OLAM INTERNATIONAL LIMITED

Financial Statements for the First Quarter Ended 30 September 2006

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

1(a) An income statement [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.

Profit & Loss Statement – First Quarter FY2007: Group

(in S$'000)	Group		
	Three Months Ended		
	30 Sep 06	**30 Sep 05**	**%**
Revenue			
Sale of goods	903,764	713,719	
Other revenue	2,261	4,422	
	906,025	**718,141**	**26.2%**
Costs and expenses			
Cost of goods sold	696,163	514,715	
Shipping and logistics	110,195	122,784	
Commission and claims	16,237	12,423	
Employee benefit expenses	16,881	11,309	
Depreciation	3,852	2,438	
Net measurement of derivative instruments	1,101	538	
Loss on foreign exchange	1,739	6,547	
Other operating expenses	23,331	21,011	
Finance costs	27,406	19,104	**43.5%**
Share of loss/(gain) from jointly controlled entities	106	(30)	
	897,011	**710,839**	
Profit before taxation	**9,014**	**7,302**	**23.4%**
Taxation	(946)	(767)	
Profit for the financial period	**8,068**	**6,535**	**23.5%**
Attributable to:			
Equity holders of the Company	8,092	6,535	
Minority interest	(24)		
	8,068	**6,535**	

Notes:

(in S$'000)	**Group**		
	Three Months Ended		
	30 Sep 06	**30 Sep 05**	**%**
Other operating expenses include **bank charges** of	3,134	4,529	
Other revenue includes **interest income** of	1,402	880	
Gross Contribution	75,972	55,755	**36.3%**
Net Contribution	49,968	37,531	**33.1%**

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

Balance Sheet: Group & Company

(in S$'000)	Group		Company	
	30 Sep 2006	30 Jun 2006	30 Sep 2006	30 Jun 2006
Non-current assets				
Property, plant and equipment	75,124	72,518	1,128	1,130
Subsidiary companies			44,620	42,072
Deferred tax assets	6,264	4,608	2,599	2,652
Investments	1,489	1,611	1,495	1,512
Other receivables	655	453	655	453
Current assets				
Amounts due from subsidiary companies			274,194	255,095
Trade receivables	383,638	426,778	188,377	263,317
Margin accounts with brokers	147,717	43,147	143,970	41,382
Inventories	987,198	1,013,904	238,206	237,379
Advance payments to suppliers	239,788	160,669	107,959	63,128
Advance payments to subsidiary companies			895,646	902,625
Other receivables	168,173	138,622	25,964	26,554
Fixed deposits	74,491	133,885	66,683	125,306
Cash and bank balances	183,671	162,356	86,114	36,487
Fair value of derivative financial instruments	197,459	199,614	193,772	195,412
	2,382,135	**2,278,975**	**2,220,885**	**2,146,685**
Current liabilities				
Trade payables and accruals	163,956	134,874	108,252	88,823
Other payables	44,644	31,712	18,974	26,256
Amount due to bankers	356,739	783,312	265,986	698,962
Medium term notes	330,000	352,508	330,000	352,508
Provision for taxation	12,503	13,251	7,136	7,214
Fair value of derivative financial instruments	259,918	213,458	255,486	208,211
	1,167,760	**1,529,115**	**985,834**	**1,381,974**
Net current assets	1,214,375	749,860	1,235,051	764,711
Non-current liabilities				
Term loans from banks	(710,123)	(213,330)	(710,123)	(213,330)
Medium term notes	(94,918)	(127,681)	(94,918)	(127,681)
Net assets	**492,866**	**488,039**	**480,507**	**471,519**
Equity attributable to equity holders of the Company				
Share capital	396,954	396,954	396,954	396,954
Reserves	95,883	91,032	83,553	74,565
	492,837	487,986	480,507	471,519
Minority interest	29	53		
Total equity	**492,866**	**488,039**	**480,507**	**471,519**

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

Amount repayable in one year or less or on demand

	As at 30/09/2006		As at 30/06/2006	
	Secured	Unsecured	Secured	Unsecured
	(in S$'000)	(in S$'000)	(in S$'000)	(in S$'000)
Overdrafts		12,863		28,840
Loans		343,876		754,472
Medium Term Notes		330,000		352,508
Total		**686,739**		**1,135,820**

Amount repayable after one year

	As at 30/09/2006		As at 30/06/2006	
	Secured	Unsecured	Secured	Unsecured
	(in S$'000)	(in S$'000)	(in S$'000)	(in S$'000)
Long Term Loans		710,123		213,330
Long Term MTN's		94,918		127,681
Total		**805,041**		**341,011**

Details of any Collateral

N/A

1(c) A Cash Flow Statement (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

(in S$'000)	Group Three Months Ended 30 Sep 2006	 30 Sep 2005
Cash flow from operating activities		
Operating profit before taxation	9,014	7,302
Adjustments for:		
Share of loss/(gain) of jointly controlled entities	106	(30)
Depreciation of property, plant and equipment	3,852	2,438
(Gain)/loss on disposal of property, plant and equipment	(21)	6
Net measurement of derivative instruments	1,101	538
Cost of share-based payments	1,523	56
Interest income	(1,402)	(880)
Interest expense	27,406	19,104
Operating profit before reinvestment in working capital	**41,579**	**28,534**
(Increase)/decrease in inventories	26,706	(14,575)
(Increase)/decrease in receivables	(42,704)	240,900
Increase in advance payments to suppliers	(79,119)	(98,329)
Increase/(decrease) in payables	49,272	(83,272)
Cash flow (used in)/generated from operations	**(4,266)**	**73,258**
Interest income received	1,402	880
Interest expenses paid	(34,657)	(17,275)
Taxes paid	(3,453)	(1,195)
Net cash flow (used in)/generated from operating activities	**(40,974)**	**55,668**
Cash flow from investing activities		
Proceeds from disposal of property, plant and equipment	599	322
Purchase of property, plant and equipment	(8,245)	(5,670)
Loan to a jointly controlled entity	(202)	-
Net cash flow used in investing activities	**(7,848)**	**(5,348)**
Cash flow from financing activities		
Increase/(decrease) in loans to banks	86,197	(84,660)
(Decrease)/increase in medium term notes	(55,271)	134,470
Net cash flow provided by financing activities	**30,926**	**49,810**
Net effect of exchange rate changes on cash and cash equivalents	(4,206)	(2,134)
Net (decrease)/increase in cash and cash equivalents	(22,102)	97,996
Cash and cash equivalents at the beginning of the period	267,401	87,809
Cash and cash equivalents at the end of the period	**245,299**	**185,805**

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.

At 30 September 2006 Group	**Attributable to equity holders of the Company**						**Minority Interest**	**Total Equity**
	Share Capital	**Foreign Currency Translation Reserves**	**Fair Value Adjustment Reserves**	**Share-based Compensation Reserves**	**Revenue Reserves**	**Total Reserves**		
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
At 30 June 2006	396,954	(25,091)	(41,978)	3,378	154,723	91,032	53	488,039
Net gain on fair value changes during the period			15,720			15,720		15,720
Recognised in the profit and loss account on occurrence of hedged transactions			(14,976)			(14,976)		(14,976)
Foreign currency translation adjustment		(5,340)				(5,340)		(5,340)
Net income and expense recognised directly in equity		(5,340)	744			(4,596)		(4,596)
Profit for the period					8,092	8,092	(24)	8,068
Total recognised income and expenses for the period		(5,340)	744		8,092	3,496	(24)	3,472
Share-based expense				1,355		1,355		1,355
At 30 September 2006	396,954	(30,431)	(41,234)	4,733	162,815	95,883	29	492,866

At 30 September 2005 Group	**Attributable to equity holders of the Company**							**Total Equity**
	Share Capital	**Share Premium**	**Foreign Currency Translation Reserves**	**Fair Value Adjustment Reserves**	**Share-based Compensation Reserves**	**Revenue Reserves**	**Total Reserves**	
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
At 30 June 2005 as previously reported	155,459	241,495	(24)			99,795	341,266	496,725
Cumulative effect of adopting FRS 102					2,641	(1,115)	1,526	1,526
At 30 June 2005 as restated	155,459	241,495	(24)		2,641	98,680	342,792	498,251
Effects of adopting FRS 39				(31,941)		2,390	(29,551)	(29,551)
At 1 July 2005 as restated	155,459	241,495	(24)	(31,941)	2,641	101,070	313,241	468,700
Net gain on fair value changes during the period				65,545			65,545	65,545
Recognised in the profit and loss account on occurrence of hedged transactions				(13,453)			(13,453)	(13,453)
Foreign currency translation adjustment			(1,907)				(1,907)	(1,907)
Net income and expense recognised directly in equity			(1,907)	52,092			50,185	50,185
Profit for the period						6,535	6,535	6,535
Total recognised income and expenses for the period			(1,907)	52,092		6,535	56,720	56,720
Share-based expense					56		56	56
At 30 September 2005	155,459	241,495	(1,931)	20,151	2,697	107,605	370,017	525,476

At 30 September 2006 Company	Attributable to equity holders of the Company						Total Equity $'000
	Share Capital $'000	Foreign Currency Translation Reserves $'000	Fair Value Adjustment Reserves $'000	Share-based Compensation Reserves $'000	Revenue Reserves $'000	Total Reserves $'000	
At 30 June 2006	396,954	(19,545)	(41,046)	3,378	131,778	74,565	471,519
Net gain on fair value changes during the period			13,742			13,742	13,742
Recognised in the profit and loss account on occurrence of hedged transactions			(13,271)			(13,271)	(13,271)
Foreign currency translation adjustment		(5,185)				(5,185)	(5,185)
Net income and expense recognised directly in equity		(5,185)	471			(4,714)	(4,714)
Profit for the period					12,347	12,347	12,347
Total recognised income and expenses for the period		(5,185)	471		12,347	7,633	7,633
Share-based expense				1,355		1,355	1,355
At 30 September 2006	396,954	(24,730)	(40,575)	4,733	144,125	83,553	480,507

At 30 September 2005 Company	Attributable to equity holders of the Company							Total Equity $'000
	Share Capital $'000	Share Premium $'000	Foreign Currency Translation Reserves $'000	Fair Value Adjustment Reserves $'000	Share-based Compensation Reserves $'000	Revenue Reserves $'000	Total Reserves $'000	
At 30 June 2005 as previously reported	155,459	241,495	5,834			79,493	326,822	482,281
Cumulative effects of adopting FRS 102					2,641	(573)	2,068	2,068
At 30 June 2005 as restated	155,459	241,495	5,834		2,641	78,920	328,890	484,349
Effects of adopting FRS 39				(31,969)		2,630	(29,339)	(29,339)
At 1 July 2005 as restated	155,459	241,495	5,834	(31,969)	2,641	81,550	299,551	455,010
Net gain on fair value changes during the period				65,455			65,455	65,455
Recognised in the profit and loss account on occurrence of hedged transactions				(14,202)			(14,202)	(14,202)
Foreign currency translation adjustment			(2,642)				(2,642)	(2,642)
Net income and expense recognised directly in equity			(2,642)	51,253			48,611	48,611
Profit for the period						6,945	6,945	6,945
Total recognised income and expenses for the period			(2,642)	51,253		6,945	55,556	55,556
Share-based expense					56		56	56
At 30 September 2005	155,459	241,495	3,192	19,284	2,697	88,495	355,163	510,622

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 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.

	SEP 2006	SEP 2005
Issued, fully paid share capital		
Balance no. of shares	1,554,584,400	1,554,584,400
Total no. of shares outstanding as at 30 Sep	**1,554,584,400**	**1,554,584,400**

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 Group has applied the same accounting policies in the preparation of the financial statements for the current reporting period as compared to the audited financial statements as at 30 June 2006.

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 change.

The Group has applied the same accounting policies in the preparation of the financial statements for the current reporting period as compared to the audited financial statements as at 30 June 2006.

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.

	Group			
	Period Ended		Three Months Ended	
	30 Sep 2006	30 Sep 2005	30 Sep 2006	30 Sep 2005
(a) Based on weighted average no. of shares (cents/share)	0.52	0.42	0.52	0.42
(b) Based on fully diluted basis (cents/share)	0.52	0.42	0.52	0.42
Weighted average no. of shares applicable to basic earnings per share	1,554,584,400	1,554,584,400	1,554,584,400	1,554,584,400
Weighted average no. of shares based on fully diluted basis	1,563,384,400	1,561,354,312	1,563,384,400	1,561,354,312

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

(a) current financial period reported on; and

(b) immediately preceding financial year.

(In cents per share)	Group		Company	
	As at 30 Sep 06	As at 30 Jun 06	As at 30 Sep 06	As at 30 Jun 06
Net asset value per ordinary share based on issued share capital as at end of the period	31.70	31.39	30.91	30.33

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.

<u>Introduction</u>

Olam is a leading, global, integrated supply chain manager of agricultural products and food ingredients with operations in 52 countries. Since the establishment of our business in 1989, we have evolved from a single country, single product trader to a multi country, multi product supply chain manager. Today, we manage an integrated supply chain for over 14 agricultural products. As supply chain managers, we are engaged in the sourcing, processing, warehousing, transportation, shipping, distribution and marketing of these products from the farm gate in the producing countries to the factory gate of our customers in the destination markets while managing the risks at each stage of the supply chain. We organize the 14 products that we supply into 4 business segments as given below:

Business Segment	Products
Edible Nuts, Spices & Beans	Cashews, Other Edible Nuts (Peanuts, Almonds, Hazelnuts) Spices (Pepper, Cloves, Nutmeg, Cassia, Ginger, Desiccated coconut and other spices) Sesame Beans (Pulses, Lentils & Peas)
Confectionery & Beverage Ingredients	Cocoa Coffee Sheanuts
Food Staples & Packaged Foods	Rice Sugar Dairy Products Packaged Foods
Fibre & Wood Products	Cotton Timber

<u>Background to analyzing our Financial Statements</u>

Profitability

a. ***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. GC is calculated as total revenue less cost of goods sold (raw material costs plus other direct costs, including packing costs etc.), shipping and logistics expenses, claims and commission, bank charges, net measurement of derivative instruments, gain / loss on foreign exchange and share of profit/loss from jointly controlled entity. For the purposes of determining Net Contribution, we deduct the net interest expense from the GC. We consider interest expense to be a variable cost and is a function of our inventory holding periods. For every transaction, we target a minimum net contribution per ton of product supplied based on the risks, complexities, and value added services that we provide to our customers to meet their specific requirements. We are focused on enhancing these margins through providing value added services including vendor managed inventory services (VMI), organic certification, fair trade produce certification (FTP), customized grades and quality, proprietary market intelligence and risk management solutions to our customers.

b. ***Volumes:*** The second key driver to our profitability is the volume of products supplied. Given our integration and end-to-end supply chain capabilities, we seek to match the supply of our products with demand from our customers. The volume of agricultural products 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).

c. ***Seasonality :*** Production of agricultural products is seasonal in nature. The seasonality of the products in our 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 to March. Countries in the southern hemisphere have harvesting seasons between April to September. It is also not unusual to experience both some delay as well as early start to the harvesting seasons in these countries based on actual weather patterns in that 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, which is mainly a function of his view on prices and his 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 expect the phasing 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%**

<u>Profit and Loss Statement</u>

Volumes:

Q1FY2007: Sales Volume grew by 0.116 million tons or 20.8% to 0.673 million tons in FY2007 compared to FY2006 with strong volume growth being registered across all 4 product segments. Edible Nuts, Spices & Beans segment grew by 11.6%, Confectionery & Beverage ingredients by 28.8%, Food Staples & Packaged Foods by 20.7%, and Fibre & Wood Products by 23.9% over Q1 FY2006. Given a market growth rate of 3% – 4% for our industry, our growth during the first quarter at between 5 – 7 times the market growth rate reflects our strong competitive position in the industry.

Sales Revenue:

Q1FY2007: Sales Revenue grew by 26.6% to S$0.904 billion in Q1 FY2007 compared to Q1 FY2006, anchored by a 20.8% growth in volumes. 83% of the growth in Sales Revenue was contributed by underlying volume growth, while 17% came from increase in prices for the various products.

Gross Contribution:

Q1FY2007: GC grew by 36.3% to S$76.0 million in Q1 FY2007 compared to Q1 FY2006. All four product segments registered an increase in GC. GC increased in Edible Nuts, Spices & Beans by 52.7%, Fibre & Wood Products by 36.5%, Food Staples & Packaged Foods by 36.0% and Confectionery & Beverage ingredients by 28.3% over FY2006.

Interest and Net Contribution:

Q1FY2007: Total net interest cost increased by 42.7% to S$26.0 million in Q1 FY2007. The interest cost per ton went up to S$39 per ton from S$33 per ton during the corresponding period last year.

All four product segments grew NC in Q1 FY2007 compared to FY2006. 69% of the growth in NC came from volume increases while 31% came from margin improvements. NC increased in Edible Nuts, Spices & Beans by 55.5%, Fibre & Wood Products by 37.4%, Food Staple and Packaged Foods by 29.5% and in Confectionery & Beverage Ingredients by 22.9%.

Q1: Segmentals

The following table provides segmental breakdown on Sales Volume, Sales Revenue, Gross Contribution (GC) and Net Contribution (NC) for the first quarter ended 30 September 2006 and comparison with the first quarter ended 30 September 2005.

Quarter

	Sales Volume (in Metric Tons)		Sales Revenue (in S$'000)		Gross Contribution (GC) (in S$'000)		Net Contribution (NC) (in S$'000)	
Segment	**Sep 06**	**Sep 05**	**Sep 06**	**Sep 05**	**Sep 06**	**Sep 05**	**Sep 06**	**Sep 05**
Edible Nuts, Spices & Beans	134,640	120,607	184,448	151,679	15,239	9,977	9,747	6,270
Per ton (S$)					**113**	**83**	**72**	**52**
Confectionery & Beverage Ingredients	146,374	113,662	334,842	231,291	26,255	20,472	16,894	13,750
Per ton (S$)					**179**	**180**	**115**	**121**
Food Staples & Packaged Foods	292,869	242,609	223,686	196,619	19,087	14,031	12,073	9,320
Per ton (S$)					**65**	**58**	**41**	**38**
Fibre & Wood Products*	98,978	79,917	160,788	134,130	15,391	11,275	11,254	8,191
Per ton (S$)					**155**	**141**	**114**	**102**
Total	**672,861**	**556,795**	**903,764**	**713,719**	**75,972**	**55,755**	**49,968**	**37,531**
Per ton (S$)					**113**	**100**	**74**	**67**

* Measured in cubic metres.

We continued to make good progress in executing our strategy in FY2007 across all our four business segments. The progress made during FY2007 is highlighted below:

- **Edible Nuts, Spices & Beans**

Edible Nuts, Spices & Beans recorded a volume growth of 11.6% in Q1 FY2007 compared to Q1 FY2006. NC for this segment grew by 55.5% compared to FY2006. The Edible nuts and beans segment saw differential moves in prices during the period. While prices across the Nuts categories had a flat to bearish undertone, there was a strong bullish sentiment across various categories of pulses.

It was the quiet period for Cashew. Pre-season preparations were started in East Africa and Brazil, where crop arrivals are expected to commence from October. Due to the increase in overall supply from the Northern Hemisphere crops (India, Vietnam and West Africa), there was a relatively flat to bearish undertone and the buyers preferred to stay back and operate with a lower stock cover. We concluded the takeover of the Peanut factory in South Africa and completed the shifting of all the machinery to a single location. The US is projecting its lowest Peanut crop in years and that, coupled with the uncertainty on the US farm bill, has given a strong momentum to Peanut prices. The Almond market was relatively quiet before the start of the new crop shipments.

Due to the lower stock holding, there was strong demand across most pulses categories in the Indian sub-continent. We have consolidated our presence in the major pulses growing areas in India and also increased our marketing spread and depth across the sub-continent. This resulted in the pulses volume almost doubling as compared to the same period in the previous year.

We continued to expand our Spices operation in Q1 FY2007. Pepper prices have been quite firm during this period. We have strengthened the team in our marketing operations in Rotterdam to manage our increased volumes in whole spices as well as to explore other value added spices & dehydrates. We have been well positioned at origin, especially in India and Brazil, to participate in this opportunity. The volume for sesame increased by 53% during this quarter with procurement almost doubling in Mozambique. We also started exporting traceable sesame from Tanzania and increased the volume of hulled sesame, all of which contributed to an increase in the NC margins.

- **Confectionery and Beverage Ingredients**

The volume and net contribution in the confectionery and beverage ingredients segment grew by 28.8% and 22.9% respectively in Q1 FY2007 compared to Q1 FY2006. The coffee market went into backwardation due to significant drawdowns in stock and near term supply concerns mainly out of Vietnam. The effect was more pronounced in the Robusta market. This resulted in difficult trading conditions for coffee in Q1 FY2007. Despite this, the Coffee volumes saw an increase of 19% over the previous period. The processing facility in Brazil has been completed on time and production is expected to start in Q2 FY2007.

Cocoa had a good beginning to the year. Volumes improved by 38% during the quarter. This was mainly led by a strong performance in Indonesia. We continued to execute well on our VMI relationships with key customers. As was recently announced, we have entered into a JV with Archer Daniels Midland BV (ADM) to jointly acquire the cocoa processing facility from Usicam, Cameroon from SAGA SA, France, a Groupe Bollore company. We plan to enhance the capacity of this plant with the objective of supplying high quality cocoa beans from Cameroon. Post this expansion, Usicam will be one of the largest processing units in the country. The start to the West African Cocoa season has been good and we expect to have a normal crop in this region. We are currently focused on our efforts to execute on our procurement strategy in this region.

- **Food Staples and Packaged Foods Business**

  Volume and net contribution in the Food Staples and Packaged Food Business grew by 20.7% and 29.5% respectively in Q1 FY2007 compared to Q1 FY2006. Olam's rice business got off to a good start in Q1 FY2007 with both the parboiled and the white rice segments recording strong volume growth. The quarter saw significant growth in the premium rice category across all the destination markets resulting in a higher level of gross and net contribution. The quarter also saw various initiatives on the logistics front yielding benefits and resulting in increased efficiencies, thereby contributing to increased margins. The business also set up distribution operations in Mozambique.

  Sugar volumes went up 37% in Q1FY2007 as compared to the same period in the previous year. The brisk start to the year was largely contributed by increased market share of Thai exports into Middle East. In this quarter we also commenced importing Raw Sugar into Russia. We further expanded our pre-financing of sugar mills in Brazil.

  Volumes in Dairy Products grew by 52% during the Q1FY2007 as compared to the same period in the last year. During this quarter, we started our procurement operations in Belarus. Dairy Products from Belarus are being exported to the Russian market and we were able to successfully place the increased volumes to a large number of new customers. In Nigeria, we were able to expand our market share by entering into a VMI arrangement for some selected customers.

  We continued to scale up operations in the Packaged Food Business during Q1FY07. During this period, we commissioned the facility in Russia to produce Coffee Mixes. We further expanded the distribution network to service the market in CIS countries like Uzbekistan & Kazakhstan from Russia. Q1 also saw the commissioning of a packaging unit in Nigeria. The products launched in Nigeria have been received very well. As a result, we have expanded our direct distribution reach to over 20 cities in Nigeria.

- **Fibre and Wood Products**

  Volume and net contribution in the Fibre and Wood Products Business grew by 23.9% and 37.4% respectively in Q1 FY2007 compared to Q1 FY2006. Cotton started the year strongly with volumes growing by 12% during Q1 FY2007 over the previous year. This volume increase was achieved despite customers in China staying away from the market due to the delay in release of quotas for imports of Cotton. Significant market share gains were achieved in Turkey, Thailand and Bangladesh during this quarter. China continues to be the largest market and we are well poised to increase our share there. India is expected to export cotton this year as well. We have already tied up leased facilities for ginning in the current cotton season in India.

  Wood products continued on its impressive growth path with volumes increasing by 52% in comparison to the same period last year. The bulk of the volume growth has come from processed wood products viz. lumber and flooring products. On the sales side, we have further invested in a trading office dedicated to the Middle East, which in light of the construction boom, is a fast growing market for wood products. Our Flooring Products business has started off well and is well placed for a rapid increase in volumes in the second half of the financial year. In order to strengthen our sourcing, we have also opened up a Flooring Product office in Indonesia apart from the existing ones in China and Europe.

<u>Costs and Expenses</u>

Q1 FY2007: SG&A increased by 35.4% to S$40.9 million in Q1 FY2007 over the corresponding period in FY2006. Increase in SG&A at 35.4% was higher than our growth in underlying Sales Revenue of 26.6% resulting in our operating leverage going down. SG&A/Sales ratio increased from 4.24% in Q1 FY2006 to 4.53% in Q1 FY2007. We have accelerated some of our expansion plans, particularly in South America, China and Russia. This has resulted in some unused capacity in the current year and we expect these investments to pay off during the next 2 years.

Profit before tax

Q1FY2007: For the quarter ended 30 September 2006, Profit before tax increased by 23.8% to S$9.0 million compared to S$7.3 million for FY2006.

Taxation

Q1FY2007: Taxes increased to S$0.9 million for Q1 FY2007 as compared to S$0.8 million for Q1 FY2006.

Profit after tax

Q1FY2007: Net Profit after Tax increased by 23.8% to S$8.1 million for Q1 FY2007 from S$6.5 million in Q1 FY2006.

Balance Sheet & Cash Flow

Equity and Reserves

Total equity and reserves increased by 1.0% from S$488.0 million as of 30 June 2006 to S$492.9 million as of 30 September 2006. The impact of FRS 39 standard on equity is a net reduction to the equity of S$41.2 million.

Fixed Assets

Investments in fixed assets amounted to S$8.2 million for the quarter ended 30 September 2006. The investments were mainly in packaging plants in Russia and Nigeria and in warehousing and logistics related areas in other origins.

Current Assets

Debtors Analysis

Debtor days in Q1 FY2007 increased marginally by 3 days to 39 days as compared to 36 days as at 30 June 2006. 62.6% of debtors were either against Letters of Credit or against documents with the bank for collection. The quality of debtors remains good and no additional bad debt provision has been made during this quarter.

Stocks

Stock turnover days increased by 17 days to 109 days as compared to 92 days as of June'06. However there was a decrease in stock value by S$26.7 million to S$ 987.2 million from S$ 1013.9 million as on 30 June 2006. 86.1% of the stocks were sold forward to customers or hedged using financial derivatives.

Advance to Suppliers

Advances to Suppliers went up by 11 days to 26 days in Q1Y2007 as compared to 15 days as of June'06. The increase is to be expected. As Oct to March period is the cropping season for most products in the northern hemisphere countries, advances are provided to the suppliers at the beginning of the season, which are then recovered from the deliveries as the season progresses.

Borrowings

Borrowings increased marginally to S$1,492 million as of end of September 2006 from S$1,477 million as of end June 2006. Our net debt to equity ratio increased marginally to 2.31 times (before fair value adjustment reserve) in September 2006 from 2.23 times in June 2006.

Cash and Fixed Deposits

Cash and Fixed Deposits decreased by 12.9% to S$258.2 million as on September 2006 from S$296.2 million as on June 2006.

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.

    We are continuing to execute well on our strategic plans and identified growth initiatives in the different businesses. Barring any unforeseen circumstances, we are confident of our prospects going forward into FY2007.

11. Dividend

(a) Current Financial Period Reported On

NIL.

(b) 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.

    During the current period there is no dividend declared or recommended.

<u>PART II</u>: **Additional information required for Full Year announcement**
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. Segmented revenue and results for business or geographical segments (of the Group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

    N/A

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

    As per note 8 above.

15. A breakdown of sales.

    N/A

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

    NA

17. Interested Persons Transactions.

    N/A

Confirmation of the Board

We refer to the requirement under Rule 705(4) 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 2006 to be false or misleading in any material aspects.

On behalf of the Board of Directors

R. Jayachandran	Sunny George Verghese
Chairman	Group Managing Director & CEO

BY ORDER OF THE BOARD

Sunny George Verghese
Group Managing Director & Chief Executive Officer

14 November 2006

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CONFIRMATION BY THE BOARD

We, R. Jayachandran and Sunny George Verghese, being two directors of Olam International Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of our knowledge, nothing has come to the attention of the board of directors of the Company which may render the first quarter ended 30 September 2006 financial results to be false or misleading.

On behalf of the Board of Directors,

R. JAYACHANDRAN
Non-Executive Chairman

SUNNY GEORGE VERGHESE
Group Managing Director &
Chief Executive Officer

14 November 2006