Sustaining GROWTH

OLAM

Olam International Limited Annual Report 2005

Sustaining Profitable Growth

Olam today is a leading global supply chain manager of agricultural products and food ingredients. We offer an end-to-end supply chain solution, from the farm gate in the producing countries to our customer's factory gate in the destination markets. We are suppliers to many of the world's most prominent brands, offering them a unique brand of supply chain management solutions that has earned us a global reputation as the 'Brand behind the Brands'.

Our leadership positions and brand values are based on our ability to concurrently combine origination capabilities in sourcing, processing and logistics, with our marketing, distribution, trading and risk management capabilities. This distinctive position has enabled us to achieve profitable organic growth at several times the industry rate.

Our proven organic growth model of pursuing adjacent new products, geographies and value chain opportunities that are closely linked to our core businesses, has helped us to accelerate our profitable growth with relatively low execution risk. In order to realise our ambitious growth plans we have developed four key strategies. These are to scale up volume in existing products; to migrate selectively into higher value added services; to enter attractive related new products; and to pursue cross product initiatives in our existing supply chain.

We have, in the past, grown our business organically. Going forward, in addition to continuing to pursue our strong organic growth plans, we will also be seeking to grow through targetted acquisitions. Our objective is to implement a sustainable and profitable growth model which will capture all opportunities to further our track record of creating and growing shareholder value in the years to come.

Our innovative business model and its successful application by our talented and dedicated team, provide a strong platform to achieve and sustain profitable growth in the years ahead.

General Information

General Information on Olam's FY2005 Annual Report and Accounts

Introduction

This guide is intended to walk you through the basics of how to read our Annual Report & Accounts for FY2005. Our Annual Report includes information about the Company's (Olam International Limited) and the Group (Olam International Limited and it's subsidiaries) performance during the year as well as management's view of the company's strategy for the future. Our Annual Report and Accounts for FY2005 presents an overview of the Company and the Group, management's discussion of the Company's recent performance and our plans for the future. The Annual Report also presents the Company's financial performance for the most recently completed financial year compared with the performance in prior years. It also serves to fulfill part of our obligations for public financial reporting mandated by the Stock Exchange of Singapore (SGX).

Disclaimer

Certain sections of our Annual Report and Accounts for FY2005 have been audited. The sections that have been audited are set out on pages 74 to 114. Readers should note that legislation in Singapore governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. At the start of the Annual Report, on pages 4 and 5, we present the financial summary, financial highlights and again towards the end of the report, in pages 60 to 63, we present a financial analysis section in all of which we present 4 year trendline data. We would like to point out to the readers that given the change of our accounting year end in 2003 to 30th June, from 31st March earlier, the comparative data presented in the above specified sections contains two years of audited information for FY2004 and FY2005 and reviewed data for FY2002 and 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 does 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 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.

Basis of discussion and analysis

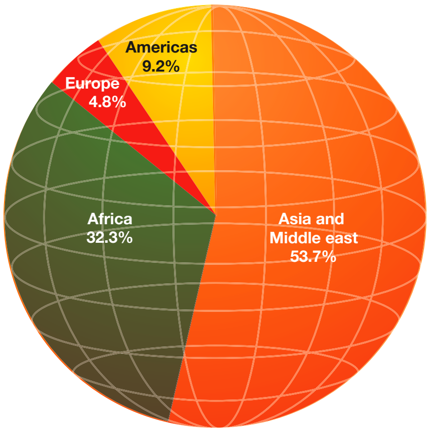
We measure and track our profitability in terms of **Gross Contribution (GC)** and **Net Contribution (NC)** per ton of product supplied. Wherever used in this document, the Gross Contribution and it's abbreviation GC, refers to a profit measure that is calculated as Total Sales Turnover less Cost of Goods Sold (including raw material cost plus all other direct costs, eg packing material cost, primary and secondary evacuation cost, primary and secondary levies, processing costs, etc.) shipping and logistics expenses, provision for claims and commissions and bank charges.

Similarly, the other profit measure, Net Contribution, and its abbreviation NC, is calculated by deducting the net interest expense from GC. We treat interest expense as a variable cost and it is a function of our inventory holding period and our debtor days. We use short term, transactional, self liquidating borrowings to finance our short term inventories and receivables. For every transaction, we target a minimum NC per ton of product supplied to our customer, based on the risk, complexities and value added services that we provide to our customers.

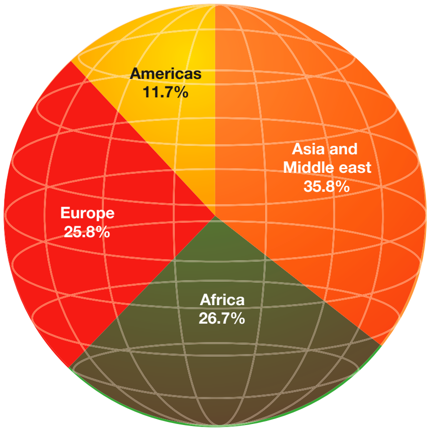
Olam believes that reporting profit measures GC and NC provide valuable additional information on our underlying earnings trends to our shareholders. The term GC and NC is not a defined term under the Financial Reporting Standard (FRS) of Singapore and may not therefore be comparable to similarly titled profit measurements reporting by other companies. It is not intended to be a substitute for, or superior to FRS measurements or profit. GC and NC is a key metric used by management and today other investors, to measure the progress of Olam in the execution of it's two 3-year strategic plan. Olam believes that the communication and explanation of the GC and NC profit measure is essential in order for readers of Olam's financial statements to understand fully the performance of the Company and the Group.

Financial Summary

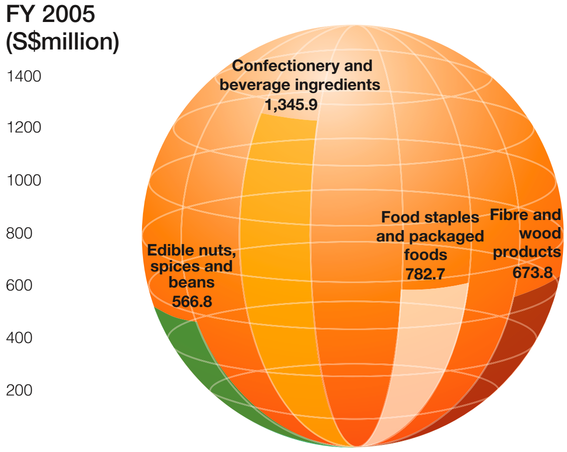
Sourcing volume by continent
FY 2005
(%)



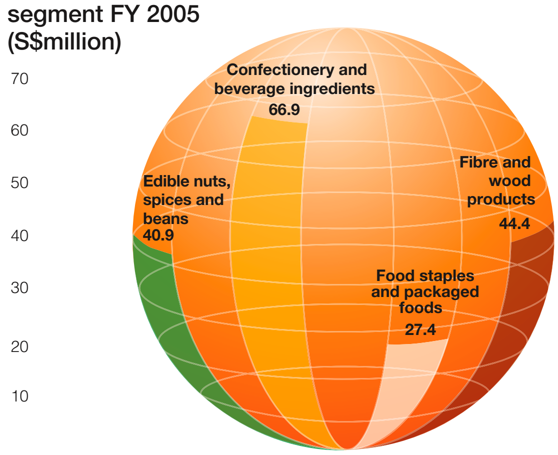
Sales turnover by continent
FY 2005
(%)



Sales turnover by segment
FY 2005
(S$million)



Net Contribution by
segment FY 2005
(S$million)



Volumes

Sales Volume grew by 0.5 million tonnes (24.4%) to 2.55 million tonnes in the current financial year when compared to the previous year, with strong volume growth being registered across all the four product segments. The Edible Nuts, Spices & Beans segment grew by 32%, Confectionery & Beverage Ingredients by 18%, Food Staples & Packaged Foods by 23% and Fibre & Wood Products by 30% over the previous financial year. From a sourcing perspective, Asia & Middle East contributed to 53.7% of our sales volumes followed by Africa at 32.3%, Americas at 9.2% and Europe at 4.8%. Our growth at more than 12 times the market growth rate of 2% for the portfolio of our products reflects our strong competitive position in the industry.

Sales Turnover

Sales Turnover grew by 29.1% in the current financial year to S$3.37 billion when compared to the previous financial year. 84% of this growth in sales revenue came from underlying volume growth while higher prices in some of the product segments contributed to the balance 16%. The Confectionery and Beverage Ingredients segment accounted for 40% of the turnover, followed by Food Staples & Packaged Foods segment contributing 23%, Fibre & Wood Products segment 20% and Edible Nuts, Spices & Beans segment 17%. Sales Turnover was well diversified with Asia and Middle East accounting for 35.8% of sales turnover, Africa accounting for 26.7%, Europe for 25.8% and Americas for 11.7%.

Net Contribution

Net Contribution for the year was S$179.6 million which represented a growth of 26.4% over the previous year. 93% of the growth in Net Contribution came from volume increases while margin improvements contributed to the balance 7%. All the four product segments registered a growth in Net Contribution, with Edible Nuts, Spices & Beans segment registering the highest growth of 41% over the previous year. The Fibre and Wood Products segment grew Net Contribution by 33%, while Food Staples & Packaged Foods segment and Confectionery & Beverage Ingredients segment recorded growth of 28% and 14% respectively.

Financial Highlights as at 30 June 2005

(S$'000)	FY2005	FY2004
Consolidated Results		
Sales Turnover	3,369,237	2,610,349
Sales Volume *(Metric Tons)*	2,553	2,052
Gross Contribution	228,942	178,803
Gross Contribution/Ton *(S$)*	90	87
Net Contribution	179,597	142,069
Net Contribution/Ton *(S$)*	70	69
Earnings before Interest & Taxes (EBIT)	126,388	97,241
Net Operating Profit after Tax (NOPAT)	113,117	87,128
Net Profit after Tax (NPAT)	67,025	48,095
Earnings per Share (EPS) *(cents)*	5.19	4.52
Dividends per Share (DPS) *(cents)*	2.16	3.80
Other Financial Information		
Equity	496,725	189,863
Debt	1,450,747	849,706
Net Debt to Equity	2.59	3.95
Return on Equity (ROE) based on average equity for the year	19.5%	31.2%

Operating Profit or Earnings before Interest and Tax (EBIT)

Operating Profit or Earnings before Interest and Tax (EBIT) grew by 29.9% to S$126.3 million for the current year, while **Net Operating Profit after Tax (NOPAT)** increased to S$113.1million in the current year from S$87.1 million in the previous year, a growth of 29.9%. **Net Profit after Tax** for the current year, at S$67.03 million, registered a growth of 39.4% over the previous year.

The Board has recommended a dividend payout ratio of 50% of Net Profit After Tax for the year in the form of a First and Final Tax Exempt Dividend of 1.08 cents per share and an additional Special Tax Exempt Dividend of 1.08 cents per share resulting in an aggregate **Dividend per Share (DPS)** of 2.16 cents. **Earnings per Share (EPS)** increased from 4.52 cents in the previous year to 5.19 cents for the current year.

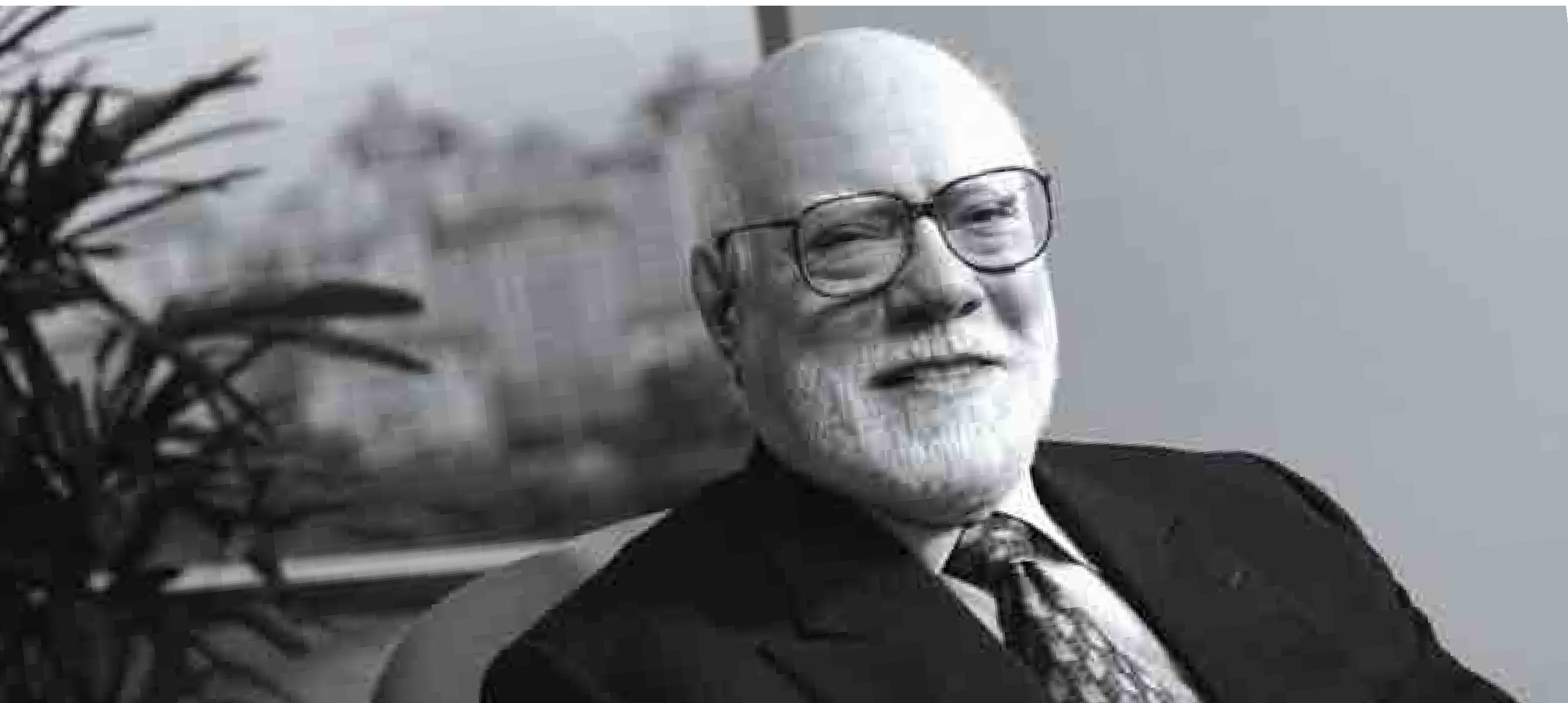
Total Shareholders Funds (Equity)

Total Shareholders Funds (Equity) grew during the current year by S$306.9 million and was S$496.7 million as at 30th June 2005. The company listed on the Main Board of The Singapore Exchange (SGX) on 11th February 2005, raising gross proceeds of S$267 million. Of this, S$39 million was vendor sales and new money that accrued to the company was S$217.4 million after accounting for approximately S$11 million as expenses in connection with the Initial Public Offering.

Net Debt to Equity

Net Debt to Equity as at the end of the current financial year was 2.59 times as compared to 3.95 times as at the end of the previous financial year.

Chairman's Statement



"In our first year as a listed company, Olam continued to deliver on its track record of creating and growing shareholder value. We have an excellent team and I share their enthusiasm for the Company's prospects."

2005 marked a key inflection point in Olam's history. After nearly a decade as a highly successful private company, the Board concluded that in order to provide a strong foundation for sustained profitable growth, the Company should seek to raise long term equity capital through flotation on the Singapore Exchange. Accordingly, Olam International Limited listed on the Main Board of the Singapore Exchange on the 11th February 2005. The flotation was very successful and was 15.16 times oversubscribed. We raised a total of S$228.4 million new capital from 191 high quality institutional investors from over 20 countries and over 5,828 retail investors from Singapore. I extend a warm welcome to all our new shareholders.

In our first year as a listed company, I am particularly pleased to report that we have had yet another year of strong profit growth. Profit after tax for the year, at S$67.03 million, has grown by 39.4% when compared to the previous year. All four of our business segments increased volume and net contribution for the year. This demonstrates the underlying strength of the Company's market position and spread and its ability to adapt and grow notwithstanding the everchanging circumstances in individual markets. The Company also continued its proud track record of delivering and growing shareholder value. Earnings per share of 5.12 cents (based on weighted average number of shares on a fully diluted basis), was 16.4% higher than for 2004. Shareholder funds have grown to S$496.7 million as at 30th June 2005, boosted by the floatation proceeds and profits of FY2005, compared to S$189.9 million as at 30th June 2004. Given the Company's strong financial performance and its objective of achieving a more efficient capital structure, the Board has proposed to pay a first and final tax exempt dividend of 1.08 cents per share and an additional special tax exempt dividend of 1.08 cents per share resulting in an aggregate dividend of 2.16 cents per share.

A more detailed review of the results for the year and the operating performance of the Company is contained in the CEO's review on pages 10 to 15 of this report.

The Company believes in having high standards of corporate governance and is committed to making sure that self-regulatory corporate practices exist to protect the interests of its shareholders and maximise shareholder value. In keeping with the Code of Corporate Governance of the Singapore Exchange, the Board was reconstituted during the year. Mr. Michael Lim Choo San and Mr. Robert Michael Tomlin were appointed to the Board as Non-Executive, Independent Directors. I would like to welcome Michael and Robert onto the Board.

There were two other Board changes during the year. Mr. Bruce Allen resigned from the board as a Non-Executive Director and nominee of AIF Capital, consequent to relocating to the United States of America from Hong Kong. His place on the Board was taken by Mr. Peter Amour. In addition, Mr. Ravi Krishnasamy resigned from the Board as the Alternate Director to our Non-Executive Director, Mr. Wong Heng Tew. His place was taken by Mr. Lim Sheau Ming. I would like to thank Bruce and Ravi for the contributions they made to the Board deliberations and to welcome Peter and Sheau Ming onto the Board.

The Board currently consists of twelve members, three of whom are Executive Directors and the balance nine, Non-Executive Directors. We have a total of three independent directors on our Board. The size, composition and blend of experience of the current Board ensures informed, critical and constructive meetings on matters of governance, policy, strategy and performance. All board committees are headed by our Non-Executive Directors/ Independent Directors. These directors also constitute a majority of the membership of the various Board committees.

The Board is keenly aware that the future success of the Group depends largely upon the capabilities of its 5000 employees and their motivation and development therefore is a priority for us. Olam's worldwide team has made a significant contribution to our success and I would like to thank them for their total commitment to the Company. Olam's success so far has proved the importance of aligning the interests of shareholders and managers and we will continue to promote opportunities for ownership of the Company's shares amongst our key contributors.

The outlook for the Company is positive. We have an excellent team and I share their enthusiasm for the Company's prospects. We are confident that our Company will meet with further success in the coming year and that we will continue to grow shareholder value.

Murli Kewalram Chanrai
Chairman

Board of Directors



Murli Kewalram Chanrai
Non-Executive Chairman

Rangareddy Jayachandran
Non-Executive Vice Chairman

Narain Girdhar Chanrai
Non-Executive Director



Mark Haynes Daniell
Non-Executive & Independent Director

Michael Lim Choo San
Non-Executive & Independent Director

Robert Michael Tomlin
Non-Executive & Independent Director

Murli Kewalram Chanrai
Non-Executive Chairman

Mr.M.K Chanrai is the Non-Executive Chairman of the Company and was appointed to the Board in 1995. He has been the Executive Chairman of Kewalram Singapore Ltd since 1976 and the Non-Executive Chairman of the Kewalram Chanrai Group since 1992. He has been engaged in the Kewalram Chanrai Group family business for over 60 years and has worked in various operations of the Group in Africa, India, Indonesia, UK and Singapore. As Non-Executive Chairman of the Group, he is responsible for providing policy guidelines for expansion and diversification for all the companies in the Group. He was the Chairman of the Singapore Indian Chamber of Commerce from 1992 to 1996.

Mark Haynes Daniell
Non-Executive & Independent Director

Mr. Mark Daniell is a Non-executive and Independent Director of the Company and was appointed to the Board in October 2002. He is the Chairman of The Cuscaden Group Pte Ltd and has wide ranging experience in the areas of investment banking, business strategy, mergers & acquisitions and corporate transformation. He worked for over 20 years with Bain & Company and was formerly the Managing Director of Bain & Company (Asia). He has authored books entitled World of Risk and Strategy. He holds a Juris Doctorate from the Harvard Law School in the USA and is a law graduate from Oxford University (University College). He is a qualified Attorney in the Commonwealth of Massachusetts. He is the Chairman of the Governance & Nomination Committee, Management Development & Compensation Committee and Corporate Responsibility & Sustainability Committee, as well as a member of the Audit and Compliance Committee.

Rangareddy Jayachandran
Non-Executive Vice Chairman

Mr. R. Jayachandran is the Non-Executive Vice-Chairman of the Company and was appointed to the Board in 1995. He has been member of the Board of Kewalram Singapore Ltd since 1979 and The Kewalram Chanrai Group since 1992. He qualified from The Institute of Chartered Accountants of India in 1969 and became a Member of the Institute of Certified Public Accountants in Singapore in 1989. He has over 35 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 Governance & Nomination and Management Development & Compensation Committees.

Michael Lim Choo San
Non-Executive & Independent Director

Mr. Michael Lim is a Non-Executive and Independent Director and was appointed to the Board in September 2004. He is currently the Executive Chairman of The Land Transport Authority of Singapore and The National Healthcare Group Pte Ltd. Mr. Lim worked with Price Waterhouse Singapore as its Managing Partner from 1992 and was the Executive Chairman of PricewaterhouseCoopers, Singapore, from 1999 till his retirement in 2003. He currently serves on many Public Bodies and is the recipient of the Singapore's Public Service Medal and Public Service Star. He is a Chartered Accountant by profession, having qualified as a member of the Institute of Chartered Accountants of New Zealand in 1973. He is the Chairman of the Audit & Compliance Committee and a member of the Company's Governance & Nomination and Management Development & Compensation Committees.

Narain Girdhar Chanrai
Non-Executive Director

Mr. N.G.Chanrai is Non-Executive Director of the Company and was appointed to the Board in 1995. He is the Managing Director of Kewalram Singapore Ltd and the Group CEO of The Kewalram Chanrai Group. A Bachelor of Science [Economics] graduate from the University of London, he has worked in various Group operations in Africa, UK and Singapore and was overseeing the Group's global treasury and accounting functions before taking over as the Group CEO in 2005. He obtained a Bachelor of Science (Economics) Degree from the University of London in 1970. He is a member of the Governance & Nomination Committee and the Finance & Investment Committee.

Robert Michael Tomlin
Non-Executive & Independent Director

Mr. Robert Tomlin is a Non-Executive and Independent Director and was appointed to the Board in September 2004. He was the CEO of Schroder International Merchant Bankers and Dane Court Pte Ltd, an investment advisory firm, which he founded. He is currently the Vice Chairman, Asia of UBS Investment Bank, Chairman of Yellow Pages [Singapore] Ltd and a member of the board of Mediacorp Pte Ltd. He was previously a member of the Council of the Stock Exchange, Singapore and a past director of PSA Corporation Ltd. He is a Business Management Graduate from Harvard Business School in the USA. He is the Chairman of the Finance and Investment Committee and is a member of the Company's Audit and Compliance, Risk, and Corporate Responsibility & Sustainability Committees.

Peter Francis Amour
Non-Executive Director

Tse Po Shing
Non-Executive Director

Wong Heng Tew
Non-Executive Director

Sunny George Verghese
Group Managing Director & CEO
(Executive Director)

Sridhar Krishnan
Senior Managing Director
(Executive Director)

Shekhar Anantharaman
Senior Managing Director
(Executive Director)

Peter Francis Amour
Non-Executive Director

Mr. Peter Amour is a Non-Executive Director of the Company and was appointed to the Board in September 2004. He is the CEO of AIF Capital Limited, a private equity firm based out of Hong Kong. He is also the Chairman of SunCorp Technologies Limited, a company listed on the Hong Kong Stock Exchange and has been actively involved in a large number of investments and financings in Asia. 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.

Sunny George Verghese
Group Managing Director & CEO (Executive Director)

Mr. Sunny Verghese is the Group Managing Director & CEO and was appointed to the Board in 1996. He has been with the Kewalram Chanrai Group for close to two decades. Prior to that he worked for the Unilever group in India. He started his career with the Kewalram Chanrai Group as a project manager in Nigeria and was mandated in 1989 to build an agricultural products exports business for the Group. As the CEO of Olam, he is responsible for setting the direction and providing the leadership to steer the company through its expansion and growth plans. He has been involved with many professional and trade bodies and is currently the Deputy Chairman of International Enterprise, Singapore and the Chairman of its Audit Committee. He is a Post Graduate in Business Management from the Indian Institute of Management, Ahmedabad in India and has completed the Advanced Management Program from the Graduate School of Business Management of Harvard University. He is a member of the Company's Finance & Investment, Risk and Governance & Nomination Committees.

Tse Po Shing
Non-Executive Director

Mr. Tse Po Shing 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 Management Development & Compensation Committee.

Sridhar Krishnan
Senior Managing Director (Executive Director)

Mr. Sridhar Krishnan is a Executive Director of the Company and was appointed to the Board in 1998. He is currently responsible for the Company's Rice and Shipping Business. He oversees the Company's Human Resources and Administration function and is a member of the three-man Corporate Executive Team of the Company. He has over 30 years of experience, half of which is with the Group. He was earlier in charge of the Rubber, Sheanuts and Sesame businesses. He is a Post Graduate in Business Management from a leading business school in India. He is a member of the Company's Finance & Investment Committee.

Wong Heng Tew
Non-Executive Director

Mr. Wong Heng Tew is a Non- Executive Director and was appointed to the Board in October 2003. He is the Managing Director, Strategic Development at Temasek Holdings since 2002 and prior to that was Managing Director, Private Equity Investment [Services] at Temasek Capital Pte Ltd. He has been actively involved with investments, mergers & acquisitions, restructuring of companies, divestments and corporate stewardship. 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 Management Development & Compensation Committee.

Shekhar Anantharaman
Senior Managing Director (Executive Director)

Mr. Shekhar Anantharaman is a Executive Director and was appointed to the Board in 1998. He is currently responsible for the Company's Edible Nuts, Spices and Beans and Packaged Foods Business. He oversees the Company's Information Technology function and is a member of the three-man Corporate Executive Team of the Company. He has close to 20 years of experience and has performed various roles within the Group, including senior positions in Country Management and has headed various businesses. He is a Post Graduate in Business Management from a leading business school in India. He is a member of the Company's Corporate Responsibility & Sustainability Committee.

Lim Sheau Ming
Alternate Director

Mr. Lim Sheau Ming is the alternate director to our Non-Executive Director, Mr. Wong Heng Tew. He was appointed to the Board in November 2004. Mr. Sheau Ming is the Director, Strategic Development in Temasek since August 1989, where he has been involved with their investments, divestments and corporate stewardship. He has a Post Graduate Degree in Business Management from The National University of Singapore.

CEO's Review

"Our vision is to be one of the world's leading supply chain managers for agricultural products and food ingredients. Our deep roots in the origins where these agricultural products are grown and our extensive presence in the key destination markets provide us with unique supplier and customer franchises, which are the foundation for our sustainable profitable growth."

At the outset, I would like to congratulate the Olam Team on an excellent performance in 2005 and a very successful listing. This has been possible because of the total commitment and dedication of the team and their focus in furthering the stated objectives of the Group. This is our maiden Annual Report since listing. I would therefore like to take this opportunity to explain some of the key features of our successful Business Model as well as present a consolidated Operating Review for the Financial Year ended 30th June 2005.

Business Model

Our historical track record of delivering consistent financial performance and growth in shareholder value has been primarily a function of our innovative business model.

By Business Model, I refer to the way we organise, compete, grow and succeed in the market place, or the various imperatives that we drive to sustain excellent financial, strategic, organisational and operational performance over time.

These imperatives include embedding ambition across the company, defining our core business and the boundaries of our participation, determining our governing objective and articulating clearly the reason why we are in business, assembling capabilities and competencies, building a configuration of assets to develop a sustainable competitive advantage and finally aligning various parts of the organisation to operate as **One Olam**, thereby enhancing our capacity to execute on our strategy.

We believe that our consistent focus on these elements of our business model, backed by very strong execution in challenging markets, has been the key to our success and our consistent long term performance. We have been able to build a fast growth company, not because the products in our portfolio are experiencing fast growth per se, but more because we treat growth as a process. Pages 18 and 19 detail these growth processes and explains our proven growth model. We run our businesses with intensity, creating low cost operations and building global leadership positions.

Our Vision

Our vision is to be one of the world's leading supply chain managers for agricultural products and food ingredients. Our deep roots in the origins where these agricultural products are grown and our extensive presence in the key destination markets around the world provide us with unique supplier (over 100,000 suppliers) and customer (over 3,300 customers) franchises, which are the foundation for our sustainable profitable growth.

Defining our Core Business

In our industry, you can participate in one of three ways. Firstly you could participate as a **positional, directional, proprietary commodity trader.** In this model, one allocates risk or equity capital on the basis of one's knowledge and insight into how commodity markets are trending, hoping to benefit from betting right on those trends. Earnings in this model can be substantial but extremely volatile. A second way of participating in this industry is as a **global scale agricultural processor.** This is a very capital intensive model with participants on an average committing 60% to 70% of their total assets in fixed assets. The third way of participating in this industry is as an **integrated supply chain manager.**

Olam has chosen to participate in this industry as an integrated supply chain manager offering an end to end supply chain solution to our customers. We manage each activity in the supply chain from origination to processing, inland logistics, marine logistics, marketing and distribution.

We try and capture a more predictable and less volatile fee quality kind of income for providing supply chain solutions to our customers. Our complete integration in the physical supply chain allows us to add value and manage the various risks along this chain from the farm gate in the producing countries to the factory gate of our customers in the destination markets.

Ours is an asset light model. We own very little fixed assets but instead leverage knowledge, systems and relationship based supply chain management skills to grow and create value. We believe owning ideas is more important than owning assets. We create more value by combining the talents and skills of our people rather than owning plantation or manufacturing assets.

Governing Objective

Since our inception, our Governing Objective has been to maximize shareholder value over time. In order to achieve this corporate purpose, as a management team we have consistently focused on impacting 3 key value drivers:

1. **Opening up the Equity Spread (ROE – Ke)** between our targeted Return on Average Equity (ROE) and our opportunity cost of capital/Cost of Equity (Ke).
2. **Increasing the rate of profitable growth** and
3. **Sustaining this profitable growth over time.**

Our targeted equity spread is ≥10%, our cost of equity is estimated at 10% and therefore the minimum target that we seek to achieve is a post tax equity return of at least 20% on average equity. Our track record in this regard for the last 4 years is given below:

	FY 2002	FY2003	FY 2004	FY 2005
ROE (%)	40.5	30.1	31.2	19.5
Ke (%)	10.0	10.0	10.0	10.0
ROE-Ke (%)	30.5	20.1	21.2	9.5

Our ROE for FY2005 is slightly lower than our target 20% primarily on account of our significantly enlarged capital base post listing. As we put this additional capital to work, we expect to meet our post tax 20% equity return over the next two years.

At Olam, we believe that good quality profitable growth involves growing top line, bottom line and earning more than the cost of capital concurrently. Our track record in pursuing profitable growth for the last 4 years is given below:

	FY 2002	FY2003	FY 2004	FY 2005	CAGR
Sales Turnover (S$'m)	1,581.6	2,274.3	2,610.3	3,369.2	28.7%
NPAT (S$'m)	25.0	28.7	48.1	67.0	39.0%

Sustaining Profitable Growth
Right from the beginning, Olam has always been known for its innovative and exciting growth culture. **We have made our own growth in a slow growth industry.** As a rough rule of thumb, aggregate demand for the agricultural raw materials that we supply grows at approximately half world GDP growth rate. During the last 4 years, world GDP has grown at between 3% to 4% and therefore demand for the products that we supply has grown at between 1.5% to 2.0%. In contrast, we have grown our top line at a CAGR of 28.7% and bottom line at a CAGR of 39.0% during this period, several times the industry growth rate. This is a reflection of our unique competitive position and our proven growth model. Achieving profitable growth is central to everything we do at Olam and it is the constant and unifying theme that runs across all our businesses.

Building sustainable competitive advantage

The key challenge for us in our industry is to create a sustainable competitive advantage under a scenario where most participants have roughly equal capabilities, follow roughly similar strategies, have roughly the same scale and therefore have cost curves of roughly equal slopes.

Our unique competitive position stems from our capacity to concurrently combine origination/ sourcing capabilities in the producing countries with trading, marketing, risk management capabilities in the destination markets.

At the sourcing end, we seek to differentiate ourselves by out origining our competitors by buying at the lowest level of aggregation possible; right at the farm gate. This entails buying from distributed collection points upcountry at the point of arrival of these products, often under very challenging conditions. At the marketing end, we seek to differentiate ourselves by offering various value added services to our customers.

Proven Growth Model

We have over the last 16 years, grown our business organically.

Our growth model revolves around a repeatable formula for adjacency expansion anchored around our core business.

We have grown by continuously seeking adjacent business opportunities which share customers, origins, markets, channels and capabilities with our existing businesses. We have repeated these adjacency moves from one product and one country to 14 products and 40 countries today.

Rules of the Game

Based on our 16 years experience of participating and succeeding in this industry, we have crystallised 5 key rules of the game. These rules govern portfolio selection and also guide us in our capital allocation process between these businesses in our portfolio.

Rule 1: Global leadership position and high absolute market share

As a rule, we do not participate in any product unless we can build a top 3 global leadership position or have a minimum 10% global market share. In a fragmented industry like ours, a dominant position is important for building scale economies, cost competitiveness and securing customer and pricing control which are drivers to profitability. We believe that industry leadership enables growth and creates opportunities to grow over the long term and to earn superior returns from such consistent growth.

Rule 2: Strong presence in key origins

In dynamic volatile pricing environments and particularly if we are sourcing from a challenging producing country, it is important to have a direct presence as close to the farm gate as possible in these countries so that you can exercise some control on the supply chain and thereby enhance your delivery and fulfillment capability.

Rule 3: A strong end market presence

We have built marketing and distribution offices in the key destination market hubs including Singapore, London, Rotterdam, Paris, Moscow, Warsaw, New York etc., closer to our customers, to enable us provide a significantly higher order, value added, customer service.

Rule 4: Direct end customer relationships

Olam has developed direct relationships with end customers in order to gain demand visibility to uncover and service both their articulated and unarticulated needs. This has enabled us to customise and integrate solutions and services that is of value to the customers, which in turn has helped us create better customer loyalty and retention.

Rule 5: A differential value chain integration

As supply chain managers, we are integrated along the entire supply chain. However, we do not have any rigid orthodoxy that we would be similarly integrated in each business. We make investments in the supply chain directly only when we see an opportunity to capture some incremental value.

Creating Alignment

Our management structure, people and culture, systems and skills, are among the key strengths on which our growth record is built. Aligning the entire organisation behind our strategy is the key to our strong execution. Pages 16 and 17 of this report set out our management structure and how it helps to operate as one company. Olam is organised into a large number of discrete profit centres headed by a Profit Centre Head (Operating Executive), with a high degree of authority and accountability for the performance of that particular part of the business. These Profit Centre Heads and other Functional Managers are selected and developed based on their ability to succeed in this strong entrepreneurial environment.

Our long term success requires our managers to have a willingness to learn continuously, embrace new ideas, develop an ability to work together effectively, and have total commitment to an exceptional standard of performance, productivity and stretch. Pages 44 and 45 outline the strength of our organisational processes and the competitive advantage we secure by combining the talents of our people. The section on Risk Management on pages 42 and 43 highlight how we align our systems and build a foundation for scaling and growing our business.

Corporate Governance and Sustainability

At Olam we believe that to succeed in creating shareholder value on a sustainable basis, we should have the highest standard of corporate behaviour towards our investors, communities we operate in and touch, and the environment on which we have an impact. Pages 46 to 58 set out our commitment, policies and practices in this regard.

The above elements of our Business Model lays out the pathway for our sustainable profitable growth in the next two 3-year planning cycles and thereby creating long-term value for our shareholders, our employees, and our business partners.

Operating Review

Group Financial Summary: Profit & Loss Account

Trading conditions continued to remain favorable for most of FY2005. Under these circumstances, I am pleased to report the achievement of a fourth consecutive record year for **Group Net Profit after Tax which increased by 39.4% to S$67.03 million.** Total **Sales Revenue increased by 29.1% to S$3.37 billion** on the back of a **24.4% increase in Sales Volumes to 2.55 million metric tons** compared to FY2004. Sales Turnover and Net Profit after Tax has grown at a CAGR of 29% and 39% respectively over the last 4 years.

Gross Contribution (GC) grew by 28.0% to S$229 million while Net Contribution (NC) grew by 26.4% to S$179.6 million over the corresponding period in FY2004. The growth in gross and net contribution was broad based across all four business segments. 93% of the growth in NC came from underlying volume increase, while 7% came from margin improvements. Selling, General & Administrative Expenses (SG&A) increased by 18.4% to S$104.7 million in FY2005. However, increase in SG&A was proportionately lower than our growth in underlying volumes (24.4%) as well as growth in Sales Turnover (29.1%). **This resulted in extracting operating leverage with SG&A / Sales ratio coming down from 3.39% in FY2004 to 3.11% in FY2005, which helped in improving our Net Profit Margin from 1.84% in FY2004 to 1.99% in FY2005.**

Our preferred measure of financial performance is post tax return on average equity, which for FY2005, is 19.5%. This was achieved despite a 162% growth in shareholder funds. We are committed to creating shareholder value by a considered allocation of resources across our businesses. Our financial objectives are to maintain a post tax return on equity of at least 20%, deliver sustainable earnings growth and improve our quality of earnings.

This financial performance reflects our unique competitive position, the strength of our mix of businesses, our proven growth model, our global presence and experience, our supplier and customer franchises, and our approach to the management of risk. These core strengths also underpin our ambition to deliver sustained profitable growth in the future and consistent growth in shareholder value as we have done in the past.

Group Financial Summary: Balance Sheet

Shareholders funds

Shareholder funds have grown by S$306.8 million from S$189.9 million as of 30th June 2004 to S$496.7 million as of 30th June 2005, a 162% growth. The accretion in shareholder funds was primarily on account of the listing proceeds, profit retention of FY2005 and conversion of Convertible Redeemable Shares to common equity during the year by the International Finance Corporation.

Fixed Assets

Tangible fixed assets at S$39.2 million were up S$18.0 million from FY2004. The major investments during the year included the acquisition of a cashew processing facility in Brazil, setting up a rice milling facility in Nigeria, setting up two coffee processing facilities, one in India and the other in Uganda, expansion of the existing cashew processing facility in Vietnam and enhancing procurement and logistics infrastructure in Brazil, Ghana, Gabon and several other countries.

Current Assets

- **Debtors**
  Debtor days increased by 5 days compared to FY2004. However, 69.8% of these receivables were secured by letters of credit or we held title to the documents. The ageing and therefore the quality of debtors has significantly improved.

- **Stocks**
  Stock turnover days increased by 47 days to 119 days, compared to 72 days as at the end of FY2004. Total increase in stock value is S$540.9 million. 87.5% of the stocks were sold forward or hedged and therefore there was no market risk or any further erosion in inventory value on this portion of stocks. These are highly liquid, near cash items. 70.6% of this increase in stock (value S$381.8 million) is on account of higher volumes being carried forward while 29.4% (value S$159.2 million) is on account of price increases. The main increase in stocks was in the Confectionery & Beverage Ingredients segment (S$272.8 million), followed by Food Staples & Packaged Foods (S$183.6 million). Edible Nuts contributed to an increase of S$53.5 million. Increased cocoa and coffee stocks in Europe, US and Asia, because of increased Vendor Managed Inventory services that we were providing to our customers, contributed to the increased stock levels in the Confectionery and Beverage ingredients segment. Rice stocks contributed to bulk of the increase in the Food Staple & Packaged Foods segment. This was primarily on account of setting up of rice milling operations in Nigeria and changing our model from indent to distribution.

Cash and Fixed Deposits

Cash and fixed deposits increased by S$65 million or 64.5% to S$165.4 million. Cash and Fixed Deposits to Sales ratio improved from 3.85% in FY2004 to 4.91% in FY2005.

Borrowings and Gearing

Borrowings increased by 70.7% to S$1,451 million as of end of June 2005 from S$850 million as of end June 2004. Our Gross Debt to Equity ratio came down from 4.48 x in June 2004 to 2.92x in June 2005, and our Net Debt to Equity ratio came down from 3.95x as of end June 2004 to 2.59x as of June 2005. The interest coverage was 2.71x as of end June 2005.

It is important to note here that while the nominal gearing (Net Debt to Equity) is 2.59x, the quality of this gearing needs to be clarified. If we follow the adjustments done by rating agencies for companies carrying agricultural inventories, where they remove all liquid, hedged inventory, from the Current Asset side of the Balance Sheet while correspondingly adjusting the short term working capital borrowings that fund these assets, then Olam's adjusted gearing drops to 0.21x, which is the intrinsic financial risk carried by the Company.

At the end of June 2005, Olam only used 55.1% of the total borrowing limits available to the Company. During the year, the Company also broad based it's borrowing sources by tapping into the multi currency Medium Term Note market by issuing short dated (90 days to two year maturity) paper and also successfully concluding an Islamic Financing arrangement.

Segmental Operating Review

We continued to execute strongly on our portfolio of growth initiatives across 14 products in the 4 business segments.

Olam's financial performance was well diversified with broad based contribution from all four segments. Each of the four segments grew Sales Revenue, Sales Volume, Gross Contribution and Net Contribution compared to FY2004. Confectionery & Beverage Ingredients segment contributed 37.2% of the total Net Contribution of the Group, while Fibre & Wood Products contributed 24.7%, Edible Nuts, Spices & Beans 22.8% and Food Staples & Packaged Food contributed 15.3% respectively.

It is encouraging to note that our performance in FY2005 has been well balanced in terms of the mix of businesses, origins, markets and customers. This provides us the strength and flexibility to deliver results in good and challenging times alike.

A detailed segmental operating review is contained in pages 26 to 41 of this report

Geographic Positioning

Since inception, Olam has significantly benefited from deregulating commodity markets in many producing countries. Gradual disappearance of state owned commodity monopolies paved the way for a level playing field and at Olam, we took advantage of this trend by creating a supply chain infrastructure that sought to fill the breach created by the exit of the Commodity Boards in these producing countries. We believe that the 6th Ministerial Conference of the World Trade Organisation (WTO) to be held in Hong Kong in December 2005 would serve as a key inflection point for further liberalisation of World Agricultural Commodity Trade. If the developed countries, including the US, European Union and Japan progressively remove or eliminate farm subsidies, global trade flows in agricultural commodities will shift in favor of countries that have a natural comparative advantage to produce these products more cost effectively and efficiently. As a strategic direction, we are investing in supply chain infrastructures in a targeted manner in those countries that have a natural comparative advantage in order to benefit from the expected shift in trade flows post the elimination of these trade distorting agricultural subsidies.

Outlook & Prospects

In each of our four business segments, we face the future with confidence as we continue to execute strongly on our strategic plans and identified organic growth initiatives in the different businesses.

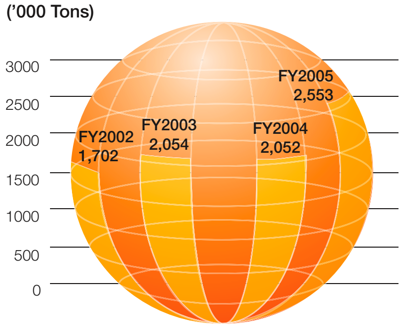
We draw up our strategic plans across two 3-year planning cycles, and we expect, during the course of the next 6 years, to build on the strengths of our established market franchises and to selectively invest in further processing and distribution activities with the objective of continuing to improve our earnings quality. The four key strategies that we are executing on to realise our growth aspirations over this period are outlined on pages 18 and 19. In addition to organic growth, we also intend to look at acquisitions as an integral and complementary part of our growth strategy.

Our success could not have come if it were not for the willingness and commitment of our main sponsor shareholders (the Kewalram Chanrai Group), and our co-sponsors (AIF Capital, IFC, and Temasek Holdings) to take a long term view. We are indebted to your commitment. Likewise we would also like to thank our new family of shareholders who have invested in the Company post our listing and have shown the same commitment and willingness to partner us in building sustainable long term shareholder value. As a management team, we will strive to do everything possible to repay that trust, commitment and confidence shown in us.

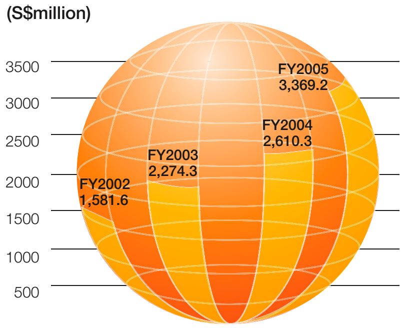
Above all, the Olam Team gives us confidence in the future. We have the intellectual capital to develop creative and effective solutions to match our customers' needs. I have never been more proud of our team as I am today. The extended Olam Team includes our own employees as well as the many dedicated agents, brokers and other business partners around the world. I would like to extend my sincere thanks and appreciation for their contributions to our continuing success

Sunny George Verghese
Group Managing Director
& Chief Executive Officer

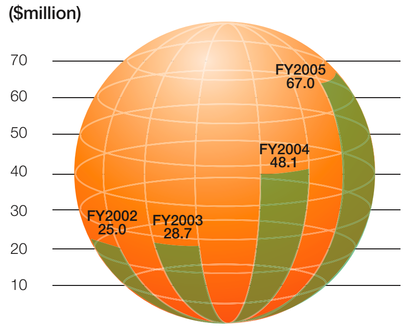
Total Sales Volume
('000 Tons)



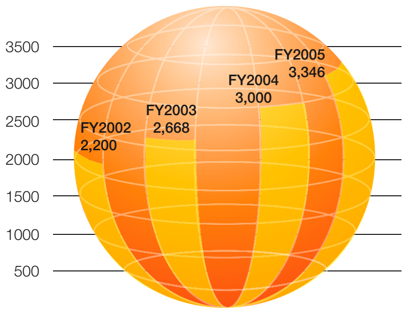
Total Sales Turnover
(S$million)

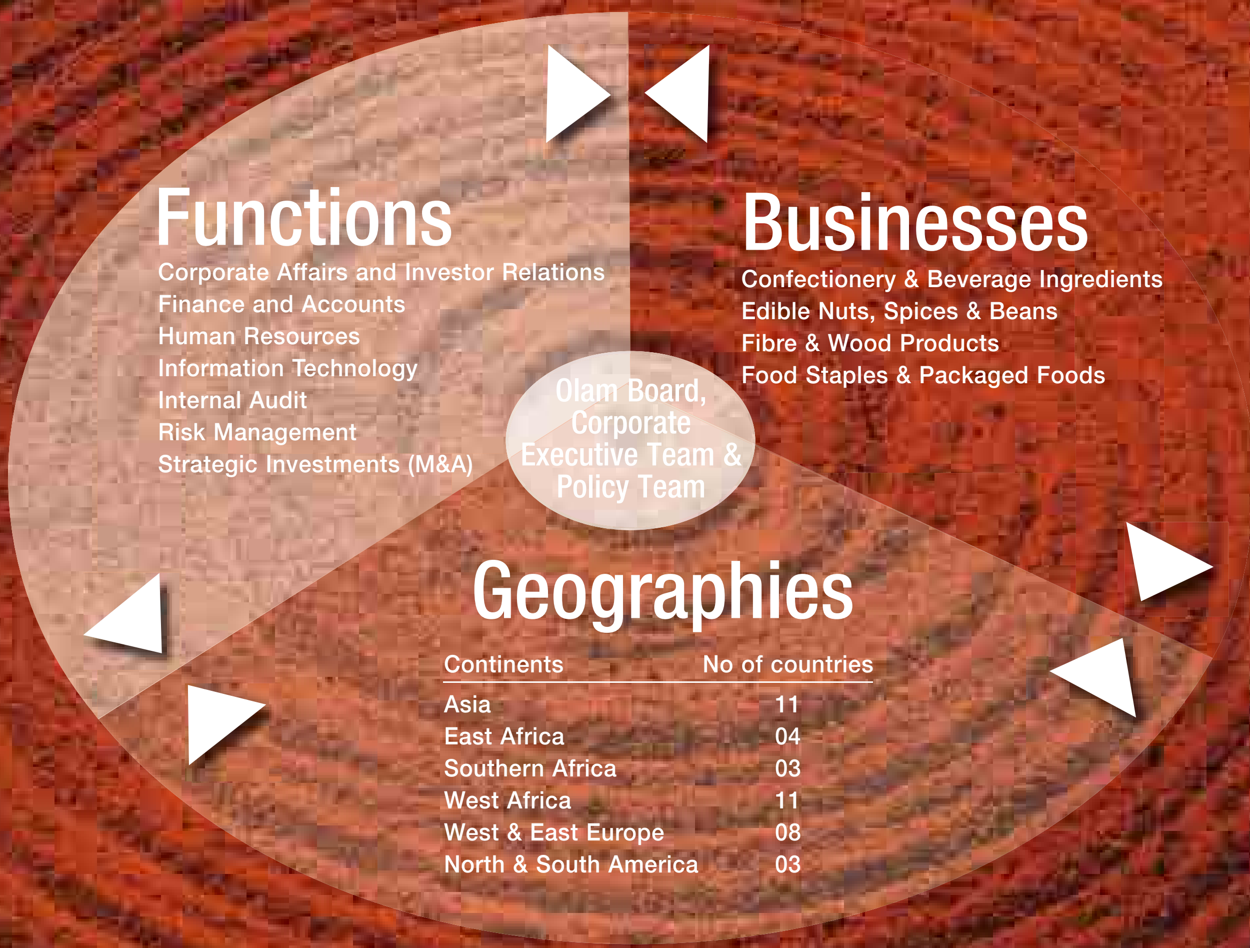


PAT
($million)



Total number of Customers

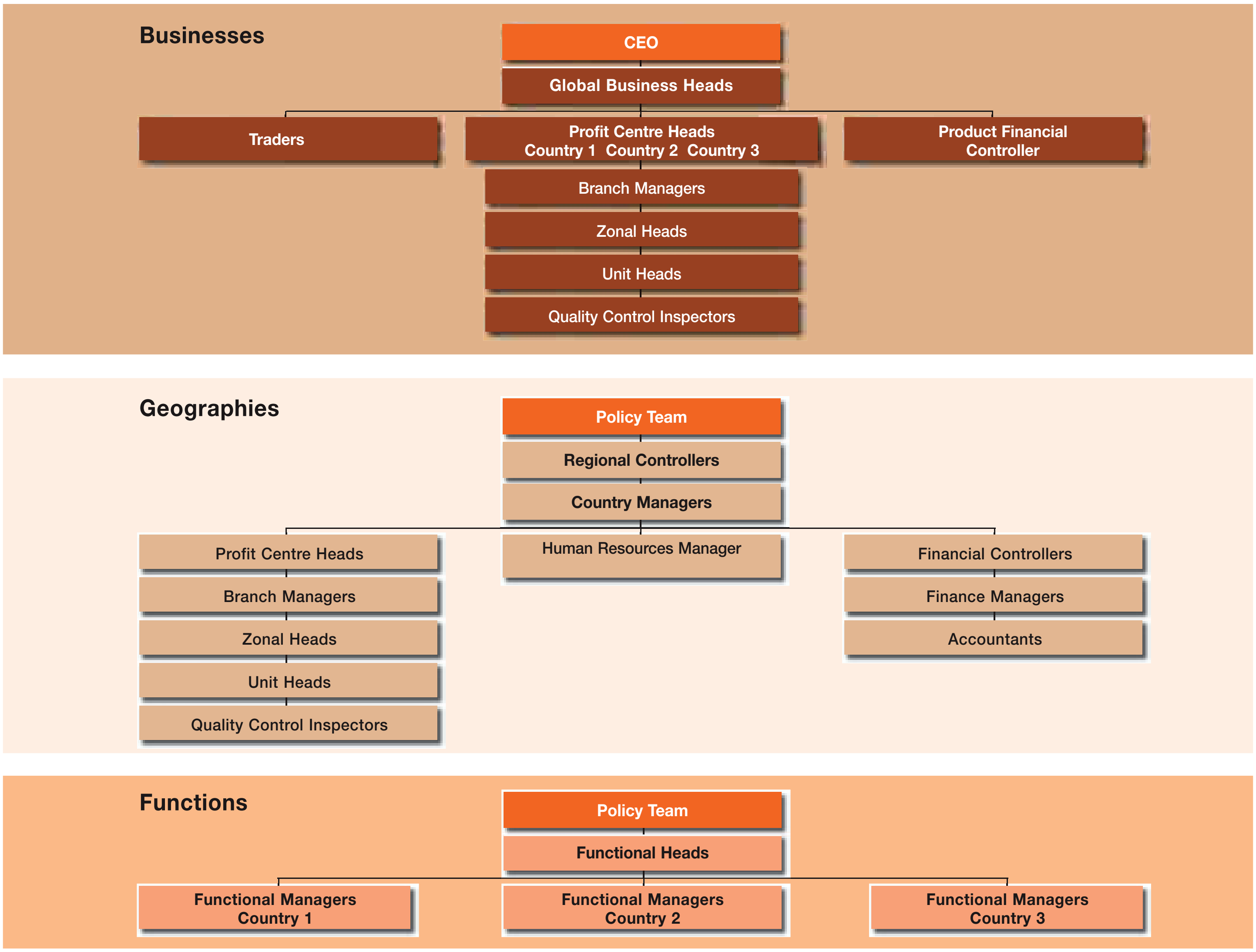




Olam is distinctive in its capacity to operate as one company even though it is highly diversified across forty countries, fourteen products and seven functions. Our ability to have a highly coordinated cross functional high performance organisation is driven by the way we are organized.

We are a transnational organisation. We have adopted a three dimensional matrix structure to execute our strategy. This structure, through which our business, country and functional managers bring different perspectives on the same issue, allows us to build three complimentary strategic capabilities: global scale efficiency and competitiveness; local country level responsiveness and flexibility; and the capacity to leverage our intellectual capital on a world-wide basis. Such a structure also enables us to cope with challenges on all three axes concurrently.

Organisation Structure



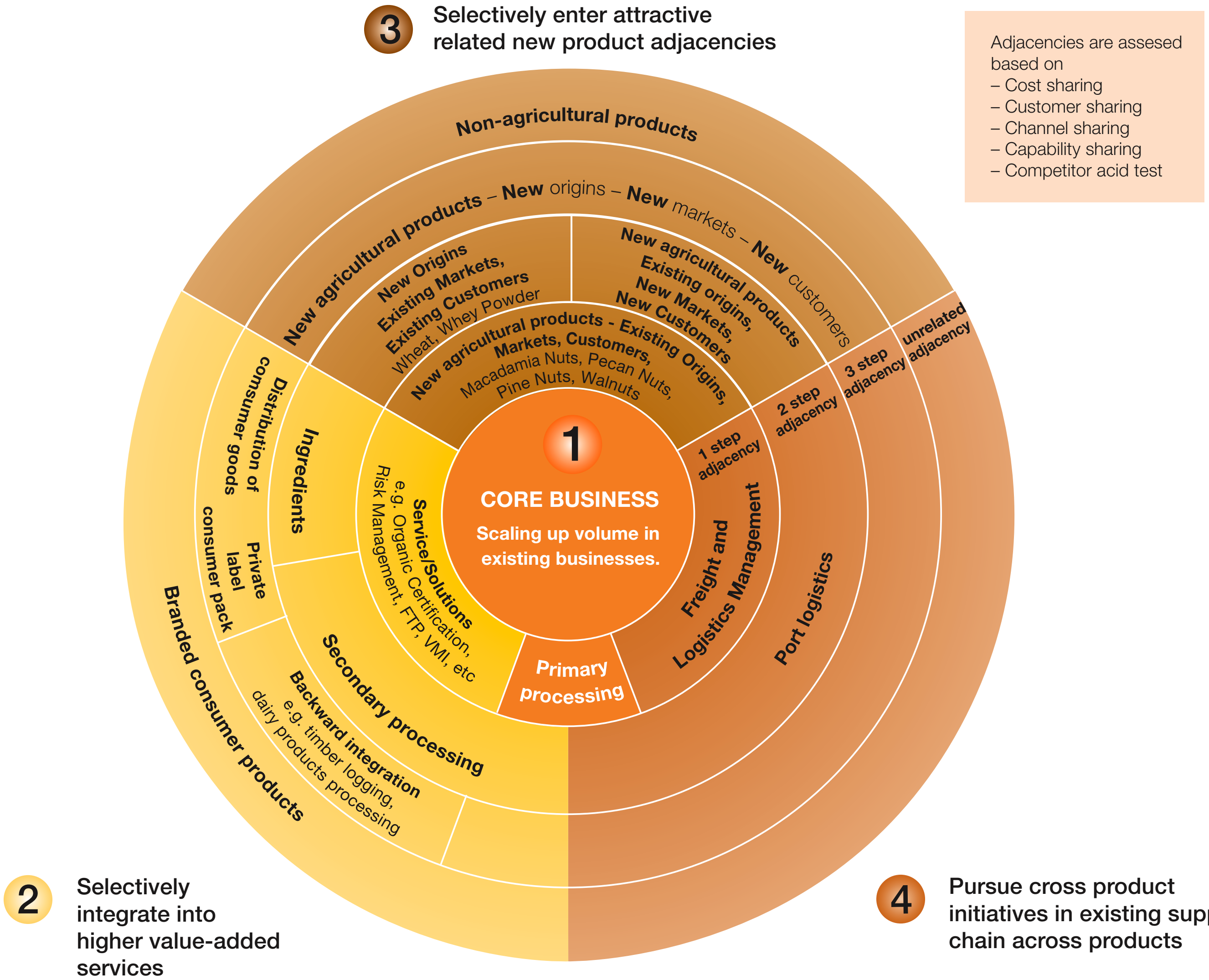
The role of our Global Business Heads is to capture the full benefit of integrated world-wide operations by furthering global-scale efficiency, competitiveness and extracting synergies across different countries. They serve as the strategists for the businesses, as the allocators of its world-wide assets and resources and as the coordinators of transactions across national borders.

The Country Manager's primary objective is to be sensitive and responsive to the local market. The Country Manager plays three vital roles: the sensor and interpreter of local opportunities and threats, the builder of local resources and capabilities and the contributor to global strategy for the businesses in his country.

The mandate of Functional Managers in such a structure is to build an organisation that can use learning to create and spread innovations across national borders. To achieve this important objective, Olam's functional managers scan the globe systematically for specialized information, transfer leading-edge knowledge and best practice and champion innovations across our various businesses and geographies.

The Corporate Centre, consisting of the Corporate Executive Team & Policy Team, plays the vital role of integrating the 3 elements of the organisational model. They provide leadership to businesses, geographies and functions, moulding them into one cohesive unit by building effective coalitions across the company, with the objective of ensuring, wherever possible, that the whole is worth more than the sum of its parts.

Olam's Growth Model



Olam's growth model is driven by a clear definition and focus on our core business and a systematic and repeatable formula for adjacency expansion based on that core.

We have defined that core business as "supply chain managers of agricultural products and food ingredients". This means that we provide an end-to-end supply chain solution between the farm gate in producing countries and the factory gate of our customers in destination markets.

We have, over the past 16 years, grown our business without acquisitions. Our organic growth has been propelled by a business model which is both scalable and replicable. We have grown by taking advantage of adjacent opportunities in businesses which share geographies, products, customers and supply chain capabilities with our existing businesses. We have pursued this adjacency strategy to evolve from a one product and one country business to a global enterprise operating in fourteen product areas in forty countries.

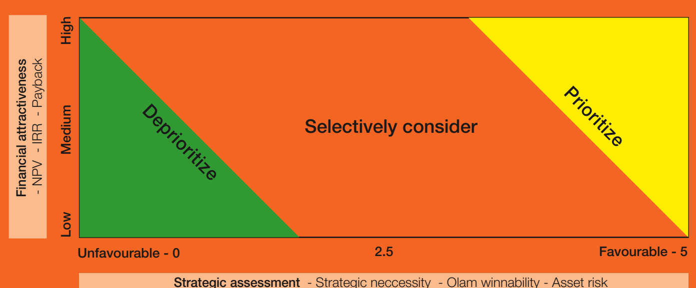
We have identified 4 key strategic pathways for growth in the coming years. These are to: scale up volumes in existing products; migrate into selected higher value added services in areas where Olam has a leadership position; enter attractive related new product areas; and pursue cross product initiatives in the existing supply chain across products.

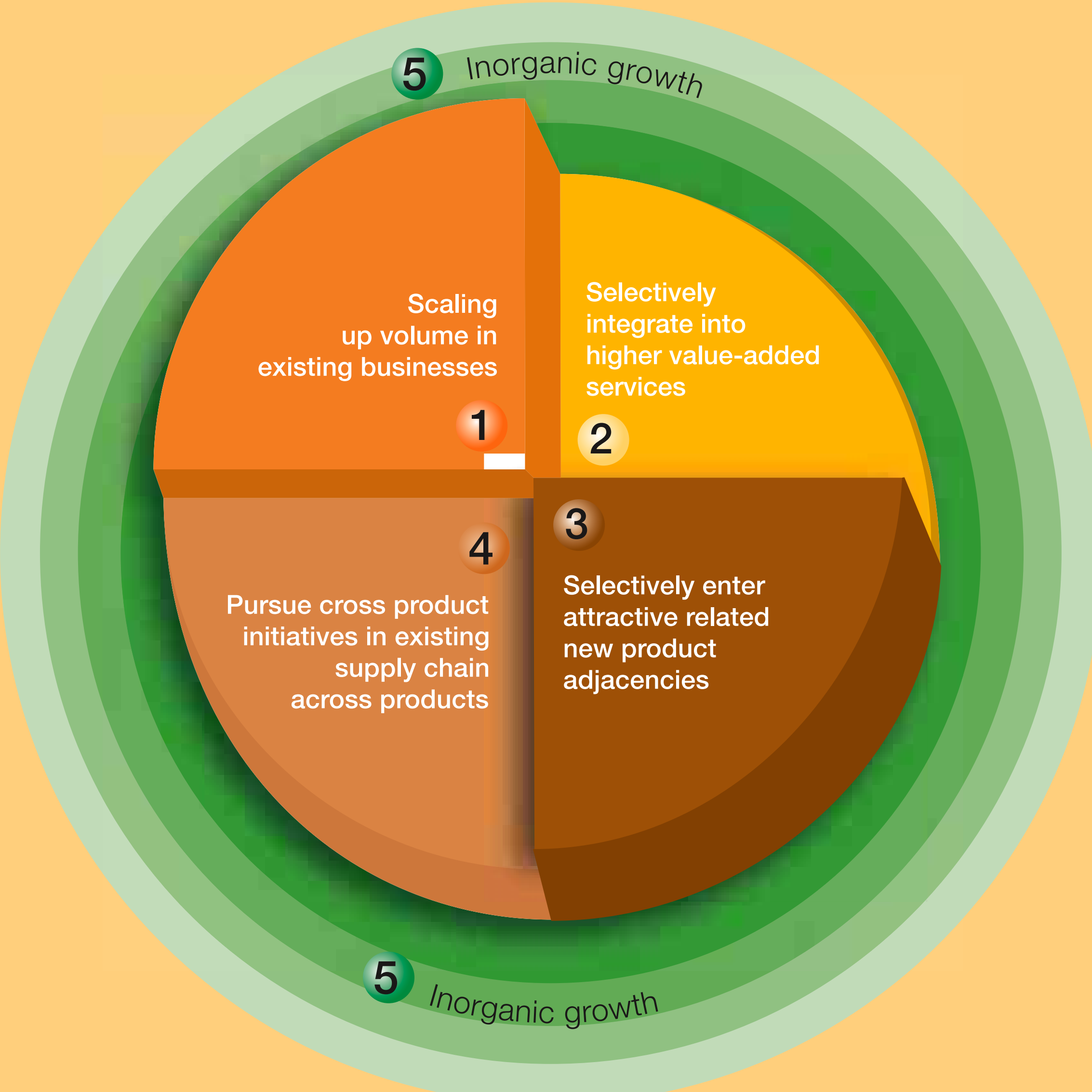
We strongly believe that our organic growth model, combined with our strong competitive positions, provides significant room to grow and create value over the coming years. We currently plan to invest S$200 million in 40 capital expenditure projects in the coming years. These projects, which are targeted at opportunities in all product areas and in key destination markets, will be evaluated and prioritised by both their financial and strategic attractiveness.

We fully intend to maintain our asset light growth and operating model. This planned capital expenditure program will not change our asset light character and our ratio of fixed assets to total assets is still expected to remain low.

While continuing to pursue our ambitious organic growth and investment plans, we believe we can further enhance the prospects for our business by exploring attractive opportunities for additional growth through an acquisitions program. Going forward, we will be reviewing all opportunities for growth, organic and inorganic, which can enhance shareholder value. For the next phase of our company's development, we will look carefully at selected acquisitions and strategic alliances as an integral part of our core growth strategy. We believe that we have sufficient equity capital resources to fund all transactions under current consideration.

Prioritisation of Capital Expenditure Initiatives





Growth Initiatives

1 Scale up volume in existing businesses

Our first priority is to achieve the full potential of our existing core businesses and grow volume in these products to capture the full benefits of the increased scale. We will consolidate our leadership positions to remain or become a # 1 or 2 player globally in products where we are already a profitable leader. We will invest to strengthen our leadership position in products where we are a profitable close follower. In areas where we are currently an unprofitable follower, we will consider exit, unless we are able to increase profitability and scale. Finally, we will systematically reduce SG&A as a percentage of sales for all businesses every year to extract operating leverage.

2 Migrate selectively into higher value-added services/adjacencies

We will extend our value chain participation into higher value added areas to capture incremental margins. We have identified seven value added services that we intend to provide our customers, including customised grades and qualities, organic certification, fair trade produce certification, vendor managed inventory solutions, risk management solutions, proprietary market intelligence and secondary processing.

3 Enter attractive related new products

Expansion into new products will be determined by the proximity of the potential new product to our existing core operations and will be focused on existing origins and markets. We will select those products which have a high degree of sharing in customers, costs, channels, or capabilities with our existing priority products. We have identified seven new product adjacencies on which to focus our growth plans.

4 Pursue cross product initiatives in existing supply chain across products

We have identified three cross-product initiatives that will help us capture additional value, mitigate risk and reduce costs in the existing supply chain. These three initiatives include primary processing investments, port handling improvements, and shipping efficiency improvement.

5 Explore inorganic growth

Inorganic growth will be a complementary and integral part of our growth strategy going forward. Promising areas for further analysis and exploration include a 'string of pearls' approach, targeting a series of related potential transactions that do not exceed 10% of our market capitalization

Growth through Geographic Adjacencies

Olam has built a reputation of providing superior delivery and fulfillment capability from challenging producing countries and in volatile price environments.

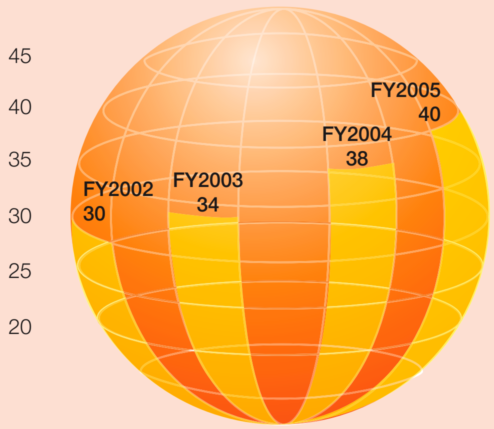
Our expansion into new geographies is determined by our ability to source existing products or replicate existing supply chains in these new countries. We started by supplying Cocoa from a single producing country in Africa to cocoa grinders and chocolate manufacturers in Europe and the USA. The same customers, satisfied with our services, asked us to source and supply cocoa for their special needs from other countries as well. We were thus able to expand into other cocoa producing countries at relatively low risk and with attractive economics. Today we are present in every key cocoa producing origin.

This approach of geographic growth in product areas where we have an existing customer base and a proven capability has guided our expansion into a global business which now operates successfully in 40 countries. Cross sourcing of products has also enabled us to amortize our costs in any one country across multiple products and larger volumes.

While building the team and capabilities in origin markets, we have concurrently expanded our presence and built our marketing, trading and risk management skills in the consumption markets.

Our ability to establish, replicate and scale up a successful model across origin markets in Africa, Asia and Latin America as well as to penetrate the developed markets of Europe and America has created a unique competitive advantage for the company today and into the future. We currently are assessing opportunities to establish operations in an additional 14 countries into the future

Number of Countries



Origins

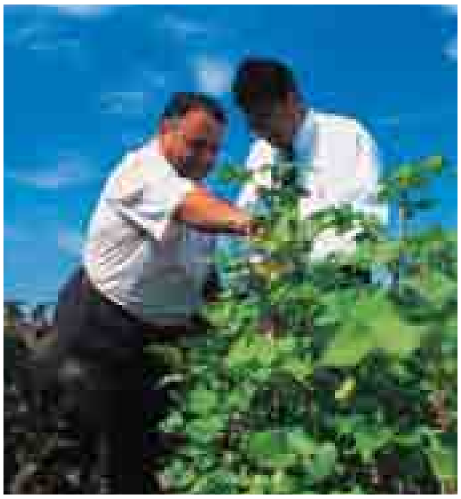
- Argentina
- Benin
- Brazil
- Burkina Faso
- Cameroon
- China
- Cote D'Ivoire
- Democratic Republic of Congo
- Gabon
- Ghana
- Guinea Bissau
- Guinea
- India
- Indonesia
- Italy
- Kazakhstan
- Madagascar
- Mozambique
- Nigeria
- Papua New Guinea
- Poland
- South Africa
- Tajikistan
- Tanzania
- Togo
- Turkmenistan
- Uganda
- Ukraine
- United States of America
- Uzbekistan
- Vietnam
- Zimbabwe

Marketing Offices

- Benin
- Burkina Faso
- Cameroon
- China
- Cote D'Ivoire
- Democratic Republic of Congo
- France
- Gabon
- Ghana
- Guinea Bissau
- Guinea
- India
- Indonesia
- Italy
- Madagascar
- Mauritius
- Nigeria
- Russia
- Singapore
- South Africa
- Spain
- Tanzania
- The Netherlands
- Uganda
- United Arab Emirates
- United Kingdom
- United States of America
- Vietnam

Growth through Value Chain Adjacencies

Integrated from farm gate



Sourcing/Origination

Origination is the heart of our business. It is here that our knowledge and expertise assists farmers and collectors and provides us with a consistent supply of good quality produce. We believe in partnerships with farmers, co-operatives and village level agents that are dedicated to long-term success for our suppliers and Olam.

Inland Logistics and Warehousing

Our infrastructure in the origins and our ability to manage the multi modal transportation requirements of our businesses facilitates the efficient export and import of our products. This enables us to remain competitive and flexible to meet our client's requirements, however complex they are.

Primary Processing

We are engaged in intermediate processing in the origins and adding value to the agricultural products that we handle. Adding value through processing is fundamental to our strategy and enables us to provide the required quality for our customers on a consistent basis.

Managing Risk

Origin

End to End Supply

Together with our strategy of product and geographic expansion, we have pursued a strategy of value chain expansion by embedding various value-added services along with the physical products that we supply to our customers. This has allowed us to enhance our margins in the businesses that we participate in.

At the heart of our competitive advantage is our origination capability, particularly our procurement reach in the producing countries where we buy from the lowest level of aggregation and as close to the farm gate as possible. This implies buying at distributed upcountry collection centres at the crop arrival point, which increases complexity. Our rigorous field operating systems and good quality people on the ground in these remote locations helps us protect the integrity of stocks (quantity and quality) lying in these distributed collection centres and effectively managing this enhanced complexity. This is a significant barrier to entry for most of our competitors.

to factory gate

Shipping & Marine Logistics

The strength of our freighting and forwarding capability provides us with a competitive platform for our business and ensures reliable and timely delivery to our customers. With our network, we have a global reach, but at the same time, we provide a local response to our customers and ensure a customised and efficient service.

Marketing

We have established privileged relationships with our customers to whom we provide various value added services and customised solutions. We offer innovative and value added solutions and services. We are committed to having the best people and technology to support our customers in effectively responding to opportunities and market developments.

Distribution

We provide timely and cost effective deliveries to customers throughout the world. Our supply chain infrastructure and our close relationships with other logistics companies enables us to meet the specific requirements of our customers which vary in terms of location, delivery time, volume and packaging. What differentiates Olam is our willingness and ability to service each client's unique requirements.

at Every Stage

Chain Capabilities

Customer

The industry is beginning to recognize that origin processing is capable of yielding products of an acceptable quality with significant cost savings. Furthermore, by processing at the origin, we can avoid the costs of transporting the portion of the product which is later discarded during processing. In the case of Cashew Nuts, we have built on the success of our processing operations in India, Vietnam and Brazil to set up processing facilities in East and West Africa. We have set up coffee processing facilities in East and West Africa, South East Asia and South America.

We are also investing in infrastructure such as warehousing and logistics/transportation facilities in those countries where we have sufficient operational scale and captive volumes to achieve cost savings by owning and managing the facility ourselves.

Our diversified customer base is becoming increasingly sophisticated and willing to pay a premium for value added services. We are using our knowledge and competitive strengths to develop specific solutions for our customers like offering customised grades and qualities, organic certification products, fair trade practice certification, vendor managed inventory solutions, customised risk management solutions and proprietary market intelligence.

Taking the "offering" to the customer beyond just the physical product has enabled us have very high levels of customer loyalty and retention and contributed in a large measure to our ability to continuously grow our customer base.

In determining which new product areas should receive investment, we look carefully to assess sharing opportunities with our existing businesses and operations. By identifying and focusing on opportunities which provide sharing of customers, costs, capability and/or channels with existing businesses, we are able to improve our economics and reduce risks through each product addition.

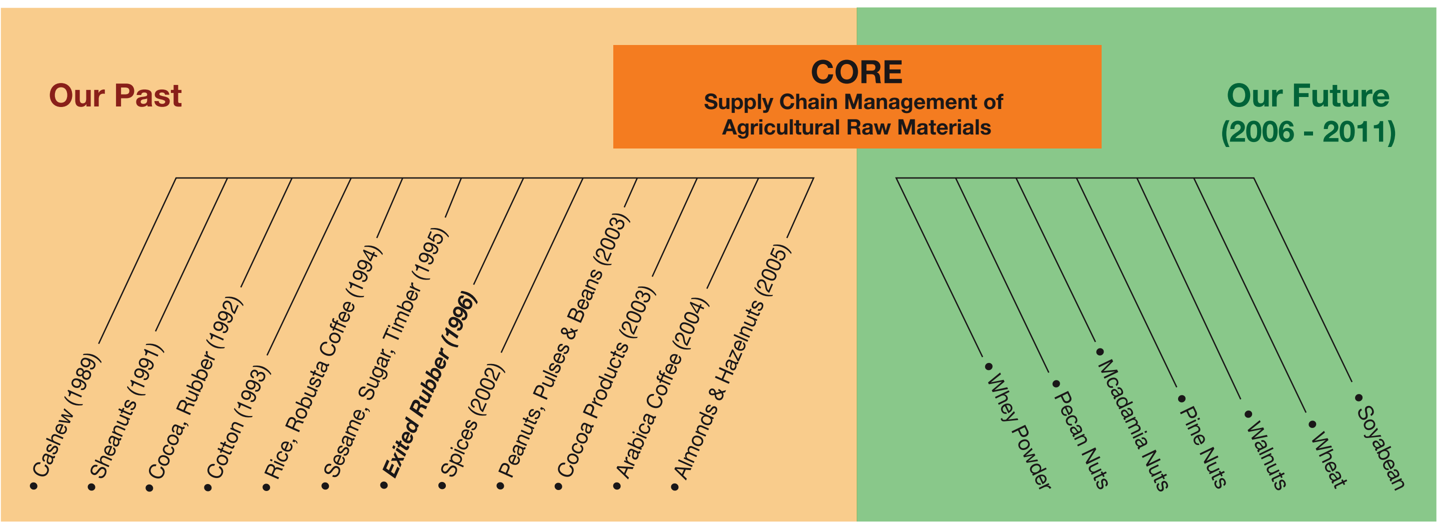
Growth through Product Adjacencies

Olam has grown as a result of moving into various adjacent new product opportunities and leveraging our existing competencies into these adjacent product areas.

Our expansion into new products has been shaped by our ability to either source the product using the existing supply chain infrastructure in the origins where we are present, or supply a new product or set of products to our existing customers. Our customers of cashew kernels, for example, had a requirement for other edible nuts such as peanuts, hazel nuts and almonds. A number of them wanted us to source these items for them from the origin countries where we were present. This led to the cashew business expanding into a much larger edible nuts business.

Through repeated adjacency moves, Olam is today a global leader in the supply of various agricultural products and food ingredients. Our customers are major multinationals such as Kraft, General Foods, Sara Lee, Nestle, Lavazza, The Nut Company and Mars, amongst others. From one product, we have today grown to fourteen products organised into four segments: Confectionery and Beverage Ingredients, Edible Nuts, Spices & Beans, Food Staples & Packaged Foods and Fibre & Wood Products.

We have identified future adjacencies in virtually all areas of our operations, including Edible Nuts, Spices & Beans and Food Staple & Packaged Foods Business into which we will continue to invest in the future.



Current Portfolio

Confectionery & Beverage Ingredients
- Cocoa
- Coffee
- Sheanuts

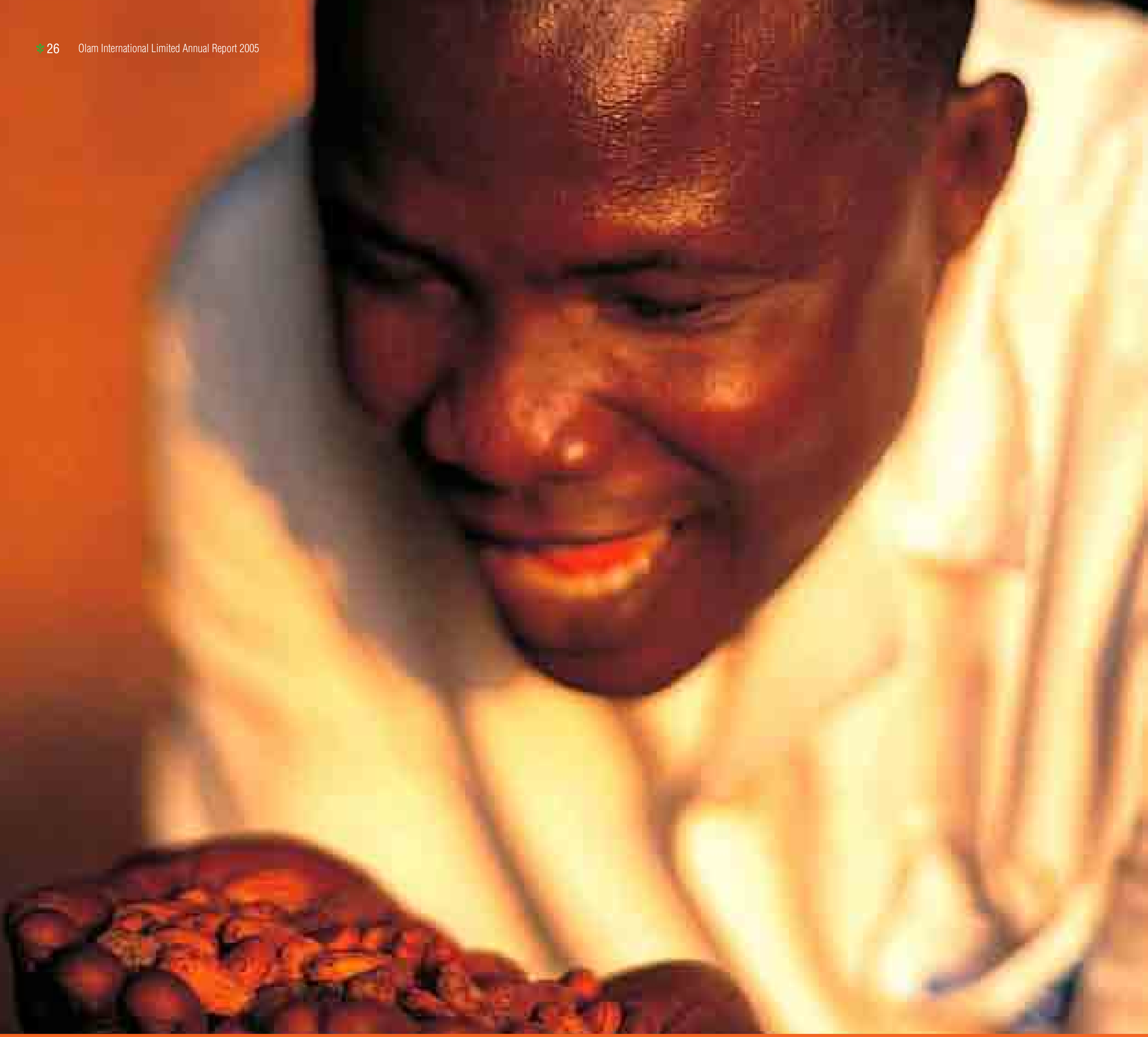
Edible Nuts, Spices & Beans
- Cashew Nuts
- Other Edible Nuts
- Spices
- Sesame
- Pulses & Beans

Fibre & Wood Products
- Cotton
- Timber

Food Staples & Packaged Foods
- Rice
- Sugar
- Dairy Products
- Packaged Foods

Planned New Product Adjacencies

- Macadamia Nuts
- Pecan Nuts
- Pine Nuts
- Walnuts
- Soyabean
- Wheat
- Whey powder



Both Coffee and Cocoa registered strong performances. Coffee had a broad based performance with all origins contributing strongly to the bottom line while the Cocoa operations recorded market share improvements in all the origin markets.

Confectionery & Beverage Ingredients

The Confectionery and Beverage Ingredients segment saw volumes and margins grow in the current year by 18.5% and 14.4% respectively compared to the previous year. Both Coffee and Cocoa registered strong performances. Coffee had a broad based performance with all origins contributing strongly to the bottom line combined with the performance of our new operations in Brazil for Arabica coffees exceeding expectations. The Cocoa operations recorded market share improvements in all the origins, expanded their processing operations in Africa and invested in a joint venture cocoa cake grinding facility in Spain.

Cocoa

The consolidation of our trading and marketing hubs in London, Singapore and New York that was completed in 2005 has enabled the business to offer cocoa beans, cocoa products and market information to an increasing number of our customers. The establishment of the operation in the US during this year has enabled us to access and deliver to the requirements of the US chocolate manufacturers. We remain one of the largest shippers of cocoa beans to the US and one of the largest bean suppliers to S E Asia. Our market share in Europe is continuing to grow. We are focused on enhancing the margins through providing value added services including vendor managed inventory services (VMI), traceable cocoa, organic certification, and customised grades and quality.

The bean sourcing business has continued to grow as a result of growth in both our up-country and port city buying operations. In Cote d'Ivoire, Cameroon, PNG, Nigeria and Indonesia, cocoa sourcing reached record volumes as we were able to increase our market share. In Ghana, lower than expected margins affected the industry, resulting in the reduction of our planned volume. The difficult operating environment in Cote d'Ivoire, earlier in the season, due to political unrest, was managed very effectively by the local management team. We operate in many niche origins, where we focus upon specific elements of the supply chain – for example in Tanzania we have completed the initial stages for the certification of organic cocoa

"The Cocoa business has had another strong year combining growth in volumes with a deeper penetration of the markets, enhancing margins and ensuring continued stability in earnings. We have continued to consolidate our position as one of the top two originators and suppliers of cocoa worldwide."

Gerry Manley, Managing Director, Cocoa

Our processing operations in Nigeria received further investment during the year to increase the processing capacity, improve yields and the quality of the butter and cake. During the year, we made a capital investment in Solimar, a joint venture in Spain, to grind cocoa cake to cocoa powder. The Cocoa products business continues to grow as we source from origin processing factories worldwide and supply to end users, as the trend for the outsourcing of cocoa bean grinding continues.

Olam Cocoa is a member of many associations – both international and national – in many taking an active executive role. These include the Federation of Cocoa Commerce, the European Cocoa Association, The Cocoa Association of Asia, GEPEX in Cote d'Ivoire, GEX in Cameroon, CAN in Nigeria and ASKINDO in Indonesia. We are partners with the SUCCESS alliance in Indonesia and the STCP in West Africa – these are both NGOs promoting a sustainable future for cocoa.

The business has a strong foundation for growth – and expectations of both increased volumes and enhanced margins in the coming years.

Coffee

During the year, Olam made its first foray into a predominantly Arabica producing country and set up a procurement operation in Brazil. An experienced team was put in place with the management team possessing the requisite cupping and classifying expertise, a key factor for success in this competitive market. The team has performed exceedingly well procuring significant volumes and delivering a positive bottom line in the very first year of its operations. This bodes very well for our growth in Brazil and other Arabica producing countries in South and Central America.

We grew our market shares significantly in all the origins where we had our physical presence. However in India, domestic prices were often higher than international prices and because of this we not only had lower volumes than planned but also lower margins. Most of the African origins had significantly smaller crops. In spite of this we were able to achieve high market shares and maintain volumes, because of our competitive position in these countries.

"It has been a good year for Olam Coffee with both the top and bottom line recording good growth. This growth has come from volume and market share increases in our existing origins, as well our expansion into Brazil."

Vivek Verma, Managing Director, Coffee

Over the last several years, we had set up processing facilities in several countries and those investments had resulted in both providing value added services to our customers and generating a good return on our investments. During the year, we enhanced processing capacities in Vietnam, India and Indonesia, in keeping with our growth plans in these origins. We are in the process of setting up a wet processing plant for Arabicas in Vietnam, which is expected to come on stream before the start of the next season. This investment will enable us provide a higher quality product to our customers and manage larger volumes. Processing and warehousing investments are also planned for Brazil in the coming year.

We strengthened our marketing operations with the setting up of our US office. This has brought us closer to some of the large roasters, improved our demand visibility and helped us increase our sales volumes. Our focus on the Middle-East markets has paid off, with significant volumes of our Brazilian coffee being sold in this region. We continued to strengthen our relationships with large roasters in Europe and Asia and have started Vendor Managed Inventory (VMI) operations for several of them.

Sheanuts

Sheanut is a tree crop. Sheanut is crushed to extract sheabutter, which after processing, replaces cocoa butter and is used as an ingredient in chocolates and cosmetics. Sheanut is grown in seven countries in the Savannah region of West Africa. The customers for sheanut and shea products are principally large manufacturers of cocoa butter equivalents (CBEs) and cocoa butter substitutes (CBSs).

We are physically present in all the seven sheanut growing countries in West Africa and have set up primary procurement infrastructures in all the growing countries. In addition we are engaged, on a selective basis, in the processing of sheanuts to crude sheabutter.

In the current year we maintained our procurement and shipment volumes of sheanuts and unprocessed sheabutter for some of our customers of shea products.

"Our upcountry procurement infrastructure in all the sheanut origins and our in depth knowledge of the growing areas allows us to provide our customers with consistently good quality."

Devashish Chaubey, Vice President, Sheanuts

The key contributor to this sector's robust performance was Cashews, which grew its volumes significantly in both the Raw Cashew Nuts and Cashew Kernels parts of the business.

Edible Nuts, Spices & Beans

The Edible Nuts, Spices & Beans segment recorded both strong volume and margin growth in the current year, compared to the previous year. Volumes grew by 31.8% while margins (net contribution) grew by 40.9% in this segment. The key contributor to this robust performance was Cashews, which grew its volumes significantly in both the Raw Cashew Nuts and Cashew Kernels parts of the business. Origin expansion in Peanuts and Spices, widening of the spices portfolio and entry into Almonds, Hazelnuts and Hulled Sesame were the other contributors to this strong performance.

Edible Nuts

We saw significant volume growth in cashews and the ambitious plans to re-define our overall origin strategy has begun to pay off. The Company has successfully re-engineered its processing capacity in India and become more cost efficient in the process. We had simultaneously embarked on expanding our capacity in the other two major processing centers - Vietnam and Brazil - both of which saw significant volume growth in this financial year. We completed the buy out of a Cashew factory in Brazil, which we had previously been running on a lease basis. We expect to further expand the capacity in this factory in the next year. We have also grown and consolidated our capacity in Vietnam and with the opening of our new filling center, expect further volume growth in the coming years.

We had conducted trials in the previous year for establishing the feasibility of origin processing in Africa. Based on the initial results from the pilot plant in Tanzania, we have decided to expand the initiative across other locations in Africa. In line with this strategy, we have set up two factories in Tanzania and a factory each in Nigeria, Mozambique and Cote d' Ivoire. These factories are located predominantly in the rural areas and provide significant employment opportunities, primarily to women from the local communities.

We have expanded our marketing reach across all major consumption centers in North America, Western & Eastern Europe, CIS and Central Asia, South Africa, Far East Asia and Oceania. We have deepened our relationships with our major customers and are now providing greater value added services like organic certification, 100% foreign matter free guarantee, traceability etc.

"Olam consolidated its global leadership position in the Cashew Industry during the current year. We have made an small beginning to expand the portfolio across other Edible Nuts, specifically Peanuts and Almonds."

A. Shekhar, Senior Managing Director.

In Peanuts, we have decided to set up our own origin procurement and processing operations in the major producing and exporting countries, namely China, Argentina and South Africa. We believe that once these operations stabilize, we will be in a position to offer our customers the same quality and reliability that we do with Cashews today. We have made a modest start to sourcing Almonds, primarily from California, and supplying it to our current Nuts customers in Europe and Asia.

We expect to expand on these initiatives and migrate our Cashew business into a larger Edible Nuts business, in the coming years

Beans

The strategy continues to leverage on our distribution infrastructure for other staple products, and the focus is on extracting customer and cost synergy in various wholesale markets. We have expanded our product range to include major varieties of Red and White Kidney Beans, Green and Yellow Peas, Lentils and Chick Peas. We are also in the process of strengthening our origination network across Asia – including China, CIS, and India, as well as investigating growth in the American sourcing origins like Canada, Mexico and Argentina. We will continue to expand the number of markets, origins and products in the coming years and will examine all opportunities to achieve economies of scale in our buying and shipping activities within this segment.

"Olam continues to pursue a niche strategy within the Beans segment. We have consolidated our presence in specific destination markets in Asia, North and South Africa."

A. Shekhar, Senior Managing Director.

Sesame

Olam's Sesame business continued on its growth path in the current year, increasing volumes by 10% over the previous year. While we consolidated our leadership position in the export of African mixed sesame seeds to the Japanese market, we made significant inroads during the year into the Middle East and Asian markets.

Consumption of sesame seeds and sesame seed derivatives like oil and powder is increasing in China. Consequently, China has become a regular market for both our mixed and white sesame seeds. We have set up our marketing operations in China and during the year have established a regular market for sesame seeds from the different origins where we are present. On the sourcing side, we started exporting sesame seeds of Ethiopian origin, servicing China's requirement for the white seeds for hulling.

"The pursuit of a concurrent strategy of expanding into new origins and markets in the current year has enabled us further consolidate our leadership position in the export of African sesame seeds. We made further investments in cleaning and hulling facilities during the year which paved the way for our entry into the European confectionery industry."

Devashish Chaubey, Vice President, Sesame.

The demand for African mixed sesame seed is steadily increasing. Large producers of sesame seed oil in the Middle-East and Taiwan are following the Japanese oil industry in switching to the African origin mixed sesame seeds and consequently the acceptability of African mixed seeds is increasing. The Korean market is also actively experimenting with the idea of replacing white sesame seeds with cheaper mixed seeds for crushing purposes.

During the year, we made further investments in the hulling and cleaning infrastructure in Nigeria. This would enable us ship consistent quality of value added hulled sesame seeds from Nigeria and cater to the requirements of the confectionery industry in Europe and other parts of the world.

We will continue with our two pronged strategy of concurrently growing both the sourcing and destination markets for mixed and white sesame seeds and consolidating our position amongst the top three global players in this business.

Spices

We grew our volumes and expanded our Spices portfolio during the current year, despite a difficult business climate prevailing across most spice product markets.

Apart from growing our export volumes in Pepper from Vietnam, we have successfully created a "premium" image for our product range and quality, with our customers in North America, Europe and Asia. Our product is now approved by all major grinders and processors and based on this success from Vietnam, we are investing in similar processing infrastructure, in the other major Pepper exporting origins of Brazil and Indonesia. Once these facilities go on stream we will be a unique player in the industry, with own processing capacity in the 3 major producing and exporting countries of Pepper.

"The current year was a year of consolidation for the spices business. We fine tuned our strategy to meet the challenges of a difficult business climate prevailing across most spice product markets and grew volumes and expanded our product portfolio despite this difficult business climate."

Ashok Krishen, Managing Director, Spices.

We expanded the Spices portfolio to include Ginger from Nigeria and other condiments from Indonesia. We continue to look to expanding our product range in the coming years.

Dairy Products grew both its origination and destination market spread and the Rice business saw broad based growth in White Rice. Sugar had a good year with strong performances in Indonesia, Brazil and Ghana.

Food Staples & Packaged Foods

The Food Staples and Packaged Foods segment recorded volume and margin growths of 22.9% and 28.5% respectively in the current year over the previous year, spearheaded by a volume growth of 109% in the Dairy Products business. Dairy Products grew both its origination and destination market spread and launched a consumer pack "Pearl" in Africa. The Rice business saw a successful implementation of a model change in Nigeria coupled with investments in rice milling and a broad based growth in the White Rice business. Sugar had a good year with strong performances in Indonesia, Brazil and Ghana and the setting up of origination operations in Brazil. The Packaged Foods business expanded its portfolio to include branded edible nuts and made a successful entry into several African markets.

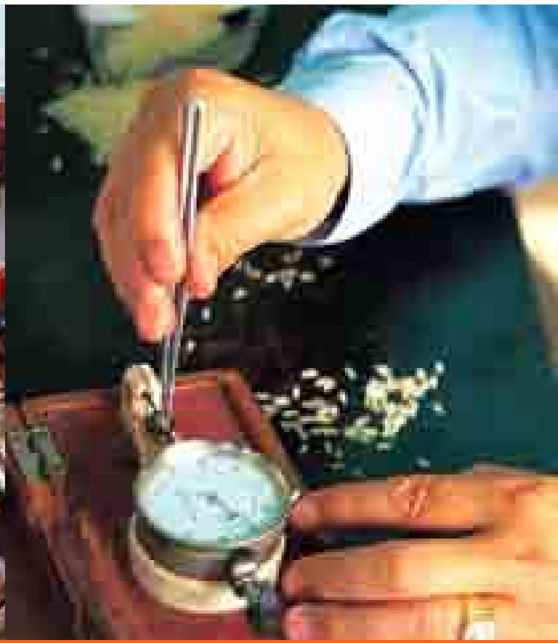
Rice

The year saw the Parboiled Rice Business in Nigeria complete the transformation from an indentor to an importer/distributor, establish a country wide distribution infrastructure and emerge as the leading importer of rice in the country. We have set up model farms in Benue State in Central Nigeria and are running an outgrower program covering over 1500 farmers. This program seeks to transfer knowledge in the areas of pre and post harvest farm management practices to the local farmers, enabling them achieve increased levels of productivity and quality. During the year, we commissioned two rice milling facilities in Nigeria, and completed the initial feasibility to set up our own warehousing facilities to capture additional value in the supply chain. The parboiled business in South Africa recorded a significant growth in volume, essentially on account of our increased distribution width and customer franchise.

"Our investments in processing, logistics and margin enhancement during the year provided a strong platform for the rice business to consolidate its position amongst the top 3 global trade houses. It also provided the base for the business to embark on its next phase of growth."

Sridhar Krishnan, Senior Managing Director.





The White Rice business turned in a very strong and broad based performance for the year. Both West and East Africa saw significant growth in volumes, the growth coming not only from our existing operations in countries like Cameroon, Ghana and Uganda but also from new countries that we had set up during the year as a part of our strategy to grow by exploiting country adjacencies. The business, during the year, successfully implemented its “margin enhancement” strategy by moving into premium segments and selectively participating in port and inland logistics operations.

Our origination operations out of Thailand, Vietnam and India have continued to perform well, adding considerable value to our sourcing operations and enabling the business derive significant savings by efficiently managing the load port logistics.

Our physical presence in the major exporting countries and our distribution infrastructure in major destination markets in Africa provides us with an in-depth understanding of the dynamics of the local markets. We have been able to establish and nurture long standing relationships with producers and customers alike. We have successfully integrated every element of the origination and distribution process, enabling us to maintain exacting quality standards and effectively execute customised supply contracts.

Sugar

This year saw Olam’s sugar business grow both in terms of volumes and margins.

During the year, the primary focus was on building Olam’s sourcing strengths in Sugar. We initiated sourcing arrangements directly with certain mills in Brazil which will allow us to expand our portfolio to include raw sugar and other sugar derivatives. We set up our own sourcing office in South-Central Brazil early this year and a significant portion of the Brazilian sugars that we supplied last year were actually shipped by this new office. The sugar from Brazil was used to service our markets in West Africa, Sri Lanka, Bangladesh and Pakistan.

This year also saw a consolidation of our sourcing operations in Thailand, where, in spite of an overall reduction of 2 million tons (42% over the previous year) in the volume exported, we were able to maintain our volumes. Our success in penetrating into the Taiwanese and Vietnamese markets has opened up two more significant outlets for sugar of Thai origin.

With the imminent change in the European sugar regime, our belief is that Europe will witness a significant reduction in its sugar export volumes. However, Eastern Europe, because of its lower cost of production will continue to be price competitive. We have started sourcing and marketing Polish sugar during the year to markets in CIS and the Mediterranean.

“The outlook for Olam’s sugar business looks promising. Our primary focus for the coming year will be the expansion of our marketing efforts in the Middle East and CIS, consolidation of the sourcing operations in Brazil and increased participation in value chain integration activities.”

Devashish Chaubey, Vice President, Sugar.

During the year we have commenced feasibility studies in respect of setting up sugar milling and refining facilities in selected destination markets. We will be completing these studies during the coming year and will participate in the secondary processing opportunities for sugar on a selective basis.

Dairy Products

Significant investments were made in origination this year. In addition to the existing Polish and South American operations, two new origination operations, Netherlands and Ukraine, were set up and contributed significantly to the growth in volumes. We also initiated sourcing from India during the year. Going forward we envisage entering into strategic tie-ups to further consolidate our product offering.

We also aggressively increased our participation in several key markets for dairy products extending our reach to new markets in Middle East and Asia. We participated in and successfully executed large contracts on government tenders from some Asian and African countries.

The launch of milk powder in consumer packs under our brand name “PEARL” in East Africa has been successful with the product gaining wide scale acceptance. With this success we are now planning to launch the consumer pack in several countries in West and North Africa.

“Olam’s dairy products business has continued to grow strongly in its second year of operation and this year has been one of rapid growth in volumes with significant inroads into new markets and origins.”

Vivek Verma, Managing Director, Dairy Products.

Packaged Foods

The packaged foods business was set up in the last financial year with the aim of launching retail consumer packs in select emerging markets where we felt we could leverage our presence and understanding of the local context. We began our operations with the launch of a Coffee 3-in-1 brand in Russia late last year. The current year was therefore the first year of operation and was in large part devoted to the building up of the sales and distribution infrastructure. We have established direct distribution reach in more than 25 cities in Russia and are in the process of expanding this further. We believe that an extensive sales and distribution network, backed by an appropriate portfolio of complementary products, would be the key to success for this business in Russia.

We have also taken the first steps to expanding the scope of this business, both in terms of our product range and geographies. We will retain our focus by choosing to grow in emerging markets where we have the requisite local contextual knowledge and will consider product categories that are related to our current portfolio, where we already have or can quickly build the required supply chain efficiencies.

“The focus in the coming year would be on expanding the scope of the business, both in terms of product range and geography.”

A. Shekhar, Senior Managing Director.

The Cotton Business emerged as the largest shipper of West African Cotton and the Wood Products Business made significant inroads in marketing into Europe and China.

Fibre & Wood Products

Volume and Margin in the Fibre and Wood Products segment grew by 30.3% and 33.5% respectively in the current year compared to the previous year. The Cotton Business emerged as the largest shipper of West African Cotton in the current cropping year and consolidated its origination operations in the US and its distribution operations in China, exceeding expectations. The Wood Products Business expanded its processing initiatives (saw milling) in Africa and made significant inroads in marketing into Europe and China. The business made investments in Inland Logistics in selected origins to strengthen its competitive position.

Cotton

The Cotton business recorded an impressive growth in volumes and margins during the current year, despite difficult trading conditions.

Our cotton business has now grown significantly with a capability to offer a full range of low grades, medium staple and extra long staple cottons, from over 30 origins covering more than 90% of world cotton exports. This enables us to provide the best spinning value to meet our customer's requirements.

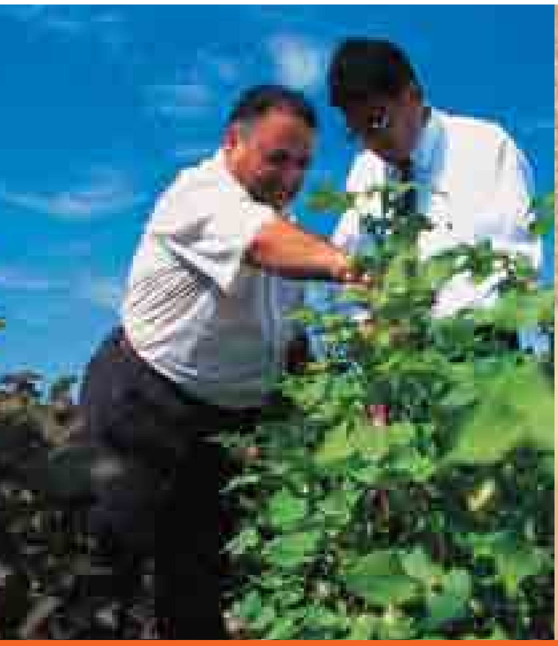
We have emerged as a leading supplier of West African Cotton. We have developed innovative pre-financing and risk management solutions for the West African producers and have geared up our logistics and classing infrastructure. This has enabled us to source and ship increased volumes from West Africa to cater to the increased requirements of our customers for these qualities. In East Africa, our market shares continue to grow in Tanzania and Uganda. We have expanded our toll ginning activities in these countries and feasibility studies are in progress to evaluate investments in ginning in some of the other East African countries.

Olam has continued to maintain its dominant position in the extra long staple cotton (ELS) segment, particularly from CIS and Sudan. We are now offering customised blends of long staple cotton, backed with a HVI analysis. Olam enjoys a dominant share with a loyal and growing ELS customer base. We further expanded our volumes in the CIS region by setting up a representative office in Tajikistan and increasing sourcing volumes from Kazakhstan. Our central logistics cell in Tashkent has continued to provide reliable service to all our customers and local suppliers.

"Our origination strengths, combined with specific emphasis on value added services and the development of our own distribution infrastructure, has created a strong foundation for us to achieve a leadership position in the cotton industry."

Jagdish Parihar, Managing Director, Cotton

Our exports of US cotton registered a very strong growth during the year. We are in the process of finalising some long-term sourcing arrangements with leading co-operatives in the country. Investments are also being made in warehousing, which will help us reduce costs while improving cycle time. We have also established



Olam Timber's robust growth both in volume and profitability is a result of the efficacy of its business model and we expect this growth to be sustainable, going forward.

Fibre & Wood Products

an origin presence in the rapidly growing cotton sector in Brazil and have started offering Brazilian cotton to our customers. We are currently set up sourcing pools, classing and inland warehousing to service our customers more efficiently. China is the world's largest import market for cotton and has been identified as a key growth area for the cotton business. Towards this, we have set up distribution and warehousing arrangements in key textile centers in China.

Our marketing and trading operations are headquartered in Singapore and we have our marketing offices in Vietnam, Indonesia and Netherlands, in addition to China.

This year also saw us introduce integrated risk management and financing solutions to our ginners and spinners to help them to manage risks and inventory costs in a volatile environment. Our primary aim is to assist our customers to manage price risk and protect their margins.

Timber

Olam Timber posted both a volume and a margin growth during the year. We have consolidated our position as a leading supplier of African origin hardwood species. Besides Africa, we originate and market tropical timber in Brazil, Europe, South Asia and the Far East, making us the only integrated origin player spanning geographies, species and markets. We have now earned a reputation as an emerging large long-term player in hardwood timber segment.

Markets in the Far East and India have been strong for most of the year while Europe was firm in the first half of the year. Our strong marketing presence in Europe, South Asia and Far East helped us realise attractive prices as well as maintain liquidity at higher volumes.

We doubled our sawn timber volumes with increases from Ghana, Nigeria and Brazil to the European and US markets. It was our first year of operation in Brazil and we had a very successful season there.

During the year we set up a core team of saw milling experts from India and Europe, to plan and lead our expansion into primary processing. The successful integration of timber professionals with diverse nationalities into the Olam fold has been instrumental in fulfilling our growth plans. A project feasibility study on primary processing in Gabon, Mozambique and Tanzania has been completed and these projects should go on stream in the coming year. Expansion of our processing capacity in Nigeria is also on the anvil. We see saw-milling efficiencies playing a critical role in margin enhancement in the coming years. We are therefore focused on building a talent pool comprising of a mix of lateral industry experts and internal Olam talent in primary and secondary processing.

We also saw a strong performance in Ivory Coast Teak on account of our ability to successfully leverage our sourcing and marketing strengths. We have also initiated participation in the Okoume trade flow from West Africa to China. This trade flow is estimated to be in excess of US$300 million and will be an area of focus as a part of our growth plans in the region.

The year saw us making some key breakthroughs in the area of inland logistics and marine transportation from West Africa. This resulted in substantial freight savings and further strengthened our competitive position.

Our future growth is expected from our existing tropical timber business as well as from our expansion into temperate species. With the increasing trend of value addition in origin countries, we plan to make investments in forestry and processing in the origins.

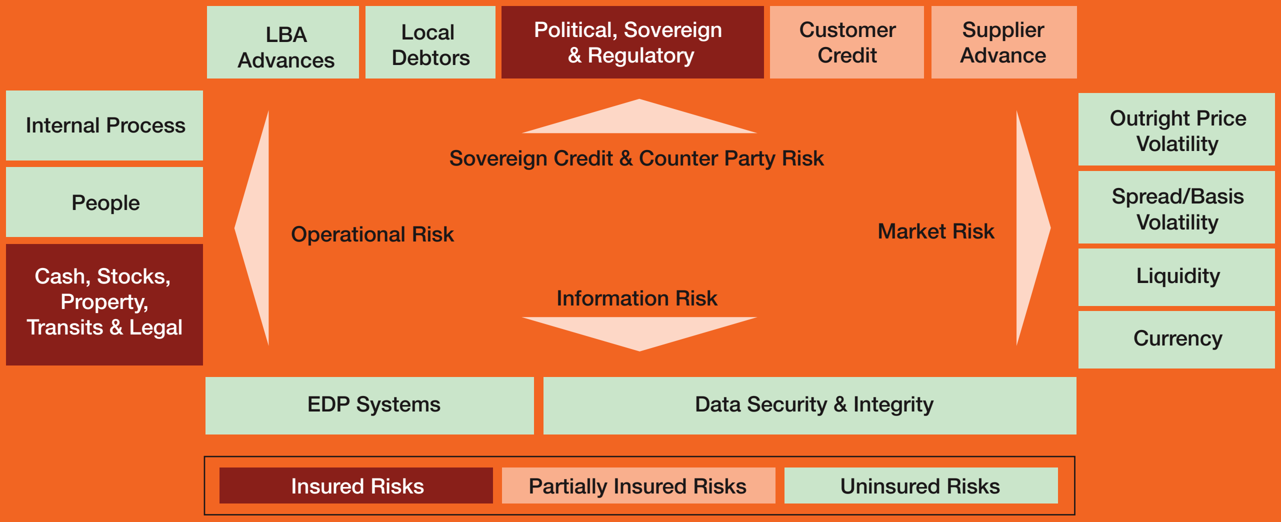
"Olam has emerged as a leading supplier of mainline tropical log species from Africa. We are also a dominant and consistent supplier of Teak from various parts of the world, as well as the only significant supplier of both East and West African tropical timber species."

Ashok Hegde, Vice President Timber

Risk Management

Framework

Olam's Enterprise Wide Risk Management System



Overview

At Olam, we have developed risk management as a core competence. It is a key foundational skill which has enabled us to scale and grow our business. Our capacity to identify, capture, measure, monitor, manage and control various risks and confront our business underpins our risk management competence. This competence is the foundation for our future growth and expansion. Our activities in 40 countries and 14 agricultural products expose the Group to a variety of political and market risks, including prices of commodities, foreign currency exchange rates, and credit risk.

Governance: Risk Committees

The Board Risk Committee, along with the Executive Risk Committee, is responsible for ensuring that the Company's risk management system is robust enough to cope with the current complexity and planned growth in the business. In line with this objective, we have set up an independent 'Middle Office' or 'Risk Control Department' distinct from the front and back offices of the Company to ensure segregation of authority and responsibility to achieve effective governance and oversight. The Chairman of the Risk Committee receives a weekly risk report summarizing the Company's various risk exposures and crystalising the Value-at-Risk (VaR) while the full Board receives a monthly risk report.

Risk Organisation Structure

Board Risk Committee

Executive Risk Committee

Risk Controller

Risk Middle Office

We have a documented risk management policy to monitor, control, and report risk in a timely and accurate manner. An annual maximum risk capital, recommended by the Board Risk Committee and approved by the Board of the Company, sets out the Company's maximum risk capital. The Executive Risk Committee then allocates this risk capital across various products, countries and risk categories.

"At Olam, we believe that Risk Management is a crucial part of our internal control process for securing our profit margin as a supply chain manager. This is the process by which we try and ensure that the risk exposures emanating from the conduct of our business do not lead to financial distress and that shareholders obtain a fair return on the equity/risk capital that they have invested."

Rajeev Kadam, Vice President, Internal Compliance.

As a general principle, the Company covers, by taking appropriate policies, the risks that are insurable, including political, inventory, storage and transit risks. For other non-insurable risks, the Company uses forward contracts, financial instruments and volume/tenor limits to manage the residual exposures.

Market Risks

Commodity price risk – In the process of managing the supply chain from the farm gate in the origin markets to the factory gate of the customer in the destination market, the Company is exposed to adverse changes in the value of its residual positions. We have mainly two types of products in our portfolio – 1) Futures Traded Products: Coffee, Cocoa, Cotton & Sugar and 2) Non-Futures Traded Products: Rice, Cashew, Timber, Sesame & Milk-Powder. The price risk on futures traded products is controlled through hedging by using relevant futures and options markets (mainly LIFFE in London and NYBOT in New York). The price risk on non-futures traded products is controlled through forward contracts and volume/tenor limits. Both are closely monitored by the Risk Control Department to ensure that exposures are within the approved limits. As a policy, the Company does not use financial instruments for speculative purposes.

Foreign currency risk – Currency Risk for the Company arises due to exposure to exchange rate movements where there is mismatch in the currency used to buy and sell physical products. We control this risk by 'dollarising' all transactions (mainly by taking currency covers for Euro and GBP transactions). Despite our global activities, the majority of our sales are in US$ and GBP. In countries where there are no forward foreign exchange markets, we control our currency exposure by setting limits on the amount and duration of such exposure.

Credit risk and concentration of credit risk – Credit risk is controlled by setting counterparty-wise credit limits based on counterparty assessment and assigning ratings. All counter-parties are rated internally, based on their credit-worthiness and their payment and contract performance record with the Group. As a policy, no single counter-party accounts for more than 5% of the Company's sales.

Value at Risk

The Company uses a Value-at-Risk ("VaR") methodology to measure the potential 1 Day and 7 Day loss in the fair value of its residual open positions of both agricultural soft commodities and financial instruments.

This VaR computation is a risk analysis tool designed to statistically estimate the probable loss from adverse movements in the prices of a reference set of an asset class under normal market conditions over a period of time.

The Company calculates VaR using a 95% confidence level. To measure the portfolio level risk, the Company uses a more conservative "Non Diversified Total VaR" methodology, which does not give offsets for long and short positions across different business segments and also does not adjust for any correlation across different business segments.

Regular stress testing of the portfolio for outlier events and at 99% confidence interval is done periodically to examine the impact of these scenarios on the portfolio value.

Our greatest strength as a company has come from creating and fostering a unique environment and building an extraordinary team culture that has helped to secure the highest possible discretionary effort and create competitive advantage in many diverse and challenging markets. A spirit of entrepreneurialism, ownership and ambition characterize the Olam culture.

PEOPLE & CULTURE

People & Culture

Best Minds Creating Value

Our ambitious growth aspirations have for many years set challenging goals, and we have responded by strengthening our organisational resources and preparing them to achieve these goals. With a business model which provides a large number of growth opportunities, the human resource function plays a critical role in preparing to meet our future objectives. Through systematic talent planning, programs to create high levels of engagement, individual skill plans to cultivate expertise and maintain a high performance ethic, we ensure that our organization and our team at all levels are prepared to meet the challenge of achieving our stated vision and supporting objectives.

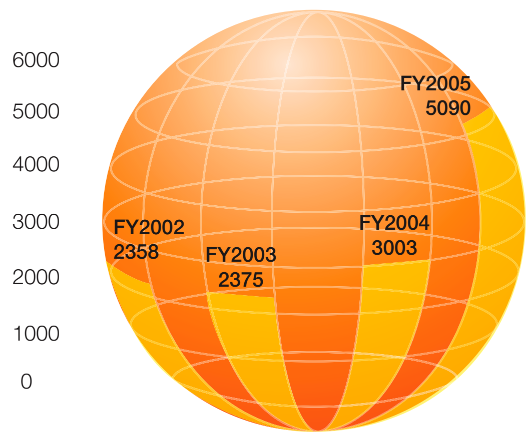
We have consistently been able to attract high quality professionals to work in challenging emerging market conditions. Our management team consists of a combination of internally developed managers and experienced recruits who combine to provide the necessary expertise for our business. A key element of our recruitment strategy is to visit Business Schools each year to select business management graduates for entry-level roles. During the past year, using a combination of industry and graduate hiring, we have added fifty new managers to our team bringing our global managerial talent pool to more than 250 managers.

We have structured and formalised development programmes for our managers to enhance their competencies and thereby manage their businesses more effectively. All newly hired managers go though a carefully designed Induction Program spanning four weeks. Management graduates recruited from business schools undergo a six-month Management Trainee Programme, which includes classroom sessions, project work and on the job training.

We recognize that a key success factor for us to achieve our growth plans will be our ability to make our leadership model scalable and replicable. To achieve this goal we have defined the Olam Leadership Competency Model and have instituted leadership lifecycle learning programs. Starting with top management who have begun executive coaching with an external coach, programmes have been designed to address development needs at each stage of the leadership lifecycle in the organization. These include The New Leadership Program for the first level of managers, Mastering Your Leadership Skills for profit centre heads and Country Leadership Skills at the country management level.

We have been able to foster a strong spirit of inclusiveness and maintain the ‘small company feel’ whilst growing the organisation across 40 countries. This has only been possible by systematically ensuring open and continuous communication across the organisation. The Core Process workshop is held three times a year and conducted by the CEO for all new employees. It stresses the vision and purpose of the organisation, explains the business model and enhances core values. The workshop helps in the cultural transition of new employees into the organisation. The Employee Perception Survey held during the year measures employee engagement and elicits valuable feedback from employees for management to address. Aligning individual plans and objectives with organisational goals is of paramount importance.

Number of Employees



Our performance bonus plan aligns performance with efficiency of return from resources utilised, including working capital, overhead expenditure and risk capital. This approach has created an organisation which is ambitious and entrepreneurial, whilst at the same time highly sensitised to utilising scarce resources judiciously.

Our philosophy of giving meaningful ownership stakes in the business to our management team has played an important role in encouraging our managers to act as owners.

We have reduced our risks of execution in our various growth initiatives by ensuring that each time a new business is started, or a new location is opened, we are able to deploy a core team of senior managers who are tried, tested and proven to the new area of operation. Leadership teams for our new initiatives thoroughly understand our business model, our culture and our risk management systems and thus can serve as role models in the new operation. Our core management team have had extensive field experience and are therefore aware of the issues that may arise in developing countries. These shared experiences help to foster intra-business communication, to discipline operational management and to ensure the development and preservation of a unique entrepreneurial spirit.

Our competitive advantage will continue to be driven by our organisation, our culture, and our people. Our ambitious plans will be realised through the skills, knowledge and commitment of our people.

“At Olam, we recognize that our people are at the heart of our success and are our most effective and sustainable source of competitive advantage. We have been and always will be fully dedicated to the growth and development of our people to maximise their potential.”

Joydeep Bose, Vice-President, Human Resources.

At Olam, Sustainability is not a distinct and separate activity - it's the way we conduct our business. Sustainability initiatives are aligned with our core businesses and aimed at making meaningful social impact in the communities within which we operate.

Sustainability

Philosophy

As an inherent part of our business model, we consciously build long-term relationships with our stakeholders including suppliers, customers, local communities, governments and development agencies.

Across the world we identify opportunities to create societal value and use our expertise and resources to focus and magnify the impact of our efforts. Our domain expertise and experience in a diverse set of geographies allows us to be more effective within and around our core areas of activity, while the reciprocal value for Olam and the community helps to sustain these initiatives over time.

Structure

Olam's sustainability initiatives are governed by a dedicated Board Committee, which reviews the progress of current programs, sets future direction and provides a framework within which new initiatives can be developed. The Executive Committee is responsible for developing specific policies and programs as well as driving implementation across our businesses and geographies.

Policies and Programs

Over the course of the financial year under review, we have formalized our sustainability initiatives into key "Themes", which we believe can be scaled up and implemented effectively across many of our businesses and geographies.

The following themes were identified as key focus areas for our sustainability initiatives:

a) Supplier Assistance

Our engagement with suppliers, comprising of smallholder farmers, village level buying agents and cooperatives, goes far beyond purchasing their produce at fair prices. We have gained a deep insight into suppliers' requirements and formulated specific programs to provide direct farm inputs, offer micro-finance to help farmers become more efficient and improve the overall results from their efforts.

b) Farm Productivity

Olam is engaged in various programs aimed at increasing crop yields, improving crop quality and enhancing overall realisation for the farmer. As a global player, we have intimate knowledge of problems affecting crops, trends in yields, and best agronomic practices. This enables us to play a meaningful role with farmers to address their specific problems and improve their agronomic practices based on transfer of knowledge across countries.

c) Capacity building and Community development

Most of our origin countries can benefit enormously from focused investment in processing, quality enhancement, training manpower and infrastructure development. These investments have greatly contributed to the economic growth through increased local employment and foreign exchange earnings. We have positively touched the lives of thousands of individuals and hundreds of communities, helping them to become more self-reliant through investment, training programs, technical assistance and information access.

d) Traceability, Certification and Fair trade

We actively support organic farming practices based on the recognition that a healthy, vibrant ecosystem significantly benefits crops, improves farmer realisation and provides the ultimate consumer with a healthy lifestyle.

We run a variety of traceability programs to track and certify the history of a product, even identifying the specific farms, regions and processes that the raw material has undergone before reaching our customers.

We firmly believe in Fair Trade and are actively involved in the advocacy to achieve more open and competitive global markets. We believe that it is important to build a sustainable future based on the producers' own abilities and comparative advantage.

Based on these broad themes, we have undertaken a wide range of initiatives, some of which are highlighted below:

- A program in Indonesia to restrict the pod-borer disease in Cocoa, thereby increasing yield.
- Setting up of Model Cocoa Farms in Nigeria to increase the yield in targeted growing areas.
- Setting up model rice farms in Benue state in Nigeria, and running an out-grower program covering over 1500 farmers, helping them to improve quality and productivity.
- A program in Uganda, in association with Nucafe, to encourage good farming practices.
- Certification of Organic Cashew in Tanzania, covering over 2000 individual farmers.

We have also begun to explore targeted strategic partnerships with NGOs operating in our sector. We have recently entered into a strategic alliance with Technoserve, a US based NGO, to support the development of sustainable and value-added agro-processing initiatives across Africa.

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 advocated by the Singapore Exchange Securities Trading Limited (SGX-ST) under the Code of Corporate Governance (the 2001 code, updated by the 2005 code). The Board and Management will 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 are guided more in trying to satisfy the spirit and not just the letter of the code. We also intend to implement changes suggested in the proposed code rather than wait for formal effective dates in the law, which may be many months into the future.

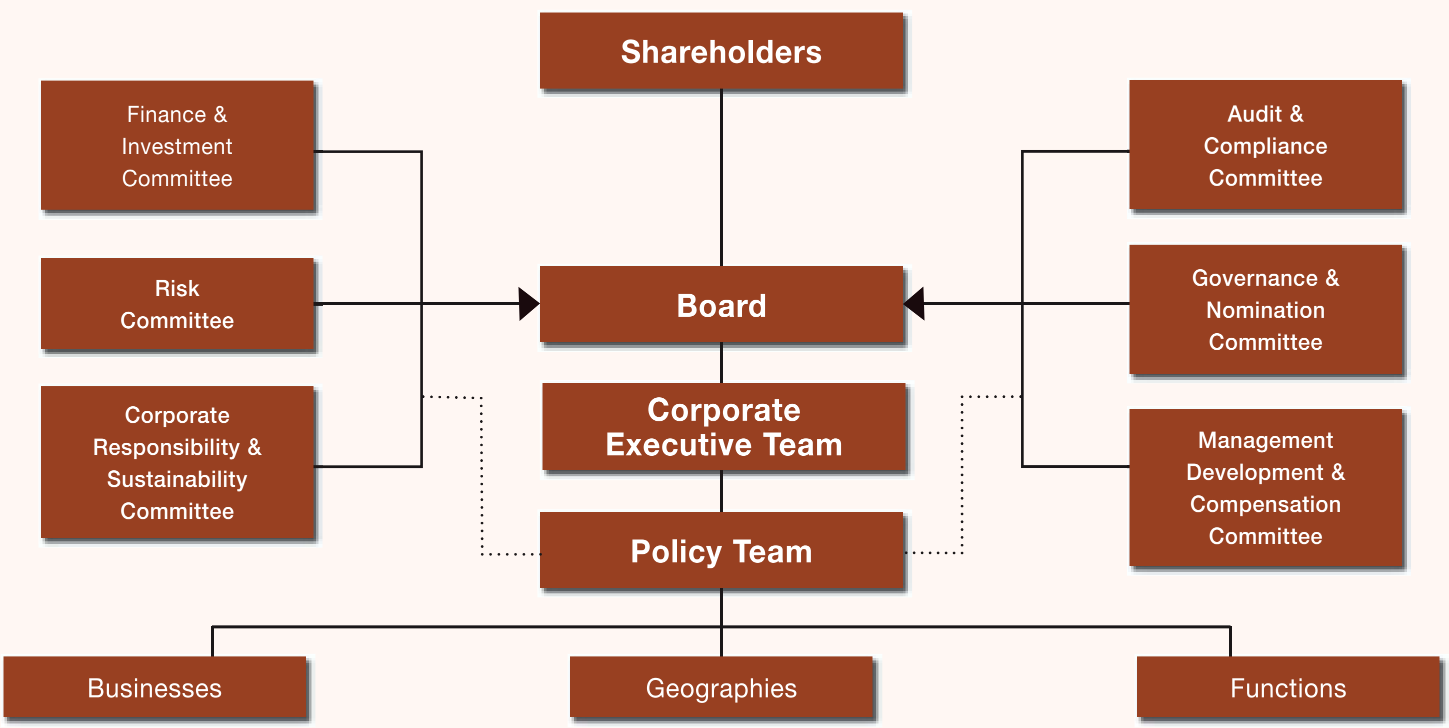
The key aspects of our Company's corporate governance framework and practice are outlined below:

Our Current Corporate Governance Structure

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:

- To decide on matters in relation to the Company's activities which are of a significant nature, including decisions on strategic direction and guidelines.
- Approving and reviewing annual budgets and plans.
- 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.
- Approving major acquisitions, divestments and fund raising exercises.
- Ensuring the Company's compliance with laws and regulations as may be relevant to the business.
- Assuming responsibility for corporate governance.



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, which is one of the top 4 accounting and auditing firms.

As a Board, the directors meet on 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. The Articles of Association of the Company have been amended and Article 120 allows for participation in Board Meetings via Audio and Video Conferencing. During the year under review, the Board held six meetings. The table below gives the details of Directors' attendance at Board and Board Committee meetings during the period July 2004 to June 2005.

Name	Board Meetings	Audit and Compliance Committee Meeting	Management Development and Compensation Committee Meeting	Governance and Nomination Committee Meeting	Finance and Investment Committee Meeting	Corporate Responsibility and Sustainability Committee Meeting	Risk Committee Meeting
Murli Kewalram Chanrai	5	–	–	–	–		
Rangareddy Jayachandran	6	–	1	1	1	–	–
Narain Girdhar Chanrai	6	–	–	1	4	–	3
Peter Francis Amour [1]	5	–	–	–	–	–	–
Tse Po Shing	6	–	1	–	4	–	3
Wong Heng Tew	4	–	1	–	–	–	–
Lim Sheau Ming (alternate director to Wong Heng Tew) [2]	1	–	–	–	–	–	–
Mark Haynes Daniell	5	3	1	1	1	2	–
Michael Lim Choo San [3]	4	3	–	–	–	–	–
Robert Michael Tomlin [3]	4	2	–	–	3	2	3
Sunny George Verghese	6	–	–	1	4	–	3
Shekhar Anantharaman	6	–	–	–	–	2	–
Sridhar Krishnan	6	–	–	1	3	–	–
Bruce Caroll Allen [+]	1	–	–	–	–	–	–
Daniel Hui Sheung Yin (alternate director to Bruce Carroll Allen and Tse Po Shing) [#]	–	–	–	–	–	–	–
Krishnasamy Ravendran (alternate director to Wong Heng Tew) [*]	1	–	–	–	–	–	–
No. of Meetings Held	6	3	1	1	4	2	3

1 Resigned as alternate director to Bruce Carroll Allen and Tse Po Shing on 2 September 2004; Appointed as director on 2 September 2004.
2 Appointed as alternate director to Wong Heng Tew on 10 November 2004.
3 Appointed as director on 24 September 2004.
\+ Resigned as director on 2 September 2004.
# Resigned as alternate director to Bruce Carroll Allen and Tse Po Shing on 2 September 2004.
* Resigned as alternate director to Wong Heng Tew on 10 November 2004.

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

To ensure that Directors are competent in carrying out their expected roles and responsibilities, the Directors are taken through, where necessary, programs on Directors' duties and responsibilities. During the year under review, a programme on Director's obligations under the SGX-ST listing manual and two training programs on the company's risk management policies and practices was held for the members of the Board. The Directors travel to the offices of the Company in different countries as a part of a programme to familiarize themselves with the operations of the Company.

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

Our Board currently consists of twelve members, three of whom are executive directors and the balance nine, non-executive directors. We have three 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 allow discussions on matters of policy, strategy and performance to be informed, critical and constructive. A brief profile of each director is given on pages 8 & 9 of this annual report.

The Governance & Nomination Committee is of the view that, given the size, nature and scope of the Company's operations, the Board should have between ten and twelve members, who as a group, possess the required capabilities, skills and experience for the Board to discharge its duties and responsibilities effectively. The Governance & Nomination Committee determines on an annual basis whether or not a Director is independent, bearing in mind the 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 and Compliance Committee	Governance and Nomination Committee	Management Development and Compensation Committee	Risk Committee	Finance and Investment Committee	Corporate Responsibility and Sustainability Committee
Murli Kewalram Chanrai	Non-executive Chairman	–	–	–	–	–	–
Rangareddy Jayachandran	Non-executive Vice-Chairman	–	Member	Member	–	–	–
Narain Girdhar Chanrai	Non-executive Director	–	Member	–	Member	Member	–
Peter Francis Amour	Non-executive Director	–	–	–	–	–	–
Tse Po Shing	Non-executive Director	–	–	Member	Chairman	Member	–
Wong Heng Tew (Alternate director: Lim Sheau Ming)	Non-executive Director	–	–	Member	–	–	–
Mark Haynes Daniell	Independent Director	Member	Chairman	Chairman	–	–	Chairman
Michael Lim Choo San	Independent Director	Chairman	Member	Member	–	–	–
Robert Michael Tomlin	Independent Director	Member	–	–	Member	Chairman	Member
Sunny George Verghese	Group Managing Director & Chief Executive Officer	–	Member	–	Member	Member	–
Shekhar Anantharaman	Executive Director	–	–	–	–	–	Member
Sridhar Krishnan	Executive Director	–	–	–	–	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 to ensure that there is a balance of power and authority. The Chairman is responsible for ensuring Board effectiveness and conduct while the Chief Executive Officer 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 judgement 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)

All directors are sent an agenda and a set of Board papers prior to the board 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 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.

The role of company secretaries are clearly defined and includes the responsibility of ensuring that SGX-ST board procedures are followed and that applicable rules and regulations are complied with.The Board takes independent professional advice as and when necessary to enable it or the independent directors to discharge their responsibilities effectively.

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 started quarterly reporting of its financial results from the second quarter of 2005 and has been holding press and analyst meetings to coincide with the quarterly results announcements.

Financial reports and other price sensitive information are disseminated to shareholders through announcements via SGXNET, to the Singapore Exchange Securities Trading Limited, press releases, the Company's website and in the case of financial results, through media and analyst briefings, also.

The Company has also put 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 and Nomination Committee, the Management 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 an Audit Committee with written terms of reference (Principle 11)

The Audit and Compliance Committee comprises entirely of our three independent directors, Mr. Michael Lim Choo San [Chairman], Mr. Robert Tomlin and Mr. Mark Haynes Daniell. The Audit Committee meets 4 times a year and performs the following functions:

(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.

Establishment of an Audit Committee with written terms of reference (Principle 11) (cont'd)

(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 our Audit Committee.

(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 Audit committee 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 Audit Committee.

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

The Audit Committee 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 Audit Committee 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 Audit Committee 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 Audit Committee 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 Audit Committee meetings.

Internal Controls and Risk Management Sound System of Internal Controls

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 Functions – 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 42 & 43.

Risk Committee

Our non-executive director, Mr. Tse Po Shing chairs the **Risk Committee**. Mr. Robert Tomlin, Mr. N.G. Chanrai and Mr. Sunny Verghese are the other members of this committee. The Risk Committee meets 3 times a year 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.

Finance and Investment Committee

The Finance and Investment Committee is chaired by an independent director, Mr. Robert Tomlin and has Mr. NG Chanrai, Mr. Tse Po Shing, Mr. Sunny Verghese and Mr. Sridhar Krishnan as its other members. The Finance and Investment Committee meets 4 times a 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.

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

Our **Governance and Nomination Committee** is chaired by Mr. Mark Haynes Daniell, an independent director. Mr. R. Jayachandran, Mr. Michael Lim Choo San, Mr. N. G. Chanrai and Mr. Sunny Verghese are other members of this committee. The Governance and Nomination Committee meets 2 times a 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.

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 provides that a newly appointed Director must submit himself for re-election at the Annual General Meeting following the appointment.

Directors over seventy years of age are required to submit themselves for re-appointment annually in accordance with Section 153 of the Companies Act.

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

1. Independence of mind.
2. Capability…how it meets the current needs of the company and simultaneously complements the skill set of the other Board members.
3. Experience and track record in high-performing companies.
4. Ability to commit time and effort toward discharging his responsibilities as a Director.
5. 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 and Nomination Committee, the Board has laid down a preliminary set of assessment criteria for both Board evaluation and individual director evaluation. 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 etc.

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 (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 Management Development and Compensation Committee is responsible for developing the Company's remuneration policy and determining the remuneration packages of the senior executives of the company. The committee 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. This Committee is chaired by Mr. Mark Haynes Daniell, our independent director and has Mr Rangareddy Jayachandran, Mr. Michael Lim Choo San, Mr. Wong Heng Tew and Mr. Tse Po Shing as its other members. This committee meets 2 times a year. The terms of reference of this committee includes the following:

1. To recommend a framework of remuneration for the Board members.
2. To determine the level and mix of remuneration packages for the CEO and the executive directors.
3. To review the terms, conditions and remuneration of the senior executives of the company (Policy Team).
4. To design and approve employee share participation scheme.

Remuneration Policy for Non-Executive Directors

In reviewing the Non-Executive Directors remuneration for the year under review, the Committee 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. However, the 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.

Remuneration Policy for Non-Executive Directors (cont'd)

Olam International Limited Non-Executive Directors' proposed compensation for 2005–2006

Name	Position	Committee chairmanship/membership	Base Director fee	Committee Chairmanship/ membership fees	Total
Murli Kewalram Chanrai	Non-executive Chairman	–	$50,000	–	$50,000
Rangareddy Jayachandran	Non-executive Vice-Chairman	Member, Governance and Nomination Committee Member, Management Development & Compensation Committee	$45,000	$20,000	$65,000
Narain Girdhar Chanrai	Non-executive Director	Member, Governance and Nomination Committee Member, Finance and Investment Committee Member, Risk Committee	$20,000	$30,000	$50,000
Peter Francis Amour	Non-executive Director	–	$20,000	–	$20,000
Tse Po Shing	Non-executive Director	Chairman, Risk Committee Member, Management Development & Compensation Committee Member, Finance and Investment Committee	$20,000	$35,000	$55,000
Wong Heng Tew (Alternate director: Lim Sheau Ming)	Non-executive Director	Member, Management Development & Compensation Committee	$20,000	$10,000	$30,000
Mark Haynes Daniell	Independent Director	Chairman, Governance and Nomination Committee Chairman, Management Development & Compensation Committee Chairman, Corporate Responsibility and Sustainability Committee Member, Audit and Compliance Committee	$20,000	$60,000	$80,000
Michael Lim Choo San	Independent Director	Chairman, Audit and Compliance Committee Member, Governance and Nomination Committee Member, Management Development & Compensation Committee	$20,000	$60,000	$80,000
Robert Michael Tomlin	Independent Director	Chairman, Finance and Investment Committee Member, Audit and Compliance Committee Member, Corporate Responsibility and Sustainability Committee Member, Risk Committee	$20,000	$60,000	$80,000

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 2005

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 Number	Share Option granted under ESOS Exercise price (per option)	Share allotted and subscribed under ESSS Number	Share allotted and subscribed under ESSS Subscription price (per share)
S$500,000 and above									
Sunny George Verghese	37%	63%	–	–	100%	15,000,000	S$0.62	–	–
Shekhar Anantharaman	53%	47%	–	–	100%	–	–	4,492,600	S$0.23
S$250,000 to below S$500,000									
Sridhar Krishnan	59%	30%	–	11%	100%	–	–	4,492,600	S$0.23
Below S$250,000									
Murli Kewalram Chanrai	–	–	100%	–	100%	–	–	–	–
Rangareddy Jayachandran	–	–	100%	–	100%	–	–	–	–
Narain Girdhar Chanrai	–	–	100%	–	100%	–	–	–	–
Peter Francis Amour	–	–	100%	–	100%	–	–	–	–
Tse Po Shing	–	–	100%	–	100%	–	–	–	–
Wong Heng Tew	–	–	100%	–	100%	–	–	–	–
Lim Sheau Ming (alternate to Wong Heng Tew)	–	–	–	–	–	–	–	–	–
Mark Haynes Daniell	–	–	100%	–	100%	–	–	–	–
Michael Lim Choo San	–	–	100%	–	100%	–	–	–	–
Robert Michael Tomlin	–	–	100%	–	100%	–	–	–	–

Remuneration policy for Executive Directors and other key executives (cont'd)

Level And Mix Of Remuneration Of Directors For The Year Ended 30 June 2004

Remuneration Band & Name of Director	Base/fixed salary	Variable or performance related income/bonuses	Fees	Benefits in kind	Total
S$500,000 and above					
Sunny George Verghese	44%	53%	–	3%	100%
S$250,000 to S$500,000					
Shekhar Anantharaman	90%	6%	–	4%	100%
Sridhar Krishnan	65%	23%	–	12%	100%

Level And Mix Of Remuneration Of The Top Five Executives For The Year Ended 30 June 2005

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 Director	Base/fixed salary	Variable or performance related income/bonuses	Benefits in kind	Total
S$250,000 to below S$500,000				
Ashok Krishen	52%	38%	10%	100%
Gerard Anthony Manley	70%	30%	–	100%
Jagdish Achleshwar Prasad Parihar	48%	43%	9%	100%
Krishnan Ravikumar	52%	38%	10%	100%
Vivek Verma	40%	48%	12%	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 Non-Executive Chairman and whose remuneration exceeded $ 150,000 during the Financial Year ending 30th June 2005. Immediate family member means the spouse, child, adopted child, step-child, brother, sister and parent.

Corporate Responsibility and 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 operate. **The Corporate Responsibility and Sustainability Committee** is chaired by our independent director,Mr. Mark Haynes Daniell and has Mr. Robert Tomlin and Mr. Shekhar Anantharaman as its members. The terms of reference of this committee includes

1. Reviewing and recommending company's policy with respect to corporate responsibility and sustainability issues.
2. Reviewing the company's environmental policies and standards.
3. Reviewing the social impact of the company's business practices in the communities that it operates in.
4. Reviewing and recommending policies and practices with regard to key stakeholders (suppliers, customers and employees).
5. Reviewing and recommending policies and practices with regard to regulators.

Regular, effective and fair communication with shareholders (Principle 14) Greater Shareholder participation at Annual General Meetings (Principle 15)

Earning investor's 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 redesigned our corporate website **www.olamonline.com** to provide quicker, up-to-date and transparent disclosures. Our new Investor Relations section contains our most recent financial statements, disclosure statements, results presentations and press releases.

We hold briefings of our half year and full year results performance and disseminate financial information together with other materials provided in the briefings through the SGXNET. We hold frequent dialogues and meetings and have conference calls with analysts, shareholders and investors to facilitate understanding of the Company's businesses and strategies. Investment road shows are being held on an ongoing basis to meet up with a broad spectrum of existing and potential investors across the globe.

Shareholders are being informed of shareholder's meetings through notices published in the newspapers or through circulars. Shareholders are invited at such meetings to ask any questions they may have on the company and the motions to be debated and decided on. If any shareholder is unable to attend he is allowed to appoint upto 2 proxies to vote on his behalf at the meeting through proxy forms sent in advance.

The Chairmen of our Audit & Compliance, Governance & Nomination and Management Development & Compensation Committees will be present at the Annual General meetings to address any questions. If the Chairman of any committee is unable to be present on account of other pressing commitments, he would nominate a member of the committee to attend the meeting on his behalf. Our external auditors will also be present at the Annual General Meeting to assist the Directors' address any shareholders' query.

We are committed to providing easy access to timely and pertinent information about the Company and to continuously review ways to enhance our corporate governance process.

Securities Transactions

The Company has issued a policy on dealings in securities of the Company to its Directors and executives, setting out the implications of insider trading and guidance on such dealings. In line with the Best Practices Guide issued by the Singapore Exchange Securities Trading Limited, the company has adopted a code of conduct on securities dealing which provides that the Company, its Directors and executives 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 period of one month immediately preceding the announcement of the Company's results.

Material Contracts

There were no material contracts entered into by the Company or any of its subsidiaries involving the interest 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 Audit and Compliance Committee 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.

Name of interested person	Aggregate value of all interested party transactions during the financial year under review except transactions conducted under shareholders' mandate pursuant to Rule 920 (S$'000)
Afprint Nigeria Limited	2,873
Afcott Nigeria Limited	524
Sunseed Nigeria Limited	1,719
Kewalram Nigeria Limited	430

Corporate Information

Directors

Murli Kewalram Chanrai	
Rangareddy Jayachandran	
Narain Girdhar Chanrai	
Peter Francis Amour	(Appointed on 02 September 2004)
Tse Po Shing	
Wong Heng Tew	
Mark Haynes Daniell	
Michael Lim Choo San	(Appointed on 24 September 2004)
Robert Michael Tomlin	(Appointed on 24 September 2004)
Sunny George Verghese	
Sridhar Krishnan	
Shekhar Anantharaman	
Lim Sheau Ming	(Appointed on 10 November 2004, alternate to Wong Heng Tew)
Daniel Hui Sheung Yin	(Resigned on 02 September 2004, alternate to Bruce Carroll Allen and Tse Po Shing)
Bruce Carroll Allen	(Resigned on 02 September 2004)
Peter Francis Amour	(Resigned on 02 September 2004, alternate to Bruce Carroll Allen and Tse Po Shing)
Krishnasamy Ravindran	(Resigned on 10 November 2004, alternate to Wong Heng Tew)

Policy Team

Sunny George Verghese
Sridhar Krishnan
Shekhar Anantharaman
Jagdish Achleshwar Prasad Parihar
Gerard Anthony Manley
Vivek Verma
Ashok Krishen
Krishnan Ravikumar

Senior Management Team

Sunny George Verghese
Sridhar Krishnan
Shekhar Anantharaman
Jagdish Achleshwar Prasad Parihar
Gerard Anthony Manley
Vivek Verma
Ashok Krishen
Krishnan Ravikumar
James Edward Green
Renatus George Goudriaan
Ranveer Singh Chauhan
Venkataramani Srivathsan
Moochikal Damodaran Ramesh
John Gibbons
Raj Vardhan
Ashok Chandra Mohan Hegde
Devashish Chaubey
Rajeev Rana
Rajeev Kadam
Joydeep Bose
Sundararajan Suresh
Raj Shekhar
Jayant Parande

Secretary

Tan San Ju (Appointed on 12 August 2005)
Sophia Lim Siew Fey (Appointed on 12 August 2005)
Chua Sui Choo Anne (Resigned on 12 July 2005)

Auditors

Ernst & Young
Partner in charge (since financial year 1997): Liew Choon Wai

Registered Office / Share Registrar

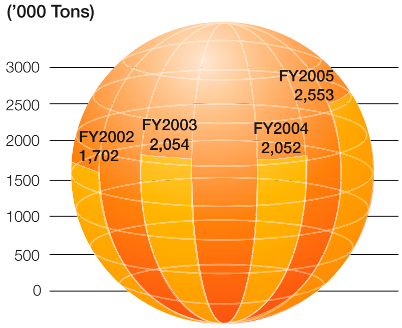
10 Collyer Quay
#19-08 Ocean Building
Singapore 049315
Telephone: (65) 6535 5366
Fax: (65) 6536 1060

Principal Bankers

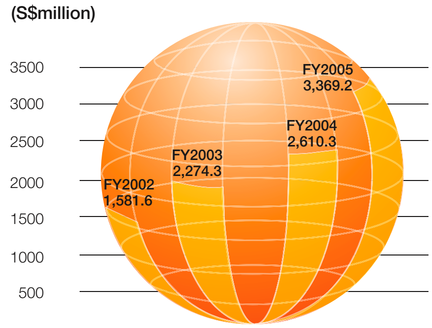
ABN AMRO Bank N.V.
BNP PARIBAS (SUISSE) SA
Citibank, N.A.
DBS Bank Ltd
Deutsche Bank AG
NATEXIS BANQUES POPULAIRES
Oversea-Chinese Banking Corporation Limited
Rabobank International
Standard Chartered Bank
The Hongkong and Shanghai Banking Corporation Limited

Financial Analysis

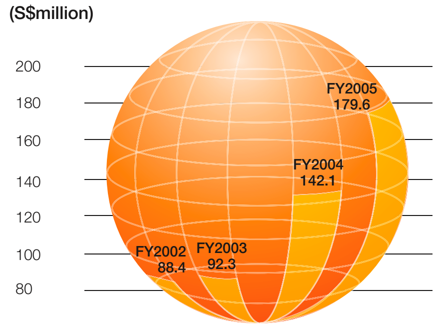
Total Sales Volume
('000 Tons)



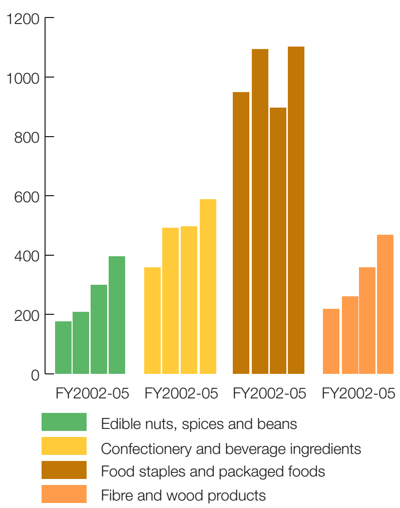
Total Sales Turnover
(S$million)



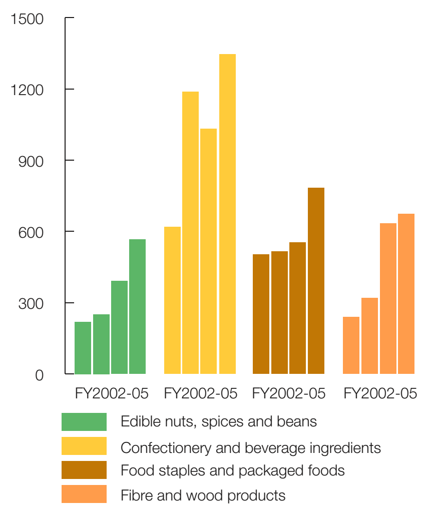
Total Net Contribution
(S$million)



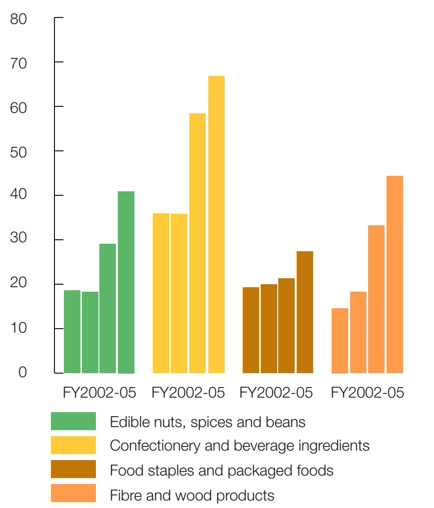
Sales Volume by segment
('000 Tons)



Sales Turnover by segment
(S$million)



Net Contribution by segment
(S$million)



Sales Volume by segment ('000 Tons)	FY2002	FY2003	FY2004	FY2005
Edible nuts, spices and beans	176	209	300	395
Confectionery and beverage ingredients	359	492	497	588
Food staples and packaged foods	948	1,092	896	1,102
Fibre and wood products	219	261	359	468
Total	**1,702**	**2,054**	**2,052**	**2,553**

Total Sales Volume has grown at a CAGR of 14.5% over the last 4 years, from 1.70 million tonnes in 2002 to 2.55 million tons in 2005, with all the four segments contributing to this volume growth.

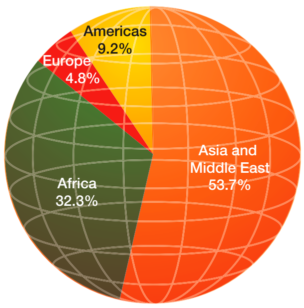
Sales Turnover by segment (S$million)	FY2002	FY2003	FY2004	FY2005
Edible nuts, spices and beans	219.4	250.9	391.8	566.8
Confectionery and beverage ingredients	619.7	1,187.4	1,031.2	1,345.9
Food staples and packaged foods	502.7	515.8	552.9	782.7
Fibre and wood products	239.8	320.2	634.4	673.8
Total	**1,581.6**	**2,274.3**	**2,610.3**	**3,369.2**

Total Sales Turnover has grown from S$1.58 billion in 2002 to S$3.37 billion in 2005, a CAGR of 28.7%. All the four segments have recorded turnover growth over this four year period.

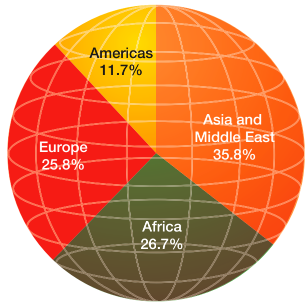
Net Contribution by segment (S$million)	FY2002	FY2003	FY2004	FY2005
Edible nuts, spices and beans	18.6	18.2	29.0	40.9
Confectionery and beverage ingredients	35.9	35.8	58.5	66.9
Food staples and packaged foods	19.3	20.0	21.3	27.4
Fibre and wood products	14.6	18.3	33.3	44.4
Total	**88.4**	**92.3**	**142.1**	**179.6**

All the four segments recorded growth in Net Contribution over the four year period from 2002 to 2005. Net Contribution grew at a CAGR of 26.6% during this period, with net contribution per ton going up from S$52 to S$70.

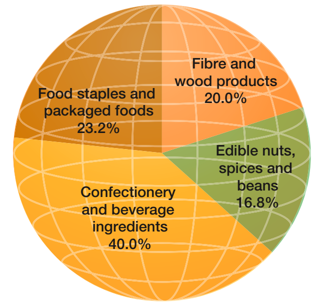
Sourcing Volume by continent
FY 2005
(%)



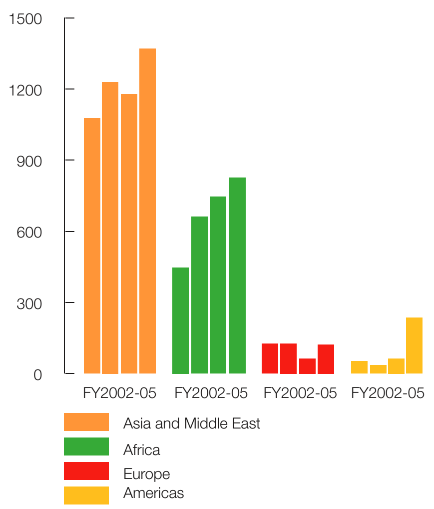
Sales Turnover by continent
FY 2005
(%)



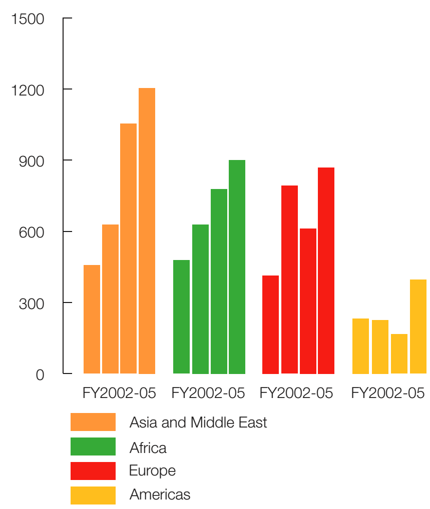
Sales Turnover by segment
FY 2005
(%)



Sourcing volume by continent FY2002 - FY2005
('000 Tons)



Sales turnover by continent FY2002 - FY2005
($million)



Net Contribution by segment
FY 2005
(%)

Sourcing volume by continent (%)	FY2005
Asia and Middle East	53.7
Africa	32.3
Europe	4.8
Americas	9.2
Total	**100**

Sales turnover by continent (%)	FY2005
Asia and Middle East	35.8
Africa	26.7
Europe	25.8
Americas	11.7
Total	**100**

Sales turnover by segment (%)	FY2005
Edible nuts, spices and beans	16.8
Confectionery and beverage ingredients	40.0
Food staples and packaged foods	23.2
Fibre and wood products	20.0
Total	**100**

Sourcing volume by continent ('000 Tons)	FY2002	FY2003	FY2004	FY2005
Asia and Middle East	1,076	1,230	1,178	1,369
Africa	447	661	746	825
Europe	126	127	64	123
Americas	53	36	64	236
Total	**1,702**	**2,054**	**2,052**	**2,553**

Sales turnover by continent (S$million)	FY2002	FY2003	FY2004	FY2005
Asia and Middle East	457.1	627.9	1,053.9	1,205.1
Africa	478.1	628.3	778.1	900.3
Europe	413.7	791.7	612.2	868.6
Americas	232.7	226.4	166.1	395.2
Total	**1,581.6**	**2,274.3**	**2,610.3**	**3,369.2**

Net contribution by segment (%)	FY2005
Edible nuts, spices and beans	22.8
Confectionery and beverage ingredients	37.2
Food staples and packaged foods	15.3
Fibre and wood products	24.7
Total	**100**

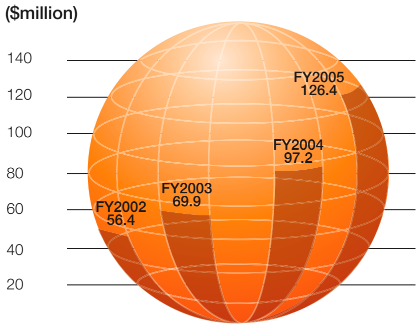
Asia & Middle East at 53.7% and Africa at 32.3% accounted for a bulk of the Sourcing Volumes reflecting the emerging market focus for the company. Europe at 4.8% and Americas at 9.2% made up the balance. From the Sales Turnover perspective too, Asia.

Middle East & Africa contributed to over 60% of our turnover, essentially on account of the sales from the Food Staples & Packaged Foods Segment being focused on Africa and Asia.

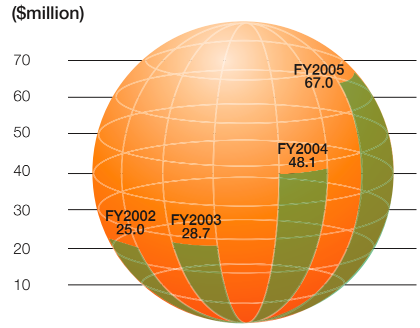
Confectionery & Beverage Ingredients segment accounted for 40% of our turnover, followed by Food Staples & Packaged Foods segment at 23.2%, Fibre & Wood Products segment at 20% and Edible Nuts, Spices & Beans segment at 16.8%.

Financial Analysis

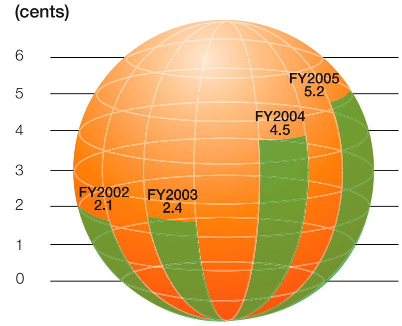
EBIT
($million)



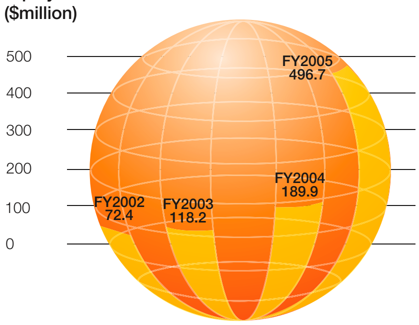
PAT
($million)



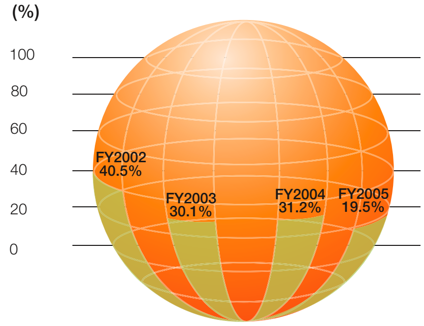
EPS
(cents)



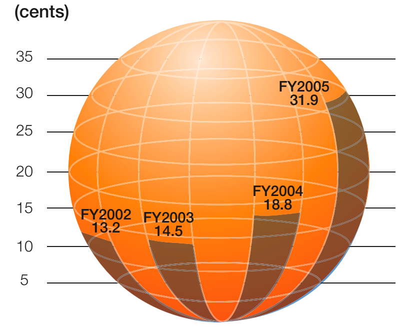
Equity
($million)



Return on Equity
(%)



NTA per share
(cents)



EBIT ($million)	
FY2002	56.4
FY2003	69.9
FY2004	97.2
FY2005	126.4

PAT ($million)	
FY2002	25.0
FY2003	28.7
FY2004	48.1
FY2005	67.0

EPS (cents)	
FY2002	2.1
FY2003	2.4
FY2004	4.5
FY2005	5.2

Equity ($million)	
FY2002	72.4
FY2003	118.2
FY2004	189.9
FY2005	496.7

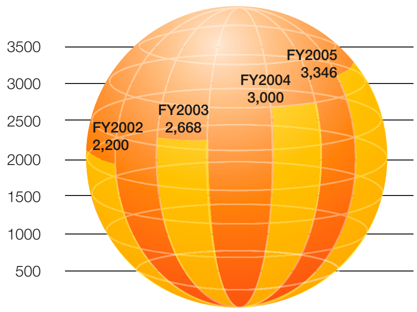
Return on Average Equity (%)	
FY2002	40.5
FY2003	30.1
FY2004	31.2
FY2005	19.5

NTA per share (cents)	
FY2002	13.2
FY2003	14.5
FY2004	18.8
FY2005	31.9

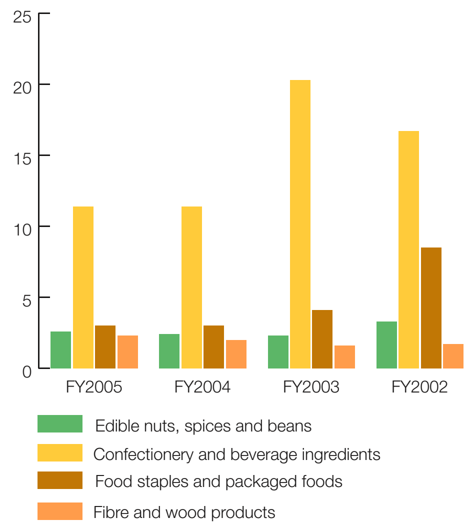
Earnings before Interest & Taxes (EBIT) grew from S$56.4 million in 2002 to S$ 126.4 million in 2005, a growth of 124%. In the same period, Profit after Tax (PAT) recorded a growth of 168% from S$ 25.0 million to S$ 67.0 million.

The Equity base of the company grew from S$72.4 million in 2002 to S$496.7 million in FY 2005. The Company was listed on the SGX on 11th February 2005, raising gross proceeds of S$267 million. After accounting for Vendor Sales and the expenses incurred in connection with the Initial Public Offering the new money that accrued to the company was S$ 217.4 million. Return on Equity for the current year (2005) is 19.5%, based on average equity for the year.

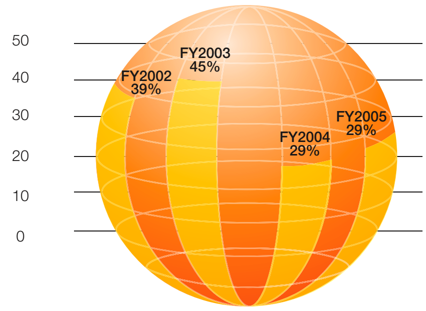
Total number of Customers



Share of segmental sales turnover by top 5 customers



Top 25 customers share of total sales turnover



Total number of Customers	
FY2002	2,200
FY2003	2,668
FY2004	3,000
FY2005	3,346

Share of Segmental Sales Turnover by top 5 Customers (%)	FY2002	FY2003	FY2004	FY2005
Edible nuts, spices and beans	3.3	2.3	2.4	2.6
Confectionery and beverage ingredients	16.7	20.3	11.4	11.4
Food staples and packaged foods	8.5	4.1	3.0	3.0
Fibre and wood products	1.7	1.6	2.0	2.3

Top 25 Customers Share of Total Sales Turnover (% of Total Group sales)	
FY2002	39
FY2003	45
FY2004	29
FY2005	29

There has been a conscious effort to increase the customer base in conjunction with the increase in turnover, in order to ensure that there is no concentration of risk with one or a small group of customers. The total number of customers increased from 2200 in the year 2002 to 3346 in the year 2005.

In all the four segments we have a broad customers base with the top 5 customers accounting for a relatively small percentage of the overall sales turnover of the segment.

Our top 25 customers accounted for 39% of our sales turnover in the year 2002. This has come down to 29%.

Directors' Report and Audited Financial Statements

Olam International Limited and Subsidiary Companies

30 June 2005

Contents

Report of the Directors

The directors are pleased to present their report to the members together with the audited financial statements of Olam International Limited ("the Company") and its subsidiary companies ("the Group") for the financial year ended 30 June 2005.

Directors

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

Murli Kewalram Chanrai	
Rangareddy Jayachandran	
Narain Girdhar Chanrai	
Peter Francis Amour	(Appointed on 02 September 2004)
Tse Po Shing	
Wong Heng Tew	
Mark Haynes Daniell	
Michael Lim Choo San	(Appointed on 24 September 2004)
Robert Michael Tomlin	(Appointed on 24 September 2004)
Sunny George Verghese	
Sridhar Krishnan	
Shekhar Anantharaman	
Lim Sheau Ming	(Appointed on 10 November 2004; alternate to Wong Heng Tew)

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 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 Companies Act, an interest in shares or debentures 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		
		As at 1.7.2004	As at 30.6.2005	As at 21.7.2005	As at 1.7.2004	As at 30.6.2005	As at 21.7.2005
The Company							
Olam International Limited							
(a)	**Ordinary shares of ∞**	**$0.20 each**	**$0.10 each**	**$0.10 each**	**$0.20 each**	**$0.10 each**	**$0.10 each**
	Murli Kewalram Chanrai	–	–	–	272,051,910	508,134,877^	508,134,877^
	Narain Girdhar Chanrai	–	–	–	272,051,910	508,134,877+	508,134,877+
	Sunny George Verghese	39,511,315	79,022,630	79,022,630	–	–	–
	Sridhar Krishnan	70,599,536	141,482,932*	141,482,932*	–	4,227,544#	4,227,544#
	Shekhar Anantharaman	3,951,131	141,482,932*	141,482,932*	–	4,227,536##	4,227,536##
(b)	**Options to subscribe for ordinary shares of $0.10 each**						
	Sunny George Verghese	–	15,000,000	15,000,000	–	–	–

^ The deemed interest in these shares arose out of Murli Kewalram Chanrai being one of the trustees of the Girdhar Kewalram Chanrai Settlement. The trustees of this Settlement (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, which is a substantial corporate shareholder of the Company. Kewalram Chanrai Holdings Ltd's shareholding in the Company amounted to 508,134,877 ordinary shares of $0.10 each as at 30 June 2005 (2004: 272,051,910 ordinary shares of $0.20 each).

+ The deemed interest in these shares arose out of Narain Girdhar Chanrai being one of the trustees of the Girdhar Kewalram Chanrai Settlement, the Murli Kewalram Chanrai Settlement and the Pitamber Kewalram Chanrai Settlement. 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, which is a substantial corporate shareholder of the Company. Kewalram Chanrai Holdings Ltd's shareholding in the Company amounted to 508,134,877 ordinary shares of $0.10 each as at 30 June 2005 (2004: 272,051,910 ordinary shares of $0.20 each).

* The ordinary shares of $0.10 each were jointly registered under Messrs Sridhar Krishnan, Shekhar Anantharaman and Joydeep Bose as at 30 June 2005 and are held in trust for the management (including the Directors) and employees of the Group pursuant to the Olam International Limited Employee Share Benefit Scheme ("ESBS") and Olam International Limited Employee Share Subscription Scheme 2004 ("ESSS").

These shares are held in trust by Dexia Trust Services Singapore Limited for Sridhar Krishnan pursuant to the ESSS.

These shares are held in trust by Dexia Trust Services Singapore Limited for Shekhar Anantharaman pursuant to the ESSS.

∞ On 4 January 2005, the authorised and issued share capital of $0.20 each of the Company was sub-divided into two ordinary shares of $0.10 each.

		Held in trust for the Company	
		As at 1.7.2004	**As at 30.6.2005**
	Subsidiaries of the Company		
(a)	**Olam Burkina Sarl.**	**Ordinary shares of XAF 10,000 each**	
	Shekhar Anantharaman	1	1
(b)	**Olam Cam Sarl.**	**Ordinary shares of XAF 5,000 each**	
	Sunny George Verghese	10	10
(c)	**Olam Ivoire Sarl.**	**Ordinary shares of XAF 10,000 each**	
	Sunny George Verghese	1	1
(d)	**Olam Tanzania Ltd**	**Ordinary shares of TZS 10,000 each**	
	Sunny George Verghese	1	1
(e)	**PT Olam Indonesia.**	**Ordinary shares of USD 10 each**	
	Sunny George Verghese	65	65
(f)	**Outspan Ivoire Sarl.**	**Ordinary shares of XAF 10,000 each**	
	Sridhar Krishnan	200	200
	Shekhar Anantharaman	200	200
(g)	**Olam Gab Sarl.**	**Ordinary shares of XAF 5,000 each**	
	Sunny George Verghese	200	200

Directors' interests in shares and debentures (cont'd)

		Held in trust for the Company	
		As at 1.7.2004	**As at 30.6.2005**
	Subsidiaries of the Company (cont'd)		
(h)	**Olam Mozambique Lda**		
	Shekhar Anantharaman	1 quota of nominal value MZM 140,172,580	1 quota of nominal value MZM 140,172,580
(i)	**Olam Madagascar Sarl.**	**Ordinary shares of MGF 50,000 each**	
	Shekhar Anantharaman	1	1
(j)	**Olam Nigeria Ltd**	**Ordinary shares of NGN 1 each**	
	Sunny George Verghese	10	10
(k)	**Olam Congo Sarl**	**Ordinary shares of USD 25 each**	
	Sridhar Krishnan	10	10
(l)	**Outspan Nigeria Ltd**	**Ordinary shares of NGN 1 each**	
	Sunny George Verghese	10	10

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

Directors' contractual benefits

Except as disclosed in this report and in the notes to 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 benefit scheme

On 26 August 1999, an employee share benefit scheme namely, the "Olam International Limited Employee Share Benefit Scheme" (the "ESBS") was set up to motivate and retain highly qualified and experienced employees within the Group. The ESBS comprised 141,199,072 ordinary shares of $0.10 each in the Company originally owned by and registered under the name of Kewalram Singapore Limited. To date, the ESBS has been fully implemented.

At the date of this Report, 216 employees of the Group had participated in the ESBS. These shares are held in trust by Messrs Sridhar Krishnan, Shekhar Anantharaman and Joydeep Bose.

Employee share subscription scheme

On 26 October 2004, the Company implemented an employee share subscription scheme, namely, the "Olam International Limited Employee Share Subscription Scheme 2004" (the "ESSS"). The purpose of the ESSS, similar to the ESBS, was to motivate and retain highly qualified and experienced employees within the Group. The ESSS comprised 73,913,044 ordinary shares of $0.10 each which were offered at $ 0.23 per share. These shares have been fully allotted and issued by the Company to 147 employees. Upon the execution of a share subscription agreement (the "Agreement") by an eligible employee together with payment of the relevant Subscription Price, the Company would issue the prescribed number of shares in the name of (1) Dexia Trust Services Singapore Limited ("Dexia Trust"), where such eligible employees have utilised certain arranged financing facilities granted to Dexia Trust, or (2) Messrs Sridhar Krishnan, Shekhar Anantharaman and Joydeep Bose as trustees for such eligible employees who do not require such financing. Such shares are held on trust by the relevant trustee(s) for such eligible employees and administered in accordance with the rules of the ESSS and the terms and conditions of the Trust Deed dated 26 October 2004 entered into between Dexia Trust and the Company or the Trust Deed dated 26 October 2004 entered into between Messrs Sridhar Krishnan, Shekhar Anantharaman and Joydeep Bose and the Company (as the case may be).

Olam 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 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.

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 only, the balance of the Option not thereby exercised shall continue to be exercisable in accordance with the ESOS until such time as it shall lapse in accordance with the ESOS.

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.

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

Mark Haynes Daniell – Chairman
Michael Lim Choo San
Rangareddy Jayachandran
Wong Heng Tew
Tse Po Shing

Olam employee share option scheme (cont'd)

Details of Options to subscribe for new ordinary shares of $0.10 each in the capital of the Company pursuant to the Company's ESOS granted to the directors of the Company are as follows:

Name of Participant	Options granted during financial year under review (including terms)	Aggregate options granted since commencement of scheme to end of financial year under review	Aggregate options exercised since commencement of scheme to end of financial year under review	Aggregate options outstanding as at end of financial year under review
Sunny George Verghese	15,000,000	15,000,000	–	15,000,000

On 4 January 2005, the Company granted 15,000,000 market price options to Mr Sunny George Verghese, Group Managing Director & Chief Executive Officer, at an exercise price of $ 0.62 (Invitation Price). These options 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).

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 rights 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.

Except as disclosed above, there were no unissued shares of the Company under the options granted by the Company, as at the end of the financial year.

Audit Committee

The Audit Committee comprises of our three independent directors, Mr. Michael Lim Choo San [Chairman], Mr. Robert Tomlin and Mr. Mark Haynes Daniell. The Audit Committee performed the functions specified in Section 201B of the Singapore Companies Act, the Code of Corporate Governance and the Listing Manual of the Singapore Exchange.

The Audit Committee held 3 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 system.

The Audit Committee reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;
- financial statements of the Group and of the Company prior to their submission to the directors' of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange)

The Audit Committee has 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 for reappointment as auditors of the Company at the forthcoming Annual General meeting.

Auditors

The auditors, Ernst & Young, Certified Public Accountants, have expressed their willingness to accept re-appointment.

On behalf of the Board,

Rangareddy Jayachandran
Director

Sunny George Verghese
Director

Singapore
4 October 2005

Statement by Directors

We, Rangareddy 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 statement of cash flow together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2005 and of the results of the business, changes in equity of the Company and of the Group and cash flow of the Group for the year then ended; 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,

Rangareddy Jayachandran
Director

Sunny George Verghese
Director

Singapore
4 October 2005

Auditors' Report to the Members of Olam International Limited

We have audited the accompanying financial statements of Olam International Limited ("the Company") and its subsidiary companies ("the Group") set out on pages 74 to 114, for the financial year ended 30 June 2005. These financial statements are the responsibility of the Company's directors. 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

(a) the consolidated financial statements of the Group and the financial statements of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Cap 50 (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 2005 and the results, changes in equity of the Group and of the Company and cash flow 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 subsidiary companies incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

ERNST & YOUNG
Certified Public Accountants

Singapore
4 October 2005

Profit and Loss Accounts for the year ended 30 June 2005

	Note	Group 2005 $'000	Group 2004 $'000	Company 2005 $'000	Company 2004 $'000
Revenue					
Sale of goods	3	3,369,237	2,610,349	3,046,321	2,260,715
Other revenue	4	13,123	12,082	1,922	6,864
		3,382,360	2,622,431	3,048,243	2,267,579
Costs and expenses					
Cost of goods sold	5	2,642,932	2,059,807	2,624,168	1,979,406
Shipping and logistics		463,059	328,458	225,676	136,183
Commission and claims		27,822	26,385	33,085	29,150
Staff costs		50,406	39,225	28,358	23,316
Depreciation	9	7,551	4,724	304	324
(Gain)/loss on foreign exchange		(13,373)	1,514	(4,743)	341
Other operating expenses		77,572	65,035	32,301	30,024
		3,255,969	2,525,148	2,939,149	2,198,744
Profit from operating activities	6	126,391	97,283	109,094	68,835
Finance costs	7	(51,485)	(43,562)	(41,897)	(25,492)
		74,906	53,721	67,197	43,343
Share of loss of jointly controlled entity		(3)	(42)	–	–
Profit before taxation		74,903	53,679	67,197	43,343
Taxation	8	(7,878)	(5,584)	(3,752)	(2,889)
Profit for the financial year		67,025	48,095	63,445	40,454
			(Restated)		
Basic earnings per share (in cents)	35	5.19	4.52		
Diluted earnings per share (in cents)	35	5.12	4.40		

The accompanying notes form an integral part of the financial statements.

Balance Sheets as at 30 June 2005

	Note	Group 2005 $'000	Group 2004 $'000	Company 2005 $'000	Company 2004 $'000
Fixed assets	9	39,166	21,195	665	672
Subsidiary companies	10	–	–	50,120	40,418
Deferred tax assets	8	860	829	717	1,196
Investments	11	1,484	74	1,606	196
Current assets					
Amount due from subsidiary companies	12	–	–	200,314	83,746
Amount due from a related party	13	–	3,000	–	3,000
Trade debtors	14	649,179	464,944	531,810	387,771
Margin accounts with brokers	15	57,335	5,317	57,079	5,317
Stocks	16	1,019,025	478,058	314,035	141,093
Advance payments to suppliers	17	90,881	90,090	671,818	356,517
Other debtors	18	117,617	77,840	53,250	41,151
Fixed deposits		61,655	11,922	60,897	9,674
Cash and bank balances		103,712	88,450	21,082	41,671
		2,099,404	1,219,621	1,910,285	1,069,940
Current liabilities					
Amount due to a corporate shareholder	19	–	1,403	–	1,403
Trade creditors and accruals	20	175,026	154,976	130,395	112,718
Other creditors	21	9,789	5,388	7,368	2,582
Amounts due to bankers	22	1,187,967	672,706	1,075,752	600,676
Medium term notes	23	262,780	177,000	262,780	177,000
Provision for taxation		8,627	5,915	4,817	3,616
		1,644,189	1,017,388	1,481,112	897,995
Net current assets		455,215	202,233	429,173	171,945
Term loan from a bank	24	–	(266)	–	–
Convertible redeemable shares	25	–	(25,602)	–	(25,602)
Long term loan from a corporate shareholder	26	–	(8,600)	–	(8,600)
		496,725	189,863	482,281	180,225
Share capital	27	155,459	100,791	155,459	100,791
Reserves		341,266	89,072	326,822	79,434
		496,725	189,863	482,281	180,225

The accompanying notes form an integral part of the financial statements.

Statements of Changes in Equity for the year ended 30 June 2005

	Note	Group 2005 $'000	Group 2004 $'000	Company 2005 $'000	Company 2004 $'000
Issued capital [1]					
Balance at beginning		100,791	81,496	100,791	81,496
Issuance of ordinary shares	27	54,668	19,295	54,668	19,295
Balance at end		155,459	100,791	155,459	100,791
Reserves					
Share premium					
Balance at beginning		36,035	11,531	36,035	11,531
Issuance of ordinary shares		216,367	24,504	216,367	24,504
Expenses on issuance of ordinary shares		(10,907)	–	(10,907)	–
Balance at end		241,495	36,035	241,495	36,035
Foreign currency translation reserves					
Balance at beginning		(4,005)	(1,744)	3,079	5,459
Foreign currency translation adjustment		3,981	(2,261)	2,755	(2,380)
Balance at end		(24)	(4,005)	5,834	3,079
Revenue reserves					
Balance at beginning		57,042	26,947	40,320	17,866
Profit for the financial year		67,025	48,095	63,445	40,454
Dividends paid	28	(24,272)	(18,000)	(24,272)	(18,000)
Balance at end		99,795	57,042	79,493	40,320
Total reserves		341,266	89,072	326,822	79,434
Total equity		496,725	189,863	482,281	180,225
Net change in equity from non-owner sources excluding net profit/(loss)		3,981	(2,261)	2,755	(2,380)

(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.

The accompanying notes form an integral part of the financial statements.

Consolidated Statement of Cash Flow for the year ended 30 June 2005

	2005 $'000	2004 $'000
Cash flow from operating activities		
Operating profit before taxation	74,903	53,679
Adjustments for:		
Share of loss of jointly controlled entity	3	42
Depreciation of fixed assets	7,551	4,724
(Gain)/loss on disposal of assets	(126)	104
Interest income	(2,140)	(6,828)
Interest expense	51,485	43,562
Operating profit before reinvestment in working capital	131,676	95,283
Decrease in amount due from a related party	3,000	2,362
Increase in stocks	(540,967)	(167,063)
Increase in debtors	(276,030)	(114,218)
Increase in advance payments to suppliers	(791)	(33,873)
Increase in creditors	19,978	69,708
Cash used in operations	(663,134)	(147,801)
Interest income received	2,140	6,828
Interest expense paid	(47,012)	(42,673)
Tax paid	(5,283)	(4,678)
Net cash used in operating activities	(713,289)	(188,324)
Cash flow from investing activities		
Proceeds from disposal of fixed assets	655	1,174
Purchase of fixed assets	(25,885)	(9,871)
Investment in a jointly controlled entity	(1,414)	–
Net cash used in investing activities	(26,644)	(8,697)
Cash flow from financing activities		
Increase in loans from banks	505,419	40,269
Repayment of term loan from a bank	(266)	(77)
(Decrease)/increase in amount due to a corporate shareholder	(1,403)	1,525
Repayment of long term loan from a corporate shareholder	(8,600)	(206)
Proceeds from issuance of ordinary shares at premium	245,433	43,799
Expenses on issuance of ordinary shares	(10,907)	–
Proceeds from issue of convertible redeemable shares at premium	–	25,602
Dividends paid on ordinary shares by the Company	(24,272)	(22,730)
Proceeds from issue of medium term notes	85,780	177,000
Net cash provided by financing activities	791,184	265,182
Net effect of exchange rate changes on cash and cash equivalents	3,902	(1,989)
Net increase in cash and cash equivalents	55,153	66,172
Cash and cash equivalents at beginning of year (Note 32)	32,656	(33,516)
Cash and cash equivalents at end of year (Note 32)	87,809	32,656

The accompanying notes form an integral part of the financial statements.

Notes to the Financial Statements – 30 June 2005

1. Corporate information

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

On 11 February 2005, the Company was admitted to the Official List of the Stock Exchange Securities Trading Limited ("SGX-ST").

The principal activities of the Company and that of its subsidiary companies are those of sourcing, processing and trading of agri commodities. There have been no significant changes in the nature of these activities during the year.

The registered office of the Company is located at 10 Collyer Quay, #19-08, Ocean Building, Singapore 049315. The place of business of the Company is at 9 Temasek Boulevard, #11-02 Suntec Tower Two, Singapore 038989, while the various places of business of the subsidiaries are shown in Note 10 to the financial statements.

The Group operates in 40 (2004: 38) countries and has 5,090 (2004: 3,003) employees as of 30 June 2005.

2. Summary of significant accounting policies

(a) Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS) as required by the Companies Act. The financial statements have been prepared on a historical cost basis.

The accounting policies have been consistently applied by the Group and the Company and are consistent with those used in the previous financial year.

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

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries and jointly controlled entities, after the elimination of all material intragroup transactions and resulting unrealised profits. Unrealised losses resulting from intragroup transactions are also eliminated unless costs cannot be recovered. A list of the Group's subsidiary companies is shown in Note 10.

(i) Subsidiary companies

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which the Group ceases to have control of the subsidiaries. Acquisition of subsidiaries are accounted for using the purchase method of accounting.

(b) Basis of consolidation (cont'd)

(ii) Jointly controlled entity

A jointly controlled entity is a company in which the Group has a long-term substantial equity interest and in whose commercial and financial decisions the Group jointly controls.

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.

Goodwill represents the excess of the cost of the acquisition over the fair value of identifiable net assets of a subsidiary at the date of acquisition. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. In accordance with FRS 103 which is applicable from 1 July 2004, goodwill is not amortised and is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

The financial statements of subsidiary companies and the jointly controlled entities are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to conform any dissimilar material accounting policies that may exist.

Assets, liabilities and results of overseas subsidiary companies and the jointly controlled entity are translated into the United States Dollars, which is the Company's measurement currency on the basis outlined in paragraph (v) below.

(c) Subsidiary companies

A subsidiary is a company in which the Group, directly or indirectly holds more than 50% of the issuance 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, investment in subsidiary companies are accounted for at cost less impairment losses.

A list of the Group's subsidiary companies is shown in Note 10.

(d) Jointly controlled entity

A jointly controlled entity is a contractual arrangement whereby the Group and other entities undertake an economic activity, which is subject to joint control.

In the Company's separate financial statements, investment in jointly controlled entities are stated at cost. 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 the profit and loss account.

(e) Fixed assets

Fixed assets 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.

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

(f) Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances and short-term bank deposits, which are held to maturity, and are carried at cost.

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

(g) Receivables

Trade debtors, which are on trade terms, are recognised and carried at original invoiced amounts less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Receivables from a related company, subsidiary companies and immediate holding company are recognised and carried at cost less an allowance for any uncollectible amounts.

(h) Stocks

Stocks are stated at the lower of cost and net realisable value. Stocks consist of trading stocks which 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.

(i) Payables

Liabilities for trade and other amounts payable, which are on trade terms, are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

Payables to the corporate shareholder and subsidiary companies are carried at cost.

(j) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation 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 of the amount of the obligation can be made.

(k) Loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received and including acquisition charges associated with the loans and borrowings.

(l) Investments

Investments held for the long term are stated at cost less amounts provided for or written off in recognition of any impairment in value of the investments determined on an individual investment basis.

(m) Income taxes

Deferred income tax is provided, using the liability method, on all 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 measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled based on tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax liabilities are recognised for all taxable temporary differences associated with investments in subsidiary companies and the jointly controlled entity, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilised.

At each balance sheet date, the Group re-assesses unrecognised deferred tax assets and the carrying amount of deferred tax assets. The Group recognised a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The Group conversely reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit or part or all of the deferred tax asset to be utilised.

(n) 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:

(i) 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.

(ii) Interest
Revenue is recognised as the interest accrues (taking into account the effective yield on the asset) unless collectibility is in doubt.

(o) Government grants

Government grants are recognised on their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

(p) Depreciation

Fixed assets are depreciated on the straight line method at a fixed annual rate over their estimated useful lives which are as follows:

Buildings	–	20 years
Plant and machinery	–	5 to 10 years
Motor vehicles	–	3 to 5 years
Furniture and fittings	–	5 years
Office equipment	–	5 years
Computers	–	3 years

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

(q) Borrowings costs

Borrowing costs are recognised as expenses in the period in which they are incurred.

(r) Impairment

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. All impairment losses are recognised in the profit and loss account whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

An impairment loss is only revised to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for that asset in prior years. All reversals of impairment are recognised in the profit and loss account.

(s) Employee benefits

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 Provision 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.

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.

Employee share option scheme

The Group has an employee share option scheme for the granting of non-transferable options. No compensation cost is recognised upon granting of the options. When the options are exercised, the proceeds received net of any transaction costs are credited to share capital and share premium accordingly.

(t) Futures and options contract

The Group enters into commodity futures and option contracts as a hedge against stocks and trading commitments and its various trading exposures. Principal commodities hedged by these contracts are coffee, cocoa, cotton and sugar.

Gains or losses arising from hedging transactions are recognised to the profit and loss account when the products associated with the hedged items are sold and are recorded as other assets or other liabilities for products associated with the hedged items which remain unsold.

The commodity futures and option contracts entered into by the Group are off-balance sheet items and disclosed in various notes to the accounts. Details of the Group's financial risk management objectives and policies are set out in Note 33.

(u) Foreign exchange forward and swap contracts

The Group uses foreign exchange forward contracts to hedge its risks associated with foreign currency fluctuations. Transactions in foreign exchange forward contracts and currency swaps for hedging against any identifiable commitments are accounted for in a manner consistent with the accounting treatment of the commitments being hedged.

The foreign exchange forward contracts entered into by the Group are off-balance sheet items and disclosed in various notes to the accounts. Details of the Group's financial risk management objectives and policies are set out in Note 33.

(v) Foreign currencies

The Company's measurement currency is the United States Dollars (USD), which reflects the economic substance of the underlying events and circumstances of the Company and the Group. 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. The measurement currency of the subsidiary companies is their respective local currency.

Transactions in currencies other than measurement currency are treated as transactions in foreign currencies and are recorded at exchange rates approximating those ruling at the transaction dates. Foreign currency monetary assets and liabilities are measured using the exchange rates ruling at balance sheet date. Non-monetary assets and liabilities are measured using the exchange rates ruling at the transaction dates or, in the case of items carried at fair value, the exchange rates that existed when the values were determined. All resultant exchange differences are recognised in the profit and loss account.

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 results of foreign subsidiary companies are translated into USD at the weighted average exchange rates. Exchange differences due to such currency translations are included in the foreign currency translation reserve.

The financial statements are presented in Singapore Dollars (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 most useful to the shareholders of the Company.

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

(a) assets and liabilities are translated at the closing rate existing at balance sheet date;

(b) income and expense items are translated at the average exchange rate for the period, which approximates the actual exchange rates existing at the dates of the transactions;

(c) all resultant exchange differences are recognised separately in the foreign currency translation reserve.

(w) 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.

3. Sale of goods

Turnover represents sale of physical commodities, net of discounts and returns. It excludes interest income, realised profits on futures and options, and, in respect of the Group, intra-group transactions.

Turnover for the financial year ended 30 June 2005 and 30 June 2004 are as follows:

	Group		Company	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
Third parties	3,369,237	2,610,349	2,695,237	2,104,147
Subsidiaries companies	–	–	351,084	156,568
	3,369,237	2,610,349	3,046,321	2,260,715

4. Other revenue

Other revenue included the following for the financial year ended 30 June 2005 and 30 June 2004:

	Group		Company	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
Interest income from fixed deposits	1,005	196	329	130
Interest income from brokers	–	649	–	649
Interest income from customers	1,135	5,983	1,135	5,983
Miscellaneous income (1)	4,124	5,254	366	102
Government grant income (2)	6,859	–	–	–
Dividend income	–	–	92	–
	13,123	12,082	1,922	6,864

(1) Miscellaneous income for the Group comprised mainly sale of export licences, scrap and by-products from processing operations.

(2) Government grant income relates to export subsidies granted to milk powder exporters in Poland by the Polish Agriculture Agency.

5. Cost of goods sold

Cost of goods sold included the following realised profit on futures and options arising from price hedges in relation to sales and purchases of physical commodities:

	Group		Company	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
Realised profit on futures and options	11,825	22,775	10,459	22,775

6. Profit from operating activities

Profit from operating activities included the following for the financial year ended 30 June 2005 and 30 June 2004:

	Group		Company	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
This is stated after charging/(crediting):				
Auditor's remuneration:				
– Paid to auditors of the Company	330	300	330	300
– Paid to other auditors	505	589	–	–
– Other fees paid to auditor of the Company*	109	–	109	–
(Gain)/loss on disposal of fixed assets	(126)	104	–	(1)
Director's emoluments:				
– Directors of the Company	2,593	1,629	2,593	1,629
– Other directors of subsidiary companies	25	61	–	–
Staff costs:				
– Salaries and employee benefits	47,542	37,200	27,647	22,597
– CPF contributions and equivalent	2,809	1,845	710	719
– Retrenchment benefits	55	180	–	–
Bank charges	17,461	22,108	12,025	16,716
Bad debts written off:				
– Trade debtors (Note 14)	51	33	10	33
– Advance to suppliers (Note 17)	145	185	40	–
Provision for doubtful debts:				
– Trade debtors	3,274	991	2,305	812
– Advance to suppliers	1,107	747	3,509	–
– Other debtors	20	196	–	–
– Subsidiary companies	–	–	2,188	–
Provision for stocks written down	167	2,752	–	2,743
Stocks written off	260	82	–	–
(Writeback)/provision for impairment in investment in subsidiaries	–	–	(282)	2,064

* In addition to the fees disclosed, the Group and Company paid $361,000 relating to the Initial Public Offering ("IPO") exercise undertaken during the financial year. These amounts were included as expenses from issuance of shares which were deducted from the share premium account.

7. Finance costs

Finance costs included the following for the financial year ended 30 June 2005 and 30 June 2004:

	Group		Company	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
Interest expense -				
On bank overdrafts	8,527	13,110	1,298	1,638
On bank loans	34,426	26,328	31,332	19,605
Interest on medium term notes	7,530	1,563	7,530	1,563
Interest on loan from a subsidiary	–	–	148	136
Others	1,002	2,561	1,589	2,550
	51,485	43,562	41,897	25,492

8. Taxation

Major components of income tax expense for the financial year ended 30 June 2005 and 30 June 2004 were:

Current:				
Singapore	3,750	2,229	3,750	2,229
Foreign	4,518	2,151	–	–
(Over)/under provision in respect of prior years	(273)	1,337	(446)	1,371
	7,995	5,717	3,304	3,600
Deferred:				
Singapore	448	(711)	448	(711)
Foreign	(565)	578	–	–
	(117)	(133)	448	(711)
Tax expense	7,878	5,584	3,752	2,889

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.

A reconciliation of the statutory tax rate to the Group's effective tax rate for the financial year ended 30 June 2005 and 30 June 2004 is as follows:

	Group		Company	
	2005	2004	2005	2004
	%	%	%	%
Statutory tax rate	20.0	20.0	20.0	20.0
Tax effect of non-deductible expenses/ (non-taxable income)	1.6	(1.3)	1.5	(0.9)
Higher statutory tax rates of other countries	1.9	2.3	–	–
Tax effect of income taxed at lower rate	(14.4)	(12.7)	(16.0)	(15.5)
Tax effect on exempt income	–	(1.6)	–	–
Tax effect on difference in tax base	2.0	1.0	–	–
Group relief	–	–	(0.8)	(0.4)
Utilisation of timing differences not recognised in prior year	0.1	(0.2)	–	–
(Over)/under provision in respect of prior year	(0.4)	2.2	(0.6)	3.1
Tax effect of deductible temporary differences not recognised	(1.1)	0.8	–	–
Tax effect of others, net	0.8	(0.1)	1.5	0.3
Effective tax rate	10.5	10.4	5.6	6.6

Deferred tax assets and liabilities

	Group		Company	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
Deferred tax liabilities:				
Differences in depreciation	314	399	10	40
Others	25	309	–	–
Gross deferred tax liabilities	339	708	10	40
Deferred tax assets:				
Provision for doubtful debts	646	589	549	495
Provision for inventories written-down	178	741	178	741
Unabsorbed losses	221	206	–	–
Re-investment tax credits	–	28	–	–
Deferred tax assets not recognised	–	(27)	–	–
Others	154	–	–	–
Gross deferred tax assets	1,199	1,537	727	1,236
Net deferred tax assets	860	829	717	1,196

A loss-transfer system of group relief (group relief system) for companies was introduced in Singapore with effect from Year of Assessment 2003. Under the group relief system, a company belonging to a group may transfer its current year unabsorbed capital allowances, current year unabsorbed trade losses and current year unabsorbed donations to another company belonging to the same group, to be deducted against the assessable income of the latter company.

The Company's subsidiary company intends to transfer all its unabsorbed trade losses of $2,633,000 (2004: $859,000) to the Company under the group relief system, subject to compliance with the relevant rules and procedures and agreement of the Inland Revenue Authority of Singapore. The current year tax expense of the Company is net of the tax effect of the unutilised trade losses transferred.

The Group has tax losses of approximately $2,762,000 (2004: $1,939,000) that are available for offset against future taxable profits of the companies in which the losses arose. 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. Fixed assets

Group	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								
At 30 June 2004	3,506	14,346	9,719	3,462	4,363	1,995	332	37,723
Additions	3,685	11,851	5,944	755	1,139	621	1,890	25,885
Disposals	–	(308)	(1,058)	(23)	(169)	(37)	–	(1,595)
Reclassification	–	385	–	–	(38)	38	(385)	–
Foreign currency translation adjustment	176	(96)	(211)	(16)	(49)	12	88	(96)
At 30 June 2005	7,367	26,178	14,394	4,178	5,246	2,629	1,925	61,917
Accumulated depreciation								
At 30 June 2004	627	4,357	5,103	2,532	2,542	1,367	–	16,528
Charge for the year	131	3,305	2,660	358	709	388	–	7,551
Disposals	–	(47)	(856)	(26)	(104)	(33)	–	(1,066)
Reclassification	–	–	–	–	(8)	8	–	–
Foreign currency translation adjustment	14	(95)	(104)	(32)	(39)	(6)	–	(262)
At 30 June 2005	772	7,520	6,803	2,832	3,100	1,724	–	22,751
Charge for 2004	76	1,607	1,605	370	677	389	–	4,724
Net book value								
At 30 June 2005	6,595	18,658	7,591	1,346	2,146	905	1,925	39,166
At 30 June 2004	2,879	9,989	4,616	930	1,821	628	332	21,195

As at 30 June 2004, the factory building of a subsidiary company with net book value amounting to $485,108 was pledged to secure the term loan from bank (Note 24). This security was lifted during the financial year.

Company	Building $'000	Motor vehicles $'000	Furniture and fittings $'000	Office equipment $'000	Computers $'000	Total $'000
Cost						
At 30 June 2004	193	391	1,260	797	608	3,249
Additions	–	70	41	48	151	310
Disposals	–	–	–	–	(14)	(14)
Foreign currency translation adjustment	(4)	(7)	(24)	(16)	(10)	(61)
At 30 June 2005	189	454	1,277	829	735	3,484
Accumulated depreciation						
At 30 June 2004	52	149	1,230	686	460	2,577
Charge for the year	9	74	39	66	116	304
Disposals	–	–	–	–	(14)	(14)
Foreign currency translation adjustment	(2)	(1)	(24)	(13)	(8)	(48)
At 30 June 2005	59	222	1,245	739	554	2,819
Charge for 2004	10	51	82	75	106	324
Net book value						
At 30 June 2005	130	232	32	90	181	665
At 30 June 2004	141	242	30	111	148	672

Included in fixed assets of the Company are assets belonging to overseas representative offices set up by the Company in certain countries, with net book value of $293,878 (2004: $270,716).

10. Subsidiary companies

	Company 2005 $'000	Company 2004 $'000
Unquoted shares at cost	33,492	29,431
Loans to subsidiary companies	2,934	2,940
Advances for equity contributions	15,476	10,111
Provision for impairment loss	(1,782)	(2,064)
	50,120	40,418

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.

Advances for equity contributions represent advances made to subsidiary companies to purchase fixed assets. There are no repayment terms for these advances as the intention for these advances is that they would ultimately be converted to equity.

10. Subsidiary companies (cont'd)

Subsidiary companies of Olam International Limited as at 30 June 2005 are:

Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of investment 2005		Cost of investment 2004		Percentage of equity held by the Company 2005	Percentage of equity held by the Company 2004
		US$'000	S$'000	US$'000	S$'000	%	%
Caraway Pte Ltd [1] (Singapore)	Sourcing, processing, packaging and trading of agri commodities (Singapore)	122	206	*	*	100	100
Olam Benin Sarl. [3] (Benin)	Dormant (Cotonou)	336	566	336	578	100	100
Olam Burkina Sarl. [3] (Burkina Faso)	Sourcing, processing and trading of agri commodities (Bobo Dioulasso)	191	322	191	329	100	100
Olam Cam Sarl [3] (Cameroon)	Sourcing, processing and trading of agri commodities (Douala)	328	553	328	564	100	100
Olam Europe B.V. [4] (Netherlands)	Trading of agri commodities (Rotterdam)	20	34	20	34	100	100
Olam Ghana Limited [2] (Ghana)	Sourcing, processing and trading of agri commodities (Accra)	2,940	4,954	1,605	2,761	100	100
Olam Investments Limited [2] (Mauritius)	Investment holding (Mauritius)	10	17	10	17	100	100
Olam Ivoire Sarl. [3] (Ivory Coast)	Sourcing, processing and trading of agri commodities (Abidjan)	312	526	312	536	100	100
Olam Nigeria Ltd [2] (Nigeria)	Sourcing, processing and trading of agri commodities (Lagos)	3,021	5,090	3,021	5,196	100	100
Outspan Nigeria Ltd [2] (Nigeria)	Sourcing, processing and trading of agri commodities (Lagos)	277	467	1	2	100	100
Olam Tanzania Ltd [2] (Tanzania)	Sourcing, processing and trading of agri commodities (Dar-es-Salaam)	2,412	4,064	2,412	4,148	100	100
Olam Togo Sarl. [3] (Togo)	Dormant (Lome)	208	350	208	358	100	100

Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of investment 2005		2004		Percentage of equity held by the Company 2005	2004
		US$'000	S$'000	US$'000	S$'000	%	%
Outspan Ivoire Sarl. [3] (Ivory Coast)	Sourcing, processing and trading of agri commodities (Abidjan)	3,798	6,400	3,473	5,974	100	100
Olam Bissau Limitada [4] (Guinea Bissau)	Sourcing, processing and trading of agri commodities (Bissau)	3	5	3	5	100	100
Olam Gab Sarl. [4] (Gabon)	Sourcing, processing and trading of agri commodities (Libreville)	187	315	187	322	100	100
Olam Mozambique Limitada [3] (Mozambique)	Sourcing, processing and trading of agri commodities (Nacala)	1,053	1,774	1,053	1,811	100	100
Olam Madagascar Sarl. [3] (Madagascar)	Sourcing, processing and and trading of agri commodities (Tamatave)	10	17	10	17	100	100
Olam Polska Sp Zoo [3] (Poland)	Sourcing, processing and trading of agri commodities (Warsaw)	211	356	211	363	100	100
Outspan Ghana Limited [2] (Ghana)	Sourcing, processing and trading of agri commodities (Accra)	101	170	101	174	100	100
Olam Vietnam Limited [2] (Vietnam)	Sourcing, processing and trading of agri commodities (Ho Chi Minh)	1,000	1,685	1,000	1,720	100	100
Olam Insurance Limited [2] (Isle of Man)	Providing insurance related services (Isle of Man)	500	843	500	860	100	100
Olam South Africa (Proprietary) Limited [2] (South Africa)	Sourcing, processing and trading of agri commodities (Durban)	100	168	100	172	100	100
Olam Congo (RDC) SPRL [4] (Democratic Republic of Congo)	Sourcing, processing and trading of agri commodities (Kinshasha)	25	42	25	43	100	100

10. Subsidiary companies (cont'd)

Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of investment 2005 US$'000	Cost of investment 2005 S$'000	Cost of investment 2004 US$'000	Cost of investment 2004 S$'000	Percentage of equity held by the Company 2005 %	Percentage of equity held by the Company 2004 %
Olam Online Ltd [1] (Singapore)	Dormant (Singapore)	*	*	*	*	100	100
Outspan PNG Limited [3] (Papua New Guinea)	Sourcing, processing and trading of agri commodities (Rabaul)	100	168	100	172	100	100
Olam France Sarl. [2] (France)	Trading of agri commodities (Marsellies)	7	12	7	12	100	100
Olam Guinee Sarl. [2] (Guinee Conakry)	Sourcing, processing and trading of agri commodities (Conakry)	3	5	3	5	100	100
Olam Brazil Ltda [4] (Brazil)	Sourcing, processing and trading of agri commodities (Fortaleza)	208	350	208	358	100	100
Olam Kazakhstan [4] (Kazakhstan)	Dormant (Djetisay)	10	17	10	17	100	100
Olam Middle East L.L.C [3] (United Arab Emirates)	Trading of agri commodities (Dubai)	82	138	82	141	100	100
Olam Americas Inc. [4] (United States Of America)	Sourcing, processing and trading of agri ommodities (North Carolina)	1	2	1	2	100	100
Olam Europe Ltd [4] (United Kingdom)	Trading of agri commodities (London)	394	664	394	678	100	100
Olam Kenya Limited [4] (Kenya)	Dormant (Nairobi)	2	3	2	3	100	100
Olam Uganda Limited [2] (Uganda)	Sourcing, processing and trading of agri commodities (Kampala)	97	163	97	167	100	100
PT Olam Indonesia [2] (Indonesia)	Sourcing, processing and trading of agri commodities (Jakarta)	1,100	1,853	1,100	1,892	100	100
Texturegate Investments Pte Ltd [4] (Zimbabwe)	Dormant (Harare)	*	*	*	*	100	100

Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of investment 2005		2004		Percentage of equity held by the Company 2005	2004
		US$'000	S$'000	US$'000	S$'000	%	%
Outspan Brazil [4] (Brazil)	Trading of agri commodities (Brazil)	578	974	–	–	100	–
Olam Dairy [4] (Netherlands)	Trading of agri commodities (Rotterdam)	130	219	–	–	100	–
		19,877	33,492	17,111	29,431		

Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of investment 2005	2004	Percentage of equity held by the Company 2005	2004
				%	%
Subsidiary companies of Olam Investment Limited as at 30 June 2005 are as follow:					
Olam Export (India) Limited [2] (India)	Sourcing, processing and trading of agri commodities (Quilon)	USD 2,738,198	USD 2,738,198	100	100
Oustpan India Private Limited (India) [2]	Dormant (Quilon)	USD 1	USD 1	100	100
Subsidiary company of Olam (Uganda) Limited as at 30 June 2005 is as follows:					
Victoria Commodities Ltd [2] (Uganda)	Sourcing, processing and trading of agri commodities (Kampala)	UGS 5,000,000	UGS 5,000,000	100	100
Subsidiary company of Olam Nigeria Limited as at 30 June 2005 is as follows:					
Novus Nigeria [2] (Nigeria)	Dormant (Lagos)	Naira 100 million	Naira 100 million	100	100
Subsidiary company of Caraway Pte Ltd as at 30 June 2005 is as follows:					
Caraway Foods International [4] (Nigeria)	Dormant (Nigeria)	Naira 2,500,000	–	100	–

* These costs of investment were less than a thousand dollars each.

1 Audited by Ernst & Young, Singapore.
2 Audited by associated firms of Ernst & Young, Singapore.
3 Audited by other CPA firms
4 Not required to be audited.

11. Investments

	Group		Company	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
Government securities	9	9	–	–
Market value of government securities	9	9	–	–
(a) Investment in jointly controlled entity				
Unquoted shares at cost	1,615	201	1,615	201
Share of post- acquisition reserves	(136)	(133)	–	–
Currency realignment	(4)	(3)	(9)	(5)
	1,475	65	1,606	196
Total investments	1,484	74	1,606	196

Details of the jointly controlled entity at end of financial year are as follows:

Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of investment 2005		Cost of investment 2004		Percentage of equity held by the Company 2005	2004
		US$'000	S$'000	US$'000	S$'000	%	%
Held by the Company							
LAMCO S.p.A (Italy) [1]	Trading of agri commodities (Genova, Italy)	114	192	114	196	40	40
Solimar Foods Ingredients S.L. (Spain) [2]	Processing and trading of agri commodities (Valencia, Spain)	839	1,414	–	–	49	–
		953	1,606	114	196		

1 Audited by associated firm of Ernst & Young, Singapore.
2 No audit for the current financial year as this is the first year of incorporation.

(b) The Group's share of the jointly controlled entity's assets and liabilities, and results is as follows:

	Group 2005 $'000	Group 2004 $'000
Current assets	619	1,659
Long-term assets	1,488	8
Current liabilities	(293)	(1,602)
Long-term liabilities	(339)	–
Net assets	1,475	65
Income	354	7,678
Expenses	(357)	(7,720)
Loss after tax for the financial year	(3)	(42)

12. Amounts due from/(to) subsidiary companies

	Company 2005 $'000	Company 2004 $'000
Trade receivables	197,657	81,180
Non-trade receivables	5,214	5,374
Loans payable	(2,557)	(2,808)
	200,314	83,746
Amounts due from/(to) subsidiary companies are stated after deducting provision for doubtful debts of		
– Trade	1,787	–
– Non-trade	401	–
	2,188	–

The non-trade receivables are interest-free, unsecured and have no fixed terms of repayment.

The loan from a subsidiary company is unsecured, bears interest at 4.125% (2004: 4.125%) per annum and is repayable on demand.

13. Amount due from a related party

As at 30 June 2004, the amount was due from a related party which was the former penultimate holding company of the Company. It arose from the acquisition of subsidiary companies on 1 April 1997 and represented the pre-acquisition losses of the subsidiary companies as of 1 April 1997 which the related party had undertaken to make good. This amount was progressively receivable by the Company over a period of 8 years and was fully repaid in the current financial year.

14. Trade debtors

	Group		Company	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
Trade debtors	631,012	457,808	531,403	387,536
GST receivable and equivalent	18,167	7,136	407	235
	649,179	464,944	531,810	387,771
Trade debtors are stated after deducting provision for doubtful debts of	5,869	3,715	3,652	2,466
Bad debts written off directly to profit and loss account (Note 6)	51	33	10	33

As at 30 June 2004, trade debtors amounting to $30,443,353 were secured by the same stocks sold by the Group and Company to the customers but held on lien by its subsidiary in Nigeria on behalf of the Group and Company. There were no stocks held on lien over trade debtors as at 30 June 2005.

15. 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.

A debit balance reflects amounts paid to futures dealers as initial and variation margins. A credit balance reflects margin monies payable to futures dealers. This depends on volume of traders done, price movements and lines of credit available with the brokers.

16. Stocks

	Group		Company	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
Stocks consist of the following:				
At cost	748,131	348,860	46,327	26,529
At net realisable value	270,894	129,198	267,708	114,564
	1,019,025	478,058	314,035	141,093
Stocks at net realisable value are stated after deducting for provision of stocks write-down of	3,728	3,735	3,567	3,641

As at 30 June 2004, stocks amounting to approximately $302 million and $136 million of the Group and of the Company respectively were pledged to secure the bank loans (Note 22). There were no stocks pledged to secure the bank loans as at 30 June 2005.

17. Advance payments to suppliers

	Group		Company	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
Third parties	90,881	90,090	51,940	63,257
Subsidiary companies	–	–	619,878	293,260
	90,881	90,090	671,818	356,517
These represent advance payments to suppliers and subsidiary companies for procurement of physical commodities.				
Advance payments to suppliers are stated after deducting provision for doubtful debts of				
– Third parties	2,806	1,796	–	–
– Subsidiary companies	–	–	3,509	–
Bad debts written off directly to profit and loss account (Note 6)				
– Third parties	145	185	40	–

18. Other debtors

	Group		Company	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
Staff advances (1)	3,913	2,533	383	616
Deposits	4,322	2,126	744	473
Prepayments	25,374	11,851	5,114	2,424
Currency cover reserve (2)	10,634	4,554	10,634	4,554
Insurance receivables (3)	2,040	3,286	833	456
Unexpired options and deferred realised future losses (4)	34,232	32,278	34,231	32,278
Export incentives receivable (5)	26,091	14,112	–	–
Sundry debtors	11,011	7,100	1,311	350
	117,617	77,840	53,250	41,151
Other debtors are stated after deducting provision for doubtful debts of	211	196	–	–

(1) Staff advances are interest-free, unsecured and repayable monthly on tenure ranging from 12 to 36 months.

(2) Currency cover reserve represents unrealised foreign currency exchange differences arising from buying and selling currencies to hedge against currency fluctuations of physical commodity commitments. The exchange differences will be recognised in the profit and loss account as and when the commitments are realised.

(3) Insurance receivables pertain to pending marine and stocks insurance claims. The outstanding claims are currently being processed by the insurance companies for final settlement.

(4) These relate to options and futures for the hedging of stocks and trading commitments. The profit and loss on these transactions are recognised when the corresponding physical transactions are completed. Any differences arising between profit and loss realised by brokers and profit and loss realised by the Company and Group are deferred in the balance sheets.

(5) These relate to incentives receivable from the Government of a country where a subsidiary resides, for the subsidiary's export activities of certain commodities.

19. Amount due to a corporate shareholder

The amount was non-trade related, interest-free, unsecured and had no fixed terms of repayment. This amount was fully repaid in the current financial year.

20. Trade creditors and accruals

	Group		Company	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
Trade creditors	129,079	109,320	106,708	81,906
Accruals	43,823	26,994	23,687	13,614
Advances received from customers	1,190	17,675	–	17,198
GST payable and equivalent	934	987	–	–
	175,026	154,976	130,395	112,718

21. Other creditors

	Group		Company	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
Interest payable on short-term bank loans	7,468	2,995	7,346	2,582
Sundry creditors	2,255	2,187	–	–
Provision for withholding tax	66	206	22	–
	9,789	5,388	7,368	2,582

22. Amounts due to bankers

	Group		Company	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
Bank overdrafts	77,558	67,716	32,625	45,567
Bank loans	1,110,409	600,890	1,043,127	555,109
Discounted bills	–	4,100	–	–
	1,187,967	672,706	1,075,752	600,676

As at 30 June 2004, bank loans included amounts of approximately $301,901,000 and $286,311,000 for Group and Company respectively secured by the underlying stocks of specific transaction - linked arrangements with the lending banks. During the year, the Group and the Company revised their trade commodity financing facility arrangements with the lending banks and had the covenants over the underlying stocks uplifted.

The remaining amounts were substantially secured by corporate guarantees from the Company's related parties, Chanrai Investment Corporation Limited and Kewalram (Singapore) Limited as at 30 June 2004. This security arrangement was also uplifted during the financial year.

The amounts due to bankers for the Company are repayable within 12 months and bear interest of between 3.0% to 6.0% (2004: 2.5% to 4.0%) per annum.

The amounts due to bankers for the subsidiary companies are repayable within 12 months and bear interest of between 3% to 25% (2004: 4% to 30%) per annum.

23. Medium term notes

The Company established a multicurrency medium term note programme with a maximum aggregate principal amount of $800,000,000 (2004: $200,000,000). These medium term notes are unsecured, bear interest ranging from 3.15% to 5.04% (2004: 2.2% to 2.3%) per annum and are repayable within the next twelve months.

24. Term loan from a bank

	Group		Company	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
Term loan (secured)	–	266	–	–
Repayable within 12 months	–	–	–	–
Repayable after 12 months	–	266	–	–

As at 30 June 2004, the term loan of a subsidiary company was secured over its factory building under the loan. This loan was subject to an interest charge of 3.8% per annum and payable over 36 months with effect from June 2004. This loan has been fully repaid during the current financial year.

25. Convertible redeemable shares

	Group and Company	
	2005	2004
	$'000	$'000
Convertible redeemable shares	–	25,602

During the financial year ended 30 June 2004, the Company authorised the creation of 2,000,000,000# convertible redeemable shares of $0.10 each. During the same year, 104,323,378# convertible redeemable shares of $0.10 each were issued and fully paid for by cash, at a premium of $0.145.

The terms of these convertible redeemable shares were:

(a) redeemable in full or part by request of the holder anytime after 30 June 2006,

(b) do not bear any interest,

(c) carry the same voting and dividend rights as holders of ordinary shares,

(d) entitled to a one-time deemed dividend amounting to $185,365 on full redemption, and

(e) entitled to convert all or any of these shares into fully paid ordinary shares at any point of time but carrying the option to convert back to redeemable shares if certain specific conditions are not met.

On 21 October 2004, the holders of the convertible redeemable shares exercised their right to convert a total of 104,323,378# convertible redeemable shares of $0.10 each on the basis of one ordinary share for every convertible redeemable share held into an equivalent number of ordinary shares in the Company.

These disclosed amounts have been adjusted for the sub-division of shares from a par value of $0.20 to $0.10 per each ordinary shares on 4 January 2005.

26. Long term loan from a corporate shareholder

Long term loan from a corporate shareholder was unsecured, interest-free and had no fixed terms of repayment. The loan was for the purpose of financing the working capital requirements of the Company and has been fully repaid during the current financial year.

27. Share capital

	Group and Company 2005 $'000	2004 $'000
Authorised:		
Balance at beginning and end		
2,000,000,000 (2004: 2,000,000,000#) ordinary shares of $0.10 each	200,000	200,000
Issued and fully paid:		
Balance at beginning –		
1,007,909,372# (2004: 814,961,606#) ordinary shares of $0.10 each	100,791	81,496
Issued during the financial year –		
NIL (2004: 38,537,740#) ordinary shares of $0.10 each for cash at a premium of $0.122 each	–	3,854
NIL (2004: 154,410,026#) ordinary shares of $0.10 each for cash at a premium of $0.128 each	–	15,441
104,323,378# (2004: NIL) ordinary shares of $0.10 each via conversion of convertible redeemable shares at a premium of $0.145 each	10,433	–
73,913,044# (2004: NIL) ordinary shares of $0.10 each via ESSS scheme at a premium of $0.13 each	7,391	–
312,188,606 (2004: NIL) shares of $0.10 each issued for cash at premium of $0.52 each.	31,219	–
56,250,000 (2004: NIL) shares of $0.10 each issued for cash at premium of $0.52 each	5,625	–
Balance at end –		
1,554,584,400 (2004: 1,007,909,372#) ordinary shares of $0.10 each	155,459	100,791

These disclosed amounts have been adjusted for the sub-division of shares from a par value of $0.20 to $0.10 per each ordinary share on 4 January 2005.

28. Dividends

A tax exempt final dividend of $0.0182 per share amounting to $10,113,500 and a special tax exempt final dividend of $0.0255 per share amounting to $14,158,900, totaling $24,272,400 in respect of financial year ended 30 June 2004 was paid out during the financial year.

An interim dividend of $0.0442 per ordinary share amounting to $18,000,000 in respect of financial year ended 30 June 2004 recommended by the Directors and subsequently approved at the Extraordinary General Meeting ("EGM"), was paid out on 23 September 2003 as exempt dividend in accordance with Section 13B of the Income Tax Act. The dividend payment was utilised to pay for the 39,433,905 ordinary shares of $0.20 each at a premium of $0.25646 per share which were issued on 23 September 2003.

29. Operating lease commitments

Rental expenses of the Group and Company (principally for offices, warehouses and employees' residence) were $15,725,518 (2004: $9,684,226) and $2,340,687 (2004: $1,948,208) for the year ended 30 June 2005 and 30 June 2004, respectively.

Future minimum rentals under non-cancellable leases were as follows as of 30 June 2005 and 30 June 2004:

	Group		Company	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
Within one year	1,833	1,748	1,412	1,107
After one year but not more than five years	1,947	812	1,310	269
	3,780	2,560	2,722	1,376

30. Contingent liabilities

	Group		Company	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
Contingent liabilities not provided for in the accounts:				
Bills discounted	18,508	16,940	18,508	16,940
Corporate guarantees given to subsidiary companies (1)	–	–	326,441	182,184
Bankers' guarantees	9,811	4,540	2,528	3,975
	28,319	21,480	347,477	203,099

(1) Amounts utilised on the bank facilities secured by corporate guarantees given to subsidiary companies amounted to $82,831,750 (2004: $45,793,965).

The Company has agreed to provide continuing financial support to certain subsidiary companies.

31. Related party transactions

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	
	2005	2004	2005	2004
	$'000	$'000	$'000	$'000
Subsidiary companies:				
Sales	–	–	(351,084)	(156,568)
Purchases	–	–	1,248,123	893,542
Insurance premiums paid	–	–	115	598
Commissions paid	–	–	5,806	3,535
Interest paid on loan	–	–	148	136
Consultancy fee paid	–	–	1,543	764
Dividend income received	–	–	(92)	–
Shareholder related companies:				
Sales	(2,991)	–	–	–
Purchase of motor vehicles	430	–	–	–
Warehouse rental paid	2,126	–	–	–
Rental of premises paid to a director	–	35	–	35

Directors' remuneration amounted to approximately $2,593,000 (2004: $1,629,000). Executive officers' remuneration amounted to approximately $4,528,000 (2004: $2,268,000).

The following are shares and options of the Company which were issued/allocated to the directors and key executives under existing employee benefit schemes during the financial year:

	2005	2004
	Ordinary Share of $0.10 each	Ordinary Share of $0.10 each
Employee Share Subscription Scheme:		
Directors	8,985,200	–
Key executives	22,381,800	–
Employee Share Option Scheme:		
Directors	15,000,000	–
Employee Share Benefit Scheme:		
Directors	1,534,372	1,394,524
Key executives	5,771,144	4,497,348

32. Cash and cash equivalents

Cash and cash equivalents included in the consolidated statement of cash flow comprise the following balance sheet amounts:

	Group	
	2005	2004
	$'000	$'000
Cash and bank balances	103,712	88,450
Fixed deposits	61,655	11,922
Bank overdrafts (Note 22)	(77,558)	(67,716)
	87,809	32,656

33. Financial risk management policies and objectives

The main risks arising from the Company'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:

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 position permissible in each commodity.

Credit risk

Credit risk is limited to the risk arising from the inability of a customer to make payments 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 debtors, 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.

33. Financial risk management policies and objectives (cont'd)

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.

Liquidity risk

To ensure continuity of funding, the Group primarily uses short-term bank facilities which are transaction-linked and self-liquidating in nature. The Group has also established multicurrency medium term notes programme to fund its ongoing working capital requirement.

Interest rate risk

The Company's and the Group's exposure to market risk for changes in interest rates relate primarily to its investment portfolio in fixed deposits with banks.

The Company's and Group's borrowings are short-term, self liquidating and transaction related. The tenure for such borrowings range from 60 days to 365 days.

Any movement in interest rates is compensated by adjustment to the Company's and Group's gross margin accordingly.

34. Fair values of financial instruments

The following methods and assumptions are used to determine the fair value of each class of financial instruments for which it is practicable to determine that value:

(a) Cash and bank balances, fixed deposits, debtors, margin accounts with brokers, creditors and accruals as well as amounts due to bankers

The carrying amounts approximate fair value due to the relatively short-term maturity of these financial instruments.

(b) *Derivative financial instruments*

The contract notional amounts of these derivative instruments and the corresponding fair value adjustments as at 30 June 2005 and 30 June 2004 are analysed below:

	Group		Company	
	Contract notional amount	Fair value adjustments gain/(loss)	Contract notional amount	Fair value adjustments gain/(loss)
	$'000	$'000	$'000	$'000
2005				
Foreign exchange derivatives				
Foreign exchange forward				
– Long	306,947	(5,451)	298,808	(5,305)
– Short	534,585	11,283	511,879	11,320
Foreign exchange options				
– Long	42,125	(239)	–	–
– Short	42,125	239	42,125	239
Commodity derivatives				
Futures forward				
– Long	1,638,744	(12,166)	1,638,085	(12,167)
– Short	2,097,721	(25,484)	2,094,528	(25,693)
Futures options				
– Long	9,079	(1,108)	9,079	(1,108)
– Short	7,776	1,278	7,776	1,278
2004				
Foreign exchange derivatives				
Foreign exchange forward				
– Long	146,251	71	129,847	(342)
– Short	386,626	736	377,639	693
Commodity derivatives				
Futures forward				
– Long	719,338	(52,421)	719,338	(52,421)
– Short	944,342	59,045	944,342	59,045
Futures options				
– Long	9,033	1,288	9,033	1,288
– Short	8,273	(2,202)	8,273	(2,202)

The fair value adjustments represent the difference between the contract rates and market rates of the financial instruments at balance sheet date, applied to the contract amounts. The fair value adjustments of foreign exchange forward, futures forward and options have been calculated using market rates assuming these contracts were to be liquidated at balance sheet date.

At 30 June 2005, the settlement dates on open foreign exchange forward, futures forward and options ranged between 3 to 6 months.

35. Earnings per share

On 4 January 2005, the authorised and issued ordinary share capital of $0.20 each of the Company was sub-divided into 2 ordinary shares of $0.10 each as further detailed in Note 27 to the financial statements. Accordingly, the basic earnings per share and diluted earnings per share amounts for the year ended 30 June 2004 has been adjusted as if the event had occurred at the beginning of the earliest period reported.

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 convertible redeemable shares and options).

The following reflects the income and share data used in the basic and diluted earnings per share computations for the years ended 30 June:

	Group and Company	
	2005	**2004**
	$'000	$'000
Net profit attributable to ordinary shareholders for basic and diluted earnings per share	67,025	48,095
		(Restated)#
Weighted average number of ordinary shares on issue applicable to basic earnings per share	1,291,057,444	1,064,880,415
Effect of dilutive securities:		
Convertible redeemable shares	15,213,826	28,254,248
Share options	1,964,286	–
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share	1,308,235,556	1,093,134,663

The weighted average number of shares were adjusted as a result of the sub-division of shares from $0.20 per share to $0.10 per share on 4 January 2005.

There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

36. Employee benefits

(i) Employee share benefit scheme

The "Olam International Limited Employee Share Benefit Scheme" (the "ESBS") was set up on 26 August 1999, comprising 141,199,072 ordinary shares of $0.10 each in the Company. These shares were originally owned by and registered under the name of Kewalram Singapore Limited (then holding company, currently substantial corporate shareholder of the Group). The shares carry full dividend and voting rights. The ESBS has been fully subscribed for and no further shares are to be issued under the scheme. When an employee who is entitled to and has received shares under the scheme ceases employment with the Group, the related shares will be repurchased from the employee and reallocated to other eligible employees.

(ii) Employee share subscription scheme

On 26 October 2004, the Company implemented an employee share subscription scheme, namely, the "Olam International Limited Employee Share Subscription Scheme 2004" (the "ESSS"). The ESSS comprised 73,913,044 ordinary shares of $0.10 each which were offered at $0.23 per share. As at 30 June 2005, these shares have been fully allotted and issued by the Company to 147 employees and no further shares are to be issued under the scheme. The shares carry full dividend and voting rights.

No compensation expense was recognised when the shares were issued under the ESSS at the grant date. When the shares were issued, out of the proceeds received amounting to approximately $17,000,000, $7,391,000 were credited to share capital (nominal value) while the remaining $9,609,000 were credited to the share premium account.

It was impractical to determine the fair value of the shares granted under the ESSS plan as the shares were awarded prior to the Company's admission to the Official Listing of the SGX-ST.

36. Employee benefits (cont'd)

(iii) 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.

No compensation cost is recognised in the profit and loss account upon granting of the employee stock option and the dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

As at 30 June 2005, information with respect to the number of options granted under the Company's Employee Share Option Scheme is as follows:

Date of grant of share options	Exercise price	Outstanding 1 July 2004	Granted during the financial year	Exercised	Lapsed	Outstanding 30 June 2005	Exercise period
2005	$0.62	–	5,000,000	–	–	5,000,000	10/02/2006 to 10/02/2016
2005	$0.62	–	5,000,000	–	–	5,000,000	10/02/2007 to 10/02/2017
2005	$0.62	–	5,000,000	–	–	5,000,000	10/02/2008 to 10/02/2018
		–	15,000,000	–	–	15,000,000	

37. 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 trading of agricultural commodities span across the entire portfolio of commodities.

The segmentation of products is 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 non-operating revenue, corporate cash and cash equivalents and corporate liabilities such as taxation and financial instruments. Fixed assets are also unallocated as they are common and shared by all segments and thus it is not practical to allocate the net book value of fixed assets and capital expenditure to the various segments.

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 allocated based on 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.

37. Segment information (cont'd)

(a) Business segments

	Edible nuts, spices and beans	
	2005	2004
	$' 000	$' 000
Segment revenue		
Sales to external customers	566,795	391,837
Unallocated revenue		
Total revenue		
Segment result	22,359	15,022
Operating profit		
Finance cost		
Share result of jointly controlled entity		
Profit before tax		
Tax expense		
Net profit		
Segment assets	301,010	185,954
Unallocated assets		
Total assets		
Segment liabilities	221,654	144,255
Unallocated liabilities		
Total liabilities		

(b) Geographical segments

	Asia & Middle East		Africa	
	2005	2004	2005	2004
	$' 000	$' 000	$' 000	$' 000
Segment revenue				
Sales to external customers	1,205,110	1,053,929	900,296	778,139
Intersegment sales	317,806	918,665	1,093,872	129,890
	1,522,916	1,972,594	1,994,168	908,029
Unallocated revenue				
Total revenue				
Other geographical information:				
Segment assets	1,036,948	721,745	719,184	398,692
Capital expenditure	4,477	1,933	18,591	7,397

Confectionery & beverage ingredients		Fibre and wood products		Food staples and packaged foods		Consolidated	
2005	2004	2005	2004	2005	2004	2005	2004
$' 000	$' 000	$' 000	$' 000	$' 000	$' 000	$' 000	$' 000
1,345,915	1,031,216	673,835	634,385	782,692	552,911	3,369,237	2,610,349
						13,123	12,082
						3,382,360	2,622,431
47,746	41,552	28,901	21,899	27,385	18,810	126,391	97,283
						126,391	97,283
						(51,485)	(43,562)
						(3)	(42)
						74,903	53,679
						(7,878)	(5,584)
						67,025	48,095
787,566	372,372	269,991	195,231	457,446	276,167	1,816,013	1,029,724
						324,901	211,995
						2,140,914	1,241,719
585,381	291,625	208,354	158,925	340,493	224,003	1,355,882	818,808
						288,307	233,048
						1,644,189	1,051,856

Europe		Americas		Eliminations		Consolidated	
2005	2004	2005	2004	2005	2004	2005	2004
$' 000	$' 000	$' 000	$' 000	$' 000	$' 000	$' 000	$' 000
868,549	612,222	395,282	166,059	–	–	3,369,237	2,610,349
58,742	6,506	131,230	445	(1,601,650)	(1,055,506)	–	–
927,291	618,728	526,512	166,504	(1,601,650)	(1,055,506)	3,369,237	2,610,349
						13,123	12,082
						3,382,360	2,622,431
225,056	88,463	159,726	32,819	–	–	2,140,914	1,241,719
109	173	2,708	368	–	–	25,885	9,871

38. Subsequent events

Subsequent to financial year end, the directors recommended a total dividend payout ratio of 50% of net profit after tax ("NPAT") of the Group comprising a first and final ordinary dividend of $0.0108 per ordinary share amounting to $16,789,512 and a special dividend of $0.0108 per ordinary share amounting to $16,789,512, in respect of the financial year ended 30 June 2005 to be paid out as exempt dividend in accordance with Section 13B of the Income Tax Act. Subject to shareholders' approval at the Annual General Meeting to be held on 28 October 2005, the first and final dividend and special dividend will be paid on 22 November 2005.

39. Comparative figures

The following balance sheet comparative figures have been reclassified to conform with current year's presentation:

	Group		
	As restated	Adjustments	As previously stated
	$'000	$'000	$'000
Balance Sheet			
Stocks	478,058	4,995	473,063
Other debtors	77,840	(4,995)	82,835
Statement of Cash Flow			
Increase in stocks	(167,063)	(4,995)	(162,068)
Increase in other debtors	(114,218)	4,995	(119,213)

	Company		
	As restated	Adjustments	As previously stated
	$'000	$'000	$'000
Balance Sheet			
Stocks	141,093	4,995	136,098
Other debtors	41,151	(4,995)	46,146

	Group	
	As restated	As previously stated
	(cents)	(cents)
Profit and Loss Account		
Earnings per share		
– Basic [1]	4.52	10.19
– Fully diluted [1]	4.40	9.62

[1] On 4th January 2005, the issued share capital of $0.20 each of the Company was sub-divided into two ordinary shares of $0.10 each. The weighted average number of shares in issue used to compute basic earnings per share is restated to 1,064,880,415 shares of $0.10 each (previously reported as 471,807,518 shares of $0.20 each). For fully diluted earnings per share, the number of shares is restated to 1,093,134,663 shares of $0.10 each (previously reported as 500,061,766 shares of $0.20 each).

The Directors are of the view that the above changes will better reflect the Group and Company's activities and result in a more appropriate presentation of the balance sheet.

40. Authorisation of financial statements

The financial statements for the financial year ended 30 June 2005 were authorised for issue in accordance with a resolution of the directors on 4 October 2005.

Statistics of Shareholdings as at 15 September 2005

Authorised share capital	S$220,000,000
Issued and fully paid-up share capital	S$155,458,440
Class of shares	Ordinary share of S$0.10 each
Voting rights	1 vote per share

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 999	8	0.53	900	0.00
1,000 – 10,000	1,204	79.79	6,309,000	0.41
10,001 – 1,000,000	280	18.55	19,647,374	1.26
1,000,001 and above	17	1.13	1,528,627,126	98.33
Total	1,509	100.00	1,554,584,400	100.00

Twenty Largest Shareholders

	Name	No. of Shares	%
1.	Kewalram Singapore Limited	508,134,877	32.69
2.	Raffles Nominees Pte Ltd	157,718,696	10.15
3.	Merrill Lynch (S'pore) Private Limited	153,021,471	9.84
4.	DBS Nominees Pte Ltd	144,000,400	9.26
5.	Sridhar Krishnan, Shekhar Anantharaman and Joydeep Bose	141,482,932	9.10
6.	International Finance Corporation	104,323,378	6.71
7.	Sunny George Verghese	79,022,630	5.08
8.	Seletar Investments Pte Ltd	75,542,216	4.86
9.	HSBC (Singapore) Nominees Pte Ltd	66,022,500	4.25
10.	Citibank Nominees Singapore Pte Ltd	31,183,100	2.01
11.	Dexia Trust Services Singapore Limited	29,835,700	1.92
12.	Morgan Stanley Asia (Singapore) Pte Ltd	10,466,000	0.67
13.	United Overseas Bank Nominees (Pte) Ltd	9,934,000	0.64
14.	UOB Kay Hian Pte Ltd	8,726,226	0.56
15.	The Asia Life Assurance Society Ltd - Par Fund	5,167,000	0.33
16.	Yeap Lam Hong	2,706,000	0.17
17.	Lim Bee Kok	1,340,000	0.09
18.	Kim Eng Securities Pte. Ltd.	875,000	0.06
19.	OCBC Securities Private Ltd	847,000	0.05
20.	Macquarie Securities (S) Private Limited	843,000	0.05
	Total	1,531,192,126	98.49

Approximately 30% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of SGX-ST.

Substantial Shareholders as at 15 September 2005

	Name of Shareholder	Direct	Deemed
1	Kewalram Singapore Limited	508,134,877	–
2	Chanrai Investment Corporation Limited #	–	508,134,877
3	Kewalram Chanrai Holdings Limited #	–	508,134,877
4	Nearco Trustee Company (Jersey) Limited, Murli Kewalram Chanrai and Narain Girdhar Chanrai as trustees of Girdhar Kewalram Chanrai Settlement ("GKC Trustees") #	–	508,134,877
5	Nearco Trustee Company (Jersey) Limited, Narain Girdhar Chanrai and Koshu Murli Chanrai as trustees of Murli Kewalram Chanrai Settlement ("MKC Trustees") #	–	508,134,877
6	Nearco Trustee Company (Jersey) Limited as trustee of Dayal Damodar Chanrai Settlement ("DKC Trustee") #	–	508,134,877
7	Nearco Trustee Company (Jersey) Limited, Narain Girdhar Chanrai and Vinod Pitamber Chanrai as trustees of Pitamber Kewalram Chanrai Settlement ("PKC Trustees") #	–	508,134,877
8	Murli Kewalram Chanrai #	–	508,134,877
9	Narain Girdhar Chanrai #	–	508,134,877
10	Russell AIF Singapore Investments Limited *	129,503,890	21,733,581
11	Russell AIF Asia II, L.P.*	–	151,237,471
12	Sridhar Krishnan @+	141,482,932	4,227,544
13	Shekhar Anantharaman @++	141,482,932	4,227,536
14	Joydeep Bose @	141,482,932	–
15	International Finance Corporation	104,323,378	–
16	Newton Investment Management Limited ^	93,967,000	–
17	Sunny George Verghese	79,022,630	–

Notes

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 508,134,877 shares held by Kewalram in the Company.

GKC Trustees, MKC Trustees, DKC Trustee and PKC Trustees are shareholders of KCH, each holding 25% of the issued and paid-up capital of KCH. GKC Trustees, MKC Trustees, DKC Trustee and PKC Trustees are therefore deemed to be interested in the 508,134,877 shares held by Kewalram in the Company, as they, in their capacity as trustees, each (as a body) have control over the exercise of 25% of the votes attached to the shares in KCH.

* Russell AIF Singapore Investments Limited holds 129,503,890 shares in the name of Merrill Lynch (S'pore) Private Limited. Its nominee, Dragon Orient Holdings Limited holds 21,733,581 shares in the name of Merrill Lynch (S'pore) Private Limited. Russell AIF Asia II, L.P. is the holding company of both Russell AIF Singapore Investments Limited and Dragon Orient Holdings Limited and therefore is deemed to be interested in the shares held by them in the Company.

@ The 141,482,932 shares are jointly registered under Messrs Sridhar Krishnan, Shekhar Anantharaman and Joydeep Bose and are held in trust for the management (including Directors) and employees of the Group pursuant to the Olam International Limited Employee Share Benefit Scheme ("ESBS") and Olam International Limited Employee Share Subscription Scheme 2004 ("ESSS").

+ The 4,227,544 shares are held in trust by Dexia Trust Services Singapore Limited for Sridhar Krishnan pursuant to the ESSS.

++ The 4,227,536 shares are held in trust by Dexia Trust Services Singapore Limited for Shekhar Anantharaman pursuant to the ESSS.

^ Newton Investment Management Limited holds 93,967,000 shares in the name of DBS Nominees Pte Ltd.

Olam International Limited
(Company Registration No. 199504676H)
(Incorporated in Singapore with limited liability)

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Eleventh 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 Friday, 28 October 2005 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 2005 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a first and final dividend of 1.08 cents per share tax exempt (one-tier) and a special dividend of 1.08 cents per share tax exempt (one-tier), for the year ended 30 June 2005. **(Resolution 2)**

3. To pass the following Ordinary Resolution pursuant to Section 153(6) of the Companies Act, Cap. 50:
"That pursuant to Section 153(6) of the Companies Act, Cap. 50, Mr Murli Kewalram Chanrai be re-appointed a Director of the Company to hold office until the next Annual General Meeting."
[See Explanatory Note (i)]. **(Resolution 3)**

4. To re-elect the following Directors retiring pursuant to Articles 107 and 117 of the Company's Articles of Association:

Mr Michael Lim Choo San	(Retiring under Article 117)	**(Resolution 4)**
Mr Robert Michael Tomlin	(Retiring under Article 117)	**(Resolution 5)**
Mr Peter Francis Amour	(Retiring under Article 117)	**(Resolution 6)**
Mr Rangareddy Jayachandran	(Retiring under Article 107)	**(Resolution 7)**
Mr Sunny George Verghese	(Retiring under Article 107)	**(Resolution 8)**
Mr Sridhar Krishnan	(Retiring under Article 107)	**(Resolution 9)**

Mr Michael Lim Choo San will, upon re-election as Director of the Company, remain as the Chairman of the Audit and Compliance Committee and will be considered independent for the purpose of Rule 704(8) of Listing Manual of the Singapore Exchange Securities Trading Limited.

Mr Robert Michael Tomlin will, upon re-election as Director of the Company, remain as a member of the Audit and Compliance Committee and will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

5. To approve the payment of Directors' fees of S$420,000.00 for the year ended 30 June 2005 (previous year: S$50,000.00). **(Resolution 10)**

6. To re-appoint Messrs Ernst & Young as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 11)**

7. 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:

8. Authority to allot and issue shares up to 50 per centum (50%) of issued capital

"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 notwithstanding the provisions of the Company's Articles of Association, the Directors be empowered to allot and issue shares and convertible securities in the capital of the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit 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 allotted and issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the issued share 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 share capital of the Company and that such authority shall, unless revoked or varied by the Company in 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 (ii)] **(Resolution 12)**

9. Authority to allot and issue shares under the Olam Employee Share Option Scheme

"That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors be authorised and empowered to allot and issue shares in the capital of the Company to all the holders of options granted by the Company, whether granted during the subsistence of this authority or otherwise, under the Olam Employee Share Option Scheme ("the Scheme") 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 allotted and issued pursuant to the Scheme shall not exceed fifteen per centum (15%) of the issued share capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in 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 (iii)] **(Resolution 13)**

By Order of the Board

Tan San-Ju
Sophia Lim Siew Fay
Secretaries
Singapore

Date: 12 October 2005

Explanatory Notes:

(i) The effect of the Ordinary Resolution 3 proposed in item 3 above, is to re-appoint a director who is over 70 years of age.

(ii) The Ordinary Resolution 12 proposed in item 8 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 general meeting, whichever is the earlier, to allot and issue shares and convertible securities in the Company. The number of shares and convertible securities that the Directors may allot and issue under this resolution would not exceed fifty per centum (50%) of the issued capital of the Company at the time of the passing of this resolution. For issue of shares and convertible securities other than on a pro rata basis to all shareholders, the aggregate number of shares and convertible securities to be issued shall not exceed twenty per centum (20%) of the issued capital of the Company.

For the purpose of this resolution, the percentage of issued capital is based on the Company's issued capital 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 consolidation or subdivision of shares.

(iii) The Ordinary Resolution 13 proposed in item 9 above, if passed, will empower the Directors of the Company, from the date of the above Meeting until the next Annual General Meeting, to allot and issue shares in the Company of up to a number not exceeding in total fifteen per centum (15%) of the issued share 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 10 Collyer Quay #19-08 Ocean Building Singapore 049315 not less than 48 hours before the time appointed for holding the Meeting.

Olam International Limited
(Company Registration No. 199504676H)
(Incorporated in Singapore with limited liability)

Proxy Form

IMPORTANT:
1. For investors who have used their CPF monies to buy Olam International Limited's share, 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.

(Please see notes overleaf before completing this Form)

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 28 October 2005 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 2005		
2	Payment of proposed first and final dividend and special dividend		
3	Re-election of Mr Murli Kewalram Chanrai as a Director		
4	Re-election of Mr Michael Lim Choo San as a Director		
5	Re-election of Mr Robert Michael Tomlin as a Director		
6	Re-election of Mr Peter Francis Amour as a Director		
7	Re-election of Mr Rangareddy Jayachandran as a Director		
8	Re-election of Mr Sunny George Verghese as a Director		
9	Re-election of Mr Sridhar Krishnan as a Director		
10	Approval of Directors' fees amounting to S$420,000.00		
11	Re-appointment of Messrs Ernst & Young as Auditors		
12	Authority to allot and issue new shares		
13	Authority to allot and issue shares under the Olam Employee Share Option Scheme		

Dated this _______________ day of _______________ 2005

____
Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

*Delete where inapplicable

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 appointments shall be 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 10 Collyer Quay #19-08 Ocean Building Singapore 049315 not less than 48 hours before the time appointed for the Annual General Meeting.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. 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.

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.

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OLAM
Creating Value is Our Business