OLAM INTERNATIONAL LIMITED

Financial Statements for the Second Quarter and Half Year Ended 31 December 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 Half FY2007: Group

(in S$'000)	Group			Group		
	Six Months Ended			Three Months Ended		
	31 Dec 06	31 Dec 05	%	31 Dec 06	31 Dec 05	%
Revenue						
Sale of goods	2,367,488	1,916,985		1,463,724	1,203,266	
Other revenue	6,702	9,558		4,441	5,136	
	2,374,190	**1,926,543**	**23.2%**	**1,468,165**	**1,208,402**	**21.5%**
Costs and expenses						
Cost of goods sold	1,826,858	1,489,718		1,130,696	975,003	
Shipping and logistics	313,605	243,992		203,410	121,208	
Commission and claims	18,672	29,463		2,435	17,040	
Employee benefit expense	39,354	26,113		22,473	14,804	
Depreciation	7,698	5,355		3,846	2,917	
Net measurement of derivative instruments	2,497	2,683		1,395	2,145	
Loss/(gain) on foreign exchange	2,048	3,827		310	(2,720)	
Other operating expenses	50,826	42,177		27,494	21,166	
Finance costs	69,875	49,008	**42.6%**	42,469	29,904	**42.0%**
Share of loss/(gain) from jointly controlled entities	153	(37)		48	(7)	
	2,331,586	**1,892,299**		**1,434,576**	**1,181,460**	
Profit before taxation	**42,604**	**34,244**	**24.4%**	**33,589**	**26,942**	**24.7%**
Taxation	(4,465)	(3,596)		(3,518)	(2,829)	
Profit for the financial period	**38,139**	**30,648**	**24.4%**	**30,071**	**24,113**	**24.7%**
Attributable to:						
Equity holders of the Company	38,169	30,648		30,077	24,113	
Minority interest	(30)			(6)		
	38,139	**30,648**		**30,071**	**24,113**	

Notes:

(in S$'000)	Group			Group		
	Six Months Ended			Three Months Ended		
	31 Dec 06	31 Dec 05	%	31 Dec 06	31 Dec 05	%
Other operating expenses include **bank charges** of	8,941	8,885		5,807	4,356	
Other revenue includes **interest income** of	4,073	3,042		2,670	2,162	
Gross Contribution	197,373	144,970	**36.1%**	121,401	89,215	**36.1%**
Net Contribution	131,571	99,004	**32.9%**	81,602	61,473	**32.7%**

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	
	31 Dec 2006	30 Jun 2006	31 Dec 2006	30 Jun 2006
Non-current assets				
Property, plant and equipment	82,215	72,518	1,490	1,130
Subsidiary companies			44,032	42,072
Deferred tax assets	4,042	4,608	2,605	2,652
Investments	1,542	1,611	1,466	1,512
Other receivables	562	453	562	453
Current assets				
Amounts due from subsidiary companies			276,488	255,095
Trade receivables	451,810	426,778	283,470	263,317
Margin accounts with brokers	109,948	43,147	109,948	41,382
Inventories	1,182,850	1,013,904	299,070	237,379
Advance payments to suppliers	214,612	160,669	70,462	63,128
Advance payments to subsidiary companies			1,015,286	902,625
Other receivables	190,224	138,622	30,059	26,554
Fixed deposits	50,411	133,885	50,009	125,306
Cash and bank balances	198,052	162,356	89,806	36,487
Fair value of derivative financial instruments	136,918	199,614	130,578	195,412
	2,534,825	**2,278,975**	**2,355,176**	**2,146,685**
Current liabilities				
Trade payables and accruals	153,464	134,874	54,333	88,823
Other payables	40,466	31,712	37,638	26,256
Amount due to bankers	694,583	783,312	613,031	698,962
Medium term notes	315,000	352,508	315,000	352,508
Provision for taxation	11,410	13,251	2,853	7,214
Fair value of derivative financial instruments	145,788	213,458	142,826	208,211
	1,360,711	**1,529,115**	**1,165,681**	**1,381,974**
Net current assets	1,174,114	749,860	1,189,495	764,711
Non-current liabilities				
Term loans from banks	(481,774)	(213,330)	(481,774)	(213,330)
Medium term notes	(307,720)	(127,681)	(307,720)	(127,681)
Net assets	**472,981**	**488,039**	**450,156**	**471,519**
Equity attributable to equity holders of the Company				
Share capital	396,954	396,954	396,954	396,954
Reserves	76,004	91,032	53,202	74,565
	472,958	487,986	450,156	471,519
Minority interest	23	53		
Total equity	**472,981**	**488,039**	**450,156**	**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 31/12/2006		As at 30/06/2006	
	Secured (in S$'000)	Unsecured (in S$'000)	Secured (in S$'000)	Unsecured (in S$'000)
Overdrafts		5,868		28,840
Loans		688,715		754,472
Medium Term Notes		315,000		352,508
Total		**1,009,583**		**1,135,820**

Amount repayable after one year

	As at 31/12/2006		As at 30/06/2006	
	Secured (in S$'000)	Unsecured (in S$'000)	Secured (in S$'000)	Unsecured (in S$'000)
Long Term Loans		481,774		213,330
Long Term Medium Term Notes		307,720		127,681
Total		**789,494**		**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		Group	
	Six Months Ended		Three Months Ended	
	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
Cash flow from operating activities				
Operating profit before taxation	42,604	34,244	33,589	26,942
Adjustments for:				
Share of loss/(gain) of jointly controlled entities	153	(37)	48	(7)
Depreciation of property, plant and equipment	7,698	5,355	3,846	2,917
Loss/(gain) on disposal of property, plant and equipment			21	(6)
Net measurement of derivative instruments	2,497	2,683	1,395	2,145
Cost of share-based payments	2,954	841	1,431	785
Interest income	(4,073)	(3,042)	(2,670)	(2,162)
Interest expense	69,875	49,008	42,469	29,904
Operating profit before reinvestment in working capital	**121,708**	**89,052**	**80,129**	**60,518**
Increase in inventories	(168,946)	(22,013)	(195,652)	(7,438)
(Increase)/decrease in receivables	(142,458)	93,742	(99,754)	(147,158)
Increase/(decrease) in advance payments to suppliers	(53,944)	(164,303)	25,175	(65,974)
Increase/(decrease) in payables	17,033	(64,237)	(32,239)	19,035
Cash flow used in operations	**(226,607)**	**(67,759)**	**(222,341)**	**(141,017)**
Interest income received	4,073	3,042	2,671	2,162
Interest expenses paid	(63,318)	(37,764)	(28,661)	(20,489)
Taxes paid	(5,956)	(3,742)	(2,503)	(2,547)
Net cash flow used in operating activities	**(291,808)**	**(106,223)**	**(250,834)**	**(161,891)**
Cash flow from investing activities				
Proceeds from disposal of property, plant and equipment	1,294	423	695	101
Purchase of property, plant and equipment	(19,933)	(20,915)	(11,688)	(15,245)
Investment in a jointly controlled entity	(132)	(397)	(132)	(397)
Loan to/(repayment from) a jointly controlled entity	(109)		93	
Net cash flow used in investing activities	**(18,880)**	**(20,889)**	**(11,032)**	**(15,541)**
Cash flow from financing activities				
Increase in loans from banks	202,688	78,717	116,491	163,377
Dividends paid on ordinary shares by the Company	(46,638)	(33,579)	(46,638)	(33,579)
Increase in medium term notes	142,531	216,366	197,802	81,896
Net cash flow provided by financing activities	**298,581**	**261,504**	**267,655**	**211,694**
Net effect of exchange rate changes on cash and cash equivalents	(12,695)	2,102	(8,489)	4,236
Net (decrease)/increase in cash and cash equivalents	(24,802)	136,494	(2,700)	38,498
Cash and cash equivalents at the beginning of the period	267,401	87,809	245,299	185,805
Cash and cash equivalents at the end of the period	**242,599**	**224,303**	**242,599**	**224,303**

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.

GROUP HALF YEAR - 31 DECEMBER 2006

At 31 December 2006 Group	Attributable to equity holders of the Company							
	Share Capital $'000	Foreign Currency Translation Reserves $'000	Fair Value Adjustment Reserves $'000	Share-based Compensation Reserves $'000	Revenue Reserves $'000	Total Reserves $'000	Minority Interest $'000	Total Equity $'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			59,470			59,470		59,470
Recognised in the profit and loss account on occurrence of hedged transactions			(55,884)			(55,884)		(55,884)
Foreign currency translation adjustment		(12,854)				(12,854)		(12,854)
Net income and expense recognised directly in equity		(12,854)	3,586			(9,268)		(9,268)
Profit for the period					38,169	38,169	(30)	38,139
Total recognised income and expenses for the period		(12,854)	3,586		38,169	28,901	(30)	28,871
Dividends on ordinary shares					(46,638)	(46,638)		(46,638)
Share-based expense				2,709		2,709		2,709
At 31 December 2006	396,954	(37,945)	(38,392)	6,087	146,254	76,004	23	472,981

GROUP HALF YEAR - 31 DECEMBER 2005

At 31 December 2005 Group	Attributable to equity holders of the Company							
	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	Total Equity $'000
At 30 June 2005	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				2,458			2,458	2,458
Recognised in the profit and loss account on occurrence of hedged transactions				(26,520)			(26,520)	(26,520)
Foreign currency translation adjustment			2,552				2,552	2,552
Net income and expense recognised directly in equity			2,552	(24,062)			(21,510)	(21,510)
Profit for the period						30,648	30,648	30,648
Total recognised income and expenses for the period			2,552	(24,062)		30,648	9,138	9,138
Dividends on ordinary shares						(33,579)	(33,579)	(33,579)
Share-based expense					841		841	841
At 31 December 2005	155,459	241,495	2,528	(56,003)	3,482	98,139	289,641	445,100

COMPANY HALF YEAR - 31 DECEMBER 2006

At 31 December 2006 Company	Attributable to equity holders of the Company						
	Share Capital $'000	Foreign Currency Translation Reserves $'000	Fair Value Adjustment Reserves $'000	Share-based Compensation Reserves $'000	Revenue Reserves $'000	Total Reserves $'000	Total Equity $'000
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			50,850			50,850	50,850
Recognised in the profit and loss account on occurrence of hedged transactions			(51,440)			(51,440)	(51,440)
Foreign currency translation adjustment		(14,204)				(14,204)	(14,204)
Net income and expense recognised directly in equity		(14,204)	(590)			(14,794)	(14,794)
Profit for the period					37,360	37,360	37,360
Total recognised income and expenses for the period		(14,204)	(590)		37,360	22,565	22,565
Dividends on ordinary shares					(46,638)	(46,638)	(46,638)
Share-based expense				2,709		2,709	2,709
At 31 December 2006	396,954	(33,749)	(41,636)	6,087	122,500	53,202	450,156

COMPANY HALF YEAR - 31 DECEMBER 2005

At 31 December 2005 Company	Attributable to equity holders of the Company							
	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	Total Equity $'000
At 30 June 2005	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 loss on fair value changes during the period				(1,295)			(1,295)	(1,295)
Recognised in the profit and loss account on occurrence of hedged transactions				(22,954)			(22,954)	(22,954)
Foreign currency translation adjustment			2,482				2,482	2,482
Net income and expense recognised directly in equity			2,482	(24,248)			(21,767)	(21,767)
Profit for the period						37,663	37,663	37,663
Total recognised income and expenses for the period			2,482	(24,248)		37,663	15,896	15,896
Dividends on ordinary shares						(33,579)	(33,579)	(33,579)
Share-based expense					841		841	841
At 31 December 2005	155,459	241,495	8,316	(56,217)	3,482	85,634	282,710	438,169

GROUP QUARTER - 31 DECEMBER 2006

At 31 December 2006 Group	Attributable to equity holders of the Company Share Capital $'000	Foreign Currency Translation Reserves $'000	Fair Value Adjustment Reserves $'000	Share-based Compensation Reserves $'000	Revenue Reserves $'000	Total Reserves $'000	Minority Interest $'000	Total Equity $'000
At 30 September 2006	396,954	(30,431)	(41,234)	4,733	162,815	95,883	29	492,866
Net gain on fair value changes during the period			43,750			43,750		43,750
Recognised in the profit and loss account on occurrence of hedged transactions			(40,908)			(40,908)		(40,908)
Foreign currency translation adjustment		(7,514)				(7,514)		(7,514)
Net income and expense recognised directly in equity		(7,514)	2,842			(4,672)		(4,672)
Profit for the period					30,077	30,077	(6)	30,071
Total recognised income and expenses for the period		(7,514)	2,842		30,077	25,405	(6)	25,399
Dividends on ordinary shares					(46,638)	(46,638)		(46,638)
Share-based expense				1,354		1,354		1,354
At 31 December 2006	396,954	(37,945)	(38,392)	6,087	146,254	76,004	23	472,981

GROUP QUARTER - 31 DECEMBER 2005

At 31 December 2005 Group	Attributable to equity holders of the Company 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	Total Equity $'000
At 30 September 2005	155,459	241,495	(1,931)	20,151	2,697	107,605	370,017	525,476
Net loss on fair value changes during the period				(63,087)			(63,087)	(63,087)
Recognised in the profit and loss account on occurrence of hedged transactions				(13,067)			(13,067)	(13,067)
Foreign currency translation adjustment			4,459				4,459	4,459
Net income and expense recognised directly in equity			4,459	(76,154)			(71,695)	(71,695)
Profit for the period						24,113	24,113	24,113
Total recognised income and expenses for the period			4,459	(76,154)		24,113	(47,582)	(47,582)
Dividends on ordinary shares						(33,579)	(33,579)	(33,579)
Share-based expense					785		785	785
At 31 December 2005	155,459	241,495	2,528	(56,003)	3,482	98,139	289,641	445,100

COMPANY QUARTER - 31 DECEMBER 2006

At 31 December 2006 Company	Share Capital $'000	Foreign Currency Translation Reserves $'000	Fair Value Adjustment Reserves $'000	Share-based Compensation Reserves $'000	Revenue Reserves $'000	Total Reserves $'000	Total Equity $'000
	Attributable to equity holders of the Company						
At 30 September 2006	396,954	(24,730)	(40,575)	4,733	144,125	83,553	480,507
Net gain on fair value changes during the period			37,108			37,108	37,108
Recognised in the profit and loss account on occurrence of hedged transactions			(38,169)			(38,169)	(38,169)
Foreign currency translation adjustment		(9,019)				(9,019)	(9,019)
Net income and expense recognised directly in equity		(9,019)	(1,061)			(10,080)	(10,080)
Profit for the period					25,013	25,013	25,013
Total recognised income and expenses for the period		(9,019)	(1,061)		25,013	14,933	14,933
Dividends on ordinary shares					(46,638)	(46,638)	(46,638)
Share-based expense				1,354		1,354	1,354
At 31 December 2006	396,954	(33,749)	(41,636)	6,087	122,500	53,202	450,156

COMPANY QUARTER - 31 DECEMBER 2005

At 31 December 2005 Company	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	Total Equity $'000
	Attributable to equity holders of the Company							
At 30 September 2005	155,459	241,495	3,192	19,284	2,697	88,495	355,163	510,622
Net loss on fair value changes during the period				(66,750)			(66,750)	(66,750)
Recognised in the profit and loss account on occurrence of hedged transactions				(8,751)			(8,751)	(8,751)
Foreign currency translation adjustment			5,124				5,124	5,124
Net income and expense recognised directly in equity			5,124	(75,501)			(70,377)	(70,377)
Profit for the period						30,718	30,718	30,718
Total recognised income and expenses for the period			5,124	(75,501)		30,718	(39,659)	(39,659)
Dividends on ordinary shares						(33,579)	(33,579)	(33,579)
Share-based expense					785		785	785
At 31 December 2005	155,459	241,495	8,316	(56,217)	3,482	85,634	282,710	438,169

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.

	DEC 2006	DEC 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 31 Dec	**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 adoption of the new and revised accounting standards that became applicable from 1 July 2006 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 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 changes.

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	
	31 Dec 2006	31 Dec 2005	31 Dec 2006	31 Dec 2005
(a) Based on weighted average no. of shares (cents/share)	2.46	1.97	1.93	1.55
(b) Based on fully diluted basis (cents/share)	2.43	1.96	1.91	1.54
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	1,569,427,743	1,562,203,448	1,574,684,817	1,562,941,543

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 31 Dec 06	As at 30 Jun 06	As at 31 Dec 06	As at 30 Jun 06
Net asset value per ordinary share based on issued share capital as at end of the period	30.42	31.39	28.96	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.

Introduction

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

Background to analyzing our Financial Statements

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%**

Profit and Loss Statement

Volumes:

Q2FY2007: Sales Volume grew by 0.201 million tons or 21.4% to 1.144 million tons in Q2FY2007 compared to Q2FY2006 with strong volume growth being registered across all 4 product segments. Edible Nuts, Spices & Beans segment grew by 35.9%, Confectionery & Beverage ingredients by 25.7%, Food Staples & Packaged Foods by 17.3%, and Fibre & Wood Products by 24.3% over Q2 FY2006.

H1FY2007 Sales volume grew by 0.318 million tons or 21.2% to 1.816 million tons in H1FY2007 compared to H1FY2006 with strong volume growth registered across all 4 product segments. Edible Nuts, Spices & Beans segment grew by 20.3%, Confectionery & Beverage ingredients by 26.9%, Food Staples & Packaged Foods by 18.3%, and Fibre & Wood Products by 24.1% over H1FY2006.

Sales Revenue:

Q2FY2007: Sales Revenue grew by 21.6% to S$1.464 billion in Q2FY2007 compared to Q2FY2006, anchored by a 21.4% growth in volumes.

H1FY2007 Sales Revenue grew by 23.5% to S$2.367 billion in H1FY2007 compared to H1FY2006, anchored by a 21.2% growth in volumes. 97% of the growth in Sales Revenue was contributed by underlying volume growth, while 3% came from increase in prices for the various products.

Gross Contribution:

Q2FY2007: GC grew by 36.1% to S$121.4 million in Q2FY2007 compared to Q2FY2006. All four product segments registered an increase in GC. GC increased in Edible Nuts, Spices & Beans by 3.2%, Confectionery & Beverage ingredients by 43.6%, Food Staples & Packaged Foods by 34.6% and Fibre & Wood Products by 46.9% over FY2006. The quantum of commissions and claims came down substantially mainly due to an increase in direct sales through our sales offices in China and Europe, and reduction in the quantum of discounts/claims and cancellation charges due to better logistics management.

H1FY2007: GC grew by 36.1% to S$197.4 million in H1FY2007 compared to H1FY2006. All four product segments registered an increase in GC. GC increased in Edible Nuts, Spices & Beans by 25.0%, Confectionery & Beverage ingredients by 37.5%, Food Staples & Packaged Foods by 35.1% and Fibre & Wood Products by 43.2% over FY2006.

Interest and Net Contribution:

Q2FY2007: Total net interest cost increased by 43.5% to S$39.8 million in Q2FY2007. The interest cost per ton went up to S$35 per ton from S$29 per ton during the corresponding period last year.

All four product segments grew NC in Q2FY2007 compared to FY2006. 75% of the growth in NC came from volume increases while 25% came from margin improvements. NC increased in Edible Nuts, Spices & Beans marginally by 0.2%, Confectionery & Beverage Ingredients by 45.4%, Food Staple and Packaged Foods by 27.8% and in Fibre & Wood Products by 42.0%.

H1FY2007: Total net interest cost increased by 43.2% to S$65.8 million in H1FY2007. The interest cost per ton went up to S$36 per ton from S$31 per ton during the corresponding period last year.

All four product segments grew NC in H1FY2007 compared to FY2006. 70% of the growth in NC came from volume increases while 30% came from margin improvements. NC increased in Edible Nuts, Spices & Beans by 22.0%, Confectionery & Beverage Ingredients by 36.5%, Food Staple and Packaged Foods by 28.4% and in Fibre & Wood Products by 40.3%.

Q2: Segmentals

The following table provides segmental breakdown on Sales Volume, Sales Revenue, Gross Contribution (GC) and Net Contribution (NC) for the second quarter ended 31 December 2006 and comparison with the corresponding period ended 31 December 2005.

Quarter

	Sales Volume (in Metric Tons)		Sales Revenue (in S$'000)		Gross Contribution (GC) (in S$'000)		Net Contribution (NC) (in S$'000)	
Segment	**Dec 06**	**Dec 05**	**Dec 06**	**Dec 05**	**Dec 06**	**Dec 05**	**Dec 06**	**Dec 05**
Edible Nuts, Spices & Beans	91,133	67,040	150,664	84,615	13,123	12,716	9,688	9,666
Per ton (S$)					**144**	**190**	**106**	**144**
Confectionery & Beverage Ingredients	238,070	189,348	557,669	451,582	45,281	31,541	30,817	21,190
Per ton (S$)					**190**	**167**	**129**	**112**
Food Staples & Packaged Foods	630,846	538,030	485,356	448,605	33,521	24,897	21,520	16,834
Per ton (S$)					**53**	**46**	**34**	**31**
Fibre & Wood Products*	183,508	147,677	270,035	218,464	29,476	20,061	19,577	13,783
Per ton (S$)					**161**	**136**	**107**	**93**
Total	**1,143,557**	**942,095**	**1,463,724**	**1,203,266**	**121,401**	**89,215**	**81,602**	**61,473**
Per ton (S$)					**106**	**95**	**71**	**65**

* Measured in cubic metres.

The following table provides segmental breakdown on Sales Volume, Sales Revenue, Gross Contribution (GC) and Net Contribution (NC) for the half year ended 31 December 2006 and comparison with the half year ended 31 December 2005.

Cumulative

	Sales Volume (in Metric Tons)		Sales Revenue (in S$'000)		Gross Contribution (GC) (in S$'000)		Net Contribution (NC) (in S$'000)	
Segment	**Dec 06**	**Dec 05**	**Dec 06**	**Dec 05**	**Dec 06**	**Dec 05**	**Dec 06**	**Dec 05**
Edible Nuts, Spices & Beans	225,773	187,647	335,111	236,294	28,363	22,693	19,435	15,936
Per ton (S$)			**1,484**	**1,259**	**126**	**121**	**86**	**85**
Confectionery & Beverage Ingredients	384,443	303,010	892,512	682,873	71,536	52,012	47,710	34,941
Per ton (S$)			**2,322**	**2,254**	**186**	**172**	**124**	**115**
Food Staples & Packaged Foods	923,716	780,639	709,042	645,224	52,607	38,929	33,594	26,153
Per ton (S$)			**768**	**827**	**57**	**50**	**36**	**34**
Fibre & Wood Products*	282,486	227,594	430,823	352,594	44,867	31,336	30,832	21,974
Per ton (S$)			**1,525**	**1,549**	**159**	**138**	**109**	**97**
Total	**1,816,418**	**1,498,890**	**2,367,488**	**1,916,985**	**197,373**	**144,970**	**131,571**	**99,004**
Per ton (S$)					**109**	**97**	**72**	**66**

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 20.3% in H1FY2007 compared to H1FY2006. NC for this segment grew by 22.0% compared to H1 FY2006.

  The Cashew business continues to face tough trading conditions mainly on account of excess supplies resulting from large crops in the main producing countries. During this period, we continue to focus on 3 key areas that will improve margins and enhance structural profitability in the business: 1) We expanded our cashew blanching and processing operations in Africa (Tanzania, Mozambique, Cote d'Ivoire and Nigeria); 2) We expanded the volume of organically certified cashews that we supply to our key customers; and 3) We undertook various steps to get into the value added cashew ingredient market.

  Peanut prices saw a firm undertone through most of H1 FY2007 on the back of an expected short crop in the US. Our blanching operations in China have got off to a promising start with the quality from this facility being very well received by our key customers. Our outsourced farming and tolling operations in Argentina have been very successful during this period. We have also completed the acquisition of the Senwes Peanut Processing facility in South Africa and integrating the facilities in one location.

  In spices, we have had a strong showing in Brazil (black pepper), Vietnam (black pepper), India (black pepper), Indonesia (various condiments), and Nigeria (ginger) during H1 FY2007. We have also developed a plan for entry into the dehydrates business during this period. We have also grown our customer base for spices and entered into new markets in Turkey and the Middle East. This customer and market expansion has helped us grow volumes by 42% compared to H1 FY2006.

  Sesame volumes during H1 FY2007 has significantly grown compared to H1 FY2006 with strong growth recorded from Nigeria, Burkina Faso and Tanzania. During this period, we also increased our market share in China, which has seen significant growth during the period.

  In Pulses and Beans, the drought in Australia has driven prices up in key markets in H1 FY2007, particularly in India. Our Pulses and Beans business has made good progress in the first half.

- **Confectionery and Beverage Ingredients**

  The volume and net contribution in the confectionery and beverage ingredients segment grew by 26.9% and 36.5% respectively in H1FY2007 compared to H1FY2006.

  The backwardation in the coffee market reversed itself on the back of a good crop in Vietnam. Trading conditions improved during the quarter. Despite the larger crop in Vietnam, we believe that Robustas will still be in deficit and the shortage may again become pronounced towards the end of the current crop year i.e. Sep 2007. Our coffee operations in Vietnam has done very well and we were able to significantly expand volume in that origin. In Brazil, we continue to make solid progress and we were consistently among the top ten exporters out of Brazil during the first half. Construction of both our new coffee processing plants in Brazil has been completed and one is already under commercial production while the other will be commissioned in Q3 of this financial year. We expect the cost savings from these investments to be fully realized in the next financial year. The acquisition of the Krafts facility in Colombia has been completed during H1 FY2007 and we expect our Colombian operations to start procurement and processing activities from March 2007 onwards. The operations in Honduras have also started during H1 FY2007 and Outspan Honduras has already initiated coffee buying and processing. The Peru operation did well in the first half of the year and we bought in excess of 5000 MT in the very first season.

Cocoa volumes grew by 35% during the 1H FY2007 over the previous period. The West African crop was normal and we had a good season in this key producing region. In addition to a strong performance in Asia (Indonesia) in Q1 FY2007, the business witnessed a significant increase in volume from Cote d'Ivoire and Nigeria during H1 FY2007. In Cameroon, the JV with ADM commenced operations successfully and in the first season itself, this association has helped us acquire a leading position in the cocoa business in the country. During the quarter, we also expanded our marketing operations in Russia. This new initiative is expected to increase our marketing capability for Beans and Products in Russia and the CIS region.

- **Food Staples and Packaged Foods Business**

Volume and net contribution in the Food Staples and Packaged Food Business grew by 18.3% and 28.4% respectively in H1FY2007 compared to H1FY2006. The volume growth in the rice business continued into the second quarter of the year with a number of the destination markets building on the strong start they had to the year. During the quarter the focus on the premium rice segment was further intensified and this paid off in terms of both increased volumes and enhanced contributions from the premium segment during the festive season in November and December. The Nigerian market however witnessed a pressure on margins with the local prices of rice not keeping pace with the replacement cost of rice. Rice prices in the producing countries continued to remain firm during this period with Vietnam witnessing a ban on exports for a greater part of the second quarter. The freight market continued to remain firm, especially for cargoes into West Coast Africa. On the logistics front, we started our own inward clearing operations in Cote d'Ivoire. We were also able to enhance the efficiency and extend the gains secured in the initial transiting trials in Cameroon across multiple vessels. We believe that the learning from this initiative would be transferable across multiple countries and enable the business improve on its margins in the coming years.

Sugar volumes grew by 52% in H1 FY2007 as compared to the same period in the previous year. Brazil turned in a very strong performance during the quarter. We have steadily expanded our volumes in Russia and have commenced distribution operations of refined sugar to other CIS countries in this quarter.

During this period, we have witnessed one of the tightest supply situations in diary products in the last several years with shortages across the dairy complex. This has been contributed to by the ever increasing demand in developing countries for dairy products and the severe shortage from Australia, a large producer, due to one of the worst droughts in its history. With the EU continuously cutting subsidies and International prices well above the US support price, the economics of dairy trade is beginning to reflect fundamental demand and supply dynamics rather than opportunities created by trade distorting subsidies. Given our expanded sourcing network from Western Europe, Eastern Europe, Argentina and the US, volumes for dairy products went up by 138% during H1 FY2007 compared to the previous year. Our Russian and Belorussian operations have got off to a very good start during this period. In less than a year we have become a major player in Russia and amongst the largest suppliers to large dairy customers like Wim Bil Dan. The China import and distribution model has been very successful and we are today distributing close to 2000 tons per month in this important market. We have also added Cheese during this quarter to our Dairy portfolio.

The Packaged Food products business has had a strong quarter in Russia with regard to sales of our 3-in-1 coffees. The period is also the peak season and we have expanded our distribution spread to cover more cities and the product range has also been expanded to extract maximum distribution synergy. We have also expanded our African distribution to additional markets in West Africa.

- **Fibre and Wood Products**

Volume and net contribution in the Fibre and Wood Products Business grew by 24.1% and 40.3% respectively in H1FY2007 compared to H1FY2006. Cotton started the year strongly with volumes growing by 15% during H1 FY2007 over the previous year. Chinese imports in H1 FY2007 came down by more than 40% mainly due to delay in the Government's release of import quotas. This condition was exacerbated further by excessive shipments by merchants out of the US in the second half of last year to take advantage of the Step 2 subsidies, which was abolished in July 2007. This resulted in excessive channel stuffing and prices remained range bound all through this period. Our volume increase came mainly from market share gains in Turkey, Thailand and Bangladesh. During this quarter, we stated procurement and sales of domestic cotton in China. The ginning and export of cotton from India during this period proceeded according to plan. We have now relocated our US cotton operation from Wilmington to Dallas and we believe this move will enable us to participate in larger flows of cotton from the US.

In Wood Products, volumes grew by 38% in the first half of FY2007 in comparison to same period of previous year. The growth came from all the business segments namely Teak, Hardwood, Lumber and Flooring. We have strengthened our market position for Teak in India through long term contracts with suppliers in Ghana and teak concessions in East Africa. To have greater control on the supply of hardwood logs on a sustained basis, we have acquired forest concessions in Gabon and Congo Zaire during this period. We also incorporated a subsidiary in Republic of Congo and initiated sourcing operations from there this quarter. Our flooring products business has seen significant growth in both sourcing and sales during this quarter and the business is progressing strongly. We have increased our market reach in Europe by opening a timber marketing office in Poland during the quarter.

<u>Costs and Expenses</u>

Q2 FY2007: SG&A increased by 39.0% to S$48.0 million in Q2FY2007 over the corresponding period in FY2006. Increase in SG&A at 39.0% was higher than our growth in underlying Sales Revenue of 21.6% resulting in our operating leverage going down. SG&A/Sales ratio increased from 2.87% in Q2 FY2006 to 3.28% in Q2FY2007.

H1FY2007: SG&A increased by 37.3% to S$89.0 million in H1FY2007 over the corresponding period in FY2006. Increase in SG&A at 37.3% was higher than our growth in underlying Sales Revenue of 23.5% resulting in our operating leverage going down. SG&A/Sales ratio increased from 3.38% in H1 FY2006 to 3.76% in H1FY2007. 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.

<u>Profit before tax</u>

Q2FY2007: For the quarter ended 31 December 2006, Profit before tax increased by 24.7% to S$33.6 million compared to S$26.9 million for FY2006.

H1FY2007: For the half year ended 31 December 2006, Profit before tax increased by 24.5% to S$42.6 million compared to S$34.2 million for FY2006.

<u>Taxation</u>

Q2FY2007: Taxes increased to S$3.5 million for Q2FY2007 as compared to S$2.8 million for Q2FY2006.

H1FY2007: Taxes increased to S$4.5 million for H1FY2007 as compared to S$3.6 million for H1FY2006.

<u>Profit after tax</u>

Q2FY2007: Net Profit after Tax increased by 24.7% to S$30.1 million for Q2FY2007 from S$24.1 million in Q2FY2006.

H1FY2007: Net Profit after Tax increased by 24.5% to S$38.2 million for H1FY2007 from S$30.6 million in H1FY2006.

Balance Sheet & Cash Flow

Equity and Reserves

Total equity and reserves decreased by 3.1% from S$488.0 million as of 30 June 2006 to S$473.0 million as of 31 December 2006. The impact of FRS 39 on equity is a net reduction to equity of S$38.4 million.

Fixed Assets

Investments in fixed assets amounted to S$19.9 million for the half year ended 31 December 2006. The investments were mainly in processing factories, packaging plants, warehousing and logistics in Brazil, China, Tanzania, Gabon, Vietnam, Zimbabwe and Nigeria.

Current Assets

Debtors Analysis

Debtor days in Q2 FY2007 reduced marginally by 1 day to 35 days as compared to 36 days as at 30 June 2006. 61.5% 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 7 days to 99 days as compared to 92 days as of June 2006. There was an increase in stock value by S$169.0 million to S$ 1182.9 million from S$ 1013.9 million as on 30 June 2006. 85.4% of the stocks were sold forward to customers or hedged using financial derivatives.

Advance to Suppliers

Advances to Suppliers went up by 3 days to 18 days in Q2FY2007 as compared to 15 days as of June 2006. The increase reflects the seasonality of the business, as October to March period is the cropping season for most products in the northern hemisphere countries and 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 to S$1,799 million as of end of December 2006 from S$1,477 million as of end June 2006. The increase in borrowing to fund additional working capital during this period is normal due to seasonality and increased level of activity across all product segments.

Cash and Fixed Deposits

Cash and Fixed Deposits decreased by 16.1% to S$248.5 million as on December 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 the 2nd half of FY2007.

11. Dividend

(a) Current Financial Period Reported On

During the quarter, the company paid out a tax exempt dividend of S$ 46.638 million comprising ordinary dividend of S$0.015 per share and a special dividend of S$0.015 per share.

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

During Q2FY2006, the company paid out tax exempt dividend of S$ 33.579 million comprising ordinary dividend of S$0.0108 per share and special dividend of S$0.0108 per share.

(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)

The dividend paid is tax exempt in the hands of shareholders.

(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.

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 31 December 2006 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

13 FEBRUARY 2007