DELIVERING THE OLAM MODEL IN A CHANGING WORLD

ANNUAL REPORT 2008

OLAM

Contents

Business Review

DELIVERING THE OLAM MODEL IN A CHANGING WORLD

2008 has been a milestone year for Olam. We have once again delivered strong results across all our metrics by combining strong organic growth with effective integration of our inorganic initiatives.

Rising demand and increasing contestability in the global agricultural commodities markets presents enhanced opportunities and heightened responsibilities for Olam going forward. With extensive headroom in all our existing businesses and a strong deal pipeline, we see many opportunities for continued growth through our next two 3-year planning cycles and beyond. We will achieve this by maximising performance in our existing core businesses, integrating and delivering on our new acquisitions, leveraging our diagonal assets and transferring knowledge to our fast growing global talent pool.

We are a leading end-to-end supply chain manager in many of our 17 product groups and as the markets continue to grow, we are in a unique position to achieve greater efficiencies and continue adding value for our shareholders, customers, suppliers, partners and communities alike.

Volume	Revenue	NPAT	EPS	ROE
+30.6%	+48.7%	+53.8%	+50.1%	28.7%

THE OLAM MODEL

The Olam model, the way we do business, has helped us achieve consistent business results over the last 19 years across commodity cycles and economic cycles. The Olam model is centered around these 10 building blocks.

MAXIMISE

fundamental intrinsic shareholder value over time for our continuing shareholders

DIFFERENTIATED

through out-origining our competitors and providing differentiated marketing solutions and services helping us grow at **above market growth rates**

FOCUSED

on a single commodity asset class: **agricultural complex** helping build **market leading positions**

REPLICATING THE OLAM DNA

grew our global assignee talent pool to 400 managers providing us **significant bandwidth** to execute our growth plans

ADJACENCY BASED ORGANIC GROWTH

proven growth model of exploiting **adjacent opportunities** that share suppliers, customers, channels, costs and capabilities with existing businesses providing us **good growth visibility**

DIVERSIFIED

broadly across 17 agri-commodities, 60 countries, 200,000 suppliers and 6,500 customers leading to **consistency in earnings**

SCALABLE SYSTEMS

institutionalising risk, IT, operating and control systems that help us achieve **reliable and effective execution**

DISCIPLINED INORGANIC GROWTH

securing **excess returns** through acquiring earnings and value accretive businesses offering clear strategic fit to our core business and helping **accelerate profitable growth**

SUPPLY CHAIN MANAGER

not a positional / directional / proprietary trader leading to **stability in earnings**

GOVERNANCE & TRANSPARENCY

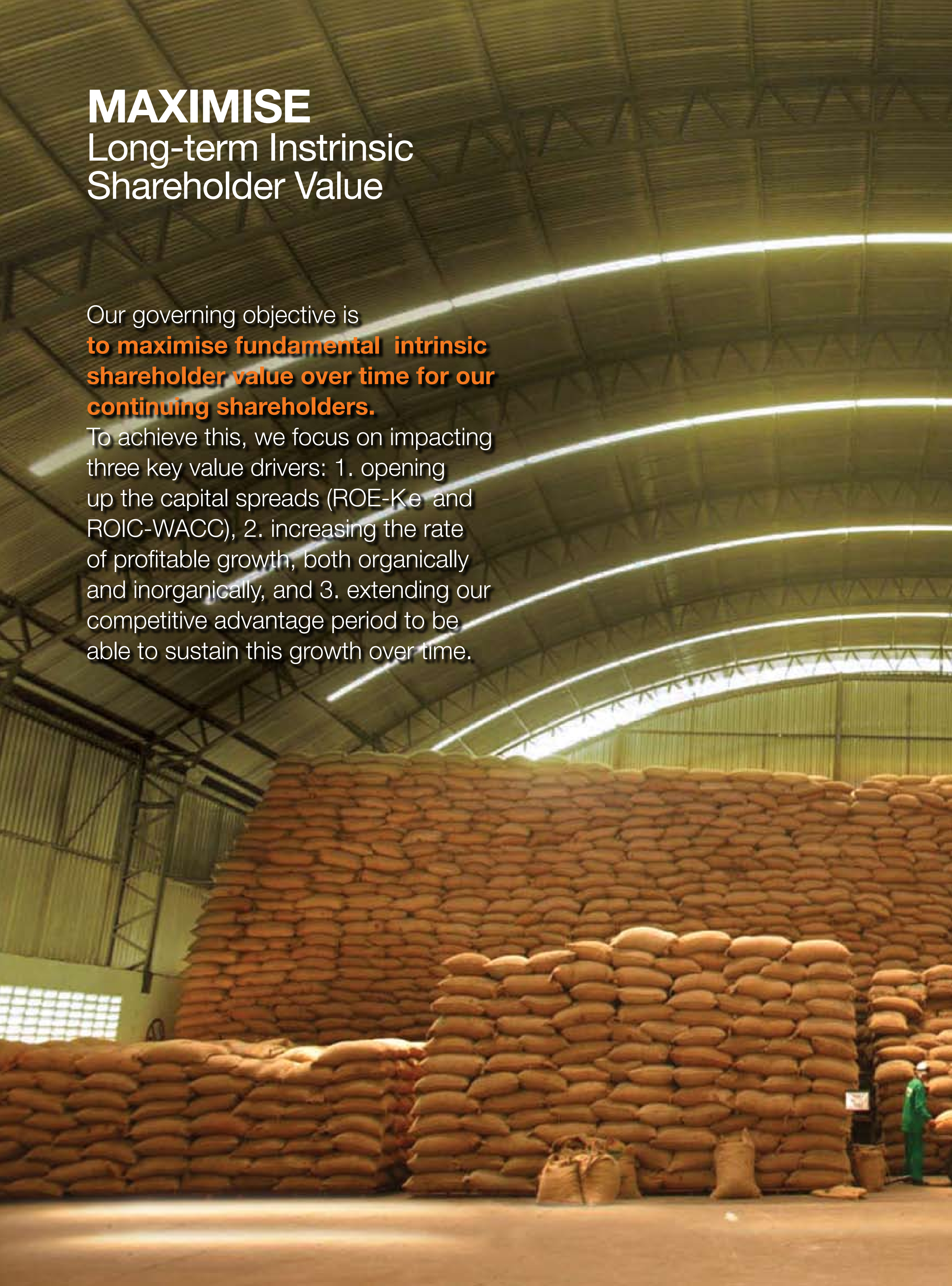
Strong shareholder base, effective board and board processes and strong executive leadership to help **win stakeholder trust**

RAISING CAPITAL

to support growth. We raised S$307 million of equity capital, S$425 million of CB and **grew total credit facilities by 34%** over the last 12 months under challenging credit and capital market conditions

MAXIMISE
Long-term Instrinsic Shareholder Value

Our governing objective is **to maximise fundamental intrinsic shareholder value over time for our continuing shareholders.** To achieve this, we focus on impacting three key value drivers: 1. opening up the capital spreads (ROE-Ke and ROIC-WACC), 2. increasing the rate of profitable growth, both organically and inorganically, and 3. extending our competitive advantage period to be able to sustain this growth over time.



Our objective is to develop and execute a business model that will provide both consistency as well as predictability / visibility to our earnings across commodity and economic cycles.

Our ability to achieve above market growth rates is a function of our end-to-end supply chain business model, our differentiated competitive position, adjacency-based organic growth, disciplined inorganic growth, securing both the capital and people resources to support this growth, institutionalising scalable systems and having strong governance and transparency.

GOVERNING OBJECTIVE KEY DRIVERS

OPEN UP THE EQUITY SPREAD (ROE-Ke)

INCREASE THE RATE OF PROFITABLE GROWTH

SUSTAIN THIS GROWTH OVER A PERIOD OF TIME

ACTUAL RESULTS

Last two 3-year cycles (ROE-Ke)		
FY03	FY04	FY05
20.1	21.2	9.5
FY06	FY07	FY08
7.0	11.6	19.7

Last two 3-year cycles Growth	
FY03-FY08 Volume Growth	19.1%
FY03-FY08 Turnover Growth	29.0%
FY03-FY08 NPAT Growth	42.3%

Last 18 years Growth	
Turnover growth last 18 years	52.8%
NPAT growth last 18 years	47.9%

TARGETED RESULTS

Next two 3-year cycles (ROE-Ke)	
FY09-FY11	20% - 9% = 11%
FY12-FY14	25% - 9% = 16%

Next two 3-year cycles Growth	
FY09-FY14	CAGR
Volume Growth	16-20%
NPAT Growth	25-30%

Perpetuity Growth	
CAGR	
Industry Growth Rate	3-4%

POTENTIAL
for Profitable Growth

Focus, Diversification and Nature of Participation

Olam has a sharp focus on a single commodity asset class: agricultural complex, helping us cumulate and compound our skills, deepen our competitive position and build market leadership. However, within the agricultural complex we are broadly diversified into 17 agricultural commodities, sourcing them from over 200,000 suppliers from 60 countries and selling them to them to over 6,500 customers. This diversification along with the nature of our participation as a supply chain manager and not as a directional / positional / proprietary trader helps us deliver more consistent, reliable and stable results across cycles.

Growth Potential

In the past, Olam defined its addressable market as world trade of agricultural commodities. World trade of agricultural commodities at 742 million tonnes is only 14% of world agricultural production estimated at 5.2 billion metric tonnes. We have now redefined our addressable market as world production volume of agricultural commodities as more and more of this world production is becoming globally contestable, free from regulatory, tariff and other non-tariff barriers. We are uniquely positioned in terms of the configuration of our plantations, sourcing, processing and distribution assets to take advantage of this structural change in our industry.

Complexes in which Olam currently participates						Complexes for potential Olam participation		
Softs	Industrial	Edible Nuts	Spices	Pulses and Beans	Dairy and Livestock	Grains	Oilseeds	Biofuels
• **Coffee** • **Cocoa** • **Sugar** • Shea • Citrus	• **Cotton** • **Timber** • **Rubber** • Wool • Fertiliser	• **Cashews** • **Peanuts** • Almonds • Pecans • Macadamias • Hazel-nuts • Walnuts • Pinenuts • Pistachios	• **Pepper** • **Nutmeg** • **Cassia** • **Cummin** • **Garlic** • **Ginger** • Onion • Dessicated Coconut	• **Lentils** • **Beans** • **Peas**	• **Dairy** • Eggs • Pork • Beef • Chicken • Fish	• **Rice** • **Wheat** • **Barley** • Corn • Oats • Sorghum • Millet	• **Sesame** • **Palm** • **Canola** • Soybean • Cottonseed • Linseed • Rape-seed • Sun-flower	• Biodiesel • Ethanol

Highlighted commodities are those which Olam currently participates in.

ADJACENCY
Based Growth
Clear Road to Results

We have developed clearly articulated growth initiatives based on developing adjacent business opportunities that share suppliers, customers, channels, costs and capabilities with our existing businesses. Growing by expanding into such near adjacent possibilities significantly reduces our risk of execution.

Based on this framework we have developed a clear pathway of four strategic growth initiatives as shown below.

1

GROW VOLUMES IN EXISTING PRODUCTS

Extend procurement reach in existing origins

Sales volume CAGR FY03-08

Edible Nuts, Spices and Beans	Confectionery & Beverage Ingredients	Food Staples & Packaged Foods	Fibre & Wood Products
31.7%	16.3%	12.4%	33.2%

Expand into new origins for existing products
COFFEE > Peru, Honduras, Colombia
COTTON > Australia
PEANUTS > US
DAIRY > New Zealand

Developing new customers for existing and new markets
More than 6,500 customers, customer base targeted to grow by 8-10% each year.

2

VALUE CHAIN INTEGRATION

Upstream integration (plantations, origination)
- Palm plantation and milling in Cote d'Ivoire
- Rubber plantation in Cote d'Ivoire, Ghana and Nigeria
- Peanuts contract framing in Argentina

Midstream integration processing
- Peanut ingredients manufacturing in US
- Dehydrated garlic and vegetables manufacturing in China
- Soluble coffee manufacturing in Vietnam
- Cotton ginning in Australia, US and Cote d'Ivoire
- Sugar refining in Cote d'Ivoire
- Palm oil refining in Cote d'Ivoire
- Sawn timber in African origins and timber flooring products in China

Downstream integration distribution
- Distribution of dairy products, 3-in-1 coffee products and snack nuts in Africa and Russia
- Distribution of premium and branded rice in Africa
- Distribution of edible oil packs in West Africa

3

EXPAND INTO NEW PRODUCT ADJACENCIES

We entered the following new product adjacencies in FY2008.

- Palm
- Rubber
- Wheat
- Barley
- Canola

4

COST REDUCTION INITIATIVES

- Investment in logistics, e.g. warehouse and dedicated long term port berth leases in Nigeria, Cote d'Ivoire
- Stevedoring and clearing in Cameroon and Cote d'Ivoire

DISCIPLINED
Inorganic Growth Strategy

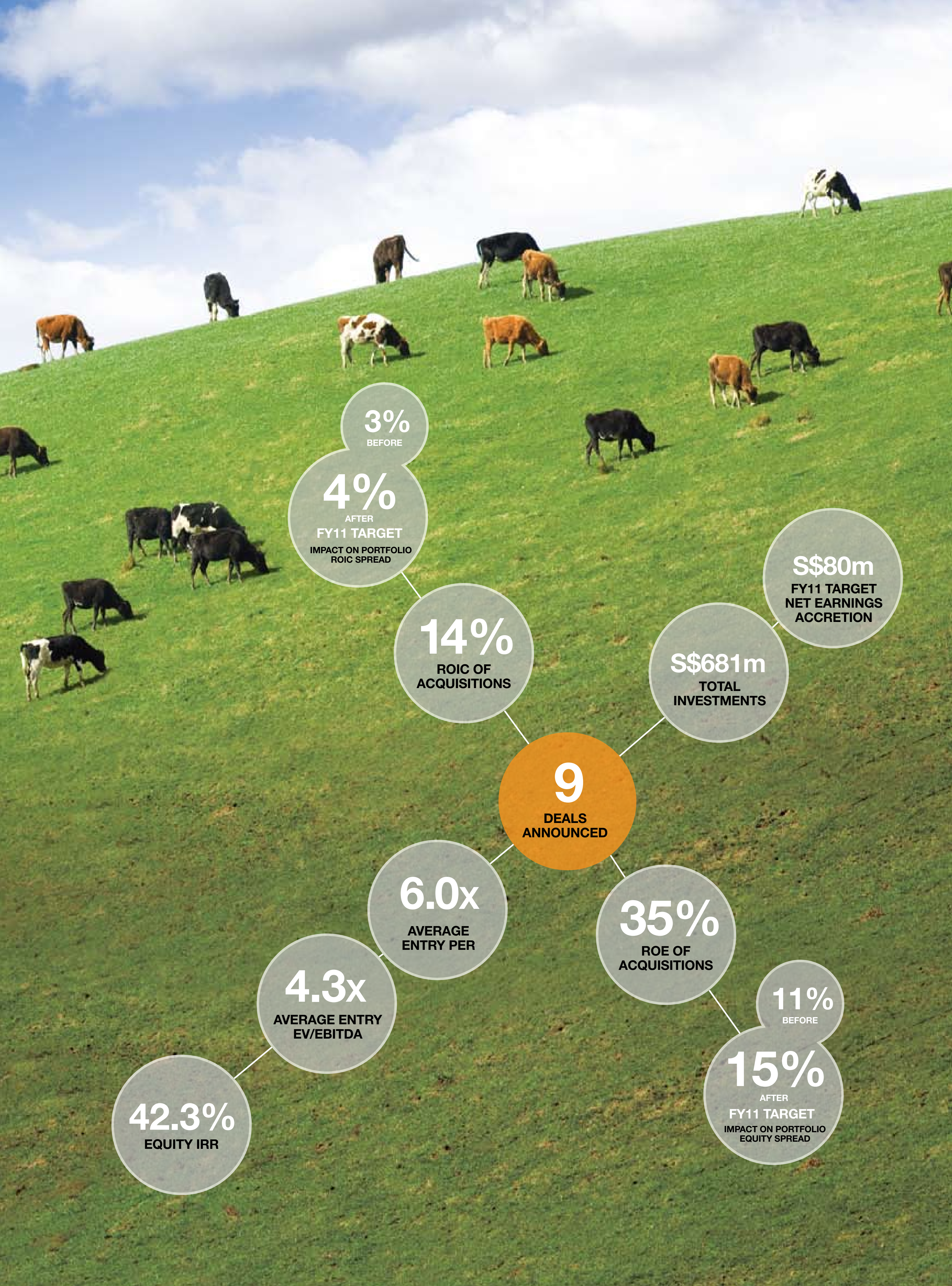
Our M&A transactions enable us to **lift portfolio equity and total invested capital spreads** thereby building fundamental intrinsic shareholder value. More importantly, these acquisitions through integration with our existing businesses will catalyse our position in the supply chain for that product and create a strong platform for continuing growth and building market leading positions.

Securing Excess Returns

Over the course of the last 18 months, we have announced a total of nine acquisition transactions involving a total investment commitment of S$681 million. These transactions together are expected to yield about S$80 million of after tax and after acquisition interest earnings accretion by year 3 (FY2011) once full synergies are extracted from these businesses. In the first year of consolidation of five of these nine acquisitions, we have delivered results well ahead of target. The ROE on these nine transactions is expected to be around 35% against a portfolio ROE target of 20% while the ROIC from these transactions is expected to be 15% against a portfolio ROIC target of 10%. Given that we expect inorganic growth to account for 25% to 30% of our earnings by year 3 (FY2011), this would lift total portfolio equity spreads by around 400 basis points, significantly enhancing fundamental intrinsic shareholder value.

It is true that as we make these investments, we become relatively more asset intense than in the past. We will therefore only do so if we are able to earn excess returns well above our current equity and total invested capital spreads.

Our success in making these value accretive acquisitions is an important platform for our next stage of growth. We are disciplined in our approach to acquisitions and have a clear M&A framework which addresses issues of deal size and total M&A spend in any given year. Our focus is on deals that are first strategically valuable to our existing core business and are both earnings and value accretive.



3%
BEFORE
4%
AFTER
FY11 TARGET
IMPACT ON PORTFOLIO ROIC SPREAD
S$80m
FY11 TARGET NET EARNINGS ACCRETION
14%
ROIC OF ACQUISITIONS
S$681m
TOTAL INVESTMENTS
9
DEALS ANNOUNCED
6.0x
AVERAGE ENTRY PER
35%
ROE OF ACQUISITIONS
4.3x
AVERAGE ENTRY EV/EBITDA
11%
BEFORE
15%
AFTER
FY11 TARGET
IMPACT ON PORTFOLIO EQUITY SPREAD
42.3%
EQUITY IRR

SUCCESSFUL
Capital Raising Track Record

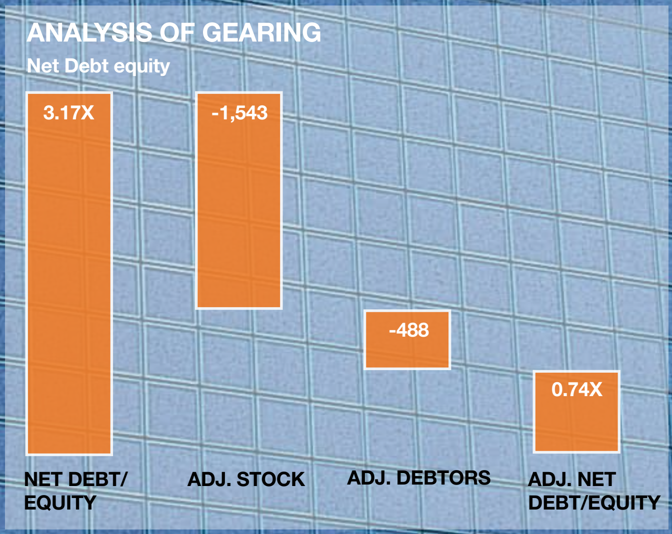
Our ability to raise both equity and debt capital under very challenging capital and credit market conditions over the last 12 months reflects the confidence of our investors and creditors in our business model and our capacity to execute on this model.

We raised S$307 million of new equity capital as well as S$425 million of permanent long-term capital through a Convertible Bond issuance in April and July of 2008. We increased our total credit facilities by 34% over this period. These initiatives have helped us to put the capital resources in place to support our organic and inorganic growth plans.

In addition to meeting our capital requirements, we have simultaneously reduced our overall gearing to position ourselves strongly in the current more volatile debt and capital markets.

Analysis of Gearing

Our headline net debt to equity ratio has fallen from **3.45 times** in FY2007 to **3.17 times** in FY2008 before fair value adjustment. However when adjusted for liquid hedged inventories our adjusted net debt to equity ratio is **0.74 times**. This is well within our targeted capital structure of net debt to equity of 4.0 times on a nominal basis or **1.5 times** on an adjusted basis.



Funding Our Growth

We have successfully completed our equity capital raising (S$307 million) and raised more permanent capital through a S$425 million convertible bond issue, demonstrating strong shareholder and investor support for our growth and development plans, even in challenging credit and capital market conditions. This strong capital base is a firm platform for our growth plans going forward and we are confident of being able to raise new money, if and when required, for our ongoing growth initiatives.

Cost of Borrowing

Our total short, medium and long term borrowings have increased to S$5,198 million in FY2008. However, in the same period our weighted average interest rate on our borrowings has fallen from 6.28% in FY2007 to 4.11% in FY2008 as LIBOR has fallen.

REPLICATING
the Olam DNA

Global Assignee Talent Pool

Olam today employs over 9,000 people worldwide. Of this, the senior management team consists of 400 managers who are part of the Global Assignee Talent Pool (GATP).

These high caliber managers are recruited, developed, career pathed, rewarded and deployed on a centralised basis. Together these managers have significant skin-in-the-game and collectively own 16% of the company. These managers carry our DNA and understand our business model, risk management systems, operating systems, control systems and share a culture. We transfer our competencies into new countries and new product adjacencies by deploying a critical mass of these global assignees as part of the core leadership team to role model and replicate our business model in these new businesses.

Our ability to operate as one company by sharing assets / resources, costs and learning has been critical to our success. Building 'diagonal assets' provides the glue to link the various business units together to operate as one company. These diagonal assets include developing a company wide common purpose, shared agenda and goals, building a sense of connectedness between the business units, institutionalising shared values, culture, shared behaviour, a common vocabulary, a common rite of passage and common training and development programmes.

Building Scalable Systems

Our ability to execute reliably stems from our capacity to institutionalise company wide IT, risk, operating and control systems. These systems are foundational growth enablers which allow us to scale and grow our business. They allow us to reduce complexity in our business.

Governance & Transparency

Developing a strong shareholder base, constituting an effective board with member diversity, institutionalising effective board processes and building strong executive leadership teams helps us win stakeholder trust and grow our business reliably.

CAGR=33.5%

300 OUT OF 400 IN GATP ARE MBAS OR CHARTERED ACCOUNTANTS

Performance Overview

FY2008: A Milestone Year
All Metrics Improve

Volume

+30.6%

FY2008

4.9m tonnes

Increased 30.6% from FY2007's 3.8m tonnes

Revenue

+48.7%

FY2008

S$8,111.9m

Increased 48.7% from FY2007's S$5,455.5m

Net Contribution

+43.4%

FY2008

S$504.0m

Increased 43.4% from FY2007's S$351.4m

Net Contribution/ton

+9.7%

FY2008

S$102

Increased 9.7% from FY2007's S$93/ton

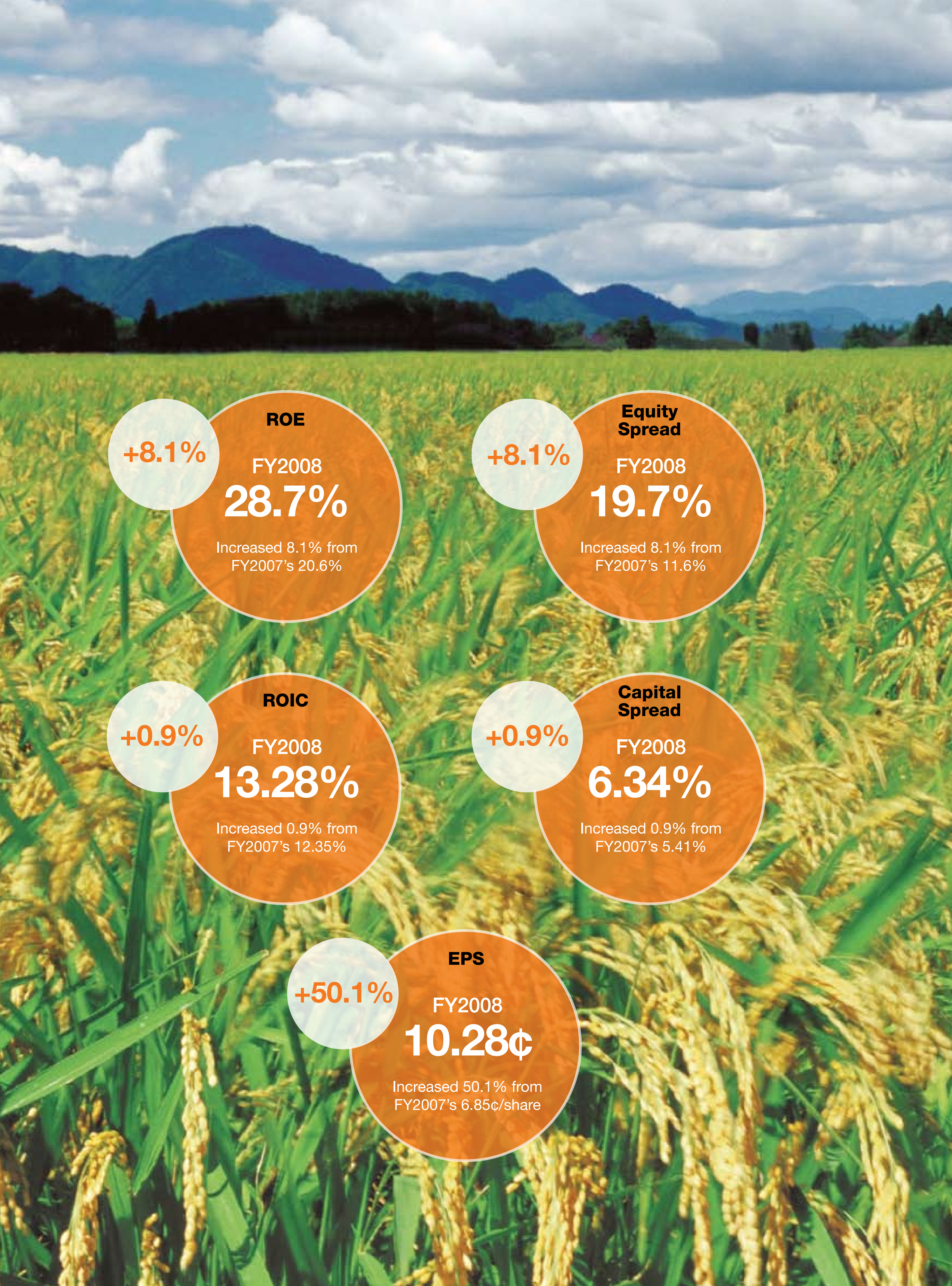
NPAT

+53.8%

FY2008

S$167.7m

Increased 53.8% from FY2007's S$109.0m



ROE

+8.1%

FY2008

28.7%

Increased 8.1% from
FY2007's 20.6%

Equity Spread

+8.1%

FY2008

19.7%

Increased 8.1% from
FY2007's 11.6%

ROIC

+0.9%

FY2008

13.28%

Increased 0.9% from
FY2007's 12.35%

Capital Spread

+0.9%

FY2008

6.34%

Increased 0.9% from
FY2007's 5.41%

EPS

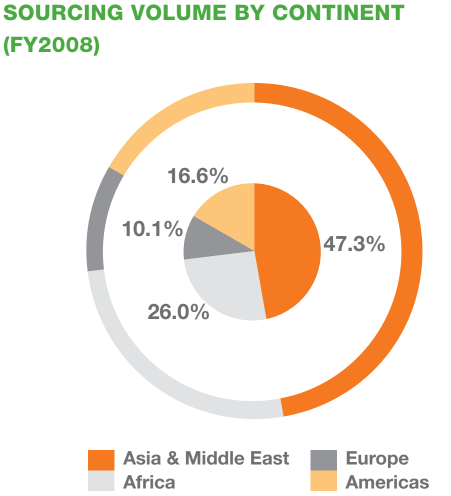
+50.1%

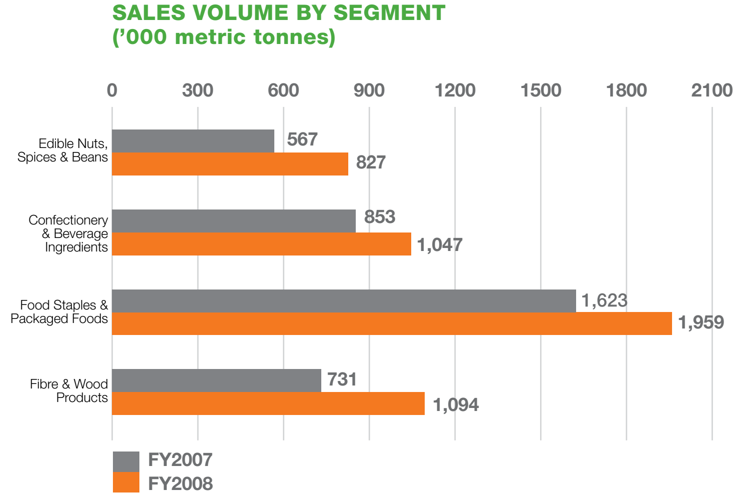
FY2008

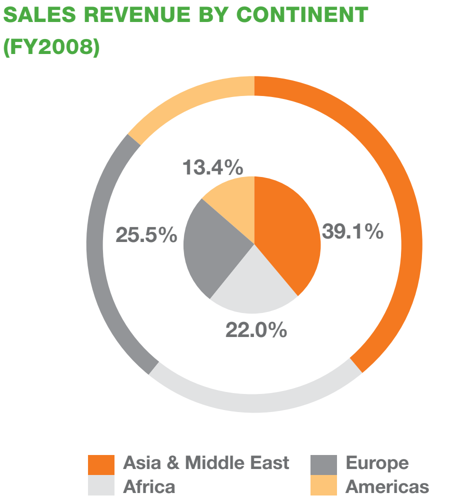
10.28¢

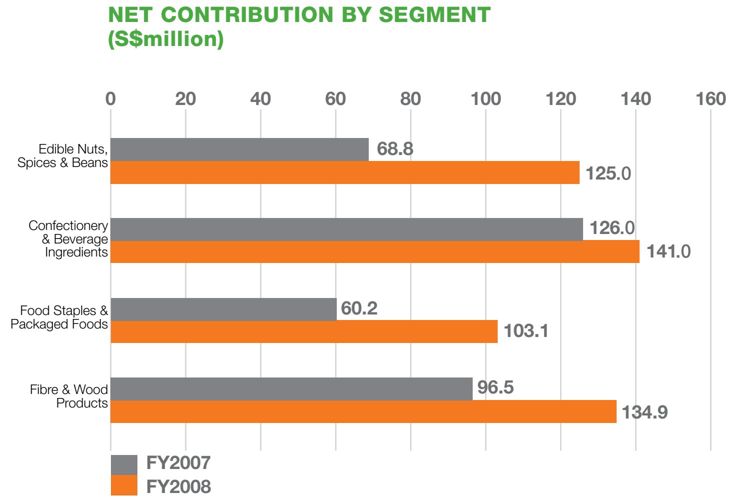
Increased 50.1% from
FY2007's 6.85¢/share

Financial Summary









SALES VOLUME: Sales volume grew by 30.6% to 4.9 million tonnes in FY2008 compared to FY2007, with growth registered across all four product segments. The contribution to the increase in volume was led by Fibre & Wood Products, followed by Edible Nuts, Spices & Beans, Confectionery & Beverage Ingredients and Food Staples & Packaged Foods. Sales volume from Fibre & Wood Products grew by 49.7%, Edible Nuts, Spices & Beans by 46.0%, Confectionery & Beverage Ingredients by 22.7% and Food Staples & Packaged Foods by 20.7% over FY2007. From a sourcing perspective, Asia & Middle East contributed to 47.3% of our volume, followed by Africa at 26.0%, Americas at 16.6% and Europe at 10.1%. Our capacity to continuously grow at several times times the industry growth rate reflects our strong competitive position in the industry.

SALES REVENUE: Sales revenue grew 48.7% to S$8.1 billion in FY2008 as sales volume rose by 30.6% to 4.9 million tonnes and prices increased across most of the products in the portfolio. The increase in sales revenue was contributed mainly by the Confectionery & Beverage Ingredients segment followed by Fibre & Wood Products, Food Staples & Packaged Foods and Edible Nuts, Spices & Beans segments. 63% of the increase in sales revenue was on account of underlying volume growth while the balance 37% was contributed by increase in prices of products. Our sales revenue is well-diversified across the world with Asia & Middle East accounting for 39.1%, Europe for 25.5%, Africa for 22.0% and Americas for 13.4%.

NET CONTRIBUTION (NC): NC increased by 43.4% to S$504.0 million during the year with growth from all four segments. The largest contributor to NC growth was Edible Nuts, Spices & Beans segment followed by Food Staples & Packaged Foods, Fibre & Wood Products and Confectionery & Beverage Ingredients segments. Of the increase in NC, 79% came from volume growth and 21% from margin expansion. NC from Edible Nuts, Spices & Beans segment rose 81.9%, Food Staples & Packaged Foods by 71.4%, Fibre & Wood Products by 39.7% and Confectionery & Beverage Ingredients by 11.9% over FY2007.

Financial Highlights

For the Year Ended 30 June (S$'000)	FY2008	FY2007	Change %
Consolidated Results			
Sales Volume ('000 Metric Tonnes)	**4,926**	3,773	30.6%
Sales Revenue	**8,111,910**	5,455,508	48.7%
Gross Contribution	**681,891**	489,695	39.2%
Gross Contribution Per Tonne (S$)	**138**	129	7.0%
Net Contribution	**504,011**	351,442	43.4%
Net Contribution Per Tonne (S$)	**102**	93	9.7%
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	**377,520**	290,852	29.8%
Earnings Before Interest and Tax (EBIT)	**366,364**	273,643	34.1%
Profit Before Tax	**164,969**	126,186	30.7%
Reported Net Profit After Tax Attributable to Shareholders	**167,703**	109,047	53.8%
Core Net Profit After Tax Attributable to Shareholders (excluding non-recurring items)	**150,803**	109,047	38.3%
Earnings Per Share basic (cents)	**10.28**	6.85	50.1%
Net Dividend Per Share (cents)*	**2.50**	3.50	(28.6%)
Other Financial Information			
Total Debt	**2,984,564**	1,919,886	55.5%
Shareholders' Equity	**638,414**	432,722	47.5%
Net Debt to Equity (times)**	**3.17**	3.45	(0.3)
Return on Equity (%)#	**28.7**	20.6	8.1
Return on Average Invested Capital (%)	**13.21**	12.35	0.9
Interest Coverage (times)	**1.82**	1.86	(0.04)
Cash to Sales (%)	**4.18**	4.36	(0.18)

* As recommended by the Board for approval at the 14th Annual General Meeting

** Before Fair Value Adjustment Reserves

Based on beginning-of-period equity

Profits and Earnings Per Share

Earnings Before Interest and Tax grew 34.1% to S$366.4 million in FY2008 while Profit Before Tax rose 30.7% to S$165.0 million from S$126.2 million in FY2007. Reported Net Profit After Tax Attributable to Shareholders in FY2008 registered a 53.8% increase over the previous financial year to S$167.7 million. Excluding non-recurring items of S$16.9 million comprising a tax gain and negative goodwill arising from the impact of Purchase Price Allocation exercise undertaken during the year, the core Net Profit After Tax Attributable to Shareholders increased by 38.3% year-on-year to S$150.8 million in FY2008.

Dividends

Consistent with the dividend policy of the Group, the Board of Directors has recommended a dividend payout ratio of 25.5% of Net Profit After Tax for FY2008 in the form of a First and Final Tax Exempt Dividend of 2.50 cents per share.

Shareholders' Equity

Shareholders' Equity increased by 47.5% from S$432.7 million in FY2007 to S$638.4 million in FY2008. The increase was 65.2%, from S$583.5 million in FY2007 to S$964.3 million in FY2008, before adjusting for fair value reserves in relation to the application of Financial Reporting Standard (FRS) 39 which resulted in a net reduction in equity of S$150.8 million and S$325.9 million for FY2007 and FY2008 respectively.

Net Debt to Equity

Net Debt to Equity by the end of FY2008 was 3.17 times (before fair value adjustment reserve) as compared to 3.45 times in the previous financial year.

Chairman's Statement

Delivering Milestone Results

Financial Year 2008 was a year in which prices of agricultural commodities witnessed significant increases. Strong demand, coupled with production shortfalls across a number of agricultural commodities, higher energy prices and diversion of some of the agri-products to bio fuels production – all contributed to the increase. With investment funds continuing to show interest in commodity futures, the level of volatility increased too. However, Olam was well positioned to manage this turbulence to deliver landmark results for financial year 2008.

Sales Revenue grew by 48.7% to S$8.1billion, while Net Income rose to S$167.7 million, a growth of 53.8% over the previous year. All the four segments recorded strong growth in both volume and net contribution. Our ability to deliver these strong results year on year demonstrates the underlying strength in our business model reflecting our flexibility to adapt and grow independent of the volatilities in individual commodity markets.

The Company continued its proud track record of growing and delivering shareholder value. Earnings per share grew from 6.85 cents in FY2007 to 10.28 cents in FY2008 while total shareholder funds increased to S$964.3 million (before fair value adjustment reserves) as at 30 June 2008. The Board has recommended a first and final dividend of 2.5 cents per share. This amount reflects a dividend payout ratio of 25.5% of FY2008 earnings.

We continued to pursue both organic and inorganic growth concurrently. We have identified, acquired and integrated companies through acquisitions that have a clear strategic fit with our core business and which are earnings accretive. We have so far concluded nine transactions with a combined investment of S$680.9 million. Our deal pipeline continues to be strong.

A more detailed review of the results for the year and the operating performance of the Group is contained in the CEO's Review on pages 31 to 37 of this report.

Our Board continued to focus on effective Corporate Governance. The Board and the Management spend a considerable amount of time on what makes Olam a great business and how to stay focused on those areas which are important to investors.

During the year, we introduced an evaluation process for each member of the Board and for the Board as a whole. The findings were discussed by the Board and changes were identified to make this process even more effective. Mr. Lim Sheau Ming, alternative director to Mr. Wong Teng Hew retired from the Board during the year. I would like to thank Sheau Ming and all other members of the Board for the contributions made to the Board deliberations.

Building strong leaders is a strategic imperative in Olam. Senior Management and the Board invest a considerable amount of time and resources in talent development to ensure that, at Olam, we always have a deep bench strength. We continue to grant options as part of our ongoing efforts to align shareholder interest with that of the management. During the year under review, we granted a total of 10,585,000 options. Our achievements would not have been possible without the extraordinary commitment and exceptional effort of our 8,000 employees worldwide. On behalf of the Board, I would like to complement them for making this a landmark year for the Company. I would also like, on behalf of the Board, to thank all our investors and business partners for their strong support.

R. Jayachandran
Chairman

Board of Directors

Sridhar Krishnan

Senior Managing Director (Executive Director)

Mr. Sridhar Krishnan is an Executive Director and was appointed to the Board in 1998. He is currently responsible for the Company's Rice, Wood Products and Shipping businesses. He also oversees the Company's Human Resources and Administration function and chairs the Executive Human Resources Committee. He is a member of the Corporate Executive Team of the Company. More than half of his overall work experience of 33 years is with the company. He has held many senior positions in the Company including being the Global Head for many businesses. He holds a Bachelor's degree in Commerce and is a postgraduate in Business Management from a leading business school in India. He is a member of the Company's Risk and Corporate Responsibility & Sustainability Committees.

Peter Francis Amour

Non-Executive Director

Mr. Peter Amour is a Non-Executive Director and was appointed to the Board in September 2004. He is the CEO of AIF Capital Limited, a private equity firm based in Hong Kong. Mr. Amour holds a Master of Law from the University of Melbourne and has been admitted as a solicitor of the Supreme Courts of New South Wales, England, Wales and Hong Kong. He is registered as an adviser with the Securities and Futures Commission of Hong Kong. He is a member of the Company's Leadership Development & Compensation and Corporate Responsibility & Sustainability Committees.

Wong Heng Tew

Non-Executive and Independent Director

Mr. Wong Heng Tew is a Non-Executive and Independent Director and was appointed to the Board in October 2003. He was Managing Director, Investments at Temasek Holdings since 2002 and concurrently the Chief Representative of Temasek Holdings in Vietnam. Following his recent retirement, Mr. Wong is now Advisory Director for Temasek Holdings. He has been actively involved with investments, mergers and acquisitions, restructuring of companies, divestments and corporate stewardship. In 1998, he was appointed a member of the Pro Tem Committee for the formation of the Singapore Exchange. Mr. Wong currently holds various directorships in both local and overseas companies. He holds a Bachelor of Engineering degree from the University of Singapore and has completed the Program for Management Development at the Graduate School of Business Administration of Harvard University. He is a member of the Company's Audit & Compliance, Governance & Nomination and Management Development & Compensation Committees.

Michael Lim Choo San

Non-Executive and Independent Director

Mr. Michael Lim is a Non-Executive and Independent Director and was appointed to the Board in September 2004. He is the Chairman of the Audit & Compliance Committee and the Governance & Nomination Committee. Currently the Chairman of Nomura Singapore Limited, the Land Transport Authority of Singapore and the National Healthcare Group Pte Ltd, Mr Lim also sits on the Board of several companies. A Chartered Accountant by profession, Mr. Lim was Price Waterhouse Singapore's Managing Partner from 1992 and was the Executive Chairman of PricewaterhouseCoopers, Singapore, from 1999 till his retirement in 2003. He is also a member of the Public Service Commission, the Legal Service Commission, the Appeal Advisory Panel of Monetary Authority of Singapore and the Board of Trustees of the Nanyang Technological University.

Sunny George Verghese

Group Managing Director and CEO (Executive Director)

Mr. Sunny Verghese is the Group Managing Director and CEO and was appointed to the Board in 1996. He has been with the Kewalram Chanrai (KC) Group for over three decades and in 1989, was mandated to start and build an agricultural products business for the Group. Before joining the KC Group, he worked for the Unilever Group in India. As the CEO of Olam, he provides the leadership to steer Olam through its expansion and growth plans. He is also a member of the Company's Finance & Investment and Risk Committees. Mr. Verghese is currently Chairman of International Enterprise, Singapore and City Spring Infrastructure Management Pte Ltd. In 2008, Mr. Verghese was appointed as an Alternate Director on the Board of Pure Circle Limited, which is listed on AIM. He also serves as one of the three Singapore representatives appointed by the Minister of Trade & Industry to the ASEAN Business Advisory Council. He holds a postgraduate degree in Business Management from the Indian Institute of Management and has also completed the Advanced Management Program at Harvard University. Mr. Verghese was voted the Best Executive in Singapore for 2006 in the Asia Money Awards and was declared 'Outstanding Chief Executive for 2006' in the 2007 Singapore Business Awards.

R. Jayachandran

Non-Executive Chairman

Mr. R Jayachandran was appointed Non-Executive Chairman on 11 February 2006. Prior to this he was the Non-Executive Vice-Chairman since 2004 and has been a Non-Executive Director from 1994. He has been on the board of Kewalram Singapore Limited since 1979 and a member of the Kewalram Chanrai Group Board since 1992. Mr. Jayachandran is currently the Executive Chairman of Aquarius Investment Advisors Pte Ltd, Singapore. Qualified from the Institute of Chartered Accountants of India in 1969, Mr. Jayachandran has been a Member of the Institute of Certified Public Accountants in Singapore since 1989. He has more than 30 years of experience covering diverse areas of capital raising, strategic planning and business development. He completed the Advanced Management Program (AMP) of the Graduate School of Business Administration, Harvard University in 1995. He is a member of the Company's Governance & Nomination and Finance & Investment Committees.

Narain Girdhar Chanrai

Non-Executive Director

Mr. N G Chanrai is a Non-Executive Director and was appointed to the Board in 1995. He is the Managing Director of Kewalram Singapore Limited and has been the Group CEO of the Kewalram Chanrai Group since December 2004. A Bachelor of Science (Economics) graduate from the University of London, he has worked in many of the Group's operations in Africa, UK and Singapore and was overseeing the Group's global treasury and accounting functions before taking over as Group CEO in 2004. He is a member of the Governance & Nomination, Risk and Finance & Investment Committees.

Mark Haynes Daniell

Non-Executive and Independent Director

Mr. Mark Daniell is a Non-Executive and Independent Director and was appointed to the Board in October 2002. He is also a Director Emeritus of Bain & Company, Chairman of The Cuscaden Group Pte Ltd and Vice-Chairman of Aquarius Investment Advisors Pte Ltd. Mr. Daniell's experience is spread across investment banking, business strategy, mergers and acquisitions and corporate transformation. He worked for over 20 years with Bain & Company and was formerly the Managing Director of Bain & Company (Asia) Inc. He has authored a number of books, including "World of Risk" and "Strategy". He holds a Juris Doctor from the Harvard Law School in the USA and is also a law graduate from Oxford University (University College). He is a qualified Attorney in the Commonwealth of Massachusetts. He is the Chairman of the Leadership Development & Compensation Committee and Corporate Responsibility & Sustainability Committee and a member of the Audit & Compliance and Governance & Nomination Committees.

Robert Michael Tomlin

Non-Executive and Independent Director

Mr. Robert Tomlin is a Non-Executive and Independent Director and was appointed to the Board in September 2004. He spent 30 years with the UK-based Schroder Group in London and New York, with the last 12 years as CEO, S E Asia. He is currently the Vice Chairman for Asia of UBS Investment Bank, Chairman, Design Singapore Council, a member of the board of MediaCorp Pte Ltd, Singapore Management University and LaSalle Foundation Limited. He was previously a member of the Council of the Stock Exchange, Singapore and a past director of PSA Corporation Ltd. He holds a Bachelor's degree in Modern Languages from Downing College, Cambridge and is a Business Management Graduate from Harvard Business School in the USA. He is the Chairman of the Company's Finance & Investment Committee and a member of the Audit & Compliance, Risk and Corporate Responsibility & Sustainability Committees.

Andy Tse Po Shing

Non-Executive Director

Mr. Andy Tse is a Non-Executive Director and was appointed to the Board in September 2002. He is the Managing Director of AIF Capital Limited and has over 13 years of experience in the field of private equity investment in infrastructure and other related sectors in Asia and Australia. He obtained a Master of Business Administration degree from the Chinese University of Hong Kong and is a qualified Chartered Financial Analyst. He has been conferred an Investment Adviser's License by the Securities and Futures Commission of Hong Kong. He is the Chairman of the Company's Risk Committee and a member of its Finance & Investment Committee.

Shekhar Anantharaman

Senior Managing Director (Executive Director)

Mr. Shekhar Anantharaman is an Executive Director and was appointed to the Board in 1998. He is currently responsible for the Company's Edible Nuts, Spices & Beans and Packaged Foods businesses. He chairs the Executive Investment Committee and is a member of the Corporate Executive Team of the Company. He has more than 22 years of work experience, out of which 16 years have been with the Group. During this period, he has been assigned various roles including senior positions in Country Management, Finance and Treasury as well as being the Global Head for many businesses. He holds a degree in Aeronautical Engineering and a postgraduate degree in Business Management from a leading business school in India. He is a member of the Company's Finance & Investment and Corporate Responsibility & Sustainability Committees.

Frank Philip Harley

Alternate Director

Mr. Frank Harley is the alternate director to Non-Executive Director, Mr. Peter Amour. He was appointed to the Board in May 2006. Mr. Harley is an Executive Director at AIF Capital Limited, and has extensive experience in the private equity business. He received his Certified Financial Analyst (CFA) charter in 2003. He holds a Master of Science in Transportation & Logistics from the University of British Columbia in Canada.

The Changing World of Agri-commodities

Background

Agricultural commodity prices have been on a significant upward trend in recent years and have reached record highs this year despite the credit market turbulence and slowing economic activity in many developed economies. Although prices have corrected with the recent commodity price sell off, they still are at a much higher level than the average of the last decade.

This has been the result of not one, but a number of factors including supply side pressures, increases in demand, low inventories, rising energy prices, the expansion of commodity related financial markets, the decline in value of the US dollar and the response of governments to these factors.

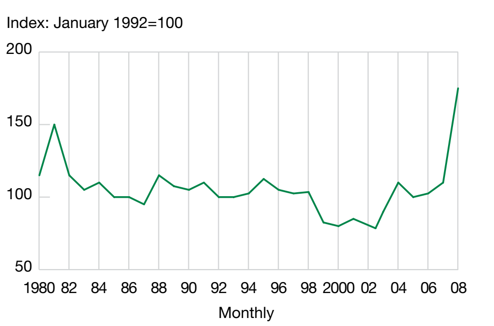
Agri-commodity Price Inflation: The Evidence

A sample index of monthly prices for a basket of food commodities, which includes grains, vegetable oils, meats, seafood, sugar, fruits and other commodities that are staple foods, shows that prices **have risen more than 60% in the last two years** (Chart 1). In several of these commodities prices have surged to lifetime or historical highs.

Chart 1

Food Commodity Price Index

Food commodity prices rose more than 60 percent in the last 2 years



Source: International Monetary Fund: International Financial Statistics.

The current price of a basket of 21 agricultural commodities compared to the recent 5-year average prices for these commodities (May 2003 to May 2008) shows that 19 commodities have registered substantial price rises compared to the last 5-year average prices for each of these commodities (Chart 2).

If the food commodity price index is compared with an index for the average of all commodities and an index for crude oil, the story is different (Chart 3). Since mid 1999, when all three of these indices were at about the same level, the index for all commodities has risen 286% and the index for crude oil has risen 547%. Over the same period the rise in the food commodity index has been 60%, which in comparison does not seem so severe.

Chart 2

Price Comparison Chart

Prices of 19 out of a basket of 21 agricultural commodities in May 2008 were substantially higher compared to the last 5-year average

	9 May 08		5 year (2003-2008) Average Prices		Variable Price Levels			
Commodity	Close	Unit	Average	% of Ave	Lower 10%	Lower 30%	Upper 30%	Upper 10%
KCBT Wheat	881.00	Cts per Bu	484.56	181.8%	331.00	359.00	489.25	867.75
CBOT Wheat	791.50	Cts per Bu	455.74	173.7%	308.00	333.50	461.25	840.00
MGEX Wheat	1195.00	Cts per Bu	521.35	229.2%	344.75	370.00	497.25	890.75
Corn	618.50	Cts per Bu	288.54	214.4%	205.50	221.25	328.50	408.25
Oats	405.00	Cts per Bu	202.20	200.3%	140.25	155.00	242.00	289.50
Soybeans	1349.50	Cts per Bu	744.47	181.3%	549.50	594.50	792.50	1050.50
Soybean Meal	333.10	$ per Tonne	218.29	152.6%	162.80	180.40	230.40	316.80
Soybean Oil	61.53	Cts per Lb	29.35	209.6%	20.85	22.96	30.34	44.82
Rough Rice	22.69	S per CWT	9.34	242.9%	6.76	7.46	10.03	12.55
Milk	17.97	Cts per Lb	14.74	121.9%	11.13	13.38	14.93	19.82
Orange Juice	121.95	Cts per Lb	116.09	105.1%	62.30	83.50	137.15	184.80
Coffee	136.00	Cts per Lb	99.64	136.5%	64.30	85.55	114.00	128.65
Sugar	11.57	Cts per Lb	10.06	111.0%	6.19	8.52	11.32	15.05
Cocoa	2900.00	$ per MT	1653.00	175.5%	1407.00	1469.00	1679.00	2054.00
Live Cattle	94.75	$ per CWT	87.60	108.2%	79.08	84.83	91.35	95.30
Feeder Cattle	107.35	$ per CWT	105.08	102.2%	90.80	101.20	110.80	115.50
Lean Hogs	80.23	$ per CWT	65.60	122.3%	54.98	61.70	70.10	75.65
Pork Bellies	80.45	$ per CWT	90.40	89.0%	77.60	86.40	94.83	103.60
Lumber	232.00	$ per Mbf	307.91	75.3%	236.40	270.80	338.90	390.50
Cotton	71.38	Cts per Lb	56.39	126.6%	47.13	50.72	59.50	69.96
CRB Index	426.17	Points	306.68	139.0%	249.88	823.90	323.38	353.57

Source: CBOT, NYBOT, LIFFE, NYMEX, Bloomberg, Reuters

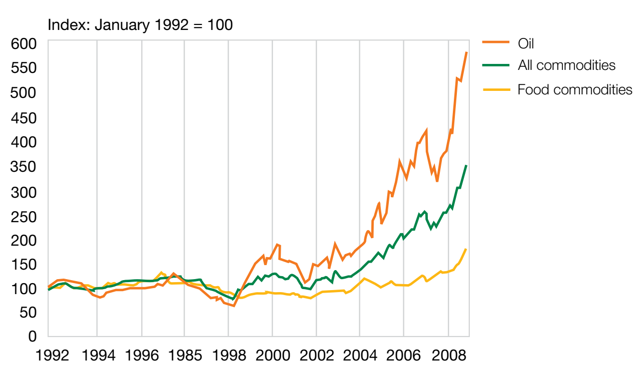
Current Commodity Up-cycle: Key Differences

The current commodity price boom is different from past up-cycles in three areas. Firstly, it is broader based with all commodity asset classes including the energy, metals and agriculture complexes rising concurrently. Such a concurrent move has not happened in commodity cycles in the last 50 years. Secondly, the scale of price increases has been significantly higher in this cycle than in previous cycles. Thirdly, the duration of this up-cycle has been significantly longer than in previous cycles.

Chart 3

Comparison of Price Indices

Food commodity index increased much lower than oil or an aggregate of all commodities



Source: International Monetary Fund: International Financial Statistics

Impact on Consumers

Several factors determine how much an increase in world food commodity prices impacts consumers' budgets and spending. These include the percentage of income spent on food, the percentage of food expenditure spent on staple foods, domestic food policies and government trade policies.

Rising food commodity prices tend to impact lower income consumers in food deficit countries more than consumers in higher income countries because lower income consumers spend a larger share of their income on food; staple food commodities such as corn, wheat, rice and soybeans account for a larger share of food expenditure in low income families; consumers in low income, food deficit countries are more vulnerable because they must rely on imported supplies that are usually purchased at current higher world prices; and low income food deficit countries receiving food aid donations based on fixed budgets receive smaller amounts of food aid (Chart 4).

Chart 4

Impact of Higher Food Commodity Prices on Consumers' Food Budgets

	High-income countries	Low-income food-deficit countries
I. Based scenario		
Income	$40,000	$800
Food expenditure	$4,000	$400
Food costs as % of income	10.0%	50%
Disaggregate retail food spending (staples vs. non-staples)		
Staples as % of total food spending	20%	70%
Expenditures on staples	$800	$280
Expenditures on non-staples	$3,200	$120
II. Scenario: 50% price increase in staples, partial pass through on staples	60%	60%
Assumed % pass through	$240	$84
Increase in cost of staples	$1,040	$364
New cost of staples	$4,240	$484
New total food costs	10.6%	60.5%
Food costs as % of income		

*These are illustrative food budgets that characterise the situations for consumers in high and low-income countries

Source: As compiled by ERS

Causes of Food Price Inflation

There are several factors that have contributed to the run up in food commodity prices. These include supply side pressures, demand growth, low inventories, rising energy prices, the expansion of commodity related financial markets, the decline in value of the US dollar and the response of governments to these factors.

Supply Side Factors

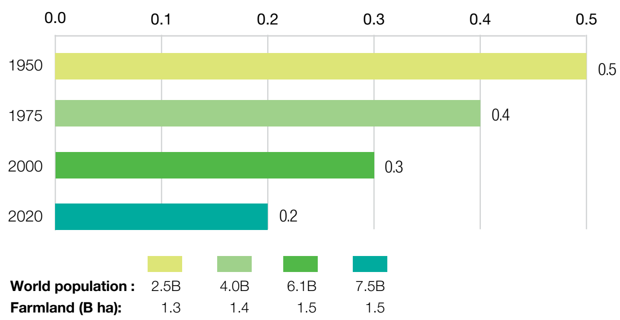
Reduction in the Availability of Arable Land

The slower growth in arable land under cultivation compared to population growth means that arable land per inhabitant has come down from 0.5 hectares per inhabitant in 1950 to 0.2 hectares per inhabitant today, although farm productivity has significantly improved during this period (Chart 5). Population density has increased during this period from 43 people per km2 to 63 people per km2, a 47% increase. Nearly all of the world's productive land is already being exploited.

In Asia, nearly 85% of potentially arable land is already under cultivation. In the Middle East, only 1-3% of the total land available is arable. Most of the unexploited land in the world is either too steep, too wet, too dry or too cold for productive agriculture.

Chart 5

Farmland/inhabitant (ha)

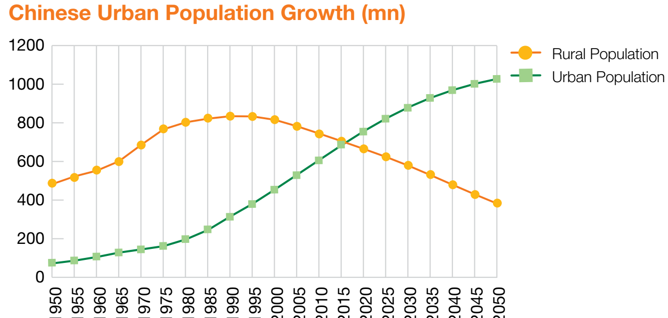


Urbanization

Rapid urbanization, particularly in transitioning economies like China, India, Brazil, Russia, Vietnam, Indonesia, Nigeria and South Africa, is also putting a strain on arable land availability (Chart 6). As these economies build more factories and create more and larger cities, these developments outgrow into surrounding farmlands with their demand for land to set up infrastructure such as schools, hospitals, airports, housing, water, power etc. All these result in a material reduction in the availability of arable land. Globally, farm land is disappearing at a rapid rate. It is estimated that nearly 50 million acres are lost each year due to urbanization and industrial development. For example, Vietnam has lost 1.2 million acres of farm land since 2001, China is losing 1 to 1.5% of its arable land each year, farmland in Iraq has shrunk by 30% due to upriver damming in Turkey.

Chart 6

Chinese Urban Population Growth (mn)



Source: UN estimates, Morgan Stanley Research

Declining Growth Rate in Farm Production, Farm Productivity and Cultivated Area

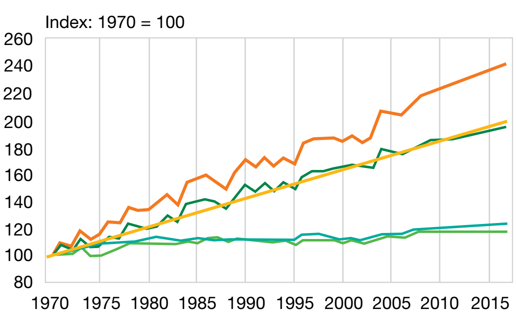
The annual growth rate in the production of grains and oilseeds has been declining in the recent past. Between 1970 and 1990, grains and oilseeds production rose by an average of 2.2% per year. However, since 1990, the growth rate in grains and oilseeds production has declined to about 1.3% per annum. The USDA's 10 year agricultural projections both for the US and world agriculture forecast that production would slow down to a growth of 1.2% per year between 2007 and 2017.

Similarly, global crop yield growth averaged 2% per year between 1970 and 1990 but declined to 1.1% between 1990 and 2007 and yield growth is projected to continue declining over the next 10 years to less than 1% per year. This means growth in productivity measured in terms of average yield has played a bigger role than has the expansion in the planted area, which has averaged only about 0.15% per year during the last 38 years (Chart 7).

Chart 7

Total World Grain & Oilseeds[1]

Production, yield, area harvested, population & percapita production



[1]Total oilseed = soybeans + rapeseed + sunflowers.
Source: USDA Agricultural Projections to 2017.

Exponential Trend Growth Rates:

	1970-1990	1990-2007	2007-2017
Production	2.2	1.3	1.2
Yields	2.0	1.1	0.8
Area	0.15	0.14	0.39
Population	1.7	1.4	1.1
Per capita production	0.56	0.11	0.02

The decline in productivity is a result of significantly reduced agricultural research and development by both government and international institutions that has arisen as a result of stable food prices over the past three decades.

Climate Change Induced Supply Disruption

We are experiencing more supply disruptions due to frequent and prolonged episodes of tropical storms, floods and droughts. The seven-year long Australian drought, the snowstorms in China, the cyclone in Myanmar and the blue ear pig disease are a few examples of this trend.

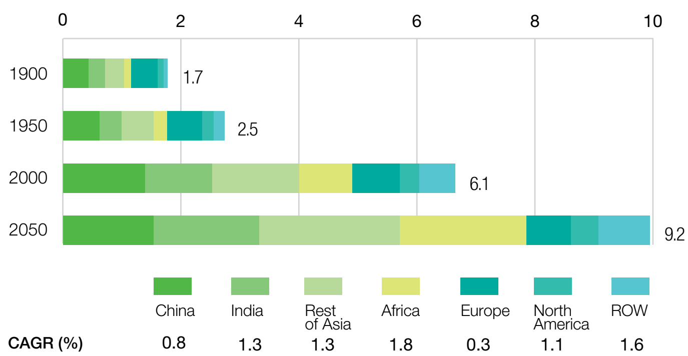
Demand Side Factors

Soaring Population Growth

World population is estimated to grow by 4.5 times from 1.7 billion people in 1900 to reach 9.2 billion by 2050 (Chart 8). The population is increasing at a rate of more than 80 million people a year and most of this growth is being driven by the emerging markets of Asia, Africa and Latin America, while most developed markets (with a few exceptions) have an ageing or declining population. This is generating additional material demand for agri-commodities.

Chart 8

World Population (Billion)



Rising Incomes and Demand for Higher Quality Food

Global economic growth has been very strong, particularly from the early 1990s. Growth in Asia has been particularly strong for well over a decade. Exceptionally rapid growth in China and India, with nearly 40% of the world's population, has provided a powerful and sustained stimulus to the demand for agricultural products (Chart 9).

Chart 9

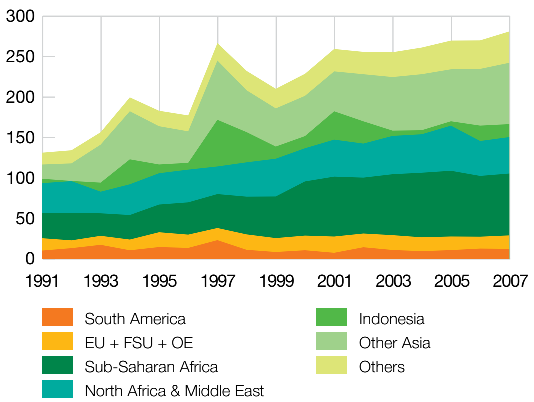
Strong Economic Growth

Average real GDP growth rates

Rising per capita incomes in the major transitioning economies as a result of above trend line growth is driving growth in per capita consumption of various agricultural raw materials, a trend that is likely to continue. Annual increases in the global consumption of major commodity groups during 2001-07 were larger than they had been during the 1980s and 1990s (Charts 10). As these emerging economies become more affluent, they are not only consuming more food but also upgrading their diet to higher protein foods such as meat, seafood, edible oils etc.

Chart 10

Global Rice Imports
(million metric tons)



Source: Current year imports in 1000 MT milled basis, Foreign Agricultural Service, United States Department of Agriculture

Even at these levels of consumption, per capita consumption in China and India of these agricultural commodities is still relatively low compared to the developed/advanced economies.

Higher incomes lead to higher consumption of proteins and as demand for meat rises, the demand for grain and protein feeds used to produce the meat grows proportionately more quickly. For example, it takes 2 kg of grain as feed to produce 1 kg of chicken, 4 kg to produce 1 kg of pork, and 8 kg to produce 1 kg of beef. Chinese yearly meat consumption grew from 15 kg per capita in 1980 to 55 kg per capita in 2005 compared to the US's per capita consumption of meat of 120 kg per capita.

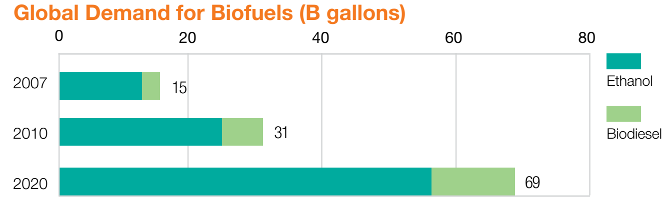
Sustained Demand Pressure from Biofuels

In the past, demand for agricultural commodities came from three sources, food, feed and fibre. A new source of demand for agri-commodities – fuel, is now emerging from the energy complex. An increasing number of agricultural commodities including corn, wheat, sugar cane, rapeseed, soybean, palm oil, cassava, jatropha and others, are being diverted towards the manufacturing of biodiesel or bioethanol.

It is estimated that 10% of all vegetable oil production in 2007 was diverted towards the production of biodiesel. Ethanol production capacity grew 35% in 2007 and is expected to grow 58% in 2008 on the back of surging crude oil prices and government incentives (Chart 11). Ethanol will consume almost a third of US corn production this year.

Chart 11

Global Demand for Biofuels (B gallons)



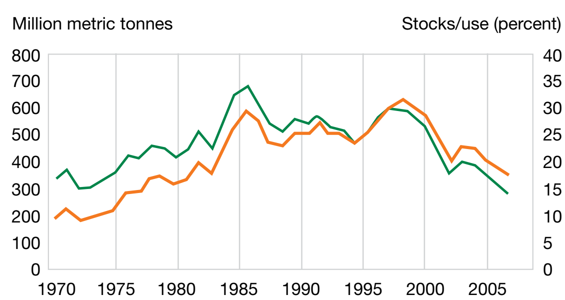
CAGR (2007-2020)	Biodiesel		Ethanol
	13%		12%
Year:	2000	2010	2020
No. of Countries producing biofuels:	20	40	200

Tight Inventories With Historically Low Stock-to-use Ratios

Global demand for aggregate grains and oilseeds exceeded supply in seven out of the eight years since 2000. A decade and a half of above average trend line growth in demand and below average trend line growth in supply has resulted in tightening inventory levels with stocks-to-use ratios at a record low level in the case of many agricultural commodities. In the case of corn, stock-to-use ratios have fallen from 30% to 12% and in the case of wheat from 28% to 15% in the last 10 years. Wheat inventories are estimated to be at a 60-year low, rice inventories at a 40-year low, corn inventories at a 20 year low and soybean inventories at a 15 year low (Chart 12).

Chart 12

Total World Grain & Oilseeds
Stocks and stocks-to-use ratio



Source: USDA PS&D Database

Stocks/use   Ending stocks

Rising Energy Prices and Increased Cost Production

High oil prices have increased the cost of production for farmers through increased fuel cost for running farm equipment, and higher fertilizer costs due to higher energy prices. These two costs account for between 23% and 44% of a typical US farmer's operating cost. Farmers also need a much higher price today to compensate them for the sharply increased cost of production.

Higher oil prices have also impacted other commodities, not only through the cost-push mechanism but also through substitution effects. For example, biofuels are substitutes for gasoline and diesel at the margin and natural rubber prices have risen because its substitute is petroleum based synthetic rubber.

Expansion of Commodity Related Financial Markets

Given the recent underperformance in the real estate, equity and bond markets, an increasingly larger proportion of funds are being invested in commodity markets. This is because commodities have historically been uncorrelated to equities and bonds and positively correlated to inflation and changes in the rate of inflation. It is also being increasingly recognised that an investment in commodities is a good diversifier and improves portfolio returns and therefore is becoming a part of most strategic portfolio asset allocations of fund managers.

The mushrooming of commodity hedge funds, index funds and other agri-funds in the recent past demonstrates this trend and brings in significant additional pools of liquidity into these commodity markets. These funds are now beginning to hold an increasingly large percentage of the open interest in the futures markets for agricultural commodities as well as non-agricultural commodities such as metals and energy. Open interest for example in the corn futures markets rose from about 500,000 contracts in 2003 to almost 2.5 million contracts earlier this year. These investors only have a financial interest in the markets and do not intend to take delivery of the agricultural commodities. The participation of funds in the commodity markets has clearly increased the short-term volatility of agricultural prices and has exaggerated or amplified some of the price moves.

While this has been a factor in rising commodity prices, our view is that speculative activity in the commodity markets tends to respond to price movements rather than the other way round, suggesting that the causality goes from prices to changes in speculative positions.

Declining Value of the US Dollar

The US dollar began to depreciate in 2002, firstly against OECD countries and later against the currencies of many emerging market countries including India, China and Brazil. The US dollar exchange rate affects commodity prices as most agricultural commodities are priced and traded internationally in US dollars. Therefore, while headline US dollar commodity prices have gone up in the recent past, the increase has been mitigated by the effective dollar depreciation seen over the past few years. This has made commodities less expensive for consumers outside the dollar area, thereby increasing the demand for these commodities. However on the supply side, the declining profits in local currencies for commodity producers outside the dollar area have put price pressures (cost push inflation) on these commodities.

In addition, a decline in the effective value of the US dollar also reduces the returns on US dollar denominated financial assets, which can make commodities a more attractive alternative asset class for foreign investors.

Growing Foreign Exchange Reserves

In the last decade or so, there has been significant growth in the foreign exchange reserves held by a large number of emerging countries including China, Japan, India and other ASEAN countries, as well as the other major oil exporting countries including OPEC countries (Russia, Ukraine, etc.).

As a result, these countries have been able to import large volumes of agri-commodities in order to meet their consumption needs and control their domestic food price inflation. These countries can bid away supplies from traditional food deficit importers that do not hold significant foreign exchange reserves.

Government Trade and Domestic Food Policies

In response to rising food prices, various countries have begun to take protective policy measures aimed at reducing the impact of rising world food commodity prices on their consumers. However the policies adopted by these countries also change price relationships in world markets and in fact increase the global demand for food commodities even when world prices are already rapidly escalating.

Some of the policy measures have included elimination of export subsidies, imposition of export taxes, export quantitative restrictions and in several cases, an outright export ban. The importing countries on the other hand have reduced import tariffs and in some cases, directly subsidised their consumers.

These policies actually result in lower supplies being made available to the world. This in turn heightens concerns among importing countries, inducing them to buy additional supplies even at record high prices. The combination of reduced supplies and increased demand further exacerbates an already tight supply and demand situation given that the global stocks-to-use ratio is at a record historical low.

Conclusion

Most of the drivers of supply and demand for agricultural commodities discussed in the previous sections, in our opinion, are structural. Agricultural commodity prices are, by and large, price inelastic as these are primary or essential raw materials and therefore current high prices will have some but only limited impact on rationing demand.

The uncertainties in this regard depend on prospects for global economic growth. If rapid growth continues, particularly in developing countries and the major transitioning economies, it will continue to put pressure on food commodity prices through increases in food demand.

We believe there will be continued global growth in biofuels production that is currently dependent on agricultural commodities as feed-stock. However we expect technological breakthroughs in developing ethanol from non-food sources like cellulosic ethanol and we expect this technology to become commercial in about five years time. If that happens, sustained demand pressure for agricultural commodities for biofuel conversion will recede. The uncertainty here will be the future trend in petroleum prices. If crude oil prices remain above US$75 to US$80 per barrel, it would increase demand for biofuels production.

We believe that with energy prices having risen rapidly, cost of agricultural production will rise, including cost of transporting products to markets, both domestically and for exports. This will result in cost push inflation putting upward pressure on commodity prices in order to incentivise the farmer to produce these crops at a remunerative level. Higher costs of fertilizer, fuel and seeds could cause farmers, in a credit constrained environment, to plant less than they otherwise would have, reduce input intensiveness, or to shift to crops requiring fewer agri-inputs. This could restrain production.

While there is some supply side elasticity, it will take time to bring more supply to bear. We believe that there is scope to increase the land available for farming globally, particularly in countries such as Brazil and Argentina, where there is a large potential supply of arable land that is either fallow or used for cattle ranching. Russia and Ukraine are also opportunities along with Africa for bringing increased arable land under cultivation. High food commodity prices should lead to such a supply response but there are impediments, including lack of investment in infrastructure, availability of water, and the time and money that is required to prepare land and make it suitable for farming, which in the case of ranch land, will take at least two years to convert.

Another uncertainty on the supply side would be whether higher food prices will encourage some countries that are currently non adopters to adopt the use of bio technology, including GM seeds.

The effects of climate change in terms of change in temperatures, impact on rainfall, length of growing seasons and variability of yields are likely to impact production negatively.

Although liberalised commodity trade flows can mitigate some of these effects, new or existing trade restrictions or barriers can exacerbate price impacts.

With increased production over the last six months in Northern Hemisphere continues, food prices have retreated from their earlier highs. However, on a secular time horizon, over the next decade the trajectory of food commodity prices could be considerably higher than their average levels in the last decade.

At Olam, we have positioned our assets in countries that have a competitive advantage over the long term to produce agricultural commodities that we supply cheaper and better and have focused our investments in these countries with a view to building leadership positions there. Our selective upstream integration into plantations in this regard in select crops in a very targeted way in select countries will yield us the excess returns we seek to build and enhance intrinsic shareholder value.

CEO's Review

Delivering The Olam Model

Background

I am writing this review against the backdrop of the worst credit market crisis we have seen since the Great Depression. Additionally, over the course of FY2008, we have also witnessed unprecedented volatility in commodity markets with sharp rises followed by steep sell-offs in commodity prices.

Against this background, **I am pleased to be able to report to you on another year of above-target, above-market milestone performance for Olam in FY2008. Sales revenues grew by nearly 49% to reach S$8.1 billion while net profit after tax grew nearly 54% to S$167.7 million. With this, we have now grown top line and bottom line over the last 18 years at a CAGR of 53% and 48% respectively.** As outlined in the past, at Olam, we plan across two 3-year cycles. Over the course of the last two 3-year cycles (last six years, FY2003-08) our turnover grew at 29% CAGR while net profits grew at 42% CAGR. Our ability to deliver this strong performance for the 19th year in a row reliably and consistently across commodity up and down cycles as well as economic cycles, demonstrates the **resilience of the Olam model.**

This consistency of performance is the result of our ability to manage our business with vigorous strategic, operating and financial discipline. In addition, we have built a high calibre, high performance management team along with institutionalised and scalable systems and processes. Both these elements work in combination to allow us to **meet/exceed our growth targets reliably year after year.**

Our Governing Objective

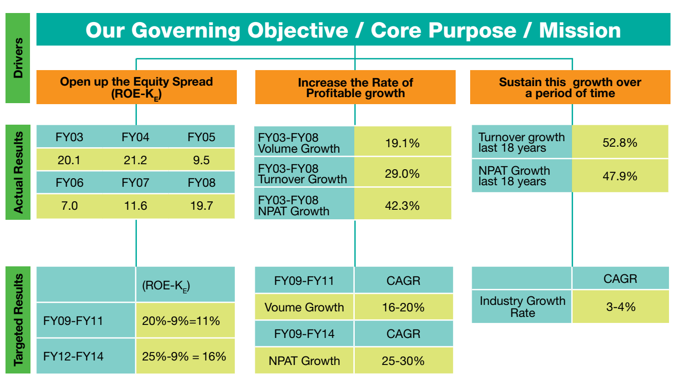
Our governing objective is to maximise fundamental intrinsic shareholder value over time for our continuing shareholders. To achieve this, we focus on impacting three key value drivers: 1. Opening up the capital spreads (equity spread: ROE-KE and total invested capital spread: ROIC-WACC),
2. Increasing the rate of profitable growth, both organically and inorganically, and 3. Extending our competitive advantage period to be able to sustain this growth over time.

In FY2008, we generated a ROE of 28.7% and equity spread of 19.7% compared to a ROE of 20.6% and an equity spread of 11.6% in FY2007. We also generated a total capital spread of 6.34% in FY2008 compared to 5.41% in FY2007.

	FY2008	FY2008	Change	%change
ROE (BOP_E) (%)	28.7	20.6	8.1%	39.3
ROIC (Avg Invested Capital) (%)	13.28	12.35	0.93%	7.5
Equity Spread (ROE-KE) (%)	19.7	11.6	8.1%	69.8
Capital Spread (ROIC-WACC) (%)	6.34	5.41	0.93%	17.2

Our target has been to generate at least a 10% equity spread over our cost of equity (KE, currently at 9%). This would imply an ROE target of at least 20%. In addition, we target a minimum 3% total invested capital spread over our WACC (WACC is currently at 6.8%). Our minimum ROIC target is therefore 10%.

The following table outlines how we have performed against these they key value drivers historically over the last two 3-year cycles and our targets for these three value drivers across the next two 3-year cycles.



The Olam Model

The Olam Model, the way we do business, helps us achieve our governing objective of maximising fundamental intrinsic shareholder value over time for our continuing shareholders and is centered around the following 10 building blocks:

1. Being **FOCUSED** on a single commodity asset class namely, the **agricultural complex.** This focus helps us cumulate and compound our skills over time, build deeper insights into these product markets and consolidate our competitive position. This helps us **build market-leading positions** in these businesses.

2. Being **DIVERSIFIED** broadly across 17 agri-commodities, 60 countries, 200,000 suppliers and 6,500 customers with no product, country, customer or supplier dominating our revenues or earnings. This diversification benefit helps us perform in both good times and bad times, which leads to **more consistency in earnings.** In addition, we have a world wide political and sovereign risk insurance cover taken through Lloyds in the London market that insures us against all political risks including nationalisation of our assets, selective discrimination against foreign investors, forced abandonment of our assets, coup, civil war, military strife, public disorder, civil commotion etc.

3. Being a **SUPPLY CHAIN MANAGER** and not a positional / directional / proprietary trader helps us capture a spread or a more fee quality kind of income compared to a more volatile trading income. This leads to **better stability and more predictability in our earnings** with considerably less volatility.

4. Being **DIFFERENTIATED** by **out-origining our competitors** through our farm-gate sourcing model and providing **differentiated marketing solutions and services** to our customers. This differentiation provides us with a competitive advantage that allows us to participate both in the market growth rate estimated at between 3% to 5%, as well as take share from other market participants. **Since we make these distinctive competencies fungible across products and countries, we are able to grow at above market growth rates.**

5. **ADJACENCY BASED ORGANIC GROWTH** model focused on getting our existing businesses to full potential through clearly articulated growth initiatives and migrating into adjacent opportunities that share suppliers, customers, channels, costs and capabilities with existing businesses. **This provides us with good growth visibility coupled with more predictability in earnings.**

6. **DISCIPLINED INORGANIC GROWTH** with the aim of securing excess returns by acquiring businesses that are both earnings and value accretive, offering a clear strategic fit to our core business and with a potential to catalyse our position in the supply chain for that product. **This helps us accelerate profitable growth.**

7. **RAISING CAPITAL** to support growth. We raised S$307 million of equity capital, S$425 million of CB and grew total credit facilities by 34% over the last 12 months under challenging capital and credit market conditions. **We have maintained consistent discipline in capital management.** In addition to meeting our capital requirements, we have simultaneously reduced our overall gearing to position ourselves better in the current more volatile debt and capital markets.

8. **REPLICATING THE OLAM DNA:** we grew our global assignee talent pool (GATP) to 400 managers providing us significant bandwidth to execute both our organic and inorganic growth plans. Our low attrition rates and high engagement scores of 83% reflects a highly motivated and aligned management team willing to demonstrate ownership and put in the discretionary effort to execute our strategy. **We deploy our distinctive competencies into new geographies and products by deploying our global assignees to lead these growth initiatives.**

9. Building **SCALABLE SYSTEMS** by institutionalising risk, IT, operating and control systems that help us achieve reliable and effective execution. **These are foundational growth enablers that allow us to scale and globalise our business seamlessly.**

10. Institutionalising **GOVERNANCE & TRANSPARENCY** by building a strong shareholder base (including over 285 institutional investors from around 30 countries), constituting an effective board and board processes (won the Best Managed Board (Silver), Singapore Corporate Awards 2007), and developing strong executive leadership to **help win stakeholder trust.**

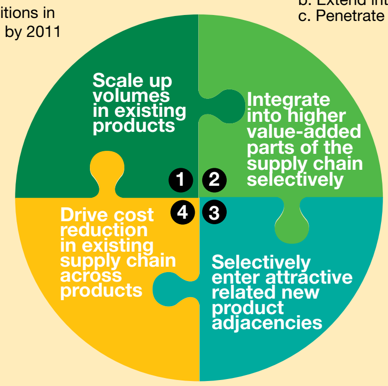
Increasing the Rate of Profitable Growth

A key driver to building fundamental intrinsic shareholder value is to increase the rate of profitable growth. **At Olam, we define profitable growth as 1. Growing the top line (volume growth). Growing volumes reflects our competitiveness in the business, 2. Growing the bottom line (NPAT growth). Growing the bottom line is an indicator of the sustainability of that growth, and 3. Earning more than one's cost of capital. To achieve profitable growth, we need to meet these three conditions concurrently.** To this end we have developed a clear pathway of four strategic initiatives to achieve sustainable growth.

Road to Results: 4 strategic pathways

- Maintain and solidify exisiting leadership positions (#1 or #2 globally)
- Drive scale to reach leadership positions in other products by 2011

- Provide more value-added services
- Extend into adjacent value chain segments for incremental margin capture
  - a.Move upstream
  - b. Extend into midstream
  - c. Penetrate downstream



- Build supply chain capabilities to boost margins
  - Increase shipping/ logistics efficiency through integration
- Improve overall cost position
  - Reduce SG&A
  - Lower interest cost
  - Increase tax competitiveness

- Focus on high growth/profit products with strong supplier/ customer/cost/capability sharing with existing portfolio
- Focus on core operating model and prioritise existing origins

Segment / Product	Change over FY2007
Segment: Edible Nuts, Spices & Beans: 46% growth	
Cashew	15%
Peanuts	438%
Sesame	10%
Pulses & Beans	28%
Spices	53%
Segment: Confectionery & Beverage Ingredients: 23% growth	
Cocoa	10%
Coffee	44%
Segment: Food Staples & Packages Foods: 21% growth	
Rice	31%
Sugar	28%
Dairy	45%
Packaged Foods	36%
Segment: Fibre & Wood Products: 50% growth	
Cotton	60%
Timber	37%
Consolidated Volume Growth	**31%**
Organic Volume Growth	**20%**

The first part of our growth strategy is to **grow volumes in our existing products** and bring them to full potential. We do this in four ways, namely, 1. Extend the procurement reach and width in the existing origins for that product by expanding into new growing regions in that country, for example, we have expanded cocoa sourcing in Indonesia from the existing Sulawesi region where 65% to 70% of Indonesian cocoa is currently grown to the Medan/Sumatra region (where the balance 30% to 35% of Indonesian cocoa is grown). 2. By expanding into new producing origins, for example, in Arabica coffee, expanding into Colombia (the world's second largest Arabica coffee producer after Brazil), Peru and Honduras), 3. By finding new customers in existing markets (growing our customer base 8% to 10% in existing markets each year), and 4. By finding new customers in new markets (for example, setting up of new marketing offices in East and Central Europe, North Africa, Middle East to access new customers).

Through these four pathways, we grew volumes by 31% in FY2008 with every product registering double digit volume growth as shown in the table below:

Even in product segments with global leadership positions, we have been able to grow market share in the last four years by executing on the above four volume growth initiative

	FY2008	FY2007	FY2006	FY2005
Segment: Edible Nuts, Spices and Beans				
Cashew	16.6%	14.4%	13.5%	11.7%
Peanuts	7.8%	3.0%	2.5%	1.8%
Sesame	13.7%	13.4%	9.4%	7.7%
Segment: Confectionery & Beverage Ingredients				
Cocoa	17.1%	15.5%	13.8%	11.2%
Coffee	7.1%	4.5%	3.8%	3.0%
Segment: Food Staples & Package Foods				
Rice	4.0%	3.0%	2.6%	2.9%
Sugar	1.5%	1.3%	1.0%	0.8%
Dairy Products	2.8%	1.8%	1.2%	0.6%
Segment: Fibre & Wood Products				
Cotton	7.3%	4.4%	4.2%	2.7%
Timber	2.1%	1.6%	1.2%	1.1%

In the past, we defined our addressable market as **world trade of agricultural commodities.** World trade of agricultural commodities at **742 million tonnes** is only **14%** of **world production of agricultural commodities** estimated at **5.2 billion metric tonnes.** We have now redefined our **addressable market as world production volume of agricultural commodities** as more and more of this **world production is becoming globally contestable, free from regulatory, tariff and other non-tariff barriers.** For example, both China and Vietnam, having now joined the WTO, have obligations and commitments to further free up their commodity markets. Similarly, in India, where the commodity markets were already contestable from a regulatory point of view, the introduction of a nationwide VAT system has sanitised the domestic commodity markets, making it a more level playing field. All of this gives us significant headroom to continue to grow by participating in the world trade flow as well as the large domestic demand and consumption in these very large producing and consuming markets. In addition to growing volumes in our existing commodities, we have also expanded into six new attractive adjacent products including palm oil and rubber in Africa, wheat, barley and canola from Australia and stevia and high intensity natural sweeteners in Asia and Africa.

As a result of these initiatives, we are well positioned in terms of the configuration of our plantations, sourcing, processing and distribution assets to take advantage of this structural change in our industry.

Changing Asset Intensity

One of the key drivers that will impact our ability to maximise fundamental intrinsic shareholder value is to open up or increase our equity (ROE-KE) and total invested capital spreads (ROIC-WACC). We do this by identifying and **investing in value-accretive projects that will help us achieve excess returns per dollar of equity and invested capital employed in order to lift our overall portfolio equity and total invested capital spreads.**

To this end, we are selectively integrating into the supply chain for various products by selectively entering into upstream (plantations and origination), midstream (processing and manufacturing) and downstream (distribution) activities that help us appropriate a higher share of the profit pool and enhance our margin per tonne. For example, in our investments in Universal Blanchers, Nauvu, KFI and Naarden Agro, our operating margins are in excess of three times our current portfolio operating margins. In our plantation investments in Africa, land acquisition costs are a fraction of what they are in Asia and labour costs after adjusting for lower labour productivity is still better in Africa. We therefore believe that we will appropriate higher profits and generate excess returns through this targeted and selective integration strategy.

We are building a network and configuration of assets that will link and leverage our already extensive presence in origins and markets for these products. Given our internal captive or base load, which is significantly in excess of the processing capacities that we have set up, these assets are not expected to face any asset utilisation risk.

Some of these integration strategies are being executed through acquisitions or the inorganic route when we determine that organic growth will require a longer gestation period or have considerable execution risk. To-date, we have invested a total of S$680.9 million in nine acquisition transactions between FY2007 and FY2008.

From these nine acquisitions, we expect a net earnings accretion of S$80.0 million by FY2011. More importantly, these acquisitions are targeted to generate a higher ROE of nearly 35% and ROIC of 14% respectively. Given that organic growth is expected to account for 70% to 75% of our earnings and inorganic growth will contribute the balance 25% to 30% of our earnings growth by FY2011, the net impact on our portfolio equity and invested capital spreads is an improvement of 8% from the current 11% targeted equity spread and 4% from the targeted 3% invested capital spread respectively.

At Olam, we are therefore more focused on building fundamental intrinsic shareholder value by improving portfolio equity and invested capital spreads. Investing in projects that give us excess returns allows us to improve equity and total invested capital spreads of the whole portfolio. To us therefore, asset intensity is a means to an end, not an end in itself.

Replicating the Olam DNA: Building the Global Talent Pool

Our ability to execute on our organic and inorganic growth initiatives is dependent on the depth and quality of our management talent pool. Critical to the success of growing into adjacent businesses, entering into new geographies, integrating in the value chain and executing our inorganic growth strategies is the size and calibre of this global assignee talent pool (GATP). In FY2005, the GATP consisted of 168 managers and in FY2008 this has grown to 400 managers (a CAGR of 34%). These are high calibre managers who carry our DNA, know our business model and understand our operating systems, risk management and control systems. They are disciplined, perform with integrity and are entrepreneurial at the same time. Whenever we start a new business or enter a new country, we always send a minimum number of managers from our GATP pool to go and set up our operations there and to put in place a senior local leadership team to support their efforts.

The rate at which we are able to grow is going to be a function of our ability to retain, motivate and grow this talent pool. In the last 19 years, our growth has never been constrained by the lack of capital resources. We believe that even under the current credit and capital market conditions, we will be able to access the capital to grow. However, our growth rate will slow down if we are not successful in growing our talent pool. Given the growth in our GATP talent pool, we now have significant bandwidth along with depth of experience and expertise to grow and execute both our organic and inorganic strategies.

Another key aspect of successfully replicating our business model is to build scalable systems including risk, IT, operating and control systems that help us achieve reliable and effective execution. These are foundational growth enablers that allow us to scale and globalise our business seamlessly. **We invest significant time and effort in developing, institutionalising and deploying these systems and processes across our worldwide operations to simplify our business and ensure reliability and consistency in execution.**

Delivering the Olam Model

All Metrics Improve

FY2008 was a milestone year for Olam with strong growth across across all key performance metrics.

	FY2008	FY2007	Change	%Change
Volume (million metric tonnes)	4,926.3	3,772.8	1,153.5	30.6
Revenue (S$ million)	8,111.9	5,455.5	2,656.4	48.7
Gross Contribution (S$ million)	681.9	489.7	192.2	39.2
GC/ton (S$ / tonne)	138.0	130.0	8.0	6.6
Net Contribution (S$ million)	504.0	351.4	152.6	43.4
NC/ton (S$ / tonne)	102.0	93.0	9.0	9.8

Our Sales Volume reached nearly 5 million metric tonnes, an increase of 30.6% from a year ago. The growth was broad-based across segments led by Fibre & Wood Products, Food Staples & Packaged Foods, Edible Nuts, Spices & Beans and Confectionery & Beverage Ingredients.

Headline revenue growth was even higher at 48.7% reaching S$8.11 billion in Sales Revenue. 63% of the growth was due to our stronger volumes while the balance 37% was a result of higher commodity prices across most of the products we supply.

Gross Contribution (GC) or gross profit rose 39.2% to S$681.9 million. Net Contribution (NC), which is gross profit less interest expense, grew 43.4% to reach S$504 million. This was a result of growth across all four segments led by Edible Nuts, Spices & Beans, Food Staples & Packaged Foods, Fibre & Woods and Confectionery & Beverage Ingredients.

The NC growth was achieved in spite of a S$42.7 million or 31.6% increase in interest expense, which arose from higher working capital deployed. This reflects our ability to continue to pass on higher interest costs effectively to suppliers or customers. Volume growth accounted for 79% of the increase in NC while margin growth contributed to the remaining 21% of NC growth. Our margin, measured as NC per tonne was up 9.7% from S$93 to S$102.

Net Profit After Tax (NPAT) grew 53.8% to S$167.7 million and earnings per share increased 50% to 10.28 cents.

	FY2008	FY2007	Change	% change
NPAT (S$ million)	167.7	109.0	58.7	53.8
EPS (cents/share)	10.28	6.85	3.43	50.0

Strong Organic Growth and Above Target Contribution from Acquisitions

One of the key reasons for the strong earnings growth in FY2008 was the combined contribution from both existing business (organic) as well as acquisitions (inorganic).

Description	FY2008			FY2007	Increase Total	Increase Existing Business
	Existing Business	New Business	Total	Total		
Volume (metric tonnes)	4,530,106	386,209	4,926,315	3,772,820	30.6%	20.1%
Revenue (S$ '000)	7,249,216	862,694	8,111,910	5,455,508	48.7%	32.9%
Net Contribution (S$ '000)	414,090	89,921	504,011	351,441	43.4%	17.8%
SG & A (S$ '000)	247,047	91,969	339,016	225,230	50.5%	9.7%
PAT (S$ '000)	149,022	18,681	167,703	109,047	53.8%	36.7%

Existing businesses delivered a strong volume growth of 20.1%, NC growth of 17.8% and net profit growth of S$149 million or 36.7% over the previous year.

New businesses through the consolidation of five of the nine acquisitions announced, namely Queensland Cotton (QCH), Universal Blanchers (UB), Key Foods Ingredients (KFI), Naarden Agro Products (NAP) and PT DUS, contributed S$18.6 million, accounting for 11.2% of our total net profits. Their combined operating NPAT was a positive S$1.7 million and well above target.

In addition, there was a one-off tax gain of S$11.4 million due to the consolidation of tax groups of QCH and Olam in Australia and the recognition of S$5.5 million as Other Income in the profit and loss statement on account of negative goodwill which arose from the completion of the Purchase Price Allocation exercise on PT DUS, the sugar refinery that we acquired in Indonesia.

Excluding the total non-recurring tax gain and negative goodwill totalling S$16.9 million, our core net earnings in FY2008 is S$150.8 million, a growth of 38.3% from FY2007.

Segmentals

We have consciously chosen to be focused in one single commodity asset class but within that to be diversified across multiple products, geographies, suppliers and customers and our results reflect the strength of our diversified strategy. Our NC pool in FY2008 was broad-based with Edible Nuts, Spices & Beans accounting for 24.8% of total NC, Confectionery & Beverage Ingredients 28%, Food Staples & Packaged Foods 20.5% and Fibre & Wood Products 26.8%.

On a segmental basis, the Edible Nuts, Spices & Beans segment, achieved volume growth of 46% and NC growth of 81.9% in FY2008. Its margin per tonne grew from S$121 to S$151 or 24.8% as a result of several margin enhancement initiatives implemented across several products in this segment and providing more value-added solutions such as organic cashews, ingredient quality peanuts and dehydrated spices post the acquisition of UB and KFI.

Confectionery & Beverage Ingredients, comprising mainly Coffee and Cocoa, registered a volume growth of 22.7% and NC growth of 11.9%. However, both coffee and cocoa markets were in sustained backwardation for most of the year. There was a lag in the adjustment of physical differentials to reflect the underlying conditions, leading to margin pressure and a reduction in NC per tonne from S$148 to S$135 in this segment.

Sales volumes and NC from Food Staples & Packaged Foods increased 20.7% and 71.4% respectively mainly driven by Rice and Dairy Products. NC per tonne rose 43.2%. Rice volumes registered a growth of 31% over FY2007 in spite of the tight supply situation when prices escalated and certain producing country governments placed restrictions on exports. We were also successful in scaling up the premium and branded rice sales. Dairy Products volumes rose 44.7% due to our expansion in sourcing and marketing network and the consolidation of results from Naarden.

Fibre & Wood Products segment consisting of Cotton and Timber reported a 49.7% growth in volumes and 39.7% in NC partly due to the consolidation of results of QCH. NC per declined from S$132 to S$123 primarily due to QCH's operating performance being affected by the Australian drought.

A more detailed discussion of the performance and growth initiatives by each product is carried on pages 46 to 63 of this report.

Capital in Place to Support Growth

We have further strengthened our balance sheet from a year ago. We have put in place both long-term and short-term capital to support our organic and inorganic growth plans.

In spite of tough credit and capital market conditions throughout most of FY2008, we were able to raise equity, long-term debt capital and short-term working capital funding during the year. Firstly, we raised S$307 million of new equity capital from a non-renounceable, non-transferable 10-for-1 Preferential Share Offering in April 2008. The issue received strong support from existing investors and was oversubscribed. In June 2008, we issued US$300 million (S$425 million) of convertible bonds due 2013 in a highly successful issue, which was also significantly oversubscribed.

(in S$ million)	FY2008	FY2007	Increase/ Decrease	% Increase/ Decrease
Short Term Banking Facilities	3,646	2,500	1,146	46
MTN / Medium Term Loan	434	884	(450)	(51)
Long Term Loan	1,113	483	630	130
Total	5,193	3,867	1,326	34.3

We also increased short-term banking facilities in FY2008 by 46% or S$1.1 billion to S$3.6 billion. Long-term borrowings has now grown to S$1.1 billion, partly to refinance the medium-term loans that had higher spreads. **Total credit facilities increased by 34.3% during the period despite challenging credit and capital market conditions.**

Total borrowing facilities are today at S$5.2 billion of which only 51% of the facilities were drawn down as of 30 June 2008. We do not foresee any major refinancing risk over the course of the next two years.

Total shareholders' equity and reserves grew by 65% to S$964.3 million before fair value adjustment reserve from S$583.6 million in FY2007.

Our headline gearing in terms of net debt to equity (before fair value adjustment reserve) has come down to 3.17 times from a high of 4.82 times during the course of the year. After adjusting for liquid hedged inventories (86.2% of total inventories) and 67.4% of the receivables secured against letter of credit or documents through banks, the adjusted gearing or intrinsic indebtedness of the company comes down significantly to 0.74 times.

Fixed and Current Assets

Our total fixed assets and investments doubled from S$212.4 million in FY2007 to S$430.5 million in FY2008. The increase in fixed assets arose mainly from the consolidation of our various acquisitions. **Despite higher fixed assets, fixed assets to total assets ratio is only 11.1% and we are therefore still relatively asset light.**

The cash-to-cash cycle of our operations improved to 114 days compared to 119 days in FY2007. Debtor days for FY2008 were 33 compared to 34 days in FY2007. Our quality of debtors has been good with 67.4% of debtors secured by letters of credit or documents of title with banks for collection. Advances to suppliers days remained at 19 days in FY2008. Stock days increased marginally from 85 in FY2007 to 88 days. Inventory value saw a significant rise of S$627 million to S$1.8 billion mainly on account of price increases. Consistent with previous levels, 86.2% of stocks were sold forward or hedged using financial derivatives.

Conclusion

I would like to end by thanking everyone at Olam for all their contribution in FY2008. Our milestone performance in FY2008 is a great tribute to everyone in Olam throughout the world. This is an exciting time to work for Olam. The business continues to do well and with our deep bench strength of talented people, our unique competitive position, our clear growth strategy and our systems and processes, we are on track to do even better. We have, over time, built leading market positions in an attractive and growing industry and created a powerful momentum that will deliver profitable growth for years to come.

We anticipate a very difficult credit, capital market and volatile commodity market environment in FY2009. The Olam leadership team understands this environment. We are focused on executing our business model and are committed to achieving our financial goals to deliver even under these conditions.

Sunny George Verghese
Group Managing Director & CEO

Global M&A - Nauvu Investments

New Product Adjacencies in Africa

Our partnership with Wilmar and SIFCA is an important and strategic step for all three companies as we seek to develop a regional leadership position in palm, natural rubber, sugar and potentially in other agricultural plantation crops in Africa.

Participation in fully integrated value chain in palm, rubber and sugar

Olam has formed a 50:50 joint venture with Wilmar International, Nauvu Investments, to jointly invest in palm, natural rubber and sugar assets in Africa, including upstream plantations, midstream processing and downstream merchandising and distribution operations.

Nauvu has announced three investments totalling approximately US$244 million as its first major initiative. Olam's share of these investments will be approximately US$122 million. Nauvu will acquire a 27% strategic stake in SIFCA Group, a 50.5% interest in SIFCA's palm oil refining business and a strategic 26.65% stake in SIFCA's oil palm plantation and crude palm oil (CPO) producer Palm-CI.

SIFCA is West Africa's largest fully integrated palm player with activities spanning from plantations of 36,000 hectares and CPO production to palm oil refining and distribution of retail brands with leading market shares in Cote d'Ivoire and the West African Economic and Monetary Union (UEMOA) market. SIFCA is also West Africa's largest rubber plantation owner and producer with a landbank of 50,000 hectares in Cote d'Ivoire, Nigeria and Ghana. The company is the second largest in sugar in Cote d'Ivoire with 10,000 hectares of sugar plantations, milling and distribution assets.

A Strong Partnership

The formation of this three-way partnership between Olam, Wilmar and SIFCA is an important and strategic transaction for all three companies as we seek to develop a regional leadership position in palm, natural rubber, sugar and potentially in other agricultural plantation crops in Africa.

This transaction will combine and leverage the individual strengths of each company to achieve maximum efficiency across the entire supply chain from plantation management, processing and refining to trading, distribution and risk management.

SIFCA presents a privileged configuration of palm, natural rubber and sugar assets in Africa. It enjoys an established leadership position in an industry with many barriers to entry. These factors, combined with growing regional and global demand for palm, natural rubber and sugar, create a significant growth opportunity.

Wilmar, being the world's largest palm oil processor with an integrated presence across the entire edible oil value chain, will contribute its plantation management and manufacturing capabilities, while Olam will offer the partnership its deep market insight, large distribution network and contextual knowledge gained through successfully operating in Africa over many years.

We strongly believe that Africa is the next frontier for agricultural production as it offers exciting prospects for setting up plantations and integrated agri-business operations. Nauvu therefore aims to be ahead of the curve by taking an early leadership position in plantation development in Africa.

Left page:
Top: Crude palm oil storage at SIFCA's plant in Cote d'Ivoire.
Bottom left: The management team discussing the partnership benefits.
Bottom middle: Tapping in progress at the rubber plantation in Cote d'Ivoire.
Bottom right: Inspection of Crumb Rubber.




Global M&A - PureCircle

Sweetening Our Portfolio

Our investment in PureCircle strategically positions us to participate, from farm gate to factory gate, in the growth in global production and consumption of natural, high-intensity stevia-based sweeteners.

Strong Growth Prospects

Olam invested US$53.1 million through a 50:50 joint venture with Wilmar International for a joint 20% stake in PureCircle, a leading producer of natural, zero-calorie, high intensity sweeteners (HIS) based on the stevia plant.

PureCircle is the world's largest producer and distributor of Rebaudioside A (Reb-A), the natural high intensity sweetener and holds patents for processing stevia extracts into Reb-A, the purest form of natural sweetener available in the market today.

The global HIS market, estimated at US$1.3 billion, has been growing at an average rate of 4% per annum. Artificial non-caloric sweeteners such as aspartame, sucralose, saccharin and cyclamate currently dominate the HIS market because stevia-based sweeteners are permitted only as a dietary supplement and not for use as food ingredients in the US and Europe. Reb-A is already approved and accepted as a food ingredient in more than 16 countries including China, Japan, Korea, Brazil, Paraguay, Colombia, Argentina and recently received approval from Australia and Switzerland.

PureCircle's product range also lends itself to complementary use with sugar, thereby opening up larger markets than just the current synthetic HIS market. The market for the natural Reb-A based sweeteners is therefore expected to grow significantly due to substitution of artificial sweeteners as consumers seek natural alternatives for a healthier diet and when regulatory approval is obtained in the US and Europe.

High Strategic Value in Partnership with PureCircle

Reb-A is emerging as a credible alternative to sugar and is well positioned to capture increased market share. The potentially large shortfall in production of stevia leaves to meet the demand for producing Reb-A means a high growth potential for companies who invest in stevia plantations and extraction capabilities in regions like Africa and South America where growing conditions are more suitable and production costs more competitive.

Our partnership is a strategic step towards the development and commercialisation of a fully integrated stevia supply chain from upstream plantations in existing and new locations, mid-stream extraction at the origins, to downstream refining of crude extracts into high intensity natural sweeteners and the marketing and distribution of these sweeteners to beverage and food ingredients manufacturers worldwide.

Our deep market insight and contextual knowledge in Africa and South America, combined with Wilmar's strengths in plantation management and processing and PureCircle's refining and distribution capacities and capabilities result in a powerful competitive advantage, which our partnership will leverage to participate in the potential growth in production and consumption of these natural, high-intensity stevia-based sweeteners.

Left page:

Top: Chemical Analysis at PureCircle's laboratory.

Bottom left: The technical team on a joint plant visit.

Bottom middle: The Stevia leaf.

Bottom right: Process controls at PureCircle.




Global M&A – Dairy Trust Limited

Expanding Our Dairy Supply Chain

Our investment in Dairy Trust Limited supports our long-term strategy to expand our procurement reach into the key dairy origins of Oceania and the US and participate in the major trade flows. Our investment also supports our entry strategy into New Zealand's large and growing dairy sector.

Increasing Our Procurement Reach

New Zealand offers the lowest cost of production, the highest medium-term growth in raw milk supply, the largest export volumes (26% of world dairy trade) and proximity to Asia, the fastest growing import block (40% of world dairy trade). New Zealand's import share is just over 30% in Asia, 25% in the Middle East and 14% in Africa, markets in which Olam has a keen interest and a strong presence.

Dairy Trust Limited (DTL) is the fastest growing and the only new entrant into the growing New Zealand dairy industry that is establishing itself as a dairy processor on a national scale.

Our 24.99% equity stake or US$76.8 million strategic investment in DTL, which is poised to become New Zealand's second largest dairy processing company, essentially combines our strong risk management, marketing and distribution links with DTL's strengths. DTL offers a low cost, state-of-the-art processing capability, providing national coverage, multi-site operations and accelerated scale-up over the next two years. It also provides us, under our long-term off-take agreement, access to a steady supply of dairy products, to meet the growing demand from the emerging economies. Our partnership with DTL is therefore the key to addressing the critical success factors – securing milk supply, ability to process milk efficiently and at a low cost, ability to market and sell dairy products and managing commodity price risk.

Delivering Our Strategy

Over the next two years, DTL plans to make direct investments in building a network of dairy processing plants in each of New Zealand's four major milk producing regions, namely Southland, Wanganui, Waikato and Northland. DTL has acquired the ownership interest in water and effluent discharge resource consents and the usage rights for these four sites. The first of these processing plants in Southland began operations in August 2008 with the other three plants to follow within the next two years. DTL has secured raw milk supply contracts for its Southland facility by leveraging the supplier goodwill and credibility it has generated at the farm gate through Open Country Cheese (OCC), which will become its wholly owned subsidiary. The DTL group, including OCC, is expected to process nearly 1.2 billion litres of milk once all these facilities are in place.

As the second largest and cornerstone shareholder in DTL, Olam will have two seats on the Board. We will play an active role in formulating sales, marketing and risk management strategies. DTL will be central to delivering our objective of becoming a global leader in the dairy business.

Left page:

Top: Securing milk supply from one of the large farmers.

Bottom left: Packing of milk powder at the DTL plant.

Bottom middle: Tankers being filled with milk, awaiting processing.

Bottom right: Blocks of cheese being packed at OCC's factory in New Zealand.

Ongoing Growth Initiatives

ONGOING GROWTH INITIATIVES

EDIBLE NUTS, SPICES & BEANS

Barley

Origins
- Australia

Spices

Markets
- Russia
- Poland

Products
- Cassia
- Cinnamon
- Dehydrated garlic
- Nutmeg

Value Chain Initiatives
- Sterilisation in Vietnam
- Processing of ginger in Nigeria
- Processing of nutmeg and cassia
- Processing of dehydrated garlic in China

Sesame

Markets
- Middle East
- China
- Russia
- Greece
- Korea

Origins
- Ethiopia
- Sudan

Value Chain Initiatives
- Hulling in Nigeria
- Cleaning in Tanzania

Peanuts

Origins
- South Africa
- India
- Brazil
- Argentina

Value Chain Initiatives
- Processing in Argentina and China
- Contract farming in Argentina
- Blanching and processing of peanuts, bulk manufacturing of peanut butter and paste in US

Cashews

Value Chain Initiatives
- Increasing origin processing in Tanzania, Mozambique, Cote d'Ivoire & Nigeria
- Processing of organic cashews from our facilities in Vietnam and Cote d'Ivoire

Beans and Pulses

Markets
- North Africa
- South Africa
- India
- Pakistan
- Sri Lanka
- Mediterranean

Origins
- North America
- South America
- Southeast Asia
- Australia

CONFECTIONERY & BEVERAGE INGREDIENTS

Coffee

Markets
- Eastern Europe
- Spain
- Russia

Products
- Freeze-dried
- Spray-dried
- Coffee extracts

Origins
- Peru
- Honduras
- Colombia

Value Chain Initiatives
- Processing in Brazil & Vietnam for Arabicas
- Manufacturing of freeze-dried, spray-dried and coffee extracts in Vietnam

Cocoa

Markets
- Russia

Products
- Cocoa butter
- Cocoa liquor
- Cocoa cake
- Cocoa powder

Value Chain Initiatives
- Supply of traceable cocoa
- Supply of organic cocoa from Tanzania
- Processing of cocoa beans in Cameroon

High-intensity Sweeteners

Products
- Stevia-based high intensity sweeteners

Origin Offices

- Angola
- Argentina
- Australia
- Belarus
- Benin
- Brazil
- Burkina Faso
- Cameroon
- China
- Cote d'Ivoire
- Republic of Congo
- Colombia
- Ecuador
- Egypt
- Gabon
- Gambia
- Ghana
- Guinea Bissau
- Guinea
- Honduras
- India
- Indonesia
- Kazakhstan
- Liberia
- Madagascar
- Mozambique
- New Zealand
- Nigeria
- Papua New Guinea
- Poland
- Peru
- South Africa
- Sudan
- Tajikistan
- Tanzania
- Thailand
- Togo
- Turkmenistan
- Uganda
- Ukraine
- United States of America
- Uzbekistan
- Vietnam
- Zambia
- Zimbabwe

FOOD STAPLES & PACKAGED FOODS

Wheat
Origins
- Australia

Packaged Foods
Value Chain Initiatives
- Local production of 3-in-1 coffee and snack nuts range in Russia and Nigeria
- Distribution of a range of FMCG products

Products
- Ponchos - snack nuts
- Tasty Tom - a seasoning mix

Markets
- South Africa
- Nigeria

Dairy Products
Value Chain Initiatives
- Manufacturing of casein

Products
- Skimmed milk powder
- Whey powder
- Cheese & fats
- Casein

Origins
- US
- Belarus
- China
- New Zealand

Markets
- Russia
- China
- Congo
- Cote d'Ivoire
- Senegal
- Egypt

Sugar
Value Chain Initiatives
- Prefinancing arrangements in Brazil

Products
- Raw Sugar

Markets
- Russia

Oilseeds
Value Chain Initiatives
- Upstream production, extraction, refining and distribution of palm oil in Cote d'Ivoire

Products
- Palm
- Canola

Origins
- Cote d'Ivoire
- Australia

Rice
Value Chain Initiatives
- Rice milling in Nigeria, India & Madagascar
- Logistics in Cameroon and Cote d'Ivoire
- Own processing for both Basmati and non-Basmati rice in India

Products
- Branded and premium rice in Africa
- Basmati rice in India

Markets
- Burkina Faso
- Algeria
- Liberia
- Mali
- Togo

FIBRE & WOOD PRODUCTS

Cotton
Value Chain Initiatives
- Cotton ginning in Uganda & Zimbabwe
- Cotton ginning in Zambia
- Cotton ginning in Australia & US
- Cotton ginning and distribution in China
- Cotton ginning in Ouangolo, Cote d'Ivoire

Origins
- India
- Sudan
- Zambia
- USA
- Australia

Markets
- Turkey
- China

Timber
Value Chain Initiatives
- Timber processing in Gabon,Tanzania & Mozambique
- Certified teak from Ghana
- Manufacturing of flooring products in China
- Production of sawn timber in Gabon

Origins
- Equatoral Guinea

Products
- Expanded range of species
- Wooden flooring products
- Veneer products

Markets
- Vietnam
- China
- US
- Middle East

Value Chain Initiatives
Origins
Markets
Products
Organic
Inorganic
2008 Updates

Number of Countries

60 FY08
56 FY07
52 FY06
40 FY05
38 FY04
34 FY03

Marketing Offices

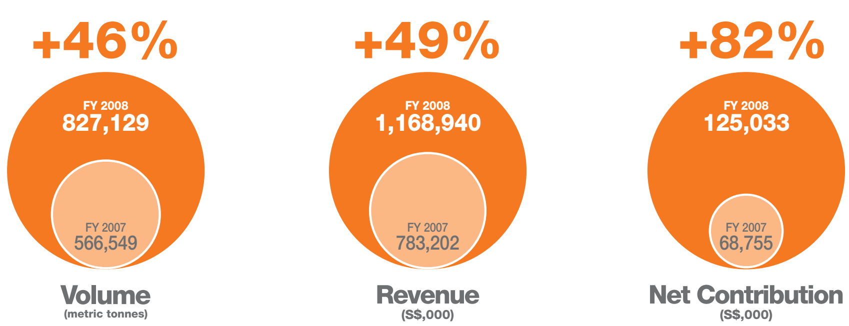
- Algeria
- Australia
- Benin
- Burkina Faso
- Cameroon
- China
- Cote d'Ivoire
- Republic of Congo
- Egypt
- France
- Gabon
- Ghana
- Guinea Bissau
- Guinea
- India
- Indonesia
- Italy
- Kenya
- Liberia
- Madagascar
- Mali
- Mauritius
- Nigeria
- Russia
- Sudan
- Singapore
- South Africa
- Spain
- Switzerland
- Tanzania
- Thailand
- The Netherlands
- Turkey
- Uganda
- United Arab Emirates
- United Kingdom
- United States of America
- Vietnam

Business Review

Edible Nuts, Spices & Beans

We experienced strong growth in all product segments during the year and consolidated our acquisition of Universal Blanchers to establish Olam as a global peanut supplier.

The Edible Nuts, Spices and Beans segment continued to perform well and showed strong growth in Volume by 46.0%, Revenue by 49.3% and Net Contribution by 81.9% over FY2007.



Cashew

The Cashew market has witnessed a rather sharp increase in prices during the latter part of the year. This contributed to increased volatility and consequently increased pressure on counterparty performance. We believe that this, coupled with the continuing tightness in the credit market, will result in a restructuring of the markets with many of the fringe players exiting. Our ability to withstand such turbulence in the market place and continue to execute reliably on all our contracts has stood us in good stead with our customers, who are willing to pay Olam a premium for the reliability and quality of shipments from the origins.

Our Cashew strategy is anchored on four pillars: Raw cashew trading from all major producing countries; Cashew processing in the major processing centres of India, Brazil and Vietnam; Cashew processing in raw cashew origins in Africa and Marketing and Distribution of both Raw Cashew and Cashew Kernels in all major markets.

This year our processing factory in Cote d'Ivoire was certified as organic in addition to our factories in Brazil, Vietnam and Tanzania, which were previously certified. We now have the ability to produce organic cashews throughout the year. We have focused on developing Gambia as a raw cashew origin and are confident of this becoming a regular origin for us in the coming years.

On the marketing front, we expanded our operations in Russia, Eastern Europe, Ukraine and China. This not only increased the liquidity for our cashew kernels but also resulted in enhanced margins, given the spot premiums that these markets regularly offered.

Fundamentally, global demand for cashew is in excess of supply. Given the changes in the industry structure, there appears to be a structural shift with an increased preference for premium quality origin processors. Olam is ideally placed to take advantage of this structural shift. We are also seeing increasing demand for value addition at origin as well as a demand for value added services at the destination.

Sustainability has always been a core focus area for our Cashew business. In this financial year, we have engaged with GTZ and the Gates Foundation for a five-year project on increasing cashew productivity and processing capability in Africa. We are also developing a programme in Cote d'Ivoire focused on improved farming and post harvest practices. We have also set up satellite processing for our main factories in Tanzania, Mozambique, Nigeria and Cote d'Ivoire resulting in additional employment for over 5000 workers as well as contributing tremendously to the well-being of the communities around our factory locations.

We see strong growth in the non-conventional markets like China, Russia, Australia and South Africa, where we have made significant strides in the last few years.

Top middle: Cashew cartons being stacked in the warehouse before shipment.

Bottom left: Quality control at our cashew plant in Vietnam.

Bottom right: Grading of cashews in Tanzania.

Peanuts

We have assembled all the critical competencies required for an extraordinarily broad participation in the peanut supply chain.

Olam has firmly established itself as a global peanut supplier with a strong presence in key origins such as Argentina, China, South Africa and the US. We have also expanded our processing and distribution in the destination markets, as a result of which the peanut business saw tremendous growth during the year .

We continue to scale and expand our farming operations in Argentina and are very pleased with the improvements in farm productivity that we have achieved in the last year on almost double the acreage as compared to the previous year. We also commissioned an advanced peanut storage and cleaning facility, which will help us scale up our volumes even further in the coming year.

Our emphasis on transferring global best practices has established Olam as a preferred peanut supplier from China. We are now one of the largest exporters of raw and blanched peanuts. This is particularly encouraging in a year where exports struggled to compete with domestic demand. We also made significant in-roads into the domestic market, a segment with significant potential for future growth.

Universal Blanchers (UB), our subsidiary in the United States and the world's largest independent peanut blancher and ingredient manufacturer, increased volumes this year despite a slowdown in US demand. We continue to increase our lead over the competition in the blanching business through our reputation for customer service and quality that are unique in the industry.

We have built a broad based origination capacity as well as deep and unique participation in the peanut supply chain. Olam is now recognised as a unique supplier with the ability to provide a broad range of peanut products from all the key origins of the world.

Top left: Grading of peanuts.

Top right: Quality centre at our dehydrated garlic facility in China.

Bottom middle: Steam-sterilisation plant for pepper in Vietnam.

Spices

Significant price increases in the spices segment over the past 12 months and the slowdown in the US economy have led to changes in the purchasing behaviour of many of our customers. After a few years of high prices and supply shortages, Chinese Garlic bucked the trend and had a distinct bearish undertone for most of the year.

Olam's strategic intent in the Spices business is to become a dominant one-stop supply chain solution for buyers in the flavours, condiments, coatings and seasonings industry. While the business has revolved around Pepper so far, with the acquisition of Key Foods Ingredients (KFI), we have made a strong strategic entry into the dehydrates segment. Our dehydrates business will focus on four products, garlic, onion, capsicums and vegetables. Our garlic plant in China has been re-certified for HACCP and ISO, with AIB and CT-PAT certification in progress. We have succeeded in enhancing the 'value perception' with ingredient buyers by offering them a differentiated product. This has resulted in key buyers continually increasing their off-take from us. Olam Fresh Flavour garlic was launched towards the end of the year, and has been well received, especially in Europe.

Our pepper business is anchored in Vietnam where we have invested in a state of the art sterilisation facility last year. With about 85% of the world's pepper production in and around Vietnam, this focus, we believe, would enable us to benefit from economies of scale and full control of quality, traceability and food safety. Access to steam-sterilisation has enabled us to penetrate the top tier segments of the EU and Asian markets.

We see buyers in the US remaining price sensitive on the garlic front, but demand from the EU and other markets like Russia, Australia and Brazil for dehydrates should remain strong. While the pepper market appears fundamentally strong, we expect price volatility

Olam's approach of traceability, food safety and hygienic processing of spices and dehydrates has led to increased customer awareness and stickiness.

Top: A final check on the settings at our steam-sterilisation plant for pepper.





to continue into 2009. Our ability to offer value added benefits coupled with our excellent counter party credibility and superior supply chain management practices, places us in a strong position to deliver sustained profitable growth in this segment.

Given the shortfall in supplies, we made the strategic choice to expand our profit pool by enhancing our supply chain participation rather than focusing on the volumes.

Beans and Pulses

Olam's pulses business saw strong growth this year despite challenging market conditions. Protectionism, disruption due to typhoon Nargis, short crops in some producing origins and increases in the price of grains that enhanced the farmers holding capacity for pulses, all led to record prices across categories.

Given the shortfall in supplies, we made the strategic choice to enhance our supply chain participation rather than focus on volumes. Once these initiatives were in place, we were able to grow volumes due to the improvement in our competitive position.

In China, we set up a primary procurement infrastructure to buy beans in upcountry locations. This has resulted in a significant improvement in margins and visibility into supply dynamics. In India where state agencies started importing pulses encouraged by subsidies from the government, we sold to the state agencies. Olam is now recognised in India as a reliable supplier with a global reach.

Following the acquisition of Queensland Cotton (QCH), we have continued to grow our market share in Pakistan and Bangladesh, importing significant volumes from Australia, where we have benefited greatly from the synergies between Olam's marketing reach in the region and QCH's origination capabilities.

Bottom left: Sesame seeds being passed through the colour sorter at our Nigeria facility.

As part of our ongoing expansion, we are in the process of reviewing various strategic supply chain options in North and South America, which will help Olam to emerge as a truly global and integrated supply chain player in the pulses industry.

Sesame

Sesame prices have been extremely volatile during this period. The price more than doubled during the course of the year before giving up nearly all its gains. Despite lower than expected imports from China, our business grew by 32%, consolidating our position further as the leading trader in the world, with 12.5% market share.

Our growth in the markets came primarily from Turkey, Korea, China and Russia. Our share of Korean government imports grew significantly. This year marked our emergence amongst the top three players of sesame seeds from India, with our business growing close to three times. We grew our business from Sudan and Ethiopia and further consolidated our position as the largest exporter of Sesame seeds from Africa.

We have increased our offering of value-added hulled sesame seeds to buyers in the Middle East, Brazil and Russia and we continued our initiative to offer high quality sesame from all our origins by investing in cleaning plants. We have started exporting sesame seeds to North America and this along with marketing hulled seeds to the European markets would be a key focus area going forward.

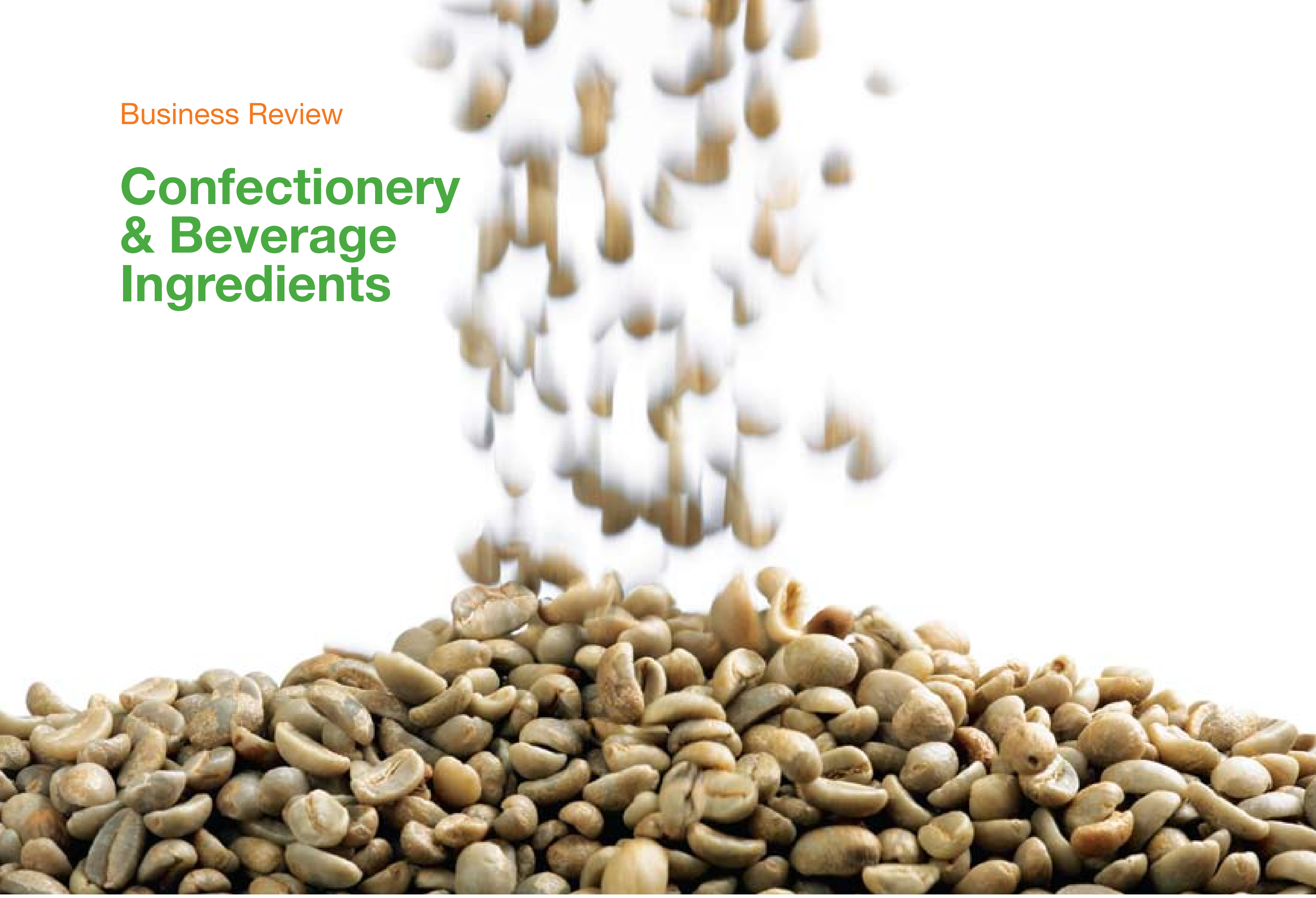
Continuing with our efforts to develop organic seed production we have collaborated with the sesame producers union and with an NGO in Burkina Faso to increase organic sesame cultivation and yield. We also have a very active programme in Uganda and Nigeria where we now manage 17 hectares of model farms to provide training to farmers in better farming practices.

We are poised to further expand in the origins and be able to offer value-added hulled sesame to our customers.

Top: Our sesame hulling plant in Nigeria.

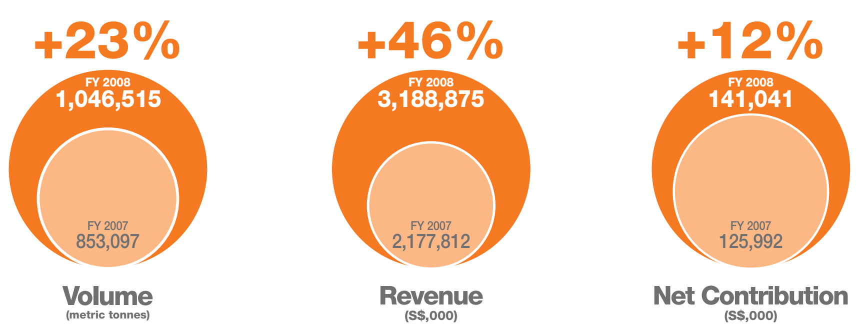
Business Review

Confectionery & Beverage Ingredients



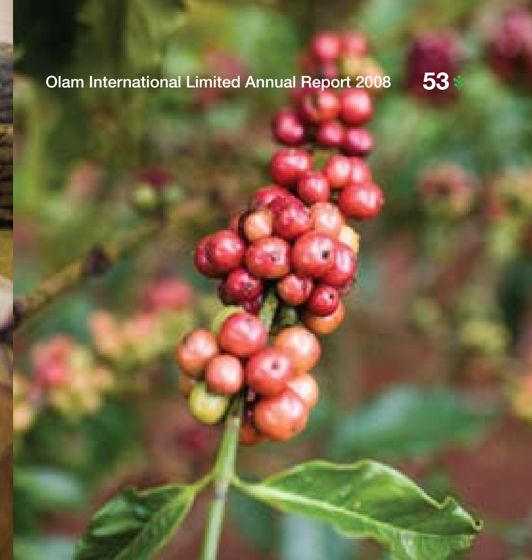
The year saw us further consolidating our position as a leading global supplier of physical cocoa and coffee. We expanded our reach in the origins and focused on delivering value-added products to our customers.

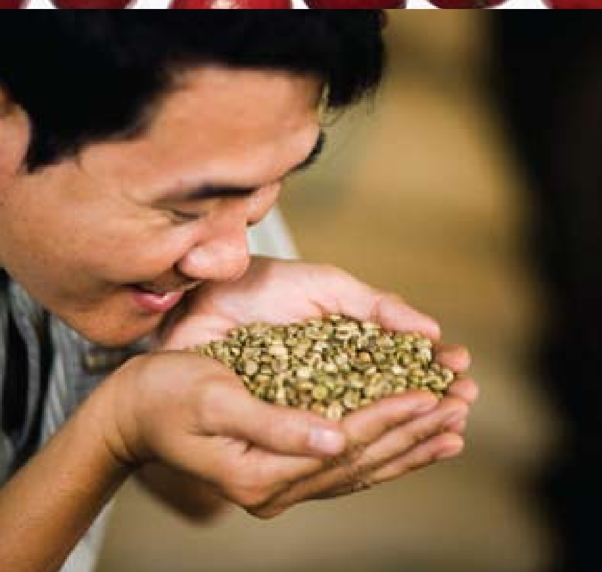
The Confectionery & Beverage Ingredients segment continued to perform well and showed strong growth in Volume by 22.7%, Revenue by 46.4% and Net Contribution by 11.9% over FY 2007.



Coffee

The coffee market was in a slight deficit due to a low crop in Brazil's biennial cycle, as well as Robustas seeing lower production in Vietnam, Cote d'Ivoire and Cameroon. Trading conditions were difficult as commodity markets increasingly integrate with the global economy, and we saw extreme fluctuations linked to currency markets and oil price volatility.





Despite these conditions, Olam coffee continued to perform well during the year, with our operations in the new South American Arabica origins delivering solid performances and the traditional Robusta origins further consolidating their positions.

Volumes have been growing steadily in Brazil, which has helped us become a consistent top five performer in the last year. In Colombia and Peru, we scaled up operations with Colombia starting to move significant volumes in their first full year of operations. Given our strong performance in South American coffee, we are now poised to move into the speciality coffee space, which represents a new growth opportunity for our coffee business.

In Robustas there were significant crop shortages in West Africa, which impacted volumes, but this was more than made up by strong performances in Asian and East African origins where we had large market share increases. We are also seeing consolidation in the Asian origins, which should give us more room to further increase volumes. In Vietnam, we have added a new Robusta processing facility and are in the process of doubling our capacity in our existing washed Arabica facility. This is in line with our overall strategy of continuous focus on Brazil and Vietnam as the drivers of the global coffee economy today.

Our investment in a state-of-the-art soluble coffee facility in Vietnam is in progress. Construction activity is in full swing and we are confident that we will be on stream before the end of the next financial year.

We also opened a marketing office in Geneva during the year, to add further strength to our European marketing efforts and provide better service to existing customers and new clients in Arabica coffees.

We have scaled up Arabica operations in Colombia and Peru, with Colombia moving significant volumes in its first full year of operations.

Bottom right: Coffeee cupping in our Brazilian facility.

Cocoa

As a leading cocoa buyer from the origins we have full line-of-sight of the supply chain, a prerequisite for traceable cocoa which is increasing in demand.

Olam is building on its position as one of the largest exporters of cocoa beans out of Africa. Continued investments in infrastructure and manpower in our operations have allowed us to garner significant increases in market share across origins, physically sourcing over 350,000 metric tonnes of cocoa beans.

Our position as a leading cocoa buyer from the origins gives us the unique advantage of maintaining full line-of-sight of the supply chain, a prerequisite for traceable cocoa, for which consumer demand is significantly increasing. We have increased our investment in our organic cocoa operations in Tanzania and Uganda and our origin and marketing offices are fully certified, allowing us to supply organic cocoa to our clients in the EU, US and Japanese markets.

Olam is a leading global trader of cocoa products, involved in origin processing and product sourcing, liquid butter deliveries to the chocolate industry in the US and powder manufacturing in Europe. We are an independent supplier able to offer our customers products that meet their requirements competitively.

Our commitment to origin processing is continuing with investments in a COOP factory in Nigeria, where we have built a leading position as an exporter of origin butter and a supplier of products to the local chocolate industry.

Our powder manufacturing facility, Solimar in Spain is ISO 9001 and HACCP certified and is capable of producing a range of alkalised powders, which are marketed under our Esfira brand in emerging markets in Eastern Europe and South America. Good technical knowledge and strong links with customers have contributed to expanding the product range and the business as a whole.

Top: Transfer of learning at our cocoa operations in Cote d'Ivoire.






Olam is an active member of several world cocoa bodies including the FCC, ECA, CAA, CMA and the WCF. In many of these Olam has a board position. Our unwavering support for cocoa communities across the producing countries has earned us a privileged relationship with cocoa farmers. Today we have over 13 projects, across five geographies, reaching out to over 75,000 cocoa farmers and their families. Many of these interventions are in collaboration with our clients and multilateral bodies like USAID and WCF.

Our work continues to be recognised by the national bodies and we are the proud recipients of several awards, most recently a citation by the Chairman of the Ghana Cocoa Board for "Olam's contribution to job creation, poverty alleviation and the development of Ghana".

Sheanuts

Sheanuts is the most exotic of Olam's business portfolio. It is a tree crop valued for the fat contained in the seed of the shea fruit. Shea trees are native to the African savannah belt stretching from Senegal in the west to the foothills of Ethiopian highlands in the east and its large production regions are in North Ghana, Burkina, North Cote d'Ivoire, middle belt of Nigeria and Northern Benin; this is where Olam has established its strong sourcing network for Sheanuts.

Olam has built a strong position in the Sheanut industry with its deep understanding of the growth areas and a well developed supply chain. We invest in quality awareness campaigns and have a strong commitment to the Shea communities of West Africa – bringing competitive pricing as well as protecting the village communities from the vicissitudes of global pricing.

The development impact of Olam's business model is clearly seen in the Sheanuts business.

Top left: Cocoa sacks being moved to our warehouse in Cote d'Ivoire.

Top right: Raking sheanuts to control heat build up.

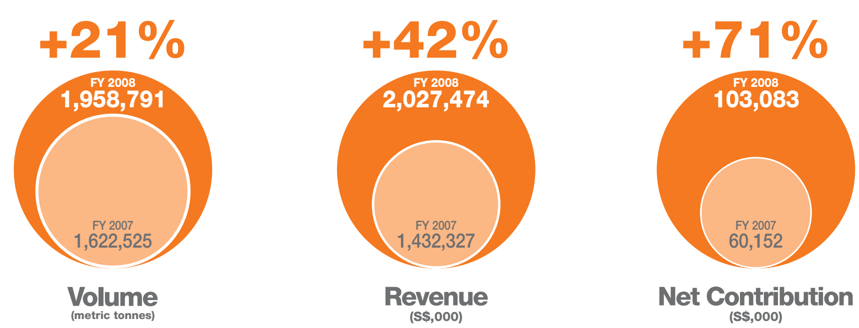
Bottom middle: Testing of cocoa beans.

Business Review

Food Staples & Packaged Foods

Our strategic focus on origination in rice stood us in good stead in a year of tight availability while our investments in New Zealand have accelerated our growth in the dairy segment.

The Food Staples & Packaged Foods segment performed well in spite of volatile world commodity markets and showed strong growth in Volume by 20.7%, Revenue by 41.6% and Net Contribution by 71.4% over FY2007.



Rice

Global rice inventories reached a forty-year low this year. The resulting concerns about a global food shortage, combined with the disruption in supplies caused by the cyclone in Myanmar, led to price increases in the growing countries of up to 300%. Prices have since fallen to some extent due to reduced demand and reports of a good harvest in India, but demand and supply factors are likely to keep prices at levels higher than what we have seen in the past.

Over the past three years, the Olam Rice business has pursued a strategy of selective participation in origins with a view to increasing our influence on this critical part of the supply chain. We continued to focus on these sourcing initiatives both in Thailand and India and this has enabled us to secure and ship record volumes in a year of tight supplies. At the same time, we have worked closely with the rice mills to produce some high quality premium grades for our markets in Africa.

Our second strategic thrust has been to focus on high margin segments. We continued to grow our volumes in the niche premium segments in almost all of the countries in which we import and distribute rice. Our market share in this segment recorded significant increases and we saw our efforts at promoting premium quality rice pay off as the overall segment also grew. Until last year, Olam was a non-basmati rice business. This year, we entered the fragrant basmati segment in India and successfully set up the entire supply chain from paddy procurement to milling and export. We are now well poised to increase our participation in this segment across the Indian subcontinent and into the Middle East.

Our out-grower programme in Nigeria continued to make good progress with over 10,000 farmers participating. This programme has now been extended to two more states in active participation with USAID Markets. We embarked on the modernisation of our rice milling facility in Nigeria and have been able to mill rice from locally cultivated paddy, which is comparable in quality with the rice that is being imported into the country from Thailand, India and China.

Our rice business will continue to develop by continually investing in processing, logistics and margin enhancement initiatives in select origin and destination markets.

We continued to grow our volumes in the niche premium segments in almost all of the countries in which we import and distribute rice.

Top middle: Our sugar warehouse in Brazil.

Bottom left: Olam's premium quality rice at a customer's shop.

Bottom right: Our new rice parboiling unit in Nigeria.

Going forward our sourcing and execution strengths will underpin our role as supply chain manager and our investment strategy will improve our market position.

Top left: A section of DTL's milk processing plant.

Top right: Ensuring ideal processing conditions for best quality milk.

Bottom left: Tasty Tom, our tomato paste brand in Nigeria.

Bottom right: Packing of our milk powder sachets in Nigeria.

Sugar

Sugar production in India, Brazil and Thailand was high during the year. Large scale planting and favourable weather propelled the world into a surplus of almost 10 million tonnes. However, even with the backdrop of high supplies, as oil reached record highs, sugar prices remained firm though volatile.

During the year Olam Sugar completed its first acquisition of a sugar refinery in Indonesia. The acquisition entrenches us firmly in the Indonesian market, which now ranks among the top three importing countries. This also provides us with significant leverage in origins such as Thailand, which would be a key source of raw sugar for the refinery.

West Africa and South Africa are among the largest importers of Brazilian sugar. During the year, we strengthened our teams in these countries and built on our existing sales and distribution network. This has generated very positive results which we would further build on in the coming years.

We are expanding our marketing team to improve our reach in key markets where we have a strong base and also enter some new and emerging markets in the EU.

Dairy Products

Global dairy production has increased significantly over the past 12 months. This has led to an easing of the pressure on supply, but at the same time there has been a contraction of demand due to continuing high global commodity prices. As a result dairy prices were under significant pressure in the second half of the financial year.

Olam Dairy Products continued its strong growth record and today our dairy business has grown into one of the top ten dairy businesses in the world with about 3% share of the world trade. We have a global footprint with a presence across all dairy product categories, origination operations in all the producing countries and an extensive distribution network. We have a dominant presence in some niches and a growing participation in the large trade flows.

This year our investment in Dairy Trust Limited in New Zealand has given us access to primary milk product not previously available to us and our 100% acquisition of Naarden, a large processor and exporter of casein, has brought this new product into our portfolio.

We have launched our brand of condensed and evaporated milk in consumer packs in select markets in West Africa. We initiated an import and distribution operation in Egypt, consolidated our presence in Africa and the Middle East and engaged an exclusive marketing resource for Libya and Morocco. We also initiated value-added and functional blends in Poland for export and distribution into the EU markets.

We will continue to seek opportunities for inorganic growth principally to access new trade flows, participate in large producing and consuming markets and build a steady supply base in low cost producing countries.

We have built significant competencies in the business through our organic and inorganic investments and expect to see strong growth in volumes going forward.

Packaged Foods

During the year, while continuing to execute on our strategy in Russia, we focused our growth initiatives on expanding our operations in Africa and launching several new products. We are leveraging our existing strong local presence and distribution infrastructure in these markets. Over the past 18 months, we have built a strong Nigerian distribution network servicing over 42 cities through 7 depot points spread across the country. We also started operations in Ghana, Togo, Benin, Congo, and Cameroon in the current year and are in the process of building our distribution in each of these markets.

Our product range for Africa includes Lactorich milk powder, Tasty Tom tomato paste, Enrista coffee mix and Vedan brand MSG. Our products have gained good brand equity and market shares in the West African markets in this short period of time. We also started distribution of branded edible oil in some of these markets in the last quarter of the year. We are in the process of strengthening our product development and back end supply chain capabilities, to enable us expand our product range for these markets.

We are laying the foundations of a strong distribution platform. We plan to significantly scale up our packaged foods businesses across Africa and other emerging markets in the coming years. Our expansion in Africa is a response to increasing aspiration levels that have opened several opportunities in the market and this, coupled with increasing supply chain costs, means we are well positioned to take advantage of our supply chain strengths and deep understanding of these markets.

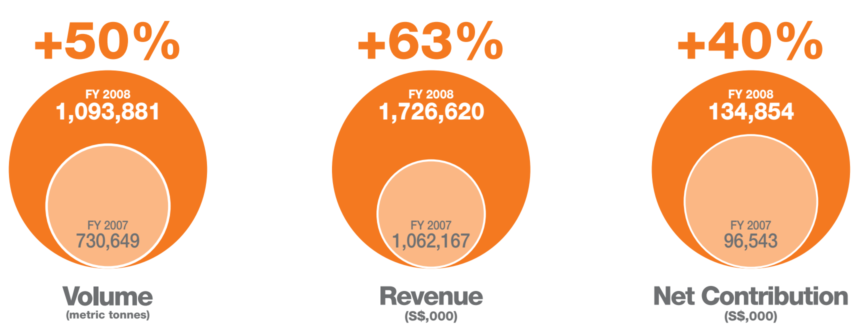
We expect these key initiatives to transform our size and strength in the packaged foods business in Africa in the years to come.

Business Review

Fibre & Wood Products

We have consolidated our acquisition of Queensland Cotton Holdings which, combined with Olam, has created one of the world's largest and most diversified cotton companies. The Wood Products business continued to execute and deliver on its multi-pronged strategy.

The Fibre & Wood Products segment performed well in challenging conditions and showed strong growth in Volume by 49.7%, Revenue by 62.6% and Net Contribution by 39.7% over FY2007.



Cotton

World production of cotton declined by 1% to 26.3 million tonnes this year, driven mainly by a fall in the US production and the impact of the continued drought in Australia. The year also saw unprecedented inflows of speculative capital into commodity markets which resulted in increased price volatility and additional demand on working capital for the business.

This year was a period of consolidation for Olam. We increased our thrust in the areas of ginning and domestic marketing in India and China and pursued growth in high margin origins in Africa by securing crop access and investing in ginning assets in Cote d'Ivoire and Mozambique. During the year, we successfully integrated Olam's cotton operations with that of Queensland Cotton Holdings (QCH). The combination of Olam and QCH has created one of the world's largest and most diversified cotton companies making the business a universal supplier of cotton across the entire product spectrum. This coupled with strong value chain investments in Africa and Asia and our direct distribution capabilities in key markets, places us in an even stronger position to pursue growth opportunities successfully into the future.

The business continued its pursuit of niche marketing opportunities, value chain and product adjacencies.

In supporting the community we established a model farm in Ghana to enhance the productivity of cotton farmers and have also initiated trials in organic cotton in Tanzania and Uganda. QCH is an active participant in the Australian Cotton Industry's Best Management Practices programme, aimed at minimising our environmental footprint and eliminating health risks to industry employees. We are also participating in an indigenous employment programme in partnership with the Australian Government.

The union of Queensland Cotton and Olam has enabled us to become a universal cotton supplier providing for our customers needs across the entire product spectrum.

Top right: Hand stapling of cotton.

Bottom left: Our quality controller checking a cotton bale.

Bottom right: A satisfied team at one of QCH's gins.

Wood Products

We have made significant investments on the marketing front in the key markets of China, Vietnam and India.

Olam Wood Products continued to deliver sustained profitable growth. We have been executing well on our multi-pronged strategy of ensuring access to regular supplies, participating in primary and secondary processing, developing value-added products and establishing an effective distribution network in the destination markets.

We have further consolidated our position as a leading supplier of African origin hardwood species. We commissioned our saw milling facility in Gabon during the year and the customer response to the lumber that has been processed at the mill is very encouraging. We also set up processing facilities in select African countries, in keeping with government initiatives to encourage the primary processing of logs, the export of sawn lumber and products and greater value addition at origin. With our strong local knowledge of operating conditions in these markets, we are well placed to take advantage of this trend.

We increased our capacity to manufacture various types of flooring products in China, as well as our participation in the temperate hardwood space through the top layer business. These products have been marketed primarily in Europe and have been well received by our customers.

Top middle: Inspecting timber at the yard.

Bottom left: Sawn timber ready for shipment.

Bottom right: Checking measurements prior to shipment.

We continued to grow our existing logs and sawn timber business in tropical hardwoods from Africa, while strengthening our teak business from Tanzania, Cote d'Ivoire, Ghana and Brazil.

The markets in India and the Far East remained strong for most of the year. We made significant investments on the marketing front in the key markets of China, Vietnam and India. This has enabled us to broaden our customer base to include small and medium sized processors, who we service through our distribution offices in these countries. We have also consolidated our network in Europe and the Middle East. These initiatives have enabled us to have direct access to processors, secure greater demand visibility and above all, participate in an enhanced value pool.

We continue to place a high level of importance on the environment and are working closely with many agencies to ensure independent legality and traceability certification for all hardwoods procured by us.

Top: Getting trained in the measurement of sawn timber.

Sustainability

Value, Partnership, Community

Olam's governing objective is to maximise long term fundamental intrinsic value over time for its continuing shareholders, in an ethical, environmentally conscious and socially responsible manner. We aim to achieve this in partnership with our suppliers, customers, employees, shareholders, and with all the stakeholders and communities that we engage with.

The events of the past year have highlighted the increasing demand for all commodities as global needs increase due to rising populations and increasing consumption. Furthermore, there has been an additiional burden on food, feed and fibre, as the usage of agricultural crops in fuels such as bio-diesel and bio-ethanol has substantially increased. As global demand increases sustainability of production, procurement, processing and distribution must be ensured within the agri-commodity supply chains.

Olam continues to grow and is committed to a supply chain that is sustainable for all partners. We strive

'to ensure that sustainability is achieved and profitable growth continues, whilst managing our business in a way which is supportive to communities, ensures a safe and productive workplace and is understanding of the environment'

Sustainability is therefore totally ingrained in our established 'profitable for all partners' business model and reflects our clear commitment to communities, workplace and the environment.

Top: A training session in progress at our rice farm in Nigeria.

Our Sustainability Objectives

We have four key sustainability objectives. These are to create a measurable social impact, mitigate operating risk, create a sustainable competitive advantage and differentiation for our individual businesses and countries and for the company overall, to generate long-term shareholder value.

We have gone through two distinct phases in rolling out our sustainability initiatives. In the period up to 2003, we went through a phase of trials and experimentation. From 2003 to 2008, we have undertaken a programme of formalisation, focus and applying our lessons-learnt through viable initiatives.

We have now adopted the following overarching principles to support and implement our sustainability objectives:

- ***To improve the livelihoods of the farmers and communities in which we operate through initiatives that enhance productivity, quality and farmer incomes.***
- ***To form formal alliances with partners who bring beneficial skills and knowledge to our businesses.***
- ***To ensure a safe, healthy and productive workplace for our people and those who work in our operations.***
- ***To fully participate in professional associations at international and national levels to further develop our key goals and learning.***
- ***To assess, on an ongoing basis, the impact of our business activities and initiatives on the communities, workplaces and environment in which we operate.***

We have initiated a range of sustainability initiatives, which are being implemented across our products and geographies.

Sustainability Management to Formalise and Focus Our Initiatives

Our Board committee has been functioning since 2004 to provide overall leadership and direction to our sustainability initiative. Our Executive Committee with responsibility for developing, monitoring and evaluating policies and initiatives is now fully operational. This year a specific Corporate Social Responsibility and Sustainability function has been established and resourced to implement policies and sustainability initiatives across our products and geographies.

Product Sustainability Initiatives

We have initiated a range of sustainability initiatives, which are being implemented across our products and geographies. Some examples are given below.

Rice Cultivation in Nigeria

Our rice partnership initiative has gone from strength to strength over the past season and expanded to directly supporting over 10,000 farmers. We originally started the initiative in Benue State and it has now been extended to Niger and Kwara States.

Support 50,000 farmers through the rice farming initiatives by 2010.

Our objectives for the initiative are:

- To enhance farmers' capacity by improving productivity and production through training.
- To increase profitability of rice cultivation by improving production techniques.
- To facilitate farmers' access to credit facilities, crop inputs and equipment used in rice cultivation.
- To support farmer groups through mobilisation and collective training.

We have used a model farm concept for seed production and to demonstrate the best agronomic practices. Farmers within the initiative have achieved average yields of 3.25 tonnes per hectare against the national average of 1.25 tonnes per hectare. This translates to a direct quadrupling of farmer income from $235 per hectare to close to $1000 per hectare.

Yields achieved of 3.25 tonnes per hectare against a national average of 1.25 tonnes per hectare.

The initiative is led by Olam and supported by the USAID Markets programme. Other partners have joined and contributed to the initiative as it has evolved; for example the State Governments have undertaken the role of ensuring fertiliser supply and crop insurance has been undertaken by NAIC. Difficulties with farmer association finance, that were seen as a major constraint to further expansion of the initiative, have been overcome as the First Bank of Nigeria has joined the partnership and has offered farmer association loans of 0.5 billion Naira. We are expecting this loan facility to increase as the partnership continues.

This is a defining moment in the initiative as it demonstrates that success is based on economic viability and farmer associations, who lack collateral, have the opportunity to build up financial credibility and access direct funding, in order to make a positive shift from subsistence to commercial agriculture.

This partnership initiative was described by the United Nations Development Programme, the International Chamber of Commerce and the Prince of Wales International Business Leaders Forum representatives as follows: "It excelled in demonstrating a clear linkage between core business practices and the contribution the project makes to achieve the Millennium Development Goals." Following this comment Olam has been internationally acknowledged as a winner in the World Business and Development Awards for 2008.

The initiative has been acknowledged and advocated by the Federal and State Governments due to its important contribution to national food security and import substitution. We expect the initiative to be directly supporting 50,000 farmers by 2010.

Cocoa Farmer Income Improvement Programmes in Indonesia and Cote d'Ivoire

Yields have increased by about 22% in the farms covered by this programme.

We have established a farm-productivity and yield improvement initiative in Sulawesi in partnership with The Blommer Chocolate Co and Amarta. The objectives are:

- To improve cocoa quality through enhanced agronomical practices and post-harvest technologies, through the use of solar dryers.
- To restrict the cocoa pod-borer disease and therefore increase yield.

This programme ran for the third year in succession and covered 720 farmer associations, or 20,000 individuals, in the Pinrang, Palopo, Palu and Kolaka regions. Yields have increased by about 22% in the farms covered by this programme and Olam sourced about 13,000 tonnes of premium quality cocoa from the initiative.

Building on our successes in Indonesia we have launched a similar initiative in partnership with the Blommer Chocolate Company in Cote d'Ivoire. The initiative aims to build the management capacity of farmer cooperatives, train the cocoa famers in best in-class pre and post harvest techniques and provide them with a monetary incentive to implement these learnings.
A component of the initiative is to raise the awareness of the worst forms of child labour. In year 1 over 1,250 cocoa farmers have benefitted by this training we aim to significantly scale up the initiative over the coming years.

Coffee Regeneration in Cameroon

€1 million donation has been budgeted by the DE Foundation over 5 years.

We have established a coffee initiative in partnership with the DE Foundation 'to regenerate Arabica coffee in the Bamenda District of North-West Cameroon'.

Following a consultative design phase, a structured initiative has been agreed with the following key objectives:

- To promote the use of good agricultural practice to increase yield and quality, to improve farmer income.
- To formalise farmer associations to ensure UTZ certification and improved market access.
- To support farmer associations to secure loans to finance inputs.

A €1 million donation has been budgeted by the DE Foundation over five years to support the initiative with Olam Cameroon responsible for managing, technically supporting and implementing

the initiative's activities. The government has endorsed the initiative and will second national staff to assist in extension and training activities for the farmer coffee associations.

Sustainable Forestry Management

Olam has a stated commitment to sustainable forestry management within its wood product range. We are currently working with third party certifiers to ensure that concessions directly under our management are undergoing the certification process as defined by the internationally recognised Forest Stewardship Council (FSC) standards.

Olam Corporate Partnerships Being Developed

Olam recognises that partnerships that are mutually productive form the best approach to sustainability. We are currently developing formal global relationships with USAID, Bill and Melinda Gates Foundation, Technoserve and an internationally focused environmental NGO.

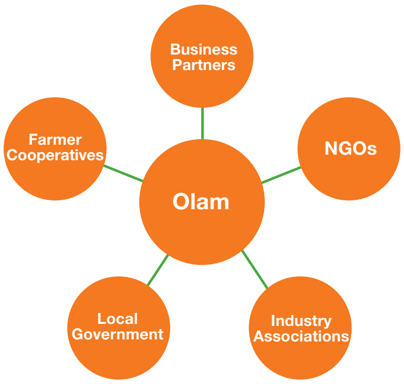
Product Traceability

Olam is active in product traceability and certification systems. For example we currently have certified organic initiatives in cashew (Cote d'Ivoire) and coffee, cocoa and cotton (Uganda). Further, Olam Coffee has been licensed under the 4C traceability system. Product traceability is increasingly becoming a requirement within product supply chains.

Professional Associations

Olam is involved with the following important associations; World Cocoa Foundation (Executive Board Member), Federation Cocoa Commerce, European Cocoa Association, International Cotton Traders Association, Association of Cotton Merchants in Europe, Better Cotton Initiative, African Cashew Alliance (Executive Board Member), Roundtable on Sustainable Palm Oil and 4C Coffee Association.

Our Collaborative Approach



Top left: A group of farmers attending a programme at Olam's model farm.

Top right: A training session on "caring for the crop".

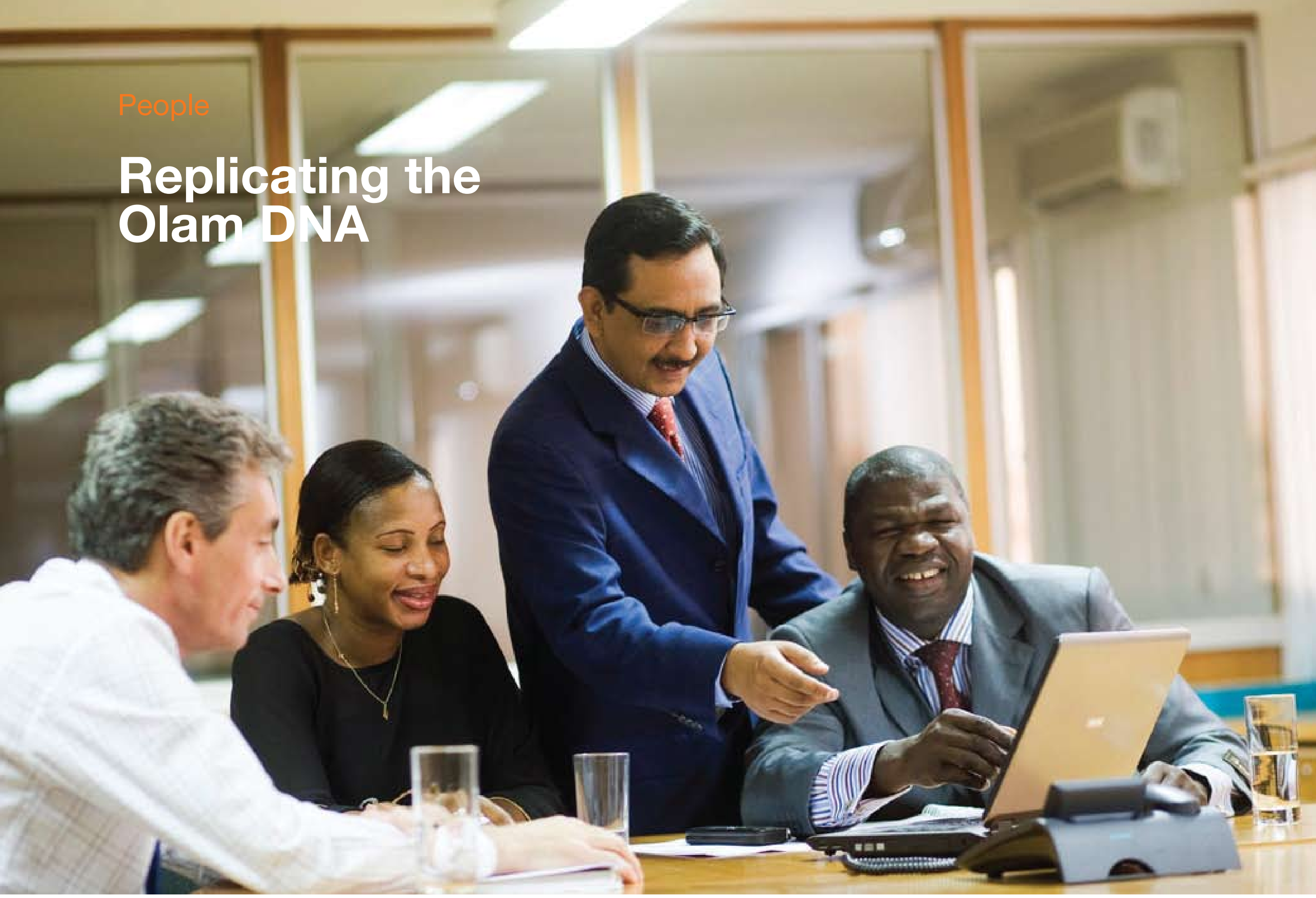
Bottom left: Cocoa being spread for drying.

Bottom middle: A satisfied employee at our cashew processing facility in Cote d'Ivoire.

Bottom right: Distributing certificates to participants in a training programme.

People

Replicating the Olam DNA



We believe that our long-term commitment to the development of our Global Assignee Talent Pool (GATP) has been one of the foremost reasons for Olam's continued growth and performance. Our greatest strength as a company is our empowering environment, which has consistently enabled us to build global leaders who have been capable of executing our ambitious growth objectives.

"The culture of Olam is one that welcomes a sense of ownership, high discretionary effort and immediate contribution. Essence of Olam is a sense that it's my own business."

The deployment of talent from our GATP plays a critical role in our expansion plans. We significantly reduce our risks of execution in our business initiatives by ensuring that each new business started or a new location opened is led by a core team of tried, tested and proven senior managers from this talent pool.

This team with their deep understanding of our business model, our culture and our risk management systems help by transferring best practices to the new operations. In the last three years, our GATP has more than doubled from 168 managers to its current strength of 400 managers. 300 out of the 400 managers are qualified management graduates or finance professionals. This diverse team, comprising of 27 nationalities has an average experience profile of 12 years.

Top: A team meeting in progress in Cote d'Ivoire.

Leadership

A decade ago, we decided that we would proactively invest in developing a leadership pipeline by hiring fresh management graduates from premium business schools in Asia. Each year we have expanded the network of business schools that we hire from and last year we initiated a Latin American Management Trainee Scheme by recruiting graduates from reputed institutions in Brazil, Peru and Colombia. Our reputation as a premier international employer of choice has helped us to attract the best talent from these campuses. This programme successfully complements our lateral hiring of experienced managers from the industry.

Training and Development

At Olam, over the last 19 years, we have trained and developed a large number of managers to build, lead and grow businesses. The development of our leaders follows a structured process, which blends critical experience and formal classroom training. In addition to a six-month training programme for campus hires, our newly hired experienced field operation managers undergo a rigorous one-month Induction Training Programme. Further, our CEO facilitates a four-day programme for all new hires, called the Core Process Programme, which introduces new managers to our governing purpose, our vision, our business model and our core values. Our institutionalised leadership training programmes, which managers participate in at specific stages of their careers, is aligned to a pre-defined Olam Leadership Competency Model.

"At Olam, we set extraordinary expectations and goals and believe in the joy of achieving significant results. We embrace innovation, risk taking, and continuous improvement, enabling us to make and meet aggressive commitments."

Top: Olam's DNA at work.

"Risk Management and strong field operating control systems at the transactional level has been an edge over the competition and has worked very well for us."

Life cycle training programmes held during a year include the New Leadership programme for first time leaders, a Mastering Your Leadership Skills Programme for profit centre heads and financial controllers and a Country Leadership Skills programme for country managers. During the year, we partnered with the Indian School of Business, a top tier international business school, to design a programme on strategic leadership for our Management Committee, the senior leadership team of the company.

Critical experiences are provided in the form of participation in special projects, membership of task forces and job rotations. One of the most important objectives of membership of the various leadership forums in the company such as the Executive Committee, Management Committee or Business and Country Policy teams, is to provide opportunities to build perspective and demonstrate leadership abilities in areas outside of ones immediate role and responsibility.

Acquiring New Strengths

With the successful integration of five acquisitions in the past year, we have today developed the capability to rapidly assimilate and derive synergies from newly acquired organisations. We have a well-defined framework and process to integrate acquisitions in line with the objectives defined in the initial investment thesis for the transaction.

As a diverse and growing organisation, it is important for us to leverage our 'one company' benefits. For this purpose, six company-wide cross cutting themes have been identified and standing committees at the Management Committee level have been created

Top: Sharing critical experiences at a country team meeting in Cote d'Ivoire.

with the mandate to build organisation capability in these areas. The committees will address current and future issues on matters such as institutionalising Olam culture and values, building our corporate profile, enhancing localisation and diversity, enhancing capital productivity and efficiency and ensuring consistent and reliable execution. The Management Committee meets twice a year to discuss these cross cutting themes.

Growing Our Culture

We have a very strong culture permeating throughout our company. We believe that this culture creates the enabling environment that is the foundation of our ability to reach our high aspiration levels. These values transcend our businesses and hierarchy and bind us together as an organisation. These values also define the state of 'being' of our business. We have been able to foster a strong spirit of inclusiveness and maintain the 'small company feel' whilst growing the organisation across 60 countries and over 8,000 employees.

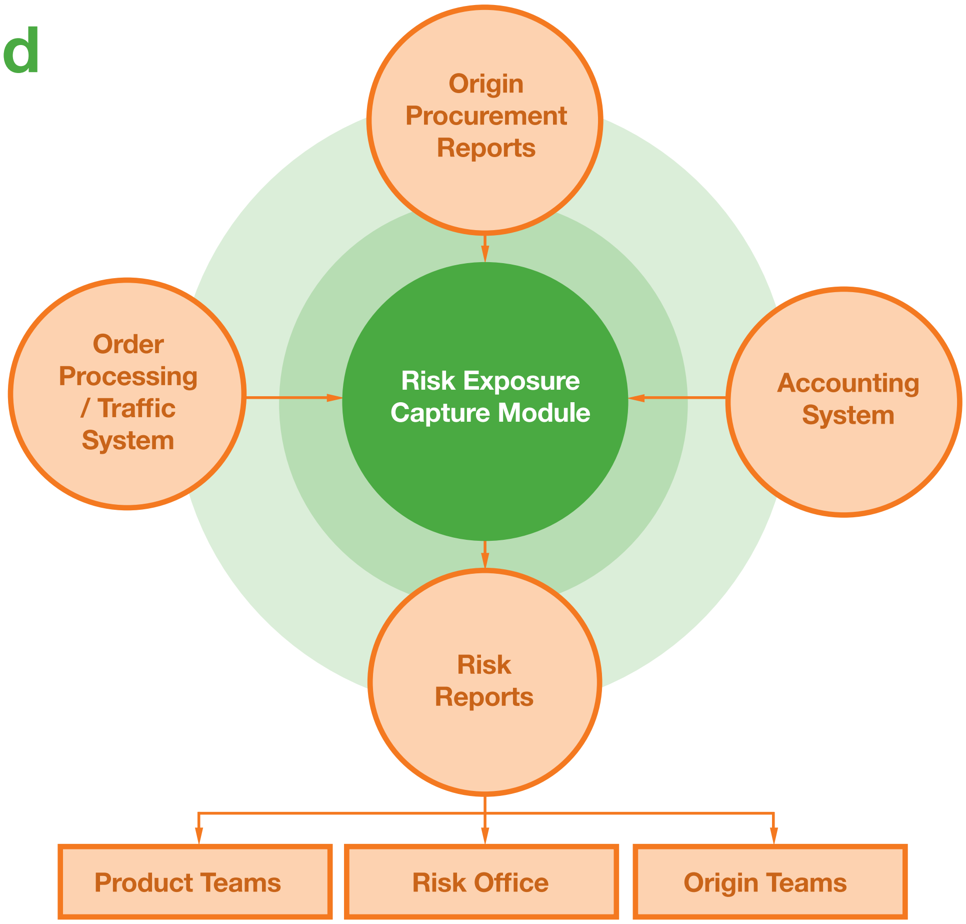
This has been made possible by systematically ensuring open and continuous communication across the organisation. In addition to the Core Process Workshop facilitated by our CEO, 'Perspectives', a quarterly company wide web broadcast session by our CEO is another avenue for managers across the globe to participate in a dialogue on any issue they believe impacts the organisation. Our Employee Perception Survey, held every 18 to 24 months, measures employee engagement and elicits valuable feedback from our staff for management to address. All these initiatives go a long way in aligning individual plans and objectives with organisational goals.

Foundations for Growth

Our ambitious growth aspirations have for many years set challenging goals. We have responded by strengthening our organisational resources and preparing them to achieve these goals. With a business model that provides a large number of growth opportunities, our talent development strategies play a critical role in preparing us to meet our future objectives. Through systematic talent planning, programmes to create high levels of engagement, as well as individual skill development plans to cultivate expertise and a high performance ethic, we ensure that our organisation and our team, at all levels, are prepared to meet the challenge of realising our vision and objectives.

"The culture at Olam is entrepreneurial, team-oriented and non-hierarchical, encouraging employees to take greater responsibility for their careers, to grow both personally and professionally, and to contribute to the success of the company throughout their careers."

Empowered Decisions



Risk Systems and Processes

Our effective risk management system incorporates accurate information, real-time risk capture and analysis and value-at-risk modelling, supported by longer-term scenario analysis and stress testing.

An important principle of our risk management strategy is to link risk and returns in order to influence behaviour in the conduct of our business.

Commodities, including agricultural commodities witnessed relatively large movements in prices last year due to various factors including supply and demand changes, tight inventories and the weak US Dollar. To deal effectively with this ever-changing market environment we employ tools and techniques that allow us to capture these risk exposures on a timely basis and quantify them appropriately.

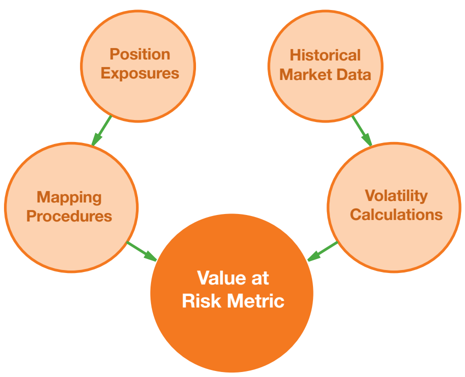
Timely Information is Key

One of the fundamental tools for managing and controlling risk is information. Timely and accurate information goes a long way towards combating the uncertainties in the market and ensuring we are ready with an appropriate response to the situation. With our global presence on the ground in the producing countries, as well as our presence in marketing destinations worldwide, we have regular access to a wide range of reliable sources of information on the fundamentals in the market place.

Real-time Risk Capture

We have developed a proprietary system that allows us to capture our physical purchase and sales contracts with various counterparties as well as the derivative hedges we put in place for managing the resulting price risk. The system is online and allows data to be fed dynamically into our position reporting system. Our users who are spread over multiple geographies can access their exposures remotely over the internet. Two-factor authentication has been implemented for enhanced security whereby users can login to the system with a static password and a dynamically generated pass-code sent through SMS. The availability of real-time analysis enhances our ability to risk manage and control our exposures. The system also enables our Risk Office to monitor and control the exposures on a real-time basis.

Olam's VaR Model



Value-at-Risk

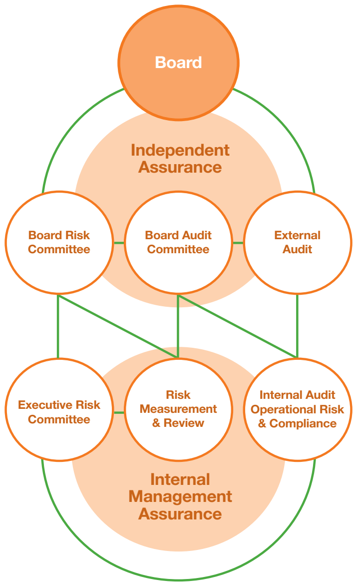
We use the Value-at-Risk (VaR) methodology at 95% to measure the potential 1-Day and 7-Day loss in the fair value of the residual open positions of both our physical soft commodities and hedges. Our VaR system gives us the statistical estimate of the potential loss in the value of a portfolio over a defined period for a given confidence interval.

To complement VaR, which is based on a statistical model, we employ risk management tools such as scenario analysis and stress testing techniques.

Scenario Analysis

Scenario analysis helps us to assess the risks in a portfolio or on a contract by considering the potential performance impact under various probable scenarios. At a basic level we analyse the underlying asset for various "what if" scenarios to understand the loss impact. On a more complex level we use simulation techniques such as Monte-Carlo to forecast price distributions using various assumptions to study the potential impact on the portfolio value.

Risk Governance Process



Stress Testing

We perform stress testing on our portfolios regularly for a variety of scenarios to see the impact of extreme market movements on the portfolio value. We predominantly use three scenarios for stress testing. The first one is a stylised scenario percentage change where the assumption is that in a short span, prices move against us by a relatively large percentage. The second is a 'factor push' scenario, where VaR is calculated at 99% and 'confidence level' at 95%. The third is a 'historical' scenario, where the single day worst move for a certain historical period is applied to the current portfolio.

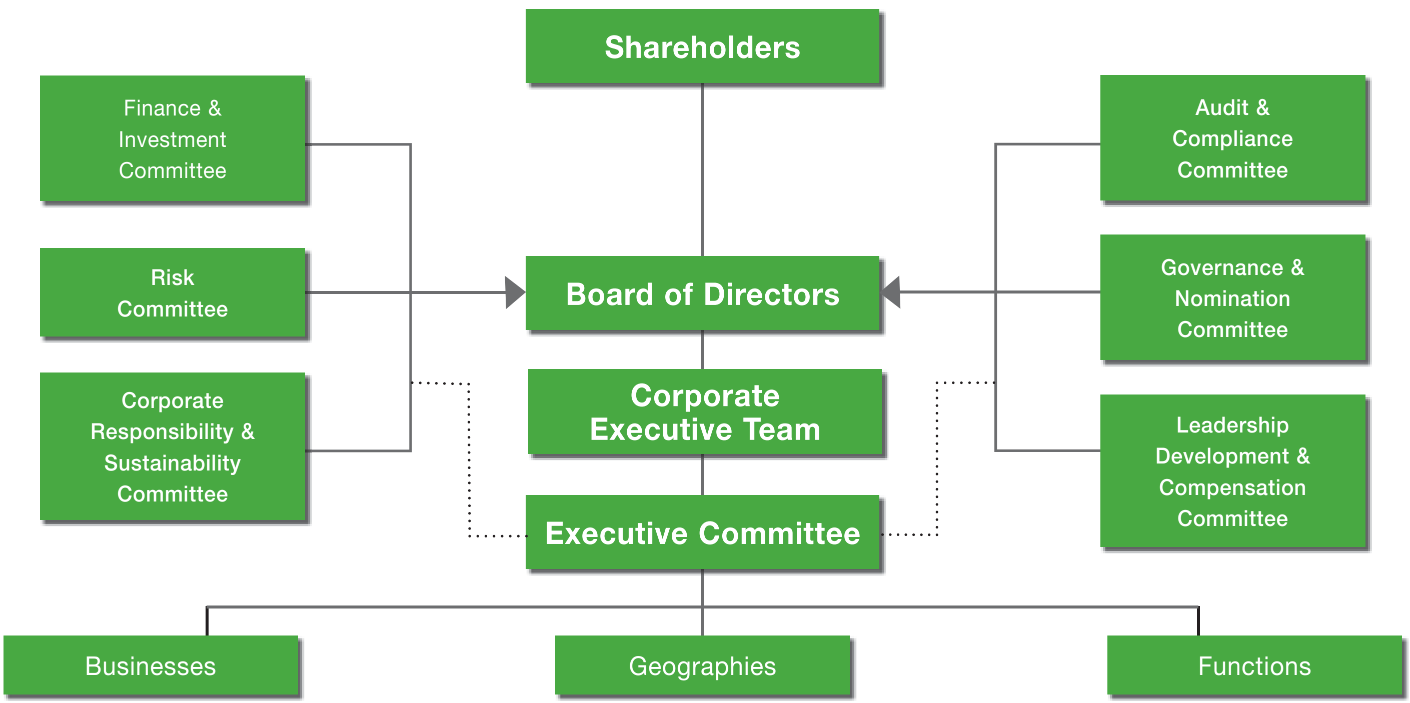
The combination of timely information on the fundamentals in the market place, the tracking of exposures on a real-time basis, and the use of sophisticated risk management tools gives us an edge in effectively managing and controlling our risks.

Corporate Governance

Olam is committed to a high standard of corporate governance in keeping with its overarching philosophy of delivering consistent financial performance with integrity. It strongly supports the principles of openness, integrity and accountability as set out in the Code of Corporate Governance 2005 (the "Code"). The Board and Management continue to uphold the highest standards of corporate governance within the Company in accordance with the Code and our own vision of good governance. In this area, we focus on the substance and spirit of the Code and at the same time delivering the Company's vision and objectives

The key aspects of our Company's corporate governance framework and practice are outlined below:

Our Current Corporate Governance Structure



Our History

From the Company's founding in 1995, we have consistently pursued the highest standards of corporate governance. The Board comprised of both Non-executive and Executive Directors and held regular meetings to review the operations of the Company. There was a clear division of responsibility between the Chairman and the Chief Executive Officer, ensuring a balance of power and authority. The financial statements of the Group are audited by Ernst & Young, one of the top four accounting firms globally.

Effective Board to lead and control the Company (Principle 1)

Our Board of Directors is responsible for the overall policies of the Company and for providing direction for corporate action. The principal functions of the Board are:

(a) Providing leadership and guidance to management on strategic direction in relation to the Company's activities which are of a significant nature.

(b) Approving and reviewing annual budgets and plans.

(c) Overseeing the process for evaluating the adequacy of internal controls, risk management, financial reporting and compliance and satisfy itself as to the adequacy of such processes.

(d) Approving major acquisitions, divestments and fund raising exercises.

(e) Ensuring the Company's compliance with laws and regulations as may be relevant to the business.

(f) Assuming responsibility for corporate governance.

(g) Setting the Company's value and standards, and ensuring that obligation to shareholders and others are understood and met, from time to time.

(h) Review the Company's environmental policies and standards to ensure the Company's contribution to a positive social impact.

As a Board, the Directors meet on a quarterly basis to review and evaluate the Company's operations and performance and address key policy matters. However, ad-hoc, non-scheduled Board meetings are convened to deliberate on urgent and substantive matters. Article 120 of the Company's Articles of Association allows for participation in board meetings via audio and video conferencing. During the year under review, the Board held five meetings and a Non-Executive Directors' meeting without the presence of Management. The Company also arranges off-site Board meeting or Board strategy planning meeting for Directors to discuss and review the Group's strategies and plans. Details of Directors' attendance at Board and Board Committees meetings during the year under review are provided below. The attendance matrix should not be the sole yardstick to measure the contribution of Directors who are professionals with diverse experience, vital to the growth and excellence of the Company.

Name	Board Meetings	Audit & Compliance Committee Meeting	Leadership Development & Compensation Committee Meeting	Governance & Nomination Committee Meeting	Finance & Investment Committee Meeting	Corporate Responsibility & Sustainability Committee Meeting	Risk Committee Meeting	Non-Executive Directors' Meeting (Without management present)
R. Jayachandran	4	–	2	1	7	–	–	1
Narain Girdhar Chanrai	4	–	–	1	6	–	3	1
Peter Francis Amour	3	–	2	–	–	2	–	–
Frank Philip Harley (alternate to Peter Francis Amour)	1	–	–	–	–	–	–	–
Tse Po Shing	4	–	–	–	7	–	3	1
Mark Haynes Daniell	5	4	2	1	–	2	–	1
Michael Lim Choo San	4	5	–	1	–	–	–	1
Robert Michael Tomlin	5	5	–	–	7	2	3	1
Wong Heng Tew	5	5	2	1	–	–	–	1
Sunny George Verghese	5	–	–	–	7	–	3	–
Shekhar Anantharaman	4	–	–	–	7	2	–	–
Sridhar Krishnan	5	–	–	–	–	2	3	–
No. of meetings held	5	5	2	1	7	2	3	1

To ensure that Directors are competent in carrying out their expected roles and responsibilities, the Directors are taken through, where necessary, programmes on Directors' duties and responsibilities. As part of the Company's ongoing familiarisation programme, we will continue to organise Independent Directors' visits to key countries where the Group has its operations. Directors were also apprised with changes to the SGX-ST listing rules, Companies Act, accounting standards and other relevant laws and regulations to facilitate an effective discharge of their fiduciary duties and in effective decision making.

A strong and independent element on the Board (Principle 2)

Our Board currently consists of 11 members, three of whom are Executive Directors and the balance eight, Non-executive directors. We have four Independent Directors on our Board. The Independent Directors have no economic interest in the Company.

Our Directors bring with them invaluable experience and extensive business networks and expertise in diverse fields. The size, composition and blend of experience of the current Board allows discussions on matters of policy, strategy and performance to be informed, critical and constructive. A brief profile of each Director is given on pages 22 and 23 of this annual report.

The Governance & Nomination Committee (GNC) is of the view that, given the size, nature and scope of the Company's operations, the Board should have between 10 and 12 members, who as a group, possess the required capabilities, skills and experience for the Board to discharge its duties and responsibilities effectively. The GNC determines on an annual basis whether or not a Director is independent, bearing in mind the definition of an Independent Director under the Corporate Governance Code.

The nature of the current Directors' appointments on the Board and details of their membership on Board Committees are set out below:

Name	Board Membership	Audit & Compliance Committee	Governance & Nomination Committee	Leadership Development & Compensation Committee	Risk Committee	Finance & Investment Committee	Corporate Responsibility & Sustainability Committee
R. Jayachandran	Non-executive Chairman	–	Member	–	–	Member	–
Narain Girdhar Chanrai	Non-executive Director	–	Member	–	Member	Member	–
Michael Lim Choo San	Independent Director	Chairman	Chairman	–	–	–	–
Mark Haynes Daniell	Independent Director	Member	Member	Chairman	–	–	Chairman
Robert Michael Tomlin	Independent Director	Member	–	–	Member	Chairman	Member
Wong Heng Tew	Independent Director	Member	Member	Member	–	–	–
Peter Francis Amour (Alternate: Frank Philip Harley)	Non-executive Director	–	–	Member	–	–	Member
Tse Po Shing	Non-executive Director	–	–	–	Chairman	Member	–
Sunny George Verghese	Executive Director & Chief Executive Officer	–	–	–	Member	Member	–
Shekhar Anantharaman	Executive Director	–	–	–	–	Member	Member
Sridhar Krishnan	Executive Director	–	–	–	Member	–	Member

Chairman and Chief Executive Officer to be separate to ensure appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making (Principle 3)

There is a clear division of responsibility between the Chairman and the Chief Executive Officer (CEO) to ensure that there is a balance of power and authority. The Chairman is responsible for ensuring Board effectiveness and conduct while the CEO has overall responsibility of the Company's operations, organisational effectiveness and implementation of Board policies and decisions.

The Non-executive, Independent Directors fulfill a pivotal role in corporate accountability. Their role is particularly important as they provide unbiased and independent views, advice and judgment to take care of the interests, not only of the Company but also of shareholders, employees, customers, suppliers and the many communities in which the Company conducts business.

Board Members to have complete, adequate and timely information (Principle 6)

Meeting agenda and Board materials are sent to all Directors prior to all board and board committees meetings. This is sent sufficiently in advance to enable the Directors to obtain further details and explanations where necessary. Managers who can provide additional insight into the matters at hand are invited to be present at the relevant time during the Board and Board Committees meeting. The Directors are also provided with the names and the contact details of the Company's Senior Management and the Company Secretaries to facilitate direct access to them. Non-Executive Directors had met with Senior Management independently to be briefed on various issues. An offsite meeting is being organised for the Board members to interact with Senior Management. Such offsite meetings would be held once every year. The Board takes independent professional advice as and when necessary to enable it or the Independent Directors to discharge their responsibilities effectively.

The role of the Company Secretary is clearly defined and includes the responsibility of ensuring that the board procedures are followed and that applicable rules and regulations are complied with.

The Board has adopted a policy of openness and transparency in the conduct of the Company's affairs while preserving the commercial interests of the Company. The Company has been reporting its financial results quarterly and holding media and analyst meetings to coincide with the quarterly results announcements.

Financial results and other price sensitive information are disseminated to shareholders via SGXNET, to the SGX-ST, press releases, the Company's website and through media and analyst briefings.

The Company has in place a comprehensive investor relations programme to keep investors informed of material developments in the Company's business and affairs beyond that which is prescribed, but without prejudicing the business interests of the Company.

Board Committees

To assist the Directors in the discharge of their oversight function, Board Committees have been constituted with clear terms of reference. These are the Audit & Compliance Committee, the Finance & Investment Committee, the Risk Committee, the Governance & Nomination Committee, the Leadership Development & Compensation Committee and the Corporate Responsibility & Sustainability Committee. All the committees are actively engaged and play an important role in ensuring good corporate governance in the Company.

Establishment of Audit & Compliance Committee with Terms of Reference (Principle 11)

The Audit & Compliance Committee (ACC) has our four independent Directors, Mr. Michael Lim (Chairman), Mr. Robert Tomlin, Mr. Mark Daniell and Mr. Wong Heng Tew as its members. The Committee met five times during the year and its terms of reference are to:

(a) Review with the external auditors their audit plan, their evaluation of the system of internal controls, their audit report, their management letter and the Company management's response.

(b) Review the quarterly and annual financial statements before submission to the Board of Directors for approval, focusing in particular, on changes in accounting policies and practices, major operating risk areas and overview of all group risk on an integrated basis, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards as well as compliance with any stock exchange and statutory/regulatory requirements.

(c) Review the internal controls and procedures and ensure co-ordination between the external auditors and the Company management, reviewing the assistance given by the management team to the auditors, and discussing problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of the management where necessary).

(d) Review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has, or is likely to have, a material impact on the Group's operating results or financial position, and the management's response to the same.

(e) Consider the appointment or re-appointment of the external auditors and matters relating to resignation or dismissal of the auditors.

(f) Review the scope and results of the audit and its cost effectiveness and the independence and objectivity of the external auditors annually.

(g) Review transactions falling within the scope of Chapter 9 of the Listing Manual.

(h) Undertake such other reviews and projects as may be requested by our Board of Directors and report to the Board of Directors its findings from time to time on matters arising and requiring the attention of the ACC.

(i) Undertake such other functions and duties as may be required by statute or the Listing Manual, and by such amendments made thereto from time to time.

The ACC has full access to and cooperation of the Management and full discretion to invite any Director or executive officer to attend its meetings. The Company has an Internal Audit team and together with the external auditors, report their findings and recommendations independently to the ACC.

On the recommendation of the ACC and the approval of the Board, the Company has formalized a Code of Conduct that provides an introduction to important standards and policies that everyone working for the Company should adhere to. This Code also encourages and provides a channel for employees to report in good faith and confidence without fear of reprisals or concerns about possible improprieties in financial reporting.

During the year, the ACC reviewed the financial statements of the Company before the announcement of the financial results. The Committee met with the internal and external auditors and discussed with them any issues of concern. In addition, the ACC assessed the strength of the internal audit team in the Company in terms of numbers and qualification. The ACC has confirmed that the team is adequately resourced and that the team is suitably qualified to discharge its duty.

The ACC also reviewed the nature and extent of all non-audit services performed by the external auditors to establish whether their independence has in any way been compromised as a result, and has confirmed that such services would not affect the independence of the external auditors.

Independent Internal Audit Function (Principle 13) Sound System of Internal Controls (Principle 12)

Internal Audit

The internal audit function is established to support the Governance Process and provide a source of confidence to the ACC that there is sound managerial control over all aspects of the operations of Olam including statutory compliances, accounting, asset management and control systems.

The Internal Audit Head reports directly to the Chairman of the ACC with a dotted line relationship to the CEO of the Company. The Internal Audit team has full, free and unrestricted access at all times to all books, personnel, documents, accounts, property, vouchers, records, correspondence and other data of the Company. The Internal Auditors also have the right, to enter any premises of Olam and to request any officer to furnish all information and such explanations deemed necessary for them to form an opinion on the probity of action, adequacy of systems and/or of controls.

The scope of Internal Audit is reasonably comprehensive to enable the effective and regular review of all operational, financial and related activities. The Internal Audit coverage extends to all areas of the Company and its controlled entities and includes financial, accounting, administrative, computing and other operational activities.

The ACC reviews the proposed scope of the Internal Audit function and the performance of the Internal Audit function. It ensures that no limitation on audit has been interposed. The Internal Audit's summary of findings and recommendations are reviewed and discussed at the ACC meetings.

The ACC is assisted in the discharge of this function by the Executive Audit Committee ("EAC"). The EAC has Jagdish Parihar, Managing Director of the Cotton Business as its chair and V. Srivathsan, Regional Head West Africa, S. Suresh, Senior Vice President, Investor Relations and Rajeev Kadam, Global Head Internal Audit as its members.

Internal Controls and Risk Management

The Company's internal control structure consists of the policies and procedures established to provide reasonable assurance that the organisation's related objectives would be achieved.

At Olam, the internal control extends beyond the accounting and finance function – its scope is Company-wide and touches all activities of the Company.

Our Field Operations Manual (FOM) is the main guidebook which prescribes the process and documentation requirements for all our procurement, grading, sorting, processing, storage, transits and shipment of our products. Strict adherence of this FOM is the key to our control over operational risks. To ensure that this is happening, we have periodical internal and external audit reviews.

To round off the process, we link the Internal Audit findings into the manager's performance evaluation system, to ensure the desired influence on behaviour.

The Company's Enterprise Risk Management (ERM) framework covers Market Risks, Credit & Counter Party Risks, Operational Risks and Information Risks. The Company has a Risk Committee and an independent Risk Control function to measure and monitor Market Risks and Credit & Counter Party Risks. Our risk management system is outlined on pages 72 & 73.

Top: EAC members in discussion on an Internal Audit Feedback note.

Risk Committee

Our Non-Executive Director, Mr. Tse Po Shing chairs the Risk Committee. Mr. Robert Tomlin, Mr. N.G. Chanrai, Mr. Sunny Verghese and Mr. Sridhar Krishnan are the other members of this Committee. The Risk Committee met three times during the year under review and its terms of reference are as outlined below:

(a) To review the adequacy and effectiveness of our Group's external, market and internal risk management policies and systems;

(b) To review and recommend risk limits and budgets;

(c) To review major non-compliances with risk policies; and

(d) To review political and sovereign risk, and the management and insurance thereof.

The committee is assisted in the day to day tracking, monitoring and control of risks by the Executive Risk Committee which has Mr. Ashok Hegde, Global Head of Risk as its chair and the Managing Directors of our Coffee, Cocoa, Cashew and Cotton businesses as its members in addition to the Group CFO and the Group Risk Controller.

Finance & Investment Committee

The Finance & Investment Committee (FIC) is chaired by Independent and Non-Executive Director, Mr. Robert Tomlin. The members of the Committee comprised of Mr. R. Jayachandran, Mr. N.G. Chanrai, Mr. Tse Po Shing, Mr. Sunny Verghese and Mr. Shekhar Anantharaman. The FIC met seven times during the year and has the following mandate:

(a) To review and recommend financial strategies, policies, gearing and financial risks, new business risks, and capital structure of the Company;

(b) To review and recommend equity capital raising plans;

(c) To review and recommend debt capital raising plans and significant banking arrangements;

(d) To review investment policy guidelines and capital expenditure plans;

(e) To review and assess the adequacy of foreign currency management;

(f) To review and recommend on mergers, acquisitions and divestments; and

(g) To review and recommend on dividend policy and dividend declarations.

The FIC has, as its executive arm the Executive Investment Committee (EIC) with Mr. Shekhar Anantharaman as its Chair, Mr. Gerry Manley as its Alternate Chair and Mr. K Ravikumar, Mr. Ashok Hegde, Mr. Jagdish Parihar and Mr. Richard Haire as its members.

Top left: The Executive Risk Committee discussing Risk Budgets for FY2009.
Top right: Executive Investment Committee members evaluating a capital expenditure proposal

Formal and transparent process for appointment of new Directors (Principle 4)

Our Governance & Nomination Committee (GNC) is chaired by Mr. Michael Lim Choo San, an Independent and Non-Executive Director. He is not a substantial shareholder nor is he directly associated with a substantial shareholder. Mr. R. Jayachandran, Mr. N. G. Chanrai, Mr. Mark Daniell and Mr. Wong Heng Tew are other members of the GNC. The GNC met twice during the year and is guided by the following terms of reference:

(a) To recommend the appointment and re-appointment of Directors.

(b) To conduct an annual review of the independence of each Director.

(c) To assess the effectiveness of the Board and its members.

(d) To review the size, structure and composition of the Board annually.

(e) To recommend performance criteria for evaluating the Board's performance.

(f) To recommend membership for board committees.

(g) To consider and review Company's corporate governance principles.

(h) To consider questions of possible conflicts of interest of board members and senior executives.

(i) To review the succession plans for Board, CEO and executive Directors.

Proposed Appointment of New Director

With the retirement of Mr Peter Francis Amour at the forthcoming Annual General Meeting of the Company, the GNC has reviewed and recommended the appointment of Mr Jean-Paul Pinard as an Independent Non-Executive Director of the Company. In its review, the GNC took into consideration the current Board size, core competencies of the current Board and the background, experience as well as the integrity of the proposed new director.

Mr Jean-Paul Pinard spent 17 years with the International Finance Corporation, Washington, DC (IFC) where he oversaw the management of various sizeable loan and equity portfolio in Western African countries. He was responsible for spearheading investments in petrochemical and oil refining industries as well as leading IFC in landmark transactions for major greenfield refinery and petrochemical projects in Asia and Latin America. In his last seven years as Director of the Agricultural Department, he was responsible for, amongst others, managing IFC's US$1.5 billion global portfolio of loan and equity investments in agribusiness and food industries. He also pioneered initiatives to promote sustainable agriculture in regions such as Brazil and Southeast Asia. Mr Jean-Paul is a member of the board of Yantai Changyu Pioneer Wine Company Ltd., listed on the Shenzhen Stock Exchange. His other directorships include Yantai Changyu Group Company Limited and United Trading (Sodrugestvo Group). He is also an adviser to the International Fund for Agricultural Development (Rome) and a member of the Advisory Committee of Pampa Agribusiness Fund L.P. Mr Jean-Paul holds a Ph. D., Economics from the University of California, San Diego and an Ingenieur Diplôme from the Ecole Polytechnique, Paris. Mr Jean-Paul, if appointed at the Annual General Meeting, will be an Independent Non-Executive Director.

Re-election of Directors

All Directors submit themselves for re-nomination and re-election at least once in three years. Pursuant to Article 107 of the Articles of Association of the Company, one third of the Directors retire from office at the Company's annual general meeting. In addition, the Company's Articles of Association also provides that a newly appointed Director must submit himself for re-election at the annual general meeting following the appointment.

All new appointments and re-nomination of Directors are subject to the recommendation of the GNC. Some of the criteria considered by the Committee while evaluating Directors' appointments are:

(a) Independence of mind.

(b) Capability and how it meets the current needs of the Company and simultaneously complements the skill set of the other Board members.

(c) Experience and track record in high-performing companies.

(d) Ability to commit time and effort toward discharging his responsibilities as a Director.

(e) Reputation and integrity.

Formal assessment of the effectiveness of the Board as a whole and the performance of individual Directors (Principle 5)

Based on the recommendations of the Governance & Nomination Committee, the Board has laid down a preliminary set of assessment criteria to assess the effectiveness of the Board as a whole and contribution of each director to the effectiveness of the Board. The performance criteria for the Board evaluation covers amongst other criteria, Board performance in relation to discharging its principal functions and Board Committee performance in relation to discharging the responsibilities set out in their respective terms of reference. The individual Directors' performance criteria are in relation to their industry knowledge and/or functional expertise, contribution, sense of independence and participation at Board meetings. During the year, the GNC carried out an evaluation of the effectiveness of the Board, the individual Board Members and the Chairman of the Board. The Chairman of the Board, in consultation with the GNC Chairman, has set up review meetings with individual Board Members with a view to sharing this feedback and working out action plans to address specific feedback issues with each individual Board Member.

The GNC has also put in place processes for succession planning at the most senior levels including the CEO and the Chairman of the Board.

It is expected that this process would help the Board uncover its strengths and challenges so that the Board would be in a position to further improve on the discharge of its oversight duties.

Formal and transparent process for fixing remuneration packages of Directors and senior executives (Principle 7)

Remuneration of Directors should be adequate but not excessive (Principle 8)

Disclosure on remuneration policy, level and mix of remuneration and procedure for setting remuneration (Principle 9)

The Leadership Development & Compensation Committee ("LDCC") is responsible for developing the Company's remuneration policy and determining the remuneration packages of the senior executives of the Company. The LDCC proposes, subject to the approval of the Board, the remuneration and terms and conditions of service of Senior Management and the remuneration to be paid to each Director for his services as a member of the Board as well as Committees of the Board. The LDCC is chaired by Mr. Mark Daniell, our Independent and Non-Executive Director and has Mr. Peter Amour and Mr. Wong Heng Tew as its other members. All members of the LDCC are Independent and Non-executive Directors. The LDCC met twice during the year. The terms of reference of the LDCC includes the following:

(a) To recommend a framework of remuneration for the Board members, CEO and senior executives;

(b) To determine the level and mix of remuneration packages for the CEO and the executive Directors;

(c) To review the terms, conditions and remuneration of the senior executives of the Company (Policy Team); and

(d) To design and approve employee share participation scheme.

The LDCC, has, as its executive arm, The Human Resources Committee (HRC) with Mr. Sridhar Krishnan as its Chair, Mr. Vivek Verma as the Alternate Chair and Mr. Ashok Krishen, Mr. Ranveer Chauhan and Mr. V Srivathsan as its members.

Remuneration Policy for Non-Executive Directors

In reviewing the Non-Executive Directors remuneration for the year under review, the LDCC has adopted a framework which consists of a base fee, fees for membership of board committees, as well as fees for chairing Board Committees, taking into consideration the amount of time and effort that each Board member devoted to the role and the fees paid in comparable companies. In addition, the LDCC had recommended the extension of Olam's share option scheme to include non-executive directors and independent directors to recognize the invaluable role played by them in furthering the business interests of the Group by their experience and expertise. Until the Company's financial year ended 30 June 2007, shareholders' approval was sought for the payment of Non-Executive Directors' fees at the annual general meeting held after the end of the financial year. Thus, Non-Executive Directors only received their fees for services rendered 16 months after the commencement of a financial year. As part of the review carried out by the LDCC, it opined that timely payment of Directors' fees is essential. Accordingly, apart from seeking shareholders' approval at the forthcoming annual general meeting for the payment of Directors' fees for the last financial year, approval will also be sought for the payment of Directors' fees in respect of the current financial year so that Directors' fees can be paid on a quarterly basis during the current financial year.

Executive Directors are not entitled to either base fees or fees for membership in Board Committees. Remuneration for Executive Directors comprises of a base salary and participation in an incentive and share option plan based on the Company's performance during the period of the plan.

Above: The Chair and alternate chair of the HRC preparing for a presentation.

Proposed Compensation for Non-executive Directors for the Year Ended 30 June 2008

Name	Position	Committee Chairmanship/Membership	Base Director fee	Committee Chairmanship/ Membership fees	Total
R. Jayachandran	Non-executive Chairman	Member, Finance & Investment Committee Member, Governance & Nomination Committee	$90,000	$30,000	$120,000
Narain Girdhar Chanrai	Non-executive Director	Member, Governance & Nomination Committee Member, Finance & Investment Committee Member, Risk Committee	$45,000	$40,000	$85,000
Michael Lim Choo San	Independent Director	Chairman, Audit & Compliance Committee Chairman, Governance & Nomination Committee	$45,000	$60,000	$105,000
Mark Haynes Daniell	Independent Director	Member, Audit & Compliance Committee Chairman, Corporate Responsibility & Sustainability Committee Member, Governance & Nomination Committee Chairman, Leadership & Remuneration Committee	$45,000	$70,000	$115,000
Robert Michael Tomlin	Independent Director	Chairman, Finance & Investment Committee Member, Audit & Compliance Committee Member, Corporate Responsibility & Sustainability Committee Member, Risk Committee	$45,000	$70,000	$115,000
Wong Heng Tew	Non-executive Director	Member, Audit & Compliance Committee Member, Governance & Nomination Committee Member, Leadership & Remuneration Committee	$45,000	$40,000	$85,000
Peter Francis Amour	Non-executive Director	Member, Corporate Responsibility & Sustainability Committee Member, Leadership & Remuneration Committee	$45,000	$20,000	$65,000
Tse Po Shing	Non-executive Director	Chairman, Risk Committee Member, Finance & Investment Committee	$45,000	$40,000	$85,000
				Total	$775,000

Proposed Directors' Fees for the Year Ending 30 June 2009

Nature of Appointment	S$
Board of Directors	
Base Fee (Member)	45,000
Base Fee (Chairman)	90,000
Audit Committee	
Chairman's fee	40,000
Member's fee	20,000
Finance & Investment Committee	
Chairman's fee	30,000
Member's fee	20,000

Nature of Appointment	S$
Governance & Nomination Committee **Leadership Development & Compensation Committee** **Corporate Responsibility & Sustainability Committee** **Risk Committee**	
Chairman's fee	20,000
Member's fee	10,000

Remuneration Policy for Executive Directors and Other Key Executives

The Company advocates a performance based remuneration system that is flexible and responsive to the market. The remuneration is linked to the Company and individual executive's performance.

The total remuneration comprises of three components: an annual fixed cash component, an annual performance incentive and a long term incentive. The annual fixed component consists of the annual basic salary and other fixed allowances. The annual performance incentive is tied to the Company's and individual executive's performance, while the long term incentive is granted based on the individual's performance and contribution made.

To remain competitive, it would be our aim to benchmark our executive's compensation with that of similar performing companies and remain in the top 25 percentile. The compensation structure would be so designed that as one moves up the corporate ladder, the percentage of his/her total remuneration at risk increases.

Level and Mix of Remuneration of Directors for the Year Ended 30 June 2008

The level and mix of each of Director's remuneration in bands of S$250,000 are set out below.

Remuneration Band & Name of Director	Base/ fixed salary	Variable or performance related income /bonuses	Fees	Benefits in kind	Total	Share Option granted under ESOS to date*
$2,250,000 to below $2,500,000						
Sunny George Verghese	26%	67%	–	7%	100%	15,000,000
$250,000 to below $500,000						
Sridhar Krishnan	78%	6%	–	16%	100%	800,000
Shekhar Anantharaman	77%	6%	–	17%	100%	800,000
Below $250,000						
R. Jayachandran	–	–	100%	–	100%	–
Narain Girdhar Chanrai	–	–	100%	–	100%	–
Peter Francis Amour	–	–	100%	–	100%	–
Frank Philip Harley (alternate to Peter Francis Amour)	–	–	–	–	100%	–
Tse Po Shing	–	–	100%	–	100%	–
Mark Haynes Daniell	–	–	100%	–	100%	100,000
Michael Lim Choo San	–	–	100%	–	100%	100,000
Robert Michael Tomlin	–	–	100%	–	100%	100,000
Wong Heng Tew	–	–	100%	–	100%	100,000

* The subscription price of the share option is the price equal to the average of the last dealt prices for a share for the five consecutive market days preceding the date of grant.

Level and Mix of Remuneration of Directors for the Year Ended 30 June 2007

Remuneration Band & Name of Director	Base/ fixed salary	Variable or performance related income /bonuses	Fees	Benefits in kind	Total
$2,000,000 to below $2,250,000					
Sunny George Verghese	20%	69%	–	11%	100%
$500,000 to below $750,000					
Sridhar Krishnan	64%	4%	–	32%	100%
$250,000 to below $500,000					
Shekhar Anantharaman	71%	5%	–	24%	100%

Level and Mix of Remuneration of the Top Five Executives for the Year Ended 30 June 2008

The level and mix of each of the top five executive's remuneration in bands of S$250,000 are set out below.

Remuneration Band & Name of Executive	Base/ fixed salary	Variable or performance related income /bonuses	Fees	Benefits in kind	Total
S$500,000 to below S$750,000					
Gerard Antony Manley	90%	–	–	10%	100%
Vivek Verma	50%	28%	–	22%	100%
S$250,000 to below S$500,000					
Krishnan Ravikumar	51%	32%	–	17%	100%
Jagdish Achleshwar Prasad Parihar	69%	6%	–	25%	100%
Ashok Krishen	70%	5%	–	25%	100%

Remuneration of employees who are immediate family members of a Director or the Non-Executive Chairman

No employee of the Company and its subsidiaries was an immediate family member of a Director or the CEO and whose remuneration exceeded $150,000 during the year under review. Immediate family member means the spouse, child adopted child, step-child, brother, sister and parent.

Corporate Responsibility & Sustainability Committee

As supply chain managers of agricultural products, our sustainability initiatives are inter-woven into our business model and are aimed at making meaningful social impact in the communities within which we are operating. The Corporate Responsibility & Sustainability Committee is chaired by our independent director, Mr. Mark Daniell and has Mr Peter Amour, Mr. Robert Tomlin, Mr. Shekhar Anantharaman and Mr. Sridhar Krishnan as it members. This committee met twice during the year. The terms of reference of this committee includes

(a) Reviewing and recommending Company's policy with respect to corporate responsibility and sustainability issues.

(b) Reviewing the Company's environmental policies and standards.

(c) Reviewing the social impact of the Company's business practices in the communities that it operates in.

(d) Reviewing and recommending policies and practices with regard to key stakeholders (suppliers, customers and employees).

(e) Reviewing and recommending policies and practices with regard to regulators.

The CSRC has the Executive CSR Committee with Mr. Gerry Manley as its Chair and Mr. Chris Brett Vice President, Corporate Responsibility & Sustainability as one of its members, to assist it in the formulations and implementation of various sustainability policies.

Regular, effective and fair communication with shareholders (Principle 14)

Greater shareholder participation at Annual General Meetings (Principle 15)

At Olam, we believe it is important for us both to communicate our business, strategic developments and financial results to investors while at the same time understanding their objectives. The Investor Relations Department has lead responsibility for investor relations with the active involvement of the CEO and the CFO. The Board is periodically briefed on our interactions with investors. We also commission investor perception surveys, the results of which are shared with the Board. We like to take the views of our shareholders into account and value their feedback. We also track shareholder changes on a regular basis to have a good understanding of our investor base. Earning investors' trust and confidence is at the heart of Olam's investor relations efforts. The Company values strengthening shareholder and investor relations through regular dialogues with the investing community. We continue to embrace strong principles in corporate governance and transparency.

Communicating Olam's Model and Growth Strategies

We hold frequent dialogues, meetings and conference calls with analysts, shareholders and investors to facilitate understanding of the Company's business model and growth strategies. Investment roadshows are being held on an ongoing basis to meet up with a broad spectrum of shareholders and potential investors across the globe.

Delivering Quality and Timely Information in a Transparent Manner

Besides communicating a clear business strategy with the investor community, we aim to deliver quality and timely information to analysts, shareholders and investors. We hold media and analysts conferences, both face-to-face and telephone conferences depending on the needs of our audiences, to announce our operating and financial results on a quarterly basis, as well as to communicate important corporate developments such as mergers and acquisitions announcements. For the announcement of our full year results for FY2008, we started the practice of having a live video webcast to cater to the needs of global investors, retail and employee shareholders in Olam. In addition, the full financial statements and other presentation materials provided at the conferences are disseminated through the SGXNET onto the SGX-ST website outside trading hours.

We maintain an active electronic database of analysts, shareholders and investors, tracking every investor meeting, and measuring the frequency and content of each interaction. Such a system enables us to deliver our company results and announcements to the investment community electronically so that each has access to our information on an equal and timely basis. In addition, the tracking feature of the system helps us ensure that we have regular and meaningful interactions with the investors and are able to address their concerns and needs in a timely and informed manner.

We have launched a new investor relations website to provide easy-to-access financial and non-financial information and other tools to analysts and investors. As the internet and other electronic means of communication have become more accessible to investors, we continue to leverage such means in order to achieve a greater reach to investors, especially those who are outside Singapore and in different time zones. We will continue to enhance investors' online experience of Olam so that their information gathering process becomes even more efficient.

Growing and Diversifying Shareholder Base

Our aim is to achieve a geographically diversified shareholder base. We do this by holding frequent dialogues, meetings and conference calls with a broad spectrum of shareholders and potential investors from targeted geographies.

In FY2008, we participated in several customised roadshows and international investment conferences held in Singapore, Hong Kong, Japan, the Middle-East, Australia, Europe and the US with support from various brokerage firms. We believe these roadshows enhance the visibility of Olam among diverse groups of investors and provide the investors with access to the Management team, thereby helping them better understand our business environment, business model and growth potential. These roadshows also provide opportunities for us to update our current shareholders on the developments in our business on a regular basis.

Our fund raising exercises which we carried out in FY2008 by way of a S$307 million 10-for-1 preferential share offering and US$300 million convertible bonds issue met with huge success as a result of the strong interest by shareholders and investors and their confidence in the Company. Our share base and market capitalisation has increased and as of end-June 2008, our shareholder base comprised 279 high quality institutional investors spread across 29 countries, an improvement as compared to 252 across 26 countries in the previous year.

While Olam actively pursues an outreach programme to investors, it does not neglect its relations with employee and retail shareholders. We keep our employee shareholders informed of our Investor Relations activities via newsletters and news flashes following our results announcements and other significant company developments.

Increasing Analyst Coverage

We continue to engage sell-side analysts with the objective of extending research coverage and thereby our reach to investors. To date, 16 research institutions cover Olam, an increase from 15 in the previous year. We are actively and continuously involved in discussions with other leading international and local research firms to initiate coverage on our stock.

Encouraging Greater Shareholder Participation at Annual General Meeting

We regard the annual general meeting (AGM) as an opportunity to communicate directly with shareholders. We are committed to efforts to establish more effective ways of communicating with our shareholders around the AGMs. Shareholders are informed of the annual general meetings through notices published in the newspapers or through circulars. To encourage more shareholder participation, our AGMs are held at a central location that is easily accessible by most shareholders. Our 13th AGM was held at the SGX Centre at Shenton Way in Singapore's Central Business District.

All Board members and key executives of the Senior Management team attend the AGM. Our external auditors and legal advisers are also present at the AGM to assist the Directors in addressing shareholders' queries.

We treat shareholder issues, particularly those that require shareholders' approval, such as the re-election of Directors and approval of Directors' fees, as distinct subjects and submit them to the AGM as separate resolutions.

Voting in absentia by mail or electronic means requires careful study and is only feasible if there is no compromise to either the integrity of the information and/or the true identity of the shareholder. Legislative changes would also need to be made to recognise electronic voting.

Accolades

Most Transparent Company

Olam was awarded the "Most Transparent Company" trophy for the Commerce category by the Securities Investors Association, Singapore (SIAS) at the SIAS Investors Choice Awards 2007 in October 2007. The awards are based on key criteria such as timeliness, substantiality and clarity of news releases, degree of media access, frequency of corporate results, availability of segmental information and communication channels. Winners are selected from nominations received from investment analysts, heads of research, fund managers and members of the mass media.

Securities Transactions

The Company is committed to transparency, fairness and equity in dealing with all shareholders and in ensuring adherence to all laws and regulations that govern a company listed and trading on the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Employee Share Dealing Committee ("ESDC") was set up to formulate and review the best practices in the dealing of securities by directors, executives and employees. The ESDC is headed by Mr. Ranveer Singh Chauhan with Mr. V Srivathsan as the Co-chairman and the members are Messrs. Joydeep Bose, Rajesh Chopra, Sriram Subramanian and Vikash Sinha. The ESDC reports to both the CEO and the Chairman of the Board's Governance and Nomination Committee.

Through the ESDC, the Company has issued a policy on dealings in securities of the Company in line with the Best Practices Guide issued by the SGX-ST to its Directors, executives and employees setting out the implications of insider trading and guidance on such dealings. The policy provides that the Company, its Directors, executives and employees undertake not to deal in the Company's securities at anytime after a price sensitive development has occurred, or has been the subject of a decision, until the price sensitive decision has been publicly announced. In particular the Company, its Directors and executives will not deal in the Company's securities during the following period:

(a) commencing 15 days prior to making public of the quarterly financial results and ending 1 business day after the announcement; and

(b) commencing 30 days prior to the making public the half yearly and annual financial results and ending 1 business day after the announcement.

Material Contracts

There was no material contracts entered into by the Company or any of its subsidiaries involving the interests of any Director or controlling shareholder.

Interested Person Transactions

The Company has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the ACC and that the transactions are carried out on a normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders. The Company's disclosure in respect of interested person transactions for the financial year ended 30 June 2008 are as follows:

Name of interested person	Aggregate value of all interested person transactions (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) (S$'000)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920) (S$'000)
Kewalram Nigeria Limited Redington Nigeria Limited	842 105	Not applicable – the Company does not have a shareholders' mandate under Rule 920
Total	947	

Corporate Information

Board of Directors

R. Jayachandran
Narain Girdhar Chanrai
Michael Lim Choo San
Mark Haynes Daniell
Robert Michael Tomlin
Wong Heng Tew
Tse Po Shing
Peter Francis Amour
Sunny George Verghese
Sridhar Krishnan
Shekhar Anantharaman
Frank Philip Harley
(Alternate to Peter Francis Amour)

Executive Committee

Sunny George Verghese
Sridhar Krishnan
Shekhar Anantharaman
Jagdish Achleshwar Prasad Parihar
Gerard Anthony Manley
Vivek Verma
Ashok Krishen
Krishnan Ravikumar
Ashok Hegde
Venkatramani Srivathsan
Ranveer Singh Chauhan
Richard Haire

Management Committee

Sunny Verghese
Sridhar Krishnan
Shekhar Anantharaman
Jagdish Parihar
Gerry Manley
Vivek Verma
Ashok Krishen
K Ravikumar
Ranveer Chauhan
V Srivathsan
Ashok Hegde
Richard Haire
Amit Agrawal
Amit Khirbat
Amit Suri
Anupam Gupta
Anupam Jindel
Arun Balakrishnan
Arun Kumar Sharma
Ashish Govil
Bob Dall'alba
Charles Davis
Christopher Brett
Cliff White
David DeFrank
Devashish Chaubey
Jayant Parande
Johannes Henricus Van
John Bowen
John Gibbons
Joydeep Bose
Juan Antonio Rivas
K C Suresh
K S Priyan
Kapa Prasad
M D Ramesh
M. Ramanarayayan
M. Sathyamurthy
Mahesh Menon
Michael Fisher
Pawel Redzisz
Raghavan Sivaswami
Raj Vardhan
Raja Saoud
Rajeev Kadam
Rajeev Raina
Rajesh Chopra
Ramesh Sundaresan
Raphael Speck
Ravi Pokhriyal
S. Venkitapadmanabhan
Sachin Sachdev
Sandeep Hota
Sanjay Sacheti
Shankar Athreya
Sriram Subramanian
Suresh Sundararajan
T. S. Manikandan
Thomas Gregerson
Tony Cummins
Vasanth Subramanian

Company Secretary

Wan Tiew Leng, Lynn
Lim Siew Fay, Sophia (Resigned on 2 May 2008)

Head Office

Olam International Limited
9 Temasek Boulevard
#11-02 Suntec Tower 2
Singapore 038989
Tel : (65) 6339 4100 Fax : (65) 6339 9755

Registered Office / Share Registrar

3 Church Street
#08-01 Samsung Hub
Singapore 049483
Tel : (65) 6536 5355 Fax : (65) 6536 1360

Auditors

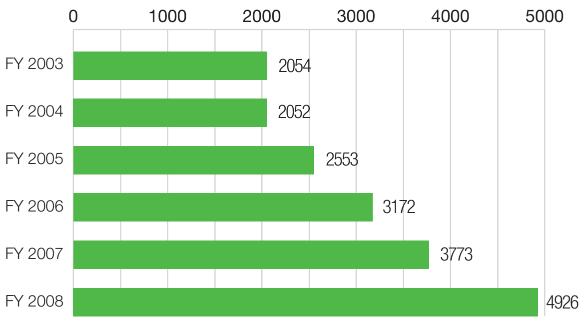
Ernst & Young
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner-in-charge (since FY2008) : Yee Woon Yim

Principal Bankers

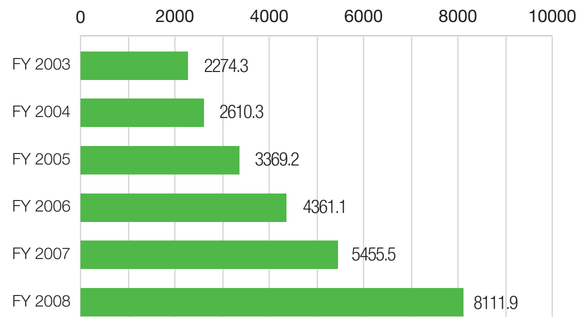
ABN AMRO Bank N.V.
Australia and New Zealand Banking Group Limited
Bank of America, N.A.
BNP Paribas
DBS Bank Ltd
Deutsche Bank AG
ING Bank N.V.
JPMorgan Chase Bank, N.A.
Natixis, Singapore
Oversea-Chinese Banking Corporation Limited
Rabobank International
Standard Chartered Bank
Sumitomo Mitsui Banking Corporation
The Bank of Tokyo-Mitsubishi UFJ, Ltd
The Hongkong and Shanghai Banking Corporation Limited
The Royal Bank of Scotland Plc

Financial Analysis

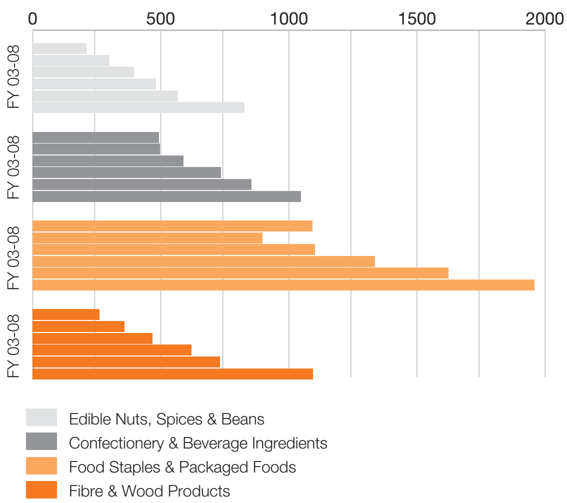
Total Sales Volume
('000 Metric Tonnes)



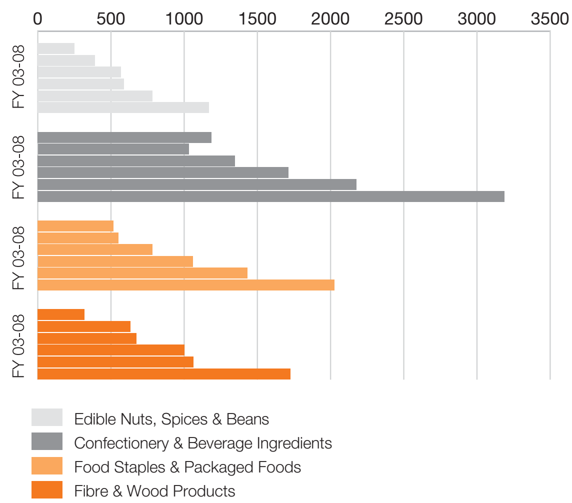
Total Sales Revenue
(S$million)



Sales Volume by Segment
('000 Metric Tonnes)



Sales Revenue by Segment
(S$million)



Sales Volume

('000 Metric Tonnes)	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008
Edible Nuts, Spices & Beans	209	300	395	482	567	**827**
Confectionery & Beverage Ingredients	492	497	588	734	853	**1,047**
Food Staples & Packaged Foods	1,092	896	1,102	1,336	1,623	**1,959**
Fibre & Wood Products	261	359	468	620	731	**1,094**
Total	2,054	2,052	2,553	3,172	3,773	**4,926**

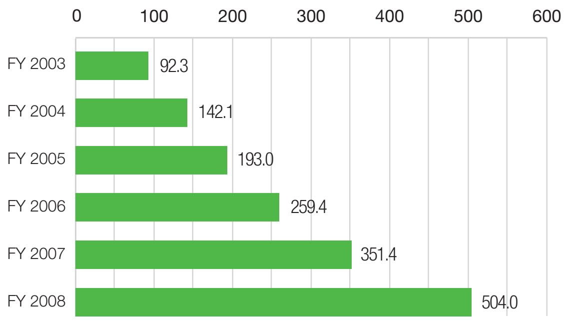
Sales Revenue

(S$million)	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008
Edible Nuts, Spices & Beans	250.9	391.8	566.8	588.2	783.2	**1,168.9**
Confectionery & Beverage Ingredients	1,187.4	1,031.2	1,345.9	1,711.3	2,177.8	**3,188.9**
Food Staples & Packaged Foods	515.8	552.9	782.7	1,058.4	1,432.3	**2,027.5**
Fibre & Wood Products	320.2	634.4	673.8	1,003.2	1,062.2	**1,726.6**
Total	2,274.3	2,610.3	3,369.2	4,361.1	5,455.5	**8,111.9**

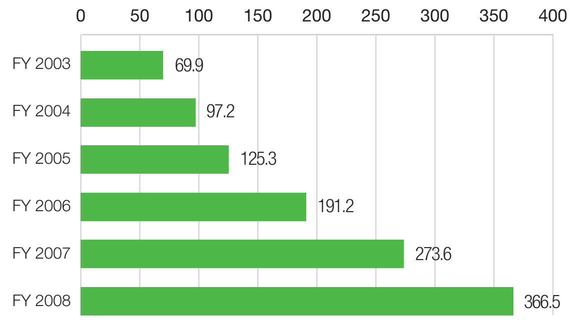
SALES VOLUME: Total sales volume grew at CAGR of 19.1% over last six years, from 2.05 million tonnes in FY2003 to 4.93 million tonnes in FY2008. All the four segments contributed to the growth in volume in FY2008.

SALES REVENUE: Total sales revenue grew at CAGR of 29.0% over last six years from S$2.27 billion in FY2003 to S$8.11 billion in FY2008. The growth was due to the increase in volumes as well as the increase in prices of underlying products.

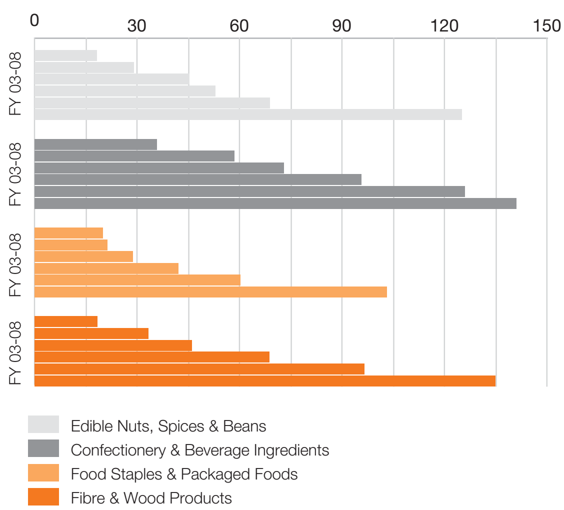
Total Net Contribution (S$million)



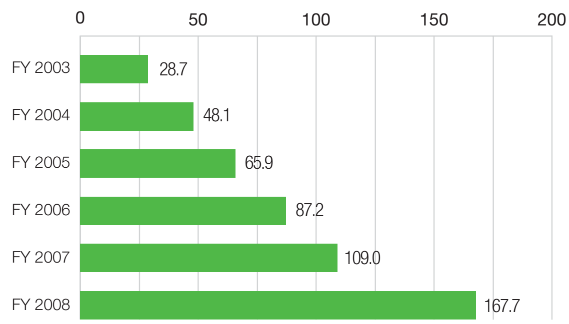
Earnings Before Interest and Tax (S$million)



Net Contribution by Segment (S$million)



Net Profit After Tax (S$million)



Net Contribution

(S$million)	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008
Edible Nuts, Spices & Beans	18.2	29.0	45.3	52.9	68.8	**125.0**
Confectionery & Beverage Ingredients	35.8	58.5	72.9	95.7	126.0	**141.0**
Food Staples & Packaged Foods	20.0	21.3	28.8	42.1	60.2	**103.1**
Fibre & Wood Products	18.3	33.3	46.0	68.7	96.5	**134.9**
Total	92.3	142.1	193.0	259.4	351.4	**504.0**

NET CONTRIBUTION (NC): All business segments recorded growth in NC over the six years from FY2003 to FY2008. Overall, NC grew at CAGR of 40.4% during this period with net contribution per tonne rising from S$45 to S$102.

Earnings Before Interest and Tax (S$million)

FY2008	366.5
FY2007	273.6
FY2006	191.2
FY2005	125.3
FY2004	97.2
FY2003	69.9

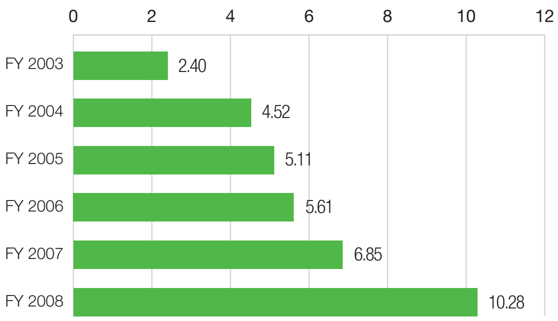
EARNINGS BEFORE INTEREST AND TAX: Earnings Before Interest and Tax grew from S$69.9 million in FY2003 to S$366.5 million in FY2008, a CAGR of 39.3% over the six-year period.

Net Profit After Tax (S$million)

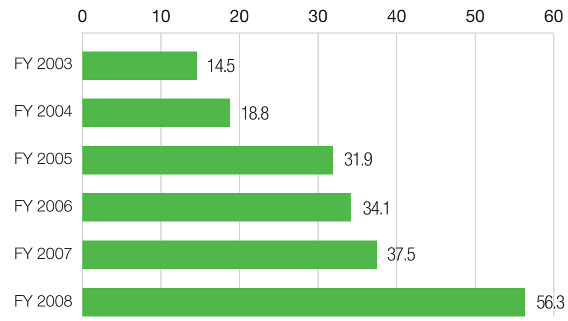
FY2008	167.7
FY2007	109.0
FY2006	87.2
FY2005	65.9
FY2004	48.1
FY2003	28.7

NET PROFIT AFTER TAX: Net Profit After Tax increased from S$28.7 million in FY2003 to S$167.7 million in FY2008 at CAGR of 42.3%. Excluding non-recurring items, core Net Profit After Tax would have increased at a CAGR of 39.3%.

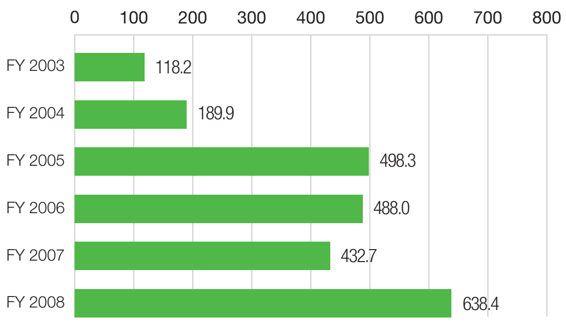
Earnings Per Share
(cents)



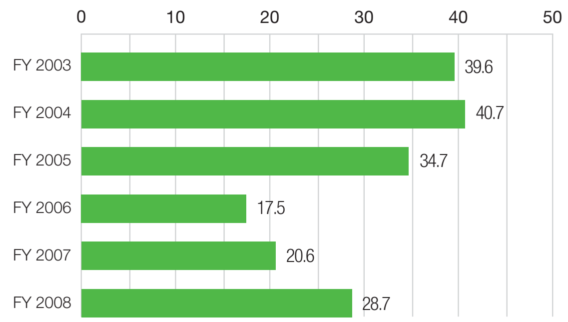
Net Tangible Asset Per Share
(cents)



Shareholders' Equity
(S$million)



Return on Equity
(%)



Earnings Per Share (cents)	
FY2008	10.28
FY2007	6.85
FY2006	5.61
FY2005	5.11
FY2004	4.52
FY2003	2.40

EARNINGS PER SHARE (EPS): EPS grew from 2.40 cents per share in FY2003 to 10.28 cents per share in FY2008 at a CAGR of 33.8%.

Shareholders' Equity (S$million)	
FY2008	638.4
FY2007	432.7
FY2006	488.0
FY2005	498.3
FY2004	189.9
FY2003	118.2

SHAREHOLDERS' EQUITY: Our equity base increased from S$118.2 million in FY2003 to S$638.4 million in FY2008. During this period, Olam raised net proceeds of S$217.4 million during its initial public offering in FY2005 and launched a preferential share offering in FY2008 to raise S$307 million.

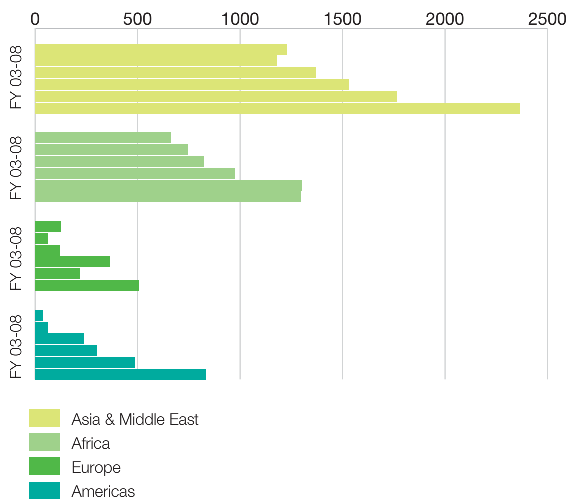
Net Tangible Asset Per Share (cents)	
FY2008	56.3
FY2007	37.5
FY2006	34.1
FY2005	31.9
FY2004	18.8
FY2003	14.5

NET TANGIBLE ASSET PER SHARE: Net Tangible Asset Per Share rose from 14.5 cents in FY2003 to 56.3 cents in FY2008, implying a CAGR of 31.2% during this period.

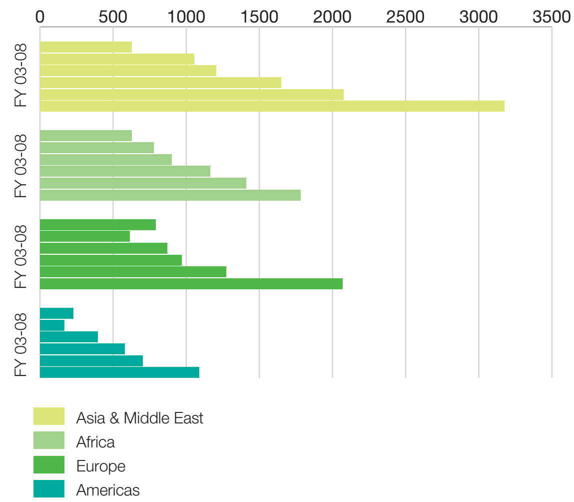
Return on Equity (%)	
FY2008	28.7
FY2007	20.6
FY2006	17.5
FY2005	34.7
FY2004	40.7
FY2003	39.6

RETURN ON EQUITY (ROE): Based on beginning-of-period equity, ROE for FY2008 was 28.7% compared to 20.6% in FY2007. The spread over cost of equity of 9% was therefore 19.7% in FY2008 as against 11.6% in FY2007.

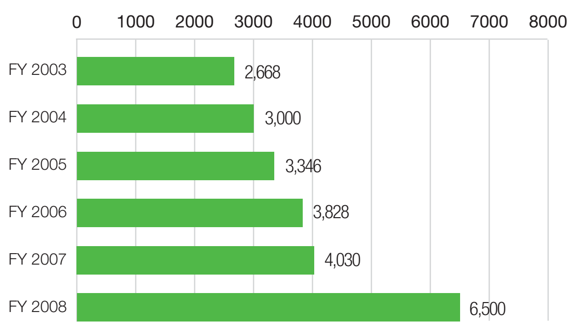
Sourcing Volume by Continent ('000 Metric Tonnes)



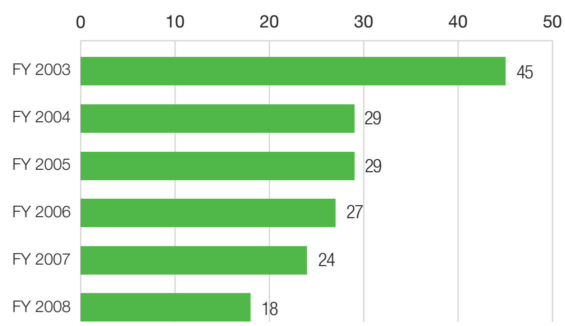
Sales Revenue by Continent (S$million)



Number of Customers



Top 25 Customers' Share of Total Sales Revenue (%)



Sourcing Volume by Continent

('000 Metric Tonnes)	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008
Asia & Middle East	1,230	1,178	1,369	1,532	1,765	**2,314**
Africa	661	746	825	974	1,302	**1,276**
Europe	127	64	123	364	218	**505**
Americas	36	64	236	302	488	**831**
Total	2,054	2,052	2,553	3,172	3,773	**4,926**

SOURCING VOLUME BY CONTINENT: Asia & Middle East and Africa remain our key sourcing continents, accounting for 73.3% of total volume while Americas and Europe accounted for the balance of 26.7% in FY2008.

Sales Revenue by Continent

(S$million)	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008
Asia & Middle East	627.9	1,053.9	1,205.1	1,649.1	2,074.4	**3,174.5**
Africa	628.3	778.1	900.3	1,162.9	1,409.1	**1,781.8**
Europe	791.7	612.2	868.6	969.7	1,271.1	**2,067.7**
Americas	226.4	166.1	395.2	579.4	700.9	**1,087.9**
Total	2,274.3	2,610.3	3,369.2	4,361.1	5,455.5	**8,111.9**

SALES REVENUE BY CONTINENT: Asia & Middle East and Africa accounted for 61.1% of our sales revenue while Europe and Americas contributed to the balance 38.9% in FY2008.

Number of Customers:

FY2008	6,500
FY2007	4,030
FY2006	3,828
FY2005	3,346
FY2004	3,000
FY2003	2,668

NUMBER OF CUSTOMERS: The number of customers increased from 2,668 in FY2003 to 6,500 in FY2008, a CAGR of 19.5%. This is in line with our objective to diversify our customer base by growing the number of customers by 10% each year.

Top 25 Customers' Share of Sales Revenue (%)

FY2008	18
FY2007	24
FY2006	27
FY2005	29
FY2004	29
FY2003	45

TOP 25 CUSTOMERS' SHARE OF SALES REVENUE: We have been successful in growing and diversifying our customer base. Our share of revenues from top 25 customers have declined from 45% in FY2003 to 18% in FY2008.

General Information

General Information on Olam International Limited Annual Report 2008 for the Financial Year Ended 30 June 2008 (FY2008)

Introduction

Our Annual Report and Accounts for FY2008 present an overview of the Company (Olam International Limited) and the Group (Olam International Limited and its subsidiaries), management's discussion of the Company's financial performance in FY2008 compared to that in prior years and our plans and strategies for the future. This guide is intended to walk you through the basics of how to read our Annual Report and Accounts for FY2008.

Basis of discussion and analysis

A key driver of 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 extent of our supply chain infrastructure in the origins (producing countries) and the markets (consuming countries).

We measure and track our profitability in terms of Gross Contribution (GC) and Net Contribution (NC) per tonne 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, fair value adjustment, gain or loss on foreign exchange, share of profit or loss from jointly controlled entities and minority interest.

For the purposes of determining NC, 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 period. We use mainly 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 tonne 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, organic certification, traceability, fair trade produce certification, customised grades and quality, proprietary market intelligence and risk management solutions to our customers.

We believe that reporting profit measures of GC and NC provides valuable additional information on our underlying earnings trends to our shareholders. The terms GC and NC are not defined terms under the Financial Reporting Standards (FRS) of Singapore and may not therefore be comparable to similarly titled profit measurements reported by other companies. These measures are not intended to be substitutes for, or superior to FRS measurements of profit. GC and NC are key metrics used by management to measure the progress of Olam in the execution of its rolling two three-year strategic plan. We believe that the communication and explanation of the GC and NC profit measures is essential in order for readers of Olam's financial statements to understand fully the performance of the Company and the Group.

Disclaimer

The sections that have been audited are set out in the “Directors’ Report and Audited Financial Statements”.

We would like to point out to readers that given the change of our accounting year end from 31 March to 30 June after FY2003, the comparative data presented for FY2008 against prior years from FY2003 to FY2007 on pages 90 to 93 contains audited information from FY2004 to FY2006 and reviewed data for FY2003.

Except where you are a shareholder, this material is provided for information purposes only and is not, in particular, intended to confer any legal rights on you. This Annual Report and Accounts do not constitute an invitation to invest in the Company’s shares. Any decision you make by relying on this information is solely your responsibility. The information given is as of the dates specified, is not updated and any forward-looking statement is made subject to the reservation specified in the following paragraph.

Cautionary statement

This document may contain forward-looking statements. Words such as ‘expects’, ‘anticipate’, ‘intends’ or the negative use of these terms and other similar expressions of future performance or results and their negatives are intended to identify such forward-looking statements. These forward-looking statements are based upon current expectations and assumptions regarding anticipated developments and other factors affecting the Group. They are not historical facts, nor are they guarantees of future performance.

Because these forward-looking statements involve risks and uncertainties, there are important factors that could cause actual reports to differ materially from those expressed or implied by these forward looking statements, including among others, competitive pricing and activity, demand levels for the products that we supply, cost variances, the ability to maintain and manage key supplier and customer relationships, supply chain sources, currency values, interest rate, the ability to integrate acquisitions and complete planned divestitures, physical risks, environmental risk, the ability to manage regulatory, tax and legal matters and resolve pending matters within current estimates, legislative, fiscal and regulatory development, political, economic and social conditions in the geographic markets where the Group operates and new or changed priority of the Company’s or its subsidiaries’ Boards. Further details of potential risks and uncertainties affecting the Group are described in the Group’s prospectus dated 31 January 2005 and filings with the Singapore Exchange (SGX).

These forward-looking statements speak only as of the date of this document. Except as required by any applicable law or regulation, the Group expressly disclaims any obligation or undertaking to release publicly any updates or revision to any forward-looking statements contained herein to reflect any change in the Group’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Directors' Report and Audited Financial Statements

Olam International Limited and Subsidiary Companies 30 June 2008

Contents

Report of the Directors

The directors are pleased to present their report to the members together with the audited consolidated financial statements of Olam International Limited ("the Company") and its subsidiary companies ("the Group") and the balance sheet, profit and loss account and statement of changes in equity of the Company for the financial year ended 30 June 2008.

Directors

The directors of the Company in office at the date of this report are:

R. Jayachandran	Robert Michael Tomlin	
Narain Girdhar Chanrai	Wong Heng Tew	
Peter Francis Amour	Sunny George Verghese	
Tse Po Shing	Sridhar Krishnan	
Mark Haynes Daniell	Shekhar Anantharaman	
Michael Lim Choo San	Frank Philip Harley	(Alternate to Peter Francis Amour)

Arrangements to enable directors to acquire shares and debentures

Except as disclosed in this report, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Cap. 50, an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiary companies) as stated below:

	Held in the name of the director or nominee			Deemed interest		
Name of directors	As at 1.7.2007	As at 30.6.2008	As at 21.7.2008	As at 1.7.2007	As at 30.6.2008	As at 21.7.2008
The Company						
Olam International Limited						
(a) Ordinary shares						
Narain Girdhar Chanrai	–	–	–	413,134,877+	457,602,064+	457,602,064+
Sunny George Verghese	79,522,630	88,574,893	88,574,893	–	–	–
Sridhar Krishnan	22,969,331*	14,429,138*	14,429,138*	–	–	–
Shekhar Anantharaman	23,127,261*	14,602,861*	14,602,861*	–	–	–
Peter Francis Amour	–	–	–	27,850^	28,524^	28,524^
Tse Po Shing	–	–	–	27,850^	28,524^	28,524^
(b) Options to subscribe for ordinary shares						
Mark Haynes Daniell	–	100,000	100,000	–	–	–
Michael Lim Choo San	–	100,000	100,000	–	–	–
Robert Tomlin	–	100,000	100,000	–	–	–
Wong Heng Tew	–	100,000	100,000	–	–	–
Sunny George Verghese	15,000,000	15,000,000	15,000,000	–	–	–
Sridhar Krishnan	800,000	800,000	800,000	–	–	–
Shekhar Anantharaman	800,000	800,000	800,000	–	–	–

+ The deemed interest in these shares as at 1 July 2007 arose out of Narain Girdhar Chanrai being one of the trustees of the Dayal Damodar Chanrai Settlement ("DKC"), the Girdhar Kewalram Chanrai Settlement ("GKC"), the Murli Kewalram Chanrai Settlement ("MKC") and the Pitamber Kewalram Chanrai Settlement ("PKC"). The trustees of the aforesaid Settlements each (as a body and in their capacity as trustees) have control over the exercise of more than 20% of the voting rights attached to the shares in Kewalram Chanrai Holdings Ltd ("KCH"), which is a substantial corporate shareholder of the Company. KCH has an interest in the Company amounting to 457,602,064 ordinary shares as at 30 June 2008 (2007: 413,134,877 shares).

  The deemed interest in these shares as at 30 June 2008 and 21 July 2008 arose out of Narain Girdhar Chanrai being one of the trustees of GKC, Hariom Trust and DKC of whom are three of the four shareholders in KCH, each holding approximately 28 per cent respectively in the issued and paid-up capital of KCH. The other shareholder is PKC, holding approximately 16 percent in KCH. Pursuant to section 7(4A) of the Singapore Companies Act, Cap. 50, GKC, Hariom Trust and DKC are associates of PKC and vice versa. Hence, PKC would be deemed to be interested in the shares held by KCH. Kewalram Singapore Limited ("KSL") is a wholly-owned subsidiary of Chanrai Investment Corporation Limited ("CICL"), which in turn is a wholly-owned subsidiary of KCH. CICL and KCH are therefore deemed to be interested in the 457,602,064 shares held by KSL in the Company.

* These shares include shares that were jointly registered under Messrs Sridhar Krishnan, Shekhar Anantharaman and Joydeep Bose ("the Trustees") and are held in trust for the management (including the directors) and employees of the Group pursuant to the Olam International Limited Employee Share Subscription Scheme 2004 ("ESSS"). Under the ESSS, a total of 1,418,826 (2007: 11,890,541) shares are jointly registered under the Trustees and are held in trust for the management (including the directors) and employees of the Group with the balance being held in the director's own name as at 30 June 2008.

^ These shares were held through Russell AIF Singapore Investments Limited ("RAIFSIL") in which Peter Francis Amour and Tse Po Shing are directors. The directors of RAIFSIL have management control over the shares owned by RAIFSIL.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or on the date of appointment if later, or at the end of financial year.

Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Employee share subscription scheme

The Olam International Limited Employee Share Subscription Scheme 2004 ("the ESSS") was implemented on 26 October 2004. The ESSS comprised 73,913,044 ordinary shares of $0.23 per share, which were fully allotted and issued by the Company.

Olam employee share option scheme

The Olam Employee Share Option Scheme ("the ESOS") was approved by the shareholders on 4 January 2005 at the Extraordinary General Meeting of the Company.

The objectives of the ESOS are to provide an opportunity for employees of the Group, directors or full-time employees of the Company, to participate in the equity of the Company so as to motivate them to greater dedication, loyalty and higher standard of performance, and to give recognition to employees of the Group who have contributed to the success and development of the Company and/or the Group.

Olam employee share option scheme (cont'd)

Subject to any adjustment as stated in the ESOS, the subscription price for each share in respect of which a Market Price Option is exercisable shall be at a price (the "Market Price") equal to the average of the last dealt prices for a share, as determined by reference to the daily official list or any other publication published by SGX-ST, for the 5 consecutive Market days immediately preceding the offering date of that option, rounded up to the nearest whole cent.

Each Option shall be exercisable, in whole or in part, during the option period as follows:

(a) in the case of a Market Price Option, a period commencing after the first anniversary of the Offering Date and expiring on the fifth anniversary of such Offering Date

(b) in the case of an Incentive Option, a period commencing after the second anniversary of the Offering Date and expiring on the fifth anniversary of such Offering Date.

In the event of an Option being exercised in part, the balance of the Option not exercised shall continue to be exercisable until such time as it lapses in accordance with the ESOS.

Under the rules of the ESOS, the directors (excluding Non-Executive Directors and Independent Directors) and employees of the Group are eligible to participate in the ESOS. Controlling Shareholders and associates of Controlling Shareholders are not eligible to participate in the ESOS.

As at the date of this report, the ESOS is administered by the Leadership Development & Compensation Committee which comprises the following directors:

Mark Haynes Daniell – Chairman
Peter Francis Amour
Wong Heng Tew

During the financial year ended 30 June 2008:

- The Company granted 2,950,000 share options to senior management of which none have lapsed during the year. These share options will be vested over three years from the grant date (5 September and 8 October 2007, 8 January 2008 and 12 June 2008) in 25%, 35% and 40% tranches. The total share-based expense to be recognised over the vesting period with respect to these options amount to $684,000. The contractual life of the options is 5 years. There are no cash settlement.

- There were 2,488,735 ordinary shares issued pursuant to the exercise of options granted under the ESOS.

Details of all the options to subscribe for ordinary shares of the Company pursuant to the ESOS as at 30 June 2008 are as follows:

Expiry date	Exercise price (S$)	Number of options
11 February 2015	0.62	15,000,000
1 June 2011	1.52	35,748,425
2 January 2012	2.04	716,000
2 July 2012	3.14	1,900,000
5 September 2012	3.03	2,000,000
8 October 2012	3.14	1,710,000
29 October 2012	3.14	400,000
9 January 2013	2.89	2,045,000
12 June 2013	2.65	1,740,000
Total		**61,259,425**

The details of options granted to the directors and employees of the Group of the Company, are as follows:

Name of Participant	Options granted during financial year under review	Exercise Price for options granted during the financial year under review	Aggregate options granted since the commencement of the scheme to the end of financial year under review	Aggregate options exercised since the commencement of the scheme to the end of financial year under review	Aggregate options outstanding as at the end of financial year under review
Mark Haynes Daniell	100,000	$3.14	100,000	–	100,000
Michael Lim Choo San	100,000	$3.14	100,000	–	100,000
Robert Tomlin	100,000	$3.14	100,000	–	100,000
Wong Heng Tew	100,000	$3.14	100,000	–	100,000
Richard Haire	2,000,000	$3.03	2,000,000	–	2,000,000
Sunny George Verghese	–	–	15,000,000	–	15,000,000
Sridhar Krishnan	–	–	800,000	–	800,000
Shekhar Anantharaman	–	–	800,000	–	800,000

The options granted to Mark Haynes Daniell, Michael Lim Choo San, Robert Tomlin and Wong Heng Tew, who are Independent and Non-Executive Directors of the Company were approved by the shareholders of the Company at the Annual General Meeting held on 29 October 2007. These options are exercisable in 25%, 35% and 40% tranches on or after the first, second and third anniversaries of 29 October 2007. The options will expire 5 years after the date of the grant.

The options granted to Richard Haire, an employee of a subsidiary company, are exercisable in 25%, 35% and 40% tranches on or after the first, second and third anniversaries of the grant date (5 September 2007) at the exercise price of $3.03 if the vesting conditions are met. The options will expire 5 years after the date of grant.

The options granted to Sunny George Verghese are exercisable in three equal tranches of 5,000,000 shares on or after the first, second and third anniversaries respectively of the date of the admission of the Company to the official list of the SGX-ST (11 February 2005) at the exercise price of $0.62 if the vesting conditions are met. The options will expire 10 years after the date of grant.

The options granted to Sridhar Krishnan and Shekhar Anantharaman are exercisable in 25%, 35% and 40% tranches on or after the first, second and third anniversaries of the grant date (1 June 2006) at the exercise price of $1.52 if the vesting conditions are met. The options will expire 5 years after the date of grant.

Except as disclosed above, no other directors or employees of the Group received 5% or more of the total number of options available under the ESOS during the financial year under review.

The options granted by the Company do not entitle the holder of the options, by virtue of such holding, to any right to participate in any share issue of any other company.

There were no Incentive Options granted from commencement of ESOS to the financial year end under review.

There were no options granted at a discount.

There were no options granted to controlling shareholders of the Company and their associates.

Audit Committee

The Audit & Compliance Committee ("the Audit Committee") has four independent directors, Mr. Michael Lim Choo San [Chairman], Mr. Robert Tomlin, Mr. Mark Haynes Daniell and Mr. Wong Heng Tew. The Audit Committee performed the functions specified in Section 201B of the Singapore Companies Act, the Code of Corporate Governance 2005 and the Listing Manual of the Singapore Exchange.

The Audit Committee held 5 meetings during the year. The Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and their evaluation of the Company's internal accounting control systems.

The Audit Committee reviewed the following:

- audit plans of the internal and external auditors of the Company and ensured the adequacy of the Company's system of accounting controls and the co-operation given by the Company's management to the external and internal auditors;
- quarterly and annual financial statements of the Group and the Company prior to their submission to the Board of Directors for adoption;
- the Company's material internal controls, including financial, operational, compliance controls and risk management via reviews carried out by the internal auditors;
- legal and regulatory matters that may have a material impact on the financial statements, related compliance policies & programmes and any reports received from regulators;
- independence and objectivity of the external auditors;
- interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange); and
- the scope and results of the audit.

Further, the Audit Committee

- held meetings with the external auditors, other committees, and the management in separate executive sessions to discuss any matters that these groups believed should be discussed privately with the Audit Committee;
- recommended to the Board of Directors that the external auditors be nominated for reappointment and that their compensation for the renewed period be approved; and
- reported actions and minutes of the Audit Committee meetings to the Board of Directors with such recommendations as the Audit Committee considered appropriate.

The Audit Committee had full access and cooperation of the management and full discretion to invite any director or executive officer to attend its meetings.

The Audit Committee also reviewed the cost effectiveness of the audit conducted by the external auditors and the nature and extent of all non-audit services performed by the external auditors and has confirmed that such services would not affect their independence.

The Audit Committee has nominated Ernst & Young LLP for reappointment as auditors of the Company at the forthcoming Annual General Meeting.

Further details regarding the functions of the Audit Committee are disclosed in the Report on Corporate Governance in the Company's Annual Report to shareholders.

Auditors

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditors.

On behalf of the Board,

R. Jayachandran
Director

Sunny George Verghese
Director

Singapore
6 October 2008

Statement by the Directors

We, R. Jayachandran and Sunny George Verghese, being two of the directors of Olam International Limited, do hereby state that, in the opinion of the directors:

(i) the accompanying balance sheets, profit and loss accounts, statements of changes in equity and consolidated cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2008 and the results of the business, changes in equity of the Group and of the Company and cash flows of the Group for the financial year ended on that date; and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board,

R. Jayachandran
Director

Sunny George Verghese
Director

Singapore
6 October 2008

Independent Auditors' Report

to the Members of Olam International Limited

We have audited the accompanying financial statements of Olam International Limited (the Company) and its subsidiaries (collectively, the Group), which comprise the balance sheets of the Group and the Company as at 30 June 2008, profit and loss accounts and statements of changes in equity of the Group and the Company and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the Act) and Singapore Financial Reporting Standards. This responsibility includes devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheet and to maintain accountability of assets; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion,

(a) the consolidated financial statements of the Group and the balance sheet, profit and loss account and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2008 and the results, changes in equity of the Group and the Company and cash flows of the Group for the financial year ended on that date; and

(b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and Certified Public Accountants

Singapore
6 October 2008

Profit and Loss Accounts

for the year ended 30 June 2008

	Note	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Revenue - Sale of goods	3	**8,111,910**	5,455,508	**6,054,274**	4,492,191
Other revenue	4	**40,525**	22,314	**13,275**	9,452
		8,152,435	5,477,822	**6,067,549**	4,501,643
Costs and expenses					
Cost of goods sold	5	**6,519,233**	4,256,708	**5,240,360**	3,839,560
Shipping and logistics		**879,506**	661,891	**413,530**	309,440
Commission and claims		**61,014**	68,249	**58,312**	79,314
Employee benefits expense	29	**169,163**	95,478	**50,896**	38,190
Depreciation	9	**33,771**	17,209	**600**	453
Net measurement of derivative Instruments		**(11,023)**	245	**2,652**	245
Gain on foreign exchange		**(21,470)**	(24,486)	**(5,040)**	(8,996)
Other operating expenses	6	**155,714**	128,885	**25,431**	39,349
Finance costs	7	**201,395**	147,072	**137,840**	120,875
		7,987,303	5,351,251	**5,924,581**	4,418,430
Share of results from jointly controlled entities		**(163)**	(385)	**–**	–
Profit before taxation		**164,969**	126,186	**142,968**	83,213
Taxation	8	**2,708**	(17,165)	**(9,285)**	(5,444)
Profit for the financial year		**167,677**	109,021	**133,683**	77,769
Attributable to:					
Equity holders of the Company		**167,704**	109,047	**133,683**	**77,769**
Minority interest		**(27)**	(26)	**–**	–
		167,677	109,021	**133,683**	77,769
Earnings per share (cents)					
– Basic	37	10.28	6.85		
– Diluted	37	10.08	6.74		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Balance Sheets

as at 30 June 2008

	Note	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Non-current assets					
Property, plant and equipment	9	**403,391**	129,348	**1,928**	1,299
Intangible assets	10	**130,259**	96,203	**861**	–
Subsidiary companies	11	**–**	–	**249,977**	223,123
Deferred tax assets	8	**32,534**	7,762	**14,972**	7,979
Interests in jointly controlled entities	12	**1,593**	1,942	**2,101**	2,227
Long term investments	13	**24,475**	81,091	**24,475**	27,431
Other non-current assets	19	**24,408**	9,466	**19,806**	1,006
Current assets					
Amounts due from subsidiary companies	14	**–**	–	**502,608**	301,192
Trade receivables	15	**724,352**	508,193	**339,886**	263,186
Margin accounts with brokers	16	**254,273**	86,162	**189,435**	79,595
Inventories	17	**1,790,236**	1,163,203	**500,397**	313,060
Advance payments to suppliers	18	**380,047**	255,706	**1,235,798**	1,043,139
Other current assets	19	**292,819**	199,416	**84,178**	52,026
Short term investment	20	**–**	13,461	**–**	13,461
Fixed deposits	32	**163,580**	43,372	**33,988**	42,992
Cash and bank balances	32	**175,544**	194,235	**52,134**	55,024
Fair value of derivative financial instruments	34	**1,832,755**	388,032	**1,724,697**	373,618
		5,613,606	2,851,780	**4,663,121**	2,537,293
Current liabilities					
Trade payables and accruals	21	**519,853**	255,522	**356,607**	180,632
Other current liabilities	22	**51,863**	55,927	**34,567**	45,011
Amounts due to bankers	23	**1,789,582**	545,555	**1,199,066**	346,693
Medium term notes	24	**70,000**	450,000	**70,000**	450,000
Provision for taxation		**24,578**	24,878	**10,565**	8,142
Fair value of derivative financial instruments	34	**2,010,994**	488,630	**1,883,574**	473,690
		4,466,870	1,820,512	**3,554,379**	1,504,168
Net current assets		**1,146,736**	1,031,268	**1,108,742**	1,033,125
Non-current liabilities					
Amount due to bankers	23	**(935,125)**	(703,663)	**(648,482)**	(690,413)
Medium term notes	24	**(189,857)**	(220,668)	**(189,857)**	(220,668)
Net assets		**638,414**	432,749	**584,523**	385,109
Equity attributable to equity holders of the Company					
Share capital	25	**704,870**	397,730	**704,870**	397,730
Reserves		**(66,456)**	34,992	**(120,347)**	(12,621)
		638,414	432,722	**584,523**	385,109
Minority interest		**–**	27	**–**	–
Total equity		**638,414**	432,749	**584,523**	385,109

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

for the year ended 30 June 2008

2008 Group	Attributable to equity holders of the Company						Minority Interest $'000	Total Equity $'000
	Share Capital (Note 25) $'000	Foreign Currency Translation Reserves[1] $'000	Fair Value Adjustment Reserves[2] $'000	Share-based Compensation Reserves[3] $'000	Revenue Reserves $'000	Total Reserves $'000		
At 1 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	–	–	(301,023)	–	–	(301,023)	–	(301,023)
Recognised in the profit and loss account on occurrence of hedged transactions	–	–	125,972	–	–	125,972	–	125,972
Foreign currency translation adjustment	–	(44,505)	–	–	–	(44,505)	–	(44,505)
Net expense recognised directly in equity	–	(44,505)	(175,051)	–	–	(219,556)	–	(219,556)
Profit for the financial year	–	–	–	–	167,704	167,704	(27)	167,677
Total recognised expenses and income for the year	–	(44,505)	(175,051)	–	167,704	(51,852)	(27)	(51,879)
Issues of shares on exercise of share options	3,801	–	–	–	–	–	–	3,801
Issues of shares on preferential offering	303,339	–	–	–	–	–	–	303,339
Dividends on ordinary shares (Note 26)	–	–	–	–	(54,454)	(54,454)	–	(54,454)
Share-based expense	–	–	–	4,858	–	4,858	–	4,858
At 30 June 2008	704,870	(84,434)	(325,878)	13,474	330,382	(66,456)	–	638,414

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

2007 Group	Share Capital (Note 25) $'000	Foreign Currency Translation Reserves(1) $'000	Fair Value Adjustment Reserves(2) $'000	Share-based Compensation Reserves(3) $'000	Revenue Reserves $'000	Total Reserves $'000	Minority Interest $'000	Total Equity $'000
	Attributable to equity holders of the Company							
At 1 July 2006	396,954	(25,091)	(41,978)	3,378	154,723	91,032	53	488,039
Net loss on fair value changes during the period	–	–	(109,793)	–	–	(109,793)	–	(109,793)
Recognised in the profit and loss account on occurrence of hedged transactions	–	–	944	–	–	944	–	944
Foreign currency translation adjustment	–	(14,838)	–	–	–	(14,838)	–	(14,838)
Net expense recognised directly in equity	–	(14,838)	(108,849)	–	–	(123,687)	–	(123,687)
Profit for the financial year	–	–	–	–	109,047	109,047	(26)	109,021
Total recognised expenses and income for the year	–	(14,838)	(108,849)	–	109,047	(14,640)	(26)	(14,666)
Issues of shares on exercise of share options	776	–	–	–	–	–	–	776
Dividends on ordinary shares (Note 26)	–	–	–	–	(46,638)	(46,638)	–	(46,638)
Share-based expense	–	–	–	5,238	–	5,238	–	5,238
At 30 June 2007	397,730	(39,929)	(150,827)	8,616	217,132	34,992	27	432,749

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

2008 Company	Share capital (Note 25) $'000	Foreign currency translation reserves[1] $'000	Fair value adjustment reserves[2] $'000	Share-based compensation reserves[3] $'000	Revenue reserves $'000	Total reserves $'000	Total equity $'000
	Attributable to equity holders of the Company						
At 1 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	–	–	(277,027)	–	–	(277,027)	(277,027)
Recognised in the profit and loss account on occurrence of hedged transactions	–	–	133,861	–	–	133,861	133,861
Foreign currency translation adjustment	–	(48,647)	–	–	–	(48,647)	(48,647)
Net expense recognised directly in equity	–	(48,647)	(143,166)	–	–	(191,813)	(191,813)
Profit for the financial year	–	–	–	–	133,683	133,683	133,683
Total recognised expenses and income for the year	–	(48,647)	(143,166)	–	133,683	(58,130)	(58,130)
Issues of shares on exercise of share options	3,801	–	–	–	–	–	3,801
Issues of shares on preferential offering	303,339	–	–	–	–	–	303,339
Dividends on ordinary shares (Note 26)	–	–	–	–	(54,454)	(54,454)	(54,454)
Share-based expense	–	–	–	4,858	–	4,858	4,858
At 30 June 2008	704,870	(84,230)	(291,729)	13,474	242,138	(120,347)	584,523

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

2007 Company	Share capital (Note 25) $'000	Foreign currency translation reserves[1] $'000	Fair value adjustment reserves[2] $'000	Share-based compensation reserves[3] $'000	Revenue reserves $'000	Total reserves $'000	Total equity $'000
	Attributable to equity holders of the Company						
At 1 July 2006	396,954	(19,545)	(41,046)	3,378	131,778	74,565	471,519
Net loss on fair value changes during the period	–	–	(125,268)	–	–	(125,268)	(125,268)
Recognised in the profit and loss account on occurrence of hedged transactions	–	–	17,751	–	–	17,751	17,751
Foreign currency translation adjustment	–	(16,038)	–	–	–	(16,038)	(16,038)
Net expense recognised directly in equity	–	(16,038)	(107,517)	–	–	(123,555)	(123,555)
Profit for the financial year	–	–	–	–	77,769	77,769	77,769
Total recognised expenses and income for the year	–	(16,038)	(107,517)	–	77,769	(45,786)	(45,786)
Issues of shares on exercise of share options	776	–	–	–	–	–	776
Dividends on ordinary shares (Note 26)	–	–	–	–	(46,638)	(46,638)	(46,638)
Share-based expense	–	–	–	5,238	–	5,238	5,238
At 30 June 2007	397,730	(35,583)	(148,563)	8,616	162,909	(12,621)	385,109

(1) **Foreign currency translation reserves**
The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of the Company and its subsidiaries whose functional currencies are different from that of the Group's presentation currency.

(2) **Fair value adjustment reserves**
Fair value adjustment reserve records the portion of the fair value changes on derivative financial instruments designated as hedging instruments in cash flow hedges that is determined to be an effective hedge.

(3) **Share-based compensation reserves**
Share-based compensation reserve represents the equity-settled shares and share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled shares and share options and is reduced by the expiry of the share options.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Cash Flow Statement

for the year ended 30 June 2008

	2008 $'000	2007 $'000
Cash flow from operating activities		
Profit before taxation	**164,969**	126,186
Adjustments for:		
Share of results from jointly controlled entities	**163**	385
Depreciation of property, plant and equipment	**33,771**	17,209
(Gain)/loss on disposal of property, plant and equipment	**(648)**	20
Net measurement of derivative instruments	**(11,023)**	245
Negative goodwill arising from acquisition (Note 10)	**(5,254)**	(189)
Cost of share-based payment	**5,583**	5,594
Interest income	**(19,632)**	(11,894)
Interest expense	**201,395**	147,072
Amortisation of intangible assets	**2,191**	–
Operating cash flows before reinvestment in working capital	**371,515**	284,628
Increase in inventories	**(456,048)**	(143,486)
Increase in receivables	**(428,310)**	(192,773)
Increase in advance payments to suppliers	**(117,085)**	(95,037)
Increase in payables	**124,577**	121,132
Cash used in operations	**(505,351)**	(25,536)
Interest income received	**19,632**	11,894
Interest expense paid	**(218,805)**	(138,673)
Tax paid	**(6,996)**	(8,270)
Net cash flows used in operating activities	**(711,520)**	(160,585)
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	**7,047**	2,539
Purchase of property, plant and equipment	**(74,205)**	(45,820)
Investment in government security bills	**13,461**	(13,461)
Acquisition of subsidiaries, net of cash acquired (Note 10)	**(161,997)**	(113,727)
Purchases of financial assets, available-for-sale	**–**	(81,091)
Investment in a jointly controlled entity	**(124)**	(767)
Repayment from/(loan) to jointly controlled entities	**315**	(9,030)
Net cash flows used in investing activities	**(215,503)**	(261,357)
Cash flows from financing activities		
Proceeds from loans from banks	**1,110,356**	218,197
Proceeds from issuance of shares on exercise of share options	**3,801**	776
Proceeds from issuance of shares on preferential share offer	**303,339**	–
Dividends paid on ordinary shares by the Company	**(54,454)**	(46,638)
(Repayment of)/proceeds from issue of medium term notes	**(410,811)**	190,479
Net cash flows provided by financing activities	**952,231**	362,814
Net effect of exchange rate changes on cash and cash equivalents	**(48,583)**	(20,636)
Net decrease in cash and cash equivalents	**(23,375)**	(79,764)
Cash and cash equivalents at beginning of year	**187,637**	267,401
Cash and cash equivalents at end of year (Note 32)	**164,262**	187,637

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the Financial Statements

30 June 2008

1. Corporate information

Olam International Limited ("the Company") is a limited liability company, which is domiciled and incorporated in Singapore.

The principal activities of the Company are those of sourcing, processing, packaging and merchandising of agricultural products. The principal activities of the subsidiaries are disclosed in Note 11 to the financial statements.

The registered office of the Company is located at 3 Church Street #08-01 Samsung Hub, Singapore 049483. The place of business of the Company is at 9 Temasek Boulevard, #11-02 Suntec Tower Two, Singapore 038989.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet, profit and loss account and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.3.

The financial statements are presented in Singapore Dollars ($ or SGD).

2.2 Future changes in accounting policies

The Group and the Company has not applied the following FRS and INT FRS that have been issued but not yet effective:

			Effective date (Annual periods beginning on or after)
FRS 1	:	Revised FRS 1 – Presentation of Financial Statements	1 January 2009
FRS 23	:	Amendment to FRS 23, Borrowing Costs	1 January 2009
FRS 32	:	Financial Statements Presentation – Amendments to FRS 32 and FRS 1 regarding Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
FRS 102	:	Amendments of FRS 102 Share-based Payment – Vesting Conditions and Cancellation	1 January 2009
FRS 108	:	Operating Segments	1 January 2009
INT FRS 112	:	Service Concession Arrangements	1 January 2008
INT FRS 113	:	Customer Loyalty Programmes	1 July 2008
INT FRS 114	:	FRS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2008

The directors expect the adoption of the above pronouncements will have no material impact to the financial statements in the period of initial application.

2. Summary of significant accounting policies (cont'd)

2.3 Significant accounting judgments and estimates

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgements made in applying accounting policies

In the process of applying the accounting policies, management has made the following judgements, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

(a) Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

(b) Employee share options

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the employee share options at the date at which they are granted. Judgement is required in determining the most appropriate valuation model for the share options granted, depending on the terms and conditions of the grant. Management are also required to use judgement in determining the most appropriate inputs to the valuation model including expected life of the option, volatility and dividend yield. The assumptions and model used are disclosed in Note 29.

(c) Income taxes

The Group has exposure to income tax in numerous jurisdictions. A degree of judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes would be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

2. Summary of significant accounting policies (cont'd)

2.3 Significant accounting judgments and estimates (cont'd)

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimating uncertainty as at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of investments in subsidiaries

The Company assesses at each reporting date whether there is an indication that the investments in subsidiaries may be impaired. This requires an estimation of the value in use of the cash generating units. Estimating the value in use requires the Company to make an estimate of the expected future cash flows from the cash generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Company's investment in subsidiaries as at 30 June 2008 is $249,977,000 (2007: $223,123,000)

(b) Impairment of goodwill

On an annual basis, the Group determines whether goodwill is impaired. This requires an estimation of the value in use of the cash generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Group's goodwill as at 30 June 2008 is $97,075,000 (2007: $76,137,000). More details are given in Note 10.

2.4 Functional and foreign currency

The Company's functional currency is the United States Dollar ("USD"), which reflects the economic substance of the underlying events and circumstances of the Company. Although the Company is domiciled in Singapore, most of the Company's transactions are denominated in USD and the selling prices for the Company's products are sensitive to movements in the foreign exchange rate with the USD.

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

For inclusion in the consolidated financial statements, all assets and liabilities of foreign subsidiary companies are translated into USD at the exchange rates ruling at the balance sheet date and the result of foreign subsidiary companies are translated into USD at the weighted average exchange rates. The exchange differences arising on the translation are included in the foreign currency translation reserve.

The financial statements are presented in Singapore Dollar ("SGD") as the Company's principal place of business is in Singapore and the directors feel that presenting the financial statements in SGD would be more useful to the shareholders of the Company.

2. Summary of significant accounting policies (cont'd)

2.4 Functional and foreign currency (cont'd)

The financial statements are translated from USD to SGD as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate ruling at that balance sheet date;
- Income and expenses for each profit and loss account are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and
- All exchange differences arising on the translation are included in the foreign currency translation reserves.

On disposal of a foreign operation, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the profit and loss account.

2.5 Subsidiary companies and principles of consolidation

Subsidiary companies

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities. The Group generally has such power when it directly or indirectly, holds more than 50% of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors.

In the Company's separate financial statements, investments in subsidiary companies are accounted for at cost less any impairment losses.

A list of the Group's subsidiary companies is shown in Note 11.

Principles of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies as at the balance sheet date. The financial statements of the subsidiary companies used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

All intra-group balances, transactions, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the balance sheet. The accounting policy for goodwill is set out in Note 2.8(a). Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in the profit and loss account on the date of acquisition.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

2. Summary of significant accounting policies (cont'd)

2.6 Jointly controlled entities

The Group has interests in joint ventures which are jointly controlled entities. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest.

The consolidated financial statements included the Group's share of the total recognised gains and losses of its jointly controlled entities on an equity accounted basis, from the date that joint control commences until the date that joint control ceases. When the Group's share of losses exceeds the carrying amount of the investment, the investment is reported as nil and recognition of losses is discontinued except to the extent of the Group's commitment.

In the Company's separate financial statements, investments in jointly controlled entities are stated at cost less impairment loss. The carrying amounts of the jointly controlled entities are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated and any impairment loss is recognised whenever the carrying amount exceeds the recoverable amount. The impairment loss is charged to profit and loss account.

2.7 Property, plant and equipment

Property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repairs are charged to the profit and loss account. When assets are sold or retired, their cost and accumulated depreciation are removed from the accounts and any gain or loss resulting from their disposal is included in the profit and loss account.

Freehold land has an unlimited useful life and is therefore is not depreciated. Leasehold land and buildings is depreciable over the shorter of the estimated useful life of the asset or the lease period. Depreciation of an asset begins when it is available for use and is computed on a straight line basis over the estimated useful life except for ginning assets of Queensland Cotton Holdings which are depreciated using the units of use method. The useful life of the assets is as follows:

Leasehold land and buildings	–	20 to 50 years
Plant and machinery	–	5 to 10 years; 100 years for ginning assets
Motor vehicles	–	3 to 5 years
Furniture and fittings	–	5 years
Office equipment	–	5 years
Computers	–	3 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

2. Summary of significant accounting policies (cont'd)

2.8 Intangible assets

(a) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may by impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit and loss account. Impairment losses recognised for goodwill are not reversed in subsequent period.

Where goodwill forms part of a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss of disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.4.

(b) Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable.

2. Summary of significant accounting policies (cont'd)

2.9 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the profit and loss account.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses recognised for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Reversal of an impairment loss is recognised in the profit and loss account.

2.10 Financial assets

Financial assets within the scope of FRS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On such derecognition, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised initially in equity is recognised in the profit and loss account.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets classified as held for trading. Financial assets classified as held for trading are derivatives (including separated embedded derivatives) or are acquired principally for the purpose of selling or repurchasing it in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in the profit and loss account. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

The Group does not designate any financial assets not held for trading as financial assets at fair value through profit and loss.

2. Summary of significant accounting policies (cont'd)

2.10 Financial assets (cont'd)

(b) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are carried at amortised cost using the effective interest method. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount and minus any reduction for impairment or inability to collect. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. Gains and losses are recognised in profit and loss account when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(c) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are designated as held-to-maturity when the Group has the positive intention and ability to hold the assets to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long-term investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost using the effective interest method. For investments carried at amortised cost, gains and losses are recognised in the profit and loss account when the investments are derecognised or impaired, as well as through the amortisation process.

(d) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are not classified in any other categories. After initial recognition, available-for sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised directly in the fair value adjustment reserve in equity, except that impairment losses, foreign exchange gains and losses on monetary items and interest calculated using the effective interest method are recognised in the profit and loss account. The cumulative gain or loss previously recognised in equity is recognised in the profit and loss account when the financial asset is derecognised.

The fair value of investments in equity instruments that are actively traded in organised financial markets is determined by reference to the relevant Exchange's quoted market bid prices at the close of the business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less impairment losses.

The Group's long and short term investments are designated as available-for-sale investments.

2. Summary of significant accounting policies (cont'd)

2.11 Financial liabilities

Financial liabilities include trade payables, which are normally settled within the credit terms, other amounts payable and interest-bearing loans and borrowings. Financial liabilities are recognised on the balance sheet when, and only when the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially recognised at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs. Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method, except for derivatives, which are measured at fair value.

A financial liability is derecognised when the obligation under the liability is extinguished. For financial liabilities other than derivatives, gains and losses are recognised in the profit and loss account when the liabilities are derecognised or through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in the profit and loss account. Net gains or losses on derivatives include exchange differences.

2.12 Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances and short-term fixed bank deposits which are subject to an insignificant risk of changes in value. These include bank overdrafts that form an integral part of the Group's cash management.

Cash and cash equivalents carried in the balance sheets are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 2.10.

For the purposes of the cash flow statement, cash and cash equivalents are shown net of outstanding bank overdrafts which are repayable on demand.

2.13 Receivables

Trade receivables, which are on trade terms, margin accounts with brokers as well as receivables from subsidiary companies, advance payments to suppliers and other receivables (excluding prepayments and deferred M&A expenses) are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 2.10.

An allowance is made for doubtful debts when there is objective evidence that the Group will not be able to collect the debt. Bad debts are written off when identified. Further details on the accounting policy for impairment of financial assets are stated in Note 2.14 below.

2. Summary of significant accounting policies (cont'd)

2.14 Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

(a) Assets carried at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the profit and loss account.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the profit and loss account.

(b) Assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(c) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the profit and loss account, is transferred from equity to the profit and loss account. Reversals of impairment losses in respect of equity instruments are not recognised in the profit and loss account. Reversals of impairment losses on debt instruments are recognised in the profit and loss account if the increase in fair value of the debt instrument can be objectively related to an event occurring after the impairment loss was recognised in the profit and loss account.

2. Summary of significant accounting policies (cont'd)

2.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Inventories are valued on first-in-first-out basis. Net realisable value represents the estimated selling price in the ordinary course of business, less anticipated cost of disposal and after making allowance for damaged, obsolete and slow-moving items.

2.16 Borrowing costs

Borrowing costs are recognised as expenses in the period in which they are incurred.

2.17 Financial guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantees are recognised initially at fair value. Subsequent to initial recognition, financial guarantees are recognised as income in the profit and loss account over the period of the guarantee. If it is probable that the liability will be higher that the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to the profit and loss account.

2.18 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) where, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

2.19 Employee benefits

(a) Defined contribution plan

The Group participates in the national pension schemes as defined by the laws of countries in which it has operations. In particular, the Singapore companies in the Group make contribution to the Central Provident Fund scheme, a defined contribution pension scheme. Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to the balance sheet date.

2. Summary of significant accounting policies (cont'd)

2.19 Employee benefits

(c) Employee share subscription/options scheme

Employees (including senior executives) of the Group receive remuneration in the form of share-based payment for services rendered ("equity-settled transactions").

The share-based expense of equity-settled transactions with employees is measured with reference to the fair value at the date on which the share subscriptions / options are granted. In valuing the share options, no account is taken of any performance conditions.

The share-based expense of equity-settled transactions is recognised, together with a corresponding increase in the share-based compensation reserve, over the period in which the service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The profit and loss charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest. Where the terms of an equity-settled award are modified, an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for a modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it has vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

2.20 Operating leases

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased item are classified as operating leases. Operating lease payments are recognised as an expense in the profit and loss account on a straight-line basis over the lease term.

The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.21 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must be met before revenue is recognised:

Physical commodities

Revenue from the sale of physical goods is recognised upon passage of title to the customer which generally coincides with their delivery and acceptance.

Interest income

Interest income is recognised using the effective interest method.

2. Summary of significant accounting policies (cont'd)

2.22 Government grants, export incentives and subsidies

Government grants, export incentives and subsidies are recognised at their fair values where there is reasonable assurance that the grant will be received and all conditions attached to the grant will be complied with. When the grant relates to an expense item, it is recognised in the profit and loss account over the period necessary to match them on a systematic basis to the costs that it is intended to compensate. When the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to the profit and loss account over the expected useful life of the relevant asset by equal annual instalments.

2.23 Income taxes

(a) Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the balance sheet date.

Current taxes are recognised in the profit and loss account except that tax relating to items recognised directly in equity is recognised directly in equity.

(b) Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are recognised for all temporary differences, except:

- Where the deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction affects neither the accounting profit nor taxable profit or loss;
- In respect of temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future; and
- In respect of deductible temporary differences and carry-forward of unused tax credits and unused tax losses, if it is not probable that taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred taxes are recognised in the profit and loss account except that deferred tax relating to items recognised directly in equity is recognised directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2. Summary of significant accounting policies (cont'd)

2.23 Income taxes (cont'd)

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the assets or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.24 Segment reporting

A business segment is a distinguishable component of the Group that is engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of the Group that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

2.25 Share capital and share issue expenses

Proceeds from issuance of ordinary shares net of directly attributable expenses are recognised as share capital in equity.

2.26 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group.

2. Summary of significant accounting policies (cont'd)

2.27 Derivative financial instruments and hedging activities

Derivative financial instruments such as forward currency contracts, commodity futures and options, and interest rate contracts are used to hedge risks associated with foreign currency, commodity price and interest rate fluctuations. Certain derivatives are also used for trading purposes. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of forward currency contracts and interest rate derivatives are calculated by reference to current forward exchange rates and interest rates respectively for contracts with similar maturity profiles. The fair values of commodity futures are determined by reference to market values for similar instruments.

Any gains or losses arising from changes in fair value on derivative financial instruments that are ineffective hedges or are held for trading are taken to the profit and loss account for the year.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

When the hedge accounting is applied, all hedges are classified as cash flow hedges because they are held for hedging the exposure to variability in cash flows that is attributable to highly probable risk exposure and could affect profit or loss.

For cash flow hedges which meet the criteria for hedge accounting, the effective portion of the gain or loss on the hedging instrument is recognised directly in the fair value adjustment reserves, while the ineffective portion is recognised in the profit and loss account.

Amounts taken to fair value adjustment reserves are transferred to the profit and loss account when the hedged transaction affects profit or loss, such as when a forecasted sale occurs, or when financial income or financial expense is recognised.

If the forecast transaction is no longer expected to occur, amounts previously recognised in fair value adjustment reserves are transferred to the profit and loss account. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in fair value adjustment reserves remain in equity until the forecast transaction occurs. If the related transaction is not expected to occur, the amount is taken to the profit and loss account.

3. Sale of goods

Turnover represents sale of physical commodities, net of discounts and returns. It excludes interest income, realised gain or loss on futures and options, and, in respect of the Group, intra-group transactions.

4. Other income

Other income included the following:

	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Interest income from loans and receivables	**19,632**	11,894	**11,625**	8,885
Miscellaneous income [1]	**15,639**	10,231	**1,650**	567
Negative goodwill arising from acquisition (Note 10)	**5,254**	189	**–**	–
	40,525	22,314	**13,275**	9,452

[1] Miscellaneous income for the Group comprised mainly of sales of export licences, scrap and by-products from processing operations.

5. Cost of goods sold

The following items have been included in arriving at cost of goods sold:

	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
This is stated after charging/(crediting):				
Realised loss on derivatives [1]	**134,907**	6,701	**122,260**	4,325
Foreign exchange gain on cost of goods sold [2]	**(20,536)**	(19,181)	**–**	–
Export incentives and subsidies received [3]	**(2,165)**	(48,199)	**–**	–
Inventories (written back)/ written down	**(1,971)**	2,093	**(3,120)**	300

[1] Realised loss on derivatives recognised on occurrence of sales and purchases of physical commodities.

[2] Foreign exchange gain arising between the time of receiving payments for purchase of goods and the time of sale of such goods.

[3] Export incentives and subsidies relate to income from government agencies of various countries for export of agricultural products.

6. Other operating expenses

The following items have been included in arriving at other operating expenses:

	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
This is stated after charging/(crediting):				
Auditors' remuneration:				
– Other fees paid to auditors	**232**	126	**146**	80
(Gain)/loss on disposal of property, plant and equipment	**(648)**	20	**–**	(27)
Amortisation of intangible assets (Note 10)	**2,191**	–	**–**	–
Bank charges	**19,915**	16,153	**11,539**	11,293
Bad debts written off:				
– Advance payments to suppliers	**2,157**	454	**–**	–
– Other current assets	**186**	–	**–**	–
(Write back)/allowance for doubtful debts:				
– Trade receivables	**(720)**	823	**136**	–
– Advance payments to suppliers (Note 18)	**170**	1,547	**–**	759
– Other current assets	**–**	20	**–**	–
Rental expenses	**41,955**	26,663	**4,125**	2,061
Travelling expenses	**27,442**	21,661	**7,064**	7,775

7. Finance costs

Finance costs included the following:

	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Interest expense:				
– On bank overdrafts	**2,775**	6,331	**32**	86
– On bank loans	**174,096**	114,361	**117,852**	95,399
– On medium term notes	**19,824**	23,277	**19,824**	23,277
Effect of hedging using interest-rate swaps	**–**	677	**–**	677
Others	**4,700**	2,426	**132**	1,436
	201,395	147,072	**137,840**	120,875

8. Income tax

a) Major components of income tax expense

The major components of income tax expense were:

i) Profit and loss account

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Current income tax:				
Singapore	**9,285**	5,444	**9,285**	5,444
Foreign	**16,879**	13,423	**–**	–
Under provision in respect of prior years	**182**	94	**–**	–
	26,346	18,961	**9,285**	5,444
Deferred income tax:				
Foreign	**(29,054)**	(1,796)	**–**	–
Income tax expense/(credit)	**(2,708)**	17,165	**9,285**	5,444

The Company is an approved company under the Global Trader Programme of International Enterprise Singapore. By virtue of this, the Company is entitled to a concessionary income tax rate of 5% for a period of 5 years from 1 July 2003 to 30 June 2008 on qualifying activities, products and income.

ii) Statements of changes in equity

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Deferred income tax related to items charged directly to equity:				
Net change in fair value adjustment reserves for derivative financial instruments designated as hedging instruments in cash flow hedges	**11,101**	5,489	**8,290**	5,417
Deferred tax income reported in equity	**11,101**	5,489	**8,290**	5,417

8. Income tax (cont'd)

b) Relationship between tax expense and accounting profit

A reconciliation of the statutory tax rate to the Group's and Company's effective tax rate is as follows:

	Group		Company	
	2008 %	2007 %	2008 %	2007 %
Statutory tax rate	**18.0**	18.0	**18.0**	18.0
Tax effect of non-deductible expenses	**3.3**	3.5	**1.3**	4.5
Higher statutory tax rates of other countries	**1.6**	4.1	**–**	–
Tax effect of income taxed at concessionary rate	**(8.7)**	(13.2)	**(12.2)**	(15.9)
Tax effect on exempt income	**(1.2)**	(1.0)	**–**	–
Tax effect of consolidation of tax groups of a subsidiary [1]	**(12.9)**	–	**–**	–
Tax effect of temporary differences not recognised	**(1.6)**	2.0	**–**	–
Tax effect of others, net	**(0.1)**	0.2	**(0.6)**	(0.1)
	(1.6)	13.6	**6.5**	6.5

[1] Post the acquisition of Queensland Cotton Holdings, the Group opted to consolidate the tax groups of Queensland Cotton Group and Olam Group in Australia. This required a reset of carrying value of assets held by Queensland Cotton Group for tax purposes as per the Australian tax laws, resulting in a one-off tax credit.

c) Deferred income tax

	Group				Company	
	Consolidated balance sheet		Consolidated profit and loss account		Balance sheet	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Deferred tax liabilities:						
Differences in depreciation	**30,878**	2,690	**(10,352)**	(1,880)	**7**	8
Others	**751**	633	**189**	–	**–**	–
Gross deferred tax liabilities	**31,629**	3,323			**7**	8
Deferred tax assets:						
Allowance for doubtful debts	**632**	1,033	**285**	–	**442**	498
Inventories written- down	**143**	1,101	**833**	–	**143**	161
Revaluation of financial instruments to fair value	**17,177**	7,450	**–**	–	**14,394**	7,328
Unabsorbed losses	**43,380**	–	**(29,884)**	84	**–**	–
Others	**2,831**	1,501	**9,875**	–	**–**	–
Gross deferred tax assets	**64,163**	11,085			**14,979**	7,987
Net deferred tax assets	**32,534**	7,762			**14,972**	7,979
Deferred income tax credit			**(29,054)**	(1,796)		

The Group has tax losses of approximately $14,506,000 (2007: $9,330,000) and capital allowances of $10,494,000 (2007: $11,795,000) that are available for offset against future taxable profits of the companies in which the losses arose for which no deferred tax asset has been recognised. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

9. Property, plant and equipment

Group	Freehold land $'000	Leasehold land and buildings $'000	Plant and machinery $'000	Motor vehicles $'000	Furniture and fittings $'000	Office equipment $'000	Computers $'000	Capital work-in-progress $'000	Total $'000
Cost									
As at 1 July 2006	3,461	15,150	38,689	20,280	5,753	6,405	3,416	12,079	105,233
Additions	2,241	9,972	14,008	7,904	1,698	1,771	1,527	6,699	45,820
Acquired through business combinations	465	5,888	16,286	664	39	–	–	5,851	29,193
Disposals	(19)	–	(1,061)	(1,436)	(84)	(118)	(80)	(1,613)	(4,411)
Reclassification	2,692	5,577	2,650	3	39	(93)	37	(10,905)	–
Foreign currency translation adjustment	216	1,518	841	(280)	(44)	1	61	(149)	2,164
As at 30 June 2007 and 1 July 2007	**9,056**	**38,105**	**71,413**	**27,135**	**7,401**	**7,966**	**4,961**	**11,962**	**177,999**
Additions	**1,561**	**13,181**	**37,920**	**6,674**	**3,125**	**2,917**	**1,884**	**6,943**	**74,205**
Acquired through business combinations	**20,915**	**104,948**	**105,122**	**7,014**	**289**	**262**	**22**	**6,268**	**244,840**
Disposals	**(886)**	**(1,510)**	**(7,643)**	**(3,308)**	**(170)**	**(374)**	**(383)**	**(219)**	**(14,493)**
Reclassification	**(2,221)**	**7,612**	**5,360**	**125**	**(936)**	**1,458**	**(7)**	**(11,391)**	**–**
Foreign currency translation adjustment	**(122)**	**(790)**	**(3,385)**	**(1,363)**	**(561)**	**(411)**	**(336)**	**(756)**	**(7,724)**
As at 30 June 2008	**28,303**	**161,546**	**208,787**	**36,277**	**9,148**	**11,818**	**6,141**	**12,807**	**474,827**
Accumulated depreciation									
As at 1 July 2006	–	1,351	12,696	9,916	3,140	3,632	1,980	–	32,715
Charge for the year	–	1,657	8,042	4,850	939	912	809	–	17,209
Disposals	–	–	(598)	(1,070)	(74)	(80)	(30)	–	(1,852)
Reclassification	–	–	(2)	237	(223)	(14)	2	–	–
Foreign currency translation adjustment	–	81	325	86	12	32	43	–	579
As at 30 June 2007 and 1 July 2007	**–**	**3,089**	**20,463**	**14,019**	**3,794**	**4,482**	**2,804**	**–**	**48,651**
Charge for the year	**–**	**7,474**	**16,138**	**6,653**	**1,200**	**1,271**	**1,035**	**–**	**33,771**
Disposals	**–**	**(326)**	**(4,990)**	**(2,391)**	**(105)**	**(38)**	**(243)**	**–**	**(8,093)**
Reclassification	**–**	**178**	**(287)**	**220**	**(106)**	**(47)**	**42**	**–**	**–**
Foreign currency translation adjustment	**–**	**(370)**	**(963)**	**(792)**	**(325)**	**(236)**	**(207)**	**–**	**(2,893)**
As at 30 June 2008	**–**	**10,045**	**30,361**	**17,709**	**4,458**	**5,432**	**3,431**	**–**	**71,436**
Net book value									
As at 30 June 2008	**28,303**	**151,501**	**178,426**	**18,568**	**4,690**	**6,386**	**2,710**	**12,807**	**403,391**
As at 30 June 2007	9,056	35,016	50,950	13,116	3,607	3,484	2,157	11,962	129,348

9. Property, plant and equipment (cont'd)

Company	Buildings $'000	Motor vehicles $'000	Furniture and fittings $'000	Office equipment $'000	Computers $'000	Total $'000
Cost						
As at 1 July 2006	178	595	1,613	822	910	4,118
Additions	–	332	32	33	349	746
Disposals	–	(193)	–	–	–	(193)
Foreign currency translation adjustment	(6)	(21)	(56)	(28)	(33)	(144)
As at 30 June 2007 and 1 July 2007	**172**	**713**	**1,589**	**827**	**1,226**	**4,527**
Additions	**–**	**253**	**602**	**139**	**421**	**1,415**
Foreign currency translation adjustment	**(19)**	**(92)**	**(208)**	**(100)**	**(158)**	**(577)**
As at 30 June 2008	**153**	**874**	**1,983**	**866**	**1,489**	**5,365**
Accumulated depreciation						
As at 1 July 2006	64	305	1,229	747	643	2,988
Charge for the year	9	115	95	34	200	453
Disposals	–	(109)	–	–	–	(109)
Foreign currency translation adjustment	(2)	(11)	(43)	(26)	(22)	(104)
As at 30 June 2007 and 1 July 2007	**71**	**300**	**1,281**	**755**	**821**	**3,228**
Charge for the year	**8**	**138**	**152**	**40**	**262**	**600**
Foreign currency translation adjustment	**(8)**	**(40)**	**(151)**	**(87)**	**(105)**	**(391)**
As at 30 June 2008	**71**	**398**	**1,282**	**708**	**978**	**3,437**
Net book value						
As at 30 June 2008	**82**	**476**	**701**	**158**	**511**	**1,928**
As at 30 June 2007	101	413	308	72	405	1,299

10. Intangible assets

Group	Goodwill $'000	Customer relationships $'000	Trademark $'000	Trade name $'000	Software $'000	Marketing agreement $'000	Total $'000
Cost							
As at 1 July 2006	–	–	–	–	–	–	–
Acquired through business combination	76,137	20,066	–	–	–	–	96,203
As at 30 June 2007 and 1 July 2007	**76,137**	**20,066**	**–**	**–**	**–**	**–**	**96,203**
Acquired through business combinations	**27,455**	**–**	**861**	**7,586**	**4,568**	**3,556**	**44,026**
Disposal	**–**	**–**	**–**	**–**	**(995)**	**–**	**(995)**
Foreign currency translation adjustment	**(6,517)**	**(2,256)**	**–**	**932**	**561**	**436**	**(6,844)**
As at 30 June 2008	**97,075**	**17,810**	**861**	**8,518**	**4,134**	**3,992**	**132,390**
Accumulated amortisation							
As at 1 July 2006, 30 June 2007 and 1 July 2007	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Amortisation	**–**	**1,246**	**–**	**213**	**732**	**–**	**2,191**
Foreign currency translation adjustment	**–**	**(60)**	**–**	**–**	**–**	**–**	**(60)**
As at 30 June 2008	**–**	**1,186**	**–**	**213**	**732**	**–**	**2,131**
Net carrying amount							
As at 30 June 2008	**97,075**	**16,624**	**861**	**8,305**	**3,402**	**3,992**	**130,259**
As at 30 June 2007	76,137	20,066	–	–	–	–	96,203
Average remaining amortisation period (years) – 2008	**	14 *	**	39 *	2.5 *	3 *	
Average remaining amortisation period (years) – 2007		15 *					

* The intangible assets are amortised on a straight-line basis over the estimated useful life except for the marketing agreement which is amortised on the basis of expected units of production.

** These intangible assets are not subject to amortisation.

Company	Trademark $'000
Cost	
As at 1 July 2006, 30 June 2007 and 1 July 2007	**–**
Acquired through business combinations (Note 10a)	**861**
As at 30 June 2008	**861**
Accumulated amortisation	
As at 1 July 2006, 30 June 2007, 1 July 2007 and 30 June 2008	**–**
Amortisation	**–**
As at 30 June 2008	**–**
Net carrying amount	
As at 30 June 2008	**861**
As at 30 June 2007	–

10. Intangible assets (cont'd)

(a) Acquisition of subsidiary companies

As at 30 June 2007, the Group held 25.3% equity interest in Queensland Cotton Holdings ("QCH"). On 3 July 2007, the Group had acquired an additional equity interest of 33.6% equity interest in QCH. By 3 October 2007 the Group acquired 100 % equity interest in QCH for a total cash consideration of $195,385,000 (inclusive of transaction costs of $2,354,000).The fair values of the identifiable assets and liabilities as at date of acquisition were as follows:

	Fair value recognised on acquisition $'000	Carrying amount before combination $'000
Property, plant and equipment	216,023	167,079
Intangible assets	15,710	13,428
Inventories	156,680	159,064
Trade receivables	60,801	60,801
Prepayments	7,256	7,411
Cash and bank balances	3,195	3,195
Other current assets	73,118	73,118
Trade and other payables and accrued liabilities	(84,809)	(84,809)
Other current payables	(52,762)	(52,594)
Bank loans	(205,803)	(205,803)
Deferred income taxes	(9,987)	6,812
Net identifiable assets	179,422	167,079
Goodwill arising on acquisition	15,963	
Total purchase consideration satisfied by cash	195,385	
Cash paid in previous year	(53,660)	
Total purchase consideration satisfied by cash in current year	141,725	

On 10 December 2007, the Group acquired 100% of the issued share capital of PT Dharmapala Usaha Sukses ("PT DUS") through Far East Agri Pte Ltd, a wholly owned subsidiary for a cash consideration of $3,560,000 (inclusive of transaction costs of $3,559,000). The fair values of the identifiable assets and liabilities as at date of acquisition were as follows:

	Fair value recognised on acquisition $'000	Carrying amount before combination $'000
Property, plant and equipment	27,126	32,707
Other receivables	695	3,498
Cash and bank balances	1	1
Trade and other payables and accrued liabilities	(1,906)	(1,906)
Shareholder loan	(6,797)	(10,917)
Bank loan	(10,305)	(32,832)
Net identifiable assets	8,814	(9,449)
Negative goodwill arising on acquisition	(5,254)	
Total purchase consideration satisfied by cash	3,560	

10. Intangible assets (cont'd)

(a) Acquisition of subsidiary companies (cont'd)

On 12 September 2007, the Group acquired 100% of the issued share capital of Naarden Agro Products B.V. ("NAP") for a cash consideration of $7,224,000 (inclusive of transaction costs of $981,000). The fair values of the identifiable assets and liabilities as at date of acquisition were as follows:

	Fair value recognised on acquisition $'000
Property, plant and equipment	15
Inventories	12,442
Trade receivables	10,235
Other receivables	823
Cash and bank balances	7
Trade and other payables and accrued liabilities	(1,144)
Bank loans	(17,336)
Net identifiable assets	5,042
Goodwill arising on acquisition	2,182
Total purchase consideration satisfied by cash	7,224

The carrying amount of the identifiable assets and liabilities of Naarden Agro Products B.V. before the combination is the same as the fair value of the identifiable assets and liabilities as at the date of acquisition.

On 2 October 2007, the Company acquired 100% of the issued share capital of Hong Kong Key Foods ("KFI") Limited and its wholly owned subsidiary Qingdao Key Foods Corporation Limited and intangible assets from a related company of KFI for a cash consideration of $12,729,000 (inclusive of transaction costs of $252,000). The fair values of the identifiable assets and liabilities as at date of acquisition were as follows:

	Fair value recognised on acquisition $'000	Carrying amount before combination $'000
Property, plant and equipment	1,676	1,676
Intangible assets	861	861
Inventories	1,863	1,863
Trade receivables	2,720	2,720
Cash and bank balances	38	38
Trade and other payables and accrued liabilities	(3,739)	(4,138)
Net identifiable assets	3,419	3,020
Goodwill arising on acquisition	9,310	
Total purchase consideration satisfied by cash	12,729	

10. Intangible assets (cont'd)

(a) *Acquisition of subsidiary companies (cont'd)*

An analysis of the net cash outflow in respect of the acquisition of these four subsidiary companies is as follows:

	$'000
Cash consideration paid on acquisitions	218,898
Cash and cash equivalents acquired in the subsidiary companies	(3,241)
Cash paid in previous year for QCH	(53,660)
Net cash outflow in respect of the acquisitions	161,997

From the dates of acquisition, PT DUS, KFI, NAP and QCH have contributed revenue of $749,610,000 to the Group and net profit of $25,318,000 to the Group. If the combination had occurred on 1 July 2007, Group revenue would have been $8,117,650,000 and net profit would have been $168,639,000.

(b) *Impairment testing of goodwill and other intangible assets*

Goodwill and trade mark arising from business combinations have been allocated to the following cash-generating units ("CGU") for impairment testing:
- Universal Blanchers
- Queensland Cotton Holdings
- Naarden Agro Products B.V.
- Qingdao Key Foods

The carrying amounts of goodwill and trademark allocated to each CGU are as follows:

	Goodwill		Trademark		Total	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Universal Blanchers	67,358	76,137	–	–	67,358	76,137
Queensland Cotton Holdings [1]	17,936	–	–	–	17,936	–
Naarden Agro Products B.V.	2,471	–	–	–	2,471	–
Qingdao Key Foods	9,310	–	861	–	10,171	–
	97,075	76,137	861	–	97,936	76,137

(1) The CGUs relating to Queensland Cotton Holdings are as follows:

	2008 $'000	2007 $'000
CGU 1 – Australian Cotton	6,278	–
CGU 2 – USA Cotton	2,690	–
CGU 3 – Brazilian Cotton	7,174	–
CGU 4 – Australian Pulses	1,794	–
	17,936	–

10. Intangible assets (cont'd)

(b) Impairment testing of goodwill and other intangible assets (cont'd)

The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a 5-year period. The pre-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolated cash flows beyond the 5-year period are as follows:

	Growth rates		Pre-tax discount rates	
	2008 %	2007 %	2008 %	2007 %
Universal Blanchers	3.30	2.74	10.40	12.00
Queensland Cotton Holdings [(2)]	2.50	–	9.87	–
Naarden Agro Products B.V.	2.00	–	7.73	–
Qingdao Key Foods	2.00	–	12.51	–

[(2)] The growth rates and pre-tax discount rates used is the same for all CGUs relating to Queensland Cotton Holdings.

The calculations of value in use for the CGUs are most sensitive to the following assumptions:

Budgeted gross margins – Gross margins are based on average values achieved at prevailing market conditions at the start of the budget period.

Growth rates – The growth rates indicated are a conservative estimate by the management based on published industry research and do not exceed the long-term average growth rate for the industries relevant to the CGUs.

Pre-tax discount rates – discount rates reflect management's estimate of risks specific to each CGU. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals.

11. Subsidiary companies

	Company 2008 $'000	Company 2007 $'000
Unquoted shares at cost	**147,889**	53,372
Loans to subsidiary companies	**102,718**	170,461
Provision for impairment loss	**(630)**	(710)
	249,977	223,123

Included in loans to subsidiary companies is a loan amounting to $952,000 (2007: $1,072,000) which is unsecured, bears interest at 2% per annum and is repayable not later than January 2010. The remaining loans to subsidiary companies are unsecured, interest free and have no fixed terms of repayment. They are not expected to be repayable in the next 12 months.

Assessment of impairment in investment in subsidiary companies is carried out every year and the necessary provisions are accordingly made. For the year ended 30 June 2008, there was no additional provision based on the assessment made by the Company.

Subsidiary companies of Olam International Limited are:

Name of Company	Country of incorporation	Principal activities	Cost of investment 2008 $'000	Cost of investment 2007 $'000	Percentage of equity held by the Company 2008 %	Percentage of equity held by the Company 2007 %
Caraway Pte Ltd [1]	Singapore	(a)	**166**	187	**100**	100
Olam Burkina Sarl [3]	Burkina Faso	(a)	**260**	293	**100**	100
Olam Cam Sarl [3]	Cameroon	(a)	**446**	502	**100**	100
Olam Europe B.V. [2]	Netherlands	(a)	**27**	31	**100**	100
Olam Ghana Limited [3]	Ghana	(a)	**3,997**	4,503	**100**	100
Olam Ivoire Sarl. [2]	Ivory Coast	(a)	**424**	478	**100**	100
Olam Nigeria Ltd [2]	Nigeria	(a)	**4,108**	4,628	**100**	100
Outspan Nigeria Ltd [2]	Nigeria	(a)	**377**	425	**100**	100
Olam Tanzania Ltd [2]	Tanzania	(a)	**3,279**	3,695	**100**	100
Outspan Ivoire Sarl. [2]	Ivory Coast	(a)	**7,957**	7,317	**100**	100
Olam Gabon Sarl. [2]	Gabon	(a)	**254**	287	**100**	100
Olam Mozambique Limitada [3]	Mozambique	(a)	**1,431**	1,613	**100**	100
Olam Madagascar Sarl. [3]	Madagascar	(a)	**14**	15	**100**	100
Olam Polska Sp. Z.O.O. [3]	Poland	(a)	**2,170**	323	**100**	100
Outspan Ghana Limited [3]	Ghana	(a)	**137**	155	**100**	100
Olam Vietnam Limited [2]	Vietnam	(a)	**1,360**	1,532	**100**	100
Olam South Africa (Proprietary) Limited [2]	South Africa	(a)	**1,346**	1,517	**100**	100

11. Subsidiary companies (cont'd)

Name of Company	Country of incorporation	Principal activities	Cost of investment 2008 $'000	Cost of investment 2007 $'000	Percentage of equity held by the Company 2008 %	Percentage of equity held by the Company 2007 %
Olam Congo (RDC) SPRL [3]	Democratic Republic of Congo	(a)	**34**	38	**100**	100
Outspan PNG Limited [4]	Papua New Guinea	(a)	**136**	153	**100**	100
Olam France Sarl. [4]	France	(a)	**9**	11	**100**	100
Olam Guinee Sarl. [4]	Guinee Conakry	(a)	**3**	4	**100**	100
Olam Brasil Ltda [2]	Brazil	(a)	**2,458**	2,769	**100**	100
Olam Kazakhstan [2]	Kazakhstan	(a)	**14**	15	**100**	100
Olam Middle East L.L.C [4]	United Arab Emirates	(a)	**111**	125	**100**	100
Olam Europe Ltd [2]	United Kingdom	(a)	**536**	604	**100**	100
Olam Uganda Limited [2]	Uganda	(a)	**132**	148	**100**	100
PT Olam Indonesia [2]	Indonesia	(a)	**1,495**	1,685	**100**	100
Olam Zimbabwe (Private) Limited [2]	Zimbabwe	(a)	**2,188**	2,332	**100**	100
Outspan Brasil Ltda. [2]	Brazil	(a)	**3,915**	1,689	**100**	100
Olam Dairy B.V. [2]	Netherlands	(a)	**176**	198	**100**	100
Olam Ukraine LLC [3]	Ukraine	(a)	**136**	153	**100**	100
Olam Shanghai Limited [3]	China	(a)	**1,360**	1,532	**100**	100
Olam Shandong Limited [3]	China	(a)	**1,903**	2,144	**100**	100
Outspan Peru SAC [2]	Peru	(a)	**680**	766	**100**	100
LLC Caraway Foods [3]	Russian Federation	(a)	**549**	619	**100**	100
Olam Argentina S.A [2]	Argentina	(a)	**4,055**	464	**100**	100
Panasia International FZCO [2]	United Arab Emirates	(a)	**204**	230	**100**	100
PT Agronesia Bumi Persada [4]	Indonesia	(a)	**69**	78	**51**	51
Caraway Foods International (Nigeria) Limited [2]	Nigeria	(a)	**26**	29	**100**	100
Caraway Foods International South Africa [3]	South Africa	(a)	**1,604**	888	**100**	100
Olam Liberia Limited [4]	Liberia	(a)	**7**	8	**100**	100
Mantra Ivoire S.A [2]	Ivory Coast	(a)	**542**	610	**100**	100
Outspan Colombia S.A [2]	Colombia	(a)	**1,829**	2,060	**100**	100
Olam Amarzen Gerais Ltda [2]	Brazil	(a)	**65**	74	**100**	100

11. Subsidiary companies (cont'd)

Name of Company	Country of incorporation	Principal activities	Cost of investment 2008 $'000	Cost of investment 2007 $'000	Percentage of equity held by the Company 2008 %	Percentage of equity held by the Company 2007 %
Olam R.O.C. S.A.R.L. [2]	Democratic Republic of Congo	(a)	^	^	100	100
Olam Honduras S.A [4]	Honduras	(a)	136	153	100	100
Olam Egypt L.L.C [2]	Egypt	(a)	120	135	100	100
Olam Zambia Limited [3]	Republic of Zambia	(a)	^	^	100	100
Olam Dalian Limited [3]	China	(a)	680	766	100	100
Rudra International Limited [3]	United Arab Emirates	(a)	3,194	3,599	100	100
Multipro Gambia Limited [5]	Gambia	(a)	*	–	100	–
Outspan Cafe Vietnam Limited [5]	Vietnam	(a)	5,769	–	100	–
Naarden Agro Products B.V. [2]	Netherlands	(a)	7,260	–	100	–
LLC Outspan International [3]	Russian Federation	(a)	70	78	100	100
EURL Agri Commodities [2]	Algeria	(a)	365	412	100	100
Olam Americas Inc.	United States of America	(a)	#	2	–	100
Olam Investments Limited [2]	Mauritius	(b)	14	15	100	100
Olam Investments Australia Pty Ltd [2]	Australia	(b)	64,821	*	100	100
Hong Kong Key Foods Ltd [3]	Hong Kong	(b)	11,900	–	100	–
Far East Agri Pte Ltd [5]	Singapore	(b)	*	–	100	–
Olam Information Services Pte Ltd [5]	India	(c)	4	–	100	–
Olam Insurance [2]	Isle of Man	(d)	680	766	100	100
Olam Benin Sarl. [4]	Benin	(e)	456	514	100	100
Olam Togo Sarl. [2]	Togo	(e)	426	@	100	100
Olam Bissau Limitada [4]	Guinea Bissau	(e)	5	5	100	100
Olam Online Ltd [1]	Singapore	(e)	*	*	100	100
			147,889	53,372		

(a) Sourcing, processing, packaging and merchandising of agricultural products.
(b) Investment holding.
(c) Provision of information technology services.
(d) Provision of insurance related services.
(e) Dormant.

11. Subsidiary companies (cont'd)

Name of company (Country of incorporation)	Principal activities	Percentage of equity held 2008 %	2007 %
Subsidiary companies of Olam Investments Limited are as follow:			
Olam Export (India) Limited [3] (India)	Sourcing, processing, packaging and merchandising of agricultural products	**100**	100
Outspan India Private Limited [3] (India)	Dormant	**100**	100
Subsidiary company of Olam (Uganda) Limited is as follows:			
Victoria Commodities Ltd [2] (Uganda)	Sourcing, processing, packaging and merchandising of agricultural products	**100**	100
Subsidiary company of Olam Nigeria Limited is as follows:			
Novus Nigeria [4] (Nigeria)	Dormant	**100**	100
Subsidiary company of Olam Egypt L.L.C is as follows:			
Agri Commodities L.L.C [2] (Egypt)	Sourcing, processing, packaging and merchandising of agricultural products	**100**	100
Subsidiary company of Olam Investments Australia Pty Ltd is as follows:			
Olam Australia Pty Ltd [2] (Australia)	Sourcing, processing, packaging and merchandising of agricultural products	**100**	100
Olam US Holdings, Inc [2] (United States of America)	Investment holding	**100**	100
Subsidiary company of Olam Australia Pty Ltd is as follows:			
Queensland Cotton Holdings Pty Ltd [2] (Australia)	Sourcing, processing, packaging and merchandising of agricultural products	**100**	25
Subsidiary company of Rudra International Limited is as follows:			
Graton Investments Pvt Ltd [3] (Zimbabwe)	Sourcing, processing, packaging and merchandising of agricultural products	**100**	100
Subsidiary companies of Olam US Holdings Inc. are as follows:			
Universal Blanchers, L.L.C [2] (United States of America)	Peanut blancher and ingredient processor	**100**	100
Olam Americas, Inc. [2] (United States of America)	Sourcing, processing, packaging and merchandising of agricultural products	**100**	100

11. Subsidiary companies (cont'd)

Name of company (Country of incorporation)	Principal activities	Percentage of equity held by the Company 2008 %	2007 %
Subsidiary company of Hong Kong Key Foods Limited is as follows:			
Qingdao Key Foods Co Ltd [2] (China)	Sourcing, processing, packaging and merchandising of agricultural products	100	–
Subsidiary company of Far East Agri Pte Ltd is as follows:			
PT Dharmapala Usaha Sukses [4] (Indonesia)	Sourcing, processing, packaging and merchandising of agricultural products	100	–

* These costs of investment were less than a thousand dollars each.
^ No payments were made for these subsidiaries.
@ The investment in this subsidiary was written off.
\# The investment was disposed to Olam US Holdings Inc. during the year.

[1] Audited by Ernst & Young LLP, Singapore.
[2] Audited by associated firms of Ernst & Young LLP, Singapore.
[3] Audited by other CPA firms.
[4] Not required to be audited by the law of the country of incorporation.
[5] First year of incorporation.

12. Interests in jointly controlled entities

	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Unquoted shares at cost	2,227	1,512	2,227	1,512
Additions	124	767	124	767
Share of post-acquisition reserves	(454)	(291)	–	–
Currency realignment	(304)	(46)	(250)	(52)
	1,593	1,942	2,101	2,227

12. Interests in jointly controlled entities (cont'd)

Details of the jointly controlled entitles at end of financial years are as follows:

Name of Company	Country of incorporation	Principal activities	Percentage of equity held 2008 %	2007 %
Held by the Company				
LAMCO S.p.A [1]	Italy	(a)	**40**	40
Solimar Foods Ingredients S.L. [2]	Spain	(b)	**49**	49
Usicam S.A. [3]	Cameroon	(b)	**50**	50

(a) Trading of agricultural commodities
(b) Processing and trading of agricultural commodities

[1] Audited by associated firm of Ernst & Young LLP, Singapore.
[2] Not required to be audited.
[3] Audited by other CPA firm.

The Group's share of the jointly controlled entities' assets and liabilities and results are as follows:

	Group 2008 $'000	2007 $'000
Assets and liabilities:		
Current assets	**4,596**	3,755
Long term assets	**2,583**	2,824
Total assets	**7,179**	6,579
Current liabilities	**(5,568)**	(4,483)
Long term liabilities	**(706)**	(1,183)
Total liabilities	**(6,274)**	(5,666)
Results:		
Income	**31,677**	9,116
Expenses	**(31,840)**	(9,501)
Loss after tax for the financial year	**(163)**	(385)

13. Long term investments

	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Available-for-sale financial assets:				
Equity shares (unquoted) at cost	**24,475**	27,431	**24,475**	27,431
Equity shares (quoted), at fair value	**–**	53,660	**–**	–
Total investments	**24,475**	81,091	**24,475**	27,431

The fair values of quoted equity investments are based on quoted market prices. Unquoted shares stated at cost have no market prices and the fair value cannot be reliably measured using valuation techniques.

Unquoted equity investment relates to a 19.9% shareholding in Open Country Cheese. Subsequent to year end, the Company has sold the entire stake in Open Country Cheese as part of the acquisition of a 24.99% equity interest in Dairy Trust Limited as announced on 8 July 2008. Please refer to Note 39(d) for more details.

The quoted equity investment relates to an investment in Queensland Cotton Holdings Limited ("QCH"). As at 30 June 2007, the Group held 25.3% of the issued share capital of QCH. During the year, the Group completed the acquisition of 100% equity interest in QCH and has reclassified it as investment in subsidiary companies. Please refer to Note 10(a) for more details.

14. Amounts due from subsidiary companies

	Company 2008 $'000	Company 2007 $'000
Trade receivables	**402,931**	277,464
Loan to subsidiaries (1)	**61,630**	15,240
Non-trade receivables (2)	**38,047**	8,488
	502,608	301,192
Amounts due from subsidiary companies are stated after deducting allowance for doubtful debts of		
– Trade	**1,825**	2,057
– Non-trade	**4,279**	4,822
	6,104	6,879
The movement of the allowance accounts is as follows:		
Movement in allowance accounts:		
At 1 July	**6,879**	6,118
Foreign exchange translation adjustment	**(775)**	761
At 30 June	**6,104**	6,879

(1) Loan to subsidiaries includes an amount $44,526,000 (2007: $15,240,000) which is unsecured and bears interest at 7% (2007: 8%) per annum and is repayable on demand. The remaining amounts are non-interest bearing, unsecured and repayable on demand.

(2) The non-trade receivables are interest-free, unsecured and are repayable within the next 12 months.

15. Trade receivables

	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Trade receivables	**635,108**	459,893	**339,516**	262,872
GST receivable and equivalent	**89,244**	48,300	**370**	314
	724,352	508,193	**339,886**	263,186

Trade receivables are non-interest bearing and are generally on 30 to 60 day terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Included in trade receivables is an amount of $1,825,000 (2007: $1,596,000) due from a jointly controlled entity.

Receivables that are impaired

The Group's and Company's trade receivables that are impaired at the balance sheet date and the movement of the allowance accounts used to record the impairment are as follows:

	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Trade receivables – nominal amounts	**641,832**	469,497	**343,695**	267,433
Allowance for doubtful debts	**(6,724)**	(9,604)	**(4,179)**	(4,561)
	635,108	459,893	**339,516**	262,872
Movement in allowance accounts:				
At at 1 July	**9,604**	9,402	**4,561**	4,723
(Write back)/Charge for the year	**(720)**	823	**136**	–
Written off	**(1,196)**	–	**–**	–
Foreign currency translation adjustment	**(964)**	(621)	**(518)**	(162)
At 30 June	**6,724**	9,604	**4,179**	4,561

Trade receivables that are individually determined to be impaired at the balance sheet date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Receivables not impaired

The analysis of ageing at the balance sheet date is as follows::

	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Trade receivables:				
Less than 30 days	**403,988**	210,684	**210,582**	90,515
30 to 60 days	**163,312**	125,424	**90,966**	63,236
61 to 90 days	**37,834**	26,830	**28,162**	23,454
91 to 120 days	**14,055**	70,129	**5,513**	68,495
More than 120 days	**8,675**	6,946	**1,571**	5,282
More than 180 days	**7,244**	19,880	**2,722**	11,890
	635,108	459,893	**339,516**	262,872

16. Margin accounts with brokers

Margin accounts are maintained with recognised futures dealers and brokers for trades done on the futures exchanges. These margin accounts move in relation to trades done on futures, variation margins required and prices of the commodities traded.

The amounts reflect the payments made to futures dealers as initial and variation margins and depends on the volume of trades done and price movements.

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Margin accounts with brokers	**1,495,238**	236,782	**1,430,400**	230,215
Amounts due to brokers	**(1,240,965)**	(150,620)	**(1,240,965)**	(150,620)
	254,273	86,162	**189,435**	79,595

17. Inventories

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Balance sheet:				
Total inventories at lower of cost and net realisable value	**1,790,236**	1,163,203	**500,397**	313,060
Profit and loss account:				
Inventories recognised as an expense in cost of goods sold	**6,408,998**	4,324,293	**5,121,220**	3,834,935
Inclusive of the following charge/(credit)				
– Inventories written-down	**2,911**	7,058	**1,762**	5,265
– Reversal of write-down of inventories	**(4,882)**	(4,965)	**(4,882)**	(4,965)

The reversal of write-down of inventories was made when the related inventories were sold above their carrying amounts.

18. Advance payments to suppliers

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Third parties	**380,047**	255,706	**126,670**	91,154
Subsidiary companies	**–**	–	**1,109,128**	951,985
	380,047	255,706	**1,235,798**	1,043,139

These represent advance payments to suppliers and subsidiary companies for procurement of physical commodities.

Advance payments to suppliers are stated after deducting allowance for doubtful debts of				
– Third parties	**1,523**	4,028	**–**	–
– Subsidiary companies	**–**	–	**–**	6,235

18. Advance payments to suppliers (cont'd)

The movement in the allowance accounts is a follows:

	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Movement in allowance accounts:				
As at 1 July	**4,028**	3,367	**6,235**	5,674
Charge for the year	**170**	1,547	**–**	759
Written off	**(2,271)**	–	**(5,534)**	–
Foreign currency translation adjustment	**(404)**	(886)	**(701)**	(198)
At 30 June	**1,523**	4,028	**–**	6,235

19. Other current/non-current assets

	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Current:				
Staff advances (1)	**4,809**	5,970	**791**	1,292
Deposits	**10,213**	6,960	**4,277**	546
Option premium receivable	**25,282**	13,095	**25,282**	13,095
Insurance receivables (2)	**5,930**	7,693	**4,675**	7,537
Interest receivables	**3,201**	–	**3,201**	–
Export incentives and subsidies receivable (3)	**119,718**	77,620	**–**	–
Sundry receivables	**44,231**	25,584	**14,537**	9,521
Loan to jointly controlled entities (4)	**171**	138	**171**	138
	213,555	137,060	**52,934**	32,129
Deferred M&A expenses (5)	**1,746**	1,206	**1,746**	1,206
Prepayments	**77,518**	61,150	**29,498**	18,691
	292,819	199,416	**84,178**	52,026
Other receivables are stated after deducting allowance for doubtful debts of	**–**	20	**–**	–
Non-current:				
Loan to jointly controlled entities (4)	**658**	1,006	**658**	1,006
Tax recoverable (6)	**–**	8,460	**–**	–
Other non-current assets	**4,602**	–	**–**	–
	5,260	9,466	**658**	1,006
Fair value purchase contracts (7)	**19,148**	–	**19,148**	–
	24,408	9,466	**19,806**	1,006

(1) Staff advances are interest-free, unsecured and are repayable within the next 12 months.

(2) Insurance receivables pertain to pending marine, political and inventories insurance claims. The outstanding claims are currently being processed by the insurance companies for final settlement. Included in these receivables is one insurance claim filed against the insurer.

19. Other current/non-current assets (cont'd)

(3) These relate to incentives and subsidies receivable from the Government agencies of various countries for export of agricultural products.

(4) The loans to jointly controlled entities are unsecured and bear interest ranging from 3.1% to 4% and at 3 months Euribor + 4% (2007: 4%) per annum. They are repayable in quarterly instalments until October 2011.

(5) Deferred merger and acquisition expenses incurred are in connection with the incomplete acquisition for which the expenses will be transferred and capitalised as part of the cost of acquisition upon finalisation of the investment.

(6) This account mainly relates to input tax paid which is available for offset against future output tax incurred.

(7) This relates to the fair value of purchase contracts arising from the acquisition of Queensland Cotton Holdings – Brazilian operations.

20. Short term investment

Short term investment relates to an investment in government security bills and is designated as available-for-sale financial asset with a short term maturity. The fair values of this investment approximate its carrying amounts at the balance sheet date because of its short-term maturity.

The government security bills held as at 30 June 2007 have matured in July 2007.

21. Trade payables and accruals

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Trade payables	**398,189**	190,156	**320,625**	147,486
Accruals	**102,893**	60,879	**35,982**	33,146
Advances received from customers	**10,499**	3,056	**–**	–
GST payable and equivalent	**8,272**	1,431	**–**	–
	519,853	255,522	**356,607**	180,632

22. Other current liabilities

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Interest payable on short-term bank loans	**10,362**	27,772	**7,842**	27,040
Sundry payables	**13,836**	11,677	**–**	3,262
Option premium payable	**26,725**	14,709	**26,725**	14,709
	50,923	54,158	**34,567**	45,011
Provision for withholding tax	**940**	1,769	**–**	–
	51,863	55,927	**34,567**	45,011

23. Amounts due to bankers

	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Current:				
Bank overdrafts (Note 32)	**174,862**	49,970	**–**	–
Bank loans	**1,614,720**	495,585	**1,199,066**	346,693
	1,789,582	545,555	**1,199,066**	346,693
Non-current:				
Term loans	**935,125**	703,663	**648,482**	690,413
	2,724,707	1,249,218	**1,847,548**	1,037,106

The bank loans for the Company are repayable within 12 months and bear interest in the range of 2.72% to 8.40% (2007: 3.80% to 8.82%) per annum.

The bank loans and bank overdrafts for the subsidiary companies are repayable within 12 months and bear interest in the range of 4% to 18% (2007: 5% to 17%) per annum.

Term loans from banks

Term loans from banks bear interest at floating interest rates ranging from 3.61% to 9.06% (2007: 6.58% to 7.18%) per annum. Term loans for Company are, unsecured and are repayable between 3 to 4 years.

Included in term loans from bank are:

(a) Industrial Development Bonds of $11,488,000 (2007: $13,249,000) which were issued by one of the subsidiary companies that bear interest at IRB ("Industrial Revenue Bond") rate + 1.125% and matures in annual instalments ranging from $200,000 to $4,200,000 through 1 August 2023. These debts are secured by the assets of the subsidiary and are backed by a letter of credit from a bank.

(b) Syndicated loan amounting to $260,453,000 which is unsecured, bears interest at Australian BBR ("Bank Borrowing Rate") + 0.90% per annum and repayable in equal half-yearly instalments commencing after its second anniversary.

24. Medium term notes

The Company has a multicurrency medium term notes programme with a maximum aggregate principal amount of $800,000,000 (2007: $800,000,000). These medium term notes are unsecured, bear interest at floating rates ranging from 2.42% to 4.26% (2007: 3.19% to 6.67%) per annum. The repayment schedule is as follows:

	Group and Company 2008 $'000	Group and Company 2007 $'000
Less than one year	**70,000**	450,000
Between one and three years	**189,857**	220,668
	259,857	670,668

25. Share capital

	Group and Company 2008 $'000	Group and Company 2007 $'000
Ordinary shares issued and fully paid [(1)]		
Balance at the beginning 1,555,095,400 (2007: 1,554,584,400) ordinary shares	**397,730**	396,954
Issue of shares on preferential offering [(2)]	**303,339**	–
Issues of shares on exercise of share options [(3)]	**3,801**	776
Balance at end 1,713,212,824 (2007: 1,555,095,400) ordinary shares [(3)]	**704,870**	397,730

[(1)] The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

[(2)] A total of 155,628,689 ordinary shares were issued upon the exercise of preferential offer.

[(3)] A total of 2,488,735 (2007: 511,000) ordinary shares were issued upon the exercise of share options.

26. Dividends

A one-tier tax exempted first and final dividend of $0.0175 per ordinary share amounting to $27,227,000 and a special dividend of $0.0175 per ordinary share amounting to $27,227,000, totalling $54,454,000 in respect of financial year ended 30 June 2007 were paid out during the financial year.

A one-tier tax exempted first and final dividend of $0.015 per ordinary share amounting to $23,319,000 and a special dividend of $0.015 per ordinary share amounting to $23,319,000, totalling $46,638,000 in respect of financial year ended 30 June 2006 were paid out in financial year ended 30 June 2007.

27. Operating lease commitments

Rental expenses of the Group and Company (principally for offices, warehouses and employees' residence) were $41,955,000 (2007: $26,663,000) and $4,125,000 (2007: $2,061,000), respectively. Most leases contain options for renewing the leases. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

Future minimum rentals under non-cancellable leases were as follows:

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Within one year	**12,279**	4,804	**4,787**	1,899
After one year but not more than five years	**16,957**	3,933	**5,559**	501
More than five years	**4,163**	5,210	**–**	–
	33,399	13,947	**10,346**	2,400

28. Contingent liabilities

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Contingent liabilities not provided for in the accounts:				
Financial guarantee contracts given to subsidiary companies [1]	**–**	–	**1,406,988**	445,366

(1) Amounts utilised by subsidiary companies on the bank facilities secured by corporate guarantees amounted to $564,763,000 (2007: $170,653,000).

The Company has agreed to provide continuing financial support to certain subsidiary companies.

29. Employee benefits

Employee benefits expense (including executive directors):

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Salaries and employee benefits	**153,172**	84,217	**48,271**	35,457
Central Provident Fund contributions and equivalents	**8,408**	5,326	**1,173**	930
Retrenchment benefits	**2,000**	341	**–**	–
Share-based expense	**5,583**	5,594	**1,452**	1,803
	169,163	95,478	**50,896**	38,190

(a) Employee share benefit plans

The Olam International Limited Employee Share Subscription Scheme 2004 was implemented on 26 October 2004. The ESSS comprised 73,913,044 ordinary shares of $0.23 per share, which were fully allotted and issued by the Company.

The share-based expense to be recognised by the Group and Company over the three years amounted to $2,457,000 and $1,027,000 respectively. The share-based expense was based on the fair value price of $0.2965 per share which represented a discount from the estimated value of the Company's pre-IPO share price.

(b) Employee share option scheme

The Olam Employee Share Option Scheme (the "ESOS") was approved by shareholders at an Extraordinary General Meeting held on 4 January 2005.

The shares issued upon the options being exercised carry full dividend and voting rights.

Under the rules of the ESOS, the directors (except Non-Executive Directors and Independent Directors) and employees of the Group are eligible to participate in the ESOS. Controlling Shareholders and associates of Controlling Shareholders are not eligible to participate in the ESOS.

On 4 January 2005, 15,000,000 share options were issued to the group managing director and CEO, Mr Sunny George Verghese. These share options are exercisable and hence vested in 3 equal tranches over the three years from the Company's listing date (11 February 2005). The total share-based expense to be recognised over the vesting period with respect to these options amounted to $736,512. The contractual life of the options is 10 years. There are no cash settlement alternatives.

29. Employee benefits (cont'd)

(b) Employee share option scheme (cont'd)

Further, the following options were issued as of 30 June 2008. All these options have a contractual life of 5 years with no cash settlement alternatives.

Date of issue	No. of share options issued	Total share-based expense $'000	Vesting period	In tranches of %
1 June 2006	**42,995,160**	**10,068**	4 years	22, 32, 37, 9
2 January 2007	**900,000**	**285**	4 years	10, 20, 30, 40
2 July 2007	**2,300,000**	**1,531**	3 years	25, 35, 40
5 September 2007	**2,000,000**	**1,231**	3 years	25, 35, 40
8 October 2007	**1,855,000**	**1,197**	3 years	25, 35, 40
29 October 2007	**400,000**	**259**	3 years	25, 35, 40
8 January 2008	**2,250,000**	**1,345**	3 years	25, 35, 40
12 June 2008	**1,780,000**	**1,161**	3 years	25, 35, 40
	54,480,160	**17,077**		

The following table illustrates the number and weighted average exercise price (WAEP) of, and movements in, share options during the financial year:

	2008		2007	
	Number of share options	Weighted average exercise price $	Number of share options	Weighted average exercise price $
Outstanding at the beginning of the year	**58,234,160**	**1.29**	57,995,160	1.29
Granted during the year (1)	**10,585,000**	**2.98**	900,000	2.04
Forfeited during the year	**(5,071,000)**	**1.76**	(150,000)	2.04
Exercised during the year	**(2,488,735)**	**1.53**	(511,000)	1.52
Outstanding at the beginning of the year (2)	**61,259,425**	**1.54**	58,234,160	1.29
Exercisable at end of year	**36,469,527**	**1.25**	19,292,140	1.05

(1) The weighted average fair value of options granted during the year was $0.64 (2007: $0.34).

(2) The range of exercise prices for options outstanding at the end of the year was $0.62 to $3.14 (2007: $0.62 to $2.04). The weighted average remaining contractual life for these options is 4.19 years (2007: 4.91 years)

29. Employee benefits (cont'd)

(b) Employee share option scheme (cont'd)

The fair value of share options as at the date of grant, is estimated by the Company using the Black Scholes Model, taking into account the terms and conditions upon which the options are granted. The expected life of the option is based on the assumption that the options would be exercised within six months of the vesting date. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome. The inputs to the model used for each scheme are shown below:

Grant Date		2 July 2007	
Vested in	1 Year	2 Year	3 Year
Dividend yield (%)	1.11	1.39	1.74
Expected volatility (%)	44	45	30
Risk free interest rate (%)	2.28	2.37	2.42
Expected life of the option (years)	1.5	2.5	3.5
Share price of underlying equity ($)	3.14	3.14	3.14

Grant Date		5 September 2007	
Vested in	1 Year	2 Year	3 Year
Dividend yield (%)	1.16	1.44	1.80
Expected volatility (%)	44	45	30
Risk free interest rate (%)	1.55	1.21	1.38
Expected life of the option (years)	1.5	2.5	3.5
Share price of underlying equity ($)	3.03	3.03	3.03

Grant Date		8 October 2007	
Vested in	1 Year	2 Year	3 Year
Dividend yield (%)	1.11	1.39	1.74
Expected volatility (%)	45	45	30
Risk free interest rate (%)	1.55	1.21	1.38
Expected life of the option (years)	1.5	2.5	3.5
Share price of underlying equity ($)	3.14	3.14	3.14

Grant Date		29 October 2007	
Vested in	1 Year	2 Year	3 Year
Dividend yield (%)	1.11	1.39	1.74
Expected volatility (%)	45	45	30
Risk free interest rate (%)	1.55	1.21	1.38
Expected life of the option (years)	1.5	2.5	3.5
Share price of underlying equity ($)	3.14	3.14	3.14

Grant Date		9 January 2008	
Vested in	1 Year	2 Year	3 Year
Dividend yield (%)	1.21	1.51	1.89
Expected volatility (%)	45	46	31
Risk free interest rate (%)	1.55	1.21	1.38
Expected life of the option (years)	1.5	2.5	3.5
Share price of underlying equity ($)	2.89	2.89	2.89

29. Employee benefits (cont'd)

(b) Employee share option scheme (cont'd)

Grant Date	12 June 2008		
Vested in	1 Year	2 Year	3 Year
Dividend yield (%)	1.65	2.06	2.58
Expected volatility (%)	49	49	48
Risk free interest rate (%)	0.70	1.04	1.54
Expected life of the option (years)	1.5	2.5	3.5
Share price of underlying equity ($)	2.65	2.65	2.65

30. Related party disclosures

An entity or individual is considered a related party of the Group for the purposes of the financial statements if: i) it possesses the ability (directly or indirectly) to control or exercise significant influence over the operating and financial decisions of the Group or vice versa; ii) it is subject to common control or common significant influence.

The following are the significant related party transactions entered into by the Company and Group in the ordinary course of business on terms agreed between the parties:

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Subsidiary companies:				
– Sales	**–**	–	**1,030,752**	643,581
– Purchases	**–**	–	**2,492,297**	1,968,077
– Insurance premiums paid	**–**	–	**218**	551
– Commissions paid	**–**	–	**12,206**	14,796
– Interest received on loan	**–**	–	**4,558**	345
– Consultancy fee paid	**–**	–	**3,214**	2,395
Sales to a jointly controlled entity	**8,457**	21,852	**8,457**	21,852
Shareholder related companies:				
– Sales	**–**	985	**–**	–
– Purchases	**–**	422	**–**	–
– Purchase of motor vehicles and other assets	**950**	785	**–**	–
– Warehouse rental paid	**–**	118	**–**	–

31. Compensation of directors and key management personnel

The remuneration of directors and key management personnel during the years are as follows:

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Directors fees	**775**	775	**775**	775
Salaries and employee benefits	**6,552**	6,430	**5,016**	5,147
Central Provident Fund contributions and equivalents	**125**	184	**66**	77
Share-based expense	**1,369**	1,025	**512**	801
	8,821	8,414	**6,369**	6,800
Comprise amounts paid to:				
– Directors of the Company	**4,199**	4,103	**4,199**	4,103
– Key management personnel	**4,622**	4,311	**2,170**	2,697
	8,821	8,414	**6,369**	6,800

Directors' interest in employee share benefit plans

The number of share options which were issued / allocated to the directors and key executives under existing employee benefit schemes during the financial year is given below:

	2008 Share options	2007 Share options
Employee Share Option Scheme:		
– Directors	**400,000**	–
– Key executives	**2,000,000**	–

32. Cash and short term fixed deposits

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Cash and bank balances	**175,544**	194,235	**52,134**	55,024
Fixed deposits	**163,580**	43,372	**33,988**	42,992
	339,124	237,607	**86,122**	98,016

Cash at banks earns interest at floating rates based on daily bank deposit rates ranging from 0.25% to 1.75% (2007: 2.65% to 2.69%) per annum. Short term deposits are made for varying periods between 1 and 365 days (2007: 1 to 365 days) depending on the immediate cash requirements of the Group, and earn interests at floating rate ranging from 2.22% to 4.75% (2007: 4.90% to 5.26%) per annum.

Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following:

	Group	
	2008 $'000	2007 $'000
Cash and bank balances	**175,544**	194,235
Fixed deposits	**163,580**	43,372
Bank overdrafts (Note 23)	**(174,862)**	(49,970)
	164,262	187,637

Bank overdrafts are included in the determination of cash and cash equivalents because they form an integral part of the Group's cash management.

33. Financial risk management policies and objectives

The Group's principal financial instruments, other than derivative financial instruments and investment in security, comprise bank loans, medium term notes, term loans from banks and cash and short term fixed deposits. The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The Group also enters into derivative transactions, including principally interest rate swaps, commodity options and forward contracts and forward currency contracts. The purpose is to manage the commodity price risk, foreign currency risk and interest rate risk arising from the Group's operations and its sources of financing.

The main risks arising from the Group's financial instruments are commodity price risk, credit risk, foreign currency risk, liquidity risk and interest rate risk. The Board of Directors reviews and agrees on the policies for managing each of these risks and they are summarised below:

(a) Commodity price risk

Commodities traded by the Group are subject to fluctuations due to a number of factors that result in price risk. The Group purchases and sells various derivative products, primarily exchange traded futures and options with the purpose of managing market exposure to adverse price movements in these commodities. The Group has established policies and exposure limits that restrict the amount of unhedged fixed price physical positions in each commodity.

The Group also enters into commodity derivatives for trading purposes. The Group's trading market risk appetite is determined by the Board of Directors, with detailed exposure limits recommended by the Executive Risk Committee and approved by the Board Risk Committee.

At balance sheet date, if commodities price index moved by 1.0% (2007: 1.0%) with all other variables held constant, the Group's profit net of tax would have changed inversely by $847,000 (2007: $468,000) and equity would have changed inversely by $13,933,000 (2007: $6,969,000) arising as a result of fair value on Group's commodity futures and options contracts. This effect would have been mitigated by the Group's physical sales and purchases commitments as well as the inventory held at balance sheet date.

(b) Credit risk

Credit risk is limited to the risk arising from the inability of a customer to make payment when due. It is the Group's policy to provide credit terms only to creditworthy customers. These debts are continually monitored and therefore, the Group does not expect to incur material credit losses.

The carrying amounts of trade and other receivables, advances to suppliers, margin accounts with brokers, fixed deposits and cash and bank balances represent the Group's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk. Deposits and cash balances are placed with reputable banks.

The Group has no significant concentration of credit risk with any single customer.

<u>Exposure to credit risk</u>
At the balance sheet date, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheets, including derivatives with positive fair values.

The Group's maximum exposure to credit risk for trade debtors at the balance sheet date is as follows:

33. Financial risk management policies and objectives (cont'd)

(b) Credit risk (cont'd)

Exposure to credit risk (cont'd)
The Group's maximum exposure to credit risk for trade debtors at the balance sheet date is as follows:

	Group		Company	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
By business segments:				
Edible nuts, spices and beans	**156,849**	75,142	**110,603**	49,238
Confectionery and beverage Ingredients	**234,726**	201,513	**117,434**	96,868
Fibre and wood products	**108,073**	36,660	**53,125**	47,156
Food staples and package foods	**135,460**	146,578	**58,354**	69,610
	635,108	459,893	**339,516**	262,872

Financial assets that are neither past due nor impaired
Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents, investment securities and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired
Information regarding financial assets that are either past due or impaired is disclosed in Note 15 (Trade and other receivables).

(c) Foreign currency risk

The Group trades its products in several countries and, as a result, is exposed to movements in foreign currency exchange rates. The primary purpose of the Group's foreign currency hedging activities is to protect against the volatility associated with foreign currency purchases and sales of raw materials and other assets and liabilities created in the normal course of business. The Group primarily utilises foreign currency forward exchange contracts to hedge firm commitments. The Group does not use foreign currency forward exchange contracts for trading purposes.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities. The foreign currencies in which these transactions are denominated are mainly United States Dollar (USD), Great Britain Pound (GBP), Euro (EUR) and Singapore Dollar (SGD).

The following table demonstrates the sensitivity to a reasonably possible change in the USD, GBP, EUR and SGD exchange rates, with all other variables held constant, the Group's profit net of tax and equity.

		Group			
		2008		2007	
		Profit net of tax $'000	Equity $'000	Profit net of tax $'000	Equity $'000
USD	– strengthened 0.5% (2007: 0.5%)	**(2,024)**	**(607)**	(1,435)	–
GBP	– strengthened 0.5% (2007: 0.5%)	**(478)**	**(218)**	312	1,232
EUR	– strengthened 0.5% (2007: 0.5%)	**(397)**	**41**	878	(111)
SGD	– strengthened 0.5% (2007: 0.5%)	**7**	**96**	(9)	–

33. Financial risk management policies and objectives (cond't)

(d) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

To ensure continuity of funding, the Group primarily uses short-term bank facilities which are transaction-linked and self-liquidating in nature. The Group also has a multicurrency medium term notes programme, as well as term loans from banks, to fund its ongoing working capital requirement and growth needs.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the balance sheet date based on contractual undiscounted payments.

	2008			2007		
	1 year or less $'000	1 to 5 years $'000	Total $'000	1 year or less $'000	1 to 5 years $'000	Total $'000
Group						
Trade and other payables (Note 21)	**519,853**	**–**	**519,853**	255,522	–	255,522
Other current liabilities (Note 22)	**50,923**	**–**	**50,923**	54,148	–	54,148
Amounts due to bankers (Note 23)	**1,789,582**	**935,125**	**2,724,707**	545,555	703,663	1,249,218
Medium term notes (Note 24)	**70,000**	**189,857**	**259,857**	450,000	220,668	670,668
Fair value of derivative financial instruments (Note 34)	**2,010,994**	**–**	**2,010,994**	488,630	–	488,630
	4,441,352	**1,124,982**	**5,566,334**	1,793,855	924,331	2,718,186
Company						
Trade and other payables (Note 21)	**356,607**	**–**	**356,607**	180,632	–	180,632
Other current liabilities (Note 22)	**34,567**	**–**	**34,567**	45,011	–	45,011
Amounts due to bankers (Note 23)	**1,199,066**	**648,482**	**1,847,548**	346,693	690,413	1,037,106
Medium term notes (Note 24)	**70,000**	**189,857**	**259,857**	450,000	220,668	670,668
Fair value of derivative financial instruments (Note 34)	**1,883,574**	**–**	**1,883,574**	473,690	–	473,690
	3,543,814	**838,339**	**4,382,153**	1,496,026	911,081	2,407,107

(e) Interest rate risk

The Company's and the Group's exposure to market risk for changes in interest rates relate primarily to its term loan from banks as well as the medium term notes. Interest rate risk is managed by management on an on-going basis such as managing the risk through interest rate derivatives with the primary objective of limiting the extent to which net interest exposure could be affected by adverse movements in interest rates. The details of the interest rates relating to the interest-earning financial assets and interest-bearing financial liabilities are disclosed in various notes of the financial statements.

At the balance sheet date, if interest rates had moved by 25 (2007: 25) basis points higher/lower with all other variables held constant, the Group's profit net of tax would have changed inversely by $6,501,000 (2007: $3,314,000).

34. Fair values of financial instruments

The following methods and assumptions are used to determine the fair value of each class of financial instruments:

(a) Cash and bank balances, fixed deposits, current trade and other receivables, margin accounts with brokers, trade and other payables and accruals

The fair values of these financial instruments approximate their carrying amounts at the balance sheet date because of their short-term maturity.

(b) Amount due to bankers, medium term notes and term loans from banks

The carrying amount of these loans approximate their fair value at the balance sheet date as they are subjected to frequent repricing (floating rates).

(c) Available-for-sale investment

The fair value of available-for-sale investment is determined based on the accounting policy described in Note 2.10(d).

(d) Derivative financial instruments

The fair value of derivative financial instruments is determined based on the accounting policy described in Note 2.27. The contract notional amounts of these derivative instruments and the corresponding fair value are as follows:

	Group			Company		
	Contract notional amount	Fair value		Contract notional amount	Fair value	
2008	$'000	Gain $'000	Loss $'000	$'000	Gain $'000	Loss $'000
<u>Derivatives held for hedging</u>						
Foreign exchange derivatives						
Foreign exchange forwards	2,494,572	34,345	11,777	2,257,273	27,716	10,264
Foreign exchange options	113,261	793	41	83,358	247	–
Commodity derivatives						
Commodity forwards	17,859,697	1,638,695	1,817,222	17,080,003	1,551,021	1,704,025
Commodity options	96,648	59,736	68,276	74,994	46,527	55,607
Total derivatives held for hedging		1,733,569	1,897,316		1,625,511	1,769,896
<u>Derivatives held for trading</u>						
Commodity derivatives						
Commodity forwards	903,295	74,548	81,713	903,295	74,548	81,713
Commodity options	38,640	24,638	31,965	38,640	24,638	31,965
Total derivatives held for trading		99,186	113,678		99,186	113,678
Total derivatives		1,832,755	2,010,994		1,724,697	1,883,574

34. Fair values of financial instruments (cont'd)

(d) Derivative financial instruments (cont'd)

	Group			Company		
	Contract notional amount	Fair value		Contract notional amount	Fair value	
2007	$'000	Gain $'000	Loss $'000	$'000	Gain $'000	Loss $'000
<u>Derivatives held for hedging</u>						
Foreign exchange derivatives						
Foreign exchange forwards	2,017,237	9,344	10,093	1,880,462	8,858	8,947
Foreign exchange options	112,306	165	237	112,306	165	237
Commodity derivatives						
Commodity forwards	7,395,163	281,098	365,169	7,081,462	267,170	351,375
Commodity options	45,799	15,310	31,673	45,799	15,310	31,673
Interest rate derivatives						
Swaps	76,585	–	64	76,585	–	64
Total derivatives held for hedging		305,917	407,236		291,503	392,296
<u>Derivatives held for hedging</u>						
Commodity derivatives						
Commodity forwards	1,704,240	57,039	59,722	1,704,240	57,039	59,722
Commodity options	44,316	25,076	21,672	44,316	25,076	21,672
Total derivatives held for trading		82,115	81,394		82,115	81,394
Total derivatives		388,032	488,630		373,618	473,690

34. Fair values of financial instruments (cont'd)

(d) Derivative financial instruments (cont'd)

As at 30 June 2008, the settlement dates on open foreign exchange derivatives and commodity derivatives ranged between 1 and 23 months (2007: 1 and 20 months).

The derivative financial instruments held for hedging are designated as hedges for future purchases or sales as well as interest rates. The foreign exchange derivatives held for hedging are being used to hedge the foreign currency risk of these forecasted transactions whilst the commodity derivatives held for hedging are being used to hedge the commodity price risk related to these forecasted transactions. The interest rate derivatives held for hedging are used to hedge the interest rate risk related to the medium term notes. In addition, a portion of the derivatives are used for trading purposes. For all the foreign exchange and commodity derivatives used for hedging purposes, the forecasted transactions are expected to occur within 23 months (2007: 20 months). In all cases, the fair value of the derivative recorded in the fair value adjustment reserve will be recycled through the profit and loss accounts upon completion of the forecasted transactions.

Cash flow hedges of expected transactions that were assessed to be highly effective have resulted in a net fair value loss of $325,878,000 and $291,729,000 for the Group and Company respectively (2007: $150,827,000 and $148,563,000). Deferred tax credits of $17,177,000 and $14,394,000 (2007: $7,450,000 and $7,328,000) for the Group and Company respectively, relating to the hedging instruments, was reflected in the fair value adjustment reserves.

Cash flow hedges of expected transactions that were assessed to be ineffective under FRS 39 and derivatives that are used for trading purposes amounting to a net fair value gain of $11,023,000 (2007: loss of $245,000) for the Group and a net fair value loss of $2,652,000 (2007: loss of $245,000) for the Company, were recognised in the profit and loss accounts for the year.

35. Capital management

The primary objective of the Group's capital management is to achieve sustainable growth and maximise return to the shareholders.

The Group manages the capital structure by a well balanced mix of debt and equity. Necessary adjustments are made in the capital structure considering the factors viz., the changes in the general economic conditions, available options of financing and the impact of the same on the liquidity position. Higher leverage is used for funding more liquid working capital needs and conservative leverage is used for long term capital investments.

The Group calculates the level of debt capital required to finance the working capital requirements using traditional and modified financial metrics including leverage/gearing ratios and asset turnover ratios.

As of balance sheet date, leverage ratios are as follows:

	Group	
	2008	2007
Gross debt to equity:		
– Before fair value adjustment reserve	**3.10x**	3.29x
– Before fair value adjustment reserve and after deducting intangibles	**3.58x**	3.94x
Net debt to equity:		
– Before fair value adjustment reserve	**2.74x**	2.88x
– Before fair value adjustment reserve and after deducting intangibles	**3.17x**	3.45x

The Group assesses the level of debt capital used to finance capital investment in respect of the projected risk and returns of these investments using a number of traditional and modified investment and analytical models including discounted cash flows. It also assesses the use of debt capital to fund such investments relative to the impact on the Group's overall debt capital position and capital structure.

In order to manage its capital structure, the Group may issue debt of either a fixed or floating nature, arrange credit facilities, issue MTNs, issue new shares or convertible bonds and adjust dividend payments.

36. Classification of financial assets and liabilities

Group	2008 Loans and receivables $'000	2008 Carried at amortised cost $'000	2008 Available-for-sale assets $'000	2008 Held for trading $'000	2007 Loans and receivables $'000	2007 Carried at amortised cost $'000	2007 Available-for-sale assets $'000	2007 Held for trading $'000
Financial assets:								
Other non-current assets (Note 19)	5,260	–	–	–	9,466	–	–	–
Long term investment (Note 13)	–	–	24,475	–	–	–	81,091	–
Trade receivables (Note 15)	724,352	–	–	–	508,193	–	–	–
Margin accounts with brokers (Note 16)	254,273	–	–	–	86,162	–	–	–
Advance payments to suppliers (Note 18)	380,047	–	–	–	255,706	–	–	–
Other current assets (Note 19)	213,555	–	–	–	137,060	–	–	–
Short term investment (Note 20)	–	–	–	–	–	–	13,461	–
Fixed deposits, cash and bank balances (Note 32)	339,124	–	–	–	237,607	–	–	–
Fair value of derivative financial instruments (Note 34)	–	–	1,733,569	99,186	–	–	305,917	82,115
	1,916,611	–	1,758,044	99,186	1,234,194	–	400,469	82,115
Financial liabilities:								
Trade payables and accruals (Note 21)	–	519,853	–	–	–	255,522	–	–
Other payables (Note 22)	–	50,923	–	–	–	54,158	–	–
Amounts due to bankers (Note 23)	–	2,724,707	–	–	–	1,249,218	–	–
Medium term notes (Note 24)	–	259,857	–	–	–	670,668	–	–
Fair value of derivative financial instruments (Note 34)	–	–	1,897,316	113,678	–	–	407,236	81,394
	–	3,555,340	1,897,316	113,678	–	2,229,566	407,236	81,394

36. Classification of financial assets and liabilities (cont'd)

Company	2008 Loans and receivables $'000	2008 Carried at amortised cost $'000	2008 Available-for-sale assets $'000	2008 Held for trading $'000	2007 Loans and receivables $'000	2007 Carried at amortised cost $'000	2007 Available-for-sale assets $'000	2007 Held for trading $'000
Financial assets:								
Other non-current assets (Note 19)	658	–	–	–	1,006	–	–	–
Long term investments (Note 13)	–	–	24,475	–	–	–	27,431	–
Amounts due from subsidiary (Note 14)	502,608	–	–	–	301,192	–	–	–
Trade receivables (Note 15)	339,886	–	–	–	263,186	–	–	–
Margin accounts with brokers (Note 16)	189,435	–	–	–	79,595	–	–	–
Advances payments to suppliers (Note 18)	1,235,798	–	–	–	1,043,139	–	–	–
Other current assets (Note 19)	52,934	–	–	–	32,129	–	–	–
Short term investment (Note 20)	–	–	–	–	–	–	13,461	–
Fixed deposits, cash and bank balances (Note 32)	86,122	–	–	–	98,016	–	–	–
Fair value of derivative financial instruments (Note 34)	–	–	1,625,511	99,186	–	–	291,503	82,115
	2,407,441	–	1,649,986	99,186	1,818,263	–	332,395	82,115
Financial liabilities:								
Trade payables and accruals (Note 21)	–	356,607	–	–	–	180,632	–	–
Other payables (Note 22)	–	34,567	–	–	–	45,011	–	–
Amounts due to bankers (Note 23)	–	1,847,548	–	–	–	1,037,106	–	–
Medium term notes (Note 24)	–	259,857	–	–	–	670,668	–	–
Fair value of derivative financial instruments (Note 34)	–	–	1,769,896	113,678	–	–	392,296	81,934
	–	2,498,579	1,769,896	113,678	–	1,933,417	392,296	81,934

37. Earnings per share

Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of dilutive shares and options).

For the periods prior to the preferential share offering issue on 28 March 2008, outstanding shares have been multiplied using an "Adjustment Factor" calculated by taking the difference in the price at which Preferential Offering was made (S$1.97) and the price on the last day of exercise of entitlements (S$2.63) and as a result, prior year earnings per share figures have been adjusted for.

The following reflects the income and share data used in the basic and diluted earnings per share computations for the years ended 30 June:

	2008	2007
Net profit attributable to ordinary shareholders for basic and diluted earnings per share ($'000)	**167,704**	109,047
Weighted average number of ordinary shares on issue applicable to basic earnings per share	**1,631,228,890**	1,590,921,777
Dilutive effect of share options	**32,526,637**	26,177,076
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share	**1,663,755,527**	1,617,098,853

There have been no other transactions involving ordinary shares or share options since the reporting date and before the completion of these financial statements.

38. Segment information

The Group's businesses are organised and managed as 4 broad segments grouped in relation to different types and nature of products traded. The Group's supply chain activities of sourcing, processing and merchandising span across a broad range of agricultural products.

The segmentation of products has been done in the following manner:

- Edible Nuts, Spices and Beans – cashews, peanuts and other edible nuts, cloves, pepper, sesame and other spices and beans and lentils
- Confectionery and Beverage Ingredients – cocoa and cocoa products, coffee and coffee products, sheanuts and shea-products
- Fibre and Wood products – cotton and wood products
- Food Staples and Packaged Foods – rice, sugar, milk powder and packaged foods business

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise corporate cash and cash equivalents, certain fixed asset and receivables and corporate liabilities such as taxation, amount due to bankers and medium term notes. Assets which are unallocated are common and shared by segments and thus it is not practical to allocate them.

The turnover by geographical segments is based on the location of customers regardless of where the goods are produced. The assets and capital expenditure are attributed to the location of those assets.

Segment accounting policies are the same as the policies of the Group as described in Note 2. The Group generally accounts for inter-segment sales and transfers as if the sales or transfers were to third parties at current market prices.

38. Segment information (cont'd)

(a) Business segments

	Edible nuts, spices and beans 2008 $'000	Edible nuts, spices and beans 2007 $'000	Confectionery and beverage ingredients 2008 $'000	Confectionery and beverage ingredients 2007 $'000
Segment revenue:				
Sales to external customers	**1,168,940**	783,202	**3,188,875**	2,177,812
Segment result	**81,400**	33,496	**117,899**	111,565
Finance costs				
Share of results from jointly controlled entities				
Profit before taxation				
Taxation				
Profit for the financial year				
Segment assets	**606,040**	450,929	**3,027,365**	1,183,295
Unallocated assets				
Segment liabilities	**44,919**	18,987	**1,979,715**	420,725
Unallocated liabilities				
Other segmental information:				
Depreciation and amortisation	**10,016**	3,749	**7,358**	6,334
Capital expenditure	**1,766**	26,420	**1,044**	11,421
Unallocated capital expenditure				

(b) Geographical segments

	Asia, Middle East and Australia 2008 $'000	Asia, Middle East and Australia 2007 $'000	Africa 2008 $'000	Africa 2007 $'000
Segment revenue:				
Sales to external customers	**3,303,608**	2,074,439	**1,773,648**	1,409,081
Intersegment sales	**992,953**	288,420	**1,650,066**	503,591
	4,296,561	2,362,859	**3,423,714**	1,912,672
Other geographical information:				
Segment assets	**3,986,849**	1,567,744	**1,070,649**	821,443
Capital expenditure	**278,217**	7,174	**25,440**	18,865

Fibre and wood products 2008 $'000	Fibre and wood products 2007 $'000	Food staples and packaged foods 2008 $'000	Food staples and packaged foods 2007 $'000	Consolidated 2008 $'000	Consolidated 2007 $'000
1,726,620	1,062,167	2,027,475	1,432,327	8,111,910	5,455,508
94,334	74,759	72,894	53,823	366,527	273,643
				(201,395)	(147,072)
				(163)	(385)
				164,969	126,186
				2,708	(17,165)
				167,677	109,021
1,043,072	402,449	781,853	566,796	5,458,330	2,603,469
				771,936	574,123
				6,230,266	3,177,592
220,661	178,222	285,552	126,217	2,530,847	744,151
				3,061,005	2,000,692
				5,591,852	2,744,843
12,128	4,219	6,460	2,907	35,962	17,209
233,424	–	33,118	–	269,352	37,841
				49,693	37,172

Europe 2008 $'000	Europe 2007 $'000	Americas 2008 $'000	Americas 2007 $'000	Eliminations 2008 $'000	Eliminations 2007 $'000	Consolidated 2008 $'000	Consolidated 2007 $'000
1,946,735	1,271,087	1,087,919	700,901	–	–	8,111,910	5,455,508
308,153	87,282	508,874	84,024	(3,460,046)	(963,317)	–	–
2,254,888	1,358,369	1,596,793	784,925	(3,460,046)	(963,317)	8,111,910	5,455,508
618,456	313,171	554,312	475,234	–	–	6,230,266	3,177,592
3,828	1,791	11,560	45,587	–	–	319,045	73,417

39. Subsequent events

(a) Subsequent to financial year end, the directors have proposed a first and final ordinary dividend of $0.025 per ordinary share amounting to $42,830,320 in respect of the financial year ended 30 June 2008 subject to approval of shareholders at the Annual General Meeting to be held on 29 October 2008. The first and final dividend will be paid on 17 November 2008.

(b) On 2 July 2008, the Company announced formation of a 50:50 Olam – Wilmar joint venture Olam Wilmar Investment Holdings to invest in a 20% stake in Pure Circle. The Company invested $72.2 million (US$53.1 million) in the joint venture.

(c) On 3 July 2008 the Company successfully closed the issue of Convertible Bonds. Under the terms of the Subscription Agreement, the Company issued as issuer, and the Joint Lead Managers have severally agreed to subscribe and/or procure subscriptions for an aggregate of US$300,000,000 Convertible Bonds due 2013 at an issue price of 100% of the principal amount of the Convertible Bonds (the "**Firm Bonds**"). The Joint Lead Managers have also been granted an upsize option (the "**Upsize Option**") to subscribe for and/or procure subscription of up to an additional US$100,000,000 Convertible Bonds due 2013 (the "**Optional Bonds**", and together with the Firm Bonds, the "**Convertible Bonds**")

The Convertible Bonds are constituted by a trust deed executed by the Company and a trustee for the holders of the Convertible Bonds (the "**Trust Deed**"). Each Convertible Bond is, at the option of the relevant holder, convertible (unless previously redeemed, converted or purchased and cancelled) into fully paid ordinary shares of the Company (the "**Shares**") at an initial conversion price of S$3.8464 per Share (the "**Conversion Shares**"). The conversion price is subject to adjustment in the circumstances set out in the Trust Deed.

(d) On 8 July 2008, the Company announced that it will acquire a 24.99% equity interest in Dairy Trust Limited ("DTL"). The stake was acquired through a combination of subscription to new shares and purchase of existing shares from Dairy Investment Fund Limited. Olam's 19.9% stake in DTL's subsidiary Open Country Cheese ("OCC") was tendered into DTL's open offer for OCC. The total consideration of this deal including OCC outlay is $105.0 million (US$76.8 million).

(e) On 15 September 2008, the Company announced formation of a 49:51 joint venture with Modandola Group, one of sub-saharan Africa's leading diversified business groups, to set up a port-based sugar refinery in Nigeria. In addition, the Company will acquire a 49% stake in Standard Flour Mills for US$32.5 million, and invest a further US$4.9 million to increase capacity.

40. Comparatives

The following profit and loss account comparative figures have been reclassified to conform with current year's presentation:

	Group		
	As reclassified $'000	Adjustments $'000	As previously stated $'000
<u>Profit and Loss Account</u>			
Cost of goods sold	4,256,708	(19,181)	4,275,889
Gain on foreign exchange	(24,486)	19,181	(43,667)

The Directors are of the view that the above changes will better reflect the Group's activities and result in a more appropriate presentation of the profit and loss account.

41. Authorisation of financial statements

The financial statements for the financial year ended 30 June 2008 were authorised for issue in accordance with a resolution of the directors on 6 October 2008.

Statistics of Shareholdings and Bondholding

as at 16 September 2008

Issued and fully Paid-up Capital	:	S$704,950,725.75
Number of Ordinary Shares in Issue (excluding treasury shares)	:	1,713,265,824
Number of Treasury Shares held	:	Nil
Class of Shares	:	Ordinary shares
Voting Rights	:	1 vote per share

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 999	50	1.17	11,597	0.00
1,000 – 10,000	3,397	79.76	14,175,344	0.83
10,001 – 1,000,000	786	18.46	34,989,257	2.04
1,000,001 and above	26	0.61	1,664,089,626	97.13
Total	4,259	100.00	1,713,265,824	100.00

Twenty Largest Shareholders

Name	No. of Shares	%
1. CITIBANK NOMINEES SINGAPORE PTE LTD	357,399,082	20.86
2. KEWALRAM SINGAPORE LIMITED	356,448,364	20.81
3. DBS NOMINEES PTE LTD	323,400,073	18.88
4. DBSN SERVICES PTE LTD	236,404,831	13.80
5. MERRILL LYNCH (SINGAPORE) PTE LTD	94,782,058	5.53
6. HSBC (SINGAPORE) NOMINEES PTE LTD	78,966,772	4.61
7. UNITED OVERSEAS BANK NOMINEES PTE LTD	51,343,602	3.00
8. SUNNY GEORGE VERGHESE	38,574,893	2.25
9. RAFFLES NOMINEES PTE LTD	37,068,185	2.16
10. UOB KAY HIAN PTE LTD	20,989,157	1.23
11. MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	14,386,079	0.84
12. DB NOMINEES (SINGAPORE) PTE LTD	13,071,086	0.76
13. ARANDA INVESTMENTS PTE LTD	10,967,000	0.64
14. CITIBANK CONSUMER NOMINEES PTE LTD	4,517,600	0.26
15. JAGDISH ACHLESHWAR PRASAD PARIHAR	4,339,444	0.25
16. DEVASHISH CHAUBEY	3,705,486	0.22
17. ASHOK KRISHEN	2,920,000	0.17
18. KRISHNAN RAVI KUMAR	2,739,604	0.16
19. KRISHNAN SRIDHAR	2,010,312	0.12
20. RAJEEV PANDURANG KADAM	1,925,413	0.11
Total	1,655,959,041	96.66

52.93% of the Company's shares are held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

BONDHOLDER OF 1% CONVERTIBLE BONDS DUE 2013

Maturity Date: 3 July 2013

Initial Conversion Price	:	S$3.8464 per share (subject to adjustment in the manner provided in the terms and conditions of the Convertible Bonds)
Conversion Premium	:	30% above the reference share price (i.e S$2.9588)
Final Redemption Price	:	119.38% of principal amount on maturity date
Conversion Period	:	At any time on or after 13 August 2008 to 23 May 2013.

The US$300 million 1% convertible bonds due 2013 issued by Olam International Limited on 3 July 2008 (the "Convertible Bonds") are represented by a Global Certificate registered in the name of The Bank of New York Depository (Nominees) Limited, which is a nominee of The Bank of New York Mellon, London Branch as common depositary for Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking, société anonyme ("Clearstream, Luxembourg").

As at the latest practicable date, The Bank of New York Depository (Nominees) Limited is entered in the register of Bondholders as the holder of US$300 million in principal amount of the Convertible Bonds.

Substantial Shareholders

(As recorded in the Register of Substantial Shareholders as at 16 September 2008)

Name of Shareholder	Direct	Deemed
1. Kewalram Singapore Limited[@]	457,602,064	–
2. Chanrai Investment Corporation Limited[#]	–	457,602,064
3. Kewalram Chanrai Holdings Limited[#]	–	457,602,064
4. Nearco Trustee Company (Jersey) Limited, Murli Kewalram Chanrai and Narain Girdhar Chanrai as trustees of Girdhar Kewalram Chanrai Settlement ("GKC Trustees")[#]	–	457,602,064
5. Investec Trustees (Jersey) Limited, Narain Girdhar Chanrai and Koshu Murli Chanrai as trustees of Hariom Trust ("Hariom Trustees")[#]	–	457,602,064
6. Nearco Trustee Company (Jersey) Limited, Narain Girdhar Chanrai and Murli Kewalram Chanrai as trustees of Dayal Damodar Chanrai Settlement ("DKC Trustees")[#]	–	457,602,064
7. Nearco Trustee Company (Jersey) Limited and Vinod Pitamber Chanrai as trustee of Pitamber Kewalram Chanrai Settlement ("PKC Trustees")[#]	–	457,602,064
8. Narain Girdhar Chanrai[#]	–	457,602,064
9. The Capital Group Companies, Inc.[+]	–	111,326,126
10. JPMorgan Chase & Co and its affiliates*	–	119,944,044
11. Sunny George Verghese	88,574,893	–

Notes:

@ Kewalram Singapore Limited ("Kewalram") 457,602,064 shares are held in the following manner:

- i. 356,448,364 shares under its own name
- ii. 12,500,000 shares under Citibank Nominees Singapore Pte Ltd
- iii. 8,653,700 shares under UBS AG
- iv. 80,000,000 shares under Standard Chartered Bank

\# Kewalram Singapore Limited ("Kewalram") is a wholly-owned subsidiary of Chanrai Investment Corporation Limited ("CICL"), which in turn is a wholly-owned subsidiary of Kewalram Chanrai Holdings Limited ("KCH").

CICL and KCH are therefore deemed to be interested in the 457,602,064 shares held by Kewalram.

GKC Trustees, Hariom Trustees, DKC Trustees and PKC Trustees are shareholders of KCH, each holding approximately 28%, 28%, 28% and 16% respectively in the issued and paid-up capital of KCH. Pursuant to Section 7(4A) of the Companies Act, Cap. 50, as GKC Trustees, Hariom Trustees, DKC Trustees are associates of PKC Trustees and vice versa, PKC Trustees would be deemed to be interested in the shares held by Kewalram.

GKC Trustees, Hariom Trustees, DKC Trustees and PKC Trustees are therefore deemed to be interested in the 457,602,064 shares held by Kewalram in the Company.

Narain Girdhar Chanrai is a non-executive Director of the Company.

\+ The Capital Group Companies, Inc. is deemed to be interested in the 111,326,126 shares held in the names of Bank of Tokyo (Singapore), BBH Dublin, DBS Bank, DBS Nominees Pte. Ltd., Development Bank of Singapore Ltd., Hong Kong & Shanghai Banking Corp., HSBC, HSBC (Singapore) Nominees Pte. Ltd., Mellon Bank N.A., Raffles Nominees Pte. Ltd., Standard Chartered Bank (Hong Kong), Standard Chartered Bank (Singapore) and United Overseas Bank Nominees Pte. Ltd.

* JPMorgan Chase & Co and its affiliates are deemed to be interested in the 119,944,044 shares held in the names of DBS Nominees Pte Ltd, Raffles Nominees (Pte) Ltd, Raffles Nominees Pte Ltd SCB-JPM LUX-4JXQJ70B, DBSN Services Pte Ltd DBS JPM London 4J39Z9N1, Japan Trustee Services Bank, Ltd, DBS Nominees Pte Ltd a/c The Bank of New York Brussels, State Street Bank and HSBC (Singapore) Nominees Pte Ltd.

Notice of Annual General Meeting

Olam International Limited
(Company Registration No. 199504676H)
(Incorporated in the Republic of Singapore with limited liability)

NOTICE IS HEREBY GIVEN that the Fourteenth Annual General Meeting of Olam International Limited ("the Company") will be held at 2 Shenton Way, SGX Centre 1, SGX Auditorium Level 2, Singapore 068804 on Wednesday, 29 October 2008 at 2.00 p.m. for the following purposes:

As Ordinary Business

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the year ended 30 June 2008 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a first and final dividend of 2.5 cents per share tax exempt (one-tier) for the year ended 30 June 2008. **(Resolution 2)**

3. i) To re-elect the following Directors of the Company retiring pursuant to Article 107 of the Articles of Association of the Company:

Mr. Narain Girdhar Chanrai	(Retiring under Article 107)	**(Resolution 3)**
Mr. Sunny George Verghese	(Retiring under Article 107)	**(Resolution 4)**
Mr. Michael Lim Choo San	(Retiring under Article 107)	**(Resolution 5)**

[See Explanatory Note (i)]

ii) To note the retirement of Mr Peter Francis Amour by rotation pursuant to Article 107 of the Articles of Association and who has decided not to seek re-election.

4. To appoint Mr. Jean-Paul Pinard as Director to fill the vacancy arising from the retirement of Mr Peter Francis Amour. [See Explanatory Note (ii)] **(Resolution 6)**

5. To approve the payment of Directors' fees of S$775,000.00 for the year ended 30 June 2008 (2007: $775,000.00). **(Resolution 7)**

6. To approve the payment of Directors' fees of up to S$896,500.00 for the financial year ending 30 June 2009. [See Explanatory Note (iii)] **(Resolution 8)**

7. To re-appoint Ernst & Young LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 9)**

8. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

As Special Business

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

9. **Authority to issue shares up to 50 per centum (50%) of issued shares in the capital of the Company**

That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors of the Company be authorised and empowered to:

(a) (i) issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution was in force,

provided that the aggregate number of shares (including shares to be issued in accordance with the terms of convertible securities issued, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the issued shares in the capital of the Company at the time of the passing of this Resolution, of which the aggregate number of shares and convertible securities to be issued other than on a pro rata basis to all shareholders of the Company shall not exceed twenty per centum (20%) of the issued shares in the capital of the Company and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force (i) until the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in accordance with the terms of convertible securities issued, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of such convertible securities.
[See Explanatory Note (iv)] **(Resolution 10)**

10. **Authority to issue shares under the Olam Employee Share Option Scheme**

That the Directors of the Company be authorised and empowered to offer and grant options under the Olam Employee Share Option Scheme ("the Scheme") and to issue shares in the Company to all the holders of options granted by the Company under the Scheme, whether granted during the subsistence of this authority or otherwise, upon the exercise of such options and in accordance with the terms and conditions of the Scheme, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Scheme shall not exceed fifteen per centum (15%) of the issued shares in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (v)] **(Resolution 11)**

By Order of the Board

Wan Tiew Leng, Lynn
Company Secretary
Singapore

Date: 13 October 2008

Explanatory Notes:

(i) Mr. Narain Girdhar Chanrai will, upon re-election as a Director of the Company, remain as a member of the Governance & Nomination Committee, Finance & Investment Committee and Risk Committee and will be considered non-independent.

Mr. Sunny George Verghese will, upon re-election as a Director of the Company, remain as a member of the Finance & Investment Committee and Risk Committee and will be considered non-independent.

Mr. Michael Lim Choo San will, upon re-election as a Director of the Company, remain as the Chairman of the Audit & Compliance Committee and Chairman of the Governance & Nomination Committee and will be considered independent for the purpose of Rule 704(8) of Listing Manual of the Singapore Exchange Securities Trading Limited.

(ii) The biodata of Mr. Jean-Paul Pinard is set out in the Corporate Governance statement of the Annual Report.

(iii) The Ordinary Resolution 8, if passed, will facilitate the payment of Directors' fees during the financial year ending 30 June 2009 in which the fees are incurred. The amount of the Directors' fees is computed based on the current fees structure reported in the Corporate Governance statement in this report. The Directors' fees proposed for payment also includes an additional 10 per centum (10%) to provide for unforeseen circumstances (such as the appointment of additional Director, additional unscheduled Board meetings and/or the formation of additional Board Committees).

(iv) The Ordinary Resolution 10 proposed in item 9 above, if passed, will empower the Directors from the date of this Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or when varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the issued shares in the capital of the Company at the time of the passing of this resolution, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

For the purpose of this resolution, the percentage of issued shares in the capital of the Company is based on the issued shares in the capital of the Company at the time this proposed Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this proposed Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

(v) The Ordinary Resolution 11 proposed in item 10 above, if passed, will empower the Directors of the Company, from the date of this Meeting until the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or when varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company of up to a number not exceeding in total fifteen per centum (15%) of the issued shares in the capital of the Company from time to time pursuant to the exercise of the options under the Scheme.

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 3 Church Street, #08-01 Samsung Hub, Singapore 049483 not less than 48 hours before the time appointed for holding the Meeting.

Olam International Limited
(Company Registration No. 199504676H)
(Incorporated in the Republic of Singapore
with limited liability)

Proxy Form

(Please see notes overleaf before completing this Form)

IMPORTANT:
1. For investors who have used their CPF monies to buy Olam International Limited's shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

*I/We, ______________________________

of ______________________________

being a *member/members of Olam International Limited (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing *him/her, the Chairman of the Meeting as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held on 29 October 2008 at 2.00 p.m. and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided.)

No.	Resolutions relating to:	For	Against
1	Directors' Report and Audited Accounts for the year ended 30 June 2008		
2	Payment of proposed first and final dividend of 2.5 cents per share tax exempt (one-tier) for the year ended 30 June 2008		
3	Re-election of Mr. Narain Girdhar Chanrai as a Director		
4	Re-election of Mr. Sunny George Verghese as a Director		
5	Re-election of Mr. Michael Lim Choo San as a Director		
6	Appointment of Mr. Jean-Paul Pinard as a Director to fill the vacancy arising from the retirement of Mr. Peter Francis Amour		
7	Approval of Directors' fees amounting to S$775,000.00 for the year ended 30 June 2008		
8	Approval of Directors' fees amounting to S$896,500.00 for the year ending 30 June 2009		
9	Re-appointment of Messrs Ernst & Young LLP as Auditors		
10	Authority to issue new shares		
11	Authority to issue shares under the OLAM Employee Share Option Scheme		

Dated this ______________ day of ______________ 2008

____
Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

* Delete where inapplicable

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote instead of him/her. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the second named proxy shall be an alternate to the first named or at the Company's option to treat the instrument of proxy as invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 3 Church Street, #08-01 Samsung Hub, Singapore 049483 not less than 48 hours before the time appointed for the Annual General Meeting.

5. (i) The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing.

   (ii) Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

   (iii) Where the instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or the power of attorney or other authority, if any, or a duly certified true copy thereof shall (failing previous registration with the Company) if required by law, be duly stamped and be deposited at the Registered Office, not less than forty-eight hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.

6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Our Cover

In the changing world of agri-commodities, Olam plays a vital role as a global supply chain manager of 17 products, sourcing and distributing a total of 4.93m metric tonnes of various commodities, through its operations in over 60 countries worldwide.

Our Identity

Olam is a Hebrew word meaning 'transcending boundaries', which epitomises the spirit of our company. Our distinctive corporate symbol and logotype represents many of our core values such as growth, outward focus, vigour and imagination. Our corporate colours are green, representing our vibrancy and orange, representing the earth from which all our products are derived.

Olam International Limited
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Singapore 038989

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