OLAM INTERNATIONAL LIMITED

Financial Statements for the Second Quarter and Half Year ended 31st December 2004

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 : Group

(in S$'000)	Group			Group		
	Half Year ended			Three Months ended		
	31 Dec 2004	31 Dec 2003	% change	31 Dec 2004	31 Dec 2003	% change
Revenue						
Sales of goods	1,456,594	1,048,809		959,362	643,112	
Other revenue	3,709	4,197		3,315	1,377	
Total Revenue	**1,460,303**	**1,053,006**	**39%**	**962,677**	**644,489**	**50%**
Costs and expenses						
Costs of goods sold	1,111,690	795,461		774,438	507,739	
Shipping and Logistics	228,260	166,911		111,916	83,088	
Commissions and Claims	15,347	13,408		7,524	6,675	
Staff costs	17,878	13,800		8,765	6,870	
Depreciation	3,166	1,896		1,985	950	
Gain on foreign exchange	(1,738)	(2,779)		(852)	(1,384)	
Other operating expenses	37,599	28,478		22,832	14,924	
Total Costs & Expenses	**1,412,202**	**1,017,175**		**926,608**	**618,862**	
Profit from operating activities	**48,101**	**35,831**	**34%**	**36,069**	**25,627**	**41%**
Finance Costs	(22,354)	(18,652)	**20%**	(14,591)	(12,196)	**20%**
	25,747	17,179		21,478	13,431	
Share of loss of jointly controlled entity	(62)	(22)		(26)	(12)	
Profit before taxation	**25,685**	**17,157**	**50%**	**21,452**	**13,419**	**60%**
Taxation	(3,082)	(2,574)		(2,574)	(2,013)	
Profit for the financial period	**22,603**	**14,583**	**55%**	**18,878**	**11,406**	**66%**

Notes:

(in S$'000)	Group			Group		
	Half Year ended			Three Months ended		
	31 Dec 2004	31 Dec 2003	% change	31 Dec 2004	31 Dec 2003	% change
Other operating expenses include bank charges of:	10,541	4,053		8,506	2,106	
Other Income include Interest Income of:	293	3,645		57	1,377	

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 Sheets : Group & Company

(in S$'000)	Group		Company	
	31 Dec 2004	30 Jun 2004	31 Dec 2004	30 Jun 2004
Fixed assets	26,626	21,195	669	672
Subsidiary companies	-	-	40,933	40,418
Deferred tax assets	786	829	1,159	1,196
Investments	-	74	196	196
Current assets				
Amounts due from subsidiary companies	-	-	142,781	83,746
Amounts due from a related party	-	3,000	-	3,000
Trade debtors	443,077	464,944	329,306	387,771
Margin accounts with brokers	12,128	5,317	12,128	5,317
Stocks	613,890	473,063	50,419	136,098
Advance payment to supplier	184,405	90,090	95,405	63,257
Advance payment to subsidiaries	-	-	571,159	293,260
Other debtors	73,209	82,835	55,440	46,146
Fixed deposits	5,277	11,922	3,024	9,674
Cash and bank balances	73,254	88,450	10,660	41,671
	1,405,240	**1,219,621**	**1,270,322**	**1,069,940**
Current liabilities				
Amount due to a corporate shareholder	-	1,403	-	1,403
Trade creditors and accruals	90,359	154,976	21,259	112,718
Other creditors	5,985	5,388	4,249	2,582
Amounts due to bankers	858,475	672,706	825,335	600,676
Medium term notes	249,642	177,000	249,642	177,000
Provision for taxation	7,535	5,915	4,566	3,616
	1,211,996	**1,017,388**	**1,105,051**	**897,995**
Net Current Assets	193,244	202,233	165,271	171,945
Long term loan from a corporate shareholder	-	(8,600)	-	(8,600)
Long term loans from Banks	(187)	(266)	-	-
Convertible redeemable shares	-	(25,602)	-	(25,602)
	220,469	**189,863**	**208,228**	**180,225**
Share capital	118,615	100,791	118,615	100,791
Reserves	101,854	89,072	89,613	79,434
	220,469	**189,863**	**208,228**	**180,225**

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

Amount repayable in one year or less, or on demand:

(in S$'000)	As at 31 Dec 2004		As at 30 Jun 2004	
	Structured	Unstructured	Structured	Unstructured
Overdrafts	17,477	13,659	32,261	35,455
Loans	489,774	587,207	306,001	475,989

Amount repayable after one year:

(in S$'000)	As at 31 Dec 2004		As at 30 Jun 2004	
	Structured	Unstructured	Structured	Unstructured
Loans	187	Nil	266	Nil

Details of any collateral

Structured bank loans are secured by the underlying stocks and receivables of specific transactions for which funding was obtained from the lending banks.

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	
	Half Year Ended		Quarter Ended	
	31-Dec-04	31-Dec-03	31-Dec-04	31-Dec-03
Cash flow from operating activities				
Operating profit before taxation	25,685	17,157	21,452	13,419
Adjustments for:				
Share of loss in jointly controlled entity	62	22	26	12
Depreciation of fixed assets	3,166	1,896	1,985	950
Interest income	(293)	(3,645)	(57)	(1,377)
Interest expense	22,354	18,652	14,591	12,196
Operating profit before reinvestment in working capital	50,974	34,082	37,997	25,200

Contd/-	Group		Group	
	Half Year Ended		Quarter Ended	
	31-Dec-04	31-Dec-03	31-Dec-04	31-Dec-03
Decrease in amount due from a related party	3,000	1,232	3,000	68
Increase in stocks	(140,827)	(119,287)	(117,232)	(97,314)
Decrease /(increase) in debtors	24,682	62,017	(128,986)	10,507
Increase in advance payment to suppliers	(94,315)	(129,854)	(36,563)	(109,315)
(Decrease)/increase in creditors	(64,020)	(19,105)	22,018	(11,598)
Cash used in operations	(220,506)	(170,915)	(219,766)	(182,452)
Interest expense paid	(22,354)	(18,652)	(14,591)	(12,196)
Interest income received	293	3,645	57	1,377
Income tax (paid) / refund	(1,419)	180	(1,419)	741
Net Cash used in operating activities	(243,986)	(185,742)	(235,719)	(192,530)
Cash flow from investing activities				
Purchase of fixed assets	(8,597)	(2,947)	(6,416)	(2,450)
Net cash used in investing activities	(8,597)	(2,947)	(6,416)	(2,450)
Cash flow from financing activities				
Dividends paid on ordinary shares by the company	(24,272)	(22,730)	(24,272)	(4,730)
(Decrease)/increase in amount due to a corporate shareholder	(1,403)	122	(1,403)	-
Proceeds from issue of ordinary shares at premium	17,000	35,241	17,000	17,241
Proceeds from issue of convertible redeemable shares at premium	-	25,602	-	25,602
Repayment from term loan from banks	(79)	(68)	(79)	-
Proceeds from issue of medium term notes	72,642	-	49,762	-
Repayment of long term loan from a corporate shareholder	(8,600)	(180)	(8,551)	(140)
Increase in loans from banks	222,349	200,310	235,069	156,738
Net cash provided by financing activities	277,637	238,297	267,526	194,711
Net effect of exchange rate changes in consolidating subsidiary companies	(10,315)	(2,039)	(9,194)	(1,567)
Net decrease(increase) in cash & cash equivalent	14,739	47,569	16,197	(1,836)
Cash & cash equivalents at beginning of the period	32,656	(33,516)	31,198	15,889
Cash & cash equivalents at end of the period	47,395	14,053	47,395	14,053

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.

(in S$'000)	GROUP		Company		GROUP		Company	
	For the period		For the period		For the period		For the period	
From	1-Jul-04	1-Jul-03	1-Jul-04	1-Jul-03	1-Oct-04	1-Oct-03	1-Oct-04	1-Oct-03
To	31-Dec-04	31-Dec-03	31-Dec-04	31-Dec-03	31-Dec-04	31-Dec-03	31-Dec-04	31-Dec-03
Issued Capital								
Balance at beginning	100,791	81,496	100,791	81,496	100,791	89,383	100,791	89,383
Increased during the period	17,824	15,441	17,824	15,441	17,824	7,554	17,824	7,554
Balance at end	118,615	96,937	118,615	96,937	118,615	96,937	118,615	96,937
Share Premium								
Balance at beginning	36,035	11,531	36,035	11,531	36,035	21,644	36,035	21,644
Increased during the period	24,778	19,800	24,778	19,800	24,778	9,687	24,778	9,687
Balance at end	60,813	31,331	60,813	31,331	60,813	31,331	60,813	31,331
Foreign currency translation reserve								
Balance at beginning	(4,005)	(1,744)	3,079	5,459	(5,125)	(2,216)	1,959	4,987
Foreign currency translation adjustment	(10,327)	(2,039)	(9,965)	(2,039)	(9,207)	(1,567)	(8,845)	(1,567)
Balance at end	(14,332)	(3,783)	(6,886)	3,420	(14,332)	(3,783)	(6,886)	3,420
Revenue Reserves								
Balance at beginning	57,042	26,947	40,320	17,866	60,767	12,124	44,045	3,043
Profit for the period	22,603	14,583	19,638	12,396	18,878	11,406	15,913	9,219
Dividends paid	(24,272)	(18,000)	(24,272)	(18,000)	(24,272)	-	(24,272)	-
Balance at end	55,373	23,530	35,686	12,262	55,373	23,530	35,686	12,262
Total Reserves	101,854	51,078	89,613	47,013	101,854	51,078	89,613	47,013
Total Equity	220,469	148,015	208,228	143,950	220,469	148,015	208,228	143,950

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 2004	Dec 2003
Issued, fully paid share capital		
Balance as at 1st July	503,954,686	407,480,803
Issue of ordinary shares	36,956,522	77,205,013
Conversion of redeemable convertible shares	52,161,689	-
Balance as at 31st December	593,072,897	484,685,816

Note:

The number of ordinary shares shown above is before sub division with a par value of S$0.20 per each ordinary share. The shares of the company were later sub-divided into 2 ordinary shares with par value of S$0.10 per each ordinary share on 4th January 2005.

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 same accounting policies and methods of computation have been followed as in our last audited financial statements dated 30th June 2004.

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.

N/A

6. Earnings per ordinary share of the Group for the current financial period reported and for the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

Earnings Per Share based on Group's net profit after tax

	Group			
	(unaudited) Six Months ended		(unaudited) Three Months ended	
	1 Jul to 31 Dec 2004	1 Jul to 31 Dec 2003	1 Oct to 31 Dec 2004	1 Oct to 31 Dec 2003
(a) Based on weighted average number of shares on issue	4.22 cents	3.27 cents	3.32 cents	2.35 cents
(b) Based on fully diluted basis	4.22 cents	3.27 cents	3.32 cents	2.35 cents
Weighted average number of shares in issue applicable to basic earnings per share	536,194,951	446,083,310	568,435,216	484,685,816
Weighted average No. of shares based on fully diluted basis	536,194,951	446,083,310	568,435,216	484,685,816

Note:

The amounts shown above are prior to sub-division of the shares and is based on each ordinary share having a par value of S$0.20 per share. Subsequent to 31st December 2004 (on 4th January 2005), there was a sub-division of each ordinary share of S$0.20 in the existing, authorized, and issued and paid-up share capital of our Company into two ordinary shares of S$0.10 each.

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.

	Group		Company	
	(unaudited) As at 31-Dec-2004	(Audited) As at 30-Jun-2004	(unaudited) As at 31-Dec-2004	(Audited) As at 30-Jun-2004
Net Asset Value per ordinary share based on issued share capital at end of the period	37.17 Cents	37.67 Cents	35.11 Cents	35.76 Cents

Note:

The calculation shown above is based on number of ordinary shares before sub division with a par value of S$0.20 per each ordinary share. The shares of the company were later sub-divided into 2 ordinary shares with par value of S$0.10 per each ordinary share on 4th January 2005.

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.

This is the first results announcement after the company's listing on the 11th February 2005. The ensuing management discussion and analysis, highlights and compares, the financial performance for the Half Year ended December 2004 (1H FY2005) with the corresponding period, namely Half Year ended December 2003 (1H FY2004) (corresponding period of the immediately preceding financial year).

Introduction

Olam is a leading, global, integrated supply chain manager of agricultural products and food ingredients with operations in 38 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, 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

(i) **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). In the past, our earnings in the First Half of the Financial Year have averaged between 30% and 38% of the Full Year earnings compared to 62% to 70% in the Second Half of the Financial Year. Given this seasonality, we would like to reiterate that the right way to look at our results is to focus on the Full Year earnings, as profits can move from one quarter to another on account of the factors listed above. Therefore a full year assessment of our results offers more clarity on our underlying performance.

(ii) **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 and bank charges. 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. We use short term, transactional, self liquidating, working capital funding to finance our short term inventories and debtors. 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 produced certification (FTP), customized grades and quality 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 are largely within our control and is a function of the extent of our supply chain infrastructure in the origins (producing countries) and the markets (consuming countries).

Profit and Loss Statement

We are pleased to report that for the six months ended 31st December 2004 (1H FY2005), the Group has posted strong results with Sales Volumes growing by 21% to 1.185 million tons, Sales Revenue growing by 39% to S$1.46 billion, and Net Profit after Tax growing by 55% to S$22.6 million over the comparable corresponding period of the preceding Financial Year (1H FY2004). The other income component has shown a marginal reduction to S$3.7 million in 1H FY2005 from S$4.2 million in 1H FY2004 due to lower interest income during this period. The quality of our earnings continues to improve with broad based contribution from each of the four product segments with all of them registering strong growth in Sales Volume, Sales Revenue and Net Contribution for 1H FY2005 compared to 1H FY2004.

The following table provides segmental breakdown on Sales Volume, Sales Revenue, Gross Contribution (GC) and Net Contribution (NC) for the half year ending 31st December 2004 (1H FY2005) and 31st December 2003 (1H FY2004).

(in S$'000)	Sales Volume (in Metric Tons)		Sales Revenue		Gross Contribution (GC)		Net Contribution (NC)	
Segment	**Dec 04**	**Dec 03**	**Dec 04**	**Dec 03**	**Dec 04**	**Dec 03**	**Dec 04**	**Dec 03**
Edible Nuts, Spices & Beans	160,045	140,025	247,309	167,021	18,051	12,038	14,515	9,535
Per ton					**113**	**86**	**91**	**68**
Confectionery & Beverage Ingredients	239,073	218,075	514,499	411,641	34,730	28,262	25,792	19,541
Per ton					**145**	**130**	**108**	**90**
Food Staples & Packaged Foods	622,043	489,084	452,902	251,714	23,120	15,620	17,466	13,276
Per ton					**37**	**32**	**28**	**27**
Fibre & Wood Products*	164,295	135,847	241,884	218,433	18,271	13,607	14,338	12,169
Per ton					**111**	**100**	**87**	**90**
Total	**1,185,456**	**983,031**	**1,456,594**	**1,048,809**	**94,172**	**69,527**	**72,111**	**54,521**
Per ton					**79**	**71**	**61**	**55**

* Measured in cubic metres.

Gross Contribution (GC) grew by 35% to S$94.2 million while Net Contribution (NC) grew by 32% to S$72.1 million. GC per ton increased to S$79 per ton in 1H FY2005 from S$71 per ton in 1H FY2004. GC for all the four segments increased during this period as compared to the corresponding period in the previous year. The total increase in gross contribution of S$24.6 million in 1H FY2005 over 1H FY2004 was contributed by a) volume growth accounting for 58% of this improvement and margin enhancement accounting for the balance 42%.

Net interest expense increased to S$18 per ton during this period compared to S$16 per ton during corresponding period in previous year due to increase in LIBOR interest rates. These rate increases were however passed through to the customers or suppliers as applicable. As a result, Net Contribution per ton increased to S$61 per ton in this period from S$55 per ton during corresponding period in previous year.

The management of Olam remains focused on securing volume growth a) by expanding our product portfolio by moving into new and related product adjacencies, b) by expanding into new origins and markets, and c) by securing margin enhancements through deeper value chain integration including developing new ways of serving our customers by offering value added services that capitalizes on our strengths across the entire agricultural products supply chain. We have made good progress in the implementation of this strategy in 1H FY2005. Some of this progress is highlighted below:

- Edible nuts, spices and beans business recorded significant improvement in both volumes and margins on account of deeper value chain integration in the existing processing centres in Vietnam and Brazil. Similarly, our initiative of moving processing operations directly to the cashew producing countries of Africa has also begun to pay off with processing efficiency in our operations in Tanzania improving to the levels that we attain in a matured processing centre like India. We are in the process of scaling up these operations with the addition of one more factory in Dar-e-salaam. We are also at an advanced stage of project implementation in Mozambique, Cote d'Ivoire and Nigeria. We have also broadened the Edible Nut portfolio by adding on Almonds and Hazelnuts and are encouraged by the early results that we have seen in this area.

- The volume in the confectionery & beverage ingredients business improved significantly during 1H FY2005. The withdrawal of some of the large European Trade Houses from Cote d'Ivoire due to civil unrest prevailing in 2004,presented us with interesting market opportunities in the 1H FY2005. The enhanced premiums seen towards the second half of the last year for both cocoa and coffee continued in 1H FY2005. With normalcy now being restored in Cote d'Ivoire, we expect cocoa and coffee margins to revert back to the more historical levels in the Second Half FY 2005. Cocoa has made progress in moving up the value chain by expanding it's processing initiatives in Nigeria. Coffee has made a successful start in expanding into the Arabica business by setting up it's operations in Brazil, the world's largest producer and exporter of Arabica coffees.

- The Food Staples and Packaged Foods segment registered robust growth in volumes of 27% over 1H FY2004. This was mainly on account of increase in sales of rice and sugar in both existing and new markets of Asia and Africa.

- 1H FY2005 saw a sharp decline in the prices for cotton due to the increase in the local production of cotton in both India and China. Interest costs increased to S$24 per ton in 1H FY2005 from S$11 per ton in 1H FY2004 due to increase in advance payments to suppliers for forward cotton purchases mainly from the CIS countries. As a result, the net contribution per ton decreased to S$87 per ton in 1H 2005 from S$90 in 1H FY2004 for the fibre and wood products segment. We expect that this higher interest cost absorption in cotton in 1H FY2005 would get normalized during the 2H FY2005 as shipments get executed. Wood Products has made significant progress in finalizing it's planned investments in saw milling facilities in Gabon and Congo and successfully expanding into Brazil and China.

<u>Costs and Expenses</u>

Our Selling, General & Administrative expenses (SG&A) increased by 24.2% to S$46.4 million for 1H FY2005 from S$37.3 million for 1H FY2004. Of this, staff costs increased by 29.6% due to increase in staff strength as well as general wage increases in the origin countries. These costs are in line with our budgets, and is part of our planned investment in enhancing our procurement, logistics and marketing infrastructure in existing origins and markets.

Foreign currency gains were lower at S$1.7 million for 1H FY2005 from S$2.8 million for 1H FY2004. These are primarily due to translation gains arising from fluctuations in the exchange rate of GBP and Euro to USD.

Other operating expenses increased by 10.8% to S$27.1 million in 1H FY2005 from S$24.4 million in 1H FY2004 due to increase in level of business activities.

Profit before tax

Based on foregoing, profit before tax increased by 49.9% to S$25.7 million for the half year ended 31st December 2004 from S$17.2 million for the half year ended 31st December 2003.

Taxation

Taxes increased by 19.7% to S$3.1 million for the half year ended 31st December 2004 as compared to S$2.6 million for the half year ended 31st December 2003.

Profit after tax

Profit after tax increased by 55% to S$22.6 million for period ending 31st December 2004 as against S$14.6 million for the corresponding half year ending 31st December 2003.

Balance Sheet & Cash Flow

Investment in fixed assets increased by S$8.6 million in 1H FY2005 from S$2.9 million in 1H FY2004. The increase was mainly on account of investment in infrastructure and logistics in the existing origins and also due to fixed assets purchased in our new operations in Brazil.

Working capital increased by 36.6% to S$1,301 million in 1H FY2005 from S$952.9 million in 1H FY2004. The increase is in line with the increase in business during this period. The debtors number of days decreased marginally to 55 days in 1H FY2005 from 56 days in 1H FY2004. However the stock number of days increased to 81 days as of end December 2004 from 74 days as of end December 2003. This increase is mainly due to increased procurement in the October to December 2004 period due to early starts to the season in most of our producing countries resulting in higher rate of arrivals of products during this cropping season. Advance to suppliers came down to 49 days as of end December 2004 from 65 days as of end December 2003 due to faster delivery of stocks from the suppliers.

The increased working capital was mainly funded by bank borrowings. Borrowings increased by 40.2 % to S$1,108 million as of end December 2004 from S$789.9 million as of end December 2003. The borrowings were mainly in the form of short term trade finance facilities from banks. In addition, we raised S$72.6 million from non-bank sources (institutional investors) by issue of notes during this period. The net debt to equity ratio went up marginally to 5.0 times in December 2004 from 4.7 times in December 2003.

The company also paid off the long term loan from the corporate shareholder amounting to S$8.6 million in December 2004. The company also received S$3 million as a final installment from related party (the penultimate holding company of the company then) which arose from acquisition of the subsidiary companies on 1st April 1997.

In October 2004, the convertible redeemable preference shares issued to International Finance Corporation (IFC) amounting to S$25.6 million were converted into common equity. The company also issued new shares to Employees in December 2004 under the Employee Share Subscription Scheme (ESSS). This resulted in the increase in equity and share premium of S$17 million. The company further paid S$24.3 million of final dividends recommended by the board and approved at the EGM of the company. Shareholder funds increased by 16% from S$189.9 million at 30th June 2004, to S$220.5 million on 31st December 2004.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

   No forecast was previously given.

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.

    Please refer to the introduction and background to analyzing our Financial Statements, given in point 8 to understand the impact of seasonality and the profitability drivers to our business.

    We continue to be optimistic on the overall business outlook as we head into 2H FY2005 and beyond. The various initiatives that we are executing on to broaden and deepen our business franchise should continue to yield results in the form of both increased volumes and enhanced margins. These structural factors lead us to believe that our company will continue to deliver reasonable earnings growth going into 2H FY2005 compared to 2H FY2004.

    The exceptionally strong growth in earnings in 1H FY2005 was underpinned by early start to most harvesting seasons in our various origins as well as higher than normal margins in the cocoa and coffee business resulting from supply side anxieties arising out of the Cote d'Ivoire situation. With normalcy now restored in Cote d'Ivoire, we expect the margins for our cocoa and coffee business to revert to historical levels going forward.

    The Group had a strong 1H FY2005 performance and the outlook for 2H FY2005 remains good. We expect earnings growth for 2H FY2005 to be satisfactory, though the rate of growth would not be as high as the exceptional growth rate achieved in 1H FY2005.

    The Board and Management of Olam is committed to creating shareholder value by delivering sustainable earnings growth and continued improvement in the quality of earnings. The Group has a successful track record of setting and achieving challenging financial goals and the 1H FY2005 Financial Performance is a continuation of this track record.

11. Dividend

    (a) Current Financial Period Reported On

    NIL. Given the strong earnings growth in 1H FY2005 and if we meet our earnings expectations in 2H FY2005, and assuming that there are no material adverse developments, the Board will consider a target dividend payout ratio of not less than 25% of our Net Profit After Tax.

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

Any dividend declared for the corresponding period of the immediately preceding financial year?

Name of Dividend	Dividend Type	Dividend Amt per Share (in cents)	Optional: Dividend Rate (in %)	Par value of shares	Tax Rate
Interim Dividend in respect of financial year ended June 2004	Interim Dividend	4.42 cents	22.10%	20 cents	Exempt

Note:

The number of ordinary shares shown above is before sub division with a par value of S$0.20 per each ordinary share. The shares of the company were later sub-divided into 2 ordinary shares with par value of S$0.10 per each ordinary share on 4th January 2005.

(c) Date payable

N.A.

(d) 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.

N/A

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.

    N/A

17. Interested Persons Transactions.

    N/A

BY ORDER OF THE BOARD

Sunny George Verghese
Group Managing Director & Chief Executive Officer
8 March 2005