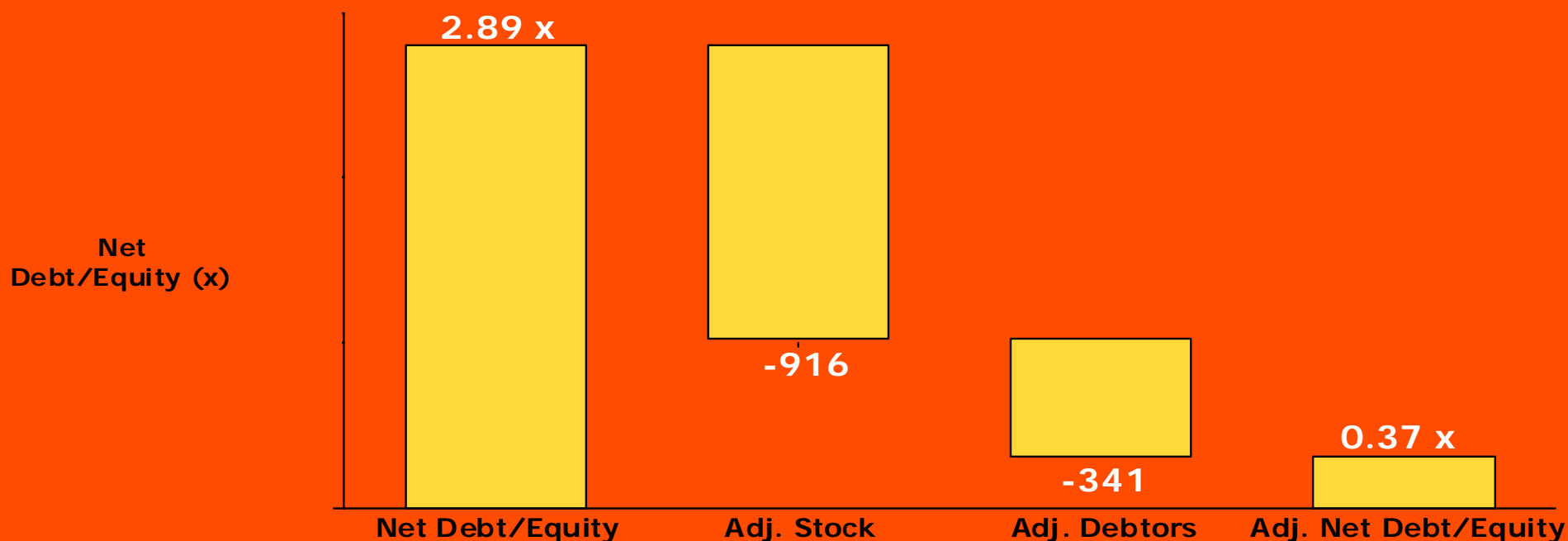
(in S\$ million)	31 Dec 2005	% Share
Short Term Banking Facilities	1,498.1	50.4%
Committed Banking Facilities	507.3	17.1%
Islamic Financing	143.7	4.8%
MTN	800.0	26.8%
Long Term Loan	25.4	0.9%
Total	2,974.5	100.0%

Balance Sheet Analysis: Gearing

	31 Dec 2005		30 Jun 2005	Change
Leverage (x)	Before Fair Value Adj. Reserve	After Fair Value Adj. Reserve		Vis-à-vis before Fair Value Adj. Reserve
Gross Debt to Equity (x)	3.38	3.81	2.92	(0.46)
Net Debt to Equity (x)	2.89	3.26	2.59	(0.30)
Interest Coverage (x)	1.74		2.52	(0.78)
Liquidity				
Cash to Sales (%)	3.44		3.08	0.36
Cash & Cash Equivalents	246.9 m		165.4 m	81.5 m

Balance Sheet: Analysis of Gearing

Adjusting: hedged, liquid inventory



Impact of FRS 39

- ❖ Reduction in equity as of 31 December 2005 is S\$56.0 million
- ❖ FRS 39 allows for hedge accounting to be applied when strict effectiveness criteria are met.
- ❖ We have assessed the effectiveness of our hedging instruments and have concluded that the majority of the derivatives qualifies for hedge accounting. Hence, adjustment due to adoption of FRS 39 has mainly flown to equity.
- ❖ We do not expect any adverse impact of these measurements to the results of the Company.

Impact of FRS 102

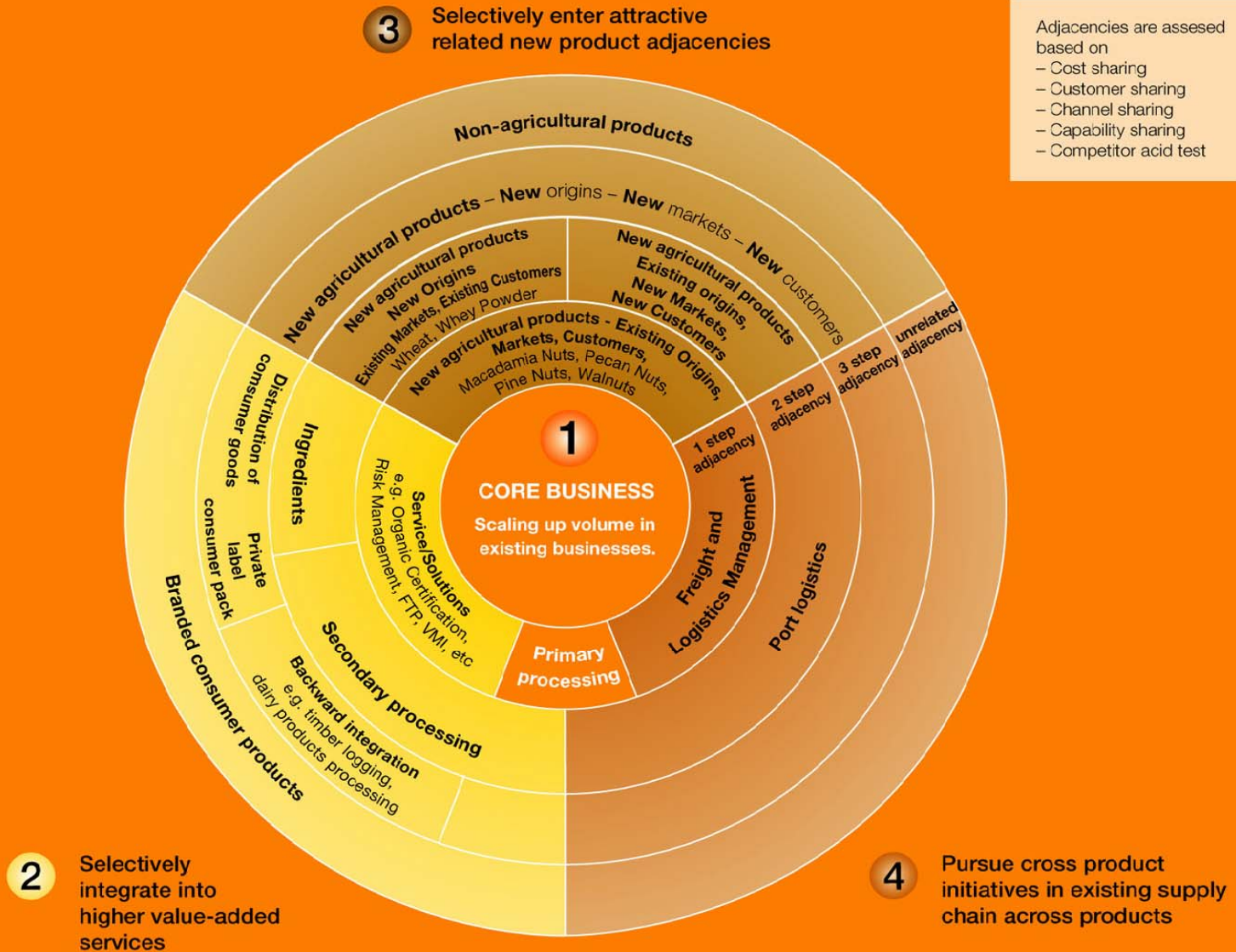
- ❖ The following two Schemes under the ambit of FRS 102:
 - Employee Share Subscription Scheme (ESSS)
 - Employee Share Options Scheme (ESOS)
- ❖ The impact of FRS 102 on the Financial Statements is as follows:

S\$'000	Prior Year Adjustment	1H FY2006	Balance C/F	Total
E S S S	931	657	870	2,457
E S O S	184	184	369	737

Strategy Update



Organic Growth: 4 pathways



1. Growing Volumes in Existing Products:

1.	Existing Origins	Existing Markets	Existing Customers
2.	Existing Origins	Existing Markets	New Customers
3.	Existing Origins	New Markets	New Customers
4.	New Origins	Existing Markets	Existing Customers
5.	New Origins	Existing Markets	New Customers
6.	New Origins	New Markets	New Customers



New Product Adjacencies:

Our Past

- Cashew (1989)
- Sheanuts (1991)
- Cocoa, Rubber (1992)
- Cotton (1993)
- Rice, Robusta Coffee (1994)
- Sesame, Sugar, Timber (1995)
- **Exited Rubber (1996)**
- Spices (2002)
- Peanuts, Pulses & Beans (2003)
- Cocoa Products (2003)
- Arabica Coffee (2004)
- Almonds & Hazelnuts (2005)

CORE

Supply Chain Management of
Agricultural Raw Materials

Our Future (2006 - 2011)

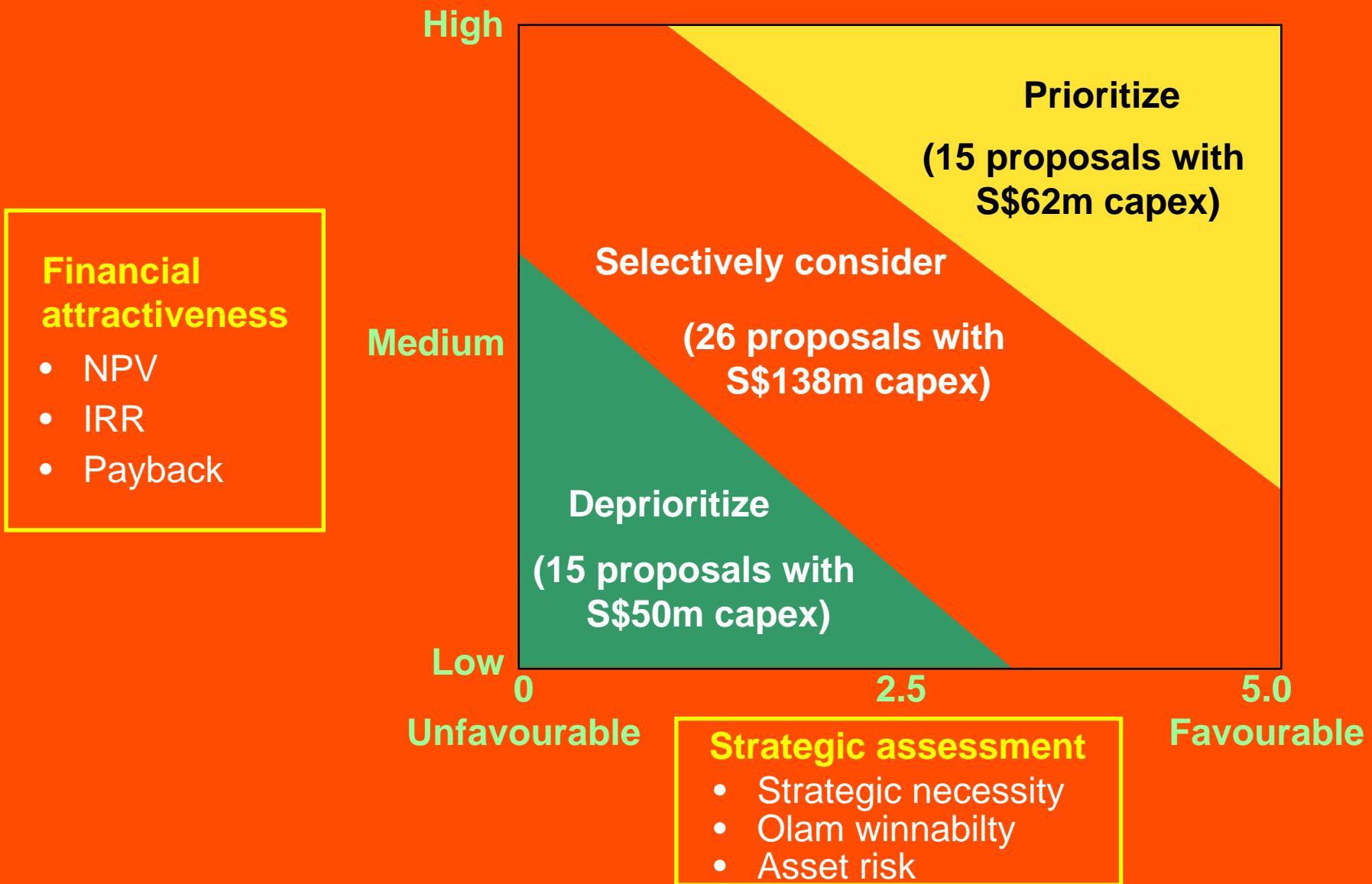
- Whey Powder
- Pecan Nuts
- Macadamia Nuts
- Pine Nuts
- Walnuts
- Wheat
- Soyabean

New Geographic Adjacencies : 2006-2011 (shortlist)

S. America	Asia	Africa	Australasia	Europe/ Middle East
1. Colombia 2. Costa Rica 3. Ecuador 4. El Salvador 5. Guatemala 6. Honduras 7. Mexico 8. Nicaragua 9. Peru 10. Venezuela	11. Bangladesh	12. Angola 13. Congo 14. Ethiopia 15. Sudan	16. Australia	17. Turkey



Prioritisation of Capital Expenditure Initiatives

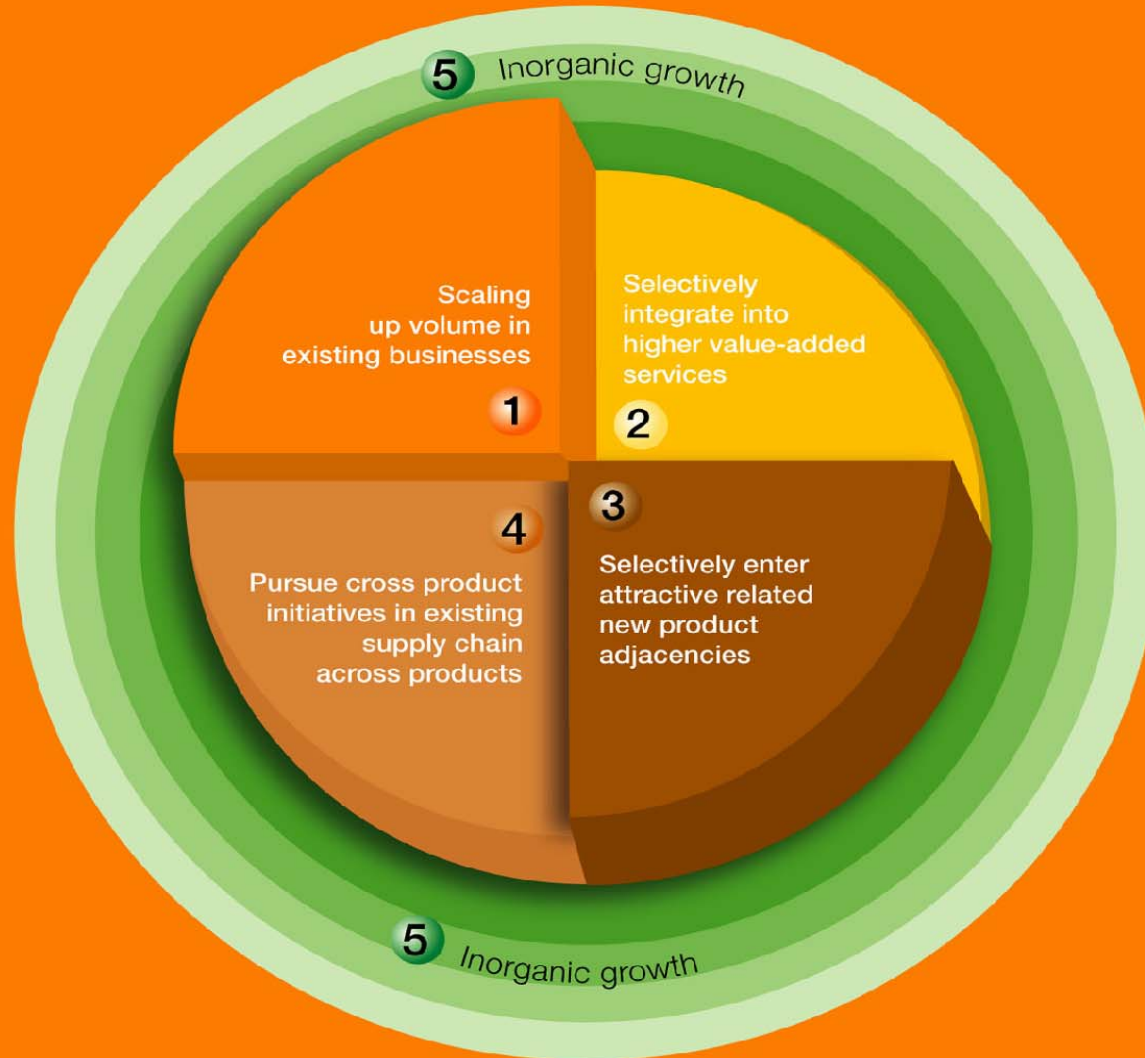


Capital Expenditure Plans

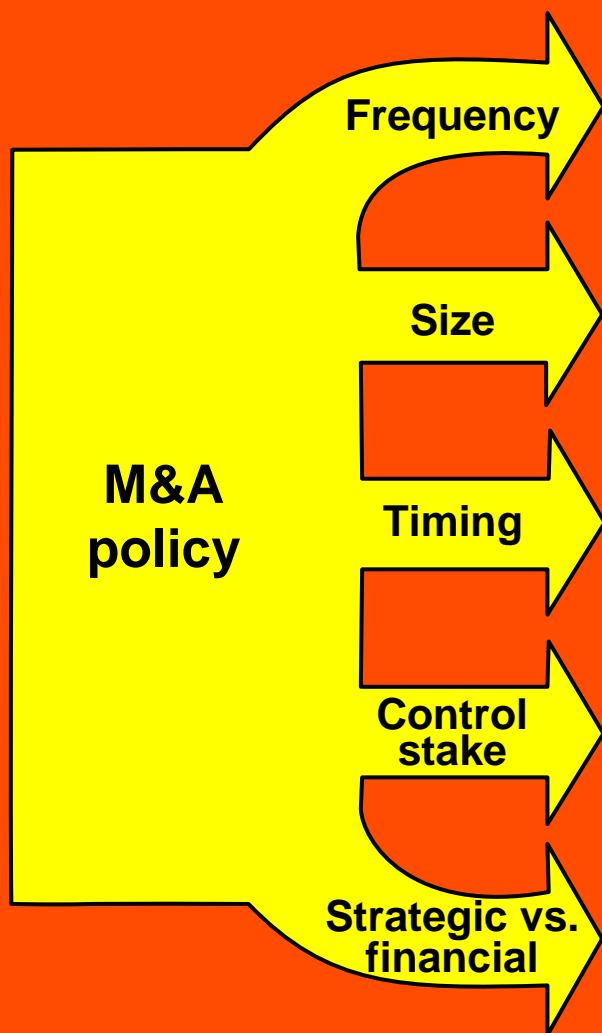
- ✿ 9 investment proposals across 7 countries amounting to S\$33.3 million have been approved by the Board.

Description	Amount (S\$ million)
Processing	S\$14.4
Logistics	S\$18.9
Total	S\$33.3

Growth Strategy: Organic + Inorganic



Olam: M&A framework & policy



M&A Policy

- Olam should seek to build its M&A expertise over a multi-year period through a series of small deals (string of pearls)
- Sweet spot deals: **5%-10%** of market cap
- Maximum deal size: **10%** of market cap
- Maximum deal value per annum: **15%** of Olam market capitalisation
- Olam should make acquisitions throughout economic cycles and not try to time the market
- Olam should only seek to do deals where it is possible to acquire a controlling stake or management control
- Olam should not enter into deals purely based on 'P/E arbitrage' opportunities

M&A Update:

- ✿ Currently evaluating several potential transactions. These evaluations are still in the early stages. It is difficult to predict timing in these transactions.



Outlook & Prospects



Outlook & Prospects:

- ❖ Barring any unforeseen circumstances, we continue to be positive on the overall business outlook and the Company's prospects as we head into the 3rd quarter of FY2006 and beyond.
- ❖ The various initiatives that we are executing on to broaden and deepen our business franchise should continue to yield results in the form of both increased volumes and enhanced margins.
- ❖ Please refer to the description of the seasonality of our business under the section "Background to analysing our Financial Statements" in our Q2 FY2006 and 1H FY2006 SGXNET filing in this regard.



Key Investment Merits

- ❖ Strong financial track record
- ❖ Proven growth model
- ❖ Unique competitive position
- ❖ Well-diversified across businesses, geographies & customers
- ❖ Risk management is a core competence
- ❖ High governance standards & world class investors
- ❖ Strong Management
- ❖ Strong prospects & high growth potential



Thank You

