OLAM INTERNATIONAL LIMITED

Financial Statements for the First Quarter Ended 30th September 2007

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 FY2008: Group

(in S$'000)	Group Three Months Ended 30 Sep 07	30 Sep 06	%
Revenue			
Sale of goods	1,376,720	903,764	
Other revenue	4,621	2,261	
	1,381,341	**906,025**	**52.5%**
Costs and expenses			
Cost of goods sold	1,096,421	696,163	
Shipping and logistics	130,554	110,195	
Commission and claims	14,163	16,237	
Employee benefit expense	35,264	15,358	
Share based expense	852	1,523	
Depreciation	6,764	3,852	
Net measurement of derivative instruments	1,522	1,101	
Loss on foreign exchange	30	1,739	
Other operating expenses	40,625	23,331	
Finance costs	44,499	27,406	
Share of loss from jointly controlled entities	261	106	
	1,370,955	**897,011**	**52.8%**
Profit before taxation	**10,386**	**9,014**	**15.2%**
Taxation	(1,172)	(946)	
Profit for the financial period	**9,214**	**8,068**	**14.2%**
Attributable to:			
Equity holders of the Company	9,220	8,092	
Minority interest	(6)	(24)	
	9,214	**8,068**	

Notes:

(in S$'000)	Group Three Months Ended 30 Sep 07	30 Sep 06	%
Other operating expenses include **bank charges** of	5,327	3,134	
Other revenue includes **interest income** of	2,592	1,402	
Gross Contribution	130,478	75,972	**71.7%**
Net Contribution	88,570	49,968	**77.3%**

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 2007	30 Jun 2007	30 Sep 2007	30 Jun 2007
Non-current assets				
Property, plant and equipment	391,238	129,348	1,264	1,299
Intangible assets	109,778	96,203		
Subsidiary companies			389,137	223,123
Deferred tax assets	8,884	7,762	6,277	7,979
Interest in jointly controlled entities	3,099	1,942	2,216	2,227
Long term investments	27,383	81,091	27,621	27,431
Other receivables	828	9,466	828	1,006
Current assets				
Amounts due from subsidiary companies			375,225	301,192
Trade receivables	388,561	508,193	116,402	263,186
Margin accounts with brokers	180,929	86,162	112,524	79,595
Inventories	1,355,039	1,163,203	257,301	313,060
Advance payments to suppliers	301,300	255,706	104,064	91,154
Advance payments to subsidiary companies			1,031,832	951,985
Other receivables	289,046	199,416	71,242	52,026
Short term investment		13,461		13,461
Fixed deposits	42,672	43,372	41,912	42,992
Cash and bank balances	190,005	194,235	29,149	55,024
Fair value of derivative financial instruments	488,695	388,032	381,350	373,618
	3,236,247	**2,851,780**	**2,521,001**	**2,537,293**
Current liabilities				
Trade payables and accruals	302,145	255,522	167,490	180,632
Other payables	74,385	55,927	33,163	45,011
Amount due to bankers	938,580	545,555	567,314	346,693
Medium term notes	435,000	450,000	435,000	450,000
Provision for taxation	27,250	24,878	8,079	8,142
Fair value of derivative financial instruments	559,965	488,630	448,247	473,690
	2,337,325	**1,820,512**	**1,659,293**	**1,504,168**
Net current assets	898,922	1,031,268	861,708	1,033,125
Non-current liabilities				
Deferred tax liabilities	(11,974)			
Term loans from banks	(562,079)	(703,663)	(474,314)	(690,413)
Medium term notes	(379,444)	(220,668)	(379,444)	(220,668)
Net assets	**486,635**	**432,749**	**435,293**	**385,109**
Equity attributable to equity holders of the Company				
Share capital	398,269	397,730	398,269	397,730
Reserves	88,345	34,992	37,024	(12,621)
	486,614	432,722	435,293	385,109
Minority interest	21	27		
Total equity	**486,635**	**432,749**	**435,293**	**385,109**

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

Amount repayable in one year or less or on demand

	As at 30/09/2007		As at 30/06/2007	
	Secured (in S$'000)	Unsecured (in S$'000)	Secured (in S$'000)	Unsecured (in S$'000)
Overdrafts		137,797		49,970
Loans		800,783		495,585
Medium Term Notes		435,000		450,000
Total		**1,373,580**		**995,555**

Amount repayable after one year

	As at 30/09/2007		As at 30/06/2007	
	Secured (in S$'000)	Unsecured (in S$'000)	Secured (in S$'000)	Unsecured (in S$'000)
Long Term Loans	12,877	549,202	13,249	690,414
Long Term Medium Term Notes		379,444		220,668
Total	**12,877**	**928,646**	**13,249**	**911,082**

Details of any Collateral

The group's subsidiary, Universal Blanchers LLC (UB) in the United States, has an outstanding loan equivalent to S$12.9m which is secured by the assets of the subsidiary.

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 2007	Group Three Months Ended 30 Sep 2006
Cash flow from operating activities		
Operating profit before taxation	10,386	9,014
Adjustments for:		
Share of loss in jointly controlled entities	261	106
Depreciation of property, plant and equipment	6,764	3,852
Loss/ (gain) on disposal of property, plant and equipment	347	(21)
Net measurement of derivative instruments	1,522	1,101
Amortisation of intangible asset	332	
Cost of share-based payments	852	1,523
Interest income	(2,592)	(1,402)
Interest expense	44,499	27,406
Operating profit before reinvestment in working capital	**62,371**	**41,579**
(Increase)/decrease in inventories	(13,133)	26,706
(Increase)/decrease in receivables	117,161	(42,704)
Increase in advance payments to suppliers	(31,688)	(79,119)
(Decrease)/increase in payables	(41,834)	49,272
Cash flow generated from operations	**92,877**	**(4,266)**
Interest income received	2,592	1,402
Interest expenses paid	(95,987)	(34,657)
Tax paid	(7,466)	(3,453)
Net cash flow used in operating activities	**(7,984)**	**(40,974)**
Cash flow from investing activities		
Proceeds from disposal of property, plant and equipment	3,142	599
Purchase of property, plant and equipment	(2,749)	(8,245)
Acquisition of subsidiaries - net of	(152,449)	
Proceeds from investment in government securities cash acquired	13,461	
Repayment/(loan) to jointly controlled entities	178	(202)
Net cash flow used in investing activities	**(138,417)**	**(7,848)**
Cash flow from financing activities		
(Repayment)/increase in loans from banks	(76,942)	86,197
Proceeds from issuance of shares on exercise of share options	539	
Increase /(decrease) in medium term notes	143,776	(55,271)
Net cash flow provided by financing activities	**67,373**	**30,926**
Net effect of exchange rate changes on cash and cash equivalents	(13,729)	(4,206)
Net decrease in cash and cash equivalents	(92,757)	(22,102)
Cash and cash equivalents at the beginning of the period	187,637	267,401
Cash and cash equivalents at the end of the period	**94,880**	**245,299**

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 capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

GROUP 3 MONTHS - 30 SEP 2007

At 30 September 2007 Group	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
	Attributable to equity holders of the Company							
At 01 July 2007	397,730	(39,929)	(150,827)	8,616	217,132	34,992	27	432,749
Net loss on fair value changes during the period			20,278			20,278		20,278
Recognised in the profit and loss account on occurrence of hedged transactions			22,109			22,109		22,109
Foreign currency translation adjustment		929				929		929
Net income recognised directly in equity		929	42,387			43,316		43,316
Profit for the period					9,220	9,220	(6)	9,214
Total recognised income and expenses for the period		929	42,387		9,220	52,536	(6)	52,530
Share-based expense				817		817		817
Options exercised during the period	539							539
At 30 September 2007	398,269	(39,000)	(108,440)	9,433	226,352	88,345	21	486,635

GROUP 3 MONTHS - 30 SEP 2006

At 30 September 2006 Group	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
	Attributable to equity holders of the Company							
At 01 July 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 expense and income 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

COMPANY 3 MONTHS - 30 SEP 2007

At 30 September 2007 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 01 July 2007	397,730	(35,583)	(148,563)	8,616	162,909	(12,621)	385,109
Net loss on fair value changes during the period			16,519			16,519	16,519
Recognised in the profit and loss account on occurrence of hedged transactions			19,747			19,747	19,747
Foreign currency translation adjustment		(1,945)				(1,945)	(1,945)
Net expense and income recognised directly in equity		(1,945)	36,266			34,321	34,321
Profit for the period					14,507	14,507	14,507
Total recognised expense and income for the period		(1,945)	36,266		14,507	48,828	48,828
Share-based expense				817		817	817
Options exercised during the period	539						539
At 30 September 2007	**398,269**	(37,528)	(112,297)	9,433	177,416	37,024	**435,293**

COMPANY 3 MONTHS - 30 SEP 2006

At 30 September 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 01 July 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 expense and income recognised directly in equity		(5,185)	471			(4,714)	(4,714)
Profit for the period					12,347	12,347	12,347
Total recognised expense and income 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

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-07	Sep-06
Issued, fully paid share capital		
Balance no. of shares as at 1st July	1,555,095,400	1,554,584,400
Addition on exercise of share options	354,241	-
Total no. of shares outstanding as at	**1,555,449,641**	**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 accounting policies are consistent with those used in the audited financial statements as at 30 June 2007.

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.

As per note 4 above.

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	
	30 Sep 2007	30 Sep 2006
(a) Based on weighted average no. of shares (cents/share)	0.59	0.52
(b) Based on fully diluted basis (cents/share)	0.58	0.52
Weighted average no. of shares applicable to basic earnings per share	1,555,251,561	1,554,584,400
Weighted average no. of shares based on fully diluted basis	1,588,770,680	1,563,384,400

The core earnings per share before considering non-cash share-based expense and amortization of intangible asset is as follows:

	Group	
Core Earnings	Period Ended	
	30 Sep 2007	30 Sep 2006
(a) Based on weighted average no. of shares (cents/share)	0.67	0.62
(b) Based on fully diluted basis (cents/share)	0.65	0.61

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 07	As at 30 Jun 07	As at 30 Sep 07	As at 30 Jun 07
Net asset value (NAV) per ordinary share based on issued share capital as at end of the period	24.23	21.64	27.99	24.76

The NAV for the Group before fair value adjustment reserve, goodwill and other intangibles went up from 37.52 cents/share in June 2007 to 38.26 cents/share in September 2007.

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 over 56 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 analysing our Financial Statements

Profitability

a. ***Consolidation of results of companies acquired by the Group*** : For Q1FY2008, the results of the Group includes the results of Queensland Cotton Holdings, Universal Blanchers and Naarden Agro Products B.V. All these companies were acquired during the calendar year 2007. The consolidated results for Q1FY2008 are therefore not strictly comparable to results of Q1FY2007. The impact of these results has been highlighted in the segmental commentary.

b. ***Gross and Net Contribution*****:** We measure and track our profitability in terms of Gross Contribution (GC) and Net Contribution (NC) per ton of product supplied. 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 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 value added services such as 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.

c. ***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).

d. ***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 delays as well as early starts to the harvesting seasons in these countries based on actual weather patterns in a particular year. In addition to an early or delayed harvesting season, the precise timing and size of arrivals of these products can also vary based on the farmer’s selling decisions, 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

The Profit and Loss statement for Q1FY2008, includes the results of Queensland Cotton Holdings, Universal Blanchers and Naarden Agro Products B.V. The consolidated P&L for Q1FY2008 is therefore not strictly comparable to results of Q1FY2007. The impact of these results has been more fully highlighted in the segmental commentary. A snapshot of the results of the existing and new businesses through acquistion is given below :

Description	Q1FY2008			Q1FY2007	% Increase	Share of Existing Business
	Existing Business	New Business	Total	Total		
Volume (metric tons)	778,075	138,355	916,430	672,861	36.2%	43.2%
Revenue (S$'000)	1,152,927	223,793	1,376,720	903,764	52.3%	52.7%
Net Contribution (S$'000)	76,448	12,122	88,570	49,968	77.3%	68.6%
SG & A	60,986	17,192	78,178	40,930	91.0%	53.8%
PAT	11,262	(2,048)	9,214	8,068	14.2%	

The growth in our existing business continues to remain strong and posted a growth in Revenues of 27.6% and net contribution of 53% over Q1FY2007. The total net contribution increased by 77% and the existing business contributed to 68.6% of this net contribution growth.

All the acquired businesses turned in positive net contribution in Q1FY2008. With the exception of QCH, the performance of the acquired companies exceeded expectations and were earnings accretive in the first quarter itself. The acquired businesses accounted for 56.8% of the growth in Group's sales volume and contributed to S$ 12.1 million in net contribution.

SG&A increased from S$ 40.9m to S$ 78.2m of which S$ 17.2 (46.2% of the increase) was accounted by the acquisitions consolidated in Q1FY2008.

At the PAT level, the existing businesses generated a PAT of 39.6% in Q1FY2008 as compared to the same period in the previous year.

The following table provides segmental breakdown on Sales Volume, Sales Revenue, Gross Contribution (GC) and Net Contribution (NC) for Q1FY2008 and comparison with Q1FY2007.

Quarter

	Sales Volume (in Metric Tons)		Sales Revenue (in S$'000)		Gross Contribution (GC) (in S$'000)		Net Contribution (NC) (in S$'000)	
Segment	**Sep 07**	**Sep 06**	**Sep 07**	**Sep 06**	**Sep 07**	**Sep 06**	**Sep 07**	**Sep 06**
Edible Nuts, Spices & Beans	208,268	134,640	236,828	184,448	32,126	15,239	23,574	9,747
Per ton (S$)			**1,137**	**1,370**	**154**	**113**	**113**	**72**
Confectionery & Beverage Ingredients	172,510	146,374	481,011	334,842	37,129	26,255	22,964	16,894
Per ton (S$)			**2,788**	**2,288**	**215**	**179**	**133**	**115**
Food Staples & Packaged Foods	346,976	292,869	341,329	223,686	33,356	19,087	24,113	12,073
Per ton (S$)			**984**	**764**	**96**	**65**	**69**	**41**
Fibre & Wood Products*	188,676	98,978	317,552	160,788	27,867	15,391	17,919	11,254
Per ton (S$)			**1,683**	**1,624**	**148**	**155**	**95**	**114**
Total	**916,430**	**672,861**	**1,376,720**	**903,764**	**130,478**	**75,972**	**88,570**	**49,968**
Per ton (S$)					**142**	**113**	**97**	**74**

* Measured in cubic metres.

The progress made during Q1 FY2008 is highlighted below:

- **Edible Nuts, Spices & Beans**

  The Edible Nuts, Spices & Beans segment recorded a volume growth of 54.7% and revenue growth of 28.4% in Q1 FY2008. Net Contribution also recorded a strong 141.8% growth to S$23.6 million in Q1 FY2008.

  The strong performance in this segment has been underpinned by very strong volume growth both in our existing business and from our acquisition of Universal Blanchers as well as margin improvement mainly contributed by Universal Blanchers. Cashew business had a volume increase of 87% over the previous year mainly on account of higher shipments from India and Vietnam to the markets in Europe and the US. In the peanut business, the integration of the Universal Blanchers was successfully completed. The customer response to the deal has been very positive. For Q1FY2008, UB performed significantly better than expectation and generated a NC of S$ 8.8 million. This acquisition has been earnings and value accretive from day one. In the spices business, we acquired Key Foods Industries, a supplier of de-hydrated garlic from China, during this quarter. The Sesame and Pulses & Beans businesses more than doubled volume in Q1 FY2008 as compared to the previous year as we expanded into new origins and markets.

- **Confectionery and Beverage Ingredients**

  Sales Volume and Revenue in the Confectionery & Beverage Ingredients segment grew 17.9% and 43.7% respectively in Q1 FY2008. Net Contribution also recorded a strong 35.9% growth to S$23.0 million in Q1 FY2008.

  Markets for both Cocoa and Coffee have been very volatile during this period. In this quarter, the coffee market again went into backwardation on near term supply concerns. Our Coffee business continued to execute on its strategy of growing its market share in the Robusta segment while at the same time diversifying into the larger Arabica segment by expanding operations in Brazil, Colombia, Peru and Honduras. As announced earlier, the Company has decided to set up a greenfield Soluble Coffee processing plant costing approximately US$ 45 million in Vietnam. When completed, this will enable the Company to further integrate into the higher value part of the supply chain.

  The Cocoa business recorded a volume increase of 17% in this quarter. We continue to invest in strengthening the warehousing and procurement infrastructure in the origins while providing more value added services to our customers including traceability, organically certified Cocoa from Tanzania and expanding our vendor managed inventory solution services to our customers in the US, Europe and Asia. Our Cocoa products business continues to grow and the successful commissioning of our Cocoa powder alkalization plant through our JV Solimar in Spain has provided a fillip to our Cocoa products business.

- **Food Staples and Packaged Foods Business**

  Sales Volume and Revenue for the Food Staples & Packaged Foods segment grew 18.5% and 52.6% respectively in Q1 FY2008 compared to Q1 FY2007. Net Contribution also recorded a strong 99.7% growth to S$24.1 million in Q1 FY2008.

  The Rice business grew by 22% in volume during the period. The rice market has been very firm during the last quarter with price increases being recorded across the grades in the exporting countries. There has also been a significant drawdown on the pipeline stocks in the major markets in West and South Africa and this has underpinned the strong performance in this segment during the quarter. In the sugar business, we have executed on our strategy of making selective investments in sugar refining in key destination markets by acquiring PT Dharmapala Usaha Sukses (DUS), a Sugar refinery based in Indonesia. This plant is expected to commence production by January 2008. Another significant highlight in the sugar business during the quarter has been our increased share of exports from India, which has resulted in sugar volumes going up by more than 31% in this quarter.

The Dairy Products segment has had a very good quarter. A key highlight during this period was the acquisition of Naarden Agro Products BV in Holland which enables us to diversify into higher value added industrial Casein segment. This acquisition has been both value and earnings accretive from the first quarter itself. The initiatives in our existing dairy business are also yielding good results with expansion of our distribution reach in China and other countries in Asia and Africa. The business recorded a 51% increase in volumes during this quarter.

- **Fibre and Wood Products**

The Fibre & Wood Products segment had a growth of 90.6% in Sales Volume and 97.5% in sales revenue Q1 FY2008. Net Contribution also recorded a strong 59.2% growth to S$17.9 million in Q1 FY2008.

We completed the Queensland Cotton Holdings (QCH) acquisition in July and its earnings have been consolidated into our Q1 results. As signaled during our full year results briefing in August 2007 QCH is expected to incur a full year loss of AUD 12 to AUD 14 million this year due to the severe drought conditions in Australia. We have booked a loss of S$ 5.7 million from QCH for the first quarter. . This includes an unrealized loss of S$4.6 million relating to open hedging derivative financial instruments as of quarter-end, for which hedge accounting has not been applied. The corresponding profits on the physical side of the business will flow in as and when the shipments are completed in the subsequent quarters. It should be noted that the QCH will apply, in compliance with the Group accounting policies, hedge accounting for new hedging derivatives contracted after the acquisition, in July07 .The corresponding profits on the physical side of the business will flow in as and when the shipments are completed in the subsequent quarters. The QCH consolidation has resulted in the volumes for the cotton business growing by more than 120%.

The Wood Products business delivered strong sales volume growth of 81% in Q1 FY2008 as compared to the previous year. We are now offering certified teak from Ghana and Brazil to importers and processors in Asia. The construction work for our sawmilling facility in Gabon has been completed during the quarter and trial production is underway. The business continues to execute on its strategy of participation in plantation products, in primary and secondary processing, expanding into value added manufacturing like top layer and flooring products and developing direct distribution in the key markets of China, Vietnam, India and Europe.

Costs and Expenses

Quarter 1: SG&A increased by 91.0% to S$78.2 million in Q1 FY2008 over the corresponding period in Q1FY2007. A significant portion of this increase is due to the consolidation of overhead expenses of the various companies acquired in 2007 including QCH, UB and Naarden Agro in Q1FY2008. SG&A/Sales ratio increased from 4.53% in Q1FY2007 to 5.68% in Q1FY2008.

Profit before tax

Quarter 1: For Q1FY2008, Profit before tax increased by 15.2% to S$10.4 million compared to S$9.0 million for Q1FY2007.

Taxation

Quarter 1: Taxes increased to S$1.2 million for Q1FY2008 as compared to S$0.9 million for Q1FY2007.

Profit after tax

Quarter 1: Net Profit after Tax increased by 14.2% to S$9.2 million for Q1FY2008 from S$8.1 million in Q1FY2007.

Balance Sheet & Cash Flow

Equity and Reserves

Total equity and reserves for the group has increased by 12.5% from S$432.7 million as of 30 June 2007 to S$486.6 million as of 30 September 2007.

There has been a net decrease to S$108.4 million to equity on account of the revaluation of financial derivatives used for hedging purposes under the requirement of FRS 39, with corresponding impact on both Current Assets and Current Liabilities under “Fair value of derivative financial instruments.” The main reason is due to unrealized losses on derivatives used for hedging the underlying physicals and where prices of the underlying commodities (Cocoa, Coffee, Sugar and Cotton) have increased post hedging. Under the requirements of FRS 39, these unrealized losses will flow through the profit & loss statement as and when the sale of physical stocks (being the hedged items) is recognized. These unrealized losses are related to effective hedging instruments and are expected to be offset by equivalent gains from the underlying physical transactions. Therefore, these adjustments are not expected to have any material impact on the profitability of the Group.

Intangible assets

Under FRS 103, we are required to perform “Purchase Price Allocation” (PPA) exercise within 12 months of the completion of the acquisition. We are in the process of carrying out a detailed PPA exercise for QCH & Naarden. The value of intangible assets reflected in the balance sheet may undergo some changes when this exercise is completed

Fixed Assets

Investments in fixed assets amounted to S$ 391.2 million as of quarter ended 30 September 2007. The increase has been mainly on account consolidation of QCH and Naarden operations in Q1FY2008.

Current Assets

Debtors Analysis

Debtor days in Q1FY2008 reduced by 8 days to 26 days as compared to 34 days as at 30 June 2007. 67.4% of debtors were either against Letters of Credit or against documents with the bank for collection.

Stocks

Stock turnover days increased by 14 days to 99 days as compared to 85 days as of June 2007. There was an increase in stock value of S$191.8 million to S$1,355.0 million as on 30 September 2007 from S$1,163.2 million as on 30 June 2007. 81.8% of the stocks were sold forward to customers or hedged using financial derivatives. The price exposure on the balance inventories are actively managed through both volume and tenor limits as per our risk management policies.

Advance to Suppliers

Advances to Suppliers went up by 3 days to 22 days in Q1FY2008 as compared to 19 days as of June 2007. The advances increased from S$255.7 m in FY2007 to S$301.3 m in FY2008. The increase was mainly on account an increase in the general level of operations during the period.

Borrowings

Borrowings increased to S$2,315 million as of end September 2007 from S$1,920 million as of end June 2007, on account of funding additional working capital, acquisition funding as well as consolidation of debt of QCH, UB and Naarden operations.

Cash and Fixed Deposits

Cash and Fixed Deposits decreased by 2.1% to S$232.7 million as of end of September 2007 from S$237.6 million as of end of June 2007.

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.

   During the quarter, the industry witnessed an increased level of volatility in the prices of various products. While the volatility has had minimal impact on the financial results of the Group, there has been a significant change to equity and current assets and liabilities (fair value of derivative financial instruments) due to the adoption of Hedge Accounting provisions under FRS39.

   During the quarter, the Company had announced a number of acquisitions and joint ventures. The completion of these transactions is subject to certain closing conditions and approvals from relevant authorities as such the outcome of these transactions is uncertain until these conditions and approval are met or have been granted. We are also continuously exploring various acquisition and investment opportunities which may assist in the Group's growth over the medium to long term. Some of these acquisition and investment opportunities may materialize over the next 12 months. We will announce such acquisition and investment opportunities accordingly as and when they materialize.

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)

   (d) Date Payable

   (e) Books Closure Date

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

   During the current period (Q1 FY2008), no dividend has been declared or recommended.

PART II: 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.

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.

15. A breakdown of sales.

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

17. Interested Persons Transactions.

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 2007 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 & CEO

14 NOVEMBER 2007