BUILDING A GLOBAL LEADER

Olam International Limited Annual Report 2006

Contents

The Team That Built It

At Olam, we believe, that in the ultimate analysis, our people and our culture are the real sources of our sustainable competitive advantage. One of the primary reasons that we have grown our business only organically so far was because of our insistence that our distinctive culture and values had to be integrated into each new operation from its infancy.

It is for this reason that from inception, we have cared deeply about the people we hire and have gone to extraordinary lengths to find and attract the most qualified talent that would fit in with our innovative, entrepreneurial, high performance and team oriented culture. We believe that we have institutionalised a culture that attracts exceptional people who want to be part of a winning company, who want to make a difference, and who are inspired by the opportunity for starting and scaling businesses to global leadership.

We then make sure that we empower them from their first day in Olam and those first days can be in any one of the 52 countries that we are present in today. Last year, we recruited 1,283 of them to grow our total employee strength by 25% from 5,090 in June 2005 to 6,373 in June 2006.

Building A Global Leader

Olam today is a global leader in the supply chain management of agricultural products and food ingredients.

Headquartered in Singapore and operating in 52 countries around the world, we are one of the most globalised companies internationally with almost all our revenues derived from overseas markets.

We source our products globally (from over 40 producing countries) and market them globally (to over 3800 global customers in 55 end markets) through a global talent pool of 6300 employees drawn from 52 nationalities.

Our businesses worldwide are closely integrated. We operate as 'one' company, sharing talent, best practices, leading edge systems and a distinctive culture across our global operations.

We have today built a global leadership position in many of our businesses. In this phase, we grew our business entirely on an organic basis. There are 5 key factors that have enabled us to build this leadership position.

Firstly, we built distinctive and transferable competencies that helped us clearly differentiate ourselves from our competition and provided us a sustainable competitive advantage. We first differentiated ourselves and then we scaled our businesses.

Secondly, we encouraged each of our businesses to develop a bold global aspiration and embed ambition to become a global leader.

Thirdly, we developed a clear globalisation roadmap and a portfolio of specific, actionable growth initiatives for each business.

Fourthly, we developed a deep bench strength of global leaders who are internationally mobile with deep familiarity of our business model, systems and culture.

Finally, we built a highly effective (but lean) corporate centre that integrated the businesses globally and allocated capital and resources to growth initiatives that created the maximum impact on our financial performance.

In our next phase of growth, we see more strategic opportunities than we have seen in a long time. We intend to pursue some of these opportunities on an inorganic basis.

Accordingly, we are building an M&A capability to source, evaluate and integrate such value accretive opportunities. We will use acquisitions to strengthen our position in our existing businesses, as well as adjacent new opportunities closely linked to our core business.

Globalisation has been and will continue to be one of the key engines of Olam's growth.

General Information

General Information on Olam International Limited Annual Report 2006 for the Financial Year Ended 30 June 2006 (FY2006)

Introduction

Our Annual Report and Accounts for FY2006 present an overview of the Company (Olam International Limited) and the Group (Olam International Limited and its subsidiaries), management's discussion of the Company's financial performance in FY2006 compared to that in prior years and our plans and strategies for the future. This guide is intended to walk you through the basics of how to read our Annual Report and Accounts for FY2006.

Basis of discussion and analysis

A key driver of our profitability is the volume of products supplied. Given our integration and end-to-end supply chain capabilities, we seek to match the supply of our products with demand from our customers. The volume of agricultural products that we supply is largely within our control and is a function of the extent of our supply chain infrastructure in the origins (producing countries) and the markets (consuming countries).

We measure and track our profitability in terms of Gross Contribution (GC) and Net Contribution (NC) per tonne of product supplied. GC is calculated as total revenue less cost of goods sold (raw material costs plus other direct costs, including packing costs, etc), shipping and logistics expenses, claims and commission, bank charges, fair value adjustment, gain or loss on foreign exchange, share of profit or loss from jointly controlled entities and minority interest.

For the purposes of determining NC, we deduct the net interest expense from the GC. We consider interest expense to be a variable cost and a function of our inventory holding period. We use mainly short term, transactional, self-liquidating, working capital funding to finance our short term inventories and debtors.

For every transaction, we target a minimum net contribution per tonne of product supplied based on the risks, complexities and value added services that we provide to our customers to meet their specific requirements. We are focused on enhancing these margins through providing value added services, including vendor managed inventory services, organic certification, traceability, fair trade produce certification, customised grades and quality, proprietary market intelligence and risk management solutions to our customers.

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

Disclaimer

Certain sections of our Annual Report and Accounts for FY2006 have been audited. The sections that have been audited are set out on pages 82 to 134. Readers should note that legislation in Singapore governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

We would like to point out to readers that given the change of our accounting year end from 31 March to 30 June after FY2003, the comparative data presented for FY2006 against prior years from FY2002 to FY2005 on pages 68 to 71 contains 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 do not constitute an invitation to invest in the Company's shares. Any decision you make by relying on this information is solely your responsibility. The information given is as of the dates specified, is not updated and any forward-looking statement is made subject to the reservation specified in the following paragraph.

Cautionary statement

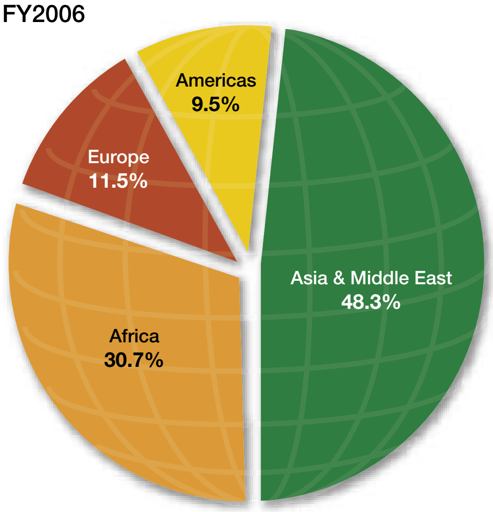
This document may contain forward-looking statements. Words such as 'expects', 'anticipate', 'intends' or the negative use of these terms and other similar expressions of future performance or results and their negatives are intended to identify such forward-looking statements. These forward-looking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

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

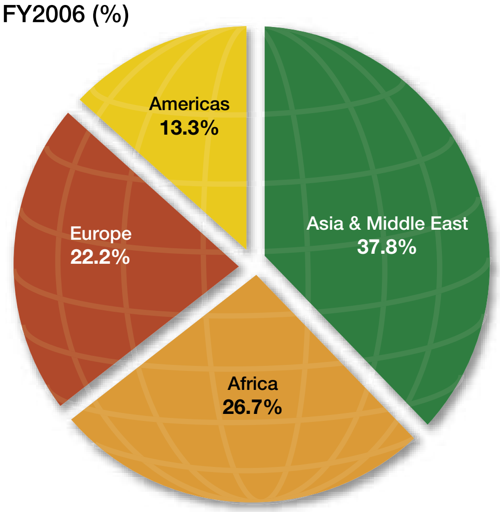
These forward-looking statements speak only as of the date of this document. Except as required by any applicable law or regulation, the Group expressly disclaims any obligation or undertaking to release publicly any updates or revision to any forward-looking statements contained herein to reflect any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

Financial Summary

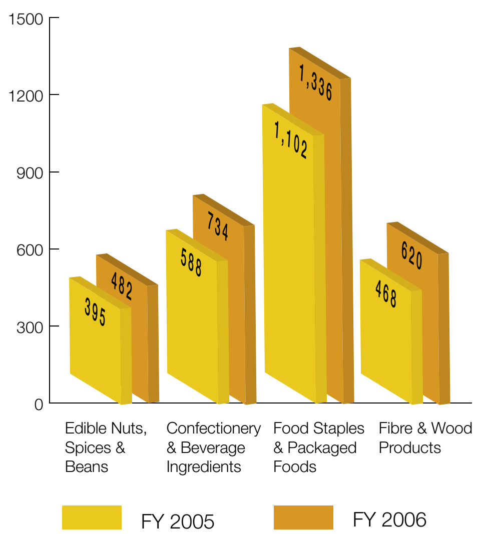
Sourcing Volume by Continent FY2006



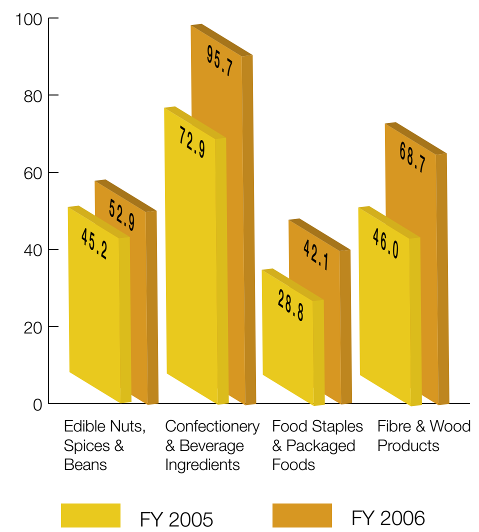
Sales Revenue by Continent FY2006 (%)



Sales Volume by Segment ('000 Metric Tonnes)



Net Contribution by Segment (S$million)



Sales Volume

Sales volume grew by 24.2% to 3.2 million tonnes in FY2006 compared to FY2005, with strong volume growth being registered across all four product segments. The volume growth was led by the Fibre & Wood Products segment which registered a 32.6% growth over FY2005, followed by Confectionery & Beverage Ingredients at 24.8%, Edible Nuts, Spices & Beans at 21.8% and Food Staples & Packaged Foods at 21.2%. From a sourcing perspective, Asia & Middle East contributed to 48.3% of our sales volume, followed by Africa at 30.7%, Europe at 11.5% and Americas at 9.5%. Given a market growth rate of 3% to 4% for our industry, our capacity to grow at 7 to 10 times the market growth rate reflects our strong competitive position in the industry.

Sales Revenue

Sales revenue grew 29.4% to S$4.4 billion in FY2006, anchored by a 24.2% growth in sales volume. The increase in sales revenue was contributed mainly by Confectionery & Beverage Ingredients segment followed by Fibre & Wood Products and Food Staples & Packaged Foods segments. 85% of the increase in sales revenue was due to the underlying volume growth while the balance 15% was contributed by increase in prices for the various products. Our sales revenue is well diversified across the globe with Asia & Middle East accounting for 37.8%, Africa for 26.7%, Europe for 22.2% and Americas for 13.3%.

Net Contribution (NC)

NC increased by 34.4% to S$259.4 million during the year with growth from all four segments. The largest contributor to NC growth was Confectionery & Beverage Ingredients segment followed by Fibre & Wood Products segment. 74% of the NC increase was contributed by volume increase and 26% was contributed by margin improvements. NC from Edible Nuts, Spices & Beans segment grew by 17.0%, Confectionery & Beverage Ingredients by 31.2%, Food Staples & Packaged Foods by 46.3% and Fibre & Wood Products by 49.3% over FY2005.

Financial Highlights

For the Year Ended 30 June	FY2006 (S$'000)	FY2005 (Restated) (S$'000)	Change %
Consolidated Results			
Sales Volume ('000 Metric Tonnes)	3,172	2,553	24.2
Sales Revenue	4,361,102	3,369,237	29.4
Gross Contribution	343,064	242,316	41.6
Gross Contribution Per Tonne (S$)	108	95	13.7
Net Contribution	259,441	192,971	34.4
Net Contribution Per Tonne (S$)	82	76	7.9
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	203,356	132,827	53.1
Earnings Before Interest and Tax (EBIT)	191,212	125,276	52.6
Profit Before Tax	96,738	73,788	31.1
Net Profit After Tax	87,232	65,910	32.3
Earnings Per Share basic (cents)	5.61	5.11	9.8
Net Dividend Per Share (cents)	3.00*	2.16	38.9
Other Financial Information			
Total Debt	1,476,832	1,450,747	1.8
Shareholders' Equity	487,986	498,251	(2.0)
Net Debt to Equity (times)**	2.23	2.58	(0.35)
Return on Average Equity (%)	17.0	19.2	(2.2)
Return on Invested Capital (%)	9.41	6.14	3.27
Interest Coverage (times)	2.29	2.54	(0.25)
Cash to Sales (%)	6.79	4.91	1.88

* *As recommended by the Board for approval at the 12th Annual General Meeting*

** *Before Fair Value Adjustment Reserves*

Profits and Earnings Per Share

Earnings Before Interest and Tax (EBIT) grew 52.6% to S$191.2 million in FY2006 while **Profit Before Tax** increased 31.1% to S$96.7 million compared to S$73.8 million in FY2005. **Net Profit After Tax** in FY2006 registered a 32.3% increase over the previous financial year to S$87.2 million. **Earnings Per Share (EPS)** increased from 5.11 cents to 5.61 cents in FY2006.

Dividends

The Board has recommended a dividend payout ratio of 53.4% of Net Profit After Tax for FY2006 in the form of a First and Final Tax Exempt Dividend of 1.5 cents per share and an additional Special Tax Exempt Dividend of 1.5 cents per share, resulting in an aggregate **Net Dividend Per Share** of 3.0 cents per share.

Total Shareholders' Equity

Total Shareholders' Equity decreased by 2.0% from S$498.3 million in FY2005 to S$488.0 million in FY2006. The reduction is essentially on account of the adjustment made in connection with adopting Financial Reporting Standard (FRS) 39 during FY2006. The impact of adopting FRS 39 is a net reduction in equity of S$42.0 million.

Net Debt to Equity

Net Debt to Equity at the end of FY2006 was 2.23 times (before fair value adjustment reserve) as compared to 2.58 previously.

I believe that the key to good governance is to have a strong, high quality and independent Board and I am proud to say that we have one in Olam. As a Board, we stay focused on those areas that are important to investors and have worked hard to establish mutual trust and respect between the Board and Management, communicating openly about successes and issues.

ACTIVE GOVERNANCE

Chairman's Statement

2006 was a year of continued progress at Olam. Financial and operating results were strong. We have also ensured that, with each year, we continue to strengthen the foundation of the business for the future, investing for growth in the number of products and markets we serve, while focusing on our people, systems and organisational capabilities that constitute the core of Olam's competitive advantage.

This past year was memorable as a year in which we reached new heights of business and financial performance. Sales Revenues grew by 29.4% to S$4.36 billion. Net Income rose 32.3%, to S$87.2 million. All four business segments posted double digit growth in volume and net contribution. Volume growth, in fact, exceeded 20% in all four segments. Sales Revenue and Volume growth of 29.4% and 24.2% respectively is particularly significant, given that our industry is growing at a far lower rate, between 3% and 4% depending upon the category. Our ability to grow at nearly 8 times the industry growth rate is a reflection of our unique business model, strong competitive position and high quality organisation that we have built over the years.

2006 was also a year of change and transition for the Board of Olam. On 11th February 2006, one year after our IPO, Mr. Murli Kewalram Chanrai retired as Chairman and Director of Olam after a long and successful innings with the company. Known to all of us as "MK", he was the first Chairman of the group, having joined the board in 1995. He led the company through many successful phases of development and growth.

The success of the company would not have been possible without his leadership and outstanding personal contribution. In his 11 years as Chairman, MK has had a profound impact on many aspects of Olam and has left behind a Company that is well positioned to continue its track record of sustained profitable growth and positive shareholder value creation. On behalf of the Board and the Management Team, I would like to extend our thanks and appreciation to MK for his valuable and inspiring stewardship of the Company during his tenure as Chairman and we wish him well in his retirement. I am honored to follow in his footsteps as the new Chairman of the Company.

I am pleased to report that we have also continued to progress on our objective of maximizing shareholder value for our shareholders in a manner which is ethical, socially responsible and environmentally sustainable. We have delivered total shareholder returns (TSR) of 66% in FY 2006 while observing the principles and policies we believe are appropriate for a responsible company operating in 52 countries.
This performance has generated significant excess returns compared to the benchmark Straits Times Index, the Commerce Sector Index and our Peer Group. It is satisfying to note that as at the end of June 2006, our share price had more than doubled to provide a TSR of 134% since our IPO in February 2005.

Given the Company's strong financial performance and its objective of achieving a more efficient capital structure, the Board has recommended paying a first and final tax exempt dividend of 1.50 cents per share and an additional tax exempt special dividend of 1.50 cents per share, resulting in an aggregate dividend of 3.00 cents per share. This amount reflects a dividend payout ratio of 53.4% of FY 2006 earnings.

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

At Olam, we believe that good governance will lead to a more valuable Company on a sustained basis and in 2006, our Board has continued to focus on effective Corporate Governance.
I believe that the key to good governance is to have a strong, high quality and independent Board, and I am proud to say that we have one in Olam. As a Board, we stay focused on those areas that are important to investors which include people, strategy, investments, risk management, audit, compliance and sustainability. We have worked hard to establish mutual trust and respect between the Board and Management, communicating openly about successes and issues. Board members have direct and open access to various levels of management and we discuss all substantive matters, including new business development, acquisitions, deal-pipeline, risk exposures and key organisational changes.

The Board believes that the future success of Olam depends on the talent and capabilities of its 6,300 employees, including its 250 global assignees. The global assignees are an internationally mobile talent pool recruited, developed, rewarded and deployed on a centralised basis, and they are vital for driving the Company's growth in existing and new markets. Given the fact that our success so far has proved the importance of aligning the interests of shareholders and managers, we granted equity share options under the Company's Employee Share Option Scheme (ESOS) during the year to promote opportunities for ownership of the company's shares by its key employees.
The grant of these share options is estimated to result in a dilution of around 1% each for the next 3 years.

Olam's record breaking performance in 2006 would not have been possible without the commitment and hard work of all our employees. On behalf of the Board, I would like to thank them for their exceptional effort and extraordinary commitment in continuing to build Olam into a sustainable global leader in our industry.

R. Jayachandran
Chairman

Board of Directors

R. Jayachandran
Non-Executive Chairman

Mr R Jayachandran was appointed Non-Executive Chairman on 11 February 2006. Prior to this he was the Non-Executive Vice-Chairman since 2004 and has been a Non-Executive Director from 1994. Mr Jayachandran has been on the board of Kewalram Singapore Ltd since 1979. He has been a member of the Kewalram Chanrai Group Board since 1992. Qualified from the Institute of Chartered Accountants of India in 1969, Mr Jayachandran is a Member of the Institute of Certified Public Accountants in Singapore from 1989 onwards. 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 the Finance and Investment Committees.

Mark Haynes Daniell
Non-Executive and Independent Director

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

Narain Girdhar Chanrai
Non-Executive Director

Mr N G Chanrai is a Non-Executive Director and was appointed to the Board in 1995. He is the Managing Director of Kewalram Singapore 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 Group CEO in 2005. He is a member of the Governance & Nomination, Risk and the Finance & Investment Committees.

Robert Michael Tomlin
Non-Executive and Independent Director

Mr Robert Tomlin is a Non-Executive and Independent Director and was appointed to the Board in September 2004. He 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, Singapore Management University and Lasalle Foundation Limited. He was previously a member of the Council of the Stock Exchange, Singapore and a past director of PSA Corporation Ltd. He holds a Bachelors Degree in Modern Languages from Downing College, Cambridge and is a Business Management Graduate from Harvard Business School in the USA. He is the Chairman of the Company’s Finance & Investment Committee and a member of the Audit & Compliance, Risk and Corporate Responsibility & Sustainability Committees.

Michael Lim Choo San
Non-Executive and Independent Director

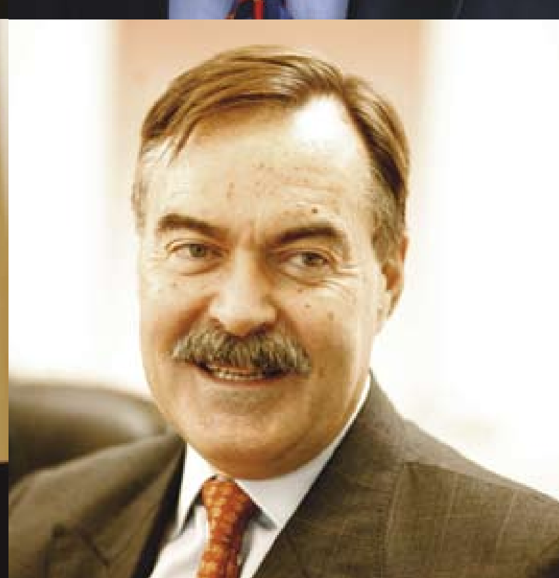
Mr Michael Lim is a Non-Executive and Independent Director and was appointed to the Board in September 2004. He is currently the Chairman of the Land Transport Authority of Singapore and The National Healthcare Group Pte Ltd, the Non-Executive Chairman of Nomura Singapore Limited and a director of PSA International Pte Ltd. A Chartered Accountant by profession, Mr Lim was Price Waterhouse Singapore’s Managing Partner from 1992 and was the Executive Chairman of PricewaterhouseCoopers, Singapore, from 1999 till his retirement in 2003. He is also a member of the Public Service Commission and the Board of Trustees of the Nanyang Technological University. He currently serves on many other public bodies and is the recipient of the Singapore’s Public Service Medal and Public Service Star. He is the Chairman of the Audit & Compliance Committee and the Governance & Nomination Committee.

Wong Heng Tew
Non-Executive and Independent Director

Mr Wong Heng Tew is a Non- Executive and Independent Director and was appointed to the Board in October 2003. He has been Managing Director, Investments at Temasek Holdings since 2002 and is currently Chief Representative of Temasek Holdings in Vietnam. He has been actively involved with investments, mergers and 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 Audit & Compliance, Governance & Nomination and Management Development & Compensation Committees.








Peter Francis Amour
Non-Executive Director

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

Sridhar Krishnan
Senior Managing Director (Executive Director)

Mr Sridhar Krishnan is an Executive Director and was appointed to the Board in 1998. He is currently responsible for the Company's Rice and Shipping businesses. He also oversees the Company's Human Resources and Administration function and chairs the Executive Human Resources Committee. He is a member of the Corporate Executive Team of the Company. He has over 30 years of experience, half of which is with the Company. He has held many senior positions in the company including being the Product Head for many businesses. He holds a Bachelor's degree in Commerce and is a Post Graduate in Business Management from a leading business school in India. He is a member of the Company's Risk and Corporate Responsibility & Sustainability Committees.

Tse Po Shing, Andy
Non-Executive Director

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

Shekhar Anantharaman
Senior Managing Director (Executive Director)

Mr Shekhar Anantharaman is an Executive Director and was appointed to the Board in 1998. He is currently responsible for the Company's Edible Nuts, Spices & Beans and Packaged Foods businesses. He also oversees the Company's Information Technology function, chairs the Executive Investment Committee and is a member of the Corporate Executive Team of the Company. He has 20 years of overall work experience, out of which 14 years has been with the group. During this period, he has performed various roles including senior positions in Country Management, Finance and Treasury Function as well as being the Product Head for many businesses. He holds a graduate degree in Aeronautical Engineering and a Post Graduate degree in Business Management from a leading business school in India. He is a member of the Company's Finance & Investment and Corporate Responsibility & Sustainability Committees.

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

Mr. Sunny Verghese is the Group Managing Director and CEO and was appointed to the Board in 1996. He has been with the Kewalram Chanrai Group for 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 export business for the Group. As the CEO of Olam, he sets the direction and provides 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 Strategy Committee; Member, ASEAN Business Advisory Council (ASEAN BAC); Member, Tax Advisory Committee, Singapore Government and a Member of the Food & Agribusiness Asia Advisory Board of Rabobank. He is a Post Graduate in Business Management from the Indian Institute of Management, Ahmedabad in India and has also completed the Advanced Management Program from the Graduate School of Business Administration, Harvard University. He is a member of the Company's Finance & Investment & Risk Committees.

Lim Sheau Ming
Alternate Director

Mr Lim Sheau Ming is the alternate director to Non-Executive and Independent Director Mr Wong Heng Tew. He was appointed to the Board in November 2004. He is the Director, Investment at Temasek Holdings since August 1989, where he has been involved with their investments, divestments and corporate stewardship. He holds a Bachelor of Business Administrtion Degree from the National University of Singapore.

Frank Philip Harley
Alternate Director

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

Our role as a management team is to build distinctive competencies that create a sustainable competitive advantage, develop strategies, make investment choices and execute growth initiatives and plans that maximize the long term value of the company.

DELIVERING OUR PROMISE

CEO's Review

Throughout this past year, we have maintained our focus on profitable growth at Olam. Our strong 2006 results continue to build on a 17 year track record of profitable growth. 2006 was our best year ever. We are pleased with the results our team has been able to deliver for our shareholders. We believe that our consistent financial performance over the long term across different commodity and business cycles differentiates Olam.

The consistent pursuit of our growth objectives drives our financial, strategic, organisational and operational performance. We believe that our consistency of financial performance is based on a well defined business model that determines the way we organise, compete, grow and succeed in the market place.

Operating review

Context: Market

2006 was marked by many milestones in the commodities market across the physical, exchange traded futures and the privately negotiated OTC derivatives markets. Several large commodities including natural gas, crude oil, gold and copper (commodities in which Olam does not compete) hit historical or record highs during the year. In addition to the increased demand of raw material from both the developed and fast growing transitional economies, primarily China, India and other South East Asian economies, the growing interest in commodities was also fueled by an increasing appreciation of the role commodities can play in strategic asset allocation.The lack of co-relation between commodities as an asset class and traditional financial assets like equities, bonds and real estate made investments in commodities a good diversifier of risk.

Several alternative ways of investing into this asset class became available during the year. This growth in commodity products made it easier for institutional investors including pension funds and mutual funds to diversify into commodities. The Bank for International Settlement reported that notional amounts of commodity forward contracts, options and swaps reached a historical high of US$1.7 trillion in 2005 registering a 29% y-o-y increase.

However, the more relevant softs component of the major commodity indexes including the DJ-AIG Commodity softs index, the GSCI softs index and the RICI softs index registered flat to moderate returns of 1.38%, 2.84% and negative 0.7% respectively in 2006. On a volume weighted basis, Olam's basket of commodities showed a 19.8% positive return for the same period.

As a focused supply chain manager, however, headline commodity prices have a limited impact on our profitability. This was evident from the fact that while cotton prices eroded by nearly 5% during this period, it was one of our most profitable businesses last year. On the other hand, sugar prices which went up 72% during the year only resulted in modest improvement in the sugar business's performance compared to the corresponding prior period.

Context: WTO

In a much expected but unfortunate development, Mr. Pascal Lamy, the WTO Director-General temporarily suspended the Doha Development Round trade negotiations. If talks do not resume, this could be a significant set back to the multilateral world trade system. World trade has grown 2 to 2.5 times faster than world GDP growth for much of this decade with a larger part of world output becoming more globally contestable. It is quite clear that the world economy grows much faster as free trade expands and is likely to falter when world trade shrinks or is restricted. Olam's plans are currently based on the pessimistic assumption that there would be no further progress in the Doha Development Round. If, however, there is progress in the WTO talks, it would provide a tail wind and accelerate our future prospects as we are well positioned in those countries that have a natural comparative advantage to produce these agricultural products cheaper and better.

Group Financial Summary: Consolidated Profit & Loss Account

I am pleased to report that for the 5th consecutive year, our Group Net Profit After Tax increased by 32.3% to S$87.2 million. Sales Revenues rose by 29.4% to a record S$4.36 billion on the back of a 24.2% growth in Sales Volumes to 3.17 million metric tonnes compared to 2005. There was double digit volume growth across all four business segments with all segments registering growth of above 20% over 2005. Sales Turnover and Net Profit After Tax have grown at a CAGR of 29% and 37% respectively for the last 5 years. We are growing at between 7 and 10 times industry growth rate, which reflects our unique competitive position and the competitive advantage we have built in this industry.

Gross Contribution (GC) grew by 41.6% to S$343.1 million, while Net Contribution (NC) grew by 34.4% over 2005 to S$259.4 million. The growth in both gross and net contribution was broad based across all four business segments. 74% of the growth in NC came from underlying volume increase, while 26% came from margin growth improvements. Interest costs rose 69.5% compared to 2005 on account of interest rate increases and increased working capital deployed to support the growth in volumes and revenues. We were however able to pass the increased interest cost into the supply chain, and as a result, our Net Contribution Margin after interest improved from 5.73% in 2005 to 5.95% in 2006. More importantly, our net contribution per tonne grew from S$76 per tonne in 2005 to S$82 per tonne in 2006.

CEO's Review

Selling, General and Administrative Expenses (SG&A) increased by 36.5% to S$162.7 million in 2006 which was proportionately higher than our growth in sales turnover of 29.4%, resulting in a decline in our operating leverage with SG&A to Sales ratio going up from 3.54% in 2005 to 3.73% in 2006. This was mainly on account of an accelerated investment program in key geographies in South America, US, China, Brazil, India and Russia ahead of our original plans. We expect this investment to pay off in the future years.

Our Net Profit After Tax rose 32.3% to reach a record S$87.2 million after absorbing S$1.72 million on account of adopting the new FRS 102 accounting standard which governs expensing of share grants and options. Our Net Profit Margin at 2% in 2006 was maintained when compared to 2005.

Our preferred measure of financial performance is post tax Return on Equity which in 2006 was 17.0% compared to 19.2% in 2005. Our targeted Return on Equity is a minimum 20%, which we hope to achieve over the course of the next 2 years once we put the additional capital raised at IPO to work. We are committed to creating shareholder value through careful allocation of resources across all businesses and effective use of our enhanced capital base to deliver high quality sustainable earnings growth going forward.

2006 profit performance continues to reflect our unique competitive position, the strength of our mix of businesses, our proven growth model, our global presence and reach, our supplier and customer franchises, and our approach to the management of risk.

Segmental Review

We continue to strongly execute on our portfolio of growth initiatives across 14 products and 4 business segments.

The Net Contribution Share was broad based across the 4 business segments with the Confectionery & Beverage Ingredients segment contributing 36.9% of the portfolio NC, while Fibre & Wood Products at 26.5%, Edible Nuts, Spices & Beans at 20.4% and Food Staples & Packaged Foods business at 16.2% NC share also contributed strongly to the year's record performance. Each of the 4 segments grew Sales Revenue, Sales Volume, Gross Contribution and Net Contribution compared to 2005. A more detailed segmental operating review is given in pages 32 to 47 of this report.

Group Financial Summary: Balance Sheet Analysis
Fixed Assets

Investment in Fixed Asset amounted to S$48.4 million in 2006 compared to S$25.9 million in 2005. Our total Fixed Assets and Investments grew nearly 84% to S$74.7 million in 2006 compared to S$40.6 million in 2005. Despite these investments, we still remain an asset light company with fixed assets and investments amounting to only 3.2% of our total assets. As already signaled earlier, we expect to increase our asset intensity across the next two 3 year planning cycles. However, we will remain within the boundary condition set out by our Board that Fixed Asset to Total Assets ratio should not exceed 10%.

Current Assets
Debtors

Debtor days almost halved in 2006 to 36 days, down from 70 days in 2005. This improvement in Debtor days resulted from 2 factors. The first was improved collection of receivables. The second was the factoring of a portion of our receivables on a non-recourse basis at a cost (including the insurance wrap), which was lower than our cost of borrowing. Our quality of debtors is good with 67% of our total debtors being secured by letters of credit or documents of title.

Stocks

Stock turnover days decreased by 27 days to 92 days compared to 119 days at the end of 2005. Stock Value declined marginally (0.5%) to S$1.01 billion compared with S$1.02 billion in 2005 despite a 24.2% growth in Sales Volume and a 29.4% growth in Sales Revenues. The major increase in inventory was in the Fibre & Wood Products segment where stocks rose 36.9% to S$76.0 million, largely as a result of increased import and distribution of these products in China.

Cash Flow

Cash flow from operations improved from a negative S$713.3 million in 2005 to a positive S$213.4 million in 2006 primarily as a result of better management of receivables and inventory. The Cash to Sales ratio improved from 4.9% as at the end of 2005 to 6.8% as at the end of 2006. Similarly, Cash and Bank Deposits improved from S$165.4 million as at the end of 2005 to S$296.2 million as at the end of 2006.

Borrowings & Gearing

Our headline gearing in terms of nominal debt to equity was 2.23 times (before fair value adjustment reserve) compared to 2.58 times as at the end of 2005. However, as explained in all our previous results announcements, the headline gearing needs to be adjusted for all liquid hedged inventories that we are carrying. Liquid hedged inventories are stocks that meet the following qualifying conditions: a) they are non-perishable in nature, b) they are hedged using a financial derivative, or sold to an acceptable counterparty and thereby not exposed to any further erosion in inventory value, and c) should be liquid and convertible into cash at short notice. Liquid, hedged inventories of this description are treated as near cash by rating agencies. Roughly 82% of our inventory in 2006 met these conditions and qualified as liquid hedged inventories. Removing all liquid hedged inventories from the current asset side of the Balance Sheet and correspondingly adjusting the short term liabilities funding these assets, our adjusted gearing drops to 0.12 times, compared to the headline gearing of 2.23 times.

Our peer group, on an average, operates at a nominal gearing of between 4 to 5 times (Net Debt to Equity). In our earlier quarterly results briefings for 2006, we had signaled to the market that we intend to re-gear our balance sheet from the current levels to between 3.5 times to 4 times in the next 2 to 3 years, which we believe to be a more efficient capital structure for our industry.

At the end of June 2006, Olam was using only 48% of its total banking facilities. During the year, the Company put in place additional long term sources of finance (5 year tenor) to support its capital expenditure and M&A programs and also diversified its funding sources further. The Company also succeeded in negotiating lower spreads on its borrowings compared to 2005 and we expect to bring it down further in the coming year.

Shareholder funds

Shareholder funds declined 2% to S$488.0 million as at the end of 2006 compared to S$498.3 million as at the end of 2005. This was primarily on account of the fair value adjustment reserve created as a result of applying the new accounting standard FRS 39. Applying FRS 39 has resulted in a reduction in equity as at 30th June 2006 of S$42.0 million. We have evaluated the effectiveness of our hedging instruments and have concluded that the majority of the derivatives instrument that we have used qualifies as effective hedges. Hence the FRS 39 adjustment has mainly flown into equity. We do not expect any adverse impact of these measurements in the subsequent results of the company.

Our Raison d'etre

Our Governing Objective or Core Purpose as a company is to maximise shareholder value over time for our continuing shareholders in an ethical, socially responsible and environmentally sustainable manner.

Delivering on our promise

In order to execute on our Governing Objective of maximizing shareholder value, the management team consistently focuses on 3 key value drivers:

(i) Opening up the Equity Spread (ROE-Ke)
(ii) Increasing the rate of profitable growth, and
(iii) Sustaining this profitable growth over time.

We define profitable growth as growing the top line, the bottom line and earning more than the cost of capital concurrently. All three conditions need to be met simultaneously for it to qualify as profitable growth.

Our targeted equity spread is ≥10%. Our Cost of Equity (Ke) is estimated at 10% and therefore we seek to achieve a post tax equity return of at least 20% on average equity. Our track record in this regard for the last 5 years is given below:

	FY 2002	FY 2203	FY 2004	FY 2005	FY 2006
ROE (%)	40.5	30.1	31.2	19.2	17.0
Ke (%)	10.0	10.0	10.0	10.0	10.0
ROE-Ke (%)	30.5	20.1	21.2	9.2	7.0

Our ROE for 2005 and 2006 has fallen short of our targeted 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.

Our track record over the last 5 years on delivering on the other two key value drivers of increasing the rate of profitable growth and sustaining this growth over a period of time is given below:

	FY2002	FY2003	FY2004	FY2005	FY2006	CAGR (%)
Sales (S$'m)	1,582	2,274	2,610	3,369	4,361	28.9%
NPAT (S$'m)	25.0	28.7	48.1	65.9	87.2	36.7%

Our strong growth in Sales (29.4%), Volumes (24.2%) and Earnings (32.3%) in 2006 once again underscores the fact that we have made our own growth in a relatively slow growth industry by differentiating ourselves and creating a competitive edge in the business. This strong growth track record is as a result of planning for growth with intensity and specificity.

Balancing short term and long term

With this objective in mind, we have always managed Olam with a long term focus. While short term results are important, we have shown the courage in the past to make investments that create long term value even if it crimps short term profits. Our role as a management team is to build distinctive competencies that create a sustainable competitive advantage, develop strategies, make investment choices and execute growth initiatives and plans that maximise the long term value of the company. In order to do that, we seek to combine the resources entrusted to us, both people and capital to obtain the maximum possible impact from the most focused application of these resources. We are convinced that this is the best way to run our business and we have been consistent in this approach.

One of the key challenges of any management team, including ours is to continually manage this tension between the short term and the long term. At Olam, we have done this particularly well by continuing to invest in the future while delivering in the short term. With regard to the short term, we had a record year in 2006, our best year ever.

CEO's Review

We are however more excited about our future. Given the investments that we have made and the competitive position that we have built, we see more opportunities than we have seen in a long time. We are well positioned to take advantage of these high growth, high value opportunities. Even as we are securing the present, Olam has always been about the future. Shareholders invest in us and bright and talented people work for us for where we are going and not for where we have been. That future is bright.

Intrinsic value and share price

Maximising shareholder value over time for continuing shareholders is not about maximizing our share price. Internally, our accountability as a management team is to maximise intrinsic shareholder value or our warranted equity value. We believe that there would be periods when our share prices undershoot or overshoot our intrinsic value, but in the long run, we expect our share price to reflect our intrinsic value. The key objective of our investor relations activity is to try and see that our share prices centrally trade at around our intrinsic value and not much above or under that value.

Short term guidance versus medium and long term goals

While we do not provide any short term (quarterly) or annual guidance, we are very explicit about our medium term and long term goals. With regard to these goals, we plan across two 3 year strategic planning cycles. This is a rolling 6 year plan split into two 3 year cycles. Thus, at any point in time, we have a six year forecast, which currently is for the period FY 2007 to FY 2012. While the first 3 year plan (FY 2007 to FY 2009) is more detailed and more certain, the second 3 years (FY 2010 to FY 2012) is little bit more directional and slightly more uncertain. However, as a discipline, we plan across two 3 year cycles to keep our growth opportunity pipeline full.

Our medium and long term goal across the next two 3 year cycles is to double intrinsic shareholder value or warranted equity value every 3 years. Roughly translated, we have to double earnings every 3 years over the next two 3 year cycles or grow earnings at a 25 to 26% CAGR each year over the next 6 years. In order to achieve this earnings growth, we plan to grow sales or topline at between 16 to 20% CAGR over the same period. Importantly, this growth is envisaged to be non-dilutive in nature as we intend to fund this growth by re-leveraging our balance sheet rather than raise additional equity capital for this purpose in the short term. These are ambitious targets and there is a clear element of stretch embedded in these targets. Throughout our history, we have continuously challenged ourselves with stretch goals of this nature and this is an integral part of our growth culture.

Organic Growth Strategy

Olam's organic growth strategy has been driven by a clear focus on our core business, namely, supply chain management of agricultural products and food ingredients, and a systematic and repeatable formula for adjacency expansion based on that core. Over the last 17 years, our organic growth has been driven by this business model, which is both scalable and replicable. We have grown during this period by taking advantage of adjacent opportunities in businesses, which share geographies, channels, costs, capabilities, suppliers and customers with our existing businesses. We have repeated this formula to evolve from a one product and one country business to a global leader operating in 14 agricultural product categories across 52 countries.

In order to realise our growth aspirations, we are pursuing 4 key strategies:

1. Scaling up volumes in our existing 14 businesses.

Our first priority is bring our existing 14 businesses to full potential by growing volume in these products to capture the full benefits of scale. We will consolidate our leadership positions to become or remain a #1 or #2 player globally in those products where we are already a profitable leader. We will continue to invest to improve our position in products where we are profitable close follower. We expect this strategy to contribute to 40% of our growth in earnings over the next 6 years.

2. Provide value added services and customised solutions

We have identified 7 value added services that we intend to provide our customers, including processed intermediate raw materials and ingredients, customised grades and qualities, organically certified raw materials, traceability and fair trade certified produce, vendor managed inventory solutions, risk management solutions and proprietary market intelligence. These value added services and customised solutions are expected to contribute to 30% of our growth in earnings over the next 6 years.

3. Enter attractive, related new product adjacency

Expansion into new product adjacencies will be determined by the closeness of the new opportunity to our existing core businesses and will be anchored around our existing origins and markets. We have selected and prioritised products for entry which have a high degree of sharing in customers, suppliers, costs, channels or capabilities with our existing businesses. On this basis, we have identified 8 new product adjacencies that we would like to enter in a phased manner over the next two 3 year cycles. These new product adjacencies are expected to contribute to 20% of our growth in earnings over the next 6 years.

4. Pursue cross product initiatives that cuts across multiple businesses

We have identified 2 cross product initiatives that will help us capture additional value, mitigate risk and reduce costs in the existing supply chain. These 2 cross cutting initiatives include investment in logistics (shared warehousing), and port handling and shipping efficiency improvements. These measures are expected to contribute to 10% of our growth in earnings over the next 6 years.

Inorganic Growth Strategy

In addition to organic growth, we are also targeting to grow through carefully selected acquisitions over the next 6 years. However, we do not see acquisitions as a separate strategy in itself. We see M&A as an aid or tool to support each business's overall strategy.

As outlined earlier, each of our businesses has developed a 6 year strategic plan with clearly identified growth initiatives. The businesses intend to pursue some of these initiatives on an organic basis and others on an inorganic basis. No individual transaction is expected to exceed 10% of our market capitalisation, with an expected focus on transactions that are closer to 5% of our market capitalisation. On an aggregate, we do not intend to spend more than 15% of our market capitalisation on acquisitions in any given year during the first 3 years of this strategic planning cycle.

We also intend to make sure that these transactions are clearly value accretive and not just earnings enhancing. We also intend to close deals that have a reasonable margin of safety from their intrinsic value. In this regard, we would like to make sure that the expected synergy value to stand alone value ratio is at least 1.30 times.

To this end, we have put together a core deal team of 3 executives who bring a combined experience of over 45 years in the area of mergers and acquisitions. We have built up a good deal pipeline and continue to make progress on the evaluation of these targets. We will however be deliberate and selective in this regard and are not in any hurry to conclude a transaction.

Strong foundations for the future

Looking ahead, we feel confident about the Company's prospects given the strong foundations that we have laid to secure our future as highlighted below:

1. We are in an attractive sector with above average trend growth in food demand and increasingly de-regulating markets with potential progressive elimination of trade distorting subsidies,
2. We have a strong and consistent financial track record,
3. We have a proven growth model of growing by exploiting adjacencies. Our growth is expected to be non-dilutive in the short term.
4. We have a unique competitive position of combining sourcing and origination capabilities concurrently with marketing, trading and risk management capabilities to a degree that our competitors have not been able to match.
5. We have a well diversified portfolio across businesses, geographies, customers and suppliers with no product, country, customer or supplier dominating our revenue or earnings.
6. We have developed risk management as a core competence that helps us scale this business.
7. We have attracted world class institutional investors (174 of them from 22 countries).
8. We have a strong management team of 250 global assignees who are at the heart of our growth plans.
9. We have a high quality Board and best-in-class governance systems and processes.

Conclusion

I believe that the next few years hold great promise for the Group. Each business has made significant progress over the last year in terms of building market leadership positions, achieving scale and deepening their customer franchise. We are a much stronger company today than one year ago. We are well positioned for achieving strategic success, accelerating our growth and enhancing our returns. We have trained and developed a large number of our managers to build, lead and grow businesses. We have thus developed a significant number of growth leaders who are committed to becoming number 1 or number 2 in their industry. They have vision, passion, entrepreneurship and tenacity to achieve these stretch goals. I am proud of them and it is an honor to lead them.

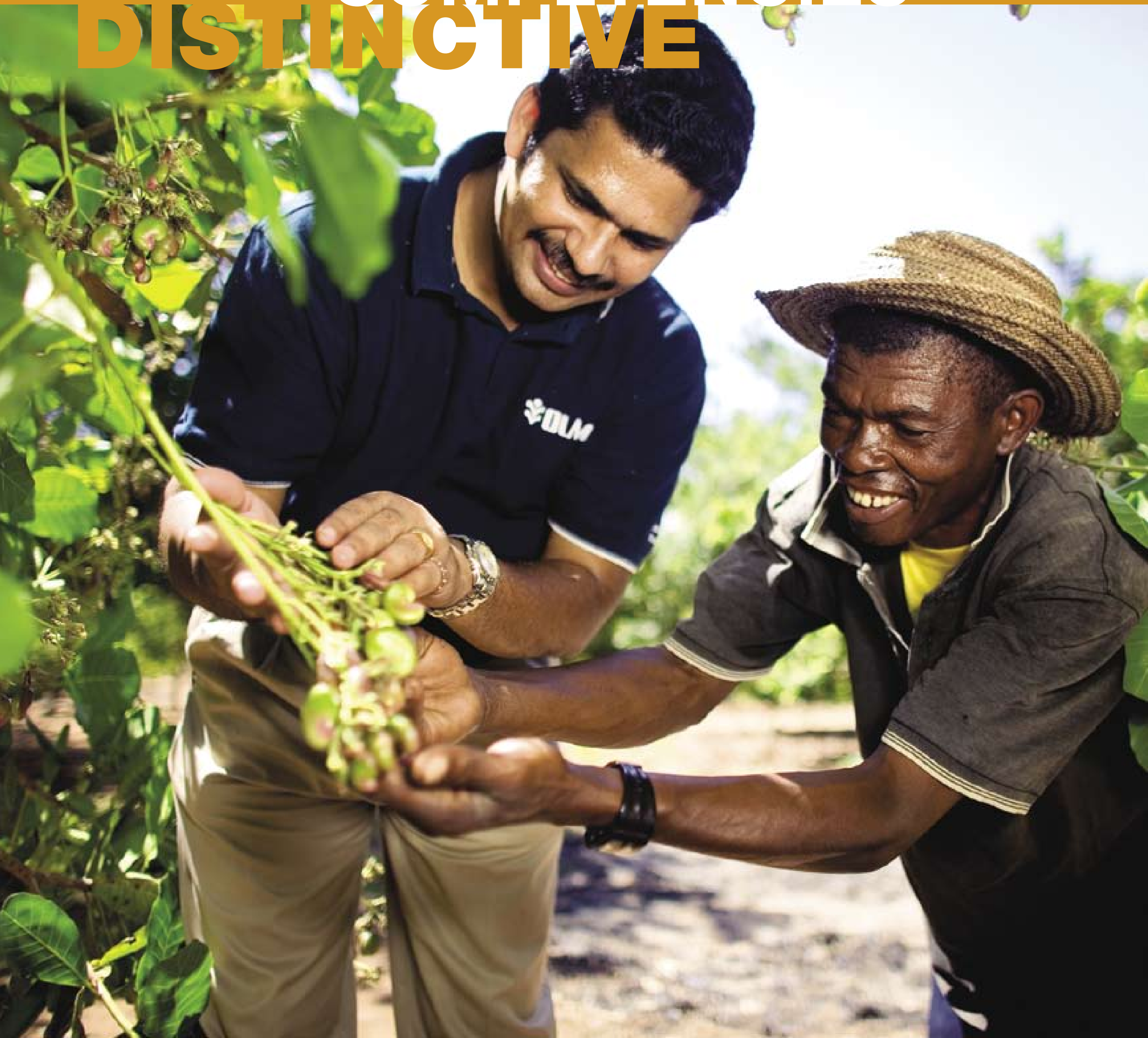
We are also grateful to our many dedicated agents, brokers, customers, and business partners who have greatly contributed to our success. We are also deeply indebted to our continuing shareholders and long term investors who share our vision and who have shown the same commitment and willingness to partner us in building sustainable long term shareholder value. We will work hard to reward that trust.

Sunny G. Verghese

Sunny George Verghese
Group Managing Director
& Chief Executive Officer

We view the company as a portfolio of certain distinctive and transferable competencies that we have assembled over time. These competencies are transferable across product and geography boundaries, acting as a powerful capability predator and growth enabler.

DISTINCTIVE COMPETENCIES



Building Distinctive and Transferable Competencies

In addition to viewing our business as a portfolio of 14 products and 52 countries, at Olam, we also view the Company as a portfolio of certain distinctive and transferable competencies that we have assembled over time. These include, 1) an origination advantage, 2) a trading, marketing solutions and services advantage, 3) a risk management advantage and 4) an organisational advantage.

All these combine to give us a sustainable competitive advantage. More importantly, these competencies are fungible and transferable across product and geography boundaries, acting as a powerful capability predator that has enabled us to grow from 1 product to 14, and from 1 country to 52 countries in a short span of 17 years entirely on an organic basis and at several times industry growth rate.

Our origination advantage results from our capacity to source agricultural products directly from the farm gate, from the lowest possible level of aggregation, from mostly developing producing countries and delivering them reliably and to a consistent standard to our customers in the developed world. We have today developed a network of 145,000 village level agents in 40 producing countries who mostly supply to us on an exclusive basis. Building such a network is a path dependent process and takes years to create.

This origination model is possible because of our ability to a) cross source agricultural products that are seasonal in nature, all round the year giving us an advantaged cost position, b) good quality field operating systems that help us control the integrity of stock, quality of the stock and supplier advances on a real time basis across distributed collection centres and, c) good quality people who are willing to live and work in these remote areas and deliver the operational controls required for us to be successful.

The second area where we clearly differentiate ourselves from our competitors is in providing customised marketing solutions and services to our customers. These include provision of organic certification, traceability services, customised grades and qualities, vendor managed inventory solutions, risk management solutions and proprietary market intelligence. We are able to confer these distinct customer benefits as a result of our integration from farm gate to factory gate in the supply chain.

Our capacity to identify, capture, measure, monitor and manage risks at a transactional level has enabled us to scale the business in an accelerated manner. This competency is described in detail on pages 48 and 49.

Our organisational advantage arises from our capacity to hire, train and develop, career path, reward, deploy, motivate and inspire highly talented individuals from across the globe. The process that we follow to secure this advantage is described on pages 24 to 27.

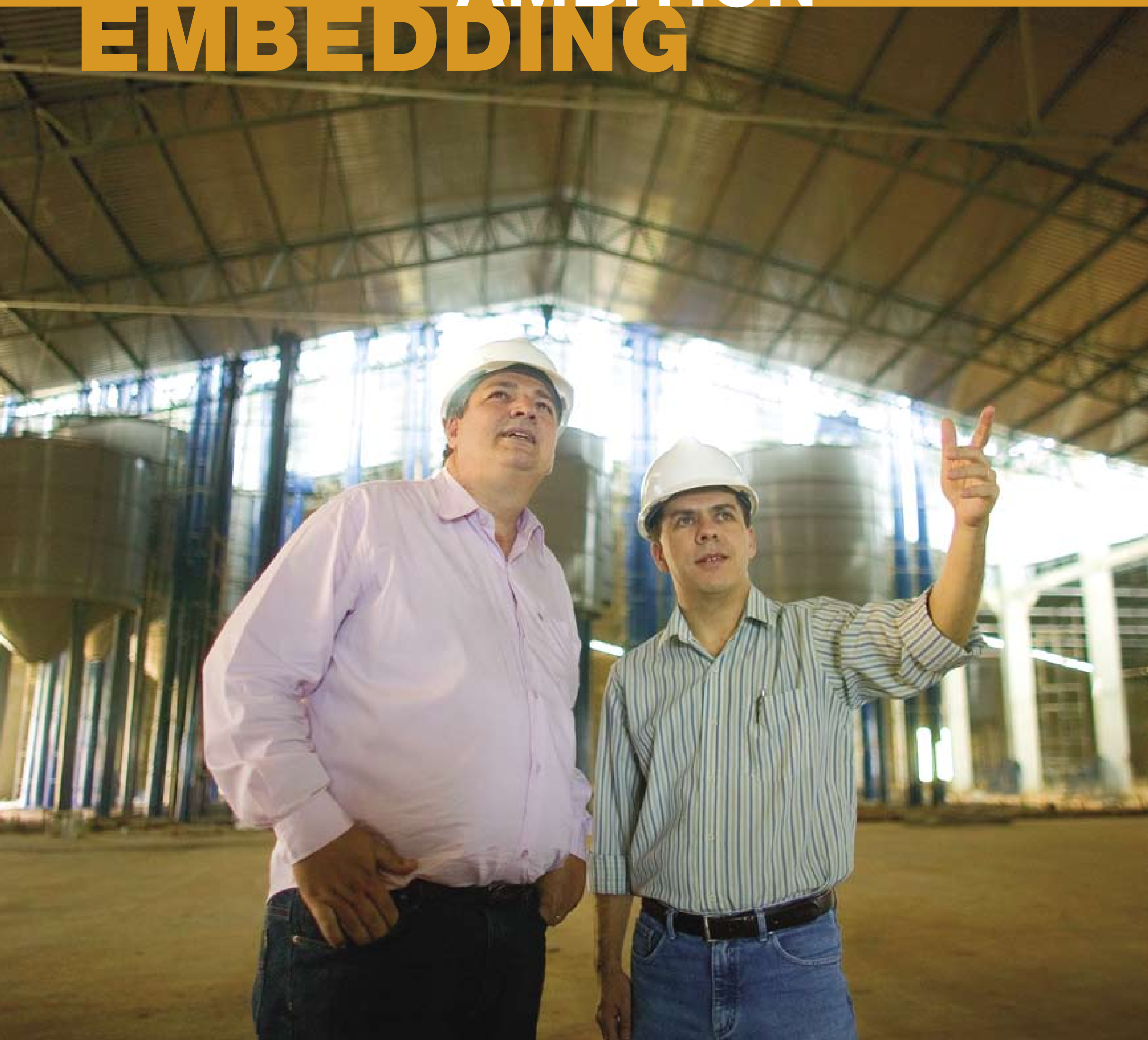
Left :
Transfer of learning in Tanzanian cashews.

Right (left to right):
Learning from best practices – at our model rice farm in Nigeria.

Building capabilities in Peanuts quality at our South African operations.

At Olam, we encourage each of our businesses to build Global Leadership Positions in their respective industries. One of the rules of the game for portfolio selection that we employ is to insist that we should achieve a top 3 global position in each of our businesses within the span of our two 3 year strategic planning cycles.

EMBEDDING AMBITION



Building a Bold Global Aspiration

Our point of view of the future of our industry is based on our belief that the key success determinants in this business is the capacity of the participants to concurrently combine origination / sourcing skills with trading, marketing and risk management skills. Most of our competitors have one or the other of these 2 competencies. We have been able to combine both these competencies to a degree that our competitors have found difficult to match.

Given this competitive position, we believe that we can build a global leadership position in our industry. Therefore, at Olam, we encourage each of our businesses to build global leadership positions in their respective product markets. We do this first by differentiating ourselves, and then building scale. We believe that scale without differentiation will be largely unprofitable. In fact, one of the rules of the game for portfolio selection that we employ is to insist that we should achieve a top 3 global position in each of our businesses within the span of our two 3 year strategic planning cycles (within 6 years).

We choose to embed this ambition not because we want to plant flags or build an empire, but because we believe that in a highly fragmented industry like ours, we need to achieve a dominant market position to service our customers better. This gives us better pricing control, which is a driver to our profitability.

Accordingly, we plan to consolidate our leadership positions to remain or become a number 1 or number 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 products where we are a unprofitable follower, we will consider exit unless we are able to increase profitability and scale within 6 years. We also believe that scale will give us an advantaged cost position. We expect to extract improved operating leverage as a result.

This is not a quixotic quest or mere unfettered ambition. Each business has developed a specific pathway of realising this ambition over the course of the next two 3 year strategic planning cycles. We periodically monitor and review whether we are on the trajectory of achieving this ambition and accordingly calibrate our investments and allocation of resources.

We are today the world's largest supplier of cashew, robusta coffee and sesame, amongst the top 3 suppliers in cocoa, rice and spices, and amongst the top 5 suppliers in peanuts, cotton and tropical hardwoods. We intend to achieve a top 3 global position in all our existing businesses in the next 6 years (by the year 2012). In the businesses where we are already in the top 3, we intend to grow our market share and further consolidate our position.

Left :
Drawing up ambitious plans for coffee processing at our Brazilian plant.

Right (left to right):
Building leadership aspirations at our cashew processing factory in Vietnam.

Reaching for the sky – the North Carolina cotton team discussing logistics efficiencies.

We have grown during the last 17 years by taking advantage of adjacent opportunities in businesses, which share geographies, channels, costs, suppliers and customers with our existing businesses. We have repeated this formula to evolve from a one product and a one country business to a global leader operating in 14 agricultural product categories across 52 countries.

GLOBALISATION ROADMAP

Developing a Scalable Globalisation Roadmap

At Olam, we plan for growth with intensity. We plan across multiple time horizons, namely, two 3 year strategic planning cycles and across 3 adjacency vectors, 1) product adjacency, 2) geography adjacency and 3) value chain adjacency. Adjacencies are new business opportunities closely linked to our core business and that share customers, suppliers, channels, costs or capabilities with our existing business. Priority for expansion is given to one or two step adjacencies in existing origins, markets or product categories.

Combined with our unique and differentiated competitive position outlined in the earlier section on building distinctive competencies, we have over the past 17 years, developed a proven, scaleable, replicable and predictable organic growth model. We have pursued this adjacency strategy to evolve and grow from a 1 product and 1 country business to now a well diversified global company operating in 14 product areas and across 52 countries.

For example, we started our edible nut business as a cashew business by exporting raw cashew from Nigeria to India, which is a large processing centre for cashews. From Nigeria, we went into other key producing countries in West Africa like Cote d'Ivoire, Burkina Faso, Mali, Guinea Bissau and East Africa, including Tanzania, Mozambique, Kenya and Madagascar and finally expanded into Vietnam and Indonesia. We then expanded down the processing value chain by processing raw cashew nuts that we sourced from these origins into blanched kernels, first in India, then Vietnam and then Brazil. We are now scaling our cashew processing in the raw nut origins and have built a scaleable model for this in Tanzania, Mozambique, Cote d'Ivoire and Nigeria.

In addition to cashew, 3 years ago, we expanded into the peanut business due to the fact that there were cashew customers who were also peanut customers and this provided us an opportunity for customer, channel and cost sharing. Last year, we started supplying almonds and hazelnuts, and next year, we plan to diversify into pecans and macadamia nuts and in the following year, into pine nuts and walnuts. Thus what started off as a cashew business in 1 country is now a broader edible nut business spanning over 20 countries and with significant value chain adjacency expansion in multiple markets. This expansion was not opportunistic and was planned in great detail.

Similarly, each business has a detailed and specific actionable plan and a scalable roadmap for globalisation identifying specific countries that they want to expand into, specific product adjacencies they want to pursue and specific value chain adjacencies that they want to invest in. On the basis of this, we plan to get into 9 new product adjacencies, 17 new countries, and over 50 value chain expansion projects over the course of the next 6 years. This is a powerful growth engine.

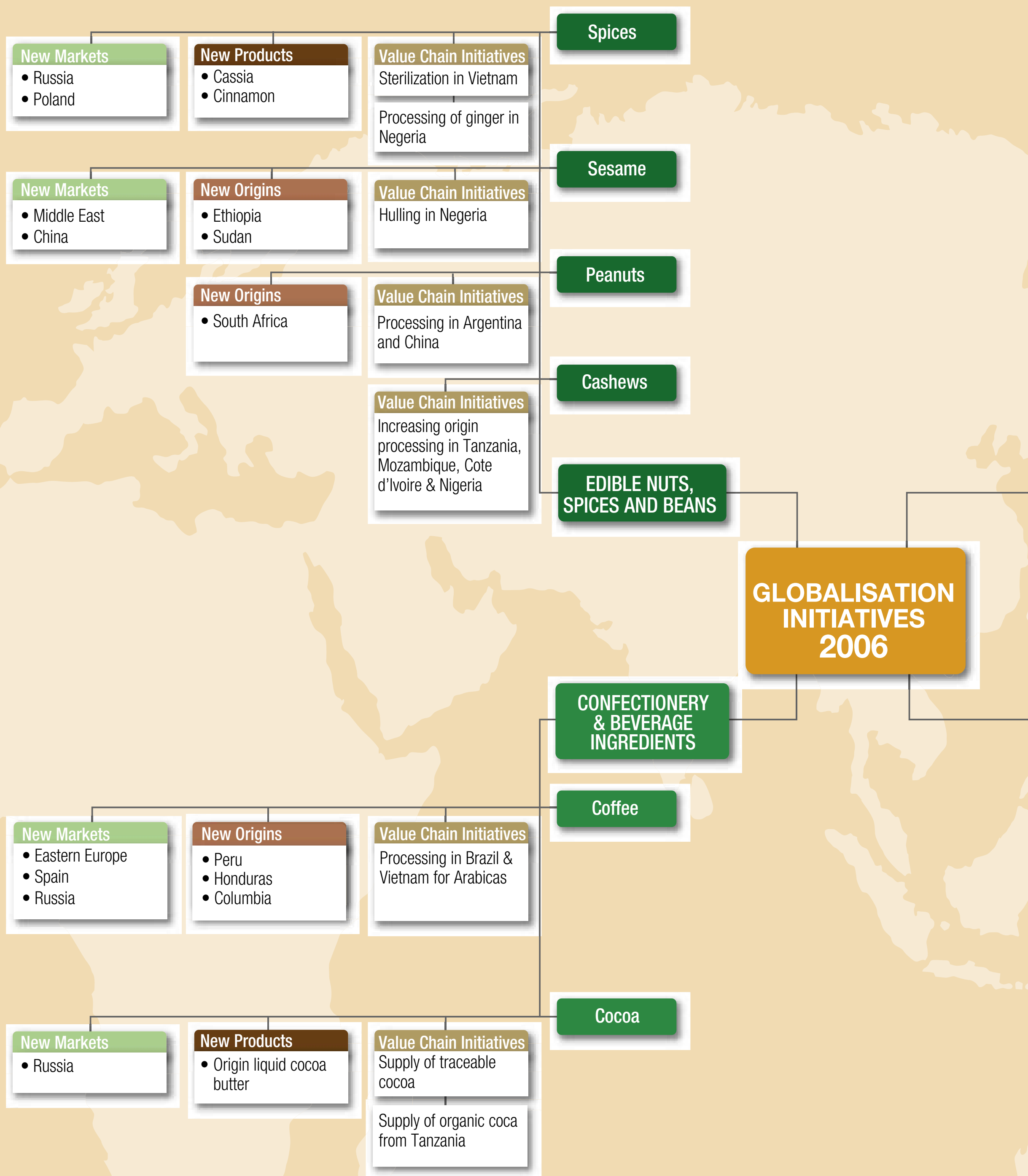
The initiatives that we took in this regard in 2006 are detailed in the next 2 pages.

Left :
Coffee cupping in our Brazilian factory – our Arabica coffee initiative.

Right (left to right):
Our modern peanut processing factory in China.

Enrista – our 3-in-1 coffee on the shelves of a supermarket in South Africa.

Developing a Scalable Globalisation Roadmap



Origins

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

FOOD STAPLES & PACKAGED FOODS

Packaged Foods
- **Value Chain Initiatives:** Local production of 3-in-1 coffee and snack nuts range in Russia and Nigeria
- **New Products:**
  - Ponchos - snack nuts
  - Tasty Tom - a seasoning mix
- **New Markets:**
  - South Africa
  - Nigeria

Dairy Products
- **New Products:**
  - Skimmed milk powder
  - Whey powder
  - Cheese & fats
- **New Origins:**
  - USA
- **New Markets:**
  - Russia
  - China
  - Congo
  - Cote d'Ivoire

Sugar
- **Value Chain Initiatives:** Prefinancing arrangements in Brazil
- **New Products:**
  - Raw Sugar
- **New Markets:**
  - Russia

Rice
- **Value Chain Initiatives:** Rice milling in Nigeria & India
- **New Markets:**
  - Burkina Faso
  - Algeria
  - Liberia
  - Mali
  - Togo

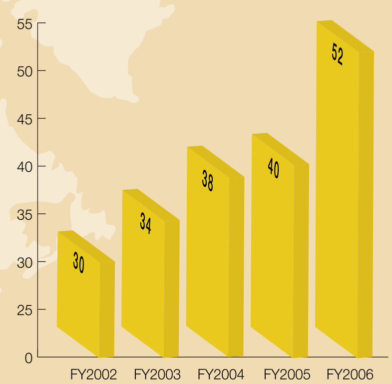
FIBRE & WOOD PRODUCTS

Cotton
- **Value Chain Initiatives:** Cotton Ginning in Uganda & Zimbabwe
- **New Origins:**
  - India
  - Sudan
- **New Markets:**
  - Turkey
  - China

Timber
- **Value Chain Initiatives:** Timber processing in Gabon,Tanzania & Mozambique; Certified teak from Ghana
- **New Origins:**
  - Equatoral Guinea
- **New Products:**
  - Expanded range of Species
  - Wooden flooring Products
- **New Markets:**
  - Vietnam
  - China

Value Chain Initiatives
New Origins
New Markets
New Products

Number of Countries



Marketing Offices

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

A key tenet of our Leadership Philosophy has been creating leaders from within. Over the last 17 years we have developed a significant number of our managers into growth leaders to build, lead and grow their businesses to become #1 or #2 in their industry.

BENCH STRENGTH OF GLOBAL LEADERS

Developing a Deep Bench Strength of Global Leaders

At Olam, over the last 17 years, we have trained and developed a large number of our managers to build, lead and grow businesses. We have developed a significant number of growth leaders who are committed to growing their business to become # 1 or # 2 in their industry. We deploy our competencies into new markets and countries that we want to enter by deploying these growth leaders into these new business opportunities. Our rate of growth has been and will continue to be a function of how many and how quickly we can develop and deploy these growth leaders.

The core of Olam's leadership strength is the Global Assignee Talent Pool, which comprises our top 250 managers. A key tenet of our leadership philosophy has been creating leaders from within. Olam's Executive Committee which is the top leadership team in the company consists of 11 Business, Geography and Functional Heads who have spent between 8 to 17 years in the company with an average tenure of 14 years. Our success stems from our ability to flawlessly execute our multiple growth initiatives. This is accomplished by ensuring that each time a new business is started, or a new geography is opened, we are able to deploy a core team of senior leaders who have the requisite capabilities and proven track record within Olam to spearhead this new opportunity.

We have created the necessary talent pipeline required to achieve our growth plans by consistently attracting high quality professionals. In 2006, we have added 82 Managers to this leadership team. Our marketing and trading functions have been further strengthened with the hiring of 16 senior specialists from the industry. We have continued our focus on entry level hiring of Management Trainees by visiting select business school campuses. We have also expanded our talent pool by hiring from business schools across India, Singapore, China, Philippines, Brazil and South Africa. Our reputation as a premier international employer of choice has helped us to attract the best students in these campuses.

Our leadership development process begins from the time the manager joins our organisation. Management Trainees undergo a six month training program whilst other new hires go though a rigorous four week induction cum training program. The training focuses on key systems and processes which drive our businesses and includes class room sessions, project work, on the job training and learning reviews. These training programs include the 4 day Core Process workshop facilitated by the CEO which covers aspects such as 'why we are in business', 'what is our vision', 'our growth strategy to realize our vision', 'our competitive strategy and our sustainable competitive advantage' and last but not the least the 'set of core values and organisational culture' required to facilitate the execution of our strategy. During the past year, three such Core Process workshops were held for new managers. **We have institutionalised leadership life cycle training programs which address key competencies at each stage of the leadership journey.** Specific programs held during the year have been the **New Leadership Program** for the first level managers, **Mastering Your Leadership Skills** for the profit centre heads and **Country Leadership Skills** at the country management level. To enhance leadership perspective and to broad base decision making a second level leadership committee in addition to the Executive Committee has been formed called the Management Committee with a total of 24 members.

We believe that significant learning results from critical experiences gained at work. To facilitate the experiential learning process we have expanded the existing one-to-one coaching program to include 60 additional managers. In line with their commitment to developing the next generation leadership, the senior leadership team has taken on the responsibility of coaching the next level with the objective of passing on the skills and competencies acquired by them over the years. **The coaching program focuses on defined leadership competencies and includes a 360 degree leadership feedback survey, a detailed Personal Development Plan, an action learning project and structured periodic sessions with the coach.**

Top left
Andrew Mitchell
Senior Trader,
Cotton

Top centre
Anupam Jindel
General Manager,
Peanuts & Pulses

Top right
Shreya Bhattacharya
Branch Manager,
Ghana

Bottom left
Amit Khirbat
General Manager,
Edible Nuts

Bottom centre
Sandeep Jain
Senior Trader,
Dairy Products

Bottom right
Rene Goudriaan
Vice President,
Edible Nuts

Top left
Rajeev Raina
General Manager,
Rice

Top centre
M. Satyamurthy
Country Head,
Nigeria

Top right
Patrick Van Bristom
Trader,
Peanuts

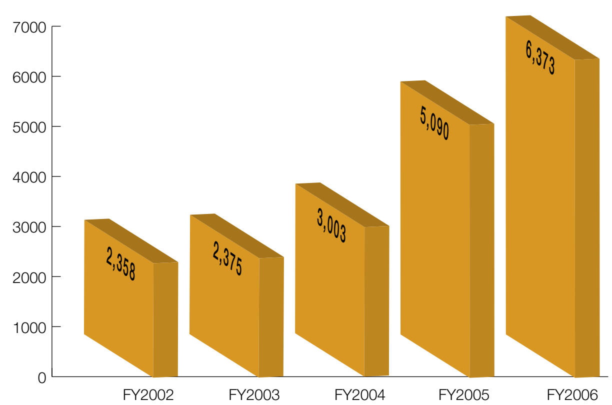
Bottom left
John Gibbons
Regional Controller,
U.S.A

Bottom centre
Sanjay Tanwani
Financial Controller,
Singapore

Bottom right
M. Ramnarayanan
General Manager,
Package Foods

We ensure that our leadership pipeline is continuously aligned to business needs. A key process is the **annual talent review** which is done at the beginning of the year and then reviewed periodically. Each business reviews its leadership talent for quality, depth and adequacy to meet its strategic plans. The talent review process additionally identifies succession plans for all critical positions, determines rotation of talent and specific development plans for identified successors.

Number of Employees








The organisation recognises individual aspirations with the help of the **career aspiration mapping process** where managers are encouraged to discover their **Embedded Life Passions** and thereby identify true career roles for themselves. Personal Development Plans are defined in the form of specific critical experiences required for the role holder during the year. These are derived from the Annual Performance Reviews, the 360 degree leadership feedback and the career aspiration map.

We have developed our employer value proposition around three key anchors: our ability to provide global careers in a winning company; our empowered job roles which are entrepreneurial and provide an unlimited canvas to perform; and the opportunity to create wealth for oneself through a blend of salary, performance bonus and equity compensation.

Our Talent Management practices have been recognised externally with Olam receiving seven awards for different talent management practices in The Singapore HR Awards 2006 held by the Singapore Human Resources Institute. The awards honor and recognise organisations that are leading and provide benchmarks in enhancing people and human capital management practices.

We believe that the extensive learning opportunities, global exposure, empowered roles, prospects for successful careers, and a well-balanced compensation package which includes equity compensation have ensured significant discretionary effort and the highest levels of engagement amongst the Global Assignee Talent Pool. With 14 businesses and operations in 52 countries, Olam's managers have an unparalleled foundation on which to build their careers and their businesses.

Top left
Kaushal Khanna
Country Head,
Vietnam

Top centre
Marcello Pedro
Senior Trader,
Sugar

Top right
Ravi Pokhriyal
Country Head,
Cote d'Ivoire

Bottom left
M.D. Ramesh
Regional Contoller,
South & East Africa

Bottom centre
Aarti Nagarajan
Branch Manager,
Cameroon

Bottom right
Jim Green
Senior Trader,
Cocoa

The Corporate Centre in Olam catalyses the integration of a multi business company like ours by developing a shared vision and agenda, installing common operating systems and embedding a common culture across the organisation with the objective of ensuring, wherever possible, that the whole is worth more than the sum of its parts.

CORPORATE CENTRE EFFECTIVE

Developing an Effective Corporate Centre

Olam has a distinctive capacity to operate as one company even though it is highly diversified across 52 countries, 14 products, and 10 functions. Our ability to have a highly coordinated, cross functional and high performance organisation is driven by the way our Corporate Centre integrates our multiple businesses, geographies and functions. The Corporate Centre catalyses the integration of a multi business company like ours by developing a shared vision and agenda, installing common operating systems and embedding a common culture across the organisation. Because of these shared systems, processes and culture, the whole of Olam is significantly greater than the sum of its parts.

We are structured as a transnational organisation. We have adopted a 3 dimensional matrix structure (products, geographies and functions) to execute our strategy. This structure through which our business, geography and functional role incumbents bring different perspectives on the same issues allows us to build 3 complementary strategic capabilities: 1) global scale efficiency and competitiveness; 2) local country level responsiveness and flexibility; and 3) the capacity to leverage our intellectual capital, insight and best practices on a worldwide basis.

The Corporate Centre plays a vital role of integrating the 3 dimensions of this matrix. It provides the leadership to the various 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. Our Corporate Centre and its top management team provide the glue that binds and integrates our businesses, geographies and functions.

The Corporate Centre in Olam is responsible for key processes and functions including strategic planning, M&A, capital raising and allocation, leadership development, career pathing and manpower deployment, accounts, banking and treasury, risk management, audit and compliance, systems and investor relations.

The key deliverable of the corporate centre in Olam is to build a strong portfolio of leadership businesses, raise and allocate capital, drive common initiatives and processes to expand performance, build a strong culture, develop a critical mass of leaders and quickly transfer best practices and learning across businesses and geographies rapidly. At Olam, we have built an entrepreneurial, high performance and team oriented culture.

At Olam, we have an annual corporate calendar of processes and forums that help us achieve such integration. It begins with the annual strategic planning process, the bi-monthly Executive Committee meetings, the bi-annual Management Committee meetings, the monthly Budget Review Meetings, the monthly Functional Review meetings, the annual Product Plan meetings, the annual Country Management Team meetings, the Performance Management Systems, all of which take place with drum beat regularity and intensity to deliver a high performance organisation that performs across business and commodity cycles.

Left :
A cross-functional senior management team meeting in Singapore.

Right (left to right):
Our trading team in Rotterdam meets every morning to take stock of market movements.

The cocoa team in London talking through trading strategies for the day.

In addition to organic growth, we are also targeting to grow through carefully selected acquisitions over the next 6 years. We do not see acquisitions as a separate strategy in itself. We see M&A as a tool to support each business's overall strategy.

GLOBAL M&A CAPABILITY

Developing a Global M&A Capability

Olam has grown entirely on an organic basis in the first 17 years. However, going forward, acquisitions will form an integral part of our growth strategy. We do not see M&A as a separate strategy in itself, but as an aid or tool that is aligned to our overall strategic plans. We believe that developing a capacity to make value accretive acquisitions and integrating them successfully will be an important growth enabler for Olam in its quest to build global leadership businesses.

We will pursue acquisitions in 3 areas: 1) New Product Adjacency – our strategic plans envisage expansion into 9 new product adjacencies closely linked to our core business over the next 6 years. We intend to do much of this organically but in some cases, we will enter these new businesses through one or more acquisitions, 2) New Value Chain Adjacency – in several individual business strategic plans, there are initiatives envisaged for primary or secondary processing, where an acquisition would be a better entry strategy, for example, soluble coffee manufacturing, origin cocoa processing, sugar milling and refining. Organic initiatives in this area could mean significant gestation, as well as extended time required to acquire the necessary technical know-how and insight, 3) Bolt-on acquisitions in key geographies where we would like to accelerate or ramp up our growth, for example, in markets like China, Brazil, India, US etc.

Given that growth through acquisitions is a new phase for us, we want to be very disciplined about the way we approach M&A. We would follow more of a string-of-pearls based approach rather than a big, bet-the-company approach. Thus, no individual transaction is expected to exceed 10% of our market capitalisation, with an expected focus on transactions that are closer to 5% of our market capitalisation. On an aggregate, we do not envisage spending more than 15% of our market capitalisation on acquisitions in any given year.

We also intend to make sure that these transactions are clearly value accretive and not just earnings enhancing. We also intend to close deals that have a reasonable margin of safety from their intrinsic value. In this regard, we would like to make sure that the expected synergy value to stand alone value ratio is at least 1.30 times.

To this end, we have put together a core deal team of 3 executives who bring a combined experience of over 45 years in the area of mergers and acquisitions. We have built up a good deal pipeline and continue to make progress on the evaluation of these targets. We will however be deliberate and selective in this regard and are not in any hurry to conclude a transaction.

Left :
Cashew Processing Factory in Natal, Brazil – our first acquisition.

Right (left to right):
Our joint venture cocoa powder processing plant in Spain.

Inside our state of the art Peanut processing factory in South Africa.

We consolidated our leadership position in Cashew and Sesame and expanded our Spices and Dehydrates range to offer a more comprehensive basket to our customers.

SPICES & BEANS

EDIBLE NUTS

Business Review

Edible Nuts, Spices & Beans

The edible nuts, spices, and beans segment had another excellent year in both volume and margin terms. In cashews we pioneered origin processing in west Africa and began sourcing organic cashews. In spices, we extended our leadership position in pepper and started offering more value added services to our European clients. Our beans business grew as we further developed our sourcing in the Americas and China, and we remained the world leader in Sesame, with growth coming from markets in China and the Middle East.

Edible Nuts

This segment had seen strong and above trend line growth in demand over the past few years due to increased usage of Nuts as a health snack and diet supplement. This demand has now tapered off and has reverted back to trend line growth. As a result, there was a de-stocking of the supply pipeline accompanied by a rather sharp drop in prices across most of the Nuts categories during 2006, which led to tough trading conditions for most part of the year.

We consolidated our leadership position in Cashews, and expanded our origin processing capacity in Brazil, India and Vietnam. We also successfully grew our origin processing operations in Africa, including Tanzania, Mozambique, Cote d'Ivoire and Nigeria. At the same time, we have grown our market share in most origins, while remaining focused on enhancing our value chain margins.

In 2006, we have been assembling a configuration of sourcing and processing assets in the key Peanuts exporting origins of China and Argentina. We have already commissioned a state of the art factory in China and launched contract farming/processing operations in Argentina. We are also in the process of investing in the niche origins of S. Africa and Brazil, countries which in addition to their export volumes have a strong local demand also.

Apart from continued growth in Cashews and Peanuts, we also entered two new related product adjacencies in 2006 when we entered the Almonds and Hazelnuts business. We see strong prospects for customer synergy across most of our markets in the other Nuts categories like Almonds, Hazels, Walnuts, Pine nuts, Pecans and Macadamias etc. We will continue to expand our range of products and value added services across various Nuts categories in the coming year(s).

"We'll continue to pursue rapid growth in the Edible Nuts segment, enlarging both the range of nuts and value added services that we'll offer to all our customers"

A. Shekhar,
Senior Managing Director

Left):
Grading and selection of cashew kernels at our Brazilian factory.

Right (left to right):
Peanuts in China – our edible nuts initiative in FY2006.

Cashew kernels being vacuum packed at our Tanzanian facility.

Edible Nuts, Spices & Beans

Spices

"We already are a leading global supplier of pepper, and the only company with processing facilities in all the main producing countries. In the coming years, we will strive to become a similar supplier of choice, to our customers, across other spices and de-hydrates"

Ashok Krishen,
Managing Director, Spices

Our spices business, which deals primarily in whole spices including black and white pepper, ginger, cloves etc., had another good year in 2006. We strengthened our global market share in pepper to 12% and consolidated our unique competitive position of being the only company with processing facilities in all major pepper producing and exporting countries, including Indonesia, Vietnam and Brazil.

During the year we commissioned a spices sterilisation facility in Vietnam for the US market and consolidated our processing operations in Indonesia (for pepper and other mixed spices) and Nigeria (for Ginger).

In addition, we have also expanded our marketing team in the Rotterdam office, to offer better services to our European customers.

Our strategic growth initiatives include the continued expansion of our spices and de-hydrates range to offer a more comprehensive basket to our customers. We will continue to explore opportunities for value added processing in each of these segments, across the key producing countries. We will also be investing further in improving our marketing spread and depth, in both established as well as new markets.

Beans & Pulses

"We are strengthening our beans procurement & distribution network within the Indian sub-continent, which is important both as an origin and an end market."

A. Shekhar,
Senior Managing Director

Beans remained a niche business for us in 2006. We continued to deepen our presence in our major markets, namely India, South Africa and North Africa, while growing and developing our sourcing operations in North America and China.

Looking ahead, our key growth initiative is to expand our share of India's beans import and export volumes, and also widen our participation in the local distribution within the country. We are keenly watching the development of the local futures markets for various categories of Pulses, which will provide greater price transparency, liquidity and stability to the local market.

We are also looking to expand our reach across other markets in the sub-continent, wherein we already have established distribution channels for our other products.

Sesame

We continue to pursue our strategy of concurrently expanding into new origins and markets. In 2006, the growth came not only from our largest market Japan but also from China and the Middle East. In China, we increased our distribution width and consolidated our position in the Syrian and Turkish markets. Our sourcing operations out of Ethiopia were strengthened to cater to the Syrian, Turkish and other Middle Eastern and Chinese markets. During the year we made another significant foray into a white sesame origin when we set up a procurement operation in Sudan.

The year saw us further strengthen our position as the largest exporter of sesame seeds from West and East Africa, building on our reputation in the Japanese market. The investments made in the cleaning and hulling units in Nigeria during 2005 were stabilized in the early part of the year. This allowed us to increase our exportable volumes of value added hulled sesame from Nigeria to the European Confectionery segment, leading to enhanced margins in this business.

"We would be targeting future growth in the business from both geographic expansions as also building on our hulling success in Nigeria to offer more value added seeds to our customers."

Devashish Chaubey,
Vice President, Sesame

Left (left to right):
Shipment of beans being off loaded in Durban South Africa.

Our pepper processing factory in Brazil.

Top:
Value chain extension in sesame – our hulling factory in Nigeria.

Our Cocoa and Coffee businesses registered broad based growth with all origins contributing to the bottom line. We continue to pursue our strategy of investing in processing and other value added initiatives.

BEVERAGE INGREDIENTS
CONFECTIONERY

Business Review

Confectionery & Beverage Ingredients

The Confectionery & Beverage Ingredients segment experienced strong growth with sales volume and net contribution growing by 24.8% and 31.2% respectively as a result of strong performances from both the Cocoa and Coffee operations. Cocoa operations recorded broad based growth in volumes across all origins. Processing initiatives in Nigeria, coupled with vendor managed inventory operations for some select customers and supply of customized grades contributed to the increase in margins. The coffee business witnessed strong performances both in the Robusta and Arabica segments with all origins contributing to the bottom line.

Coffee

Coffee volumes grew by 28% over the previous year on the back of strong performances in both the Robusta and Arabica segments. 2006 volumes of 264,000 metric tonnes meant that the coffee business grew over the past 4 years at a CAGR of 21%. We maintained our position as one of the leading exporters of Robusta coffee from Africa and Asia; our expansion into Arabica in Brazil in 2005 continued to make strong progress and this has enabled us to bring forward our plans for other Arabica operations. We have already started operations in Peru and plans are underway to expand into adjacent geographies in South and Central America.

Our marketing investments in the US, Middle East, North Africa and Eastern Europe continued to yield benefits in terms of offering us better liquidity and value. We diversified our customer base by extending our reach to smaller coffee roasters in some select countries like Italy and Spain.

We continued to pursue our strategy to invest in sophisticated processing operations and quality control systems. Our wet processing plant for Arabicas in Vietnam went on stream during the year and investments were made both in processing and logistics infrastructure in Brazil. This enables us to offer our customers a high level of consistency in the quality of the coffee as also special grades tailored to their specifications.

"Olam Coffee continued to grow both its top and bottom line. In a year where both Brazil and Vietnam experienced a tight supply situation, Olam's strength of a strong origin presence and sourcing network enabled it to achieve the goals it had set out for the year."

Vivek Verma,
Managing Director, Coffee.

Left:
Assessing the quality of the coffee crop at the farm gate.

Right (left to right):
Coffee processing at our Brazilian factory.

Our quality inspectors exercise strict controls at every stage ensuring consistently high quality of beans.

Cocoa

"We have been to able to achieve a preferential supplier status with many of our customers due to of our ability to supply cocoa reliably on a far forward basis and provide value added services. Our supply base continues to grow and develop over time and we expect to achieve continued sustainable growth in the future."

Gerry Manley,
Managing Director, Cocoa

The annual world production of cocoa grew by 8% to about 3.6 million metric tons in 2006. A major trend was the move to higher quality dark chocolate, especially significant in the American market. We have increased our volumes and developed greater market penetration during the year.

The London and New York futures markets benefited from the growth in hedge and system fund activity. This has provided increased volumes and volatility and consequently larger open positions. The liquidity provided has enabled origin hedging to be well absorbed without adversely affecting price levels.

Our presence in Europe through the London office, recognition in the market and increased access to proprietary research has led to substantial gains in our ability to access, manage and act upon information. This has helped to give a stronger foundation to the global business and has established Olam as a major market participant.

In New York and Singapore the regional trading hubs have continued to increase and develop their market positions, based upon our ability to purchase and supply a wide range of cocoa beans and cocoa products.

Our Cocoa products business will be one of the key growth areas for the overall cocoa business, complementing the bean business. We are now well placed to be a major supplier of origin liquid cocoa butter to major chocolate manufacturers, particularly in the USA.

Olam's unique position as a buyer of cocoa from the production areas in all major origins has given us a high degree of confidence in our ability to supply traceable cocoa. Consumers are increasingly conscious of how and where their chocolate is produced. With our network, our information systems and our origin management we are well placed to supply detailed information to our customers.

Confectionery & Beverage Ingredients

This year we have developed our position as a supplier of organic cocoa. We are now certified as a supplier of Tanzanian organic cocoa with over 4500 farms certified, ensuring good processes, efficient systems and the delivery of good quality cocoa. The organic market is relatively small in cocoa, but it is growing rapidly. Our aim is to provide an incentive to farmers to increase production and provide significantly improved returns.

The Cocoa business has continued to invest in origin infrastructure. A substantial investment in the Cote d' Ivoire underlines our support of the cocoa economy and the country in general. Outspan Ivoire now has one of the most modern usinage facilities which provides a competitive and strategic advantage to our business. The Company has also made further investments in Nigeria to enhance our origin processing capabilities.

Sheanuts

Sheanuts continues to be the most acceptable and extensively available source of exotic fat which is used in the production of cocoa butter equivalents and cocoa butter substitutes. Increasingly, sheabutter is also being used in cosmetics and health care industry.

Olam is present in all seven Sheanut producing countries and has primary procurement infrastructures in all the origins. In addition, in some of the origin countries, we crush the Sheanut to extract crude Sheabutter.

The current year once again saw the business maintain its procurement and shipment volumes, focusing on procurement and processing efficiencies to enhance the margins from this business.

Left:
Production of value-added cocoa products at our Nigerian facility.

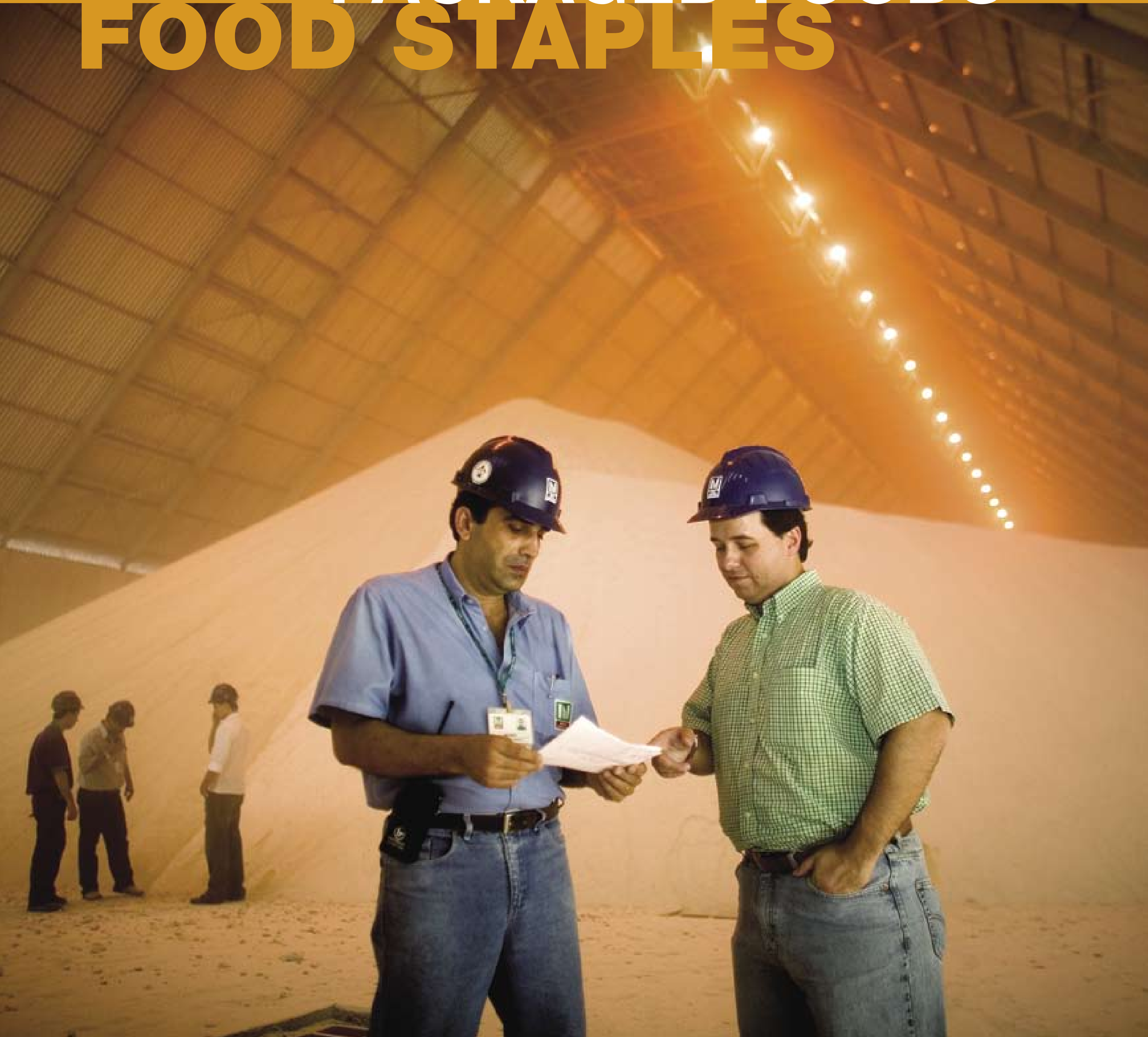
Right (left to right):
Checking the quality of the cocoa pod on the tree – our team at a plantation in Cote d'Ivoire.

Our state-of-art warehousing facility in Cote d'Ivoire.

Volume growth in this segment was primarily driven by the Sugar and Dairy Products businesses. All businesses continue to execute on their margin enhancement initiatives.

PACKAGED FOODS

FOOD STAPLES



Business Review

Foods Staples & Packaged Foods

The Food Staples and Packaged Foods segment recorded volume and margin growths of 21.2% and 46.3% respectively in the current year over the previous year. The Sugar and Dairy Products businesses led the volume growth in this segment with the execution of margin enhancement initiatives happening across all the businesses. The Rice business consolidated its position in the premium rice segment and selectively participated in port logistics. Dairy Products saw strong performances not only in Africa but in its new markets of China and Russia. Sugar growth was spearheaded by its expansion into its largest origin Brazil as also destination markets of Russia and The Middle East. The Packaged Foods business set up manufacturing facilities in Russia and added a ready to use Tomato powder to its portfolio.

"Our strategy of setting up distribution networks in the destination markets coupled with selective backward integration into the logistics and origination part of the value chain has provided us with a strong foundation to profitably grow this business into the future."

Sridhar Krishnan,
Senior Managing Director

Rice

In 2005, the rice business laid a strong foundation for growth by investing in processing, logistics and margin enhancement initiatives in select origins and markets. 2006 saw the business execute on this strategy and further consolidate its position amongst the top three global players. Both the Parboiled and White Rice businesses registered strong profitable growth during the year under review.

We set up model rice farms in Benue State in Nigeria as also an out-grower program covering over 1500 farmers. The success of these programs has paved the way for a doubling of the initiative in the coming year, with over 3000 farmers participating in this program.

We also set up our own warehousing facility in Nigeria which enabled us capture additional value from the logistics part of the value chain. Over the next three years, we plan to build our own warehouses in select markets in which we import and distribute rice where we have sufficient base or captive load to justify this investment.

The expansion and strengthening of our distribution network in both Nigeria and South Africa enabled us grow our volumes of Parboiled Rice significantly in both the countries.

The white rice business continued to execute on its margin enhancement and logistics participation strategy. It consolidated its position in the growing premium rice segment and selectively participated in port logistics in Ghana, Cameroon and Cote d'Ivoire. The business, in addition to growing its market share in the countries in which it was present, also set up operations in Burkina Faso, Mali, Togo and Liberia as a part of its continuing strategy of growing by exploiting country adjacencies.

Left:
Our sugar team at a processing factory in Brazil.

Right (left to right):
Our modern rice milling plant in Lagos, Nigeria.

Our extensive network of warehouses help us maximise supply chain efficiencies.

Foods Staples & Packaged Foods

Rice cont'd

We consolidated our origination operations by setting up milling operations in India on a selective basis. The focus provided by our offices in India, Thailand and Vietnam enabled the business to continuously derive savings by extracting efficiencies in the management of operations at the load ports.

Sugar

"Our physical presence in key origin and destination markets coupled with the proposed investments in milling and refining will enable us to accelerate the growth and transform this business over the next two 3 year strategic planning cycles."

Devashish Chaubey,
Vice President, Sugar.

In 2005, we had set up our sourcing office in Brazil and initiated direct sourcing arrangements with select mills in Brazil. 2006 saw us consolidate our presence in Brazil by increasing the number of producers with whom we entered into direct sourcing arrangements. We also entered into crop pre-financing arrangements which allowed us to source larger volumes more competitively and derive economies of scale. 2006 also saw us expanding our portfolio to include raw sugar.

Last year, we also made significant investments on the trading and marketing fronts with the establishment of an operation in Russia, a large importer of sugar. We grew our market share in the Middle Eastern countries while consolidating our position in the African and South Asian markets.

The result of the above initiatives was a volume growth of 20% from FY 2005 to FY 2006. The sugar business has grown at a CAGR of 16.7% for the period FY 2002 to FY 2006.

This geographic expansion and the resultant volume growth helped us realize substantial savings in terms of basic freight costs as also port handling facilities thereby enhancing the margins in this business.

As a part of our value chain integration plan, we are exploring a number of processing initiatives involving the setting up of or investing in sugar milling and refining assets in selected geographies across South America, Africa and Asia.

Dairy Products

The Dairy Products business continued to execute on its growth strategy in 2006, doubling its volumes in the process. Three key initiatives drove this growth in volumes: 1) entry into the Russian market with locally sourced dairy products as well as imports from Ukraine and Poland, 2) setting up a dairy products distribution operation in China and 3) adding on skimmed milk powder and whey powder from the US to the portfolio.

Below (left to right):
We start at the farm gate – a sugar plantation in Brazil.

On line controls at a sugar processing facility.

During the year we successfully launched our consumer pack milk powder “PEARL” in the West African markets of Congo and Cote d’Ivoire and consolidated our market share in bulk milk powder in Senegal, Cote d’Ivoire and Togo in West Africa.

We have widened the Dairy Products portfolio to cover cheese and fats, including butter and butter oil. These products share a common set of suppliers with our milk and whey powder businesses and will be distributed through our existing channels across Africa and Asia. Plans are afoot for further expanding the destination market coverage across North Africa and adding other products to the portfolio which can then be distributed through the same channels.

With the continued reduction of subsidies on dairy products in the EU, we expect the significance of EU as an exporter to come down while trade flows from the US, Australia and New Zealand into Asia are expected to grow. We will continue to explore opportunities to participate in this trade flow while simultaneously executing our strategy across Africa, Eastern Europe and Asia.

“With a strong sourcing and distribution base and a continuous focus on adding new products to our portfolio, we are well poised to grow the Dairy Products business and become a leading global player.”

Vivek Verma,
Managing Director, Dairy Products.

Packaged Foods

During 2006, we enlarged our retail distribution reach in Russia to cover more than 60 towns and cities. We have seen increased traction in the 3-in-1 category with “Enrista” and “Delcafe” gaining further market shares during the year. We have also expanded the product range thru the launch of packaged, salted and roasted edible nuts (“Ponchos”), as well as Loose/instant tea (“Frazers”), both of which have significant distribution synergies with the existing 3-in-1 category. Ponchos is our own brand while Frazers is a third party brand which we are distributing on an agency line basis. The addition of these categories, and a few more that are slated for launch during the next year, will help us extract significant leverage from the extensive Pan-Russian distribution network that we have built over the last two years.

Based on our experience in Russia, we have expanded our retail distribution to select African markets, wherein we believe we can harness the strength of our context and infrastructure, to distribute various categories of packaged foods. During 2006, we’ve introduced “Enrista” in Nigeria and South Africa, as well as “Tasty Tom”, a seasoning mix for the Nigerian market. Plans are on the anvil to expand into other African markets with these products. We will also explore additional categories, which provide operational synergies to enable us extract full value from our extensive distribution network in these markets.

“We believe that the Packaged foods business has helped us leverage on our existing supply chain and distribution strengths across the identified markets, while opening up a significant opportunity pipeline of new markets and categories that we can expand into, in the future.”

A. Shekhar,
Senior Managing Director

Below (left to right):
Our milk powder brand in Nigeria.

We distribute a wide range of packaged foods in Russia.

Both Cotton and Timber recorded impressive growths in volume and margins during the year, making significant investments in enhancing processing and marketing capabilities.

WOOD PRODUCTS

FIBRE

Business Review

Fibre & Wood Products

The Fibre & Wood Products Segment experienced a 32.6% growth in Sales Volume and 49.3% growth in Net Contribution in FY 2006 over the previous year. Both Cotton and Timber recorded strong performances with Cotton business's volume growth of 55% being spearheaded by investments in an extensive distribution network in China and origin processing in select East and West African countries. In Timber the volume growth came from expansion into new origins as also destination markets like Vietnam and China and processing investments in Brazil, Gabon and Nigeria.

Cotton

The Cotton Business continued to record impressive growth in volume and margins during the year. Overall volumes grew 55% representing a CAGR of 37.5% from FY 2002 to FY 2006.

One of the planks of our strategy has been to add value by participating end-to-end in the cotton supply chain in an integrated manner, which included providing farm inputs, seed cotton procurement and processing. During the year we invested in increasing ginning capacity in Africa and CIS such as Uganda, Tanzania, Zimbabwe Nigeria and Kazakhstan.

We participated successfully in the growing exportable surplus of cotton from India. An extensive procurement network for servicing local and export demand has been established.

We further consolidated our position in West Africa, CIS and US origins with significant increase in market share and volumes.

We saw a significant opportunity in the growing fine count spinning sector in Asia. In order to meet the growing demand for Extra Fine/Long Staple cottons we expanded our sourcing base to USA for American Pima and increased volumes from Sudan and Uzbekistan. We now have a dominant market share in India, Pakistan and Bangladesh.

Our key marketing strategy was focused on the growing cotton deficit in China. We made significant investments in building an extensive cotton distribution network in China. Our sales team in China generated good liquidity for all origins through inland bonded warehouse sales at multiple locations.

"The cotton business has consolidated its position on all fronts: increasing sourcing reach, setting up processing and logistics infrastructure in key origins and building strong relationships with key customers. We are well poised to grow this business and achieve a global leadership position."

Jagdish Parihar,
Managing Director, Cotton

Left:
Our managers overseeing the stacking and storage of cotton at a facility in North America.

Right (left to right):
We source cotton from the farm gate in the US.

Hand stapling of cotton by our quality controllers in South Carolina.

Top:
Our wood products team at a log park in Cote d'Ivoire.

Cotton cont'd

During the year we also set up direct marketing operations in Turkey, a large and important market for various US growths. Apart from increasing sales of US cotton we also successfully marketed African, Indian and Central Asian cottons.

We have made inroads into the growing organic cotton sector. We have identified East Africa as a potential base for sourcing organic cotton. Leading US retail chains have indicated interest in long term tie ups for organic cotton.

Wood Products

In 2006 we continued growing our existing logs and sawn business in the tropical hardwood space. In value added services we moved into certification of a significant part of our Ghana teak business. We took the first steps into the flooring business segment by supplying flooring top layers. We have also made a move into the temperate hardwood space through the top layer business. On the marketing side we have invested substantially across geographies, with special emphasis on Asia.

Fibre & Wood Products

In the log segment we have expanded our range of species sourced from Africa, especially Gabon. We have initiated sourcing from Equatorial Guinea and started shipments of certified teak as a value-added service to furniture processors in Asia. We are looking to expand volumes in the certified products segment, which is expected to grow in the coming years.

In an effort to add greater value at origin, we have expanded our logs processing facility in Nigeria and are setting up new processing facilities in Gabon, Tanzania and Mozambique. Our investments in origin processing will help enhance value and would strengthen our position in these countries, as increasing emphasis is being laid on local value addition and consequently, employment generation. Olam's strong local knowledge of operating conditions in Africa would definitely help us take advantage of this trend. In Brazil, we have set up a new stock-handling facility and added toll-processing arrangements to handle the increased volumes.

We continue to benefit from economies of scale in West Africa by chartering vessels, which has resulted in substantial freight savings and higher operating margins. This also allows us greater flexibility in counterparty management at both the buying and selling ends.

We have started sourcing flooring products from Asia and offer VMI services to some of the largest names in the engineered flooring business in Europe. We have set up processing centers in Europe that process temperate hardwoods, so as to enhance our range of species to these customers.

On the marketing side, we have focused on China, Vietnam and India which are fast emerging as processing centres of the world. We have invested in a number of new traders to substantially increase our sales capabilities in the region.

Our future growth is expected to come from expansion into new geographies, enhancing primary processing at origins, larger presence in the secondary wood products segment and introduction of more value-added services at destination.

"African Governments are pushing the primary processing of logs at the origin in order to provide jobs and move up the value chain. This is a trend that Olam, with its expertise in Africa, is well placed to take advantage of".

Ashok Hegde,
Vice President,
Wood Products

Right (left to right):
Processing of wood products at our plant in Brazil.

Final checks being carried out on sawn wood products prior to shipment from China.

Effective Risk Control systems are an integral part of Olam's business and help us ensure that the different risks in our business are tracked and managed on an ongoing basis. The alignment between the risk management framework, capital allocation process and performance evaluation and compensation influences behavior across the organization.

MANAGING RISK

Risk Management

Risk Governance Process

At Olam, the Risk Governance process is characterized by Independent External Assurance as well as Internal Management Assurance.

External Assurance

The Board Risk Committee is the Apex Body for Risk Management in Olam. This Committee is headed by an external Non-Executive Director. The Board Risk Committee is responsible for determining the Company's Overall Risk Capital requirements and recommending it to the Board for approval. It is also responsible for setting direction for the Company's Risk Control & Management Function and advising the function on areas of risk measurement and control. The Company's risk capital that is set apart each year is expressed as a percentage of its equity capital.

Internal Assurance

The Executive Risk Committee is responsible for driving Risk Management policies and procedures across the company, ensuring compliance to the Company's risk management policy and allocating the Risk Capital approved by the Board to various Businesses, Geographies and across various risk categories.

Risk Middle Office

The Risk Management process has been divided into the Front Office, Risk Middle Office and Back Office. There is a clear Segregation of Authority, Reporting and Oversight between Front, Middle and Back Office.

The Risk Middle Office is responsible for daily data capture, reconciliation of third party confirmations, generation of Risk Exposure Reports and control/monitoring of exposures.

Enterprise Risk Management (ERM)

We continuously track and monitor the risks that emanate from our supply chain activities.

Under the Market Risk Category we monitor the Commodity Price Risk, Basis (Spread) Risk, and Currency Risk. We have built a substantial data base of Historical Prices that we use for calculation of Volatilities. The Risk system draws data from our Order Processing System and Oracle Financials to generate Exposure Reports. The Volatilities and Exposures are used in our Value at Risk ("VaR") methodology for arriving at the Risk Metrics.

In the Sovereign, Credit & Counter Party Risk Category we monitor the Political & Sovereign Risks, Customer Credit Exposures, and Supplier Advances. All Counter Parties are rated internally and default rates are set based on the rating of the counter party. Our Political Risk Insurance cover provides the necessary safeguards against political and sovereign events, while credit insurance covers in selective markets provides the required credit cover.

The Operational Risks relating to our Internal Processes, People, Current and Fixed Assets are monitored through regular Internal & External Audits. The Insurable Operational Risks relating to Inventories, Transits, Property are covered through appropriate Insurance Policies.

The Information Risks relating to EDP Systems and Data Security & Integrity are managed through detailed IT Policies & Control Procedures. The Company has also formulated a Disaster Recovery Plan for its EDP Systems.

Developments during the Year

In 2006, we continued to update our risk management systems in keeping with the growth of our various businesses. We also fine-tuned our ERM Framework by enhancements in Secured Internet based Risk Exposure Reporting System for certain business segments and in the area of credit risk management. We further augmented our risk management capabilities by introducing several new risk management tools like "Scenario Analysis", "Stress Testing", "Worst Moves Impact", and "Back Testing".

In 2006, we had an average one day VaR on market risk of US$5.1 million or 1.54% of our equity, compared to US$4.7 million or 1.59% of our equity in 2005 despite a sales volume growth of 24.2% and revenue growth of 29.4% in 2006.

"ERM is best defined as a continuous process that identifies measures mitigates and monitors Uncertainty and Exposure to that Uncertainty on an Enterprise wide basis. It is part of a larger process of financial optimisation. At Olam, our focus is on fostering a Culture of Compliance and on cultivating a respect for Risk"

Rajeev Kadam,
Vice President,
Internal Compliance.

Left:
On line risk management at Olam.

Our sustainability initiatives are inter-woven into our business model. During the year we embarked on three High Impact Programs which we felt would have a very high positive impact across many countries where we operate.

GAINING MUTUALITY

Sustainability

Our Sustainability programs are focused on four major themes: 1) Supplier Assistance, 2) Farm Productivity, 3) Capacity Building and Community Development, and 4) Certification and Fair Trade. During 2006, we initiated several programs across these themes, some of which are highlighted below:

1. Supplier Assistance

- We initiated a program in Cameroon to make 8 farmer cooperatives (comprising about 20,000 farmers) commercially viable, and implemented an educational campaign on handling coffee for Arabica farmers along with Office National of Cocoa and Coffee.
- We developed cooperatives in Cote d'Ivoire and Burkina Faso to generate employment for women in rural areas.
- We sponsored the cultivation of teak through our suppliers in Cote d'Ivoire as a part of an ongoing reforestation program, by planting teak parcels in an area covering 100 hectares.

2. Farm Productivity

- Working closely with Cocoa farmers in Nigeria, we have set up 50 model farms.
- We are jointly running a program in collaboration with the local government and 2 other development agencies to improve the quality of the cocoa beans, affecting over 4000 farmers in Indonesia.
- Similarly, we are working on coffee yield improvement programs with about 250 farmers in Cameroon.

3. Capacity Building

- We have set up a cashew processing factory in Dimbokro in Cote d'Ivoire, providing employment to over 1000 people, mainly women, in an area that has few other economic activities.
- We are working closely with cocoa cooperatives (with 400 farmers) in Cote d'Ivoire to upgrade their ability to handle cocoa.
- We have trained over 540 delegates from cooperatives to bring about awareness on WFCL under a project, in collaboration with the Cote d'Ivoire government.
- We have collaborated with IITA under the STCP (Sustainable Tree Crop Program] in the setting up of farmer field schools for Cocoa in Ghana.

Left:
Sustainability in practice – at our model cocoa farm in Akure, Nigeria.

Right (left to right):
Student education programme at our rice processing plant in Makurdi Nigeria.

Organic certification of cashew in Tanzania - the beneficiaries of the program.

Top:
Tending to the rice at our model farm in Makurdi Nigeria.

4. Certification & Fair Trade

- We have obtained certification for organic cashew in Tanzania and Brazil.
- We have registered farmers in Tanzania as grower pools for production of organic cocoa.
- We have obtained HACCP certification of our cashew factories in Vietnam and Brazil.

During the year, we also identified 3 programs, which we felt would have a very high positive impact across many countries where we operate. **These High Impact Programs (HIPs) are:**

1. Sustainable Development of the Cashew Sector in African origins

10 African countries produce about a third of the World's Raw Cashew Nut crop, while less than 3% of the cashew is processed or consumed in the whole of Africa. We believe that there is a significant impact that can be created through our program, which would focus on

- Increasing farmer incomes through improved production technology, improved crop quality, post-harvest handling, agronomic research, by-product utilisation and local trade facilitation.
- Establishing viable processing operations in origin countries and helping them to become competitive.
- Increasing export earnings and promoting economic growth through employment creation, infrastructure development and increase of export volume and value.

2. Promoting Rice Cultivation in Africa

Africa is a huge importer of Rice while it has the capability to become self sufficient through its own production. We have initiated a program on Rice Cultivation in Africa in 2005, which would include

- Development of rice cultivation in Benue State in Nigeria by increasing the number of model farms and the inclusion of over 3000 farmers under the out-grower program.

Sustainability

- Demonstrating modern farming practices to the farmers involved in the program and helping them increase the yield from the farms.
- Imparting training to the various farmer groups.
- Extending the program to Ghana and explore possibilities in other countries in Sub-Saharan Africa.

3. Discouraging the use of child labor in Cocoa and Cotton.

Our third High Impact Program, Discouraging the use of Child Labor would be focused on Africa and Asia. The detailed scope for the program is being finalized in consultation with our project partner(s) and would include

- Micro-financing: providing additional wages to parents to cover the cost of educating children.
- Investing in training women to take up work in different areas.
- School-to-work apprenticeship programs aimed at providing vocational training to youth with a focus on agricultural techniques.
- Mentoring programs to assist in developing entrepreneurial skills amongst the youth.

At Olam, our Sustainability Initiatives are inter-woven into our business model. By executing on our Programs, Partnerships and Policies, within the selected themes and sub-sectors, we hope to create a lasting social and economic impact, in the communities within which we operate.

Ashok Hegde,
Vice President,
Wood Products

Partners

Within our various themes and high impact programs we have partnered with various external agencies like Technoserve, USAID, Kraft Foods, The Government of Cote d'Ivoire, The International Institute of Tropical Agriculture (IITA), The Office, National of Cocoa and Coffee (ONCC) in Cameroon, The Ugandan Farmers Association & Agricultural Productivity Enhancement Program (APEP) and Success Alliance and Blommer. We believe that our programs can have greater impact and scalability by partnering with these agencies, and we also get the opportunity to contribute to other programs being conducted by these agencies.

Policy Implementation

As a part of our sustainability focus, we set out, during the year, policy guidelines in respect of Employment & Labor, Health & Safety and Environment & Waste Management. In addition to these, policy guidelines in the area of Product Quality & Safety are under development. Our country management teams have been tasked with the implementation of these policies, while the Executive Committee for Sustainability is responsible for monitoring and auditing the same.

Right (left to right):
Community development at our cashew operation in Tanzania.

Knowledge transfer – an integral part of our sustainability program.

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) (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.

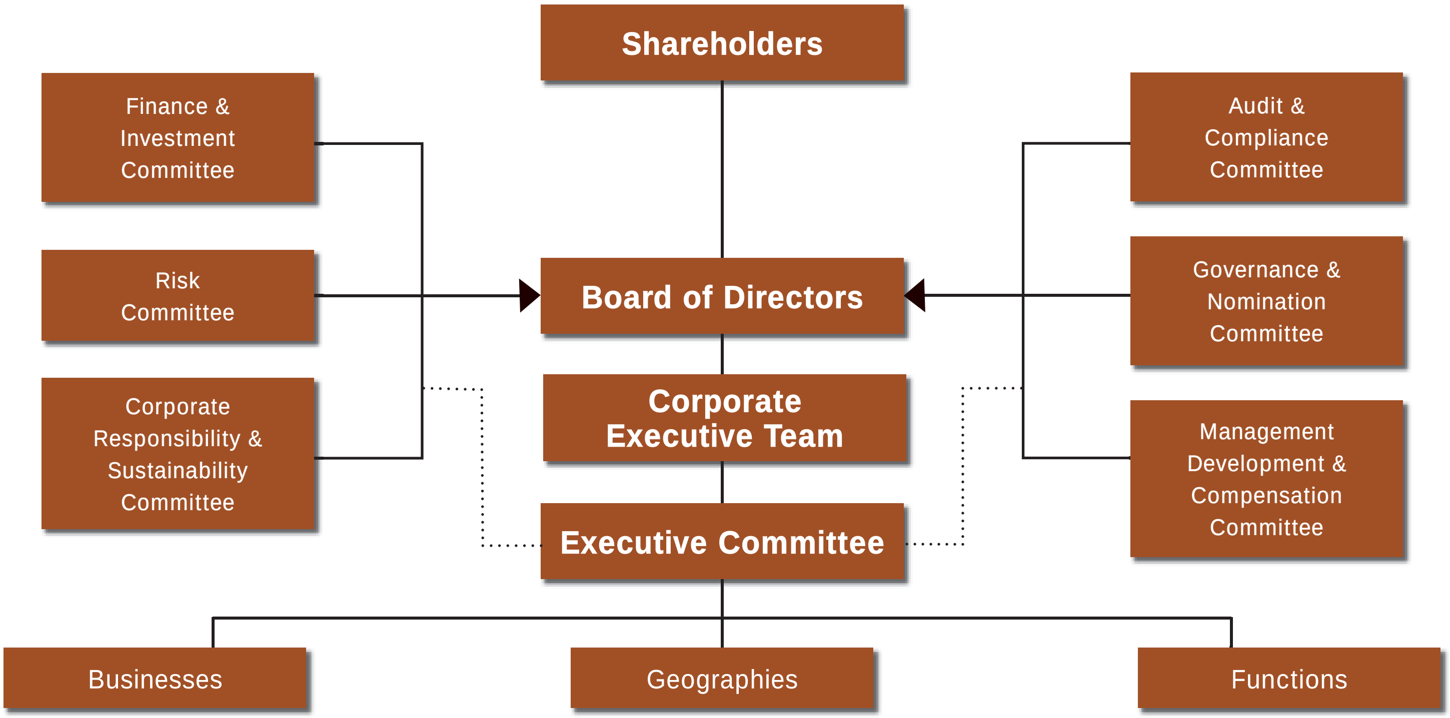
The key aspects of our Company's corporate governance framework and practice are outlined below:

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 satisfying 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 Current Corporate Governance Structure



Our History

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

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. Article 120 of the Company's Articles of Association allows for participation in board meetings via audio and video conferencing. During the year under review, the Board held four meetings. The table below gives the details of Directors' attendance at Board and Board Committee meetings during the year under review.

Name	Board Meeting	Audit & Compliance Committee Meeting	Management Development & Compensation Committee Meeting	Governance & Nomination Committee Meeting	Finance & Investment Committee Meeting	Corporate Responsibility & Sustainability Committee Meeting	Risk Committee Meeting
Murli Kewalram Chanrai [1]	3	–	–	–	–	–	–
R. Jayachandran [2]	4	–	2	2	–	–	–
Narain Girdhar Chanrai	4	–	–	2	2	–	2
Peter Francis Amour	2	–	–	–	–	–	–
Frank Philip Harley (alternate director to Peter Francis Amour) [3]	1	–	–	–	–	–	–
Tse Po Shing	4	–	2	–	2	–	2
Mark Haynes Daniell	4	5	2	2	–	1	–
Michael Lim Choo San	4	5	–	2	–	–	–
Robert Michael Tomlin	4	5	–	–	2	1	2
Wong Heng Tew	2	–	2	–	–	–	–
Lim Sheau Ming (alternate director to Wong Heng Tew)	1	–	–	–	–	–	–
Sunny George Verghese	4	–	–	2	2	–	2
Shekhar Anantharaman	4	–	–	–	–	1	–
Sridhar Krishnan	4	–	–	–	2	–	–
No. of Meetings Held	4	5	2	2	2	1	2

1 Resigned as Non-Executive Chairman and Director on 11 February 2006.
2 Appointed as Non-Executive Chairman on 11 February 2006.
3 Appointed as alternate director to Peter Francis Amour on 10 May 2006.

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, programmes on Directors' duties and responsibilities. During the year under review, the Directors were apprised with changes to the SGX-ST listing rules and accounting standards. Three of our Independent Directors, Mr. Michael Lim Choo San, Mr. Mark Haynes Daniell and Mr. Robert Michael Tomlin, visited our operations in Vietnam in September 2005 as part of our ongoing familiarisation programme organised for Directors each year.

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

Our Board currently consists of 11 members, three of whom are Executive Directors and the balance eight, Non-executive Directors. We have four Independent Directors on our Board.

The Independent Directors have no economic interest in the Company. Our Directors bring with them invaluable experience and extensive business networks and expertise in diverse fields. The size, composition and blend of experience of the current Board 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 and 9 of this annual report.

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

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

Name	Board Membership	Audit & Compliance Committee	Governance & Nomination Committee	Management Development & Compensation Committee	Risk Committee	Corporate Finance & Investment Committee	Responsibility & Sustainability Committee
R. Jayachandran	Non-executive Chairman (from 11 Feb 2006)	–	Member	–	–	Member (from 15 Sept 2006)	–
Narain Girdhar Chanrai	Non-executive Director	–	Member	–	Member	Member	–
Michael Lim Choo San	Independent Director	Chairman	Chairman (from 15 Sept 2006)	–	–	–	–
Mark Haynes Daniell	Independent Director	Member	Member	Chairman	–	–	Chairman
Robert Michael Tomlin	Independent Director	Member	–	–	Member	Chairman	Member
Wong Heng Tew (Alternate director: Lim Sheau Ming)	Independent Director	Member (from 15 Sept 2006)	Member (from 15 Sept 2006)	Member	–	–	–
Peter Francis Amour (Alternate director: Frank Philip Harley)	Non-executive Director	–	–	Member (from 15 Sept 2006)	–	–	Member (from 15 Sept 2006)
Tse Po Shing	Non-executive Director	–	–	–	Chairman	Member	–
Sunny George Verghese	Group Managing Director & Chief Executive Officer	–	–	–	Member	Member	–
Shekhar Anantharaman	Executive Director	–	–	–	–	Member (from 15 Sept 2006)	Member
Sridhar Krishnan	Executive Director	–	–	–	Member (from 15 Sept 2006)	–	Member (from 15 Sept 2006)

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

There is a clear division of responsibility between the Chairman and the Chief Executive Officer (CEO) to ensure that there is a balance of power and authority. The Chairman is responsible for ensuring Board effectiveness and conduct while the CEO has overall responsibility of the Company's operations, organisational effectiveness and implementation of Board policies and decisions. The Non-executive, Independent Directors fulfill a pivotal role in corporate accountability. Their role is particularly important as they provide unbiased and independent views, advice and 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 Board takes independent professional advice as and when necessary to enable it or the Independent Directors to discharge their responsibilities effectively.

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

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

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

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

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

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

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

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

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

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

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

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

(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 the Board of Directors and report to the Board of Directors its findings from time to time on matters arising and requiring the attention of the ACC.

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

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

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

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

Independent Internal Audit function (Principle 13) Sound system of Internal Controls (Principle 12)

Internal Audit

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

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

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

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

Internal Controls and Risk Management

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

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

Our Field Operations Manual (FOM) is the main guidebook which prescribes the process and documentation requirements for all our procurement, grading, sorting, processing, storage, transits and shipment of our products. Strict adherence to 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 48 and 49.

Risk Committee

Our Non-executive Director, Mr. Tse Po Shing chairs the Risk Committee. Mr. Robert Tomlin, Mr. N.G. Chanrai, Mr. Sunny Verghese and Mr. Sridhar Krishnan are the other members of this committee. The Risk Committee met two times during the year under review and its terms of reference are 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 & Investment Committee

The Finance & Investment Committee is chaired by an Independent Director, Mr. Robert Tomlin and has Mr. R. Jayachandran, Mr. N.G. Chanrai, Mr. Tse Po Shing, Mr. Sunny Verghese and Mr. Shekhar Anantharaman as its other members. The Finance & Investment Committee met two times during the year. It 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 mergers, acquisitions and divestments; and

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

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

Our Governance & Nomination Committee is chaired by Mr. Michael Lim, an Independent Director. Mr. R. Jayachandran, Mr. N. G. Chanrai, Mr. Mark Daniell and Mr. Wong Heng Tew are other members of this committee. The Governance & Nomination Committee met two times during the year and is guided by the following terms of reference:

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

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

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

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

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

(f) To recommend membership for Board Committees;

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

(h) To consider questions of possible conflicts of interest of Board members and senior executives; and

(i) To review the succession plans for the 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.

Re-election of Directors (cont'd)

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 and 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 towards 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 & 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 & Compensation Committee (MDCC) is responsible for developing the Company's remuneration policy and determining the remuneration packages of the senior executives of the Company. The MDCC proposes, subject to the approval of the Board, the remuneration and terms and conditions of service of Senior Management and the remuneration to be paid to each Director for his services as a member of the Board as well as Committees of the Board. The MDCC is chaired by Mr. Mark Daniell, our Independent Director and has Mr. Peter Amour and Mr. Wong Heng Tew as its other members. The MDCC met two times during the year. The terms of reference of the MDCC include the following:

(a) To recommend a framework of remuneration for the Board members.

(b) To determine the level and mix of remuneration packages for the CEO and the Executive Directors.

(c) To review the terms, conditions and remuneration of the senior executives of the Company (Executive Committee).

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

Remuneration Policy for Non-executive Directors

In reviewing the Non-executive Directors remuneration for the year under review, the MDCC 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. Fees for Non-executive Directors are subject to the approval of the shareholders at the Company's annual general meeting. However, the Executive Directors are not entitled to either base fees or fees for membership of Board Committees. Remuneration for Executive Directors comprises a base salary and participation in an incentive and share option plan based on the Company's performance during the period of the plan.

Non-executive Directors' compensation for the year ended 30 June 2006 (FY2006)

Name	Position in FY2006	Committee Chairmanship/ Membership in FY2006	Base Director fee	Committee Chairmanship/ Membership fees	Total
Murli Kewalram Chanrai	Non-executive Chairman	–	S$50,000	–	S$50,000
R. Jayachandran	Non-executive Vice-Chairman	Member, Governance & Nomination Committee Member, Management Development & Compensation Committee	S$45,000	S$20,000	S$65,000
Narain Girdhar Chanrai	Non-executive Director	Member, Governance & Nomination Committee Member, Finance & Investment Committee Member, Risk Committee	S$20,000	S$30,000	S$50,000
Peter Francis Amour	Non-executive Director	–	S$20,000	–	S$20,000
Tse Po Shing	Non-executive Director	Chairman, Risk Committee Member, Management Development & Compensation Committee Member, Finance & Investment Committee	S$20,000	S$35,000	S$55,000
Wong Heng Tew (Alternate director: Lim Sheau Ming)	Non-executive Director	Member, Management Development & Compensation Committee	S$20,000	S$10,000	S$30,000
Mark Haynes Daniell	Independent Director	Chairman, Governance & Nomination Committee Chairman, Management Development & Compensation Committee Chairman, Corporate Responsibility & Sustainability Committee Member, Audit & Compliance Committee	S$20,000	S$60,000	S$80,000
Michael Lim Choo San	Independent Director	Chairman, Audit & Compliance Committee Member, Governance & Nomination Committee Member, Management Development & Compensation Committee	S$20,000	S$60,000	S$80,000
Robert Michael Tomlin	Independent Director	Chairman, Finance & Investment Committee Member, Audit & Compliance Committee Member, Corporate Responsibility & Sustainability Committee Member, Risk Committee	S$20,000	S$60,000	S$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 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 2006

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

						Share Option granted under ESOS during the financial year	
Remuneration Band & Name of Director	Base/ Fixed salary	Variable or related income/ bonuses	Fees	Benefits in kind	Total	Number	Exercise price (per option)
S$2,000,000 to below S$2,250,000							
Sunny George Verghese	22%	63%	–	15%	100%	–	–
S$500,000 to below S$750,000							
Shekhar Anantharaman	39%	52%	–	9%	100%	800,000	S$1.52
Sridhar Krishnan	41%	40%	–	19%	100%	800,000	S$1.52
Below S$250,000							
Murli Kewalram Chanrai	–	–	100%	–	100%	–	–
R. Jayachandran	–	–	100%	–	100%	–	–
Narain Girdhar Chanrai	–	–	100%	–	100%	–	–
Peter Francis Amour	–	–	100%	–	100%	–	–
Frank Philip Harley (alternate to Peter Francis Amour)	–	–	–	–	–	–	–
Tse Po Shing	–	–	100%	–	100%	–	–
Mark Haynes Daniell	–	–	100%	–	100%	–	–
Michael Lim Choo San	–	–	100%	–	100%	–	–
Robert Michael Tomlin	–	–	100%	–	100%	–	–
Wong Heng Tew	–	–	100%	–	100%	–	–
Lim Sheau Ming (alternate to Wong Heng Tew)	–	–	–	–	–	–	–

Level and mix of remuneration of Directors for the year ended 30 June 2005

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	37%	63%	–	–	100%
Shekhar Anantharaman	53%	47%	–	–	100%
S$250,000 to below S$500,000					
Sridhar Krishnan	59%	30%	–	11%	100%

Level and mix of remuneration of the top five executives for the year ended 30 June 2006

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

Remuneration band & name of key executive	Base/fixed salary	Variable or performance related income/bonuses	Benefits in kind	Total
S$500,000 to below S$750,000				
Gerard Anthony Manley	73%	16%	11%	100%
Vivek Verma	40%	45%	15%	100%
S$250,000 to below S$500,000				
Ashok Krishen	41%	44%	15%	100%
Jagdish Achleshwar Prasad Parihar	47%	39%	14%	100%
James Edward Green	72%	25%	3%	100%

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

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

Corporate Responsibility & Sustainability Committee

As supply chain managers of agricultural products, our sustainability initiatives are inter-woven into our business model and are aimed at making meaningful social impact on the communities within which we are operating. The Corporate Responsibility & Sustainability Committee is chaired by our Independent Director, Mr. Mark Daniell and has Mr Peter Amour, Mr. Robert Tomlin, Mr. Shekhar Anantharaman and Mr. Sridhar Krishnan as its members. The terms of reference of this committee include:

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

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

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

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

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

Regular, effective and fair communication with shareholders (Principle 14) Greater shareholder participation at annual general meetings (Principle 15)

At Olam, we believe it is important for us both to communicate our business, strategic developments and financial results to investors while at the same time understanding their objectives. The General Manager (Corporate Affairs) has lead responsibility for investor relations with the active involvement of the CEO and the CFO. They are supported in these efforts by our Investor Relations Department which schedules roadshows, arranges meetings and organises presentations for analysts and investors. The Board is periodically briefed on reactions of the investors to the results announcements. We also commissioned an investor perception survey, the results of which were shared with the Board. We like to take the views of our shareholders into account and value their feedback. We also track shareholder changes on a regular basis to have a good understanding of our investor base. Earning 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 continue to embrace strong principles in corporate governance and transparency.

Communicating Olam's unique business model

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

Delivering quality and timely information in a transparent manner

Besides communicating a clear business strategy with the investor community, we aim to deliver quality and timely information to analysts, shareholders and investors.

We hold media and analysts conferences to announce our operating and financial results on a quarterly basis. We upload the webcasts of results presentations for the benefit of our overseas shareholders, investors and analysts. The full financial statements and other presentation materials provided at the conferences are disseminated through the SGXNET onto the SGX-ST website outside trading hours.

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

We are in the process of redesigning our investor relations website to provide quicker, up-to-date and transparent disclosures. As the internet and other electronic means of communication have become more accessible to investors, we continue to leverage such means in order to achieve a greater reach to investors, especially those who are outside Singapore and in different time zones. We will continue to enhance investors' online experience of Olam so that their information gathering process becomes even more efficient.

Growing and diversifying shareholder base

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

In FY2006, we participated in several customised roadshows and international investment conferences held in Singapore, Hong Kong, Japan, Europe and the US with support from various brokerage firms. We believe these roadshows enhance the visibility of Olam among diverse groups of investors and provide the investors with an access to the management team, thereby helping them better understand our business environment, business model and growth potential. These roadshows also provide opportunities for us to update our current shareholders on the developments in our business on a regular basis.

The placement of shares by our co-sponsors, Russell AIF, International Finance Corporation and Temasek Holdings between March and April 2006 to a diverse base of high quality institutional investors was carried out in an efficient and organised manner. These placements have further diversified our shareholder base and enhanced liquidity of our shares. Our free float has increased from 27 per cent to 37 per cent. As of end-June 2006, our shareholder base comprised 174 high quality institutional investors spread across 21 countries.

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

Increasing analyst coverage

We continue to engage the sell-side analysts with the objective of extending research coverage and thereby our reach to investors. To date, 12 research institutions cover Olam. We are actively and continuously involved in discussions with other leading international and local research firms to initiate coverage on our stock.

Encouraging greater shareholder participation at annual general meetings

We regard the annual general meeting (AGM) as an opportunity to communicate directly with shareholders. We are committed to efforts to establish more effective ways of communicating with our shareholders around the AGMs. Shareholders are informed of the annual general meetings through notices published in the newspapers or through circulars. To encourage more shareholder participation, our AGMs are held at a central location that is easily accessible by most shareholders. Our 11th AGM was held at the SGX Centre at Shenton Way in Singapore's Central Business District.

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

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

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

Accolades

Best Investor Relations

In recognition for its IPO performance, Olam won the "Best Investor Relations for an IPO" award at the IR Magazine South East Asia Conference and Awards 2005 in November 2005. The IR Magazine awards are internationally recognised as an accurate and valid measure of excellence in Investor Relations due to its independent survey of portfolio managers, buy-side analysts and sell-side analysts on which they are based.

Most Transparent Company

In recognition of our efforts in raising corporate governance and transparency levels, Olam was awarded winner of the "Most Transparent Company" for the "New Issues" category by the Securities Investors Association of Singapore (SIAS) at the SIAS Investors Choice Awards 2005 in October 2005. The Company also received a runner-up "Most Transparent Company" award under the "Commerce" category. The awards are based on key criteria such as timeliness, substantiality and clarity of news releases, degree of media access, frequency of corporate results, availability of segmental information and communication channels. Winners are selected from nominations received from investment analysts, heads of research, fund managers and members of the mass media.

Securities transactions

The Company 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 quarterly or full year results respectively.

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 & 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. The Company's disclosure in respect of interested person transactions for the financial year ended 30 June 2006 are as follows:

Name of interested person	Aggregate value of all interested person transactions (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) (S$'000)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920) (S$'000)
Afprint Nigeria Limited	3,049	Not applicable – the Company does not have a shareholders' mandate under Rule 920
Kewalram Nigeria Limited	827	
Sunseed Nigeria Limited	2,663	

Corporate Information

Board of Directors

Murli Kewalram Chanrai (Resigned on 11 February 2006)
R. Jayachandran
Narain Girdhar Chanrai
Michael Lim Choo San
Mark Haynes Daniell
Robert Michael Tomlin
Wong Heng Tew
Peter Francis Amour
Tse Po Shing
Sunny George Verghese
Shekhar Anantharaman
Sridhar Krishnan
Lim Sheau Ming (Alternate to Wong Heng Tew)
Frank Philip Harley (Appointed on 10 May 2006, alternate to Peter Francis Amour)

Executive Commitee

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

Management Committee

Sunny George Verghese
Sridhar Krishnan
Shekhar Anantharaman
Jagdish Achleshwar Prasad Parihar
Gerard Anthony Manley
Vivek Verma
Ashok Krishen
Krishnan Ravikumar
Ashok Hegde
Venkataramani Srivathsan
Ranveer Singh Chauhan
Sundaresan Ramesh
Renatus George Goudriaan
Moochikal Damodaran Ramesh
John Gibbons
Raj Vardhan
Devashish Chaubey
Rajeev Raina
Rajeev Kadam
Joydeep Bose
Sundararajan Suresh
Mahadevan Ramanarayanan
Amit Suri
Anupam Jindel

Company Secretaries

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

Head Office

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

Registered Office / Share Registrar

10 Collyer Quay
#19-08 Ocean Building
Singapore 049315
Telephone: (65) 6536 5355
Fax: (65) 6536 1360

Auditors

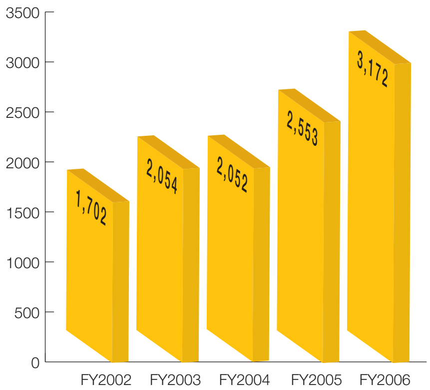
Ernst & Young
10 Collyer Quay
#21-01 Ocean Building
Singapore 049315
Partner-in-charge (since FY2006) : Tan Chian Khong

Principal Bankers

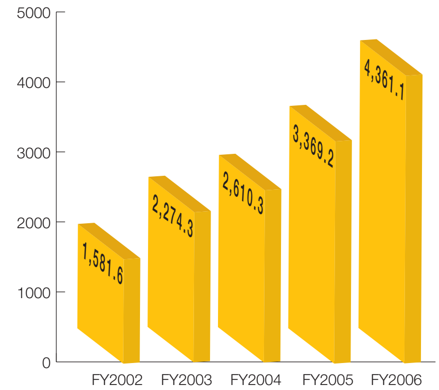
ABN AMRO Bank N.V.
Australia and New Zealand Banking Group Limited
Bank of America, N.A.
BNP Paribas (Suisse) S.A.
Citibank, N.A.
DBS Bank Ltd
Deutsche Bank AG
Natexis Banque Populaires
Oversea-Chinese Banking Corporation Limited
Rabobank International
Standard Chartered Bank
Sumitomo Mitsui Banking Corporation
The Bank of Tokyo-Mitsubishi UFJ, Ltd
The Hongkong and Shanghai Banking Corporation Limited
The Royal Bank of Scotland Plc

Financial Analysis

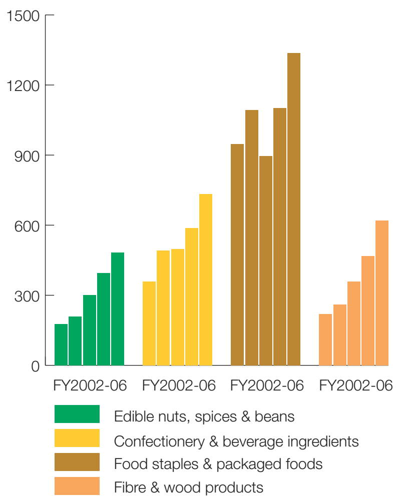
Total Sales Volume
('000 Metric Tonnes)



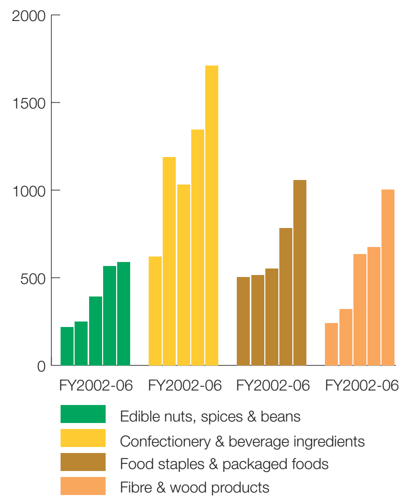
Total Sales Revenue
(S$million)



Sales Volume by Segment
('000 Metric Tonnes)



Sales Revenue by Segment
(S$million)

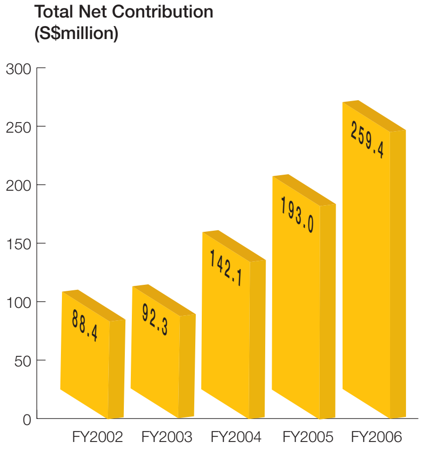


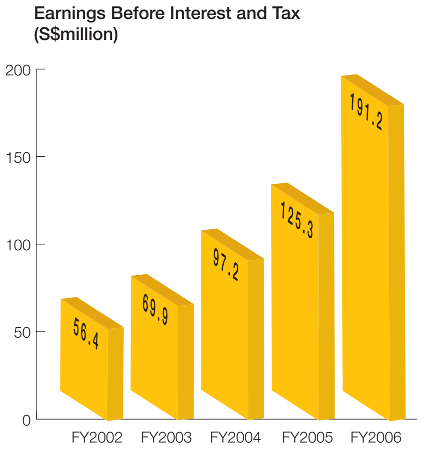
Sale Volume by Segment ('000 metric tonnes)	FY2002	FY2003	FY2004	FY2005	FY2006
Edible Nuts, Spices & Beans	176	209	300	395	482
Confectionery & Beverage Ingredients	359	492	497	588	734
Food Staples & Packaged Foods	948	1,092	896	1,102	1,336
Fibre & Wood Products	219	261	359	468	620
Total	1,702	2,054	2,052	2,553	3,172

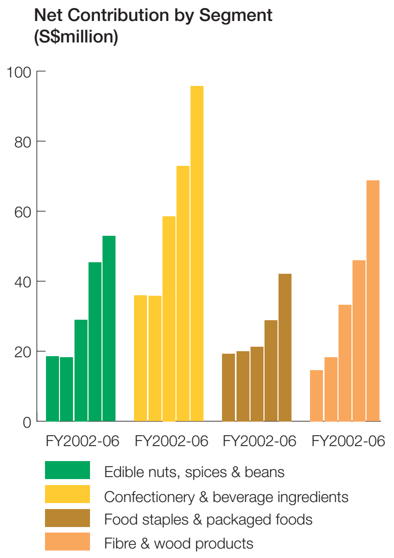
Sales Revenue by Segment (S$million)	FY2002	FY2003	FY2004	FY2005	FY2006
Edible Nuts, Spices & Beans	219.4	250.9	391.8	566.8	588.2
Confectionery & Beverage Ingredients	619.7	1,187.4	1,031.2	1,345.9	1,711.3
Food Staples & Packaged Foods	502.7	515.8	552.9	782.7	1,058.4
Fibre & Wood Products	239.8	320.2	634.4	673.8	1,003.2
Total	1,581.6	2,274.3	2,610.3	3,369.2	4,361.1

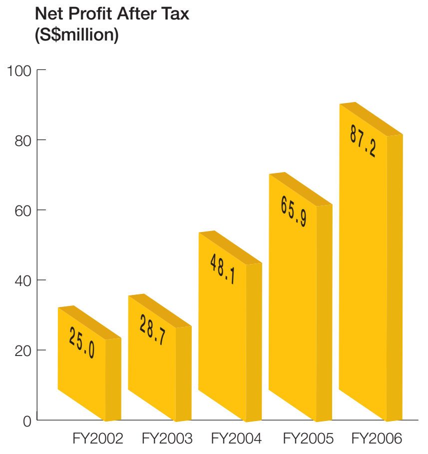
SALES VOLUME: Total sales volume grew at CAGR of 16.8% over last five years, from 1.70 million tonnes in FY2002 to 3.17 million tonnes in FY2006. All the four segments contributed to the growth.

SALES REVENUE: Total sales revenue grew at CAGR of 28.9% over last five years from S$1.58 billion in FY2002 to S$4.36 billion in FY2006. The growth was due to the increase in volumes as well as the increase in prices of underlying commodities.









Net Contribution by Segment (S$million)	FY2002	FY2003	FY2004	FY2005	FY2006
Edible Nuts, Spices & Beans	18.6	18.2	29.0	45.3	52.9
Confectionery & Beverage Ingredients	35.9	35.8	58.5	72.9	95.7
Food Staples & Packaged Foods	19.3	20.0	21.3	28.8	42.1
Fibre & Wood Products	14.6	18.3	33.3	46.0	68.7
Total	88.4	92.3	142.1	193.0	259.4

NET CONTRIBUTION (NC): All business segments recorded growth in NC over the five years from FY2002 to FY2006. Overall, NC grew at CAGR of 30.9% during this period with net contribution per tonne rising from S$52 to S$82.

Earnings Before interest and Tax (S$million)	
FY2006	191.2
FY2005	125.3
FY2004	97.2
FY2003	69.9
FY2002	56.4

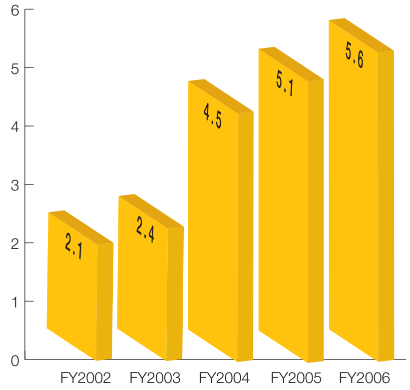
EARNINGS BEFORE INTEREST AND TAX: Earnings Before Interest and Tax grew from S$56.4 million in FY2002 to S$191.2 million in FY2006, a CAGR growth of 35.7% over the five-year period.

Net Profit After Tax (S$million)	
FY2006	87.2
FY2005	65.9
FY2004	48.1
FY2003	28.7
FY2002	25.0

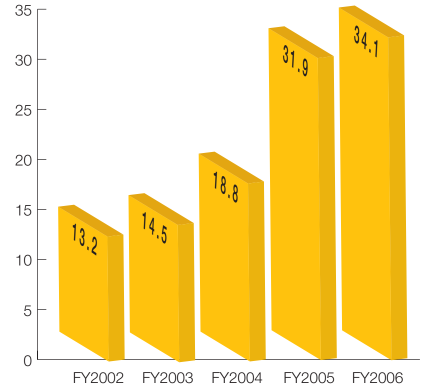
NET PROFIT AFTER TAX: Net Profit After Tax increased from S$25.0 million in FY2002 to S$87.2 million in FY2006 at CAGR of 36.7% over this period.

Financial Analysis

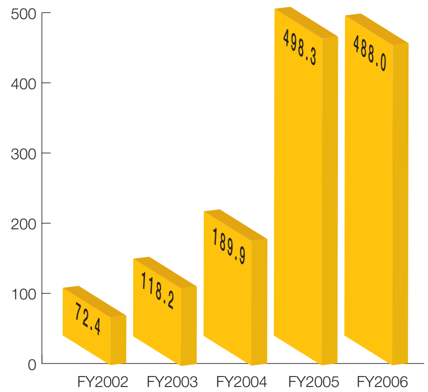
Earnings Per Share (EPS)
(cents)



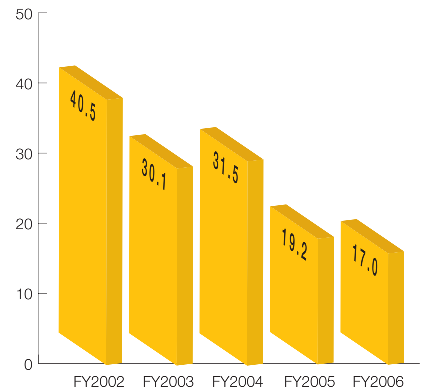
Net Tangible Asset Per Share
(cents)



Shareholders' Equity
(S$million)



Return on Average Equity
(%)



Earnings Per Share (cents)	
FY2006	5.6
FY2005	5.1
FY2004	4.5
FY2003	2.4
FY2002	2.1

EARNINGS PER SHARE (EPS): EPS grew from 2.1 cents per share in FY2002 to 5.6 cents per share in FY2006 at a CAGR of 28.7% in spite of the enlarged share base after Olam's IPO in February 2005.

Net Tangible Asset Per Share (cents)	
FY2006	34.1
FY2005	31.9
FY2004	18.8
FY2003	14.5
FY2002	13.2

NET TANGIBLE ASSET PER SHARE: Net Tangible Asset Per Share rose from 13.2 cents in FY2002 to 34.1 cents in FY2006, implying a CAGR growth of 26.8% during this period.

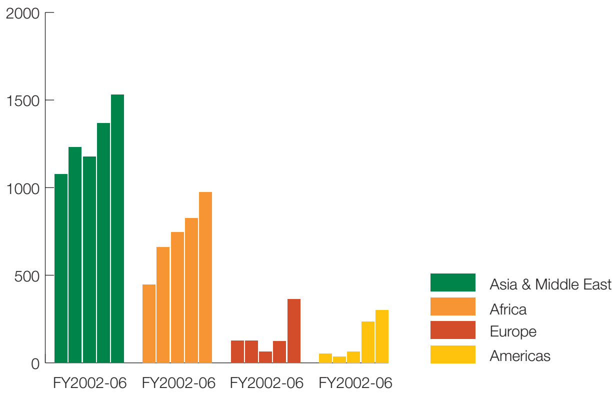
Shareholders' Equity (S$million)	
FY2006	488.0
FY2005	498.3
FY2004	189.9
FY2003	118.2
FY2002	72.4

SHAREHOLDERS' EQUITY: Our equity base increased from S$72.4 million in FY2002 to S$488.0 million in FY2006. Olam was publicly listed in February 2005, raising net proceeds of S$217.4 million in FY2005.

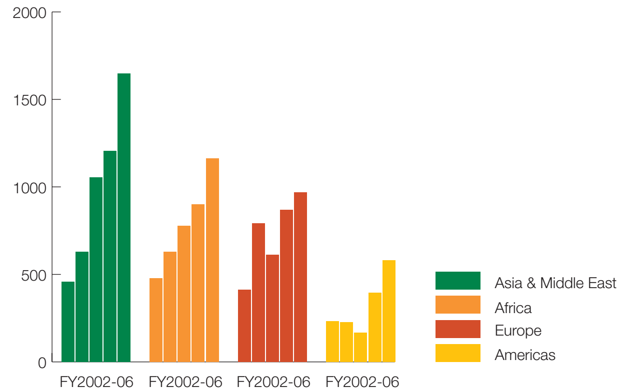
Return on Average Equity (%)	
FY2006	17.0
FY2005	19.2
FY2004	31.2
FY2003	30.1
FY2002	40.5

RETURN ON AVERAGE EQUITY (ROE): ROE for FY2006 based on average equity was 17.0%, slightly lower than FY2005 on an expanded equity base as this was the first full year after raising proceeds from the IPO in February 2005.

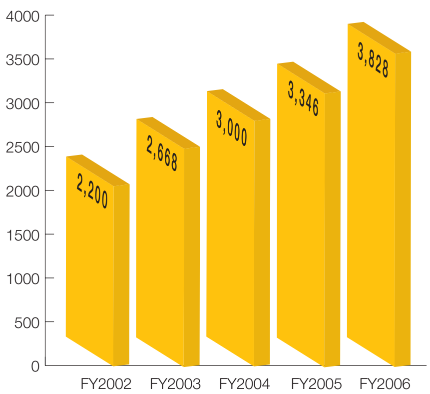
Sourcing Volume by Continent
('000 Metric Tonnes)



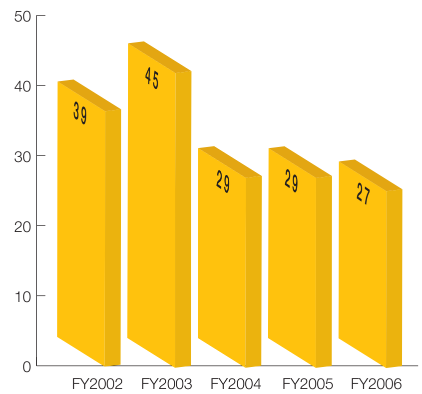
Sales Revenue by Continent
(S$million)



Number of Customers



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



Sourcing Volume by Continent ('000 metric tonnes)	FY2002	FY2003	FY2004	FY2005	FY2006
Asia & Middle East	1,076	1,230	1,178	1,369	1,532
Africa	447	661	746	825	974
Europe	126	127	64	123	364
Americas	53	36	64	236	302
Total	1,702	2,054	2,052	2,553	3,172

SOURCING VOLUME BY CONTINENT: Asia & Middle East and Africa still remain our predominantly major sourcing continents, accounting for 79.0% of total volume while Americas and Europe accounted for the balance of 21.0%. There has been a gradual increase in sourcing volumes in Americas and Europe as we expanded into countries like Brazil, Argentina, Ukraine and Poland and target to achieve a diversified and broad base of sourcing locations.

Sales Revenue by Continent (S$million)	FY2002	FY2003	FY2004	FY2005	FY2006
Asia & Middle East	457.1	627.9	1,053.9	1,205.1	1,649.1
Africa	478.1	628.3	778.1	900.3	1,162.9
Europe	413.7	791.7	612.2	868.6	969.7
Americas	232.7	226.4	166.1	395.2	579.4
Total	1,581.6	2,274.3	2,610.3	3,369.2	4,361.1

SALES REVENUE BY CONTINENT: Asia & Middle East and Africa accounted for 64.5% of our sales revenue while Americas and Europe contributed to the balance 35.5% in FY2006. Sales contribution from Europe and Americas has been growing as we seek to diversify and broaden our destination markets.

Number of customers	
FY2006	3,828
FY2005	3,346
FY2004	3,000
FY2003	2,668
FY2002	2,200

NUMBER OF CUSTOMERS: The number of customers increased from 2,200 in FY2002 to 3,828 in FY2006, a CAGR of 14.9%. Year-on-year growth in FY2006 was 14.4%. This is in line with our objective to diversify our customer base by growing the number of customers by 10% each year.

Top 25 Customers' Share of Sales Revenue (%)	
FY2006	27
FY2005	29
FY2004	29
FY2003	45
FY2002	39

TOP 25 CUSTOMERS' SHARE OF SALES REVENUE: We have been successful in growing and diversifying our customer base. Our share of revenues from top 25 customers have declined from 39% in FY2002 to 27% in FY2006.

Directors' Report and Audited Financial Statements

Olam International Limited and Subsidiary Companies

30 June 2006

Contents

Report of the Directors

The directors are pleased to present their report to the members together with the audited consolidated financial statements of Olam International Limited ("the Company") and its subsidiary companies ("the Group") and the balance sheet, profit and loss account and statement of changes in equity of the Company for the financial year ended 30 June 2006.

Directors

The directors of the Company in office at the date of this report are:
R. Jayachandran
Narain Girdhar Chanrai
Peter Francis Amour
Tse Po Shing
Mark Haynes Daniell
Michael Lim Choo San
Robert Michael Tomlin
Wong Heng Tew
Sunny George Verghese
Sridhar Krishnan
Shekhar Anantharaman
Lim Sheau Ming (Alternate to Wong Heng Tew)
Frank Philip Harley (Appointed on 10 May 2006; Alternate to Peter Francis Amour)

Arrangements to enable directors to acquire shares and debentures

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

Directors' interests in shares and debentures

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

	Held in the name of the director or nominee			Deemed interest		
Name of directors	As at 1.7.2005	As at 30.6.2006	As at 21.7.2006	As at 1.7.2005	As at 30.6.2006	As at 21.7.2006
The Company						
Olam International Limited						
(a) Ordinary shares						
Narain Girdhar Chanrai	–	–	–	508,134,877+	508,134,877+	508,134,877+
Sunny George Verghese	79,022,630	79,022,630	79,022,630	–	–	–
Sridhar Krishnan	141,482,932*	149,506,335*	149,506,335*	4,227,544	1,497,533	1,497,533
Shekhar Anantharaman	141,482,932*	149,606,327*	149,606,327*	4,227,536	1,497,533	1,497,533
(b) Options to subscribe for ordinary shares						
Sunny George Verghese	15,000,000	15,000,000	15,000,000	–	–	–
Sridhar Krishnan	–	800,000	800,000	–	–	–
Shekhar Anantharaman	–	800,000	800,000	–	–	–

+ The deemed interest in these shares arose out of Narain Girdhar Chanrai being one of the trustees of the Dayal Damodar Chanrai Settlement, 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 has an interest in the Company amounting to 508,134,877 ordinary shares as at 30 June 2006 (2005: 508,134,877 ordinary shares).

* These shares were jointly registered under Messrs Sridhar Krishnan, Shekhar Anantharaman and Joydeep Bose 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").

Out of these shares as at 30 June 2006, 147,276,324 (2005: 141,482,932) shares were jointly registered under Messrs Sridhar Krishnan, Shekhar Anantharaman and Joydeep Bose and are held in trust for the management (including the Directors) and employees of the Group pursuant to the ESBS and ESSS whilst the balance are held in the director's own name.

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

Directors' contractual benefits

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

Employee share benefit scheme

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

A total number of 216 employees of the Group had participated in the ESBS and acquired the shares. These shares are held in trust by Messrs Sridhar Krishnan, Shekhar Anantharaman and Joydeep Bose. At the end of the financial year, there are 134,362,110 shares held by the said trustees.

Employee share subscription scheme

The Olam International Limited Employee Share Subscription Scheme 2004 (the "ESSS") was implemented on 26 October 2004. 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 of 73,913,044 ordinary shares which were fully allotted and issued by the Company. A total of 147 employees had participated in the ESSS and acquired the shares at $0.23 per share (the "Subscription Price"). Upon the execution of a share subscription agreement (the "Agreement") by an eligible employee together with payment of the relevant Subscription Price, the Company issued the prescribed number of shares in the name of (1) Dexia Trust Services Singapore Limited ("Dexia Trust"), where such eligible employees had utilised certain financing facilities granted to Dexia Trust, or (2) Messrs Sridhar Krishnan, Shekhar Anantharaman and Joydeep Bose as trustees for such eligible employees who did not require such financing. Such shares were held in 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). At the end of the financial year, there are 11,905,633 and 12,914,214 shares held in trust by Dexia Trust and Messrs Sridhar Krishnan, Shekhar Anantharaman and Joydeep Bose respectively.

Olam employee share option scheme

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

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

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

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

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

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

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

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

Mark Haynes Daniell – Chairman
Peter Francis Amour
Wong Heng Tew

During the financial year ended 30 June 2006:

- The Company has granted 42,955,160 share options under the ESOS to the Group's employees (including senior management). These options expire on 1 June 2011 and are exercisable if the employee remains in service within the vesting periods.

- There were no ordinary shares issued pursuant to the exercise of options granted under the ESOS.

Details of all the options to subscribe for ordinary shares of the Company pursuant to the ESOS as at 30 June 2006 are as follows:

Expiry date	Exercise price (S$)	Number of options
11 February 2015	0.62	15,000,000
1 June 2011	1.52	42,955,160
Total		57,955,160

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

Name of Participant	Options granted during financial year under review	Exercise Price for options granted during the financial year under review	Aggregate options granted since the commencement of the scheme to the end of financial year under review	Aggregate options exercised since the commencement of the scheme to the end of financial year under review	Aggregate options outstanding as at the end of financial year under review
Sunny George Verghese	–	–	15,000,000	–	15,000,000
Sridhar Krishnan	800,000	$1.52	800,000	–	800,000
Shekhar Anantharaman	800,000	$1.52	800,000	–	800,000

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

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

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

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

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

Audit Committee

The Audit & Compliance Committee (the “Audit Committee”) comprises four independent directors, Mr. Michael Lim Choo San [Chairman], Mr. Robert Tomlin, Mr. Mark Haynes Daniell and Mr. Wong Heng Tew (appointed on 15 September 2006). The Audit Committee performed the functions specified in Section 201B of the Singapore Companies Act, the Code of Corporate Governance 2005 and the Listing Manual of the Singapore Exchange.

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

The Audit Committee reviewed the following:

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

Further, the Audit Committee

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

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

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

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

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

Auditors

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

On behalf of the Board,

R. Jayachandran
Director

Sunny George Verghese
Director

Singapore
22 September 2006

Statement by Directors

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

(i) the accompanying balance sheets, profit and loss accounts, statements of changes in equity and consolidated 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 2006 and the results of the business, changes in equity of the Company and of the Group and cash flows of the Group for the financial year ended on that date; and

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

On behalf of the Board,

R. Jayachandran
Director

Sunny George Verghese
Director

Singapore
22 September 2006

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 82 to 134, for the financial year ended 30 June 2006. 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 balance sheet, profit and loss account and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the 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 2006 and the results, changes in equity of the Group and of the Company and cash flows of the Group for the financial year ended on that date; and

(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
22 September 2006

Profit and Loss Accounts

for the year ended 30 June 2006

	Note	Group 2006 $'000	Group (Restated) 2005 $'000	Company 2006 $'000	Company (Restated) 2005 $'000
Revenue					
Sale of goods	3	4,361,102	3,369,237	3,676,850	3,046,321
Other revenue	4	16,675	5,718	19,428	1,922
		4,377,777	3,374,955	3,696,278	3,048,243
Costs and expenses					
Cost of goods sold	5	3,372,172	2,635,527	3,140,248	2,624,168
Shipping and logistics		573,454	463,059	241,674	225,676
Commission and claims		53,126	27,822	59,604	33,085
Employee benefits expense	27	66,455	51,521	31,841	28,931
Depreciation	9	12,144	7,551	348	304
Net measurement of derivative instruments		(507)	–	(275)	–
Loss/(gain) on foreign exchange		9,688	(13,373)	12,619	(4,743)
Other operating expenses	6	100,033	77,572	35,524	32,301
Finance costs	7	94,704	51,485	84,770	41,897
Share of (gain)/loss from jointly controlled entities		(230)	3	–	–
Profit before taxation		96,738	73,788	89,925	66,624
Taxation	8	(9,531)	(7,878)	(6,118)	(3,752)
Profit for the financial year		87,207	65,910	83,807	62,872
Attributable to:					
Equity holders of the Company		87,232	65,910	83,807	62,872
Minority interest		(25)	–	–	–
		87,207	65,910	83,807	62,872
Earnings Per Share (cents)					
– Basic	33	5.61	5.11	–	–
– Diluted	33	5.58	5.04	–	–

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

Balance Sheets

at 30 June 2006

	Note	Group 2006 $'000	Group (Restated) 2005 $'000	Company 2006 $'000	Company (Restated) 2005 $'000
Non-current Assets					
Property, plant and equipment	9	72,518	39,166	1,130	665
Subsidiary companies	10	–	–	42,072	50,120
Deferred tax assets	8	4,608	860	2,652	717
Investments	11	1,611	1,484	1,512	1,606
Other receivable	17	453	–	453	–
Current Assets					
Amount due from subsidiary companies	12	–	–	255,095	200,856
Trade receivables	13	426,778	649,179	263,317	531,810
Margin accounts with brokers	14	43,147	57,335	41,382	57,079
Inventories	15	1,013,904	1,019,025	237,379	314,035
Advance payments to suppliers	16	160,669	90,881	965,753	671,818
Other receivables	17	138,622	119,143	26,554	54,776
Fixed deposits	30	133,885	61,655	125,306	60,897
Cash and bank balances	30	162,356	103,712	36,487	21,082
Fair value of derivative financial instruments	32(c)	199,614	–	195,412	–
		2,278,975	2,100,930	2,146,685	1,912,353
Current Liabilities					
Trade payables and accruals	18	134,874	175,026	88,823	130,395
Other payables	19	31,712	9,789	26,256	7,368
Amounts due to bankers	20	783,312	1,187,967	698,962	1,075,752
Medium term notes	21	352,508	262,780	352,508	262,780
Provision for taxation		13,251	8,627	7,214	4,817
Fair value of derivative financial instruments	32(c)	213,458	–	208,211	–
		1,529,115	1,644,189	1,381,974	1,481,112
Net Current Assets		749,860	456,741	764,711	431,241
Non-current Liabilities					
Term loans from banks	22	(213,330)	–	(213,330)	–
Medium term notes	21	(127,681)	–	(127,681)	–
Net assets		488,039	498,251	471,519	484,349
Equity attributable to equity holders of the company					
Share capital	23	396,954	155,459	396,954	155,459
Reserves		91,032	342,792	74,565	328,890
		487,986	498,251	471,519	484,349
Minority interest		53	–	–	–
Total Equity		488,039	498,251	471,519	484,349

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

Statements of Changes in Equity

for the year ended 30 June 2006

2006 Group	Share Capital (Note 23) $'000	Share Premium $'000	Foreign Currency Translation Reserves[1] $'000	Fair Value Adjustment Reserves[2] $'000	Share-based Compensation Reserves[3] $'000	Revenue Reserves $'000	Total Reserves $'000	Minority Interest $'000	Total Equity $'000
	Attributable to equity holders of the Company								
At 30 June 2005 as previously reported	155,459	241,495	(24)	–	–	99,795	341,266	–	496,725
Cumulative effects of adopting FRS 102	–	–	–	–	2,641	(1,115)	1,526	–	1,526
At 30 June 2005 as restated	155,459	241,495	(24)	–	2,641	98,680	342,792	–	498,251
Effects of adopting FRS 39	–	–	–	(31,941)	–	2,390	(29,551)	–	(29,551)
At 1 July 2005 as restated	155,459	241,495	(24)	(31,941)	2,641	101,070	313,241	–	468,700
Net loss on fair value changes during the period	–	–	–	(40,028)	–	–	(40,028)	–	(40,028)
Recognised in the profit and loss account on occurrence of hedged transactions	–	–	–	29,991	–	–	29,991	–	29,991
Foreign currency translation adjustment	–	–	(25,067)	–	–	–	(25,067)	–	(25,067)
Net expense recognised directly in equity	–	–	(25,067)	(10,037)	–	–	(35,104)	–	(35,104)
Profit for the year	–	–	–	–	–	87,232	87,232	(25)	87,207
Total recognised income and expenses for the year	–	–	(25,067)	(10,037)	–	87,232	52,128	(25)	52,103
Transfer of share premium to share capital account	241,495	(241,495)	–	–	–	–	(241,495)	–	–
Dividends on ordinary shares (Note 24)	–	–	–	–	–	(33,579)	(33,579)	–	(33,579)
Share-based expense	–	–	–	–	737	–	737	–	737
Incorporation of a subsidiary	–	–	–	–	–	–	–	78	78
As at 30 June 2006	396,954	–	(25,091)	(41,978)	3,378	154,723	91,032	53	488,039

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

2005 Group	Share Capital (Note 23) $'000	Share Premium $'000	Foreign Currency Translation Reserves[1] $'000	Fair Value Adjustment Reserves[2] $'000	Share-based Compensation Reserves[3] $'000	Revenue Reserves $'000	Total Reserves $'000	Total Equity $'000
	Attributable to equity holders of the Company							
At 30 June 2004	100,791	36,035	(4,005)	–	–	57,042	89,072	189,863
Foreign currency translation adjustment	–	–	3,981	–	–	–	3,981	3,981
Net income recognised directly in equity	–	–	3,981	–	–	–	3,981	3,981
Profit for the year	–	–	–	–	–	65,910	65,910	65,910
Total recognised income for the year	–	–	3,981	–	–	65,910	69,891	69,891
Dividends on ordinary shares (Note 24)	–	–	–	–	–	(24,272)	(24,272)	(24,272)
Share-based expense	–	–	–	–	2,641	–	2,641	2,641
Issuance of ordinary shares for cash	54,668	216,367	–	–	–	–	216,367	271,035
Expenses on issuance of ordinary shares	–	(10,907)	–	–	–	–	(10,907)	(10,907)
As at 30 June 2005	155,459	241,495	(24)	–	2,641	98,680	342,792	498,251

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

Statements of Changes in Equity (cont'd)

for the year ended 30 June 2006

2006 Company	Share Capital (Note 23) $'000	Share Premium $'000	Foreign Currency Translation Reserves[1] $'000	Fair Value Adjustment Reserves[2] $'000	Share-based Compensation Reserves[3] $'000	Revenue Reserves $'000	Total Reserves $'000	Total Equity $'000
	Attributable to equity holders of the Company							
At 30 June 2005 as previously reported	155,459	241,495	5,834	–	–	79,493	326,822	482,281
Cumulative effects of adopting FRS 102	–	–	–	–	2,641	(573)	2,068	2,068
At 30 June 2005 as restated	155,459	241,495	5,834	–	2,641	78,920	328,890	484,349
Effects of adopting FRS 39	–	–	–	(31,969)	–	2,630	(29,339)	(29,339)
At 1 July 2005 as restated	155,459	241,495	5,834	(31,969)	2,641	81,550	299,551	455,010
Net loss on fair value changes during the period	–	–	–	(30,968)	–	–	(30,968)	(30,968)
Recognised in the profit and loss account on occurrence of hedged transactions	–	–	–	21,891	–	–	21,891	21,891
Foreign currency translation adjustment	–	–	(25,379)	–	–	–	(25,379)	(25,379)
Net expense recognised directly in equity	–	–	(25,379)	(9,077)	–	–	(34,456)	(34,456)
Profit for the year	–	–	–	–	–	83,807	83,807	83,807
Total recognised income and expenses for the year	–	–	(25,379)	(9,077)	–	83,807	49,351	49,351
Transfer of share premium to share capital account	241,495	(241,495)	–	–	–	–	(241,495)	–
Dividends on ordinary shares (Note 24)	–	–	–	–	–	(33,579)	(33,579)	(33,579)
Share-based expense	–	–	–	–	737	–	737	737
As at 30 June 2006	396,954	–	(19,545)	(41,046)	3,378	131,778	74,565	471,519

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

2005 Company	Share Capital (Note 23) $'000	Share Premium $'000	Foreign Currency Translation Reserves[1] $'000	Fair Value Adjustment Reserves[2] $'000	Share-based Compensation Reserves[3] $'000	Revenue Reserves $'000	Total Reserves $'000	Total Equity $'000
	Attributable to equity holders of the Company							
At 30 June 2004	100,791	36,035	3,079	–	–	40,320	79,434	180,225
Foreign currency translation adjustment	–	–	2,755	–	–	–	2,755	2,755
Net income recognised directly in equity	–	–	2,755	–	–	–	2,755	2,755
Profit for the year	–	–	–	–	–	62,872	62,872	62,872
Total recognised income for the year	–	–	2,755	–	–	62,872	65,627	65,627
Dividends on ordinary shares (Note 24)	–	–	–	–	–	(24,272)	(24,272)	(24,272)
Share-based expense	–	–	–	–	2,641	–	2,641	2,641
Issuance of ordinary shares for cash	54,668	216,367	–	–	–	–	216,367	271,035
Expenses on issuance of ordinary shares	–	(10,907)	–	–	–	–	(10,907)	(10,907)
As at 30 June 2005	155,459	241,495	5,834	–	2,641	78,920	328,890	484,349

[1] Foreign currency translation reserves

The foreign currency translation reserve is used to record exchange differences arising from the translation of the functional currency to presentation currency and translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

[2] Fair value adjustment reserves

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

[3] Share-based compensation reserves

Share-based compensation reserve represents the equity-settled shares and share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded at cost of share-based expense.

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

Consolidated Cash Flow Statement

for the year ended 30 June 2006

	2006 $'000	2005 (Restated) $'000
Cash flows from operating activities		
Operating profit before taxation	96,738	73,788
Adjustments for:		
Share of (gain)/loss of jointly controlled entity	(230)	3
Depreciation of property, plant and equipment	12,144	7,551
Gain on disposal of property, plant and equipment	(78)	(126)
Net measurement of derivative instruments	(507)	–
Cost of share-based payment	1,719	1,115
Interest income	(11,081)	(2,140)
Interest expense	94,704	51,485
Operating profit before reinvestment in working capital	193,409	131,676
Decrease in amount due from a related party	–	3,000
Decrease/(increase) in inventories	5,121	(540,967)
Decrease/(increase) in receivables	179,672	(276,030)
Increase in advance payments to suppliers	(69,788)	(791)
(Decrease)/increase in payables	(16,866)	19,978
Cash generated from/(used in) operations	291,548	(663,134)
Interest income received	11,081	2,140
Interest expense paid	(83,531)	(47,012)
Tax paid	(5,672)	(5,283)
Net cash flows generated from/(used in) operating activities	213,426	(713,289)
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	741	655
Purchase of property, plant and equipment	(48,440)	(25,885)
Investment in a jointly controlled entity	–	(1,414)
Loan to a jointly controlled entity	(574)	–
Net cash flows used in investing activities	(48,273)	(26,644)
Cash flows from financing activities		
(Repayment)/increase in loans from banks	(142,607)	505,419
Repayment of term loan from a bank	–	(266)
Decrease in amount due to a corporate shareholder	–	(1,403)
Repayment of long term loan from a corporate shareholder	–	(8,600)
Proceeds from issuance of ordinary shares at premium	–	245,433
Expenses on issuance of ordinary shares	–	(10,907)
Dividends paid on ordinary shares by the Company	(33,579)	(24,272)
Proceeds from issue of medium term notes	217,409	85,780
Net cash flows provided by financing activities	41,223	791,184
Net effect of exchange rate changes on cash and cash equivalents	(26,784)	3,902
Net increase in cash and cash equivalents	179,592	55,153
Cash and cash equivalents at beginning of year	87,809	32,656
Cash and cash equivalents at end of year (Note 30)	267,401	87,809

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

Notes to the Financial Statements

30 June 2006

1. Corporate information

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

The principal activities of the Company and that of its subsidiary companies are those of sourcing, processing, packaging and merchandising of agricultural products. 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.

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.

The financial statements have been prepared on a historical cost basis except for derivative financial instruments that have been measured at their fair values.

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

(b) Changes in accounting policies

The accounting policies have been consistently applied by the Group and the Company and are consistent with those used in the previous financial year, except for the changes in accounting policies discussed below.

Adoption of new FRS

On 1 July 2005, the Group and the Company adopted the following standards, mandatory for annual financial periods beginning on or after 1 January 2005.

- FRS 39, Financial Instruments: Recognition and Measurement
- FRS 102, Share-based Payment

(i) FRS 39, Financial Instruments: Recognition and Measurement

The Group and the Company adopted FRS 39 prospectively on 1 July 2005. At that date, financial assets within the scope of FRS 39 were classified as either financial assets at fair value through profit or loss, or loans and receivables, as appropriate. Financial assets that were classified as financial assets at fair value through profit or loss were measured at fair value while loans and receivables were measured at amortised cost using the effective interest rate method. As at 1 July 2005, differences between the carrying values and fair values of financial assets at fair value through profit or loss as well as any differences between the carrying values and amortised costs of financial assets classified as loans and receivables were recognised in revenue reserves.

As at 1 July 2005, financial liabilities (other than derivative financial instruments) within the scope of FRS 39 were measured at amortised costs using the effective interest rate method. Any difference between the carrying values and amortised costs as at 1 July 2005 were recognised in revenue reserve.

According to FRS 39, all derivative financial instruments held by the Group and the Company were recognised as assets or liabilities in the balance sheet and classified as financial assets or financial liabilities at fair value through profit or loss. Fair value adjustments of derivative financial instruments, except for those designated as hedging instruments in cash flow hedges, were recognised in revenue reserves as at 1 July 2005.

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

(b) Changes in accounting policies (cont'd)

(i) FRS 39, Financial Instruments: Recognition and Measurement

As at 1 July 2005, the Group and the Company held derivative financial instruments that were designated as hedging instruments in cash flow hedges of the foreign currency risks or commodity price risks or interest rate risk of highly probable forecasted transactions. The portion of the gain or loss on these hedging instruments that is determined to be an effective hedge was recognised directly in the fair value adjustment reserves at that date. The ineffective portion of a hedge was recognised in revenue reserves as at 1 July 2005.

Under the transitional provisions of FRS 39, the change in accounting policy on 1 July 2005 resulted in the following adjustments at that date:

- Increase in the Group and Company's revenue reserves by $2,390,000 and $2,630,000 respectively; and
- Decrease in the Group and Company's fair value adjustment reserves by $31,941,000 and $31,969,000 respectively.

(ii) FRS 102, Share-based Payment

The main impact of FRS 102 on the Group and the Company is the recognition of an expense and a corresponding entry to equity for shares and share options granted to employees.

The Group and the Company have applied FRS 102 retrospectively and have taken advantage of the transitional provisions of FRS 102 in respect of equity-settled awards. As a result, the Group and the Company have applied FRS 102 only to equity-settled awards granted after 22 November 2002 that had not vested on 1 July 2005.

Under the transitional provisions of FRS 102, the change in accounting policy has resulted in the following:

- As at 1 July 2005,
  – Increase in the Group and Company's share-based compensation reserves by $ 2,641,000 (2004: Nil); and
  – Decrease in the Group and Company's revenue reserves by $1,115,000 and $573,000 (2004: Nil) respectively.
- For the year ended 30 June 2006, decreases in the Group's:
  – Profit for the year by $1,719,000 (2005: $ 1,115,000) and Company's profit for the year by $844,000 (2005: $573,000) respectively due to an increase in the employee benefits expense;
  – Basic earnings per share by 0.11 cents (2005: 0.08 cents); and
  – Diluted earnings per share by 0.11 cents (2005: 0.08 cents).
- Prior year balance sheet comparative figures are being restated as follows:
  – Increase in the Group and Company's other receivables to $119,143,000 and $54,776,000 respectively; and
  – Increase in the Company's amounts due from/(to) subsidiary companies to $200,856,000.

Adoption of revised FRSs

The Group and the Company adopted the following revised standards mandatory for annual financial periods beginning on or after 1 January 2005 which did not result in any significant changes on the financial statements:

FRS 1 (revised), Presentation of Financial Statements
FRS 2 (revised), Inventories
FRS 7 (revised), Cash Flow Statements
FRS 8 (revised), Accounting Policies, Changes in Accounting Estimates and Errors
FRS 10 (revised), Events after the Balance Sheet Date
FRS 12 (revised), Income Taxes
FRS 14 (revised), Segment Reporting
FRS 16 (revised), Property, Plant and Equipment
FRS 17 (revised), Leases
FRS 18 (revised), Revenue
FRS 21 (revised), The Effects of Changes in Foreign Exchange Rates
FRS 24 (revised), Related Party Disclosures
FRS 27 (revised), Consolidated and Separate Financial Statements
FRS 31 (revised), Interests in Joint Ventures
FRS 32 (revised), Financial Instruments: Disclosures and Presentation
FRS 33 (revised), Earnings Per Share
FRS 36 (revised), Impairment of Assets
FRS 37 (revised), Provision, Contingent Liabilities and Contingent Assets

FRS and Interpretation of FRS ("INT FRS") not yet effective

The Group and the Company have not applied the following FRSs and INT FRSs that have been issued but are only effective for annual financial periods beginning on or after 1 January 2006:

- *FRS 40, Investment Property (effective for annual financial periods beginning on or after 1 January 2007)*
  FRS 106, Exploration for and Evaluation of Mineral Resources
  INT FRS 105, Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
  INT FRS 106, Liabilities Arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment (effective for annual financial periods beginning on or after 1 December 2005)
  INT FRS 107, Applying the Restatement Approach under FRS 29, Financial Reporting in Hyperinflationary Economies (effective for annual financial periods beginning on or after 1 March 2006)

The above standards and pronouncements do not apply to the activities of the Group.

- *Amendment to FRS 19 (revised), Employee benefits relating to actuarial gains and losses, group plans and disclosures*

This standard requires additional disclosures about trends in the assets and liabilities in the defined benefit plans and the assumptions underlying the components of the defined benefit cost. The adoption of the amendments to FRS 19 will result in additional disclosures but the Group expects that the adoption of the above standard will have no material impact on the financial statements in the period of initial allocation.

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

(b) Changes in accounting policies (cont'd)

- *FRS 107, Financial Instruments: Disclosure*

This standard, effective for annual financial periods beginning on or after 1 January 2007, requires quantitative disclosures of the nature and extent of risks arising from financial instruments in addition to the disclosures currently required under FRS 32. Adoption of this standard will result in additional disclosures in the financial statements.

- INT FRS 104, Determining Whether an Arrangement Contains a Lease

This interpretation requires the determination of whether an arrangement is, or contains a lease to be based on the substance of the arrangement and requires an assessment of whether the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

The Group expects that the adoption of the pronouncements listed above will have no material impact on the financial statements in the period of initial application.

(c) Significant accounting estimates and judgments

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

Key sources of estimation uncertainty

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

(i) Impairment of investments in subsidiaries

The Company assesses at each reporting date whether there is an indication that the investments in subsidiaries may be impaired. This requires an estimation of the value in use of a subsidiary company as a cash generating unit. Estimating the value in use requires the Company to make an estimate of the expected future cash flows from the subsidiary company and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Company's investment in subsidiaries as at 30 June 2006 is $42,072,000 (2005: $50,120,000).

(ii) Income taxes

The Group has exposure to income taxes in numerous jurisdictions. Considerable judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes would be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's tax payables as at 30 June 2006 was $13,251,000 (2005: $8,627,000).

(d) Functional and foreign currency

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

Transactions in currencies other than functional currency are treated as transactions in foreign currencies and are recorded at exchange rates approximating those ruling at the balance sheet date. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. 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 result of foreign subsidiary companies are translated into USD at the weighted average exchange rates. Exchange differences due to currency translations are included in the foreign currency translation reserve.

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

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

- Assets and liabilities for each balance sheet presented are translated at the closing rate ruling at that balance sheet date; and

- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions.

- All resultant exchange differences are recognised in a separate component of equity as foreign currency translation reserves.

(e) Subsidiaries and principles of consolidation

(i) Subsidiaries

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

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

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

(ii) Principles of consolidation

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

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognised in assets, are eliminated in full.

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

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. They are presented in the consolidated balance sheet within equity, separately from the parent shareholders' equity, and are separately disclosed in the consolidated profit and loss account.

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

(f) Jointly controlled entities

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

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

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

(g) Property, plant and equipment

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

Freehold land has an unlimited useful life and therefore is not depreciated. Leasehold land and buildings is depreciable over the shorter of the estimated useful life of the asset or the lease period. Depreciation of an asset begins when it is available for use and is computed on a straight line basis over the estimated useful life of the assets as follows:

Leasehold land and 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

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

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

(h) Impairment of non-financial assets

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

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

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses recognised for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Reversal of an impairment loss is recognised in the profit and loss account. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(i) Financial assets

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

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

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

a) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivative financial instruments are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in the profit and loss account.

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

b) Loans and receivables

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

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

(i) Financial assets (cont'd)

c) Held-to-maturity investments

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

d) Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale. After initial recognition, available-for-sale financial assets are measured at fair value with gains or losses being recognised in the fair value adjustment reserve until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the profit and loss account.

(j) Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances and short-term fixed bank deposits.

Cash and cash equivalents carried in the balance sheets are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 2(i).

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.

(k) Receivables

Trade receivables, which are on trade terms, margin accounts with brokers as well as receivables from subsidiary companies and advance payments to suppliers are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 2(i).

An allowance is made for doubtful debts when there is objective evidence that the Group will not be able to collect the debt. Bad debts are written off when identified. Further details on the accounting policy for impairment of financial assets are stated in Note 2(l) below.

(l) Impairment of financial assets

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

a) Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the profit and loss account.

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

b) Assets carried at cost

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(m) Inventories

Inventories are stated at the lower of cost and net realisable value. Inventories are valued on first-in-first-out basis. Net realisable value represents the estimated selling price in the ordinary course of business, less anticipated cost of disposal and after making allowance for damaged, obsolete and slow-moving items.

(n) Payables

Liabilities for trade and other amounts payable, which are on trade terms are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the profit and loss account when the liabilities are derecognised as well as through the amortisation process.

(o) Loans and borrowings

Amounts due to bankers, term loans from banks, as well as the medium term notes are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, they are subsequently measured at amortised cost using the effective interest method.

(p) Borrowing costs

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

(q) Derecognition of financial assets and liabilities

Financial assets are derecognised when the Group has transferred substantively all risks and rewards of ownership or when the contractual rights to receive cash flows have expired.

A financial liability is removed or derecognised from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

(r) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) where, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

(s) Employee benefits

(i) Defined contribution plan

The Group participates in the national pension schemes as defined by the laws of countries in which it has operations. In particular, the Singapore companies in the Group make contribution to the Central Provident Fund scheme, a defined contribution pension scheme. Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

(ii) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to the balance sheet date.

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

(s) Employee benefits (cont'd)

(iii) Employee shares subscription / options scheme

Employees (including senior executives) of the Group receive remuneration in the form of share-based payment whereby employees render services as consideration for share options or shares subscriptions ("equity-settled transations").

The share-based expense of equity-settled transactions with employees is measured with reference to the fair value at the date on which the share subscriptions / options are granted. In valuing the share options, no account is taken of any performance conditions.

The share-based expense of equity-settled transactions is recognised, together with a corresponding increase in the share-based compensation reserve, over the period in which the service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the group's best estimate of the number of equity instruments that will ultimately vest. The profit and loss charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest. Where the terms of an equity-settled awards are modified, an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for a modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it has vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The Group has taken advantage of the transitional provisions of FRS 102 in respect of equity-settled awards and has applied FRS 102 only to equity-settled awards granted after 22 November 2002 that had not vested on or before 1 July 2005.

(t) 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.

(u) 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 collection is in doubt.

(v) Government grants, export incentives and subsidies

Government grants, export incentives and subsidies are recognised at their fair value where there is reasonable assurance that the grant will be received and all conditions attached to the grant will be complied with.

(w) Income taxes

(i) Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the balance sheet date.

(ii) Deferred tax

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 that are expected to be applied 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 entities, 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 the entire deferred tax asset to be utilised. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Income tax relating to items recognised directly in equity is recognised in equity.

(iii) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the assets or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

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

(x) Derivative financial instruments and hedging activities

The Group uses derivative financial instruments such as forward currency contracts, commodity futures and interest rate contracts to hedge its risks associated with foreign currency, commodity price and interest rate fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivative financial instruments that do not qualify for hedge accounting are taken to the profit and loss account for the year.

The fair value of forward currency contracts and interest rate derivatives are calculated by reference to current forward exchange rates and interest rates respectively for contracts with similar maturity profiles. The fair values of commodity futures are determined by reference to market values for similar instruments.

For the purpose of hedge accounting, all the Group hedges are classified as cash flow hedges because they are hedging the exposure to variability in cash flows that is attributable to highly probable risk exposure and could affect profit or loss.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

For cash flow hedges which meet the Group's criteria for hedge accounting, the effective portion of the gain or loss on the hedging instrument is recognised directly in the fair value adjustment reserves, while the ineffective portion is recognised in the profit and loss account.

Amounts taken to fair value adjustment reserves are transferred to the profit and loss account when the hedged transaction affects profit or loss, such as when a forecasted sale occurs, or when financial income or financial expense is recognised.

If the forecast transaction is no longer expected to occur, amounts previously recognised in fair value adjustment reserves are transferred to the profit and loss account. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in fair value adjustment reserves remain in equity until the forecast transaction occurs. If the related transaction is not expected to occur, the amount is taken to the profit and loss account.

3. Sale of goods

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

4. Other revenue

Other revenue included the following for the financial years ended 30 June 2006 and 30 June 2005:

	Group		Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Interest income from fixed deposits	6,340	1,005	2,734	329
Interest income from brokers	397	–	397	–
Interest income from customers	3,557	1,135	2,557	1,135
Interest income from suppliers	787	–	787	–
Interest income from subsidiary	–	–	2,241	–
Dividend income	–	–	–	92
Consultancy fees received	–	–	10,353	–
Miscellaneous income (1)	5,594	3,578	359	366
	16,675	5,718	19,428	1,922

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

5. Cost of goods sold

The following items have been included in arriving at cost of goods sold:

	Group		Company	
This is stated after charging/(crediting):	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Realised profit on futures and options (1)	(32,600)	(11,825)	(30,088)	(10,459)
Export incentives and subsidies received (2)	(11,904)	(7,405)	–	–
Provision for inventories written down	3,897	167	3,758	–
Inventories written off	–	260	–	–

(1) Realised profit on futures and options arising from price hedges in relation to sales and purchases of physical commodities.

(2) Export incentives and subsidies relate to income from government agencies of various countries for export of agricultural products.

6. Other operating expenses

The following items have been included in arriving at other operating expenses:

This is stated after charging/(crediting):	Group 2006 $'000	Group 2005 $'000	Company 2006 $'000	Company 2005 $'000
Auditors' remuneration:				
– Other fees paid to auditor of the Company*	139	109	139	109
Gain on disposal of property, plant and equipment	(78)	(126)	(3)	–
Directors' emoluments	3,913	2,890	3,913	2,890
Bank charges	15,954	17,461	9,703	12,025
Bad debts written off:				
– Trade receivables (Note 13)	196	51	157	10
– Advance to suppliers (Note 16)	408	145	379	40
Provision for doubtful debts:				
– Trade receivables	5,471	3,274	2,931	2,305
– Advance to suppliers	1,359	1,107	2,444	3,509
– Other receivables	12	20	–	–
– Subsidiary companies	–	–	4,183	2,188
Write back for impairment in investment in subsidiaries	–	–	(628)	(282)

* In addition to the fees disclosed in financial year ended 30 June 2005, the Group and Company paid $361,000 relating to the Initial Public Offering ("IPO") exercise undertaken in 2005. 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 years ended 30 June 2006 and 30 June 2005:

	Group 2006 $'000	Group 2005 $'000	Company 2006 $'000	Company 2005 $'000
Interest expense:				
On bank overdrafts	4,728	8,527	164	1,298
On bank loans	73,472	34,426	69,946	31,332
Interest on medium term notes	19,357	7,530	19,357	7,530
Interest on loan from a subsidiary	–	–	–	148
Interest rate derivatives	(4,846)	–	(4,846)	–
Others	1,993	1,002	149	1,589
	94,704	51,485	84,770	41,897

8. Income tax

a) Major components of income tax expense

The major components of income tax expense for the financial years ended 30 June 2006 and 2005 were:

i) Profit and loss account

	Group		Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Current income tax:				
Singapore	6,118	3,750	6,118	3,750
Foreign	4,908	4,518	–	–
Over provision in respect of prior years	(48)	(273)	–	(446)
	10,978	7,995	6,118	3,304
Deferred income tax:				
Singapore	–	448	–	448
Foreign	(1,447)	(565)	–	–
	(1,447)	(117)	–	448
Income tax expense	9,531	7,878	6,118	3,752

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.

	Group		Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
ii) Statements of changes in equity				
Deferred income tax related to items charged directly to equity				
Net change in fair value adjustment reserves for derivative financial instruments designated as hedging instruments in cash flow hedges	2,030	–	1,978	–
Income tax expense reported in equity	2,030	–	1,978	–

8. Income tax (cont'd)

b) Relationship between tax expense and accounting profit

A reconciliation of the statutory tax rate to the Group's effective tax rate for the financial years ended 30 June 2006 and 30 June 2005 is as follows:

	Group		Company	
	2006 %	2005 %	2006 %	2005 %
Statutory tax rate	20.0	20.0	20.0	20.0
Tax effect of non-deductible expenses	3.2	1.6	2.9	1.5
Higher statutory tax rates of other countries	0.5	1.9	–	–
Tax effect of income taxed at lower rate	(16.0)	(14.4)	(17.2)	(16.0)
Tax effect on exempt income	(1.9)	–	–	–
Tax effect on difference in tax base	0.7	2.0	–	–
Group relief	–	–	(0.3)	(0.8)
Overprovision in respect of prior year	–	(0.4)	–	(0.6)
Tax effect of temporary differences not recognised	4.0	(1.0)	–	–
Tax effect of others, net	(0.7)	0.8	1.4	1.5
Effective tax rate	9.8	10.5	6.8	5.6

c) Deferred income tax

	Group		Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Deferred tax liabilities:				
Differences in depreciation	525	314	9	10
Others	23	25	–	–
Gross deferred tax liabilities	548	339	9	10
Deferred tax assets:				
Provision for doubtful debts	640	646	516	549
Provision for inventories written down	1,163	178	167	178
Unabsorbed losses	765	221	–	–
Revaluation of financial instruments to fair value	2,030	–	1,978	–
Others	558	154	–	–
Gross deferred tax assets	5,156	1,199	2,661	727
Net deferred tax assets	4,608	860	2,652	717

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 $765,000 (2005: $2,633,000) 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 $14,268,000 (2005: $2,762,000) 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. Property, plant and equipment

Group	Freehold land $'000	Leasehold land and buildings $'000	Plant and machinery $'000	Motor vehicles $'000	Furniture and fittings $'000	Office equipment $'000	Computers $'000	Capital work-in-progress $'000	Total $'000
Cost									
As at 1 July 2004	486	3,020	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	28	148	(96)	(211)	(16)	(49)	12	88	(96)
As at 30 June 2005	514	6,853	26,178	14,394	4,178	5,246	2,629	1,925	61,917
Additions	3,011	8,711	13,392	7,522	1,817	1,491	1,099	11,397	48,440
Disposals	–	–	(295)	(967)	(43)	(38)	(33)	(303)	(1,679)
Reclassification	–	181	722	17	57	(33)	(126)	(818)	–
Foreign currency translation adjustment	(64)	(595)	(1,308)	(686)	(256)	(261)	(153)	(122)	(3,445)
As at 30 June 2006	3,461	15,150	38,689	20,280	5,753	6,405	3,416	12,079	105,233
Accumulated depreciation									
As at 1 July 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)
As at 30 June 2005	–	772	7,520	6,803	2,832	3,100	1,724	–	22,751
Charge for the year	–	663	5,735	4,078	467	720	481	–	12,144
Disposals	–	–	(182)	(769)	(17)	(34)	(14)	–	(1,016)
Reclassification	–	–	–	103	21	(9)	(115)	–	–
Foreign currency translation adjustment	–	(84)	(377)	(299)	(163)	(145)	(96)	–	(1,164)
As at 30 June 2006	–	1,351	12,696	9,916	3,140	3,632	1,980	–	32,715
Net book value									
As at 30 June 2006	3,461	13,799	25,993	10,364	2,613	2,773	1,436	12,079	72,518
As at 30 June 2005	514	6,081	18,658	7,591	1,346	2,146	905	1,925	39,166

9. Property, plant and equipment (cont'd)

Company	Buildings $'000	Motor vehicles $'000	Furniture and fittings $'000	Office equipment $'000	Computers $'000	Total $'000
Cost						
As at 1 July 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)
As at 30 June 2005	189	454	1,277	829	735	3,484
Additions	–	189	424	43	228	884
Disposals	–	(16)	–	–	(3)	(19)
Foreign currency translation adjustment	(11)	(32)	(88)	(50)	(50)	(231)
As at 30 June 2006	178	595	1,613	822	910	4,118
Accumulated depreciation						
As at 1 July 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)
As at 30 June 2005	59	222	1,245	739	554	2,819
Charge for the year	9	102	59	53	125	348
Disposals	–	(3)	–	–	(1)	(4)
Foreign currency translation adjustment	(4)	(16)	(75)	(45)	(35)	(175)
As at 30 June 2006	64	305	1,229	747	643	2,988
Net book value						
As at 30 June 2006	114	290	384	75	267	1,130
As at 30 June 2005	130	232	32	90	181	665

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 $387,361 (2005: $293,878).

10. Subsidiary companies

	Company 2006 $'000	Company 2005 $'000
Unquoted shares at cost	39,229	33,492
Loans to subsidiary companies	2,772	2,934
Advances for equity contributions	1,139	15,476
Provision for impairment loss	(1,068)	(1,782)
	42,072	50,120

Loans to subsidiary companies are unsecured, interest free and have no fixed terms of repayment. They are not expected to be repayable in the next 12 months.

Assessment of impairment on investment in subsidiaries is carried out every year and the necessary provisions are accordingly made. For the year ended 30 June 2006, there was a reduction in provision based on assessment made by the Company.

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. However, during the year, a significant portion of advances for equity contribution has since been repaid by the subsidiaries as the Group has revised its funding arrangements.

Subsidiary companies of Olam International Limited as at 30 June 2006 and 30 June 2005 are:

Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of investment 2006 US$'000	Cost of investment 2006 S$'000	Cost of investment 2005 US$'000	Cost of investment 2005 S$'000	Percentage of equity held by the Company 2006 %	Percentage of equity held by the Company 2005 %
Caraway Pte Ltd[1] (Singapore)	Sourcing, processing, packaging and merchandising of agricultural products (Singapore)	122	193	122	206	100	100
Olam Benin Sarl.[4] (Benin)	Dormant (Cotonou)	336	533	336	566	100	100
Olam Burkina Sarl.[3] (Burkina Faso)	Sourcing, processing, packaging and merchandising of agricultural products (Bobo Dioulasso)	191	303	191	322	100	100
Olam Cam Sarl.[3] (Cameroon)	Sourcing, processing, packaging and merchandising of agricultural products (Douala)	328	520	328	553	100	100
Olam Europe B.V.[4] (Netherlands)	Sourcing, processing, packaging and merchandising of agricultural products (Rotterdam)	20	32	20	34	100	100

10. Subsidiary companies (cont'd)

Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of investment 2006 US$'000	2006 S$'000	2005 US$'000	2005 S$'000	Percentage of equity held by the Company 2006 %	2005 %
Olam Ghana Limited[2] (Ghana)	Sourcing, processing, packaging and merchandising of agricultural products (Accra)	2,940	4,663	2,940	4,954	100	100
Olam Investments Limited[4] (Mauritius)	Investment holding (Port Louis)	10	16	10	17	100	100
Olam Ivoire Sarl.[3] (Ivory Coast)	Sourcing, processing, packaging and merchandising of agricultural products (Abidjan)	312	495	312	526	100	100
Olam Nigeria Ltd[2] (Nigeria)	Sourcing, processing, packaging and merchandising of agricultural products (Lagos)	3,021	4,791	3,021	5,090	100	100
Outspan Nigeria Ltd[2] (Nigeria)	Sourcing, processing, packaging and merchandising of agricultural products (Lagos)	277	439	277	467	100	100
Olam Tanzania Ltd[2] (Tanzania)	Sourcing, processing, packaging and merchandising of agricultural products (Dar-es-Salaam)	2,412	3,825	2,412	4,064	100	100
Olam Togo Sarl.[4] (Togo)	Dormant (Lome)	208	330	208	350	100	100
Outspan Ivoire Sarl.[3] (Ivory Coast)	Sourcing, processing, packaging and merchandising of agricultural products (Abidjan)	3,798	6,024	3,798	6,400	100	100
Olam Bissau Limitada[3] (Guinea Bissau)	Dormant (Bissau)	3	5	3	5	100	100
Olam Gab Sarl.[3] (Gabon)	Sourcing, processing, packaging and merchandising of agricultural products (Libreville)	187	296	187	315	100	100

Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of investment 2006 US$'000	2006 S$'000	2005 US$'000	2005 S$'000	Percentage of equity held by the Company 2006 %	2005 %
Olam Mozambique Limitada[3] (Mozambique)	Sourcing, processing, packaging and merchandising of agricultural products (Nacala)	1,053	1,670	1,053	1,774	100	100
Olam Madagascar Sarl.[3] (Madagascar)	Sourcing, processing, packaging and merchandising of agricultural products (Tamatave)	10	16	10	17	100	100
Olam Polska Sp Zoo[3] (Poland)	Sourcing, processing, packaging and merchandising of agricultural products (Warsaw)	211	334	211	356	100	100
Outspan Ghana Limited[3] (Ghana)	Sourcing, processing, packaging and merchandising of agricultural products (Accra)	101	160	101	170	100	100
Olam Vietnam Limited[2] (Vietnam)	Sourcing, processing, packaging and merchandising of agricultural products (Ho Chi Minh City)	1,000	1,586	1,000	1,685	100	100
Olam Insurance Limited[2] (Isle of Man)	Providing insurance related services (Isle of Man)	500	793	500	843	100	100
Olam South Africa (Proprietary) Limited[2] (South Africa)	Sourcing, processing, packaging and merchandising of agricultural products (Durban)	100	159	100	168	100	100
Olam Congo (RDC) SPRL[4] (Democratic Republic of Congo)	Sourcing, processing, packaging and merchandising of agricultural products (Kinshasa)	25	40	25	42	100	100
Olam Online Ltd[1] (Singapore)	Dormant (Singapore)	*	*	*	*	100	100
Outspan PNG Limited[3] (Papua New Guinea)	Sourcing, processing, packaging and merchandising of agricultural products (Rabaul)	100	159	100	168	100	100

10. Subsidiary companies (cont'd)

Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of investment 2006 US$'000	Cost of investment 2006 S$'000	Cost of investment 2005 US$'000	Cost of investment 2005 S$'000	Percentage of equity held by the Company 2006 %	Percentage of equity held by the Company 2005 %
Olam France Sarl.[2] (France)	Sourcing, processing, packaging and merchandising of agricultural products (Marseilles)	7	11	7	12	100	100
Olam Guinee Sarl.[4] (Guinee Conakry)	Sourcing, processing, packaging and merchandising of agricultural products (Conakry)	3	5	3	5	100	100
Olam Brazil Ltda[4] (Brazil)	Sourcing, processing, packaging and merchandising of agricultural products (Fortaleza)	1,408	2,233	208	350	100	100
Olam Kazakhstan[3] (Kazakhstan)	Sourcing, processing, packaging and merchandising of agricultural products (Djetisay)	10	16	10	17	100	100
Olam Middle East L.L.C[2] (United Arab Emirates)	Sourcing, processing, packaging and merchandising of agricultural products (Dubai)	82	130	82	138	100	100
Olam Americas Inc.[2] (United States Of America)	Sourcing, processing, packaging and merchandising of agricultural products (Wylmington N.C.)	1	2	1	2	100	100
Olam Europe Ltd[3] (United Kingdom)	Sourcing, processing, packaging and merchandising of agricultural products (London)	394	625	394	664	100	100
Olam Kenya Limited[4] (Kenya)	Dormant (Nairobi)	2	3	2	3	100	100
Olam Uganda Limited[2] (Uganda)	Sourcing, processing, packaging and merchandising of agricultural products (Kampala)	97	154	97	163	100	100
PT Olam Indonesia[2] (Indonesia)	Sourcing, processing, packaging and merchandising of agricultural products (Jakarta)	1,100	1,744	1,100	1,853	100	100

Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of investment 2006 US$'000	2006 S$'000	2005 US$'000	2005 S$'000	Percentage of equity held by the Company 2006 %	2005 %
Texturegate Investments Pte Ltd[4] (Zimbabwe)	Sourcing, processing, packaging and merchandising of agricultural products (Harare)	*	*	*	*	100	100
Outspan Brazil Ltda[4] (Brazil)	Sourcing, processing, packaging and merchandising of agricultural products (Sao Paulo)	1,088	1,726	578	974	100	100
Olam Dairy B.V.[4] (Netherlands)	Sourcing, processing, packaging and merchandising of agricultural products (Rotterdam)	130	206	130	219	100	100
Olam Ukraine LLC[5] (Ukraine)	Sourcing, processing, packaging and merchandising of agricultural products (Kiev)	100	159	–	–	100	–
Olam Shanghai Limited[5] (China)	Sourcing, processing, packaging and merchandising of agricultural products (Shanghai)	1,000	1,586	–	–	100	–
Olam Shandong Limited[5] (China)	Sourcing, processing, packaging and merchandising of agricultural products (Qingdao)	1,400	2,221	–	–	100	–
Panasia International FZCO[5] (UAE)	Sourcing, processing, packaging and merchandising of agricultural products (Dubai Airport Free Zone)	150	238	–	–	100	–
LLC Outspan International[5] (Russian Federation)	Sourcing, processing, packaging and merchandising of agricultural products (Moscow)	51	81	–	–	100	–
EURL Agri Commodities[5] (Algeria)	Sourcing, processing, packaging and merchandising of agricultural products (Hydra)	269	427	–	–	100	–
Outspan Peru SAC[4] (Peru)	Sourcing, processing, packaging and merchandising of agricultural products (Lima)	100	159	–	–	100	–

10. Subsidiary companies (cont'd)

Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of investment 2006 US$'000	Cost of investment 2006 S$'000	Cost of investment 2005 US$'000	Cost of investment 2005 S$'000	Percentage of equity held by the Company 2006 %	Percentage of equity held by the Company 2005 %
LLC Caraway Foods[5] (Russian Federation)	Sourcing, processing, packaging and merchandising of agricultural products (Moscow)	4	6	–	–	100	–
Olam Argentina S.A.[2] (Argentina)	Sourcing, processing, packaging and merchandising of agricultural products (Rio Cuarto)	3	4	–	–	100	–
PT Agronesia Bumi Persada[5] (Indonesia)	Sourcing, processing, packaging and merchandising of agricultural products (Jakarta)	51	81	–	–	51	–
Caraway Foods International (Nigeria) Limited[2#] (Nigeria)	Sourcing, processing, packaging and merchandising of agricultural products (Lagos)	19	30	–	–	100	–
Caraway Foods International South Africa[2##] (South Africa)	Sourcing, processing, packaging and merchandising of agricultural products (Durban)	*	*	–	–	100	–
		24,734	39,229	19,877	33,492		

Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of investment 2006	2005	Percentage of equity held by the Company 2006 %	2005 %
Subsidiary companies of Olam Investment Limited as at 30 June 2006 are as follow:					
Olam Export (India) Limited[2] (India)	Sourcing, processing, packaging and merchandising of agricultural products (Delhi)	USD 2,738,198	USD 2,738,198	100	100
Oustpan India Private Limited[3] (India)	Dormant (Quilon)	USD 1	USD 1	100	100
Subsidiary company of Olam (Uganda) Limited as at 30 June 2006 is as follows:					
Victoria Commodities Ltd[2] (Uganda)	Sourcing, processing, packaging and merchandising of agricultural products (Kampala)	UGS 5,000,000	UGS 5,000,000	100	100
Subsidiary company of Olam Nigeria Limited as at 30 June 2006 is as follows:					
Novus Nigeria[4] (Nigeria)	Dormant (Lagos)	Naira 100 million	Naira 100 million	100	100

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

\# This subsidiary was previously held by Caraway Pte Ltd, a wholly-owned subsidiary of Olam International Ltd. During the year, the subsidiary was transferred to the Company at cost.

\## This subsidiary was incorporated during the year and was held by Caraway Pte Ltd, a wholly-owned subsidiary of Olam International Ltd. As at year-end, the subsidiary was transferred to the Company at cost.

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 by the law of the country of incorporation.
5 First year of incorporation.

11. Investments

	Group 2006 $'000	Group 2005 $'000	Company 2006 $'000	Company 2005 $'000
(a) Government securities	–	9	–	–
Market value of government securities	–	9	–	–
(b) Investment in jointly controlled entities				
Unquoted shares at cost	1,606	1,615	1,606	1,615
Share of post-acquisition reserves	94	(136)	–	–
Currency realignment	(89)	(4)	(94)	(9)
	1,611	1,475	1,512	1,606
Total investments	1,611	1,484	1,512	1,606

Details of the jointly controlled entities at end of financial years are as follows:

Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of investment 2006 US$'000	Cost of investment 2006 S$'000	Cost of investment 2005 US$'000	Cost of investment 2005 S$'000	Percentage of equity held by the Company 2006 %	Percentage of equity held by the Company 2005 %
Held by the Company							
LAMCO S.p.A (Italy)[1]	Trading of agricultural commodities (Genoa)	114	181	114	192	40	40
Solimar Foods Ingredients S.L. (Spain)[2]	Processing and trading of agricultural commodities (Valencia)	839	1,331	839	1,414	49	49
		953	1,512	953	1,606		

1 Audited by associated firm of Ernst & Young, Singapore.

2 Not required to be audited.

The Group's share of the jointly controlled entities' assets and liabilities, and results are as follows:

	Group 2006 $'000	Group 2005 $'000
Assets and liabilities:		
Current assets	2,976	619
Long-term assets	2,672	1,488
Total assets	5,648	2,107
Current liabilities	(2,729)	(293)
Long-term liabilities	(1,308)	(339)
Total liabilities	(4,037)	(632)
Results:		
Income	10,769	354
Expenses	(10,539)	(357)
Gain/(loss) after tax for the financial year	230	(3)

12. Amounts due from/(to) subsidiary companies

	Company 2006 $'000	Company 2005 $'000
Trade receivables	245,993	197,657
Non-trade receivables (1)	9,102	5,756
Loans payable	–	(2,557)
	255,095	200,856
Amounts due from subsidiary companies are stated after deducting provision for doubtful debts of		
– Trade	2,130	1,787
– Non-trade	3,988	401
	6,118	2,188

(1) The non-trade receivables are interest-free, unsecured and are repayable within the next 12 months.

13. Trade receivables

	Group 2006 $'000	Group 2005 $'000	Company 2006 $'000	Company 2005 $'000
Trade receivables	399,190	631,012	262,812	531,403
GST receivable and equivalent	27,588	18,167	505	407
	426,778	649,179	263,317	531,810
Trade receivables are stated after deducting provision for doubtful debts of	9,402	5,869	4,723	3,652
Bad debts written off directly to profit and loss account (Note 6)	196	51	157	10

Included in trade receivables is an amount of $3,283,000 (2005:$2,253,000) due from a jointly controlled entity.

The Group and Company's trade receivables that are not denominated in the functional currencies of the respective entities within the Group are as follows:

	Group 2006 $'000	Group 2005 $'000	Company 2006 $'000	Company 2005 $'000
United States Dollar	32,581	25,563	–	–
Great Britain Pound	19,594	46,671	19,594	46,671
Euro	15,092	19,001	12,927	19,001
Singapore Dollar	505	408	505	408

14. 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 trades done, price movements and lines of credit available with the brokers.

The Group and Company's margin accounts with brokers that are not denominated in the functional currencies of the respective entities of the Group are as follows:

	Group and Company 2006 $'000	Group and Company 2005 $'000
Great Britain Pound	52,965	18,643

15. Inventories

	Group		Company	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Total inventories at lower of cost and net realisable value	1,013,904	1,019,025	237,379	314,035

During the financial year, the Group and the Company provided additional provisions of $3,897,000 (2005: $167,000) and $3,758,000 (2005: $Nil) respectively for inventories which are recognised as expenses in the profit and loss account.

16. Advance payments to suppliers

	Group		Company	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Third parties	160,669	90,881	63,128	51,940
Subsidiary companies	–	–	902,625	619,878
	160,669	90,881	965,753	671,818

These represent advance payments to suppliers and subsidiary companies for procurement of physical commodities.

	Group		Company	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Advance payments to suppliers are stated after deducting provision for doubtful debts of				
– Third parties	3,376	2,806	–	–
– Subsidiary companies	–	–	5,674	3,509
Bad debts written off directly to profit and loss account (Note 6)				
– Third parties	408	145	379	40

17. Other receivables

	Group		Company	
	2006	2005	2006	2005
	$'000	$'000	$'000	$'000
Current:				
Staff advances (1)	4,440	3,913	654	383
Deposits	4,854	4,322	477	744
Prepayments	51,761	26,900	15,756	6,640
Option premium receivable	5,214	–	5,214	–
Currency cover reserve (2)	–	10,634	–	10,634
Insurance receivables (3)	1,453	2,040	471	833
Unexpired options and deferred realised future losses (4)	–	34,232	–	34,231
Export incentives and subsidies receivable (5)	54,436	26,091	–	–
Sundry receivables	16,343	11,011	3,861	1,311
Loan to a jointly controlled entity (6)	121	–	121	–
	138,622	119,143	26,554	54,776
Other receivables are stated after deducting provision for doubtful debts of	216	211	–	–
Non-current:				
Loan to a jointly controlled entity (6)	453	–	453	–
	453	–	453	–

(1) Staff advances are interest-free, unsecured and are repayable within the next 12 months.

(2) The amounts shown as comparative figure for the currency cover reserve represents unrealised foreign currency exchange differences arising from buying and selling currencies to hedge against currency fluctuations of physical commodity commitments where the exchange differences are recognised in the profit and loss account as and when the commitments are realised. In the current year, following the change in accounting policy described in Note 2(b)(i), the Company and the Group apply the accounting treatment as per Note 2(x).

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

(4) The amounts shown as comparative figure relate to options and futures for the hedging of inventories and trading commitments prior to adopting FRS 39. The profit and loss on these transactions were recognised when the corresponding physical transactions were 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 sheet. In the current year, following the change in accounting policy described in Note 2(b)(i), the Company and the Group apply the accounting treatment as per Note 2(x).

(5) These relate to incentives and subsidies receivable from the Government agencies of various countries for export of agricultural products.

(6) The loan to a jointly controlled entity is unsecured, bears interest at 3.1% per annum and is repayable in quarterly instalments until January 2011.

18. Trade payables and accruals

	Group		Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Trade payables	86,672	129,079	57,941	106,708
Accruals	46,295	43,823	30,882	23,687
Advances received from customers	1,108	1,190	–	–
GST payable and equivalent	799	934	–	–
	134,874	175,026	88,823	130,395

The Group and Company's trade payables and accruals that are not denominated in the functional currencies of the respective entities of the Group are as follows:

	Group		Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Euro	11,787	31,290	11,472	31,290
Great Britain Pound	5,957	57,810	5,842	57,810
Singapore Dollar	1,921	886	1,921	886
United States Dollar	1,448	–	–	–
Others	–	135	–	135

19. Other payables

	Group		Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Interest payable on short-term bank loans	18,641	7,468	18,490	7,346
Sundry payables	3,802	2,255	–	–
Option premium payable	7,766	–	7,766	–
Provision for withholding tax	1,503	66	–	22
	31,712	9,789	26,256	7,368

20. Amounts due to bankers

	Group		Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Bank overdrafts	28,840	77,558	1,170	32,625
Bank loans	752,645	1,110,409	697,792	1,043,127
Discounted bills	1,827	–	–	–
	783,312	1,187,967	698,962	1,075,752

The amounts due to bankers for the Company are repayable within 12 months and bear interest of between 3.5% to 6.5% (2005: 3.0% to 6.0%) per annum.

The amounts due to bankers for the subsidiary companies are repayable within 12 months and bear interest of between 5% to 20% (2005: 3% to 25%) per annum.

20. Amounts due to bankers (cont'd)

The Group and Company's amount due to bankers that are not denominated in the functional currencies of the respective entities of the Group are as follows:

	Group and Company	
	2006	2005
	$'000	$'000
Great Britain Pound	6,991	84,717
Euro	6,653	113,379

21. Medium term notes

The Company has a multicurrency medium term notes programme with a maximum aggregate principal amount of $800,000,000 (2005: $800,000,000). These medium term notes are unsecured, bear interest at floating rates ranging from 3.8% to 6.97% (2005: 3.15% to 5.04%) per annum. The repayment schedule is as follows:

	Group and Company	
	2006	2005
	$'000	$'000
Less than one year	352,508	262,780
Between one and three years	127,681	–
	480,189	262,780

The Group and Company's medium term notes that are not denominated in the functional currencies of the respective entities of the Group are as follows:

	Group and Company	
	2006	2005
	$'000	$'000
Singapore Dollar	347,750	198,750

22. Term loans from banks

These term loans bear interest at floating interest rates ranging from 6.18% to 6.82%, unsecured and are repayable between 3 to 4 years.

23. Share capital

	Group and Company 2006 $'000	2005 $'000
Ordinary shares issued and fully paid[1]		
Balance at the beginning		
1,554,584,400 (2005:1,007,909,372) ordinary shares	155,459	100,791
NIL (2005: 104,323,378) ordinary shares via conversion of redeemable preference shares	–	10,433
NIL (2005: 73,913,044) ordinary shares via ESSS scheme at a premium	–	7,391
NIL (2005: 312,188,606) shares issued for cash at premium via IPO		31,219
NIL (2005:56,250,000) shares issued for cash at premium via exercise of over-allotment option	–	5,625
Transfer of share premium reserve to share capital[2]	241,495	–
Balance at the end 1,554,584,400 ordinary shares	396,954	155,459

(1) The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

(2) On 30 January 2006, in accordance with the Companies (Amendment) Act 2005, the concepts of "par value" and "authorised capital" was abolished and on that date, the shares of the Company ceased to have par value. In addition, the amount standing in the share premium reserve had become part of the Company's share capital.

24. Dividends

A one-tier tax exempted first and final dividend of $0.0108 per ordinary share amounting to $16,789,500 and a special dividend of $0.0108 per ordinary share amounting to $16,789,500, totalling $33,579,000 in respect of financial year ended 30 June 2005 were paid out during the financial year.

A tax exempt final dividend of $0.0182 per ordinary share amounting to $10,113,500 and a special tax exempt final dividend of $0.0255 per ordinary share amounting to $14,158,900, totalling $24,272,400 in respect of financial year ended 30 June 2004 were paid out in financial year ended 30 June 2005.

25. Operating lease commitments

Rental expenses of the Group and Company (principally for offices, warehouses and employees' residence) were $20,162,691 (2005: $15,725,518) and $2,268,590 (2005: $2,340,687) for the years ended 30 June 2006 and 30 June 2005, respectively. Most leases contain options for renewing the lease. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

Future minimum rentals under non-cancellable leases were as follows as of 30 June 2006 and 30 June 2005:

	Group		Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Within one year	2,035	1,833	1,532	1,412
After one year but not more than five years	1,938	1,947	880	1,310
More than five years	137	–	–	–
	4,110	3,780	2,412	2,722

26. Contingent liabilities

	Group		Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Contingent liabilities not provided for in the accounts:				
Corporate guarantees given to subsidiary companies[1]	–	–	298,112	326,441
	–	–	298,112	326,441

[1] Amounts utilised on the bank facilities secured by corporate guarantees given to subsidiary companies amounted to $59,505,000 (2005: $82,831,750).

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

27. Employee benefits

Employee benefits expense (including executive directors): -

	Group		Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Salaries and employee benefits	60,674	47,542	30,215	27,648
Central Provident Fund contributions and equivalents	3,304	2,809	782	710
Retrenchment benefits	758	55	–	–
Share-based expense	1,719	1,115	844	573
	66,455	51,521	31,841	28,931

(i) Employee share benefit plans

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. If an employee who received shares under the scheme ceases employment with the Group, the related shares will be repurchased from the employee. As at 1 July 2005, all these shares have been vested and these shares are not subjected to the restrictions, limitations and prohibitions contained therein. As such FRS102 does not apply to these shares.

(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 2005" (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.

50% of these shares vested immediately while the remaining 50% of 36,956,522 shares will vest over three years from the date of grant if an employee who is entitled to and has received shares under the scheme remains in employment with the Group during the restriction period. The unvested related shares will be repurchased from the employee if he/she ceases the employment during the restriction period. There are no cash settlement alternatives.

The share-based expense to be recognised by the Group and Company over the three years amounted to $2,457,000 and $1,027,000 respectively. The share-based expense was based on the fair value price of $0.2965 per share which represented a discount from the estimated value of the Company's pre-IPO share price.

(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.

On 4 January 2005, 15,000,000 share options were issued to the group managing director and CEO, Mr Sunny George Verghese. These share options are exercisable and hence vested in 3 equal tranches over the three years from the Company's listing date (11 Feb 2005). The total share-based expense to be recognised over the vesting period with respect to these options amounted to $736,512. The contractual life of the options is 10 years. There are no cash settlement alternatives.

On 1 June 2006, 42,995,160 share options were issued to employees (including senior management). 33,284,160 of the share options were vested over three years from the grant date (1 June 2006) in 25%, 35% and 40% tranches, while the remaining 9,711,000 share options were vested over 4 years in 10%, 20%, 30% and 40% tranches. The total share-based expense to be recognised over the vesting period with respect to these options amounted to $10,068,125. The contractual life of the options is 5 years. There are no cash settlement alternatives.

27. Employee benefits (cont'd)

(iii) Employee share option scheme (cont'd)

The following table illustrates the number and weighted average exercise price (WAEP) of, and movements in, share options during the financial year:

	2006		2005	
	Number of share options $	Weighted average exercise price $	Number of share options $	Weighted average exercise price $
Outstanding at the beginning of the year	15,000,000	0.62	–	–
Granted during the year[1]	42,995,160	1.52	15,000,000	0.62
Forfeited during the year	–	–	–	–
Exercised during the year	–	–	–	–
Expired during the year	–	–	–	–
Outstanding at end of year[2]	57,995,160	1.29	15,000,000	0.62
Exercisable at end of year	5,000,000	0.62	–	0.62

1 The weighted average fair value of options granted during the year was $0.25 (2005: $0.05).

2 The range of exercise prices for options outstanding at the end of the year was $0.62 to $1.52 (2005: $0.62). The weighted average remaining contractual life for these options is 5.31 years (2005: 7.5 years).

The fair value of share options as at the date of grant, is estimated by the Company using the Black Scholes Model, taking into account the terms and conditions upon which the options are granted. The inputs to the model used for each scheme is shown below:-

Grant Date	4 January 2005		
Vested in	1 Year	2 Year	3 Year
Dividend yield (%)	1.46	1.72	1.77
Expected Volatility (%)	28	29	32
Risk free interest rate (%)	2.17	2.17	2.17
Expected life of the option (years)	1.1	2.1	3.1
Share price of underlying equity ($)	0.51	0.51	0.51

Grant Date	1 June 2006			
Vested in	1 Year	2 Year	3 Year	4 Year
Dividend yield (%)	1.78	2.22	2.78	3.47
Expected Volatility (%)	40	27	28	29
Risk free interest rate (%)	3.01	2.86	3.04	3.13
Expected life of the option (years)	1.1	2.1	3.1	4.1
Share price of underlying equity ($)	1.52	1.52	1.52	1.52

The expected life of the option is based on the assumption that the options would be exercised within one month of the vesting date and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome. No other features of the option grant were incorporated into measurement of fair value.

28. Related party disclosures

An entity or individual is considered a related party of the group for the purposes of the financial statements if: i) it possesses the ability (directly or indirectly) to control or exercise significant influence over the operating and financial decisions of the group or vice versa; ii) it is subject to common control or common significant influence.

The following are the significant related party transactions entered into by the Company and Group in the ordinary course of business on terms agreed between the parties:

	Group		Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Subsidiary companies:				
– Sales	–	–	(479,565)	(351,084)
– Purchases	–	–	1,704,671	1,248,123
– Insurance premiums paid	–	–	590	115
– Commissions paid	–	–	8,038	5,806
– Interest (received)/paid on loan	–	–	(2,241)	148
– Consultancy fee received	–	–	(10,353)	–
– Consultancy fee paid	–	–	1,962	1,543
– Dividend income received	–	–	–	(92)
Sales to a jointly controlled entity	(16,555)	(11,281)	(16,555)	(11,281)
Shareholder related companies:				
– Sales	(2,641)	(2,991)	–	–
– Purchase of motor vehicles	3,625	430	–	–
– Warehouse rental paid	307	2,126	–	–

29. Compensation of directors and key management personnel

The remuneration of directors and key management personnel during the year are as follows:

	Group	
	2006 $'000	2005 $'000
Directors fees	510	420
Salaries and employee benefits	8,127	6,597
Central Provident Fund contributions and equivalents	211	104
Share-based expense	815	579
	9,663	7,700
Comprise amounts paid to:		
– Directors of the company	3,913	2,890
– Key management personnel	5,750	4,810
	9,663	7,700

29. Compensation of directors and key management personnel (cont'd)

Directors' interest in employee share benefit plans

The number of shares and options which were issued/allocated to the directors and key executives under existing employee benefit schemes during the financial year is given below:

	2006 Ordinary shares	2005 Ordinary shares
Employee Share Subscription Scheme:		
– Directors	–	8,985,200
– Key executives	–	22,381,800
Employee Share Option Scheme:		
– Directors	1,600,000	15,000,000
– Key executives	7,625,000	–
Employee Share Benefit Scheme:		
– Directors	–	1,534,372
– Key executives	–	5,771,144

30. Cash and short term fixed deposits

	Group		Company	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Cash and bank balances	162,356	103,712	36,487	21,082
Fixed deposits	133,885	61,655	125,306	60,897
	296,241	165,367	161,793	81,979

The Group and Company's cash and short term fixed deposits that are not denominated in the functional currencies of the respective entities of the Group are as follows:

	Group and Company	
	2006 $'000	2005 $'000
Great Britain Pound	17,707	56,812
Euro	6,695	5,653
Singapore Dollar	2,194	1,130

Cash at banks earns interest at floating rates based on daily bank deposit rates ranging from 3.8% to 4.6% (2005: 2.9% to 3.42%). Fixed deposits are made for varying periods ranging between 1 to 365 days (2005: 1 to 365 days) depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following as at 30 June:

	Group	
	2006 $'000	2005 $'000
Cash and bank balances	162,356	103,712
Fixed deposits	133,885	61,655
Bank overdrafts (Note 20)	(28,840)	(77,558)
	267,401	87,809

Bank overdrafts are included in the determination of cash and cash equivalents because they form an integral part of the Group's cash management.

31. 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 positions in each commodity.

Credit risk

Credit risk is limited to the risk arising from the inability of a customer to make payment when due. It is the Group's policy to provide credit terms only to creditworthy customers. These debts are continually monitored and therefore, the Group does not expect to incur material credit losses.

The carrying amounts of trade and other receivables, advances to suppliers, margin accounts with brokers, fixed deposits and cash and bank balances represent the Group's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk. Deposits and cash balances are placed with reputable banks.

The Group has no significant concentration of credit risk with any single customer.

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 also has a multicurrency medium term notes programme, as well as term loans from banks, 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 term loan from banks as well as the medium term notes. This risk is partly mitigated through interest rate derivatives.

32. Fair values of financial instruments

The following methods and assumptions are used to determine the fair value of each class of financial instruments:

(a) Cash and bank balances, fixed deposits, current trade and other receivables, margin accounts with brokers, trade and other payables and accruals as well as amounts due to bankers

The fair values of these financial instruments approximate their carrying amounts at the balance sheet date because of their short-term maturity.

(b) Amount due to bankers, medium term notes and term loans from banks

The carrying amount of these loans approximate their fair value at the balance sheet date as they are subjected to frequent repricing (floating rates).

(c) Derivative financial instruments

The fair value of derivative financial instruments is determined based on the accounting policy described in Note 2(x). The contract notional amounts of these derivative instruments and the corresponding fair value as at 30 June 2006 and 30 June 2005 are analysed below:

	Group			Company		
	Contract notional amount $'000	Fair value $'000		Contract notional amount $'000	Fair value $'000	
2006		Gain	Loss		Gain	Loss
Foreign exchange derivatives						
Foreign exchange forwards	1,269,382	10,849	5,996	1,070,915	10,403	4,544
Foreign exchange Options	2,016	45	29	2,016	45	29
Commodity derivatives						
Commodity forwards	4,930,648	172,346	182,474	4,840,385	168,590	178,679
Commodity options	46,899	15,467	24,288	46,899	15,467	24,288
Interest rate derivatives						
Swaps	198,263	740	201	198,263	740	201
Caps	634,440	167	470	634,440	167	470
		199,614	213,458		195,412	208,211

2005	Group Contract notional amount $'000	Group Fair value $'000 Gain	Group Fair value $'000 Loss	Company Contract notional amount $'000	Company Fair value $'000 Gain	Company Fair value $'000 Loss
Foreign exchange derivatives						
Foreign exchange forwards	841,532	11,862	6,030	810,687	11,815	5,800
Foreign exchange options	84,250	239	239	42,125	239	–
Commodity derivatives						
Commodity forwards	3,736,465	113,127	150,777	3,732,613	112,890	150,750
Commodity options	16,855	1,278	1,108	16,855	1,278	1,108
		126,506	158,154		126,222	157,658

As at 30 June 2006, the settlement dates on open foreign exchange derivatives and commodity derivatives ranged between 3 to 12 months (2005: 3 to 12 months). The settlement dates on open interest rate derivatives ranged between 1 to 29 months (2005: Nil).

The derivative financial instruments of the Group and the Company are designated as hedges for future purchases or sales as well as interest rate. The foreign exchange derivatives are being used to hedge the foreign currency risk of these expected transactions whilst the commodity derivatives are being used to hedge the commodity price risk related to these transactions. The interest rate derivatives are used to hedge the interest rate risk related to the medium term notes.

Cash flow hedges of expected transactions that were assessed to be highly effective have resulted in a net fair value loss of $41,978,000 and $41,046,000 for Group and Company respectively. Deferred tax charge of $2,030,000 and $1,978,000 for Group and Company respectively, relating to the hedging instruments, were reflected in the fair value adjustment reserves. Cash flow hedges of expected transactions that were assessed to be ineffective under FRS 39, amounting to a net fair value gain of $507,000 and $275,000 for Group and Company respectively, were recognised in the profit and loss account for the year. In the prior year, the derivative financial instruments were carried off balance sheet.

33. Earnings per share

Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of dilutive shares and options).

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	
		(Restated)
	2006	2005
Net profit attributable to ordinary shareholders for basic and diluted earnings per share ($'000)	87,232	65,910
Weighted average number of ordinary shares on issue applicable to basic earnings per share	1,554,584,400	1,291,057,444
Effect of dilutive securities:		
Convertible redeemable shares	–	15,213,826
Share options	8,450,704	1,964,286
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share	1,563,035,104	1,308,235,556

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

34. Segment information

The Group's businesses are organised and managed as 4 broad segments grouped in relation to different types and nature of products traded. The Group's supply chain activities of sourcing, processing and merchandising span across a broad range of agricultural products.

The segmentation of products has been done in the following manner:

- Edible Nuts, Spices and Beans – cashews, peanuts and other edible nuts, cloves, pepper, sesame and other spices and beans and lentils

- Confectionery and Beverage Ingredients – cocoa and cocoa products, coffee and coffee products, sheanuts and shea-products

- Fibre and Wood products – cotton and wood products

- Food Staples and Packaged Foods – rice, sugar, milk powder and packaged foods business

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise 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.

34. Segment information (cont'd)

(a) Business segments

	Edible nuts, spices and beans 2006 $'000	2005 $'000
Segment revenue		
Sales to external customers	588,253	566,795
Unallocated revenue		
Total revenue		
Segment result	25,027	22,091
Operating profit		
Finance costs		
Share of gain/(loss) from jointly controlled entities		
Profit before taxation		
Taxation		
Minority interest, net of taxes		
Net profit after taxation		
Segment assets	259,183	301,010
Unallocated assets		
Total assets		
Segment liabilities	179,636	221,654
Unallocated liabilities		
Total liabilities		

(b) Geographical segments

	Asia and Middle East 2006 $'000	2005 $'000	Africa 2006 $'000	2005 $'000
Segment revenue				
Sales to external customers	1,649,063	1,205,110	1,162,921	900,296
Intersegment sales	145,902	317,806	497,453	1,093,872
	1,794,965	1,522,916	1,660,374	1,994,168
Unallocated revenue				
Total revenue				
Other geographical information:				
Segment assets	1,120,652	1,038,474	808,976	719,184
Capital expenditure	8,905	4,477	34,220	18,591

Confectionery and beverage ingredients 2006 $'000	Confectionery and beverage ingredients 2005 $'000	Fibre and wood products 2006 $'000	Fibre and wood products 2005 $'000	Food staples and packaged foods 2006 $'000	Food staples and packaged foods 2005 $'000	Consolidated 2006 $'000	Consolidated 2005 $'000
1,711,255	1,345,915	1,003,153	673,835	1,058,441	782,692	4,361,102	3,369,237
						16,675	5,718
						4,377,777	3,374,955
75,461	47,358	51,805	28,649	38,919	27,178	191,212	125,276
						191,212	125,276
						(94,704)	(51,485)
						230	(3)
						96,738	73,788
						(9,531)	(7,878)
						25	–
						87,232	65,910
733,926	787,566	224,757	269,991	430,850	457,446	1,648,716	1,816,013
						709,449	326,427
						2,358,165	2,142,440
492,374	585,381	155,527	208,354	295,668	340,493	1,123,205	1,355,882
						746,921	288,307
						1,870,126	1,644,189

Europe 2006 $'000	Europe 2005 $'000	Americas 2006 $'000	Americas 2005 $'000	Eliminations 2006 $'000	Eliminations 2005 $'000	Consolidated 2006 $'000	Consolidated 2005 $'000
969,726	868,549	579,392	395,282	–	–	4,361,102	3,369,237
5,008	58,742	35,889	131,230	(684,252)	(1,601,650)	–	–
974,734	927,291	615,281	526,512	(684,252)	(1,601,650)	4,361,102	3,369,237
						16,675	5,718
						4,377,777	3,374,955
206,739	225,056	221,798	159,726	–	–	2,358,165	2,142,440
688	109	4,627	2,708	–	–	48,440	25,885

35. Subsequent events

Subsequent to financial year end, the directors have proposed a first and final ordinary dividend of $0.0150 per ordinary share amounting to $23,318,766 and a special dividend of $0.0150 per ordinary share amounting to $23,318,766, in respect of the financial year ended 30 June 2006 subject to approval of shareholders at the Annual General Meeting to be held on 30 October 2006. The first and final dividend and special dividend will be paid on 16 November 2006.

36. Comparative figures

The following profit and loss account comparative figures have been reclassified to conform with current year's presentation:

	Group		
	As restated $'000	Adjustments $'000	As previously stated $'000
Profit and Loss Account			
Other revenue	5,718	(7,405)	13,123
Cost of goods sold	2,635,527	(7,405)	2,642,932

The adjustments in profit and loss account are due to reclassification of export incentives and subsidies.The Directors are of the view that the above changes will better reflect the Group's activities and result in a more appropriate presentation.

37. Authorisation of financial statements

The financial statements for the financial year ended 30 June 2006 were authorised for issue in accordance with a resolution of the directors on 22 September 2006.

Statistics of Shareholdings

as at 15 September 2006

No. of Shares in Issue:	1,554,584,400
Class of Shares:	Ordinary shares
Voting Rights:	1 vote per share

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No.of Shareholders	%
1 – 999	15	1.02	1,228	0.00
1,000 – 10,000	1,148	78.10	5,765,134	0.37
10,001 – 1,000,000	269	18.30	16,699,386	1.07
1,000,001 and above	38	2.58	1,532,118,652	98.56
Total	1,470	100.00	1,554,584,400	100.00

Twenty Largest Shareholders

Name		No. of Shares	%
1.	Kewalram Singapore Limited	418,134,877	26.90
2.	DBS Nominees Pte Ltd	290,934,385	18.71
3.	DBSN Services Pte Ltd	161,295,988	10.38
4.	Citibank Nominees Singapore Pte Ltd	137,964,898	8.87
5.	Merrill Lynch (Singapore) Pte Ltd	120,318,302	7.74
6.	Sunny George Verghese	79,022,630	5.08
7.	Raffles Nominees Pte Ltd	73,441,679	4.72
8.	UOB Kay Hian Pte Ltd	68,959,483	4.44
9.	HSBC (Singapore) Nominees Pte Ltd	51,976,026	3.34
10.	United Overseas Bank Nominees Pte Ltd	14,236,423	0.92
11.	Sridhar Krishnan, Shekhar Anantharaman and Joydeep Bose	12,942,444	0.83
12.	Dexia Trust Services Singapore Limited	11,905,633	0.77
13.	Shekhar Anantharaman	10,487,953	0.67
14.	Sridhar Krishnan	10,330,023	0.66
15.	Morgan Stanley Asia (Singapore) Securities Pte Ltd	9,387,243	0.60
16.	Ashok Krishen	7,578,288	0.49
17.	Vivek Verma	6,800,959	0.44
18.	Jagdish Achleshwar Prasad Parihar	6,626,044	0.43
19.	Krishnan Ravikumar	6,170,937	0.40
20.	Ashok Hegde	3,444,989	0.22
Total		1,501,959,204	96.61

45.91% of the Company's shares are held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of SGX-ST.

Substantial Shareholders

Name		No. of Shares Direct	No. of Shares Deemed
1.	Kewalram Singapore Limited@	513,134,877	–
2.	Chanrai Investment Corporation Limited#	–	513,134,877
3.	Kewalram Chanrai Holdings Limited#	–	513,134,877
4.	Nearco Trustee Company (Jersey) Limited, Murli Kewalram Chanrai and Narain Girdhar Chanrai as trustees of Girdhar Kewalram Chanrai Settlement ("GKC Trustees")#	–	513,134,877
5.	Nearco Trustee Company (Jersey) Limited, Narain Girdhar Chanrai and Koshu Murli Chanrai as trustees of Murli Kewalram Chanrai Settlement ("MKC Trustees")#	–	513,134,877
6.	Nearco Trustee Company (Jersey) Limited, Murli Kewalram Chanrai and Narain Girdhar Chanrai as trustees of Dayal Damodar Chanrai Settlement ("DKC Trustee")#	–	513,134,877
7.	Nearco Trustee Company (Jersey) Limited and Narain Girdhar Chanrai as trustees of Pitamber Kewalram Chanrai Settlement ("PKC Trustees")#	–	513,134,877
8.	Murli Kewalram Chanrai#	–	513,134,877
9.	Narain Girdhar Chanrai#	–	513,134,877
10.	Russell AIF Singapore Investments Limited*	119,274,471	–
11.	Russell AIF Asia II, L.P.*	–	119,274,471
12.	Newton Investment Management Limited+	–	92,145,000
13.	Sunny George Verghese	79,522,630	–

Notes:

@ Kewalram Singapore Limited's ("Kewalram") 513,134,877 shares are held in the following manner:
- i. 418,134,877 shares under its own name
- ii. 90,000,000 shares under Citibank Nominees Singapore Pte Ltd
- iii. 5,000,000 shares under UBS AG

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 513,134,877 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 513,134,877 shares held by Kewalram in the Company, as they, in their capacity as trustees, each (as a body) has control over the exercise of 25% of the votes attached to the shares in KCH.

* Russell AIF Singapore Investments Limited holds 119,274,471 shares in the name of Merrill Lynch (S'pore) Private Limited. Russell AIF Asia II, L.P. is the holding company of Russell AIF Singapore Investments Limited and therefore is deemed to be interested in the shares held by Russell AIF Singapore in the Company.

+ Newton Investment Management Limited holds 92,145,000 shares in the name of DBS Nominees Pte Ltd.

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

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twelfth 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 Monday, 30 October 2006 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 2006 together with the Auditors' Report thereon. (Resolution 1)

2. To declare a first and final dividend of 1.50 cents per share tax exempt (one-tier) and a special dividend of 1.50 cents per share tax exempt (one-tier), for the year ended 30 June 2006. (Resolution 2)

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

Mr. Narain Girdhar Chanrai	(Retiring under Article 107)	(Resolution 3)
Mr. Shekhar Anantharaman	(Retiring under Article 107)	(Resolution 4)
Mr. Mark Haynes Daniell	(Retiring under Article 107)	(Resolution 5)
Mr. Tse Po Shing	(Retiring under Article 107)	(Resolution 6)

[See Explanatory Note (i)]

4. To approve the payment of Directors' fees of S$510,000.00 for the year ended 30 June 2006 (previous year: S$420,000.00). (Resolution 7)

5. To re-appoint Messrs Ernst & Young as the Company's Auditors and to authorise the Directors to fix their remuneration. (Resolution 8)

6. 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:

7. Authority to allot and issue shares up to fifty per centum (50%) of issued shares in the capital of the Company.

That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors be authorised and empowered to:

(a) (i) issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that the aggregate number of shares (including shares to be issued in accordance with the terms of convertible securities issued, made or granted pursuant to this Resolution) to be allotted and issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the issued shares in the capital of the Company at the time of the passing of this Resolution, of which the aggregate number of shares and convertible securities to be issued other than on a pro rata basis to all shareholders of the Company shall not exceed twenty per centum (20%) of the issued shares in the capital of the Company and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force (i) until the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in accordance with the terms of convertible securities issued, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of such convertible securities. (Resolution 9)

[See Explanatory Note (ii)]

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

That the Directors be authorised and empowered to offer and grant options under the Olam Employee Share Option Scheme ("the Scheme") and to allot and issue shares in the capital of the Company to all the holders of options granted by the Company under the Scheme, whether granted during the subsistence of this authority or otherwise, upon the exercise of such options and in accordance with the terms and conditions of the Scheme, provided always that the aggregate number of additional ordinary shares to be allotted and issued pursuant to the Scheme shall not exceed fifteen per centum (15%) of the issued shares in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. (Resolution 10)

[See Explanatory Note (iii)]

By Order of the Board

Tan San-Ju
Sophia Lim Siew Fay
Secretaries
Singapore

Date: 12 October 2006

Explanatory Notes:

(i) Mr. Mark Haynes Daniell will, upon re-election as Director of the Company, remain as a member of the Audit & 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. Daniell will remain as Chairman of the Management Development & Compensation Committee and Corporate Responsibility & Sustainability Committee and a member of the Governance & Nomination Committee.

Mr. Narain Girdhar Chanrai will, upon re-election as Director of the Company, remain as a member of the Governance & Nomination Committee, Risk Committee and Finance & Investment Committee and will be considered non-independent.

Mr. Shekhar Anantharaman will, upon re-election as Director of the Company, remain as member of the Finance & Investment Committee and Corporate Responsibility & Sustainability Committee and will be considered non-independent.

Mr. Tse Po Shing will, upon re-election as Director of the Company, remain as Chairman of the Risk Committee and member of the Finance & Investment Committee and will be considered non-independent.

(ii) The Ordinary Resolution 9 proposed in item 7 above, if passed, will empower the Directors from the date of this Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or when varied or revoked by the Company in a general meeting, whichever is earlier, to allot and issue shares, make or grant instruments convertible into shares and to allot and issue shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the issued shares in the capital of the Company at the time of the passing of this resolution, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

For the purpose of this resolution, the percentage of issued shares in the capital of the Company is based on the issued shares in the capital of the Company at the time this proposed Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this proposed Ordinary Resolution is passed and any subsequent consolidation or subdivision of shares.

(iii) The Ordinary Resolution 10 proposed in item 8 above, if passed, will empower the Directors of the Company, from the date of this Meeting until the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or when varied or revoked by the Company in a general meeting, whichever is earlier, to allot and issue shares in the Company of up to a number not exceeding in total fifteen per centum (15%) of the issued shares in the capital of the Company from time to time pursuant to the exercise of the options under the Scheme.

Notes:

1. A member entitled to attend and vote at the 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 the Republic of
Singapore with limited liability)

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.

Proxy Form

(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 30 October 2006 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 2006		
2	Payment of proposed first and final dividend and special dividend		
3	Re-election of Mr. Narain Girdhar Chanrai as a Director		
4	Re-election of Mr. Shekhar Anantharaman as a Director		
5	Re-election of Mr. Mark Haynes Daniell as a Director		
6	Re-election of Mr. Tse Po Shing as a Director		
7	Approval of Directors' fees amounting to S$510,000.00		
8	Re-appointment of Messrs Ernst & Young as Auditors		
9	Authority to allot and issue new shares		
10	Authority to allot and issue shares under the Olam Employee Share Option Scheme		

Dated this ______________________ day of ______________________ 2006

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

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

* 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 second named proxy shall be an alternate to the first named or at the Company's option to treat the instrument of proxy as invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 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.

Olam is a Hebrew word meaning "transcending boundaries", which epitomizes the spirit of our company.

Olam's distinctive corporate logotype and symbol represents many of the company's key values such as growth, outward focus, vigour and imagination. It conveys a spirit of friendliness, reaching out in a positive way besides being a naturally environmentally sound image.

Our corporate colours are green, which represents the vibrancy and growth of our company and orange, which represents the earth from which all our products are derived.

The Team That Built It

At Olam, we believe, that in the ultimate analysis, our people and our culture are the real sources of our sustainable competitive advantage. One of the primary reasons that we have grown our business only organically so far was because of our insistence that our distinctive culture and values had to be integrated into each new operation from its infancy.

It is for this reason that from inception, we have cared deeply about the people we hire and have gone to extraordinary lengths to find and attract the most qualified talent that would fit in with our innovative, entrepreneurial, high performance and team oriented culture. We believe that we have institutionalised a culture that attracts exceptional people who want to be part of a winning company, who want to make a difference, and who are inspired by the opportunity for starting and scaling businesses to global leadership.

We then make sure that we empower them from their first day in Olam and those first days can be in any one of the 52 countries that we are present in today. Last year, we recruited 1,283 of them to grow our total employee strength by 25% from 5,090 in June 2005 to 6,373 in June 2006.

Designed and produced by DIA Brand Consultants

Olam International Limited
9 Temasek Boulevard
#11-02 Suntec Tower Two
Singapore 038989

Telephone (65) 6339 4100
Fascimile (65) 6339 9755
Website www.olamonline.com
Contact us enquiries@olamnet.com

OLAM
Creating Value Is Our Business