Acquiring New Strengths

OLAM

Contents

Acquiring New Strengths. As Olam develops we are acquiring new strengths, organically by building synergies between our operations in the origins and markets, and inorganically by investing in and acquiring new capabilities that complement and enhance our existing businesses.

We are confident of a strong return on these investments, as the synergies we develop between our new and existing operations multiply their value and in turn help us to create new opportunities for profitable growth.

We aim to be number one or two in each of our businesses globally and we have identified clearly defined growth strategies designed to achieve our goals.

We have established a shared vision and built a culture of leadership in Olam that drives our business at every level, giving us a distinct competitive advantage and a focus on our continued growth.

General Information

General Information on Olam International Limited Annual Report 2007 for the Financial Year Ended 30 June 2007 (FY2007)

Introduction

Our Annual Report and Accounts for FY2007 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 FY2007 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 FY2007.

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 FY2007 have been audited. The sections that have been audited are set out on pages 82 to 150. 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 FY2007 against prior years from FY2002 to FY2006 on pages 76 to 79 contains audited information from FY2004 to FY2006 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.

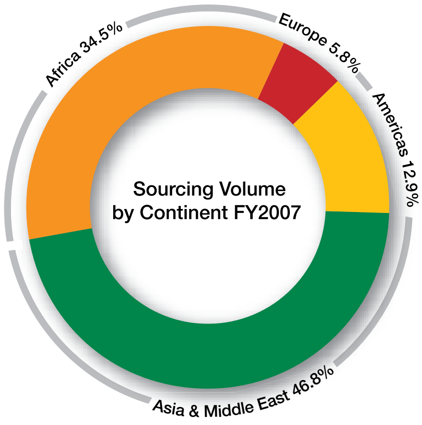
Cautionary statement

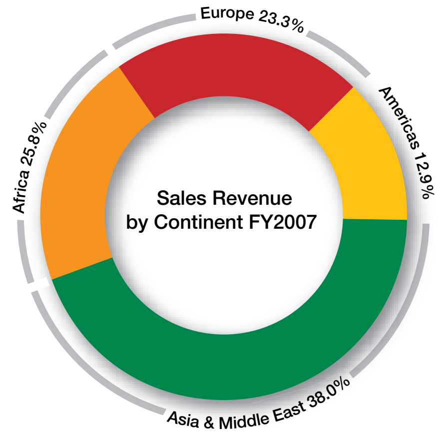
This document may contain forward-looking statements. Words such as 'expects', 'anticipate', 'intends' or the negative use of these terms and other similar expressions of future performance or results and their negatives are intended to identify such forward-looking statements. These forward-looking 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).

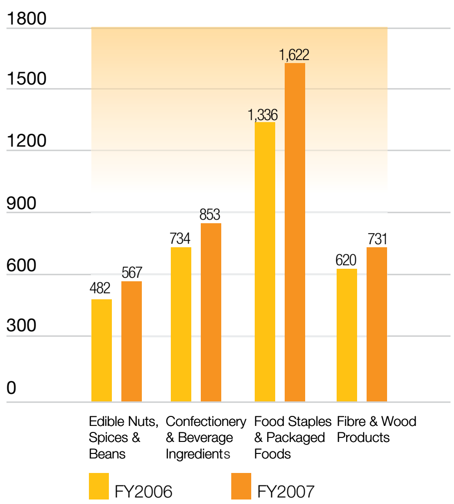
These forward-looking statements speak only as of the date of this document. Except as required by any applicable law or regulation, the Group expressly disclaims any obligation or undertaking to release publicly any updates or revision to any forward-looking statements contained herein to reflect any 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

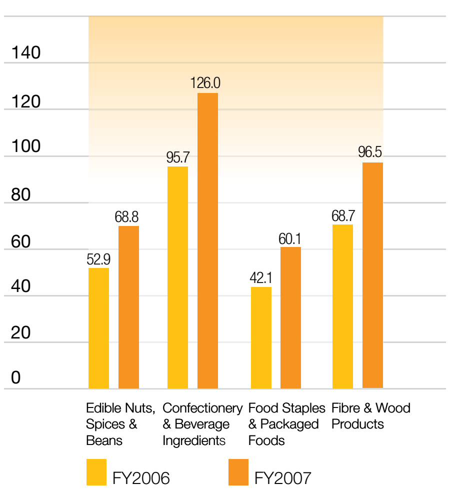




Sales Volume by Segment
('000 Metric Tonnes)



Net Contribution by Segment
(S$million)



Sales Volume

Sales volume grew by 18.9% to 3.8 million tonnes in FY2007 compared to FY2006 with growth across all four product segments. The contribution to the increase in volume was led by the Food Staples & Packaged Foods segment, followed by Confectionery & Beverage Ingredients, Fibre & Wood Products and Edible Nuts, Spices & Beans segments. Sales volume from Edible Nuts, Spices & Beans segment grew by 17.5%, Confectionery & Beverage Ingredients by 16.2%, Food Staples & Packaged Foods by 21.5% and Fibre & Wood Products by 17.8% over FY2006. From a sourcing perspective, Asia & Middle East contributed to 46.8% of our sales volume, followed by Africa at 34.5%, Europe at 5.8% and Americas at 12.9%.

Sales Revenue

Sales revenue grew 25.1% to S$5.5 billion in FY2007 as sales volume rose by 18.9% to 3.8 million tonnes. The increase in sales revenue was contributed mainly by Confectionery & Beverage Ingredients segment followed by Food Staples & Packaged Foods, Edible Nuts, Spices & Beans and Fibre & Wood Products.

72% of the increase in sales revenue was due to the underlying volume growth while the balance 28% was contributed by increase in prices of various products. Our sales revenue is well diversified across the world with Asia & Middle East accounting for 38.0%, Africa for 25.8%, Europe for 23.3% and Americas for 12.9%.

Net Contribution (NC)

NC increased by 35.5% to S$351.4 million during the year with growth from all four segments. The largest contributor to NC growth was the Confectionery & Beverage Ingredients segment followed by Fibre & Wood Products, Food Staples & Packaged Foods and Edible Nuts, Spices and Beans. Both volume increase and margin enchancement contributed in equal measure to the growth in NC. NC from Edible Nuts, Spices & Beans segment rose 29.9%, Confectionery & Beverage Ingredients by 31.7%, Food Staples & Packaged Foods by 42.8% and Fibre & Wood Products by 40.5% over FY2006.

Financial Highlights

For the Year Ended 30 June	FY2007 (S$'000)	FY2006 (S$'000)	Change %
Consolidated Results			
Sales Volume ('000 Metric Tonnes)	3,773	3,172	18.9
Sales Revenue	5,455,508	4,361,102	25.1
Gross Contribution	486,619	343,064	41.8
Gross Contribution Per Tonne (S$)	129	108	19.3
Net Contribution	351,442	259,441	35.5
Net Contribution Per Tonne (S$)	93	82	13.9
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	290,852	203,356	43.0
Earnings Before Interest and Tax (EBIT)	273,643	191,212	43.1
Profit Before Tax	126,186	96,738	30.4
Net Profit After Tax Attributable to Shareholders	109,047	87,232	25.0
Earnings Per Share basic (cents)	7.01	5.61	25.0
Net Dividend Per Share (cents)	3.50*	3.00	16.7
Other Financial Information			
Total Debt	1,919,886	1,476,832	30.0
Shareholders' Equity	432,722	487,986	(11.3)
Net Debt to Equity (times) **	3.45	2.23	1.22
Return on Equity (%)#	20.6	17.5	3.1
Return on Invested Capital (%)	10.05	8.77	1.28
Interest Coverage (times)	1.86	2.02	(0.16)
Cash to Sales (%)	4.36	6.79	(2.43)

* As recommended by the Board for approval at the 13th Annual General Meeting

** Before Fair Value Adjustment Reserves

\# Based on beginning-of-period equity

Profits and Earnings Per Share

Earnings Before Interest and Tax grew 43.1% to S$273.6 million in FY2007 while Profit Before Tax rose 30.4% to S$126.2 million compared to S$96.7 million in FY2006. Net Profit After Tax Attributable to Shareholders in FY2007 registered a 25.0% increase over the previous financial year to S$109.0 million. Earnings Per Share increased from 5.61 cents to 7.01 cents in FY2007.

Dividends

The Board of Directors has recommended a dividend payout ratio of 49.9% of Net Profit After Tax for FY2007 in the form of a First and Final Tax Exempt Dividend of 1.75 cents per share and an additional Special Tax Exempt Dividend of 1.75 cents per share, resulting in an aggregate Net Dividend Per Share of 3.50 cents per share.

Shareholders' Equity

Shareholders' Equity was reduced by 11.3% from S$488.0 million in FY2006 to S$432.7 million in FY2007 essentially on account of an adjustment of S$150.8 million made in relation to the application of Financial Reporting Standard (FRS) 39 during the year.

Net Debt to Equity

Net Debt to Equity by the end of FY2007 was 3.45 times (before fair value adjustment reserve) as compared to 2.23 times in the previous financial year.

Chairman's Statement

Effective Governance

Chairman's Statement

Olam delivered strong financial and operating results in FY2007. We built our track record of profitable growth by combining ongoing organic initiatives with selective strategic acquisitions. We recognise that our sustainable competitive advantage will be driven by our people and systems. We have therefore been investing our time and effort in further developing these capabilities.

In financial year 2007 Sales Revenue grew by 25.1% to S$5.46 billion, while Net Income too rose by 25.0% to S$109.0 million. Double digit growth in both volume and net contribution was achieved in all our four business segments. Our growth at six to seven times industry growth rate is a reflection of our unique competitive position and the competitive advantage we have built in our industry.

Our M&A strategy culminated in six major transactions in China, Australia, USA and New Zealand. In addition we concluded two smaller asset acquisitions in Colombia and South Africa. The total investment in all these transactions was around US$250 million. The deal pipeline continues to be strong and we are making progress on the evaluation of several targets. We have also strengthened our M&A team to effectively manage this pipeline.

I am pleased to report that we delivered a Total Shareholder Return of 116.03% in 2007, compared to the 66% we achieved in 2006. This was nearly 2.5 times over the benchmark Straits Times Index. Our share price was S$3.08 at the end of our financial year 2007, compared to S$1.44 at the end of the previous financial year, an increase of 114%. Given the company's strong performance, the Board has recommended paying a first and final tax exempt dividend of 1.75 cents per share and an additional tax exempt special dividend of 1.75 cents per share, resulting in an aggregate dividend of 3.5 cents per share. This amount reflects a dividend payout ratio of 49.9% of FY2007 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.

During the year under review, we strengthened our Corporate Governance model to provide a more transparent process to our investors, analysts, bankers, suppliers, customers and employees. This would not have been possible without the high quality inputs from the members of our Board. As a Board, we focus heavily on people, strategies, risk, audit, compliance and above all sustainability related issues. The impressive results achieved in the year are testimony to the openness between the Board and the management in addressing a complex array of business issues, as well as contributing to the enhanced functional efficiencies. I am therefore extremely pleased to inform you that the Company received the Silver Award in the "Best Managed Boards" category of the Singapore Corporate Awards 2007 and I would like to congratulate all the Board members for this significant achievement.

The success and growth of Olam would not have been possible without the untiring efforts of our 7,678 employees and global team of 340 senior managers. On behalf of the Board, I would like to thank them all for their huge effort in making this yet another successful year.

One of our prime objectives is to nurture and motivate talent within the organisation and to search for new talent to fill the positions to achieve our present and future growth targets. In order to align the interests of our employees with our shareholders, we continue to grant equity options under our share option scheme. During the year under review, 900,000 options were granted under the scheme.

It has been a very satisfying year for Olam and I am pleased that we have been able to meet the expectations of our shareholders and long-term investors. On behalf of the Board, I would like to thank all our investors and business partners for their strong support.

R. Jayachandran
Chairman

Board of Directors

Sridhar Krishnan
Senior Managing Director
(Executive Director)

Mr Sridhar Krishnan is an Executive Director and was appointed to the Board in 1998. He is currently responsible for the Company's Rice 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 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.

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.

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. In 1998, he was appointed a member of the Pro Tem Committee for the formation of the Singapore Exchange. He holds a Bachelor of Engineering degree from the University of Singapore and has completed the Program for Management Development at the Graduate School of Business Administration of Harvard University. He is a member of the Company's Audit & Compliance, Governance & Nomination and Management Development & Compensation Committees.

Michael Lim Choo San
Non-Executive and Independent Director

Mr Michael Lim is a Non-Executive and Independent Director and was appointed to the Board in September 2004. He is currently the Chairman of the Land Transport Authority of Singapore, The National Healthcare Group Pte Ltd and Nomura Singapore Limited. He is a director of Chemoil Energy Limited and 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 is the Chairman of the Audit & Compliance Committee and the Governance & Nomination Committee.

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

Mr Sunny Verghese is the Group Managing Director and CEO and was appointed to the Board in 1996. He has been with the Kewalram Chanrai (KC) Group for two decades and in 1989 was mandated to start and build an agricultural products business for the Group. Before joining the KC Group, he worked for the Unilever Group in India. As the CEO of Olam he provides the leadership to steer the company through its expansion and growth plans. He is also a member of the Company's Finance & Investment and Risk Committees. He is currently Deputy Chairman of International Enterprise, Singapore and Chairman of its Strategy Committee. He is the Chairman of CitySpring Infrastructure Management Pte Ltd and also serves as one of the three Singapore representatives appointed by the Minister of Trade & Industry to the ASEAN Business Advisory Council. He is a Post Graduate in Business Management from the Indian Institute of Management and has also completed the Advanced Management Program at Harvard University. Sunny was voted the Best Executive in Singapore for 2006 in the AsiaMoney Awards and was declared 'Outstanding Chief Executive for 2006' in the 2007 Singapore Business Awards.

R. Jayachandran
Non-Executive Chairman

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

Narain Girdhar Chanrai
Non-Executive Director

Mr N G Chanrai is a Non-Executive Director and was appointed to the Board in 1995. He is the Managing Director of Kewalram Singapore Limited and has been the Group CEO of the Kewalram Chanrai Group since December 2004. A Bachelor of Science (Economics) graduate from the University of London, he has worked in 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 2004. He is a member of the Governance & Nomination, Risk and Finance & Investment Committees.

Mark Haynes Daniell
Non-Executive and Independent Director

Mr Mark Daniell is a Non-Executive and Independent Director and was appointed to the Board in October 2002. He is also a Director Emeritus of Bain & Company, Chairman of The Cuscaden Group Pte Ltd and Vice-Chairman of Aquarius Investment Advisors Pte Ltd. Mr Daniell 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) Inc. He has authored a number of books, including "World of Risk" and "Strategy". He holds a Juris Doctor from the Harvard Law School in the USA and is also a law graduate from Oxford University (University College). He is a qualified Attorney in the Commonwealth of Massachusetts. He is the Chairman of the Leadership Development & Compensation Committee and Corporate Responsibility & Sustainability Committee and a member of the Audit & Compliance and Governance & Nomination Committees.

Robert Michael Tomlin
Non-Executive and Independent Director

Mr Robert Tomlin is a Non-Executive and Independent Director and was appointed to the Board in September 2004. He spent 30 years with the UK based Schroeder Group in London and New York, with the last 12 as CEO, S E Asia. He is currently the Vice Chairman, Asia of UBS Investment Bank 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 Bachelor 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.

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 have been with the group. During this period, he has performed various roles including senior positions in Country Management, Finance and Treasury 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.

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 has been 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 Administration 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 an Executive Director at AIF Capital Limited, and has extensive experience in the private equity business. He received his Certified Financial Analyst (CFA) charter in 2003. He holds a Master of Science in Transportation & Logistics from the University of British Columbia in Canada.

CEO’s Review

Our Strategy for Growth

CEO's Review

Our proven organic growth capabilities and disciplined execution have resulted in another good year for Olam in FY2007 which is the eighteenth consecutive year of profitable growth that we have delivered for our shareholders.

Our performance in FY2007 was a continuation of our strong long-term track record. This was a year of solid progress as we delivered consistent broad-based growth across all our four business segments and key geographies.

Our investment priorities which include growing volumes in our existing 14 products and bringing them to full potential; enhancing margins by bringing more value-added marketing solutions, products and services to our customers; investing in cross-product services; expanding into attractive new product adjacencies; and selectively pursuing acquisitions that are both earnings and value accretive, with a strong strategic fit to our core businesses, have all fuelled this growth.

Over the years, we have built several valuable leadership businesses across our four segments and today we are well positioned to capitalise on the emerging trends that are impacting our industry. Looking ahead, we are anticipating some key changes in our business environment and I have covered this in more detail in the subsequent sections of this review. We are developing strategies to take advantage of these changes and are preparing to execute these with intensity. At Olam we are experiencing a renewed sense of purpose, new confidence and a hunger to succeed in this changing landscape.

This year I have organised my review into three parts: Strategic Review; Market Review and Emerging Trends; and Operating Review.

Strategic Review

At Olam the starting point for developing our strategy is to be clear about our long-term objectives. Our Governing Objective or Core Purpose, which is the reason we are in business, is to "maximise shareholder value over time for our continuing shareholders". We seek to do this in an ethical, socially responsible and environmentally sustainable manner. To achieve this, we focus on impacting three key value drivers: opening up the equity and capital spreads (ROE-Ke) and (ROIC-WACC); increasing the rate of profitable growth; and sustaining profitable growth for the long term. Our track record in impacting these value drivers over the last six years, across two three-year strategic planning cycles, is given below:

	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	CAGR(%)
Sales (S$'m)	1,582	2,274	2,610	3,369	4,361	5,455	28.1
NPAT (S$'m)	25.0	28.7	48.1	65.9	87.2	109.0	34.3
ROE (%)	49.2	39.6	40.7	34.7	17.5	20.6	
Ke (%)	10.0	10.0	10.0	10.0	10.0	9.0	
ROE-Ke (%)	39.2	29.6	30.7	24.7	7.5	11.6	

Our strong growth in sales of 25.1%, volumes of 18.9% and after tax earnings of 25.0% in 2007 once again underscores the fact that we have made our own growth in a relatively slow growth industry. Our obsession with finding profitable growth is not with the intent of growing big for the sake of size, but because we believe that by increasing the rate of sustained profitable growth we magnify value creation, which is why we are in business. Our strong track record is therefore a result of specifically planning for growth with intensity.

Organic Growth Strategy

Our organic growth strategy has been driven by a clear focus on our core business and a systematic and repeatable formula for adjacency expansion based on that core.

Over the last 18 years our growth has been driven by adjacent opportunities in businesses or geographies that share suppliers, customers, channels, costs or capabilities with our existing businesses. We have relentlessly repeated this formula to evolve from a one-product and one country operation 18 years ago, to a global supply chain manager operating in 14 agricultural product categories across 56 countries.

Our organic growth strategy seeks to: a) Grow volumes in our existing businesses by broadening our procurement reach in both existing and new origins and from an enlarged customer base in existing and new markets. In FY2007, our expansion into Colombia, Honduras and Peru for Arabica coffee were good examples of executing this strategy. b) Provide more value added services that differentiate us from our competitors, including organic certification, traceability services and vendor managed inventory solutions. 50% of our growth in Net Contribution in FY2007 came from margin enhancement from these value-added services. c) Invest in cross product services like warehousing and inland logistics. In FY2007, we invested S$45.8 million in cross product services. d) Selectively enter attractive new and related product adjacencies. We entered the Almonds business as an adjacency move in our edible nuts business, into casein as an adjacency to our dairy business, and into soybeans in the oilseeds category during FY2007.

Our ability to grow significantly faster than our industry over the years has been a result of the following:

Firstly, we built distinctive and transferable competencies that helped us clearly differentiate ourselves from our competition and provided us with a sustainable competitive advantage. These distinctive competencies included our origination advantage, our ability to provide differentiated customised marketing solutions, and our risk management skills. By first differentiating ourselves in this manner, it became easy for us to scale our business.

Secondly, we developed a deep bench-strength of global leaders who are internationally mobile and have a deep familiarity with our business model, operating systems, risk systems, key business processes and culture. In essence, they carry our DNA and we deploy our distinctive competencies into new products and markets through these assignees. In FY2007, we grew our global assignee talent pool by close to 100 managers, or 36%, to a 340 strong team. This is the critical talent pool that will drive our growth going forward. We have an engagement score amongst this team of 82% and a voluntary attrition rate of 7.1%, amongst the lowest in the industry.

Thirdly, we encouraged each of our businesses to develop a bold aspiration to be a global leader. We are already amongst the top three players in Cocoa, Coffee, Cotton, Cashew, Rice, Sesame and Peanuts and have significantly increased our market shares in all our other products in FY2007. Over the next six years, we intend to be in the top three in each of our existing 14 businesses.

Fourthly, we have developed a clear globalisation road map and a portfolio of specific actionable growth initiatives for each business. A total of 103 specific new growth initiatives across new products, new origins, new markets and new value chain enhancements were implemented across our 14 businesses in FY2007. Some of these growth initiatives are detailed on pages18 and 19 of this report.

Fifthly, we have built a highly effective but lean corporate centre that integrates the business globally and has developed the valuable ability to allocate capital and resources to growth initiatives that create the maximum impact on our financial performance.

Inorganic Growth Strategy

In FY2006, we developed and communicated an M&A framework to our investors and FY2007 marked a clear inflection point in our history as we successfully rolled out our inorganic growth strategy.

We invested around US$250 million in six acquisition transactions and two asset purchases. All of these transactions were paid for in cash through a combination of internal accruals and debt. None of the transactions exceeded our individual deal size cap of 10% of our market capitalisation. These transactions were therefore consistent with our string-of-pearls approach with regard to the size of acquisitions. A detailed review of these acquisitions is included on pages 20 to 27 of this report.

All of these acquisitions barring one were immediately earnings and value accretive and the remaining one will become earnings accretive within two years of the acquisition. The average P/E of the acquired portfolio was around 8x forecasted FY2008 earnings for this portfolio. Five out of the six transactions were negotiated private deals while one was a contested bid. The six transactions all provided a clear strategic and business fit with our core business.

The first, a Grains and Oils joint venture with Chinatex Corporation, a Chinese State Owned Enterprise, enabled us to get into the soybean business, which is a new product adjacency that we have been targeting. We also entered into a cotton JV with Chinatex that helps us achieve scale in the domestic cotton business in China, the world's largest producer of cotton. The second, our acquisition of 100% of Queensland Cotton Holdings (QCH) in Australia, enables us to achieve significant scale in the cotton business and also establishes a footprint in Australia, which produces a whole range of agricultural commodities of interest to us. Our third acquisition of 100% of Universal Blanchers (UB) in the US helps us move up the value chain in Peanut ingredient manufacturing for which we lacked the technical competence and customer franchise required to make that move successfully on an organic basis. Similarly, our acquisition of 100% of Key Food Ingredients, a spice dehydrate manufacturer helped us move into a higher value chain adjacency in the spices business. The 100% acquisition of Naarden Agro in Holland helped us move into industrial casein manufacturing, a new product adjacency in the Dairy business. Our 19.9% strategic stake in Open Country Cheese (OCC) gives us a foothold in the New Zealand dairy sector, which we believe has a comparative advantage to produce dairy products cheaper. In addition to being value accretive, these transactions have also significantly added to our management bandwidth which will be very positive for supporting our growth going forward.

We continued to invest in our core deal team and have grown the team strength from three to six people. We have also embedded a post merger integration capability by enhancing our integration process. Our deal pipeline continues to remain healthy and we believe that growth through acquisitions will play an increasingly important role as we go forward.

Market Review and Key Emerging Trends

There are several key trends that we believe will affect the outlook for agricultural commodities over the next decade or so. These trends include:

(i) **Above average trend line growth in demand:** This in turn is triggered by:

a) **Soaring population growth:** The world population at the start of the 20th Century was less than 2 billion, while current world population is estimated at 6.5 billion with UN estimates projecting world population to reach 9.3 billion by 2050, increasing at a rate of 80 million a year. This population boom is occurring mainly in the emerging markets of Asia, Africa and Latin America.

b) **Rising incomes and demand for higher quality food:** Commodities generally follow the "Rule of Saturation" which forecasts that as real income grows from US$5,000 to US$20,000 per capita on a purchasing power parity basis, commodity usage vastly outstrips real income. Then saturation occurs and individual income grows faster than commodity use. Emerging markets today are following the same trend as the US, Europe and other OECD countries followed during their course of economic development. We believe this growth in demand and per capita consumption of agricultural products will centre on the developing countries, and specifically in the fast growing economies of China, India, Brazil and Russia, which have been key to global and agricultural market developments over the last decade. 80% of the world's population falls in the less than US$3,500 income bracket. India's per capita income is estimated at around US$3,000 while in China it is estimated at US$6,000. We can therefore expect potential growth in demand for raw materials over the next decade. There will be increasing demand for higher quality foods, which are more resource intensive to produce as these transitioning economies become more prosperous. For example, 100 times more water is required to produce a pound of beef than a pound of wheat.

c) **Growth in the use of agricultural commodities as feedstock for a rapidly increasing bio-fuel industry:** This is one of the main drivers of new demand and one of the reasons for international agricultural commodity prices to attain a significantly higher plateau over the outlook period of the next decade. However, changes to bio fuel policies or unexpected price changes in crude oil could significantly impact market developments in the future.

(ii) **Below average trend line growth in supply. This in turn is triggered by:**

a) **Increasing urbanisation:** There is expected to be a 47% increase in population density from 43 people/km2 to 63 people/km2 between 2005 and 2050. As industrialisation gathers pace in the developing countries, new cities begin to emerge and the existing cities outgrow into surrounding farmlands. As a result there is a growing demand for infrastructure such as roads, seaports, airports, housing, water, electricity, schools, that further puts pressure on farmland. We therefore expect a further reduction in the availability of farmland. The number of farmland inhabitants have already been reduced from 0.5 ha in 1950 to 0.3 ha in 2000 and this is expected to go down further to 0.2 ha by 2020. It is estimated that China alone is losing about 1.5% of its arable land each year due to creeping urbanisation and industrialisation.

b) **Global warming:** Resulting in more frequent floods and droughts causing supply disruptions.

c) **Long periods of under investment by commodity producers:** This will result in relative under supply because there is gestation period required to bring productive capacities on stream.

(iii) **Increased pace of de-regulation in commodity markets, including progressive dismantling of farm subsidies:** This will result in commodity trade flows shifting in favour of countries with a comparative advantage to produce these agricultural raw materials cheaper or better.

(iv) **Increased participation of commodity hedge funds and increasing interest in commodities as an alternative investment asset class:** This will improve liquidity in the futures markets but also increase volatility in these markets.

We are building early leadership positions and establishing a configuration of assets in those regions that are likely to be favourably impacted by these emerging trends. We have already invested in people and the capability to establish an early leadership in these regions and we are exceptionally well positioned to win in the future in these markets.

Operating Review

Group Financial Summary: Consolidated Profit & Loss Account

I am pleased to report that our Group Net Profit After Tax rose 25.0% to S$109.0 million for the financial year ended 30 June 2007. Our Sales Volume reached 3.77 million tonnes, an 18.9% increase over the previous year, backed by growth in volume across all four business segments.

Our top line growth was 25.1% amounting to S$5.46 billion in Sales Revenue, of which 72% was due to volume growth and the remaining 28% was driven by the prices of the underlying products we supply. Gross Contribution or gross profit, grew 41.8% to S$486.6 million. Included in the GC is income from market-making of options and volatility arbitrage, a business we started on a trial basis during FY2007. Net Contribution (NC), which is Gross Profit less interest expenses, grew 35.5% to S$351.4 million during the year. The increase in NC is contributed equally by volume growth and margin growth and this was achieved in spite of a 61.6% increase in interest expenses. Our growth in NC shows that Olam has been able to pass on the entire increase in interest cost to the supply chain, be it customers or suppliers, leading to an improvement in NC margin from 5.95% in FY2006 to 6.44% in FY2007. The growth in NC margin is of less significance than our dollar NC per tonne in FY2007 which rose from S$82 in FY2006 to S$93 in FY2007, a 13.9% increase.

On interest costs, some 63% of the increase was due to the increase in interest rates from 5.42% in FY2006 to 7.14% in FY2007 mainly caused by the increase in benchmark LIBOR rates which are absorbed by the supply chain. The balance 37% of the increase is on account of higher sales volume.

In light of the sub-prime lending crisis and the current volatility in the debt markets, I would like to point out that even though our overall interest costs have been rising, our interest spreads have been coming down since FY2005 (pre-listing) from an average weighted cost of 120-140 basis points to 75-90 basis points above the benchmark interest rate in FY2007.

Currently, our spreads are between 65 and 80 basis points weighted across all short term, medium term and long term loans, all of which are on a floating basis. This has been because of our successful equity raising programme in FY2005, and our better financial and credit performance, which have improved our ability to obtain better spreads over time. This trend has been further enhanced by the diversification of our debt portfolio into alternative instruments like Medium Term Notes, Islamic financing and loan syndications in untapped markets.

Facility Type	2004-05	2005-06	2006-07	Current
Short Term	120-140 bps	80-100 bps	50-70 bps	30-50 bps
Medium Term	-	110-120 bps	80-90 bps	70-80 bps
Long Term	-	130-140 bps	100-115 bps	85-100 bps
Wt. Avg Cost	120-140 bps	100-120 bps	75-90 bps	65-80 bps

In addition, our debt portfolio is skewed in favour of the bank loan markets as against debt capital markets and the bank loans markets have displayed less signs of stress on account of the sub-prime lending crisis. While Olam's debt portfolio has grown steadily by more than 25% or S$793 million during the year, utilisation of credit facilities have been constant at about 50% of available facilities throughout the whole year with significant additional debt capacity still available to meet our working capital and fixed capital requirements.

Selling, General and Administrative (SG&A) expenses rose 38.5% to S$225.2 million in FY2007, faster than our growth in sales revenue, resulting in a higher SG&A to sales ratio of 4.13 compared to 3.73 previously. The higher SG&A was on account of our increased investments in processing, warehousing and logistics in countries such as Brazil, Nigeria, Gabon, Zimbabwe, Vietnam and Colombia.

Our net earnings results in FY2007 took into account the effects of adopting the FRS 102 accounting standard which governs the expensing of share schemes and stock options. The result was a non-cash expense of S$5.6 million. Excluding this non-cash charge, our Net Profit After Tax would have increased by 28.9% over the previous year. Our net profit margin was maintained at 2.0% even as prices of commodities in our product basket rose. Earnings Per Share improved from 5.61 cents to 7.01 cents.

Segmental Review

Our results continued to be diversified across all 14 products and four business segments. The NC share was broad-based with Edible Nuts, Spices & Beans accounting for 19.6% of total NC, Confectionery & Beverage Ingredients 35.8%, Food Staples & Packaged Foods 17.1% and Fibre & Wood Products 27.5%.

Our market share of every product we source and supply grew during the year. Every one of the four segments experienced double-digit growth in all the performance metrics sales volume, revenues, NC and NC per tonne – except the Fibre & Wood Products segment whose sales revenue grew only 5.9% due to the fall in cotton prices during the year. In spite of this, NC grew at a high of 40.5% and margin per tonne growth was at the highest rate of 19.3% relative to the other three segments. This reinforces that headline commodity prices have limited impact on our profitability. A more detailed segmental review is carried on pages 36 to 53 of this report.

Group Financial Summary: Balance Sheet Analysis

Fixed Assets

Our total fixed assets and investments more than doubled from S$74.1 million in FY2006 to S$212.4 million in FY2007. Fixed Assets alone amounted to S$129.4 million while investments rose to S$83.0 million. The additions to Fixed Assets in FY2007 were mainly due to investments in UB and in processing factories, packaging plants and logistics infrastructure in Brazil, Nigeria, Gabon, Zimbabwe, Vietnam and Colombia. Under Investments, the increase of S$81.4 million is due to our partial completion of our acquisition of QCH in Australia and our 19.9% stake in OCC in New Zealand as of end-June 2007. (QCH became a 100% owned subsidiary in August 2007.)

Goodwill and Intangibles amounting to S$96.2 million came about because of our acquisition of UB. Intangibles due to customer franchise totalled S$20.1 million, which would be amortised over 15 years from FY2008. The balance S$76.1 million is Goodwill, which is to be tested for impairment every year. Under FRS 103, we will be conducting a purchase price allocation (PPA) exercise for the acquisitions completed post 30 June 2007. We therefore expect an increase in the quantum of Goodwill and Intangibles once the PPA exercise is completed for the acquisitions announced so far.

Post the completion of the QCH acquisition in August, our fixed assets and investments were about 11% of total assets. This is in line with our intention to gradually increase our asset intensity over the next six years due to selective investments in processing assets so as to participate in the more attractive parts of the product value chain.

Current Assets

Debtor days in FY2007 were reduced from 36 to 34 days as of the end of June 2007. Our quality of debtors remains good with 66.6% of debtors secured by letters of credit or documents of title with banks for collection.

Stock days decreased from 92 to 85 days in FY2007 compared to the previous year. Inventory value rose 14.7% entirely on account of price increases. Consistent with previous performance, 80.6% of stocks had been sold forward or hedged using financial derivatives so there is no erosion of value for these stocks. The residual price exposure on the balance inventories are actively managed through both volume and tenor limits in accordance with our risk management policies.

Advances to suppliers increased from 15 to 19 days in FY2007. The advances increased from S$160.7 million in FY2006 to S$255.7 million in FY2007 mainly because of a higher level of pre-financing arrangements with sugar mills in Brazil, dairy companies in Europe and an increase in the scale of operations in timber during the year.

Borrowings and Gearing

Borrowings increased from S$1.5 billion to S$1.9 billion as of the end of June 2007, arising from funding additional working capital as well as the acquisitions of UB and QCH during the year.

Our headline gearing in terms of net debt to equity came to 3.45 times (before fair value adjustment reserve) compared to 2.23 times at the end of FY2006. However, if we strip out all the bank-secured receivables and liquid hedged inventories, which meets the three qualifying conditions of being non-perishable, sold forward or hedged using financial derivatives, and liquid and quickly convertible into cash, our adjusted net gearing would be 0.83 times. This result is in line with our intention to re-gear our balance sheet on a net debt to equity basis of about 4 times or on an adjusted basis of 1.5 times, which we think is a more efficient capital structure and comparable to industry gearing.

Shareholders' Equity

Total shareholders' equity and reserves decreased by 11.3% from S$488.0 million to S$432.7 million by end-June 2007. There has been a net reduction of S$150.8 million to equity, on account of the revaluation of financial derivatives used for hedging purposes after applying FRS 39. The main reason is the unrealised losses on derivatives because of increasing market value of the underlying commodities, mainly cocoa, coffee and cotton. The adjustment due to FRS 39 has mainly flown to equity as the majority of our hedging instruments have been found to be effective hedges. These unrealised losses are expected to be offset by equivalent gains from the underlying physical transactions when their sales are recognised. Therefore, we do not expect these adjustments to have any material impact on the future results of our company.

Conclusion

Our overall financial performance in FY2007 continues to reflect our unique competitive position and our capacity to grow both volumes as well as the margin per tonne. The competitive advantages that we have embedded through our products, geographic spread, value chain capabilities and above all our unique culture and the discretionary effort of our people, will stand us in good stead for the future.

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

Sunny George Verghese
Group Managing Director
& Chief Executive Officer

Acquiring New Strengths in the Global Market

Our strategy of combining ongoing organic growth initiatives with selective strategic acquisitions has begun to bear fruit. This has enabled us to significantly scale up several of our core businesses while presenting opportunities to enter new products and markets.

Strategy Review

Executing Our Strategy

Our organic growth has been driven by a scalable and replicable formula, based on our core competence in supply chain management. A significant part of our growth will continue to come from organic initiatives. However we will support this growth with selective acquisitions.

Organic growth
We have grown over the past 18 years through product, geographic and value chain adjacencies across our current businesses. This is a growth model that has reduced our risks of execution and we expect our growth in the next six years to come mainly from executing this strategy.

To achieve this we will aim to scale up volumes and gain global leadership positions in our 14 existing businesses. Our growth in volume will come from broadening our reach in existing or new origins and from an enlarged customer base. We will also focus on several identified value-added services that differentiate our product offering from those of our competitors and enable us to realise a significant premium for the same.

We have identified eight new product adjacencies, which we will enter progressively over the next six years. These adjacencies have a high degree of synergy in their customers, channels, suppliers, costs and capabilities with our existing businesses. We also aim to pursue investments in infrastructure, such as warehousing and logistics, which would cut across businesses and result in increased efficiencies and reduced costs.

Inorganic growth
Our success in making value-accretive acquisitions will be an important growth engine for Olam and will form an integral part of our overall growth strategy.

We will focus on new product adjacencies closely linked to our core businesses, on value chain adjacencies that will enable us to integrate our supply chain and participate in margin-enhancing activities, and on geographic adjacencies where acquisitions would enable us accelerate the pace of entry into those geographies.

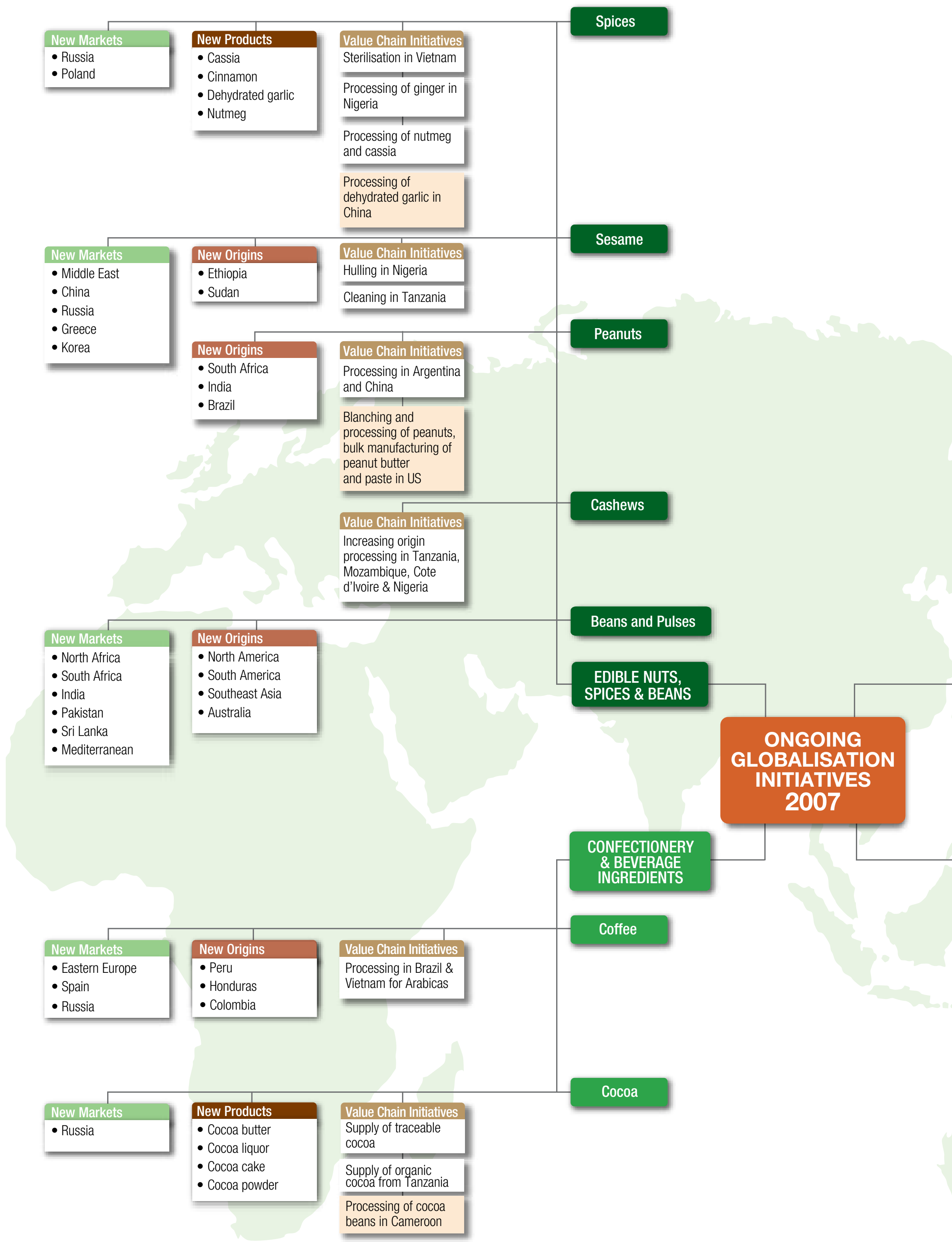
We are disciplined about the way we approach acquisitions and have set out a clear M&A framework. The framework addresses issues of size of the acquisition in relation to the market capitalisation of our company and total M&A spend in a given year. Our focus would be on transactions that are not just earnings enhancing, but clearly value accretive.

This year we have completed six transactions with a total investment value of around US$250 million. In addition our M&A team has built a healthy pipeline of projects and we plan to expand the team in Europe and Africa to explore new opportunities in these two regions.

Final checks being made at Universal Blanchers, the US-based food ingredients processor that we aquired during the year.

Ensuring that all the settings are correct at Queensland Cotton in Australia, another of our acquisitions.

Ongoing Globalisation Initiatives



Origin Offices

- Argentina
- Australia
- Belarus
- Benin
- Brazil
- Burkina Faso
- Cameroon
- China
- Cote d'Ivoire
- Democratic Republic of Congo
- Colombia
- Ecuador
- Egypt
- Gabon
- Ghana
- Guinea Bissau
- Guinea
- India
- Indonesia
- Kazakhstan
- Liberia
- Madagascar
- Mozambique
- New Zealand
- 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
  - Distribution of a range of FMCG products
- New Products
  - Ponchos - snack nuts
  - Tasty Tom - a seasoning mix
- New Markets
  - South Africa
  - Nigeria

Dairy Products

- Value Chain Initiatives
  - Manufacturing of casein
- New Products
  - Skimmed milk powder
  - Whey powder
  - Cheese & fats
  - Casein
- New Origins
  - US
  - Belarus
  - China
- New Markets
  - Russia
  - China
  - Congo
  - Cote d'Ivoire
  - Senegal
  - Egypt

Sugar

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

Oilseeds

- Value Chain Initiatives
  - Processing of soybeans in China
- New Origins
  - Brazil
- New Markets
  - China

Rice

- Value Chain Initiatives
  - Rice milling in Nigeria, India & Madagascar
  - Logistics in Cameroon and Cote d'Ivoire
- New Markets
  - Burkina Faso
  - Algeria
  - Liberia
  - Mali
  - Togo

FIBRE & WOOD PRODUCTS

Cotton

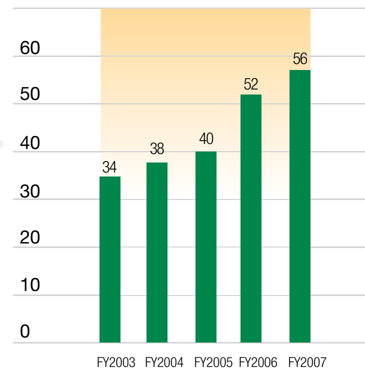
- Value Chain Initiatives
  - Cotton ginning in Uganda & Zimbabwe
  - Cotton ginning in Zambia
  - Cotton ginning in Australia & US
  - Cotton ginning and distribution in China
- New Origins
  - India
  - Sudan
  - Zambia
  - USA
  - Australia
- New Markets
  - Turkey
  - China

Timber

- Value Chain Initiatives
  - Timber processing in Gabon,Tanzania & Mozambique
  - Certified teak from Ghana
  - Manufacturing of flooring products in China
- New Origins
  - Equatoral Guinea
- New Products
  - Expanded range of species
  - Wooden flooring products
  - Veneer products
- New Markets
  - Vietnam
  - China
  - US
  - Middle East

Value Chain Initiatives
New Origins
New Markets
New Products
Organic
Inorganic

Number of Countries



Marketing Offices

- Algeria
- Australia
- 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
- Switzerland
- Tanzania
- The Netherlands
- Turkey
- Uganda
- United Arab Emirates
- United Kingdom
- United States of America
- Vietnam

GLOBAL M&A - Chinatex

Expanding into the Grains & Oils complex

Our first inorganic initiative was a strategic partnership in the oilseeds and cotton businesses with Chinatex Corporation, one of China's largest state-owned enterprises.

Global M&A

Our joint venture with Chinatex accelerates the execution of our soybean strategy by combining Chinatex's leading market position in China with our sourcing capability in Brazil and Argentina. This joint venture also brings together two leading players in the cotton industry, thereby positioning the company to achieve prime mover status in China's cotton market.

Grains & oils joint venture

This joint venture combines the processing and marketing capability of Chinatex's subsidiary, Chinatex Grains and Oils (CTGO), a market leader in China, with our supply chain management capability in Brazil and Argentina.

Olam has identified soybeans as an attractive new product adjacency and China is the largest importer and consumer of soybeans in the world. CTGO has a leading position in the soybean industry in China with a market share of close to 11%. Brazil is the world's second largest soybean producer. It is the fastest growing exporter of soybeans and is the largest exporter of soybeans to China. There is an increasing deficit in net soybean availability in the key market, China, and with growing exports from Brazil, the joint venture would be well positioned to leverage opportunities for growth in this sector.

We have invested in a 35% stake in CTGO with an option to increase it to 45% within a period of two years of setting up a sourcing subsidiary in Brazil at the pre-agreed valuation.

Co-ordinating the process flow in the soybean plant.

Cotton joint venture

Olam and Chinatex have set up a 50:50 joint venture company in China to be involved in sourcing, ginning, inland logistics, distribution and risk management for the local cotton market. Our joint venture with Chinatex brings together two large and strong players in the global cotton industry, combining Chinatex's local knowledge with Olam's position as the leading supplier of imported cotton to the Chinese market. Chinatex has a 10% share of the imported cotton trade and is the largest player in the Chinese cotton industry, present in almost every part of the cotton value chain from sourcing and logistics, to processing of imported and locally sourced cotton.

China accounts for approximately 44% of global raw cotton trade and is the world's largest producer, consumer and importer of raw cotton. Imports have grown from 1.93 million tonnes in 2003 to 3.4 million tonnes in 2006. Furthermore, China's cotton industry is being de-regulated and we believe we would be able to leverage this trend to achieve a leading position in the domestic market in China.

The joint venture includes a preferential purchase agreement whereby at least 30% of Chinatex's annual cotton imports would be sourced by Olam.

The packing section in the Chinatex plant.

Left page:
Olam and Chinatex managers on a visit to the Chinatex complex in Dongguan, China.

GLOBAL M&A - Queensland Cotton

Establishing our footprint in Australia

Our acquisition of Queensland Cotton Holdings will enable us to maximise the opportunities we have identified in the global cotton market.

Global M&A

The combination of Queensland Cotton and Olam has created the world's third largest and most diversified global cotton company, with substantial sourcing operations in Africa, Australia, Brazil, CIS, India, China, the US and a strong presence in the major world markets.

Strong business synergies

Olam is today ranked among the top five global cotton companies. We are present in all key cotton producing countries except Australia, the world's fifth largest cotton exporter. Our cotton growth strategy is to expand our product range and increase market share in the high medium and long staple segment. We also aim to increase our value chain participation by deepening our sourcing and ginning capacities in the US and Brazil and setting up operations in Australia, a supplier of medium and long staple cottons.

The acquisition of Queensland Cotton Holdings (QCH) fits well into our cotton strategy. Ranked as one of the top 10 cotton companies globally, QCH is Australia's largest and oldest cotton company with the widest ginning footprint in the country. In Australia, QCH has operations in Queensland and New South Wales, while in the US, its operations are in California, Arizona and Texas. QCH is one of the world's foremost suppliers of premium cotton with a 25% market share in Australia, a leading position in California and Arizona and a growing presence in Texas and Brazil.

QCH provides us with an accelerated access to the high/medium cotton segment, thereby enabling us to be a "universal" supplier of the full range of cottons to our textile customers. Its ginning and logistics capabilities in Australia and US will also further enhance our integration into the cotton supply chain in these key origins.

We also have substantial scope to expand QCH's pulses operations, Mt Tyson Seeds, given our strong market presence in large consuming countries like India.

In addition we can cross-source multiple products in Australia and enter into related attractive new product adjacencies, such as almonds, macadamias, dairy products, sugar, timber and wheat, using QCH as a common origination platform.

The strong, experienced management team at QCH will be a valuable addition to our global talent pool and the Olam-QCH combination, with its comprehensive product range and unmatched origin presence, will have a unique competitive position in the global cotton industry. Our domestic cotton joint venture with Chinatex Corporation will only further strengthen this competitive position.

The post merger integration team before the start of their meeting.

The cotton feels good – an experienced hand checking the quality.

Left page:
Picking the right seed cotton from the field for ginning at Queensland Cotton.

GLOBAL M&A - Universal Blanchers

Extending our Value Chain in Edible Nuts

Integrating Universal Blanchers into the Olam supply chain will enable us to accelerate our strategy for peanuts and the overall edible nuts segment.

Global M&A

Universal Blanchers is Olam's strategic entry point into the peanuts ingredients space that will lead to substantial synergies for the overall edible nuts business. Its dominant market position, superior processing knowledge and strong customer franchise add significant value to Olam's existing edible nuts customer base and offer many cross-selling opportunities.

Completing our strategy

Olam has direct sourcing and processing operations in China and Argentina, the world's two largest peanut producing countries, as well as other key origins such as South Africa, Brazil and India. The 100% acquisition of US-based food ingredient manufacturer Universal Blanchers (UB) therefore fills the missing piece in our strategy for peanuts and the overall edible nuts segment.

UB is the world's largest independent peanut blancher, ingredient processor and a market leader in outsourced peanut products for the snack and confectionery industry. Its dominant market position is built on strong customer relationships and superior product quality. Its key sources of competitive advantage are its proprietary production processes and software.

UB's major customers include the two largest peanut shellers in the US as well as some of the world's largest branded food manufacturers. UB owns and manages five modern efficient plants strategically located in Blakely and Sylvester in Georgia, Dublin in Texas and Edenton in North Carolina, all within the three major peanut growing regions in the US.

Dried peanuts ready for blanching.

Colour sorting of peanuts.

A value-accretive acquisition

UB shares some customers with Olam and this combination will allow Olam to service their peanut needs from other origins as well as meeting their requirements for other edible nuts.

Demand for peanuts in the US is expected to grow due to the development of new peanut products, driven by their perceived health benefits and more favourable cost.

While UB's market share is significant in the outsourced peanut ingredient market, it is small in the overall market as many food manufacturers still process peanuts internally. We believe these food manufacturers would increasingly outsource their operations to independent peanut processors and we are therefore well positioned to capitalise on this growing outsourcing trend.

Olam has a diversified portfolio of edible nuts and we have plans to expand into other edible nuts like pecans, macadamias, pine nuts and walnuts in the future. The US is a significant producer of many of these nuts and UB offers us a strong platform to enter these segments. UB can potentially process other edible nuts into ingredients for its existing customers.

Left page:
Universal Blanchers' state-of-the-art peanut blanching facility at Blakely, Georgia.

GLOBAL M&A - Key Foods Ingredients

Moving up the Value Chain in Spices

Our acquisition of Key Foods Ingredients gives us an accelerated entry into the large and growing dehydrated ingredients market.

Global M&A

Key Foods Ingredients provides Olam with an entry into the dehydrated garlic business from China to the US, as well as an accelerated entry into the large dehydrated ingredients market, which is estimated to be growing at 7-8% each year.

Key Foods Ingredients

Olam is currently a leading supplier of raw tropical and seed spices and our plan is to move up the value chain into the spices ingredients segment. Dehydrated garlic from China has been identified as a key strategic initiative for growing our spices business. We have therefore acquired a 100% equity interest in Key Foods Ingredients and its subsidiaries (KFI), a processor and global supplier of dehydrates to the food processing industry.

KFI owns one of China's largest and most modern dehydrated garlic facilities, which is located near the major port city of Qingdao and processes raw garlic and garlic flakes into dried, cleaned and milled garlic ingredients. It sells these products mainly as ingredients to spice packers, blenders, flavour and seasoning manufacturers, the nutraceutical industry and a host of other food service companies. KFI is led by an experienced management team and its market position is built on a strong customer franchise, as well as superior product quality resulting from investments in processing capacity, food technology and quality assurance systems.

Olam and KFI managers at the KFI plant.

Other Strategic Investments

Naarden Agro products

Olam has acquired a 100% equity interest in Naarden Agro Products, an international supply chain manager of industrial caseins.

The acquisition of Naarden is a one-step product adjacency for our dairy business as we share the same sourcing channels in countries such as Ukraine, Poland, Russia and Belarus, providing significant synergies in cross-sourcing with only a marginal additional investment. It also provides us the platform to diversify into the next-step adjacency, edible caseins, which we could supply to the food ingredients customers that we currently serve.


Industrial caseins ready for shipment from the Naarden Agro Products plant in the Netherlands.

Open Country Cheese

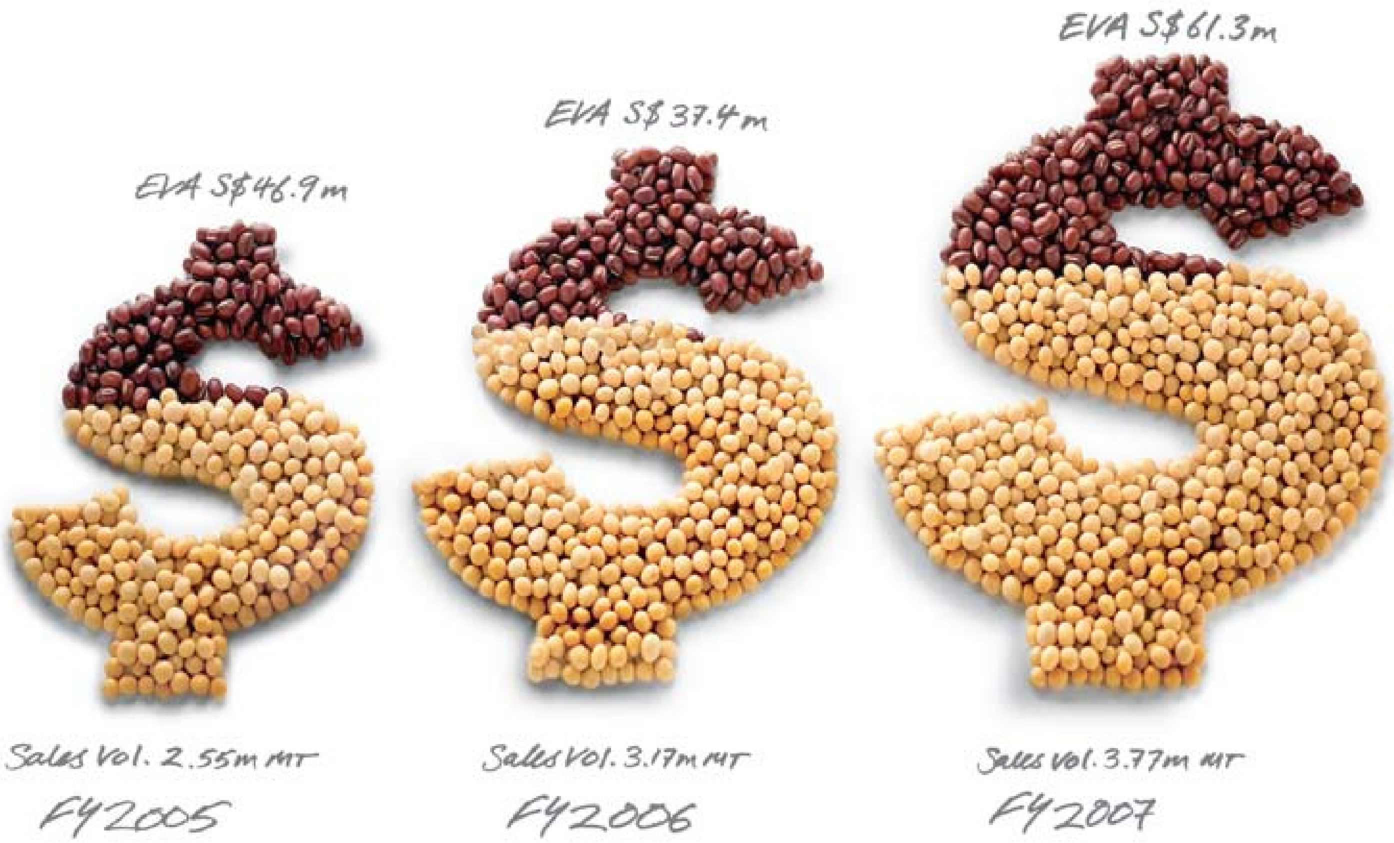
Towards end of the year we made a strategic 19.9% investment in Open Country Cheese (OCC), a fast growing dairy processing company in New Zealand.

The primary objective of the investment is to help us gain a valuable exposure to the processing business in a key dairy origin which stands out among other origins given its superior cost-competitive position. Besides this, we believe that OCC is well placed to capitalise on the export growth opportunities in the increasingly de-regulated dairy industry in New Zealand.

Left page:
The conversion of raw garlic into garlic ingredients at the Key Foods Ingredients facility in Qingdao.

Our Business Dynamics

Managing for Profitable Growth



Profitability and growth are mutually inclusive goals that are integral to all our business decisions, where creating value over time is our core objective.

Our Business Dynamics

At Olam, we define profitable growth as our capacity to grow the top line, the bottom line and to earn more than our cost of capital concurrently. All three conditions must be met at the same time to qualify as profitable growth.

Over the years, we have built a company known for reliable growth. In the last six years, over two three-year strategic planning cycles, we have organically grown the top line at 28.1% CAGR, the bottom line at 34.3% CAGR and generated equity spreads (ROE-Ke) and capital spreads (ROIC-WACC) well in excess of our cost of capital in each of those years.

Our aim is to lead the company to consistently grow earnings and deliver high returns in excess of our cost of capital, which in turn will lead to increased shareholder value.

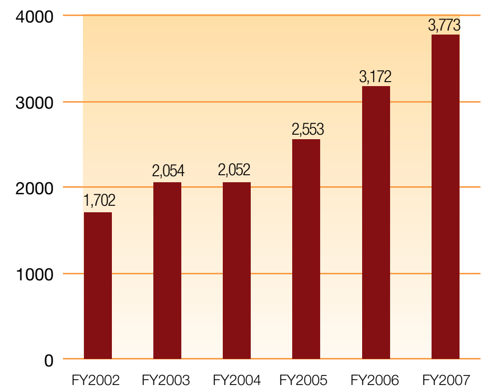
However, achieving both profitability and growth objectives concurrently is a demanding and elusive challenge. We achieve this dynamic by managing both the revenue side, our growth objective, and cost side, our profitability objective, by focusing and enhancing customer benefit.

Today, we offer a range of tailor-made marketing solutions and services to our customers, including organically certified raw materials, traceability services, fair trade produce certification and customised grades and quality. We also offer processed ingredient quality raw materials, vendor managed inventory solutions, risk management solutions, and proprietary market intelligence. All of these value-added services provide distinct customer benefits, create loyalty and stickiness with our customers and give us a larger share of their wallet, therefore meeting our growth/revenue objectives. At the same time this gives us some pricing power, enabling us to meet our profitability/return objectives. This kind of profitability, based on providing distinct customer benefits, is also more likely to be compatible with our growth objectives.

Our strong business focus as a supply chain manager of agricultural raw materials and food ingredients, our proven organic growth strategy of expanding into adjacencies closely linked to our core business, and our capacity to use M&A to selectively acquire businesses, competencies and capabilities with a good strategic and business fit to our core business, have all underpinned our ability to achieve consistent long-term profitable growth.

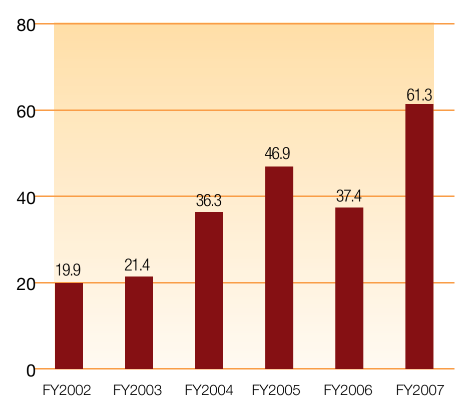
Growing customer benefits and shrinking bad costs have enabled us to produce both positive economic profits and positive real revenue/volume growth at the same time in each of the last six years.

Sales Volume
('000 Metric Tonnes)



Sales volume has grown by 28.1% CAGR over the last 6 years.

Economic Profit
(S$million)



We have created cumulative value of S$223.2m over the past six years.

Our Business Dynamics

Investing for the Future

One of the key aspects of our culture is to deliver on our commitments both in the short and long term. To this end our managers "have their nose to the grindstone while simultaneously lifting their eyes to the hills*"

*Peter Drucker

Our Business Dynamics

A key focus for us over the years has been to create a company that produces results today while concurrently building for results tomorrow. We expect to deliver on our commitments in the short term while at the same time investing to build leadership in each of our businesses over the long term.

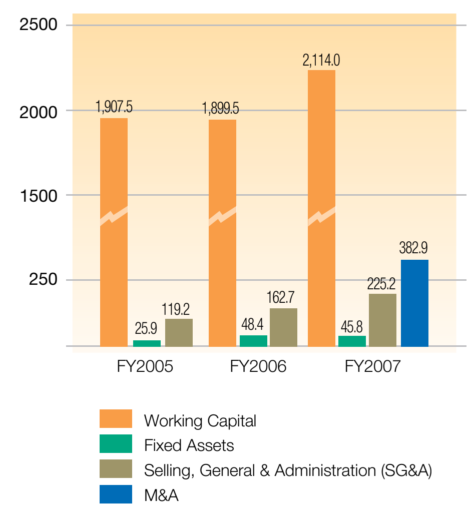
One of the ways we achieve both today's and tomorrow's performance is through our performance management system. This seeks to influence a manager's behaviour by evaluating him/her across four key dimensions. These are Financial Performance, including Risk Adjusted Profit After Tax, Equity and Capital Spreads (ROE-Ke and ROIC-WACC); Operational Effectiveness, including cycle time, operating leverage or overhead productivity, and working capital productivity; Strategic Effectiveness, including improved competitiveness and market share; and Organisational Effectiveness, including employee engagement scores, attrition rates within the team, alignment, coaching and development inputs provided. Each of the four criteria has an equal weighting in the evaluation process. While the first two focus on short term delivery, the last two are predictors of our ability to deliver over the long term.

The second way is to focus on sustainable earnings that are not generated by sacrificing the future or by merely harvesting the past. We believe that a large part of our value today reflects the present value of our future or long-term earnings potential. That is why we continue to invest heavily to secure that future and then deliver on those investments.

Over the last six years, over two three-year strategic planning cycles, we have grown our working capital investment from S$750.5 million to S$2.1 billion (29.5% CAGR), our capital expenditure investment from S$10.4 million to S$45.8 million (44.8% CAGR), our SG&A investment from S$77.7 million to S$225.2 million (30.5% CAGR) and in 2007 we invested US$250 million in acquisitions across six transactions and two asset purchases. All these investments are expected to deliver results over the course of the next six years. Our focus is not to boost earnings by short-term asset disposals or cutting investments, as we believe that the resulting earnings would not be sustainable.

Most of our emphasis on developing sustainable earnings is based on building proprietary assets and capabilities that are unique, have a future life and which help us to grow in the long term. These capabilities include our capacity to "out-origin" our competition, to provide differentiated and customised marketing solutions and services, to identify, capture, measure, monitor and manage risk at a transactional level and to develop a deep bench strength of global managers who carry our DNA and understand our business model and operating systems. We deploy these capabilities and make them fungible across new geographies and product adjacencies by assigning our global managers to develop these growth opportunities.

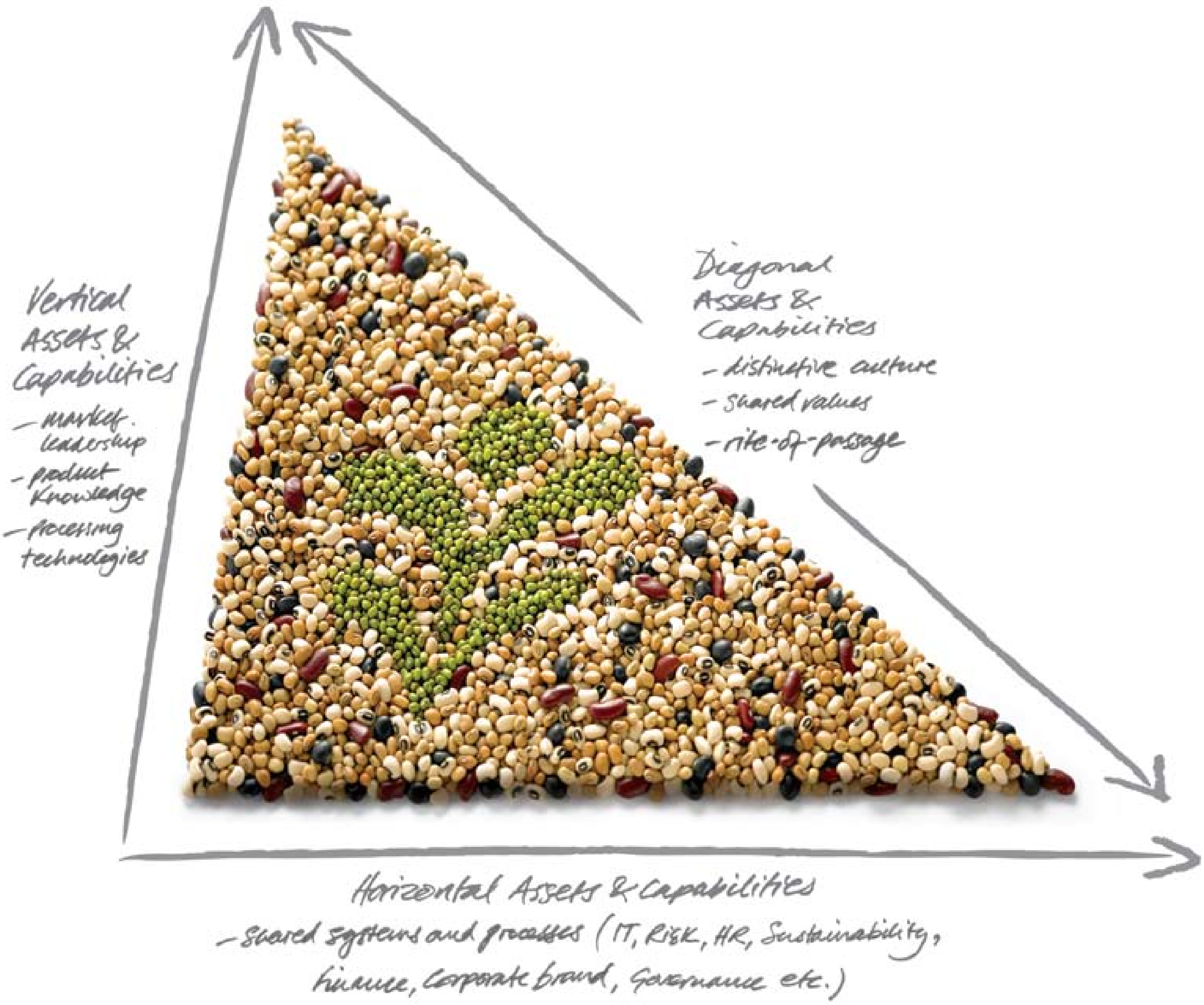
Investments (S$million)



For us investing for the future is a conscious process.

Our Business Dynamics

Securing One Company Benefits



Our diagonal assets have enabled us to meet the challenge of being more than simply the sum of our parts and have helped us secure considerable One Company benefits.

Our Business Dynamics

Olam today is a very diverse company dealing in 14 products with a direct presence in 56 countries, employing close to 8,000 people and selling to over 4,000 customers in 60 end-markets. Yet we operate as One Company.

Over the years we have achieved a distinctive capacity to improve the collective performance of the company as a whole while at the same time improving the individual performance of each of our business units. This ability is driven partly by the way we are organised.

We are structured as a three dimensional, product, geography and function matrix, enabling the managers across these three dimensions to bring different perspectives to the same issue, allowing us to build three complementary strategic capabilities at the same time. These are global scale efficiency and competitiveness; local country level responsiveness and flexibility; and the capacity to leverage our intellectual capital on a worldwide basis across all our units.

Our ability to secure One Company benefits is primarily a result of our capacity to simultaneously build three kinds of value:

Vertical Assets and Capabilities that are specific to our individual business units like product market insights, local know-how, specific market leadership positions in different businesses, technical know-how and processing insight for different products.

Horizontal Assets and Capabilities that are shared across all our business units including shared services like Human Resources, Information Technology, Risk, Accounts, Treasury, Corporate Social Responsibility, Investor Relations, Legal, Corporate Brand/Identity, strategic planning, budgeting and governance processes.

Diagonal Assets including developing a company-wide common purpose, a sense of connectedness between our business units, a shared agenda, goals or aspiration, a common vocabulary, a common rite-of-passage, shared values, a distinctive culture, subscribing to a common approach, having common training and development programmes and developing a global cadre of managers.

These diagonal assets provide the glue, or the connective tissue in our company by linking our various business units together without a formal structure and helping us bind the various parts together to operate as one company. They are also pivotal in enabling our horizontal assets to provide vertical value and our vertical assets to provide horizontal value. At Olam, our leadership team is able to wear two hats, one to represent the business unit and the other the company as a whole. Our diagonal assets also guide us in our acquisitions and help us determine how we as Olam can really add value to the company we are acquiring by leveraging these assets.

Our diagonal assets are anchored by our people across multiple locations and enable us to secure One Company benefits worldwide.

Sunny Verghese
Group Managing Director & CEO

Our Leadership Advantage

Our Leadership Team consists of internally developed managers and experienced recruits who combine to provide the necessary expertise for our business. We have consistently been able to attract and retain high quality professionals to work in challenging market conditions. In FY2007, we added close to 100 professional managers to our team taking the global managerial talent pool to 340 managers. Voluntary attrition rate was 7.1%, amongst the lowest in the industry.

One of the critical success factors for us to achieve our growth plans will be to make our leadership model scalable and replicable. To achieve this, we have defined the Olam Leadership Competency model and instituted leadership lifecycle learning programmes to address development needs at each stage of the leadership lifecycle in the organisation.

We have been able to foster a strong spirit of inclusiveness and have maintained a "small company feel" while growing the organisation across 56 countries. In an independent employee engagement survey carried out in 2007, we achieved an overall employee engagement score of 82%, reflecting a high degree of emotional and intellectual involvement or commitment employees have to Olam. This has been made possible by promoting continuous and open communication across the organisation and ensuring that we deploy a core team of senior managers to start a new business or location and transplant the culture and spirit of the organisation.

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

Executive Committee

Front row left to right

1. Ashok Krishen, Managing Director, Cashew & Spices
2. Ranveer Chauhan, Senior Vice President & Regional Head, West Africa I
3. K. Ravikumar, Chief Financial Officer
4. Jagdish Parihar, Managing Director, Cotton
5. Sridhar Krishnan, Senior Managing Director
6. Sunny Verghese, Group Managing Director & CEO
7. A. Shekhar, Senior Managing Director
8. Gerry Manley, Managing Director, Cocoa
9. Vivek Verma, Managing Director, Coffee & Dairy Products
10. V. Srivathsan, Senior Vice President & Regional Head, West Africa II
11. Ashok Hegde, Senior Vice President, Wood Products

Management Committee

Middle row left to right

1. M.D. Ramesh, Vice President and Regional Head, South & East Africa
2. Joydeep Bose, Vice President, Human Resources
3. Arun Sharma, Senior Trader, Coffee
4. Sanjay Sacheti, General Manager and Regional Controller, India & Myanmar
5. S. Ramesh, Senior Trader, Financial Services
6. S. Venkitapadmanabhan, General Manager, Accounts
7. M. Ramnarayanan, General Manger, Packaged Foods
8. Jayant Parande, General Manager, Treasury
9. Mahesh Menon, Senior Trader, Cotton
10. Ravi Pokhriyal, General Manager and Regional Controller, Cote d'Ivoire
11. Rajeev Raina, General Manager, Rice
12. Rajeev Kadam, Vice President, Internal Compliance
13. Devashish Chaubey, Vice President, Sugar & Sesame

Back row left to right

1. Shankar Athreya, General Manager, Strategic Investments
2. Rafael Speck, Vice President, Strategic Investments, Europe
3. Vasanth Subramaniam, General Manager Accounts
4. M. Satyamurthy, General Manager and Regional Controller, Nigeria
5. Raj Vardhan, General Manager and Regional Controller, China
6. Amit Suri, Senior Trader, Cocoa
7. Johannes Henricus, Senior Trader, Coffee
8. Anupam Jindel, General Manager, Peanuts, Beans & Pulses
9. Thomas Gregersen, Senior Trader, Coffee
10. K. S. Priyan, General Manager and Regional Controller, Gabon & DRC

Edible Nuts, Spices & Beans

The key highlight for this segment was the acquisition of Universal Blanchers in the US. Universal Blanchers is the world's largest independent peanut blancher and ingredient processor. This acquisition has provided us with an accelerated entry into the world's largest peanut snack market.

Business Review

The Edible Nuts, Spices & Beans segment recorded a volume and net contribution growth of 17.5% and 29.9% respectively in FY2007 as a result of strong performances from Cashew, Pulses & Beans and Sesame. The Spices business expanded its product offering by adding dehydrates to its portfolio, while Pulses & Beans transformed itself from a niche business to a global business spanning some of the most important origins and markets.

Cashew

The cashew market has seen a healthy growth in demand over the year, with a corresponding increase in supply. This year we have grown our market share in most origins, while remaining focused on enhancing our value chain margins.

Olam is the only company to have significant interests in every segment of the cashew supply chain. This includes sourcing raw seed at the farm gate in 15 producing countries, processing at our blanching and packaging facilities in seven origins and delivering to the customer's factory gate in all the major markets, through our marketing offices in Singapore, Rotterdam, New York, Moscow, Dubai and Durban.

Raw cashew being dried before processing in Brazil.

Our knowledge of cashew processing, built over the years in established cashew processing origins like India, Brazil and Vietnam, has now been successfully transferred to the African raw cashew producing countries including Tanzania, Mozambique, Cote d'Ivoire and Nigeria. We run and manage 30 processing and packing facilities across seven processing origins, providing direct and indirect employment to over 30,000 people, almost 95% of them being women. This has generated employment mainly in rural areas where employment opportunities are not otherwise available. Some of our factories are certified for organic cashews, with traceability established to individual farms.

Providing timely deliveries to our customers throughout the world.

Our geographical spread and vertical integration, coupled with our innovative model of buying, processing and distributing quality kernels throughout the year, has enabled us to build a unique competitive position in the industry.

We will continue to strengthen our relationships with our customers by offering them customised products and other value added services, while further consolidating our position in the growing origins by knitting sustainability and community development into our business operations.

"Today we are the world's largest supplier of raw cashew nuts with a market share of 20% of the current global trade flow. We believe our strengths in each part of the value chain will enable us to further build on this leadership position in the years ahead."

Ashok Krishen
Managing Director, Cashew

Peanuts

Quality control at our peanut processing facility in Qingdao, China.

Dried peanuts at our Qingdao facility prior to blanching.

This year we made significant strides in our Peanut business as we continued our strategy of building sourcing and processing assets in all the key peanut producing and exporting origins. We have now built a significant supply chain presence in the three main origins of China, Argentina and US which account for 80% of the world trade. We have also strengthened our presence in niche markets like India, South Africa and Brazil.

During the year we acquired Universal Blanchers in the US. Universal Blanchers is the world's largest independent peanut blancher and ingredient processor. This acquisition has provided us with an accelerated entry into the world's largest peanut snack market. This is also significantly management accretive, as the UB team brings in-depth processing knowledge and customer relationships which can be leveraged across our other origins.

Our factory in China started processing peanuts in the last season and we began the process of having the factory inspected and approved by our customers in both the local and export markets. We hope to build on our volumes by investing in our local procurement infrastructure and establish ourselves as one of the most reliable suppliers of peanuts from China in the coming years.

Our operations in Argentina continue to make good progress. We are in the process of strengthening our supply chain presence, which currently includes contract farming and a toll shelling and blanching operation. We expect to invest further in both the farming operation, as well as building our own shelling and blanching plant. This will enable us to offer increased volumes and participate in an enhanced profit pool.

"Olam is well poised to become a global leader in the supply of peanuts and peanut ingredients to the snack and confectionery industry."

Anupam Jindel
General Manager, Peanuts

Spices

In contrast to previous years when market volatility was relatively weak, we experienced sharp cyclical price movements in tropical spices during the year. In particular, the Black and White pepper markets experienced significant price volatility. However despite this, we were able to maintain our market shares in this segment. Our ethylene oxide sterilisation facility in Vietnam continued to achieve high levels of utilisation and we have now embarked on a project to install steam sterilisation by early 2008. This would enable us to service the European market more effectively.

In line with our overall strategy for the spices business, we set up processing facilities for nutmeg and cassia which, together with pepper, will enable us increase our basket of whole spices from Indonesia to various markets. We made progress in our dehydrates business with the setting up of local procurement operations in China to source and supply dehydrated garlic.

We are poised to consolidate our leadership position in tropical spices and dehydrates through investments in value-added products and services, such as our recent acquisition of Key Foods Ingredients, enhanced quality and vendor-managed inventory solutions for our customers globally.

Pepper being processed at the Brazilian facility.

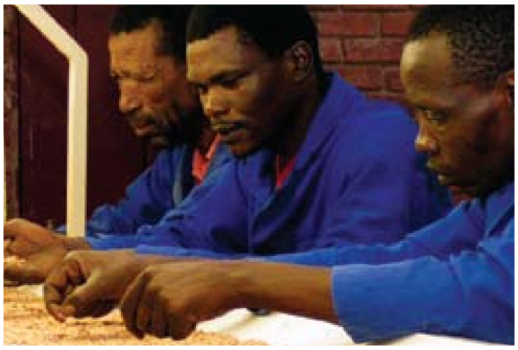
Ensuring the right quality of flaked garlic at Key Foods Ingredients.

"We are well on our way to achieving our goal of being a one-stop spices supplier to the global food ingredients industry."

Vinayak Narain
General Manager, Spices

Beans and Pulses

Black-eyed beans, a part of our imports portfolio into the Indian market.



Providing customised grades by sorting in Tanzania.

Our Beans and Pulses business successfully executed its strategy of growing market share in existing geographies and product categories, while simultaneously expanding into new markets. It is now emerging as a sizeable global business spanning some of the most important markets and origins.

On the market side, we established ourselves as one of the largest suppliers of pulses in North Africa and South Africa and expanded into India, the biggest pulses market in the world. Within India, we have enhanced our participation in the local supply chain and grew our share of the export and import trade flows. We also leveraged our market knowledge to expand into Pakistan and Sri Lanka, as well as the Mediterranean countries, which are all large consumers of beans.

We have made rapid progress in our origination capability in China, where we have created a local supply chain infrastructure for buying beans in the growing regions. We have also consolidated our procurement capability from North America, South America and the Southeast Asia region, the primary origins servicing our main markets.

The acquisition of Queensland Cotton, which already has a strong pulses origination capability in Australia, will further strengthen our Beans and Pulses business. This acquisition will achieve significant synergies by combining their sourcing strength in Australia with our existing pulses distribution strength in various markets.

"We will continue to invest further in the chosen origins and markets for the ongoing profitable growth of our global Beans and Pulses business."

A. Shekhar
Senior Managing Director

Sesame

The price of sesame seeds remained firm for most of the year backed by strong demand from the main markets of Japan and the Middle East. On the supply side, increases in China's production offset a lower than expected crop in India.

Our Sesame business grew significantly during the year, with our global market share reaching 11%. We continued to grow our market share in existing origins, established Ethiopia and Sudan as new origins and simultaneously expanded into new markets including Russia and Greece. Our operations in Sudan and Ethiopia have further consolidated our position as the largest exporter of sesame seeds from Africa. We made a significant break-through by securing the Korean government import tenders and are now a regular supplier of quality sesame seeds to this market.

We invested in cleaning facilities in Tanzania and Nigeria and initiated organic sesame in Tanzania and Burkina Faso. Our collaboration with USAID in Nigeria to develop farmer capability has resulted in the establishment of 16 model farms across three states with a coverage of 12,000 farmers and 12,000 hectares.

In southern Tanzania we are working with the Naliendele Institute to distribute whitish sesame seeds to farmers organised under four primary societies. We plan to expand the programme to cover more primary societies this year.

Processing of sesame seeds at our Nigerian factory.

Our quality controller drawing samples for checking.

"We will build on our strong position as the largest exporter of sesame seeds from Africa and continue to expand into new markets."

T. Parthasarathy
Senior Trader, Sesame

Confectionery & Beverage Ingredients

Olam has consolidated its position as one of the world's major physical suppliers of cocoa and coffee. With our strong organisation base, we are able to offer a range of value added services to our discerning customers.

Business Review

The Confectionery & Beverage Ingredients segment grew volume and net contribution by 16.2% and 31.7% respectively during FY2007. The Coffee business made investments in processing and infrastructure in South America while the Cocoa business entered into a joint venture with ADM in Cameroon for the processing of cocoa beans.

Coffee

The coffee market has continued its upward move for most of the year and has seen strong positive movements in both Robustas and Arabicas. Robustas were in short supply at the beginning of the year, which was balanced by a bumper crop in Vietnam during the last season. The London coffee market experienced difficult trading conditions with the September contract being in significant backwardation.

Despite these difficult conditions, Olam maintained its volume share in most of the major origins, while achieving volume growth in some of our markets. In Vietnam we commissioned our second processing factory in the heart of Daklak province, the largest coffee-growing province in the country. The year saw Olam making significant strides in Arabica coffees. We established two new origins in Colombia and Honduras. In our fourth year in Brazil, we have emerged as one of the major exporters. Our two investments in coffee processing in the state of Minas Gerais were commissioned during the year and are expected to bring significant savings in direct costs in the coming years. Our operation in Peru was started in the last financial year and in the season currently in progress, we have established ourselves as one of the top five buyers of coffee in the country.

Olam is well poised today to grow the coffee business over the next three years. There is still significant headroom to grow our market share in Asia but the main growth is expected to come from South America. Over the next three years, we would expect our Arabica volumes out of South America to grow almost three-fold. Furthermore, with our presence in South America, we are now in a position to start offering higher quality speciality coffees and this would form a major plank of our strategy going forward.

Olam's field representative with a coffee grower at a plantation in Vietnam.

Our Brazilian quality inspectors ensuring that only the best quality gets shipped out.

"We have made significant strides in Arabica coffees out of South America, starting up two new origins and consolidating our position in Brazil and Peru to become a major exporter from both counties."

Vivek Verma
Managing Director, Coffee

Cocoa

The successful commissioning of the cocoa powder alkalisation plant at Solimar in Spain is a start to Olam becoming a leading supplier of alkalised cocoa powder.

Adding value to cocoa at our processing facility in Nigeria.

"We continue to play a major role in the supply of cocoa beans and cocoa products to the world's leading chocolate manufacturers, cocoa processors and cocoa powder users."

Gerry Manley
Managing Director, Cocoa

Olam has consolidated its position as one of the world's major physical suppliers of cocoa. With our strong origination base, we are able to play a major role in the supply of cocoa beans and cocoa products to the world's leading chocolate manufacturers, cocoa processors and cocoa powder users, as well as many of the smaller users of cocoa worldwide. We have continued to refine our access to and analysis of information on the supply and demand for cocoa and to evaluate the major trends in our business for the benefit of our customers.

The cocoa market moved to substantially higher levels during the year, with much of the increase attributed to a marked decline in crop production due to unfavourable weather. Global consumption continues to grow aided by substantial increases in Asia, Russia, India and Eastern Europe. The year has seen a noticeable change in the industry's focus on cocoa supply in the longer term as further structural deficits become more likely.

We have invested further in our warehousing and infrastructure at origin. Our acquisition of a 50% stake in Usicam in Cameroon has significantly improved our ability to source and deliver this unique cocoa. Our cocoa products business continues to grow and we have successfully commissioned a cocoa powder alkalisation plant at Solimar in Spain, which will enable us to become a leading supplier of alkalised powder to our customers.

Today, consumer requirements for traceability have become a necessity in our industry and we are uniquely placed to fulfil this need. We have further developed our organic programme and we are close to full certification of our Ugandan cocoa to complement our already strong base in Tanzania.

Olam is a committed member of many world cocoa bodies including the FCC, CMA, CAA, WCF and ECA. In many of these, we have a position on the management board. We have also been a major sponsor of the highly successful Indonesian Conference on Cocoa Sustainability and Ghana's 50th Anniversary of Independence, both which are key producing countries of cocoa.

We are proud of the role we play in the cocoa economy of many origin countries. We have received national awards in Ghana and Nigeria for our work in the cocoa communities. We have a number of successful programmes in operation with national bodies, customers and NGOs to further enhance the sustainable cocoa communities and economies in which we operate.

Raking sheanuts to ensure proper drying.

Sheanuts

Sheanuts are the source of one of the most sought after and desirable specialty fats. In recent times, both the chocolate and the cosmetics industries have been showing a growing appetite for shea butter and it has begun to figure as an important ingredient for an increasing number of manufacturers. As the awareness and use of shea butter and its derivatives increases, so has demand for the nuts which primarily grow in West Africa.

Olam has a strong presence across the sheanut growing belt and we have been able to maintain our significance in the trade over a number of years. We have been actively engaging the local communities through poster campaigns and roadshows to improve the quality of this natural product. Through strategic collaborations with the processors, we have been effectively leveraging our origination strength to grow our volumes.

The sheanut before it has ripened.

"In 2007, we strengthened our origination operations for sheanuts out of Ghana, Burkina Faso and Cote d'Ivoire."

Ranveer Chauhan
Senior Vice President and Regional Head, West Africa

Food Staples & Packaged Foods

Olam's entry into cheese received a boost through the acquisition of a strategic stake in Open Country Cheese, a fast growing dairy processing company in New Zealand.

Business Review

The record performance by the Dairy Products business spearheaded the growth in this segment in FY2007. Volumes grew by 21.5% while net contribution growth was 42.8%. Investments were made in sourcing, logistics and trading across different businesses in this segment and we expect that these investments will enable the individual businesses to continue growing profitably.

Rice

With global stocks near an all-time low this year and continuing supply pressures, rice prices are expected to remain firm in the near term.

The Olam Rice business continued to execute its strategy of strengthening its position in both the exporting origins and destination markets. During the year we consolidated our distribution networks in our existing markets and at the same time expanded our marketing reach in West and East Africa.

The market segmentation exercise we undertook last year, with a view to an added focus on high margin segments, has paid off. Our efforts in this niche premium segment have resulted in an increase in our market share, as well as in an overall growth of the segment. We believe that our focused efforts in this area will continue to bear fruit in the years to come and enable us to enhance the overall absolute margins and returns from our rice business.

The investments we made in logistics in the last financial year were consolidated and that capability was transferred to other markets. We believe that our participation in this critical area of our business will not only help us to improve margins, but will also allow us to exercise far greater control over a larger part of the value chain from the exporting countries to the destination markets. This in turn will enable us to provide a higher level of service to our customers.

In the exporting origins, we continued with our strategy of selective participation in milling and internal logistics. This has enhanced our ability to exercise greater influence on a critical part of the supply chain and to tailor make product offerings for our customers.

The global trade in rice is expected to increase in the near term, with supply considerations remaining the major influencer. We believe that our positioning across the rice value chain would enable us to derive significant advantages for our business.

A shipment of rice being offloaded from the ship at a Nigerian port.

We offer a wide variety of rice to our customers in West and East Africa.

"Our deep-rooted strengths in both the destination markets and the exporting origins will stand us in good stead in delivering value to all our business partners."

Sridhar Krishnan
Senior Managing Director

Sugar

This year the global sugar industry experienced a structural change with the retraction of the EU as a high quality white sugar exporter and the continuing growth in domestic demand for ethanol in Brazil. Despite these factors, there was a significant increase in sugar supply and an overall surplus in the market.

Our Sugar business performed well, achieving significant volume growth. Volume increases in Brazil, India and Thailand more than made up for the drop in volumes from Eastern Europe as a consequence of the EU decision to reduce exports.

The investments we made in sourcing and trading have paid off well. Our sourcing arrangements in India ensured that the bulk of our end user demand in East Africa, the Red Sea and the Middle East was successfully executed at competitive prices. Our Brazilian crop financing and sourcing initiatives stood us in good stead while our importing, tolling and distribution business in Russia grew considerably, registering a three-fold increase in stocking and distribution points.

We will continue to execute our strategy of investing in processing facilities in both the origins and destination markets. We believe that this will enable us to derive a comparative cost advantage, as well as achieve higher market shares and margins.

Our team at a sugar processing facility in Brazil, checking to see that the storage conditions for sugar are right.

"Our business continues to look promising, with several opportunities for product and margin enhancement through fixed asset investments."

Devashish Chaubey
Vice President, Sugar

Dairy Products

The Olam Dairy Products business surpassed all expectations during the year. We were one of the largest buyers of dairy products from Argentina and the largest participant in the South America to Africa trade. During the year, we established ourselves as the leading buyers of dairy products from Ukraine and were the first to source from Belarus for markets other than Russia. In Russia we expanded our distribution network and are today the principal suppliers to some of the largest dairy companies in the country.

Our distribution operation in China also matured during the year with the setting up of three combined sales offices and stocking points. We commenced our sourcing operations from China and we expect this to become a significant business in the future.

"Our strategy of focusing on niche trade flows helped our dairy business to achieve a record year."

Sandeep Jain
General Manager, Dairy Products

In Africa, we extended our dairy products presence in Nigeria and Cote d'Ivoire to cover Senegal, Congo and Gabon. In these markets, we are distributing our "Pearl" brand of instant full cream milk powder as well as condensed milk in tins. In North Africa, we have grown our volumes in Algeria and have started a distribution operation in Egypt.

Our product range has been extended to include whey products like sweet whey powders, demineralised whey powders and whey protein concentrates, as well as fats like butter and anhydrous milk fat. Our recent entry into cheese has had a further boost through the acquisition of a strategic stake in Open Country Cheese in New Zealand.

"Pearl", our instant full cream milk powder brand.

Packaged Foods

Our Packaged Foods business had a successful year, expanding its operations into several new West African markets including Ghana and Congo, while consolidating its position in Russia, South Africa and Nigeria.

In the last quarter of the year, we launched "Tasty Tom", a tomato paste brand, across several West African markets. The launch received a very encouraging response. During the year we increased the number of stock keeping units in our successful range of "Enrista" indulgence beverages in South Africa and Russia. We also extended our range of "Ponchos" nut snacks in Russia to include seed snacks in the portfolio.

The main plank of our strategy is to build retail distribution depth across all our participating markets where we already have a significant local context and presence. We are in the process of leveraging this distribution by creating our own brands in select categories, as well as offering exclusive distribution services to major principals, including our supply chain customers, who wish to expand the distribution of their brands in these markets.

We see significant potential for growth in this business across Africa, Russia and the CIS, and we will continue to invest strongly in distribution and brand building efforts in the coming years.

The "Enrista" 3-in-1 instant coffee brand consolidated its position in Russia and West Africa.

"We are still relatively new to this business. However we believe we are sowing the seeds for taking on a leadership position in packaged foods distribution in selected emerging markets in the coming years."

M. Ramnarayanan
General Manager, Packaged Foods

Our tomato paste brand "Tasty Tom" was well received in African markets.

Fibre & Wood Products

The acquisition of Queensland Cotton Holdings has catapulted Olam into a position among the top three cotton businesses in the world. The joint venture with Chinatex would enable the cotton business to achieve a prime mover status in that market.

Business Review

The Wood Products business had a very good year in FY2007, contributing significantly to the segment's volume growth of 17.8% and net contribution growth of 40.5%. The investments made by both the businesses in this segment in processing and other value chain initiatives have borne fruit and provided a strong platform for launching future growth initiatives.

Cotton

The acquisition of Queensland Cotton Holdings and the joint venture agreement with Chinatex, the largest cotton company in China, were the key highlights for the cotton business during the year. This has led to a significant strengthening of our global position in the cotton industry, therefore creating a strong foundation for the continued growth of our cotton business.

Queensland Cotton ranks amongst the top 10 cotton companies globally and is the largest ginner and marketer in Australia, with a significant presence in the US and Brazil. This merger of the cotton businesses of Olam and Queensland Cotton has created the third largest and the most diversified cotton company in the world. The joint venture with Chinatex includes a preferential supply agreement with Olam for cotton imports by Chinatex.

This year, the cotton market saw a significant slowdown in Chinese cotton imports to almost half of that in the previous year. However our strategy of market diversification ensured adequate liquidity at all times for all sourcing volumes. We saw substantial growth in markets like Indonesia, Turkey, Thailand and Bangladesh.

On the sourcing front, our increased market share in Uzbekistan and Cote d'Ivoire enabled us to achieve our sourcing volumes despite crop shortages in some of the African and CIS countries. We also set up a base in Zambia to participate in seed cotton ginning and cotton exports to be able to cater to the increasing demand for high-grade cotton.

Transfer of learning in hand stapling of cotton in Brazil.

Transporting seed cotton in modular form to the ginning factory in Queensland, Australia.

"We are now the third largest cotton business in the world. This provides us with a strong platform for delivering sustained profitable growth in the years ahead."

Jagdish Parihar
Managing Director, Cotton

Loading cotton at Queensland Cotton's warehousing facility in the US.

Cotton (cont'd)

Selective participation in local trading opportunities was identified as a key strategic thrust. During the year we successfully participated in local distribution of imported cotton in China and India.

Olam is now well positioned to maximise the opportunities in the global cotton industry. We have a strong presence in all the major origins, which is complemented by increasing opportunities in the markets, where we are leveraging our distribution capabilities and strong customer relationships.

Shifting of logs in a log park in Gabon.

"Many of our initiatives in origination, marketing and margin enhancement have begun to bear fruit. We are well positioned to achieve sustained profitable growth in the period ahead."

Ashok Hegde
Senior Vice President, Wood Products

Wood Products

Our wood products business had a good year overall, with strong increases in both volumes and margins. We executed on our five-prong strategy of strengthening our participation in plantation products, increasing hardwood volumes, participation in primary and secondary processing, moving into value-added products and developing our distribution network in the markets.

We have strengthened our teak sourcing network to include Tanzania, Ghana, Cote d'Ivoire and Brazil. We also offer certified teak from Ghana and Brazil to importers and processors in Asia.

Our saw milling facility in Gabon is in its final stages of implementation. We have also set up a contract manufacturing facility for flooring products in China and have completed feasibility studies on setting up a fully owned plant.

On the marketing and distribution end, we have strengthened the marketing team and this has enabled us to make significant progress in key markets like China and Vietnam. As an extension of our participation in the supply chain, we are now offering small and medium processors wood products through local distribution offices in these markets. This has enhanced margins, direct access to processors and brought greater demand visibility. During the year, we have also opened up new markets in the US and Middle East.

Successful implementation of value chain management initiatives like vessel chartering operations has helped us to manage freight costs more effectively and secure competitive advantages.

Our strategic focus to move into value-added products has led us to set up a procurement infrastructure in China. A similar start, though on a smaller scale, was made in veneer products.

Environmental focus will continue to be a high priority area for us as we see a rising consumer interest in traceable and certified wood products. We have established sourcing relationships with suppliers of certified teak and have begun the process of evaluating agencies that offer independent verification for hardwood procurement from third parties.

Stacked logs prior to loading onto a vessel in Brazil.

Processing of wood products at our facility in Brazil.

Risk Management

Beyond Compliance

We continue to pursue the two primary objectives of our Risk Management Strategy. These are that risk exposures emanating from the conduct of our business do not lead to financial distress and that our shareholders obtain a fair return on the equity capital that they have invested.

A risk review meeting in progress in Olam.

Commodity and currency market movements are closely monitored.

"At Olam we believe that managing and reporting risk is no longer an option but rather an obligation."

Rajeev Kadam
Vice President, Internal Compliance

The key elements of our Risk Management strategy are the identification of risks, deciding on risk tolerance levels, continuous assessment and measurement of risks, strengthening our organisational structure for the management of risks and linking risk and returns to influence behaviour.

In identification of risks, we are looking for risks that are quantifiable and therefore manageable in the context of the business. We also seek to isolate those that are not so tractable and may therefore require a higher level of assessment and control. In deciding on our risk tolerance levels, we differentiate between those that are within our risk appetite and those that may require transferring or hedging because they are beyond the risk appetite of the Company.

We are continuously assessing and measuring our exposure to risk across the whole range of our activities. Risk management is an integral aspect of Olam's corporate culture and to perpetuate this we are constantly working to strengthen our organisational structure for the management of risk. There is therefore a clear segregation of duties between the front, middle and back offices.

An important principle of our risk management strategy is to link risk and returns in order to influence behaviour in the conduct of our business. All managers are evaluated and rewarded on the basis of a risk adjusted performance metric.

The Four Pillars of our Risk Management Strategy

We have established four main pillars of our Risk Management Strategy. These are Corporate Culture, Policies and Procedures, Technology and Risk Adjusted Performance Evaluation. All of these influence our business decisions to a varying degree on a daily basis.

Corporate Culture

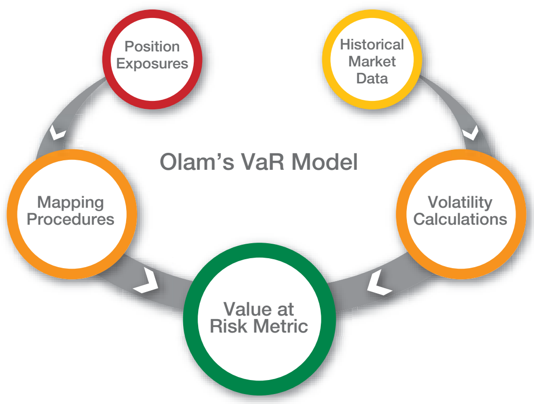
As a signal of our positive risk culture, we promote "questioning" at all levels. Employees are encouraged to voice their concerns and give suggestions relating to business transactions. The decision-making process followed is consultative but responsibility of outcome is on a specific person or group.

Policies and Procedures

Policies and procedures are one of our most powerful tools for risk management. Our Risk Management policy document defines how we capture and measure risks under various categories. The Risk Limits are approved by the Board and monitored by the Risk Office. Daily and weekly risk reports and the monthly Risk Monitor to the Risk Committee act as an alerting mechanism, wherever necessary.

Technology

Technology is used as an enabler for the online capture of exposures and for facilitating computation of value at risk. The risk system draws data from our order processing system (traffic system) and the financial system. Various risk reports are then made available to the business teams as additional decision-making tools.



Risk Adjusted Performance Evaluation System

The business managers are evaluated on risk-adjusted returns. We use a VaR model for the measurement of market risks. The VaR model is then supplemented with stress testing and back testing techniques.

We are untiring in our pursuit of a higher level of understanding and control over the risks that are an integral part of our business.

Sustainability

Our sustainability philosophy defines our interactions with our suppliers, customers, employees, shareholders, and with all other stakeholders and communities that we engage with.

Sustainability

Olam's governing objective is to maximise value over time for its continuing shareholders in an ethical, environmentally conscious and socially responsible manner. International Finance Corporation's observations in their Environmental Review Summary memorandum captures the essence of this philosophy:

> *"Olam's initiatives illustrate an important aspect of its operations – the business model and its Corporate Social Responsibility (CSR) model are largely indistinguishable from each other. Both aim to achieve the same result – mutually beneficial, stable business relationships between the Company and its suppliers."*

Our Sustainability model has evolved over the years and has always been closely integrated with our business model. As supply chain managers of agricultural products, we constantly search for opportunities where there is concurrent or reciprocal value for the communities that we operate in and for our business.

Our sustainability objectives

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

We have gone through two distinct phases in rolling out our sustainability programmes. In the period up to 2003, we went through a phase of trials and experimentation. From 2003 to 2007, we have undertaken a programme of formalisation and focus.

Growth and experimentation

Since our inception in 1989, we have operated in the difficult business environment in rural Africa, Asia and now in South America. We have always sought to discharge our responsibilities to the local communities and greatly contributed to enhancing realisation for the farmers through fair trade practices, superior marketing of their produce and the elimination of middle men. As the business grew, we identified several opportunities to create mutual value for both shareholders and the communities that we operate in.

We have developed a unique Sustainability model that we believe will be a powerful tool to integrate social development into the mainstream of our business, involve and motivate individuals in the organisation, be relatively unaffected by business cycles and significantly contribute to the progress of the local communities that we interact with on an ongoing basis.

Formalisation and focus

A Board committee was formed in 2004 to provide greater thrust and thought leadership in this area. It has set the direction for the Executive Committee (EC) to develop, drive and monitor Sustainability initiatives across countries and businesses.

Our cocoa model farm in Nigeria.

Training the farmers on raw cashew quality in Tanzania.

Left page:
Our cashew processing factory in Tanzania provides gainful employment to over 28,000 women.

Training rice farmers on best agronomic practices in Nigeria.

Creating value and satisfaction for the communities that we participate in.

The EC's initial focus was to collate the various initiatives that were being conducted across our businesses and provide a formal philosophy, framework and structure to manage them more effectively. The EC then designed a formal Sustainability framework around the following four Principles:

Philosophy: for defining our focus and ensuring clarity in internal and external communication.
Policies: to be standardised, implemented and audited across all operations. This was essential to identify likely risks and procedures for mitigating them.
Programmes: to be chosen across key themes, which could effectively utilise our domain expertise and maximise the social impact.
Partners: to expand our learning and create a larger canvas by combining our efforts with other development agencies, NGOs and industry-led sustainability programmes and initiatives.

The EC was also tasked with setting up systems for measuring and reviewing the effectiveness of the various programmes and initiatives.

Maximising external and internal impact

With a formalised philosophy and structure in place for CSR, Olam is now poised to maximise the impact of these initiatives in the coming years. The EC has been mandated to look at aligning the internal themes and programmes with key global trends which are generating a lot of attention from governmental and development agencies, environmental and consumer protection groups, media and investors. The proposed themes, under which our current and future initiatives will be re-grouped, are as follows:

Global warming: which would include sustainable forestry, carbon credits and other aspects affecting global warming.
Capacity building: farm productivity, crop and yield improvement, crop financing, child education, supplier assistance.
Responsible consumer interest: which could include fair trade certification, organic certification, specific industry-led public interest groups and initiatives.
Water conservation: identifying the impact of water usage on various crops in various geographies and looking at programmes for improving availability of drinking water to various communities that we interact with.

We plan to monitor the success of our CSR initiatives through appropriate metrics that will help us quantify their impact over time. We will aim to sift these metrics for materiality and impact, the ability to regularly track and show progress and to build in proper audit or external certification where feasible.

Successful Sustainability Programmes

We are simultaneously operating many successful sustainability programmes across our businesses and geographies. Some of our ongoing sustainability initiatives are illustrated below.

Sustainability

Rice cultivation in Nigeria

We have initiated a High Impact Programme (HIP) aimed at propagating rice cultivation in Africa. Our objectives are to:

- Enhance farmers' capacity by improving productivity and production through training;
- Increase profitability of rice cultivation by improving production techniques;
- Facilitate farmers' access to inputs and equipment used in rice cultivation; and
- Support farmer groups through mobilsation and collective training.

We initiated and developed a rice extension farming and outgrower programme in three states covering over 10,000 farmers and 14,000 hectares. We used a model farm concept for seed production and to demonstrate the best agronomic practices. This programme achieved average yields of 3.25 tonnes per hectare against the national average of 1.5 tonnes per hectare, thereby increasing farmer profitability significantly. We procured over 7,000 tonnes of paddy from these farms.

Meeting with village level collectors in Tanzania.

Cocoa cultivation in Indonesia

We have set up a farm productivity and yield improvement programme in Sulawesi. The objectives are to:

- Restrict the cocoa pod-borer disease and thus increase yield; and
- Initiate the practice of cocoa fermentation in order to add value to the cocoa industry.

This programme ran for the third year in succession and covered 720 farmer groups in the Pinrang, Palopo, Palu and Kolaka regions. Yields increased by about 22% in the farms covered by this programme and Olam sourced about 13,000 tonnes of cocoa.

Training members of the community of the proper weighing practices in Tanzania.

Cultivation of traceable and organic cashews in Cote d'Ivoire

This initiative was to mobilise, train and certify a network of suppliers and farmers to provide fully traceable and organic cashews to our processing factory. It also involved ensuring that the factory conforms to all organic norms so that it could be certified as an organic cashew factory.

A total of 2,200 farmers are registered under this programme and have been certified by the Control Union in March 2007.

"We constantly identify opportunities to create societal value in the communities within which we operate, and use our domain expertise, context and resources to create a meaningful social impact."

Gerry Manley
Managing Director, Cocoa

Other sustainability initiatives

Olam initiated and developed many other sustainability programmes during the year. These included a sesame cultivation yield improvement programme in Uganda, ginger and sesame extension farming schemes, as well as a yield enhancement and quality improvement programme for cocoa farmers in Nigeria.

We initiated organic certification and traceability programmes for coffee, cocoa and cotton in Uganda and for coffee in Lampung, Indonesia where we partnered with WWF in introducing coffee bean traceability and in helping farmers to rehabilitate outside the wildlife protection areas.

In all the above initiatives, we partnered with various development agencies and NGOs such as USAID MARKETS, IFDC, AMARTA, TECHNOSERVE, WWF and local governments in the countries in which we operate.

Corporate Governance

Olam is committed to a high standard of corporate governance in keeping with its overarching philosophy of delivering consistent financial performance with integrity. It strongly supports the principles of openness, integrity and accountability as set out in the Code of Corporate Governance 2005 (Code). The Board and Management continue to uphold the highest standards of corporate governance within the Company in accordance with the Code and our own vision of good governance. In this area, we 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 practices are outlined below:

Our History

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

Effective Board to Lead and Control the Company (Principle 1)

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

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

(b) Approving and reviewing annual budgets and plans.

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

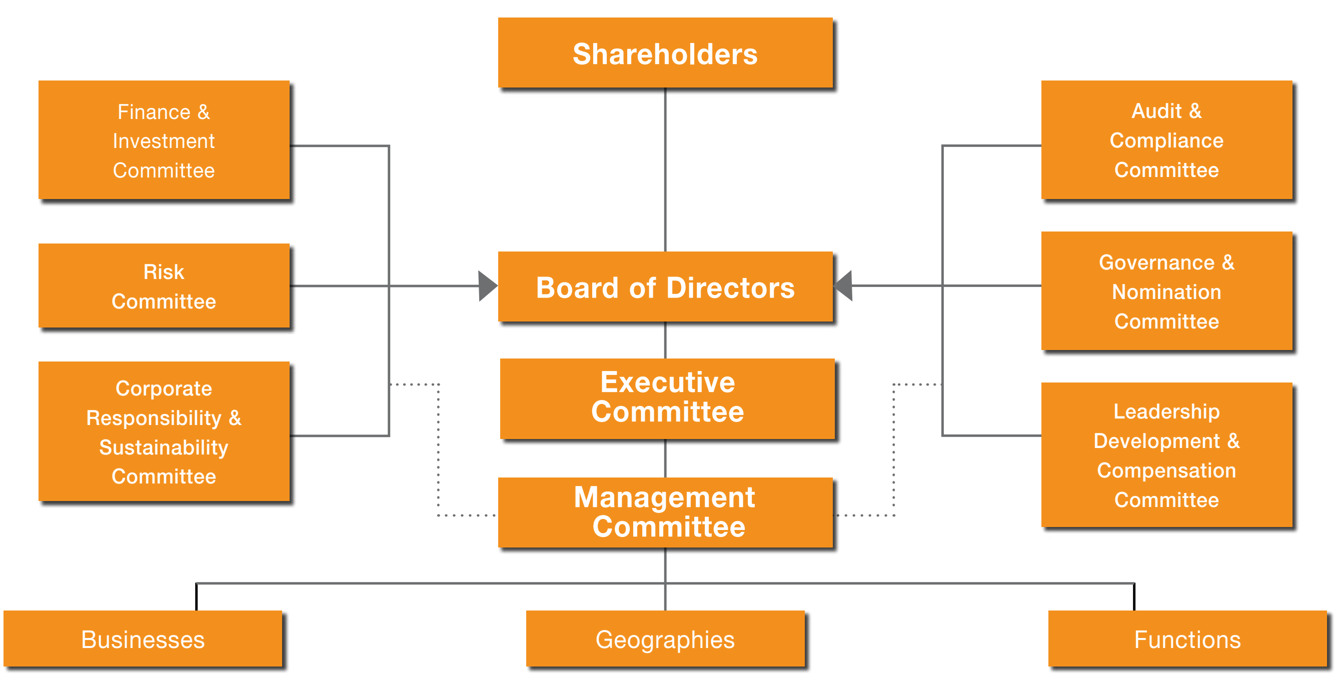
(d) Approving major acquisitions, divestments and fund raising exercises.

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

(f) Assuming responsibility for corporate governance.

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

Our Current Corporate Governance Structure



As a Board, the Directors meet on a quarterly basis to review and evaluate the Company's operations and performance and address key policy matters. However, ad-hoc, non-scheduled Board meetings are convened to deliberate on urgent and substantive matters. Article 120 of the Company's Articles of Association allows for participation in Board meetings via audio and video conferencing. During the year under review, the Board held four meetings. The table below gives the details of Directors' attendance at Board and Board Committee meetings during the year under review.

To ensure that Directors are competent in carrying out their expected roles and responsibilities, the Directors are taken through, where necessary, programmes on Directors' duties and responsibilities. As part of the Company's ongoing familiarisation programme, we will continue to organise Independent Directors' visits to the Group's key countries of operations. During the year under review, the Directors were apprised with changes to the SGX-ST listing rules and accounting standards.

Name	Board Meeting	Audit & Compliance Committee Meeting	Leadership Development & Compensation Committee Meeting	Governance & Nomination Committee Meeting	Finance & Investment Committee Meeting	Corporate Responsibility & Sustainability Committee Meeting	Risk Committee Meeting
R. Jayachandran	4	-	1	4	9	-	-
Narain Girdhar Chanrai	4	-	-	4	10	-	4
Peter Francis Amour	2	-	1	-	-	1	-
Frank Philip Harley (alternate to Peter Francis Amour)	2	-	-	-	-	-	-
Tse Po Shing	4	-	-	-	10	-	4
Mark Haynes Daniell	3	5	1	4	-	1	-
Michael Lim Choo San	4	5	1	4	-	-	-
Robert Michael Tomlin	4	5	-	-	10	1	4
Wong Heng Tew	3	1	1	2	-	-	-
Lim Sheau Ming (alternate director to Wong Heng Tew)	-	-	-	-	-	-	-
Sunny George Verghese	4	-	1	1	10	-	4
Shekhar Anantharaman	4	-	-	-	8	1	-
Sridhar Krishnan	4	-	-	-	2	1	4
No. of meetings held	4	5	1	4	10	1	4

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

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

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

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

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

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. Non-executive Directors had met with Senior Management independently to be briefed on various issues. An offsite meeting is being organised for the Board members to interact with Senior Management. Such offsite meetings would be held once every year. The Board takes independent professional advice as and when necessary to enable it or the Independent Directors to discharge their responsibilities effectively.

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

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

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

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

Board Committees

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

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

The Audit & Compliance Committee (ACC) 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.

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

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

(h) Undertake such other reviews and projects as may be requested by 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.

On the recommendation of the ACC, the Company is putting in place a whistle blowing policy. This is to encourage and provide a channel for employees to report in good faith and confidence without fear of reprisals or concerns about possible improprieties in financial reporting. The Senior Management team has prepared a draft policy and is in discussion with the external auditors on the same. It is expected that the finalised whistle blowing policy would be put up to the ACC and the Board for approval and adoption shortly.

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 assesses the strength of the internal audit team in the Company and has from time to time ensured 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 and 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 of this FOM is the key to our control over operational risks. To ensure that this is happening, we have periodical internal and external audit reviews.

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

The Company's Enterprise Risk Management (ERM) framework covers Market Risks, Credit and Counterparty Risks, Operational Risks and Information Risks. The Company has a Risk Committee and an independent Risk Control function to measure and monitor Market Risks, Credit and Counterparty Risks. Our risk management system is outlined on pages 54 and 55.

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 four times during the year under review and its terms of reference are as outlined below:

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

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

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

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

Finance & Investment Committee

The Finance & Investment Committee is chaired by 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 10 times during the year and has the following mandate:

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

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

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

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

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

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

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

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

Our Governance & Nomination Committee (GNC) is chaired by Mr. Michael Lim, an Independent Director. He is not a substantial shareholder nor is he directly associated with a substantial shareholder. Mr. R. Jayachandran, Mr. N. G. Chanrai, Mr. Mark Daniell and Mr. Wong Heng Tew are other members of this committee. The Governance & Nomination Committee met four 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 the Company's corporate governance principles.

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

(i) To review the succession plans for 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 also provides that a newly appointed Director must submit himself for re-election at the annual general meeting following the appointment.

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

(a) Independence of mind.

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

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

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

(e) Reputation and integrity.

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

Based on the recommendations of the Governance & Nomination Committee, the Board has laid down a preliminary set of assessment criteria to assess the effectiveness of the Board as a whole and contribution of each director to the effectiveness of the Board. The performance criteria for the Board evaluation covers, amongst other criteria, Board performance in relation to discharging its principal functions and Board Committee performance in relation to discharging the responsibilities set out in their respective terms of reference. The individual Directors' performance criteria are in relation to their industry knowledge and/or functional expertise, contribution, sense of independence and participation at Board meetings.

During the year, the GNC carried out an evaluation of the effectiveness of the Board, the individual Board Members and the Chairman of the Board. The Chairman of the Board, in consultation with the GNC Chairman, has set up review meetings with individual Board Members with a view to sharing this feedback and working out action plans to address specific feedback issues with each individual Board Member.

The GNC has also put in place processes for succession planning at the most senior levels including the CEO and the Chairman of the Board. It is expected that this process would help the Board uncover its strengths and challenges so that the Board would be in a position to further improve on the discharge of its oversight duties.

Formal and transparent process for fixing remuneration packages of Directors and senior executives (Principle 7)
Remuneration of Directors should be adequate but not excessive (Principle 8)
Disclosure on remuneration policy, level and mix of remuneration and procedure for setting remuneration (Principle 9)

The Leadership Development & Compensation Committee (LDCC) is responsible for developing the Company's remuneration policy and determining the remuneration packages of the senior executives of the Company. The LDCC proposes, subject to the approval of the Board, the remuneration and terms and conditions of service of Senior Management and the remuneration to be paid to each

Director for his services as a member of the Board as well as Committees of the Board. The LDCC is chaired by Mr. Mark Daniell, our Independent Director and has Mr. Peter Amour and Mr. Wong Heng Tew as its other members. All members of the LDCC are Non-executive Directors. The LDCC met once during the year. The terms of reference of the LDCC include the following:

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

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

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

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

Remuneration Policy for Non-executive Directors

In reviewing the Non-executive Directors' remuneration for the year under review, the LDCC has adopted a framework which consists of a base fee, fees for membership of Board committees, as well as fees for chairing Board Committees, taking into consideration the amount of time and effort that each Board member devoted to the role and the fees paid in comparable companies. 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 in 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.

Proposed Compensation for Non-executive Directors for the Year Ended 30 June 2007

Name	Position	Committee Chairmanship/Membership	Base Director Fee	Committee Chairmanship/ Membership Fees	Total
R. Jayachandran	Non-executive Chairman	Member, Finance & Investment Committee Member, Governance & Nomination Committee	S$90,000	S$30,000	S$120,000
Narain Girdhar Chanrai	Non-executive Director	Member, Governance & Nomination Committee Member, Finance & Investment Committee Member, Risk Committee	S$45,000	S$40,000	S$85,000
Michael Lim Choo San	Independent Director	Chairman, Audit & Compliance Committee Chairman, Governance & Nomination Committee	S$45,000	S$60,000	S$105,000
Mark Haynes Daniell	Independent Director	Member, Audit & Compliance Committee Chairman, Corporate Responsibility & Sustainability Committee Member, Governance & Nomination Committee Chairman, Leadership Development & Compensation Committee	S$45,000	S$70,000	S$115,000
Robert Michael Tomlin	Independent Director	Chairman, Finance & Investment Committee Member, Audit & Compliance Committee Member, Corporate Responsibility & Sustainability Committee Member, Risk Committee	S$45,000	S$70,000	S$115,000
Wong Heng Tew (Alternate Director: Lim Sheau Ming)	Independent Director	Member, Audit & Compliance Committee Member, Governance & Nomination Committee Member, Leadership Development & Compensation Committee	S$45,000	S$40,000	S$85,000
Peter Francis Amour (Alternate Director: Frank Philip Harley)	Non-executive Director	Member, Corporate Responsibility & Sustainability Committee Member, Leadership Development & Compensation Committee	S$45,000	S$20,000	S$65,000
Tse Po Shing	Non-executive Director	Chairman, Risk Committee Member, Finance & Investment Committee	S$45,000	S$40,000	S$85,000
				Total	S$775,000

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's 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 2007

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 Performance 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	20%	69%	-	11%	100%	-	-
S$500,000 to below S$750,000							
Sridhar Krishnan	64%	4%	-	32%	100%	-	-
S$250,000 to below S$500,000							
Shekhar Anantharaman	71%	5%	-	24%	100%	-	-
Below S$250,000							
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 2006

Remuneration Band & Name of Director	Base/ Fixed Salary	Variable or Performance Related Income/Bonuses	Fees	Benefits in Kind	Total
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%
Sridhar Krishnan	41%	40%	-	19%	100%

Level and Mix of Remuneration of Top Five Executives for the Year Ended 30 June 2007

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 Director	Base/ Fixed Salary	Variable or Performance Related Income/Bonuses	Benefits in Kind	Total
S$1,000,000 to below S$1,250,000				
Gerard Anthony Manley	62%	28%	10%	100%
S$500,000 to below S$750,000				
Jagdish Achleshwar Prasad Parihar	41%	40%	19%	100%
Vivek Verma	42%	36%	22%	100%
Krishnan Ravikumar	48%	32%	20%	100%
S$250,000 to below S$500,000				
Ashok Krishen	54%	18%	28%	100%

Details of the employee share options are disclosed in the Directors' Report.

Remuneration of employees who are immediate family members of a Director or CEO

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 in the communities within which we are operating. The Corporate Responsibility & Sustainability Committee is chaired by our Independent Director, Mr. Mark Daniell and has Mr Peter Amour, Mr. Robert Tomlin, Mr. Shekhar Anantharaman and Mr. Sridhar Krishnan as its members. This committee met once during the year. The terms of reference of this committee include:

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

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

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

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

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

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 our interactions with investors. 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 investors' trust and confidence is at the heart of Olam's investor relations efforts. The Company values strengthening shareholder and investor relations through regular dialogues with the investing community. We continue to embrace strong principles in corporate governance and transparency.

Communicating Olam's 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, both face-to-face and telephone conferences depending on the needs of our audiences, to announce our operating and financial results on a quarterly basis, as well as to communicate important corporate developments such as mergers and acquisitions announcements. We upload the webcasts of announcement presentations for the benefit of our 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 have redesigned and improved 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 FY2007, we participated in several customised roadshows and international investment conferences held in Singapore, Hong Kong, Japan, Australia, Europe and the US with support from various brokerage firms. We believe these roadshows enhance the visibility of Olam among diverse groups of investors and provide the investors with access to the Management team, thereby helping them better understand our business environment, business model and growth potential. These roadshows also provide opportunities for us to update our current shareholders on the developments in our business on a regular basis.

The placement of shares by our sponsor, Kewalram Singapore Limited, and co-sponsor, Russell AIF, to a diverse base of high quality institutional investors was carried out in an efficient and organised manner in April and June 2007 respectively. These placements have further diversified our shareholder base and enhanced liquidity of our shares. Our free float has increased from 37 per cent to 57 per cent. As of end-June 2007, our shareholder base comprised 252 high quality institutional investors spread across 26 countries, an improvement as compared to 174 across 21 countries in the previous year.

While Olam actively pursues an outreach programme to investors, it does not neglect its relations with employee and retail shareholders. We keep our employee shareholders informed of our Investor Relations activities via quarterly newsletters post our results announcements and news flashes following significant company developments. On 2 September 2006, we participated in the Securities Investors Association (Singapore) (SIAS) Corporate Profile Seminar by presenting our corporate goals, financial information, business plans and future directions. The event held at the Rock Auditorium at Suntec City attracted between 500 and 600 retail investors.

Increasing Analyst Coverage

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

Encouraging Greater Shareholder Participation at Annual General Meeting

We regard the annual general meeting (AGM) as an opportunity to communicate directly with shareholders. We are committed to efforts to establish more effective ways of communicating with our shareholders around the AGMs. Shareholders are informed of the annual general meetings through notices published in the newspapers or through circulars. To encourage more shareholder participation, our AGMs are held at a central location that is easily accessible by most shareholders. Our 12th 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 Managed Boards

Olam received the "Best Managed Boards (Silver) Award" in the more than S$500 million market cap category at the prestigious Singapore Business Awards (SBA) 2007.

Best Investor Relations

The Company also bagged the "Best Annual Report (Gold) Award" for Newly-listed Firms and "Best Investor Relations (Bronze) Award" in the same category at the SBA 2007.

These three awards recognise companies for achieving a high distinction and setting exemplary standards and practices in corporate governance and communication to shareholders. The Singapore Corporate Awards are organised by the Business Times in collaboration with UBS and supported by the Singapore Exchange.

Olam is a Stevie Award Winner of the "Best Investor Relations Program 2006" at the 4th Annual International Business Awards, the world's only international, all-encompassing business awards programme. Our Company is also a Stevie Finalist for the "Investor Relations Website" award. The Stevie Awards are conferred to honour companies of all types and sizes and the people behind them, recognising outstanding performance in the work place worldwide. Recipients of the 98 International Stevie Award trophies were selected from more than 1,000 nominations received from companies and individuals in more than 30 countries.

General Manager (Corporate Affairs), Suresh Sundararajan, was "highly commended" for the "Best Investor Relations Officer" award for a large cap company at the IR Magazine Awards South East Asia Conference and Awards 2006 in October 2006. 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 the winner of the "Most Transparent Company" under the "Commerce" category by SIAS at the SIAS Investors Choice Awards 2006 in September 2006. The award is 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 following periods:

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

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

Material Contracts

There 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 ACC and that the transactions are carried out on a normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders. The Company's disclosure in respect of interested person transactions for the financial year ended 30 June 2007 are as follows:

Name of interested person	Aggregate value of all interested person transactions during the financial year (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 (excluding transactions less than S$100,000) (S$'000)
Afcott Nigeria Limited	422	Not applicable – the Company does not have a shareholders' mandate under Rule 920
Afprint Nigeria Limited	118	
Kewalram Nigeria Limited	720	
Redington Nigeria Limited	65	
Sunseed Nigeria Limited	985	
Total	2,310	

Corporate Information

Board of Directors

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 (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
Richard Haire

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
Richard Haire
Sundaresan Ramesh
Moochikal Damodaran Ramesh
John Gibbons
Raj Vardhan
Devashish Chaubey
Rajeev Raina
Rajeev Kadam
Joydeep Bose
Sundararajan Suresh
Mahadevan Ramnarayanan
Amit Suri
Anupam Jindel
M. Satyamurthy
Shankar Athreya
Mahesh Menon
S.Venkitapadmanabhan
Sanjay Sacheti
Vasanth Subramaniam
Thomas Gregersen
K. S. Priyan
Jayant Parande
Arun Sharma
Johannes Henricus
Juan Antonio Rivas
Ravi Pokhriyal
Raphael Speck

Company Secretaries

Wan Tiew Leng, Lynn (Appointed on 10 September 2007)
Lim Siew Fay, Sophia
Tan San-Ju (Resigned on 10 September 2007)

Head Office

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

Registered Office / Share Registrar

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

Auditors

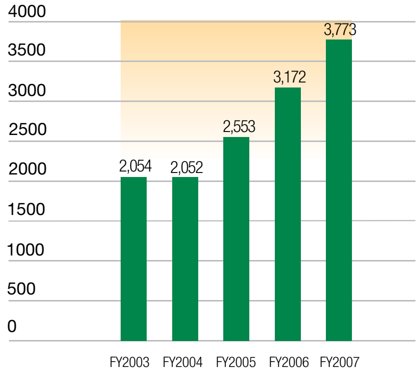
Ernst & Young
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner-in-charge (since FY2006) : Tan Chian Khong

Principal Bankers

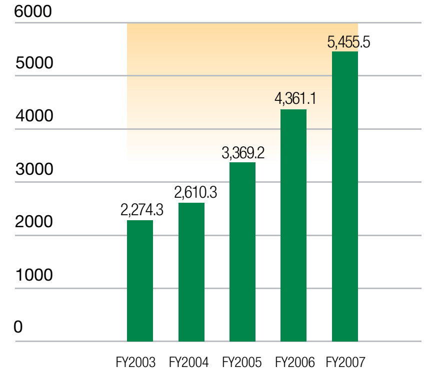
ABN AMRO Bank N.V.
Australia and New Zealand Banking Group Limited
Bank of America, N.A.
BNP Paribas
Citibank, N.A.
DBS Bank Ltd
Deutsche Bank AG
JPMorgan Chase Bank, N.A.
Natixis, Singapore
Oversea-Chinese Banking Corporation Limited
Rabobank International
Standard Chartered Bank
Sumitomo Mitsui Banking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

Financial Analysis

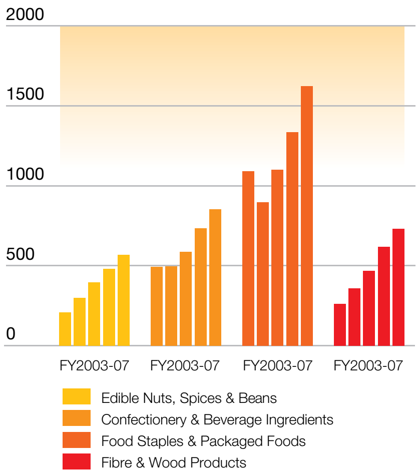
Total Sales Volume
('000 metric tonnes)



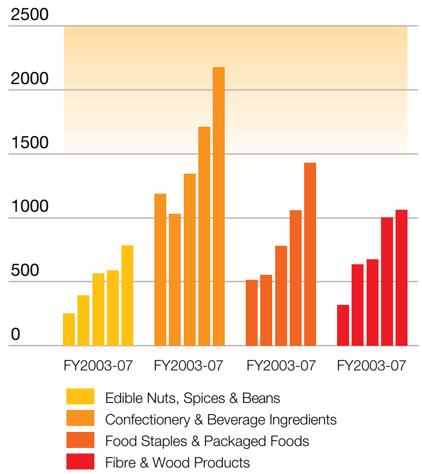
Total Sales Revenue
(S$million)



Sales Volume by Segment
('000 Metric Tonnes)



Sales Revenue by Segment
(S$million)



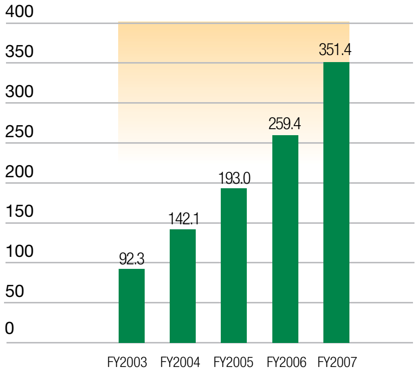
Sales Volume by Segment ('000 metric tonnes)	FY2003	FY2004	FY2005	FY2006	FY2007
Edible Nuts, Spices & Beans	209	300	395	482	567
Confectionery & Beverage Ingredients	492	497	588	734	853
Food Staples & Packaged Foods	1,092	896	1,102	1,336	1,622
Fibre & Wood Products	261	359	468	620	731
Total	**2,054**	**2,052**	**2,553**	**3,172**	**3,773**

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

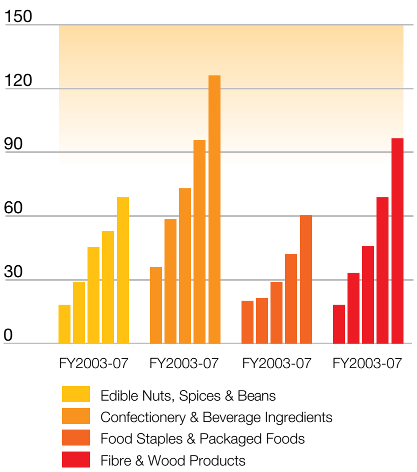
SALES VOLUME: Total sales volume grew at a CAGR of 16.4% over last five years, from 2.05 million tonnes in FY2003 to 3.77 million tonnes in FY2007. All the four segments contributed to the growth in volume in FY2007.

SALES REVENUE: Total sales revenue grew at CAGR of 24.5% over last five years from S$2.27 billion in FY2003 to S$5.46 billion in FY2007. The growth was due to the increase in volumes as well as the increase in prices of underlying products.

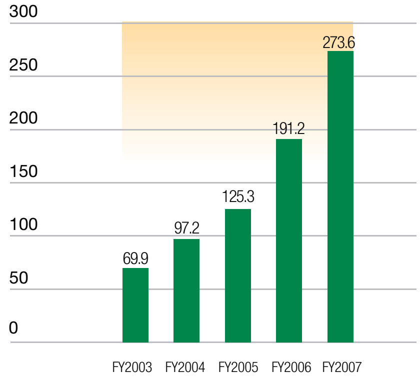
Total Net Contribution (S$million)



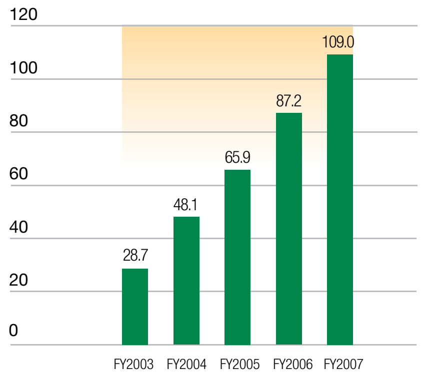
Net Contribution by Segment (S$million)



Earnings Before Interest and Tax (S$million)



Net Profit After Tax (S$million)



Net Contribution by Segment

(S$million)	FY2003	FY2004	FY2005	FY2006	FY2007
Edible Nuts, Spices & Beans	18.2	29.0	45.3	52.9	68.8
Confectionery & Beverage Ingredients	35.8	58.5	72.9	95.7	126.0
Food Staples & Packaged Foods	20.0	21.3	28.8	42.1	60.1
Fibre & Wood Products	18.3	33.3	46.0	68.7	96.5
Total	**92.3**	**142.1**	**193.0**	**259.4**	**351.4**

NET CONTRIBUTION (NC): All business segments recorded growth in NC over the five years from FY2003 to FY2007. Overall, NC grew at a CAGR of 39.7% during this period with net contribution per tonne rising from S$45 to S$93.

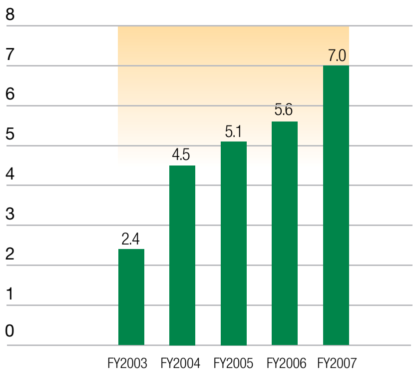
Earnings Before Interest and Tax (S$million)	
FY2007	273.6
FY2006	191.2
FY2005	125.3
FY2004	97.2
FY2003	69.9

EARNINGS BEFORE INTEREST AND TAX: Earnings Before Interest and Tax grew from S$69.9 million in FY2003 to S$273.6 million in FY2007, a CAGR growth of 40.7% over the five-year period.

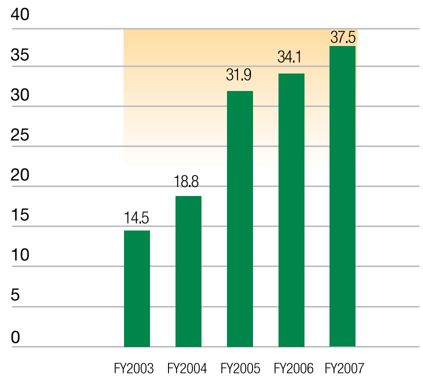
Net Profit After Tax (S$million)	
FY2007	109.0
FY2006	87.2
FY2005	65.9
FY2004	48.1
FY2003	28.7

NET PROFIT AFTER TAX: Net Profit After Tax increased from S$28.7 million in FY2003 to S$109.0 million in FY2007 at CAGR of 39.6%.

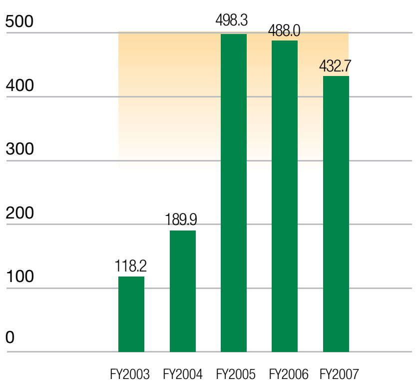
Earnings Per Share
(cents)



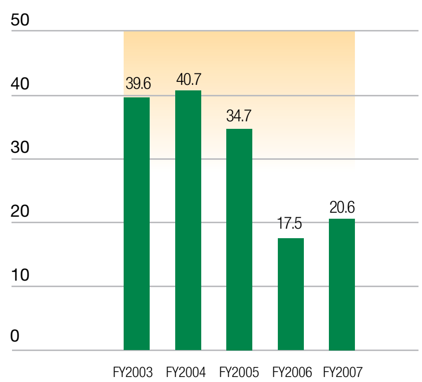
Net Tangible Asset Per Share
(cents)



Shareholders' Equity
(S$million)



Return on Equity
(%)



Earnings Per Share (cents)	
FY2007	7.0
FY2006	5.6
FY2005	5.1
FY2004	4.5
FY2003	2.4

EARNINGS PER SHARE (EPS): EPS grew from 2.4 cents per share in FY2003 to 7.0 cents per share in FY2007 at a CAGR of 30.7%.

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

NET TANGIBLE ASSET PER SHARE: Net Tangible Asset Per Share rose from 14.5 cents in FY2003 to 37.5 cents in FY2007, implying a CAGR growth of 26.8% during this period.

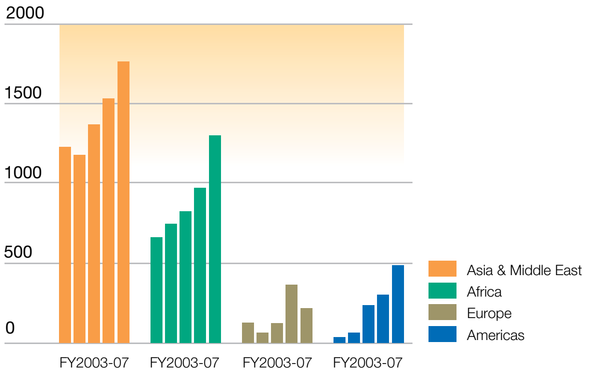
Shareholders' Funds (S$million)	
FY2007	432.7
FY2006	488.0
FY2005	498.3
FY2004	189.9
FY2003	118.2

SHAREHOLDERS' EQUITY: Our equity base increased from S$118.2 million in FY2003 to S$432.7 million in FY2007. Olam was publicly listed in February 2005, raising net proceeds of S$217.4 million in FY2005.

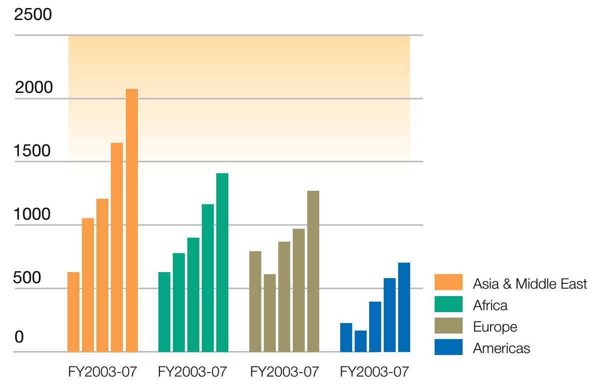
Return on Equity (%)	
FY2007	20.6
FY2006	17.5
FY2005	34.7
FY2004	40.7
FY2003	39.6

RETURN ON EQUITY (ROE): ROE for FY2007 based on beginning of period equity was 20.6% and we achieved a 11.6% spread over our cost of equity.

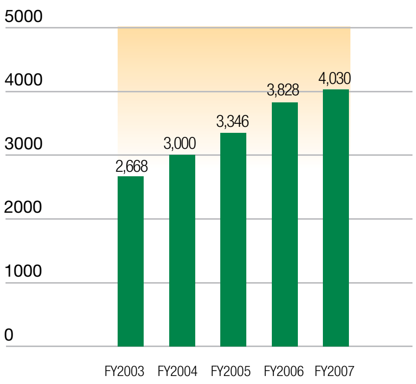
Sourcing Volume by Continent
('000 Metric Tonnes)



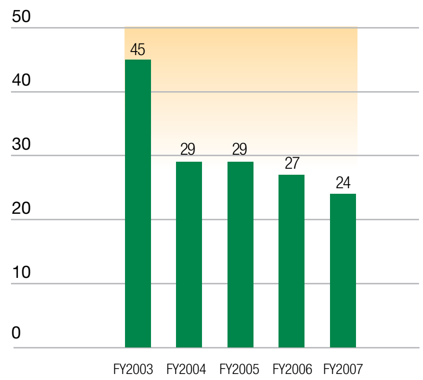
Sales Revenue by Continent
(S$million)



Number of Customers



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



Sourcing Volume by Continent ('000 metric tonnes)	FY2003	FY2004	FY2005	FY2006	FY2007
Asia & Middle East	1,230	1,178	1,369	1,532	1,765
Africa	661	746	825	974	1,302
Europe	127	64	123	364	218
Americas	36	64	236	302	488
Total	2,054	2,052	2,553	3,172	3,773

SOURCING VOLUME BY CONTINENT: Asia & Middle East and Africa still remain our predominantly major sourcing continents, accounting for 81.3% of total volume while Americas and Europe accounted for the balance of 18.7%.

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

SALES REVENUE BY CONTINENT: Asia & Middle East and Africa accounted for 63.9% of our sales revenue while Americas and Europe contributed to the balance 36.1% in FY2006. Sales contribution from Europe and Americas has been growing as we seek to diversify and broaden our destination markets.

NUMBER OF CUSTOMERS:	
FY2007	4,030
FY2006	3,828
FY2005	3,346
FY2004	3,000
FY2003	2,668

NUMBER OF CUSTOMERS: The number of customers increased from 2,668 in FY2003 to 4,030 in FY2007, a CAGR of 10.9%. 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 Total Sales Revenue (%)	
FY2007	24
FY2006	27
FY2005	29
FY2004	29
FY2003	45

TOP 25 CUSTOMERS' SHARE OF SALES REVENUE: We have been successful in growing and diversifying our customer base. Our share of revenues from top 25 customers has declined from 45% in FY2003 to 24% in FY2007.

Directors' Report and Audited Financial Statements

Olam International Limited and Subsidiary Companies 30 June 2007

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 2007.

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 (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 1.7.2006	As at 30.6.2007	As at 21.7.2007	As at 1.7.2006	As at 30.6.2007	As at 21.7.2007
The Company						
Olam International Limited						
(a) Ordinary shares						
Narain Girdhar Chanrai	–	–	–	508,134,877+	413,134,877+	413,134,877+
Sunny George Verghese	79,022,630	79,522,630	79,522,630	–	–	–
Sridhar Krishnan	149,506,335*	22,969,331*	22,969,331*	1,497,533	–	–
Shekhar Anantharaman	149,606,327*	23,127,261*	23,127,261*	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	800,000	–	–	–
Shekhar Anantharaman	800,000	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 Kewalram 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 413,134,877 ordinary shares as at 30 June 2007 (2006: 508,134,877 ordinary shares).

* These shares were jointly registered under Messrs Sridhar Krishnan, Shekhar Anantharaman and Joydeep Bose ("the Trustees") and are held in trust for the management (including the directors) and employees of the Group pursuant to the Olam International Limited Employee Share Benefit Scheme ("ESBS") and Olam International Limited Employee Share Subscription Scheme 2004 ("ESSS").

As at 30 June 2007, all shares held by the Trustees under ESBS were transferred to the respective beneficial owners. While pursuant to the ESSS shares scheme, a total of 11,890,541 (2006: 147,276,324) shares are jointly registered under the Trustees and are held in trust for the management (including the directors) and employees of the Group whilst the balance is held in the director's own name as at 30 June 2007.

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 of 216 employees of the Group had participated in the ESBS and have exercised the option to acquire the sales. These shares are held in trust by Messrs Sridhar Krishnan, Shekhar Anantharaman and Joydeep Bose ("the Trustees"). As at 1 July 2006, there were 134,362,110 shares held by the Trustees. During the financial year, all these shares were transferred to the beneficial owners.

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 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, now known as RDC 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

Employee share subscription scheme (cont'd)

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 870,533 and 11,890,541 (2006: 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 Leadership Development & Compensation Committee which comprises the following directors:

Mark Haynes Daniell – Chairman
Peter Francis Amour
Wong Heng Tew

During the financial year ended 30 June 2007:

- The Company granted 900,000 share options to senior management of which 150,000 share options were forfeited during the year. These share options will be vested over four years from the grant date (2 January 2007) 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 $285,156. The contractual life of the options is 5 years. There are no cash settlement alternatives.

- There were 511,000 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 2007 are as follows:

Expiry date	Exercise price (S$)	Number of options
11 February 2015	0.62	15,000,000
1 June 2011	1.52	42,484,160
2 January 2012	2.04	750,000
Total		**58,234,160**

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	–	800,000
Shekhar Anantharaman	–	–	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") has 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 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
3 October 2007

Statement by the Directors

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

(i) the accompanying balance sheets, profit and loss accounts, statements of changes in equity and consolidated cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2007 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,

Rangareddy Jayachandran
Director

Sunny George Verghese
Director

Singapore
3 October 2007

Independent Auditors' Report

to the Members of Olam International Limited

We have audited the accompanying financial statements of Olam International Limited (the Company) and its subsidiaries (collectively, the Group) set out on pages 90 to 150, which comprise the balance sheets of the Group and the Company as at 30 June 2007, statement of changes in equity of the Group and the Company, the profit and loss accounts for the Group and the Company, and cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the Act) and Singapore Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

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

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

Opinion

In our opinion,

(a) the consolidated financial statements of the Group and the balance sheet, profit and loss account and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and the Company as at 30 June 2007 and the results, changes in equity of the Group and the Company and cash flows of the Group for the financial year ended on that date; and

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

ERNST & YOUNG
Certified Public Accountants

Singapore
3 October 2007

Profit and Loss Accounts

for the year ended 30 June 2007

	Note	Group 2007 $'000	Group 2006 $'000	Company 2007 $'000	Company 2006 $'000
Revenue					
Sale of goods	3	**5,455,508**	4,361,102	**4,492,191**	3,676,850
Other revenue	4	**22,125**	16,675	**9,452**	19,428
		5,477,633	4,377,777	**4,501,643**	3,696,278
Costs and expenses					
Cost of goods sold	5	**4,275,889**	3,372,172	**3,839,560**	3,140,248
Shipping and logistics		**661,891**	573,454	**309,440**	241,674
Commission and claims		**68,249**	53,126	**79,314**	59,604
Employee benefits expense	30	**95,478**	66,455	**38,190**	31,841
Depreciation	9	**17,209**	12,144	**453**	348
Net measurement of derivative instruments		**245**	(507)	**245**	(275)
(Gain)/loss on foreign exchange		**(43,667)**	9,688	**(8,996)**	12,619
Other operating expenses	6	**128,696**	100,033	**39,349**	35,524
Finance costs	7	**147,072**	94,704	**120,875**	84,770
Share of loss/(gain) from jointly controlled entities		**385**	(230)	**–**	–
Profit before taxation		**126,186**	96,738	**83,213**	89,925
Taxation	8	**(17,165)**	(9,531)	**(5,444)**	(6,118)
Profit for the financial year		**109,021**	87,207	**77,769**	83,807
Attributable to:					
Equity holders of the Company		**109,047**	87,232	**77,769**	83,807
Minority interest		**(26)**	(25)	**–**	–
		109,021	87,207	**77,769**	83,807
Earnings Per Share (cents)					
– Basic	36	7.01	5.61	–	–
– Diluted	36	6.90	5.58	–	–

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

Balance Sheets

as at 30 June 2007

	Note	Group 2007 $'000	Group 2006 $'000	Company 2007 $'000	Company 2006 $'000
Non-Current Assets					
Property, plant and equipment	9	**129,348**	72,518	**1,299**	1,130
Intangible assets	10	**96,203**	–	**–**	–
Subsidiary companies	11	**–**	–	**223,123**	42,072
Deferred tax assets	8	**7,762**	4,608	**7,979**	2,652
Interests in jointly controlled entities	12	**1,942**	1,611	**2,227**	1,512
Long term investments	13	**81,091**	–	**27,431**	–
Other receivables	19	**9,466**	453	**1,006**	453
Current Assets					
Amounts due from subsidiary companies	14	**–**	–	**301,192**	255,095
Trade receivables	15	**508,193**	426,778	**263,186**	263,317
Margin accounts with brokers	16	**86,162**	43,147	**79,595**	41,382
Inventories	17	**1,163,203**	1,013,904	**313,060**	237,379
Advance payments to suppliers	18	**255,706**	160,669	**1,043,139**	965,753
Other receivables	19	**199,416**	138,622	**52,026**	26,554
Short term investment	20	**13,461**	–	**13,461**	–
Fixed deposits	33	**43,372**	133,885	**42,992**	125,306
Cash and bank balances	33	**194,235**	162,356	**55,024**	36,487
Fair value of derivative financial instruments	35	**388,032**	199,614	**373,618**	195,412
		2,851,780	2,278,975	**2,537,293**	2,146,685
Current Liabilities					
Trade payables and accruals	21	**255,522**	134,874	**180,632**	88,823
Other payables	22	**55,927**	31,712	**45,011**	26,256
Amounts due to bankers	23	**545,555**	783,312	**346,693**	698,962
Medium term notes	24	**450,000**	352,508	**450,000**	352,508
Provision for taxation		**24,878**	13,251	**8,142**	7,214
Fair value of derivative financial instruments	35	**488,630**	213,458	**473,690**	208,211
		1,820,512	1,529,115	**1,504,168**	1,381,974
Net Current Assets		**1,031,268**	749,860	**1,033,125**	764,711
Non-Current Liabilities					
Term loans from banks	25	**(703,663)**	(213,330)	**(690,413)**	(213,330)
Medium term notes	24	**(220,668)**	(127,681)	**(220,668)**	(127,681)
Net Assets		**432,749**	488,039	**385,109**	471,519
Equity Attributable to Equity Holders of the Company					
Share capital	26	**397,730**	396,954	**397,730**	396,954
Reserves		**34,992**	91,032	**(12,621)**	74,565
		432,722	487,986	**385,109**	471,519
Minority interest		**27**	53	**–**	–
Total Equity		**432,749**	488,039	**385,109**	471,519

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 2007

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

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

2006 Group	Share Capital (Note 26) $'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 1 July 2005	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 financial year	–	–	–	–	–	87,232	87,232	(25)	87,207
Total recognised expenses and income 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 27)	–	–	–	–	–	(33,579)	(33,579)	–	(33,579)
Share-based expense	–	–	–	–	737	–	737	–	737
Incorporation of a subsidiary	–	–	–	–	–	–	–	78	78
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.

2007 Company	Share Capital (Note 26) $'000	Foreign Currency Translation Reserves[1] $'000	Fair Value Adjustment Reserves[2] $'000	Share-based Compensation Reserves[3] $'000	Revenue Reserves $'000	Total Reserves $'000	Total Equity $'000
	Attributable to equity holders of the Company						
At 1 July 2006	396,954	(19,545)	(41,046)	3,378	131,778	74,565	471,519
Net loss on fair value changes during the period	–	–	(125,268)	–	–	(125,268)	(125,268)
Recognised in the profit and loss account on occurrence of hedged transactions	–	–	17,751	–	–	17,751	17,751
Foreign currency translation adjustment	–	(16,038)	–	–	–	(16,038)	(16,038)
Net expense recognised directly in equity	–	(16,038)	(107,517)	–	–	(123,555)	(123,555)
Profit for the financial year	–	–	–	–	77,769	77,769	77,769
Total recognised expenses and income for the year	–	(16,038)	(107,517)	–	77,769	(45,786)	(45,786)
Issues of shares on exercise of share options	776	–	–	–	–	–	776
Dividends on ordinary shares (Note 27)	–	–	–	–	(46,638)	(46,638)	(46,638)
Share-based expense	–	–	–	5,238	–	5,238	5,238
At 30 June 2007	397,730	(35,583)	(148,563)	8,616	162,909	(12,621)	385,109

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

2006 Company	Share Capital (Note 26) $'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 1 July 2005	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 financial year	–	–	–	–	–	83,807	83,807	83,807
Total recognised expenses and income 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 27)	–	–	–	–	–	(33,579)	(33,579)	(33,579)
Share-based expense	–	–	–	–	737	–	737	737
At 30 June 2006	396,954	–	(19,545)	(41,046)	3,378	131,778	74,565	471,519

(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 over the vesting period commencing from the grant date of equity-settled shares and share options and is reduced by the expiry of the share options.

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

Consolidated Cash Flow Statement

for the year ended 30 June 2007

	2007 $'000	2006 $'000
Cash flow from operating activities		
Profit before taxation	126,186	96,738
Adjustments for:		
Share of loss/(gain) of jointly controlled entities	385	(230)
Depreciation of property, plant and equipment	17,209	12,144
Loss/(gain) on disposal of property, plant and equipment	20	(78)
Net measurement of derivative instruments	245	(507)
Excess over the cost of a business combination (Note 33)	(189)	–
Cost of share-based payment	5,594	1,719
Interest income	(11,894)	(11,081)
Interest expense	147,072	94,704
Operating profit before reinvestment in working capital	284,628	193,409
(Increase)/decrease in inventories	(143,486)	5,121
(Increase)/decrease in receivables	(192,773)	179,672
Increase in advance payments to suppliers	(95,037)	(69,788)
Increase/(decrease) in payables	121,132	(16,866)
Cash (used in)/generated from operations	(25,536)	291,548
Interest income received	11,894	11,081
Interest expense paid	(138,673)	(83,531)
Tax paid	(8,270)	(5,672)
Net cash flows (used in)/generated from operating activities	(160,585)	213,426
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	2,539	741
Purchase of property, plant and equipment	(45,820)	(48,440)
Investment in government security bills	(13,461)	–
Acquisition of subsidiaries, net of cash acquired (Note 33)	(113,727)	–
Purchases of financial assets, available-for-sale	(81,091)	–
Investment in a jointly controlled entity	(767)	–
Loan to jointly controlled entities	(9,030)	(574)
Net cash flows used in investing activities	(261,357)	(48,273)
Cash flows from financing activities		
Increase/(repayment) in loans from banks	218,197	(142,607)
Proceeds from issuance of shares on exercise of share options	776	–
Dividends paid on ordinary shares by the Company	(46,638)	(33,579)
Proceeds from issue of medium term notes	190,479	217,409
Net cash flows provided by financing activities	362,814	41,223
Net effect of exchange rate changes on cash and cash equivalents	(20,636)	(26,784)
Net (decrease)/increase in cash and cash equivalents	(79,764)	179,592
Cash and cash equivalents at beginning of year	267,401	87,809
Cash and cash equivalents at end of year (Note 33)	187,637	267,401

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

Notes to the Financial Statements

30 June 2007

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 3 Church Street #08-01 Samsung Hub, Singapore 049483. The place of business of the Company is at 9 Temasek Boulevard, #11-02 Suntec Tower Two, Singapore 038989, while the various places of business of the subsidiary companies are shown in Note 11 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").

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

The preparation of financial statements in conformity with FRS requires management to exercise judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2(c).

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 resulting from the adoption of the revised FRS 39, Financial Instruments: Recognition and Measurement. The changes in that revised standard that impact the accounting policies applied by the Group and the Company are in relation to the financial guarantee contracts.

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiaries. These guarantees are financial guarantee contracts as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Previously, financial guarantees issued by the Company to banks in relation to borrowings by subsidiaries are accounted for as contingent liabilities of the Company and are not recognised in the financial statements until the Company has incurred an obligation to make payment under the guarantee in accordance with FRS 37 – Provisions, contingent liabilities and contingent assets.

On 1 July 2006, the Company adopted the amendments to FRS 39 which requires financial guarantees to be accounted for initially at fair value and subsequently at the higher of:

i) the amount initially recognised, less accumulated amortisation; and
ii) the amount of obligation that arises under the guarantee.

The revised FRS 39 has been applied retrospectively and does not result in material adjustments to the balance sheet of the Company at 30 June 2007 and 2006.

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

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

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

			Effective date (Annual periods beginning on or after)
FRS 1	:	Amendment to FRS 1 (revised), Presentation of financial statements (Capital disclosures)	1 January 2007
FRS 40	:	Investment Property	1 January 2007
FRS 107	:	Financial Instruments: Disclosures	1 January 2007
INT FRS 110	:	Interim Financial Reporting and Impairment	1 November 2006
INT FRS 111	:	FRS 102, Group and Treasury Shares Transactions	1 March 2007
INT FRS 112	:	Service Concession Agreements	1 January 2008

The directors expect the adoption of the above pronouncements will have no material impact to the financial statements in the period of initial application, except for the amendment to FRS 1 and FRS 107 as indicated below.

FRS 107 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specific minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. The amendment to FRS 1 requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital. The Group will apply FRS 107 and the amendment to FRS 1 from annual period beginning 1 July 2007. The adoption of FRS 107 and amendment to FRS 1(revised) will result in additional disclosures in the financial statements.

(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 2007 is $223,123,000 (2006: $42,072,000).

(c) Significant accounting estimates and judgments (cont'd)

(ii) Income taxes

The Group has exposure to income taxes in numerous jurisdictions. A degree of judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes would be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's tax payables as at 30 June 2007 was $24,878,000 (2006: $13,251,000).

(iii) Insurance receivables

During the year, management has filed two insurance claims against the insurer for losses suffered from the non-performance of services relating to a shipment of timber cargo and claims related to cashew stocks. Management believes that it has made reasonable judgement, based on relevant available facts and information that these can be recovered at an amount equal to or in excess of their carrying values. The carrying amount of the Group's insurance receivables as at 30 June 2007 was $5,612,000.

(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 foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange ruling at the balance sheet date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. 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.

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

(d) Functional and foreign currency (cont'd)

The financial statements are translated from USD to SGD as follows:
- Assets and liabilities for each balance sheet presented are translated at the closing rate ruling at that balance sheet date; and
- Income and expenses for each profit and loss account are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions.
- All resultant exchange differences are recognised in a separate component of equity as foreign currency translation reserves.

(e) Subsidiary companies and principles of consolidation

(i) Subsidiary companies

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

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

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

(ii) Principles of consolidation

The purchase method of accounting is to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus cost directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition, irrespective of the extent of any minority interest.

Any excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Please refer to the Note 2(h) for the accounting policy on goodwill on acquisition of subsidiary.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised in the profit and loss account on the date of acquisition.

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies as at the balance sheet date. The financial statements of the subsidiary companies 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.

Subsidiary companies 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.

(e) Subsidiary companies and principles of consolidation (cont'd)

(ii) Principles of consolidation (cont'd)

Minority interests represent the portion of profit or loss and net assets in subsidiary companies 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.

(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.

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

(h) Intangible assets

(i) Goodwill

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

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated:

- Represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and

- Is not larger than a segment based on either the Group's business or the Group's geographical reporting format.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated are tested for impairment annually and whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the unit, including the goodwill, with the recoverable amount of the unit. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount, an impairment loss is recognised.

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

(ii) Other intangible assets

Other intangible asset related to customer relationships acquired as part of business combination is initially recognised at its fair values at the date of acquisition date and is subsequently carried at cost less accumulated amortisation and accumulated impairment losses. This cost is amortised to the profit and loss account using the straight-line method over their estimated useful lives.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit and loss account when the asset is derecognised.

(i) 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.

(j) Financial assets

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

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

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.

(i) 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.

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

(j) Financial assets (cont'd)

(ii) 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.

(iii) 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.

(iv) 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.

The fair value of investments that are actively traded in organised financial markets is determined by reference to the relevant Exchange's quoted market bid prices at the close of the business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less impairment losses. Please refer to Note 2(n) for policy on impairment of financial assets.

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

(k) Financial liabilities

Financial liabilities include trade payables, which are normally settled within the credit terms, other amounts payable, payable to related parties and interest-bearing loans and borrowings. Financial liabilities are recognised on the balance sheet when, and only when the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially recognised at fair value of consideration received less directly attributable transaction costs 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 amortisation process. The liabilities are derecognised when the obligation under the liability is discharged or cancelled or expired.

(l) Cash and cash equivalents

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

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

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

(m) Receivables

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

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(n) below.

(n) 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.

(i) 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.

(ii) 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.

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

(o) 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.

(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.

(iii) Employee share 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 share subscriptions ("equity-settled transactions").

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

(s) Employee benefits (cont'd)

(iii) Employee share subscription / options scheme (cont'd)

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

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

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

(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 (using the effective interest method) unless collection is in doubt.

(v) Government grants, export incentives and subsidies

Government grants, export incentives and subsidies are recognised at their fair values where there is reasonable assurance that the grant will be received and all conditions attached to the grant will be complied with. When the grant relates to an expense item, it is recognised in the profit and loss account over the period necessary to match them on a systematic basis to the costs that it is intended to compensate. When the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to the profit and loss account over the expected useful life of the relevant asset by equal annual instalments.

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

(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.

(x) Derivative financial instruments and hedging activities

The Group and Company 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. The Company also uses certain derivatives such as commodity options and futures for trading purposes. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivative financial instruments that are held for trading or 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.

When the hedge accounting is applied, all the Group and Company 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 and Company 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 and Company 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 and Company'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 gain or loss 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 2007 and 30 June 2006:

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Interest income from fixed deposits	**4,926**	6,340	**3,717**	2,734
Interest income from brokers	**703**	397	**703**	397
Interest income from customers	**4,608**	3,557	**2,463**	2,557
Interest income from suppliers	**1,657**	787	**1,657**	787
Interest income from subsidiary	**–**	–	**345**	2,241
Consultancy fees received	**–**	–	**–**	10,353
Miscellaneous income [1]	**10,231**	5,594	**567**	359
	22,125	16,675	**9,452**	19,428

(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	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
This is stated after charging/(crediting):				
Realised loss/(gain) on futures and options [1]	**6,701**	(32,600)	**4,325**	(30,088)
Export incentives and subsidies received [2]	**(48,199)**	(11,904)	**–**	–
Provision for inventories written down	**2,058**	3,897	**300**	3,758

(1) Realised loss/(gain) 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:

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
This is stated after charging/(crediting):				
Auditors' remuneration:				
– Other fees paid to auditors	**126**	139	**80**	139
Loss/(gain) on disposal of property, plant and equipment	**20**	(78)	**(27)**	(3)
Directors' emoluments (Note 32)	**4,103**	3,913	**4,103**	3,913
Bank charges	**16,153**	15,954	**11,293**	9,703
Bad debts written off:				
– Trade receivables (Note 15)	**551**	196	**148**	157
– Advance payments to suppliers (Note 18)	**454**	408	**–**	379
Excess over the cost of a business combination (Note 33)	**(189)**	–	**–**	–
Allowance for doubtful debts:				
– Trade receivables	**823**	5,471	**975**	2,931
– Advance payments to suppliers	**1,547**	1,359	**1,095**	2,444
– Other receivables	**20**	12	**–**	–
– Subsidiary companies	**–**	–	**–**	4,183
Rental expenses	**26,663**	20,163	**2,061**	2,269
Travelling expenses	**21,661**	15,543	**7,775**	6,070
Write back for impairment in investment in subsidiary companies	**–**	–	**–**	(628)

7. Finance costs

Finance costs included the following for the financial years ended 30 June 2007 and 30 June 2006:

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Interest expense:				
– On bank overdrafts	**6,331**	4,728	**86**	164
– On bank loans	**114,361**	73,472	**95,399**	69,946
– On medium term notes	**23,277**	19,357	**23,277**	19,357
Effect of hedging using interest-rate swaps	**677**	(4,846)	**677**	(4,846)
Others	**2,426**	1,993	**1,436**	149
	147,072	94,704	**120,875**	84,770

8. Income tax

a) Major components of income tax expense

The major components of income tax expense for the financial years ended 30 June 2007 and 30 June 2006 were:

i) Profit and loss account

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Current income tax:				
Singapore	**5,444**	6,118	**5,444**	6,118
Foreign	**13,423**	4,908	**–**	–
Under/(over) provision in respect of prior years	**94**	(48)	**–**	–
	18,961	10,978	**5,444**	6,118
Deferred income tax:				
Foreign	**(1,796)**	(1,447)	**–**	–
	(1,796)	(1,447)	**–**	–
Income tax expense	**17,165**	9,531	**5,444**	6,118

The Company is an approved company under the Global Trader Programme of International Enterprise Singapore. By virtue of this, the Company is entitled to a concessionary income tax rate of 5% for a period of 5 years from 1 July 2003 to 30 June 2008 on qualifying activities, products and income.

ii) Statements of changes in equity

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Deferred income tax related to items charged directly to equity				
Net change in fair value adjustment reserves for derivative financial instruments designated as hedging instruments in cash flow hedges	**5,489**	2,030	**5,417**	1,978
Deferred tax income reported in equity	**5,489**	2,030	**5,417**	1,978

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 2007 and 30 June 2006 is as follows:

	Group		Company	
	2007	2006	2007	2006
	%	%	%	%
Statutory tax rate	**18.0**	20.0	**18.0**	20.0
Tax effect of non-deductible expenses	**3.5**	3.2	**4.5**	2.9
Higher statutory tax rates of other countries	**4.1**	0.5	**–**	–
Tax effect of income taxed at lower rate	**(13.2)**	(16.0)	**(15.9)**	(17.2)
Tax effect on exempt income	**(1.0)**	(1.9)	**–**	–
Tax effect on difference in tax base	**0.6**	0.7	**–**	–
Group relief	**–**	–	**–**	(0.3)
Tax effect of temporary differences not recognised	**2.0**	4.0	**–**	–
Tax effect of others, net	**(0.4)**	(0.7)	**(0.l)**	1.4
Effective tax rate	**13.6**	9.8	**6.5**	6.8

c) Deferred income tax

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Deferred tax liabilities:				
Differences in depreciation	**2,690**	525	**8**	9
Others	**633**	23	**–**	–
Gross deferred tax liabilities	**3,323**	548	**8**	9
Deferred tax assets:				
Allowance for doubtful debts	**1,033**	640	**498**	516
Provision for inventories written down	**1,101**	1,163	**161**	167
Unabsorbed losses	**–**	765	**–**	–
Revaluation of financial instruments to fair value	**7,450**	2,030	**7,328**	1,978
Others	**1,501**	558	**–**	–
Gross deferred tax assets	**11,085**	5,156	**7,987**	2,661
Net deferred tax assets	**7,762**	4,608	**7,979**	2,652

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 $NIL (2006: $765,000) 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 Group has tax losses of approximately $9,330,000 (2006: $14,268,000) and capital allowances of $11,795,000 (2006: $NIL) that are available for offset against future taxable profits of the companies in which the losses arose for which no deferred tax asset has been recognised. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

9. Property, plant and equipment

Group	Freehold land $'000	Leasehold land and buildings $'000	Plant and machinery $'000	Motor vehicles $'000	Furniture and fittings $'000	Office equipment $'000	Computers $'000	Capital work-in-progress $'000	Total $'000
Cost									
As at 1 July 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 and 1 July 2006	3,461	15,150	38,689	20,280	5,753	6,405	3,416	12,079	105,233
Additions	2,241	9,972	14,008	7,904	1,698	1,771	1,527	6,699	45,820
Acquisition of subsidiaries (Note 33)	465	5,888	16,286	664	39	–	–	5,851	29,193
Disposals	(19)	–	(1,061)	(1,436)	(84)	(118)	(80)	(1,613)	(4,411)
Reclassification	2,692	5,577	2,650	3	39	(93)	37	(10,905)	–
Foreign currency translation adjustment	216	1,518	841	(280)	(44)	1	61	(149)	2,164
As at 30 June 2007	9,056	38,105	71,413	27,135	7,401	7,966	4,961	11,962	177,999
Accumulated depreciation									
As at 1 July 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 and 1 July 2006	–	1,351	12,696	9,916	3,140	3,632	1,980	–	32,715
Charge for the year	–	1,657	8,042	4,850	939	912	809	–	17,209
Disposals	–	–	(598)	(1,070)	(74)	(80)	(30)	–	(1,852)
Reclassification	–	–	(2)	237	(223)	(14)	2	–	–
Foreign currency translation adjustment	–	81	325	86	12	32	43	–	579
As at 30 June 2007	–	3,089	20,463	14,019	3,794	4,482	2,804	–	48,651
Net book value									
As at 30 June 2007	9,056	35,016	50,950	13,116	3,607	3,484	2,157	11,962	129,348
As at 30 June 2006	3,461	13,799	25,993	10,364	2,613	2,773	1,436	12,079	72,518

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 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 and 1 July 2006	178	595	1,613	822	910	4,118
Additions	–	332	32	33	349	746
Disposals	–	(193)	–	–	–	(193)
Foreign currency translation adjustment	(6)	(21)	(56)	(28)	(33)	(144)
As at 30 June 2007	172	713	1,589	827	1,226	4,527
Accumulated depreciation						
As at 1 July 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 and 1 July 2006	64	305	1,229	747	643	2,988
Charge for the year	9	115	95	34	200	453
Disposals	–	(109)	–	–	–	(109)
Foreign currency translation adjustment	(2)	(11)	(43)	(26)	(22)	(104)
As at 30 June 2007	71	300	1,281	755	821	3,228
Net book value						
As at 30 June 2007	101	413	308	72	405	1,299
As at 30 June 2006	114	290	384	75	267	1,130

Included in property, plant and equipment of the Company are assets belonging to overseas representative offices set up by the Company in certain countries, with net book value of $332,495 (2006: $387,361).

10. Intangible assets

Group	Goodwill $'000	Customer relationships $'000	Total $'000
Cost			
As at 1 July 2005, 30 June 2006 and 1 July 2006	–	–	–
Acquired through business combination (Note 33)	76,137	20,066	96,203
As at 30 June 2007	76,137	20,066	96,203
Accumulated amortisation and impairment			
As at 1 July 2005, 30 June 2006, 1 July 2006 and 30 June 2007	–	–	–
Net carrying amount			
As at 30 June 2007	76,137	20,066	96,203
As at 30 June 2006	–	–	–
Average remaining amortisation period (years) – 2007	–	15	
Average remaining amortisation period (years) – 2006	–	–	

On 31 May 2007, the Group acquired 100% equity interest in Universal Blanchers, L.L.C at a cost of $111,939,000 (US$73,082,000). Goodwill acquired through business combinations is subject to annual impairment review. The directors of the Company are of the opinion that no impairment of goodwill has occurred as at 30 June 2007.

Customer relationships acquired as part of the Universal Blancher's business combination are initially recognised at its fair values at the date of acquisition and are subsequently carried at cost less accumulated amortisation. This cost is amortised to the profit and loss account using the straight-line method over their estimated useful life. In this instance this was determined as 15 years.

11. Subsidiary companies

	Company 2007 $'000	Company 2006 $'000
Unquoted shares at cost	**53,372**	39,229
Loans to subsidiary companies	**170,461**	2,772
Advances for equity contributions	**–**	1,139
Provision for impairment loss	**(710)**	(1,068)
	223,123	42,072

Included in loans to subsidiary companies is a loan amounting to $1,072,000 which is unsecured, bears interest at 2% per annum and repayable not later than January 2010. The remaining loans to subsidiary companies are unsecured, interest free and have no fixed terms of repayment. They are not expected to be repayable in the next 12 months.

Assessment of impairment in investment in subsidiary companies is carried out every year and the necessary provisions are accordingly made. For the year ended 30 June 2007, there was a reduction in provision based on the 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, all of the advances for equity contribution have since been repaid by the subsidiary companies as the Group has revised its funding arrangement.

Subsidiary companies of Olam International Limited as at 30 June 2007 and 30 June 2006 are:

Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of investment 2007 US$'000	Cost of investment 2007 S$'000	Cost of investment 2006 US$'000	Cost of investment 2006 S$'000	Percentage of equity held by the Company 2007 %	Percentage of equity held by the Company 2006 %
Caraway Pte Ltd [1] (Singapore)	Sourcing, processing, packaging and merchandising of agricultural products (Singapore)	**122**	**187**	122	193	**100**	100
Olam Benin Sarl. [4] (Benin)	Dormant (Cotonou)	**336**	**514**	336	533	**100**	100
Olam Burkina Sarl. [3] (Burkina Faso)	Sourcing, processing, packaging and merchandising of agricultural products (Bobo Dioulasso)	**191**	**293**	191	303	**100**	100
Olam Cam Sarl [3] (Cameroon)	Sourcing, processing, packaging and merchandising of agricultural products (Douala)	**328**	**502**	328	520	**100**	100

11. Subsidiary companies (cont'd)

Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of investment 2007 US$'000	Cost of investment 2007 S$'000	Cost of investment 2006 US$'000	Cost of investment 2006 S$'000	Percentage of equity held by the Company 2007 %	Percentage of equity held by the Company 2006 %
Olam Europe B.V. [4] (Netherlands)	Sourcing, processing, packaging and merchandising of agricultural products (Rotterdam)	**20**	**31**	20	32	**100**	100
Olam Ghana Limited [2] (Ghana)	Sourcing, processing packaging and merchandising of agricultural products (Accra)	**2,940**	**4,503**	2,940	4,663	**100**	100
Olam Investments Limited [4] (Mauritius)	Investment holding (Port Louis)	**10**	**15**	10	16	**100**	100
Olam Ivoire Sarl. [3] (Ivory Coast)	Sourcing, processing packaging and merchandising of agricultural products (Abidjan)	**312**	**478**	312	495	**100**	100
Olam Nigeria Ltd [2] (Nigeria)	Sourcing, processing packaging and merchandising of agricultural products (Lagos)	**3,021**	**4,628**	3,021	4,791	**100**	100
Outspan Nigeria Ltd [2] (Nigeria)	Sourcing, processing packaging and merchandising of agricultural products (Lagos)	**277**	**425**	277	439	**100**	100
Olam Tanzania Ltd [2] (Tanzania)	Sourcing, processing packaging and merchandising of agricultural products (Dar-es-Salaam)	**2,412**	**3,695**	2,412	3,825	**100**	100
Olam Togo Sarl. [4] (Togo)	Dormant (Lome)	**@**	**@**	208	330	**100**	100

Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of investment 2007 US$'000	2007 S$'000	2006 US$'000	2006 S$'000	Percentage of equity held by the Company 2007 %	2006 %
Outspan Ivoire Sarl. [3] (Ivory Coast)	Sourcing, processing, packaging and merchandising of agricultural products (Abidjan)	**4,777**	**7,317**	3,798	6,024	**100**	100
Olam Bissau Limitada [3] (Guinea Bissau)	Dormant (Bissau)	**3**	**5**	3	5	**100**	100
Olam Gabon Sarl. [3] (Gabon)	Sourcing, processing, packaging and merchandising of agricultural products (Libreville)	**187**	**287**	187	296	**100**	100
Olam Mozambique Limitada [3] (Mozambique)	Sourcing, processing, packaging and merchandising of agricultural products (Nacala)	**1,053**	**1,613**	1,053	1,670	**100**	100
Olam Madagascar Sarl. [3] (Madagascar)	Sourcing, processing, packaging and merchandising of agricultural products (Tamatave)	**10**	**15**	10	16	**100**	100
Olam Polska Sp. Z O.O. [3] (Poland)	Sourcing, processing, packaging and merchandising of agricultural products (Warsaw)	**211**	**323**	211	334	**100**	100
Outspan Ghana Limited [3] (Ghana)	Sourcing, processing, packaging and merchandising of agricultural products (Accra)	**101**	**155**	101	160	**100**	100
Olam Vietnam Limited [2] (Vietnam)	Sourcing, processing, packaging and merchandising of agricultural products (Ho Chi Minh City)	**1,000**	**1,532**	1,000	1,586	**100**	100

11. Subsidiary companies (cont'd)

Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of investment 2007 US$'000	Cost of investment 2007 S$'000	Cost of investment 2006 US$'000	Cost of investment 2006 S$'000	Percentage of equity held by the Company 2007 %	Percentage of equity held by the Company 2006 %
Olam Insurance Limited [2] (Isle of Man)	Providing insurance related services (Isle of Man)	**500**	**766**	500	793	**100**	100
Olam South Africa (Proprietary) Limited [2] (South Africa)	Sourcing, processing, packaging and merchandising of agricultural products (Durban)	**990**	**1,517**	100	159	**100**	100
Olam Congo (RDC) SPRL [4] (Democratic Republic of Congo)	Sourcing, processing, packaging and merchandising of agricultural products (Kinshasa)	**25**	**38**	25	40	**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**	**153**	100	159	**100**	100
Olam France Sarl. [2] (France)	Sourcing, processing, packaging and merchandising of agricultural products (Marseilles)	**7**	**11**	7	11	**100**	100
Olam Guinee Sarl. [4] (Guinee Conakry)	Sourcing, processing, packaging and merchandising of agricultural products (Conakry)	**3**	**4**	3	5	**100**	100
Olam Brasil Ltda [4] (Brazil)	Sourcing, processing, packaging and merchandising of agricultural products (Fortaleza)	**1,808**	**2,769**	1,408	2,233	**100**	100

Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of investment 2007 US$'000	2007 S$'000	2006 US$'000	2006 S$'000	Percentage of equity held by the Company 2007 %	2006 %
Olam Kazakhstan [3] (Kazakhstan)	Sourcing, processing, packaging and merchandising of agricultural products (Djetisay)	**10**	**15**	10	16	**100**	100
Olam Middle East L.L.C [2] (United Arab Emirates)	Sourcing, processing, packaging and merchandising of agricultural products (Dubai)	**82**	**125**	82	130	**100**	100
Olam Americas Inc. [1] (United States Of America)	Sourcing, processing, packaging and merchandising of agricultural products (New York)	**1**	**2**	1	2	**100**	100
Olam Europe Ltd [3] (United Kingdom)	Sourcing, processing, packaging and merchandising of agricultural products (London)	**394**	**604**	394	625	**100**	100
Olam Kenya Limited [4] (Kenya)	Dormant (Nairobi)	**#**	**#**	2	3	**–**	100
Olam Uganda Limited [2] (Uganda)	Sourcing, processing, packaging and merchandising of agricultural products (Kampala)	**97**	**148**	97	154	**100**	100
PT Olam Indonesia [2] (Indonesia)	Sourcing, processing, packaging and merchandising of agricultural products (Jakarta)	**1,100**	**1,685**	1,100	1,744	**100**	100
Olam Zimbabwe (Private) Limited [4##] (Zimbabwe)	Sourcing, processing, packaging and merchandising of agricultural products (Harare)	**1,522**	**2,332**	*	*	**100**	100

11. Subsidiary companies (cont'd)

Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of investment 2007 US$'000	Cost of investment 2007 S$'000	Cost of investment 2006 US$'000	Cost of investment 2006 S$'000	Percentage of equity held by the Company 2007 %	Percentage of equity held by the Company 2006 %
Outspan Brasil Ltda. [4] (Brazil)	Sourcing, processing, packaging and merchandising of agricultural products (Sao Paulo)	**1,103**	**1,689**	1,088	1,726	**100**	100
Olam Dairy B.V. [2] (Netherlands)	Sourcing, processing, packaging and merchandising of agricultural products (Rotterdam)	**130**	**198**	130	206	**100**	100
Olam Ukraine LLC [3] (Ukraine)	Sourcing, processing, packaging and merchandising of agricultural products (Kiev)	**100**	**153**	100	159	**100**	100
Olam Shanghai Limited [3] (China)	Sourcing, processing, packaging and merchandising of agricultural products (Shanghai)	**1,000**	**1,532**	1,000	1,586	**100**	100
Olam Shandong Limited [3] (China)	Sourcing, processing, packaging and merchandising of agricultural products (Qingdao)	**1,400**	**2,144**	1,400	2,221	**100**	100
Panasia International FZCO [2] (UAE)	Sourcing, processing, packaging and merchandising of agricultural products (Dubai)	**150**	**230**	150	238	**100**	100
LLC Outspan International [3] (Russian Federation)	Sourcing, processing, packaging and merchandising of agricultural products (Moscow)	**51**	**78**	51	81	**100**	100

Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of investment 2007 US$'000	2007 S$'000	2006 US$'000	2006 S$'000	Percentage of equity held by the Company 2007 %	2006 %
EURL Agri Commodities [3] (Algeria)	Sourcing, processing, packaging and merchandising of agricultural products (Hydra)	**269**	**412**	269	427	**100**	100
Outspan Peru SAC [4] (Peru)	Sourcing, processing, packaging and merchandising of agricultural products (Lima)	**500**	**766**	100	159	**100**	100
LLC Caraway Foods [3] (Russian Federation)	Sourcing, processing, packaging and merchandising of agricultural products (Moscow)	**404**	**619**	4	6	**100**	100
Olam Argentina S.A.[2] (Argentina)	Sourcing, processing, packaging and merchandising of agricultural products (Rio Cuarto)	**303**	**464**	3	4	**100**	100
PT Agronesia Bumi Persada [4] (Indonesia)	Sourcing, processing, packaging and merchandising of agricultural products (Jakarta)	**51**	**78**	51	81	**51**	51
Caraway Foods International (Nigeria) Limited [2] (Nigeria)	Sourcing, processing, packaging and merchandising of agricultural products (Lagos)	**19**	**29**	19	30	**100**	100
Caraway Foods International South Africa [3] (South Africa)	Sourcing, processing, packaging and merchandising of agricultural products (Durban)	**580**	**888**	*	*	**100**	100
Olam Liberia Limited [5] (Liberia)	Sourcing, processing, packaging and merchandising of agricultural products (Manrovia)	**5**	**8**	–	–	**100**	–

11. Subsidiary companies (cont'd)

Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of investment 2007 US$'000	2007 S$'000	2006 US$'000	2006 S$'000	Percentage of equity held by the Company 2007 %	2006 %
Mantra Ivoire S.A [5] (Ivory Coast)	Sourcing, processing, packaging and merchandising of agricultural products (Abidjan)	398	610	–	–	100	–
Outspan Colombia S.A [5] (Colombia)	Sourcing, processing, packaging and merchandising of agricultural products (Bogota)	1,345	2,060	–	–	100	–
Olam Armazen Gerais Ltda [5] (Brazil)	Sourcing, processing, packaging and merchandising of agricultural products (Alfenas)	48	74	–	–	100	–
Olam R.O.C S.A.R.L [5] (Republic of Congo)	Sourcing, processing, packaging and merchandising of agricultural products (Kinshasa)	^	^	–	–	100	–
Olam Honduras S.A [5] (Honduras)	Sourcing, processing, packaging and merchandising of agricultural products (Rio Cuarto)	100	153	–	–	100	–
Olam Egypt L.L.C [5] (Egypt)	Sourcing, processing, packaging and merchandising of agricultural products (Cairo)	88	135	–	–	100	–
Olam Investment Australia Pty Ltd [5] (Australia)	Investment holding (Brisbane)	*	*	–	–	100	–
Olam US Holdings Inc. [5] (United States of America)	Investment holding (Delaware)	*	*	–	–	100	–

Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of investment 2007 US$'000	2007 S$'000	2006 US$'000	2006 S$'000	Percentage of equity held by the Company 2007 %	2006 %
Olam Zambia Limited [4] (Republic of Zambia)	Sourcing, processing, packaging and merchandising of agricultural products (Lusaka)	**^**	**^**	–	–	**100**	–
Olam Dalian Limited [5] (China)	Sourcing, processing, packaging and merchandising of agricultural products (Dalian)	**500**	**766**	–	–	**100**	–
Rudra International Limited [5] (United Arab Emirates)	Sourcing, processing, packaging and merchandising of agricultural products (Dubai)	**2,350**	**3,599**	–	–	**100**	–
		34,844	**53,372**	24,734	39,229		

Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of investment 2007	2006	Percentage of equity held 2007 %	2006 %
Subsidiary companies of Olam Investments Limited as at 30 June 2007 are as follow:					
Olam Export (India) Limited [3] (India)	Sourcing, processing, packaging and merchandising of agricultural products (Delhi)	**USD 2,738,198**	USD 2,738,198	**100**	100
Outspan India Private Limited [3] (India)	Dormant (Quilon)	**USD 1**	USD 1	**100**	100
Subsidiary company of Olam (Uganda) Limited as at 30 June 2007 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 2007 is as follows :					
Novus Nigeria [4] (Nigeria)	Dormant (Lagos)	**Naira 100 million**	Naira 100 million	**100**	100

11. Subsidiary companies (cont'd)

Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of investment 2007	Cost of investment 2006	Percentage of equity held 2007 %	Percentage of equity held 2006 %
Subsidiary company of Olam Egypt L.L.C as at 30 June 2007 is as follows :					
Agri Commodities L.L.C [5] (Egypt)	Sourcing, processing, packaging and merchandising of agricultural products (Cairo)	^	–	100	–
Subsidiary company of Olam Investment Australia Pty Ltd as at 30 June 2007 is as follows :					
Olam Australia Pty Ltd [5] (Australia)	Sourcing, processing, packaging and merchandising of agricultural products (Brisbane)	USD 1	–	100	–
Subsidiary company of Olam US Holdings Inc. as at 30 June 2007 is as follows :					
Universal Blanchers, L.L.C [5] (United States of America)	Peanut blancher and ingredient processor (Georgia)	USD 73,081,517	–	100	–

* These costs of investment were less than a thousand dollars each.
^ No payments were made for these subsidiaries.
@ The investment of this subsidiary has been written off.
\# This subsidiary was liquidated during the year.
\## This subsidiary was formerly known as Texturegate Investments Pte Ltd.

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.

Acquisition of subsidiary companies

On 31 May 2007, the Group acquired 100% of the issued share capital of Universal Blanchers L.L.C through Olam US Holdings Inc., a wholly owned subsidiary for a cash consideration of $111,939,000 (US$73,082,000) (inclusive of transaction costs of $739,000).

From the date of acquisition, Universal Blanchers L.L.C has contributed revenue of $10,889,000 and net profit of $988,000 to the Group. If the combination had occurred on 1 July 2006, Group revenue would have been $5,563,000,000 and net profit would have been $116,000,000.

On 31 December 2006, the Company acquired 100% of the issued share capital of Rudra International Limited for a cash consideration of $3,599,000 (US$2,350,000). There is no significant impact on the net profit and revenue of the Group for the financial year ended 30 June 2007 from the date of acquisition or if the business combination had taken place on 1 July 2006.

Details of identifiable net assets acquired are disclosed in Note 33.

12. Interests in jointly controlled entities

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Unquoted shares at cost	**1,512**	1,606	**1,512**	1,606
Additions	**767**	–	**767**	–
Share of post-acquisition reserves	**(291)**	94	**–**	–
Currency realignment	**(46)**	(89)	**(52)**	(94)
Total investments	**1,942**	1,611	**2,227**	1,512

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

Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of investment 2007 US$'000	2007 S$'000	2006 US$'000	2006 S$'000	Percentage of equity held by the Company 2007 %	2006 %
Held by the Company							
LAMCO S.p.A (Italy) [1]	Trading of agricultural commodities (Genoa)	**114**	**175**	114	181	**40**	40
Solimar Foods Ingredients S.L. (Spain) [2]	Processing and trading of agricultural commodities (Valencia)	**839**	**1,285**	839	1,331	**49**	49
Usicam S.A (Cameroon) [3]	Processing and trading of agricultural commodities (Douala)	**501**	**767**	–	–	**50**	–
		1,454	**2,227**	953	1,512		

1 Audited by associated firm of Ernst & Young, Singapore.
2 Not required to be audited.
3 Newly acquired during the year and audited by other CPA firm.

12. Interests in jointly controlled entities (cont'd)

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

	Group	
	2007	2006
	$'000	$'000
Assets and liabilities:		
Current assets	3,755	2,976
Long-term assets	3,853	2,672
Total assets	7,608	5,648
Current liabilities	(4,483)	(2,729)
Long-term liabilities	(1,183)	(1,308)
Total liabilities	(5,666)	(4,037)
Results:		
Income	9,116	10,769
Expenses	(9,501)	(10,539)
(Loss)/profit after tax for the financial year	(385)	230

13. Long term investments

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Available-for-sale financial assets:				
Equity shares (unquoted) at cost	27,431	–	27,431	–
Equity shares (quoted), at fair value	53,660	–	–	–
Total investments	81,091	–	27,431	–

The fair values of quoted equity investments are based on quoted market prices. Unquoted shares stated at cost have no market prices and the fair value cannot be reliably measured using valuation techniques.

The unquoted equity investment relates to a 19.9% shareholding in Open Country Cheese Company Limited.

The quoted equity investment relates to an investment in Queensland Cotton Holdings Limited ("QCH"). As at 30 June 2007, the Group held 25.3% of the issued share capital of QCH through Olam Australia Pty Limited, a wholly owned subsidiary of one of the subsidiary companies for cash. Subsequent to year end the Group acquired further issued shares of QCH. Please refer to Note 38 for more details.

14. Amounts due from subsidiary companies

	Company 2007 $'000	Company 2006 $'000
Trade receivables	**277,464**	245,993
Loan to a subsidiary [(1)]	**15,240**	–
Non-trade receivables [(2)]	**8,488**	9,102
	301,192	255,095
Amounts due from subsidiary companies are stated after deducting allowance for doubtful debts of		
– Trade	**2,057**	2,130
– Non-trade	**4,822**	3,988
	6,879	6,118

[(1)] The loan to a subsidiary is trade in nature, unsecured and bears interest at 8% per annum. The loan is repayable on demand.

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

15. Trade receivables

	Group		Company	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Trade receivables	**459,893**	399,190	**262,872**	262,812
GST receivable and equivalent	**48,300**	27,588	**314**	505
	508,193	426,778	**263,186**	263,317
Trade receivables are stated after deducting allowance for doubtful debts of	**9,604**	9,402	**4,561**	4,723
Bad debts written off directly to profit and loss account (Note 6)	**551**	196	**148**	157

Included in trade receivables is an amount of $1,596,000 (2006: $3,283,000) 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		Company	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
United States Dollar	**55,157**	32,581	**–**	–
Great Britain Pound	**57,316**	19,594	**50,220**	19,594
Euro	**56,696**	15,092	**38,629**	12,927
Singapore Dollar	**–**	505	**–**	505

16. Margin accounts with brokers

Margin accounts are maintained with recognised futures dealers and brokers for trades done on the futures exchanges. These margin accounts move in relation to trades done on futures, variation margins required and prices of the commodities traded.

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	
	2007	2006
	$'000	$'000
Great Britain Pound	**18,244**	52,965

17. Inventories

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Total inventories at lower of cost and net realisable value	**1,163,203**	1,013,904	**313,060**	237,379

During the financial year, the Group and the Company provided additional provisions of $2,058,000 (2006: $3,897,000) and $300,000 (2006: $3,758,000) respectively for inventories which are recognised as expenses in the profit and loss account.

18. Advance payments to suppliers

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Third parties	**255,706**	160,669	**91,154**	63,128
Subsidiary companies	**–**	–	**951,985**	902,625
	255,706	160,669	**1,043,139**	965,753

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

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Advance payments to suppliers are stated after deducting allowance for doubtful debts of				
– Third parties	**4,028**	3,376	**–**	–
– Subsidiary companies	**–**	–	**6,235**	5,674
Bad debts written off directly to profit and loss account (Note 6)				
– Third parties	**454**	408	**–**	379

19. Other receivables

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Current:				
Staff advances (a)	**5,970**	4,440	**1,292**	654
Deposits	**6,960**	4,854	**546**	477
Option premium receivable	**13,095**	5,214	**13,095**	5,214
Insurance receivables (b)	**7,693**	1,453	**7,537**	471
Export incentives and subsidies receivable (c)	**77,620**	54,436	**–**	–
Sundry receivables	**25,584**	16,343	**9,521**	3,861
Loan to jointly controlled entities (d)	**138**	121	**138**	121
Deferred M&A expenses (e)	**1,206**	–	**1,206**	–
Prepayments	**61,150**	51,761	**18,691**	15,756
	199,416	138,622	**52,026**	26,554
Other receivables are stated after deducting allowance for doubtful debts of	**20**	216	**–**	–
Non-current:				
Loan to jointly controlled entities (d)	**1,006**	453	**1,006**	453
Tax recoverable (f)	**8,460**	–	**–**	–
	9,466	453	**1,006**	453

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

(b) Insurance receivables pertain to pending marine, political and inventories insurance claims. The outstanding claims are currently being processed by the insurance companies for final settlement. Included in these receivables are two insurance claims filed against the insurer. Please refer to Note 2(c)(iii) for more details.

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

(d) The loans to jointly controlled entities are unsecured and bear interest ranging from 3.1% to 4% and at 3 months Euribor + 4% (2006: 3.1%) per annum. They are repayable in quarterly instalments until October 2011.

(e) Deferred merger and acquisition expenses incurred are in connection with the incomplete acquisition for which the expenses will be transferred and capitalised as part of the cost of acquisition upon finalisation of the investment.

(f) This account mainly relates to input tax paid which is available for offset against future output tax incurred.

20. Short term investment

Short term investment relates to an investment in government security bills and is designated as available-for-sale financial asset with a short term maturity. The fair values of this investment approximate its carrying amounts at the balance sheet date because of its short-term maturity.

The government security bills bear interest ranging from of 4.98% to 5.27% which matures in July 2007.

21. Trade payables and accruals

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Trade payables	**190,156**	86,672	**147,486**	57,941
Accruals	**60,879**	46,295	**33,146**	30,882
Advances received from customers	**3,056**	1,108	**–**	–
GST payable and equivalent	**1,431**	799	**–**	–
	255,522	134,874	**180,632**	88,823

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	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Euro	**6,335**	11,787	**6,271**	11,472
Great Britain Pound	**19,631**	5,957	**18,297**	5,842
Singapore Dollar	**–**	1,921	**–**	1,921
United States Dollar	**438**	1,448	**–**	–

22. Other payables

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Interest payable on short-term bank loans	**27,772**	18,641	**27,040**	18,490
Sundry payables	**11,677**	3,802	**3,262**	–
Option premium payable	**14,709**	7,766	**14,709**	7,766
Provision for withholding tax	**1,769**	1,503	**–**	–
	55,927	31,712	**45,011**	26,256

23. Amounts due to bankers

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Bank overdrafts (note 33)	49,970	28,840	–	1,170
Bank loans	495,585	752,645	346,693	697,792
Discounted bills	–	1,827	–	–
	545,555	783,312	346,693	698,962

The amounts due to bankers for the Company are repayable within 12 months and bear interest in the range of 3.80% to 8.82% (2006: 3.50% to 6.50%) per annum.

The amounts due to bankers for the subsidiary companies are repayable within 12 months and bear interest in the range of 5% to 17% (2006: 5% to 20%) per annum.

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	
	2007	2006
	$'000	$'000
Great Britain Pound	70,782	6,991
Euro	118,399	6,653
Australian Dollar	52,335	–
New Zealand Dollar	28,327	–

24. Medium term notes

The Company has a multicurrency medium term notes programme with a maximum aggregate principal amount of $800,000,000 (2006: $800,000,000). These medium term notes are unsecured, bear interest at floating rates ranging from 3.19% to 6.67% (2006: 3.80% to 6.97%) per annum. The repayment schedule is as follows:

	Group and Company	
	2007	2006
	$'000	$'000
Less than one year	450,000	352,508
Between one and three years	220,668	127,681
	670,668	480,189

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

	Group and Company	
	2007	2006
	$'000	$'000
Singapore Dollar	578,000	347,750

25. Term loans from banks

Term loans from banks for Company bear interest at floating interest rates ranging from 6.58% to 7.18% (2006: 6.18% to 6.82%), unsecured and are repayable between 3 to 4 years.

Included in term loans from bank for Group are Industrial Development Bond which was issued by one of the subsidiary companies that bears interest at IRB ("Industrial Revenue Bond") rate + 1.125% and matures in annual instalments ranging from $200,000 to $4,200,000 through 1 August 2023. These debts are secured by the assets of the subsidiary and are backed by a letter of credit from a bank.

26. Share capital

	Group and Company	
	2007	2006
	$'000	$'000
Ordinary shares issued and fully paid (1)		
Balance at the beginning		
1,554,584,400 (2006: 1,554,584,400) ordinary shares	**396,954**	155,459
Issues of shares on exercise of share options (2)	**776**	–
Transfer of share premium reserve to share capital (3)	**–**	241,495
Balance at end 1,555,095,400 (2006: 1,554,584,400) ordinary shares	**397,730**	396,954

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

(2) A total of 511,000 ordinary shares were issued upon the exercise of share options.

(3) On 30 January 2006, in accordance with the Companies (Amendment) Act 2006, 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.

27. Dividends

A one-tier tax exempted first and final dividend of $0.015 per ordinary share amounting to $23,319,000 and a special dividend of $0.015 per ordinary share amounting to $23,319,000, totalling $46,638,000 in respect of financial year ended 30 June 2006 were paid out during the financial year.

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 in financial year ended 30 June 2006.

28. Operating lease commitments

Rental expenses of the Group and Company (principally for offices, warehouses and employees' residence) were $26,662,572 (2006: $20,162,691) and $2,061,392 (2006: $2,268,590) for the years ended 30 June 2007 and 30 June 2006, respectively. Most leases contain options for renewing the leases. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

Future minimum rentals under non-cancellable leases were as follows as of 30 June 2007 and 30 June 2006:

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Within one year	**4,804**	2,035	**1,899**	1,532
After one year but not more than five years	**3,933**	1,938	**501**	880
More than five years	**5,210**	137	**–**	–
	13,947	4,110	**2,400**	2,412

29. Contingent liabilities

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Contingent liabilities not provided for in the accounts:				
Financial guarantee contracts given to subsidiary companies [a]	**–**	–	**445,366**	298,112
	–	–	**445,366**	298,112

[a] Amounts utilised by subsidiary companies on the bank facilities secured by corporate guarantees amounted to $170,653,000 (2006: $59,505,000).

The fair value of the financial guarantee contracts given by the Company to its subsidiaries is not material as at 30 June 2007 and 30 June 2006.

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

30. Employee benefits

Employee benefits expense (including executive directors):

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Salaries and employee benefits	**84,217**	60,674	**35,457**	30,215
Central Provident Fund contributions and equivalents	**5,326**	3,304	**930**	782
Retrenchment benefits	**341**	758	**–**	–
Share-based expense	**5,594**	1,719	**1,803**	844
	95,478	66,455	**38,190**	31,841

(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.

30. Employee benefits (cond't)

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

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.

On 2 January 2007, 900,000 share options were issued to senior management of which 150,000 share options were forfeited during the year. These share options will be vested over four years from the grant date (2 January 2007) 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 $285,156. The contractual life of the options is 5 years. There are no cash settlement alternatives.

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

	2007		2006	
	Number of share options	Weighted average exercise price $	Number of share options	Weighted average exercise price $
Outstanding at the beginning of the year	**57,995,160**	**1.29**	15,000,000	0.62
Granted during the year (1)	**900,000**	**2.04**	42,995,160	1.52
Forfeited during the year	**(150,000)**	**2.04**	–	–
Exercised during the year	**(511,000)**	**1.52**	–	–
Expired during the year	**–**	**–**	–	–
Outstanding at end of year (2)	**58,234,160**	**1.29**	57,995,160	1.29
Exercisable at end of year	**19,292,140**	**1.05**	5,000,000	0.62

(1) The weighted average fair value of options granted during the year was $0.34 (2006: $0.25).

(2) The range of exercise prices for options outstanding at the end of the year was $0.62 to $2.04 (2006: $0.62 to $1.52). The weighted average remaining contractual life for these options is 4.91 years (2006: 5.31 years).

30. Employee benefits (cont'd)

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

The fair value of share options as at the date of grant, is estimated by the Company using the Black Scholes Model, taking into account the terms and conditions upon which the options are granted. The 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

Grant Date	**2 January 2007**			
Vested in	1 Year	2 Year	3 Year	4 Year
Dividend yield (%)	1.47	1.84	2.30	2.87
Expected volatility (%)	47	42	29	29
Risk free interest rate (%)	2.75	2.67	2.76	2.85
Expected life of the option (years)	1.1	2.1	3.1	4.1
Share price of underlying equity ($)	2.04	2.04	2.04	2.04

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.

31. 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	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Subsidiary companies:				
– Sales	–	–	(643,581)	(479,565)
– Purchases	–	–	1,968,077	1,704,671
– Insurance premiums paid	–	–	551	590
– Commissions paid	–	–	14,796	8,038
– Interest received on loan	–	–	(345)	(2,241)
– Consultancy fee received	–	–	–	(10,353)
– Consultancy fee paid	–	–	2,395	1,962
Sales to a jointly controlled entity	(21,852)	(16,555)	(21,852)	(16,555)
Shareholder related companies:				
– Sales	(985)	(2,641)	–	–
– Purchases	422	–	–	–
– Purchase of motor vehicles and other assets	785	3,625	–	–
– Warehouse rental paid	118	307	–	–

32. Compensation of directors and key management personnel

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

	Group		Company	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Directors fees	775	510	775	510
Salaries and employee benefits	6,430	8,127	5,147	8,127
Central Provident Fund contributions and equivalents	184	211	77	211
Share-based expense	1,025	815	801	815
	8,414	9,663	6,800	9,663
Comprise amounts paid to:				
– Directors of the Company	4,103	3,913	4,103	3,913
– Key management personnel	4,311	5,750	2,697	5,750
	8,414	9,663	6,800	9,663

32. 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:

	2007 Ordinary Shares	2006 Ordinary Shares
Employee Share Option Scheme:-		
– Directors	**–**	1,600,000
– Key executives	**–**	7,625,000

33. Cash and short term fixed deposits

	Group		Company	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Cash and bank balances	**194,235**	162,356	**55,024**	36,487
Fixed deposits	**43,372**	133,885	**42,992**	125,306
	237,607	296,241	**98,016**	161,793

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	
	2007 $'000	2006 $'000
Great Britain Pound	**15,708**	17,707
Euro	**4,383**	6,695
Singapore Dollar	**2,102**	2,194

Cash at banks earns interest at floating rates based on daily bank deposit rates ranging from 2.65% to 2.69% (2006: 3.80% to 4.60%) per annum. Short term deposits are made for varying periods between 1 and 365 days (2006: 1 to 365 days) depending on the immediate cash requirements of the Group, and earn interests at floating rate ranging from 4.90% to 5.26% (2006: 3.40% to 5.25%) per annum.

33. Cash and short term fixed deposits (cont'd)

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	
	2007	2006
	$'000	$'000
Cash and bank balances	**194,235**	162,356
Fixed deposits	**43,372**	133,885
Bank overdrafts (Note 23)	**(49,970)**	(28,840)
	187,637	267,401

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

Acquisition of subsidiary companies

On 31 May 2007, the Group acquired 100% equity interest in Universal Blanchers, L.L.C, a United States of America based peanut blancher and ingredient processor. The fair values of the identifiable assets and liabilities as at date of acquisition were as follows:

	Fair value recognised on acquisition	Carrying amount before combination
	$'000	$'000
Property, plant and equipment	25,918	25,918
Intangible assets (Note 10)	20,066	9,142
Inventories	4,942	4,942
Trade receivables	8,800	8,800
Prepayments	212	212
Cash and bank balances	1,787	1,787
Trade and other payables and accrued liabilities	(8,634)	(8,634)
Bank loans	(13,249)	(13,249)
Deferred income taxes	(4,040)	(4,040)
Net identifiable assets	35,802	24,878
Goodwill arising on acquisition (Note 10)	76,137	
Total purchase consideration satisfied by cash	111,939	

33. Cash and short term fixed deposits (cont'd)

Acquisition of subsidiary companies (cont'd)

On 31 December 2006, the Group acquired 100% equity interest in Rudra International Limited, an import and export of commodities, cotton, cotton yarn and fabric. The fair values of the identifiable assets and liabilities as at date of acquisition were as follows:

	Fair value recognised on acquisition $'000
Property, plant and equipment	3,275
Inventories	871
Trade receivables	32
Cash and bank balances	24
Trade payables	(48)
Provision for tax	(366)
Net identifiable assets	3,788
Excess over the cost of a business combination (Note 6)	(189)
Total purchase consideration satisfied by cash	3,599

The carrying amount of the identifiable assets and liabilities of Rudra International Limited before the combination is the same as the fair value of the identifiable assets and liabilities as at the date of acquisition.

An analysis of the net cash outflow in respect of the acquisition of these two subsidiary companies is as follows:

	$'000
Cash consideration paid on acquisitions	115,538
Less: Cash and cash equivalents acquired in the subsidiary companies	(1,811)
Net cash outflow in respect of the acquisitions	113,727

34. Financial risk management policies and objectives

The Group's principal financial instruments, other than derivative financial instruments and investment in security, comprise bank loans, medium term notes, term loans from banks and cash and short term fixed deposits. The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The Group also enters into derivative transactions, including principally interest rate swaps, commodity options and forward contracts and forward currency contracts. The purpose is to manage the commodity price risk, foreign currency risk and interest rate risk arising from the Group's operations and its sources of financing.

The main risks arising from the Group's financial instruments are commodity price risk, credit risk, foreign currency risk, liquidity risk and interest rate risk. The Board of Directors reviews and agrees on the policies for managing each of these risks and they are summarised below:

Commodity price risk

Commodities traded by the Group are subject to fluctuations due to a number of factors that result in price risk. The Group purchases and sells various derivative products, primarily exchange traded futures and options with the purpose of managing market exposure to adverse price movements in these commodities. The Group has established policies and exposure limits that restrict the amount of unhedged fixed price physical positions in each commodity.

The Group also enters into commodity derivatives for trading purposes. The Group's trading market risk appetite is determined by the Board of Directors, with detailed exposure limits recommended by the Executive Risk Committee and approved by the Board Risk Committee.

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. Interest rate risk is managed by management on an on-going basis such as managing the risk through interest rate derivatives with the primary objective of limiting the extent to which net interest exposure could be affected by adverse movements in interest rates. The details of the interest rates relating to the interest-earning financial assets and interest-bearing financial liabilities are disclosed in various notes of the financial statements.

35. Fair values of financial instruments

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

(a) **Cash and bank balances, fixed deposits, current trade and other receivables, margin accounts with brokers, trade and other payables and accruals**
The fair values of these financial instruments approximate their carrying amounts at the balance sheet date because of their short-term maturity.

(b) **Amount due to bankers, medium term notes and term loans from bank**s
The carrying amount of these loans approximate their fair value at the balance sheet date as they are subjected to frequent repricing (floating rates).

(c) **Available-for-sale investment**
The fair value of available-for-sale investment is determined based on the accounting policy described in Note 2j(iv).

(d) **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 2007 and 30 June 2006 are analysed below:

	Group			Company		
	Contract notional amount $'000	Fair value $'000		Contract notional amount $'000	Fair value $'000	
2007		Gain	Loss		Gain	Loss
<u>**Derivatives held for hedging**</u>						
Foreign exchange derivatives						
Foreign exchange forwards	2,017,237	9,344	10,093	1,880,462	8,858	8,947
Foreign exchange options	112,306	165	237	112,306	165	237
Commodity derivatives						
Commodity forwards	7,395,163	281,098	365,169	7,081,462	267,170	351,375
Commodity options	45,799	15,310	31,673	45,799	15,310	31,673
Interest rate derivatives						
Swaps	76,585	–	64	76,585	–	64
Total derivatives held for hedging		305,917	407,236		291,503	392,296
<u>**Derivatives held for trading**</u>						
Commodity derivatives						
Commodity forwards	1,704,240	57,039	59,722	1,704,240	57,039	59,722
Commodity options	44,316	25,076	21,672	44,316	25,076	21,672
Total derivatives held for trading		82,115	81,394		82,115	81,394
Total derivatives		388,032	488,630		373,618	473,690

2006	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
<u>Derivatives held for hedging</u>						
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
Total derivatives held for hedging		199,614	213,458		195,412	208,211

In 2006, no derivatives were held for trading purposes.

As at 30 June 2007, the settlement dates on open foreign exchange derivatives and commodity derivatives ranged between 1 to 20 months (2006: 3 to 12 months). The settlement dates on open interest rate derivatives ranged between 5 to 6 months (2006: 1 to 29 months).

The derivative financial instruments held for hedging are designated as hedges for future purchases or sales as well as interest rates. The foreign exchange derivatives held for hedging are being used to hedge the foreign currency risk of these forecasted transactions whilst the commodity derivatives held for hedging are being used to hedge the commodity price risk related to these forecasted transactions. The interest rate derivatives held for hedging are used to hedge the interest rate risk related to the medium term notes. In addition, a portion of the derivatives are used for trading purposes. For all the foreign exchange and commodity derivatives used for hedging purposes, the forecasted transactions are expected to occur within 20 months (2006: 12 months). Regarding the interest rate derivatives used for hedging purposes, the forecasted transactions are expected to occur within 6 months (2006: 20 months). In all cases, the fair value of the derivative recorded in the fair value adjustment reserve will be recycled through the profit and loss accounts upon occurrence of the forecasted transactions.

Cash flow hedges of expected transactions that were assessed to be highly effective have resulted in a net fair value loss of $150,827,000 and $148,563,000 for the Group and Company respectively (2006: $41,978,000 and $41,046,000). Deferred tax charge of $5,489,000 and $5,417,000 (2006: $2,030,000 and $1,978,000) for the 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 FRS39 and derivatives that are used for trading purposes amounting to a net fair value loss of $245,000 (2006: gain of $507,000 and gain of $275,000) for both the Group and Company, were recognised in the profit and loss accounts for the year.

36. 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	
	2007	2006
Net profit attributable to ordinary shareholders for basic and diluted earnings per share ($'000)	**109,047**	87,232
Weighted average number of ordinary shares on issue applicable to basic earnings per share	**1,554,626,983**	1,554,584,400
Dilutive effect of share options	**25,579,881**	8,450,704
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share	**1,580,206,864**	1,563,035,104

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

37. Segment information

The Group's businesses are organised and managed as 4 broad segments grouped in relation to different types and nature of products traded. The Group's supply chain activities of sourcing, processing and 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. Fixed assets are also unallocated as they are common and shared by all segments and thus it is not practical to allocate the net book value of fixed assets and capital expenditure to the various segments.

The turnover by geographical segments is based on the location of customers regardless of where the goods are produced. The assets and capital expenditure are allocated based on the location of those assets.

Segment accounting policies are the same as the policies of the Group as described in Note 2. The Group generally accounts for inter-segment sales and transfers as if the sales or transfers were to third parties at current market prices.

37. Segment information (cont'd)

(a) Business segments

	Edible nuts, spices and beans		Confectionery and beverage ingredients	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Segment revenue				
Sales to external customers	783,202	588,253	2,177,812	1,711,255
Unallocated revenue				
Total revenue				
Segment result	33,496	25,027	111,565	75,461
Operating profit				
Finance costs				
Share of (loss)/gain from jointly controlled entities				
Profit before taxation				
Taxation				
Profit for the financial year				
Segment assets	450,929	259,183	1,183,295	733,926
Unallocated assets				
Total assets				
Segment liabilities	364,097	179,636	1,029,998	492,374
Unallocated liabilities				
Total liabilities				

(b) Geographical segments

	Asia and Middle East		Africa	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Segment revenue				
Sales to external customers	2,074,439	1,649,063	1,409,081	1,162,921
Intersegment sales	288,420	145,902	503,591	497,453
	2,362,859	1,794,965	1,912,672	1,660,374
Unallocated revenue				
Total revenue				
Other geographical information:				
Segment assets	1,567,744	1,120,652	821,443	808,976
Capital expenditure	7,174	8,905	18,865	34,220

Fibre and wood products		Food staples and packaged foods		Consolidated	
2007	2006	2007	2006	2007	2006
$'000	$'000	$'000	$'000	$'000	$'000
1,062,167	1,003,153	1,432,327	1,058,441	5,455,508	4,361,102
				22,125	16,675
				5,477,633	4,377,777
74,759	51,805	53,823	38,919	273,643	191,212
				273,643	191,212
				(147,072)	(94,704)
				(385)	230
				126,186	96,738
				(17,165)	(9,531)
				109,021	87,207
402,449	224,757	566,796	430,850	2,603,469	1,648,716
				574,123	709,449
				3,177,592	2,358,165
357,373	155,527	478,228	295,668	2,229,696	1,123,205
				515,147	746,921
				2,744,843	1,870,126

Europe		Americas		Eliminations		Consolidated	
2007	2006	2007	2006	2007	2006	2007	2006
$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
1,271,087	969,726	700,901	579,392	–	–	5,455,508	4,361,102
87,282	5,008	84,024	35,889	(963,317)	(684,252)	–	–
1,358,369	974,734	784,925	615,281	(963,317)	(684,252)	5,455,508	4,361,102
						22,125	16,675
						5,477,633	4,377,777
313,171	206,739	475,234	221,798	–	–	3,177,592	2,358,165
1,791	688	45,587	4,627	–	–	73,417	48,440

38. Subsequent events

(a) Subsequent to financial year end, the directors have proposed a first and final ordinary dividend of $0.0175 per ordinary share amounting to $27,214,170 and a special dividend of $0.0175 per ordinary share amounting to $27,214,170, in respect of the financial year ended 30 June 2007 subject to approval of shareholders at the Annual General Meeting to be held on 29 October 2007. The first and final dividend and special dividend will be paid on 16 November 2007.

(b) As at 30 June 2007, the Group held 25.3% of the issued share capital of Queensland Cotton Holdings Limited ("QCH") through Olam Australia Pty Limited, a wholly owned subsidiary of one of the subsidiary companies. Subsequent to year end, the Group acquired the remaining shares of QCH at a final offer price of AUD $5.90 cash per share.

(c) On 27 August 2007, the Company announced that it will acquire a 100% equity interest in Key Foods Ingredients LLC and its subsidiaries, a processor and global supplier of dehydrates to the food processing industry for a total consideration of approximately $24.5 million (US$16.0 million).

(d) On 12 September 2007, the Company announced that it will acquire a 100% equity interest in Naarden Agro Products B.V., an international supply chain manager of industrial caseins, for a total consideration of approximately $6.8 million (EUR 3.3 million).

(e) On 2 October 2007, the Company announced that it will acquire a 100% equity interest in PT Dharmapala Usaha Sukses, a sugar refinery based in Indonesia for a total consideration of approximately $19.3 million (US$12.6 million).

39. Authorisation of financial statements

The financial statements for the financial year ended 30 June 2007 were authorised for issue in accordance with a resolution of the directors on 3 October 2007.

Statistics of Shareholdings

as at 14 September 2007

No. of Shares in Issue: 1,555,374,641
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	26	1.06	6,085	0.00
1,000 – 10,000	2,025	82.72	8,480,675	0.54
10,001 – 1,000,000	367	14.99	24,987,331	1.61
1,000,001 and above	30	1.23	1,521,900,550	97.85
Total	2,448	100.00	1,555,374,641	100.00

Twenty Largest Shareholders

Name		No. of Shares	%
1.	Kewalram Singapore Limited	397,634,877	25.57
2.	DBS Nominees Pte Ltd	306,499,986	19.71
3.	DBSN Services Pte Ltd	211,804,370	13.62
4.	Citibank Nominees Singapore Pte Ltd	123,794,951	7.96
5.	HSBC (Singapore) Nominees Pte Ltd	84,654,849	5.44
6.	Merrill Lynch (Singapore) Private Limited	79,561,392	5.12
7.	Sunny George Verghese	79,022,630	5.08
8.	Raffles Nominees Pte Ltd	66,831,368	4.30
9.	UOB Kay Hian Pte Ltd	60,741,427	3.91
10.	United Overseas Bank Nominees (Pte) Ltd	14,873,168	0.96
11.	Morgan Stanley Asia (Singapore) Securities Pte Ltd	13,427,583	0.86
12.	Sridhar Krishnan, Shekhar Anantharaman and Joydeep Bose	11,890,541	0.76
13.	Shekhar Anantharaman	11,236,720	0.72
14.	Sridhar Krishnan	9,578,790	0.62
15.	Ashok Krishen	6,965,188	0.45
16.	Vivek Verma	6,847,626	0.44
17.	Citibank Consumer Nominees Pte Ltd	6,238,412	0.40
18.	Jagdish Achleshwar Prasad Parihar	5,740,744	0.37
19.	Krishnan Ravi Kumar	4,105,770	0.26
20.	Ashok Chandra Mohan Hegde	3,404,656	0.22
Total		1,504,855,048	96.77

52.30% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of SGX-ST.

Substantial Shareholders

(As recorded in the Register of Substantial Shareholders as at 14 September 2007)

Name		No. of Shares Direct	Deemed
1.	Kewalram Singapore Limited[@]	413,134,877	–
2.	Chanrai Investment Corporation Limited[#]	–	413,134,877
3.	Kewalram Chanrai Holdings Limited[#]	–	413,134,877
4.	Nearco Trustee Company (Jersey) Limited, Murli Kewalram Chanrai and Narain Girdhar Chanrai as trustees of Girdhar Kewalram Chanrai Settlement ("GKC Trustees")[#]	–	413,134,877
5.	Nearco Trustee Company (Jersey) Limited, Narain Girdhar Chanrai and Koshu Murli Chanrai as trustees of Murli Kewalram Chanrai Settlement ("MKC Trustees")[#]	–	413,134,877
6.	Nearco Trustee Company (Jersey) Limited, Narain Girdhar Chanrai and Murli Kewalram Chanrai as trustees of Dayal Damodar Chanrai Settlement ("DKC Trustees")[#]	–	413,134,877
7.	Nearco Trustee Company (Jersey) Limited and Vinod Pitamber Chanrai as trustees of Pitamber Kewalram Chanrai Settlement ("PKC Trustees")[#]	–	413,134,877
8.	Narain Girdhar Chanrai[#]	–	413,134,877
9.	The Capital Group Companies, Inc.[+]	–	136,554,000
10.	JPMorgan Chase & Co and its affiliates*	–	78,075,000
11.	Sunny George Verghese	79,522,630	–

Notes:

@ Kewalram Singapore Limited's ("Kewalram") 413,134,877 shares are held in the following manner:
- i. 397,634,877 shares under its own name
- ii. 10,500,000 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 413,134,877 shares held by Kewalram in the Company.

GKC Trustees, MKC Trustees, DKC Trustees and PKC Trustees are shareholders of KCH, each holding 25% of the issued and paid-up capital of KCH.

GKC Trustees, MKC Trustees, DKC Trustees and PKC Trustees are therefore deemed to be interested in the 413,134,877 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.

+ The Capital Group Companies, Inc. is deemed to be interested in the 136,554,000 shares held in the names of BBH Dublin, Bank of Tokyo (Singapore), Chase Manhattan Bank (Hong Kong), DBS Nominees Pte. Ltd., HongKong & Shanghai Banking Corp, HSBC (Singapore) Nominees Pte. Ltd., Raffles Nominees Pte. Ltd. and United Overseas Bank Nominees Pte Ltd.

* JPMorgan Chase & Co and its affiliates are deemed to be interested in the 78,075,000 shares held in the names of Fortis Banque Luxembourg S.A., Raffles Nominees (Pte) Ltd, HSBC (Singapore) Nominees Pte Ltd, DBS Nominees Pte Ltd a/c The Bank of New York Brussels, HSBC (Singapore) Nominees Pte Ltd 041-551110-085, DBSN Services Pte Ltd DBS JPM London 4J39Z9N1, Raffles Nominees Pte Ltd SCB-JPM LUX-4JXQJ70B, Japan Trustee Services Bank, Ltd, First Commercial Bank, Citibank Noms Singapore Pte. Ltd. FAO JPMSL-8115150019.

Notice of Annual General Meeting

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

NOTICE IS HEREBY GIVEN that the Thirteenth 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, 29 October 2007 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 2007 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a first and final dividend of 1.75 cents per share tax exempt (one-tier) and a special dividend of 1.75 cents per share tax exempt (one-tier) for the year ended 30 June 2007. **(Resolution 2)**

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

Mr. R. Jayachandran	(Retiring under Article 107)	**(Resolution 3)**
Mr. Robert Tomlin	(Retiring under Article 107)	**(Resolution 4)**
Mr. Sridhar Krishnan	(Retiring under Article 107)	**(Resolution 5)**
Mr. Wong Heng Tew	(Retiring under Article 107)	**(Resolution 6)**

[See Explanatory Note (i)]

4. To approve the payment of Directors' fees of S$775,000.00 for the year ended 30 June 2007 (2006: S$510,000.00). **(Resolution 7)**

5. To re-appoint Messrs Ernst & Young as the Auditors of the Company and to authorise the Directors of the Company 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 issue shares up to 50 per centum (50%) of issued shares in the capital of the Company

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

(a) (i) issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution was in force,

provided that the aggregate number of shares (including shares to be issued in accordance with the terms of convertible securities issued, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the issued shares in the capital of the Company at the time of the passing of this Resolution, of which the aggregate number of shares and convertible securities to be issued other than on a pro rata basis to all shareholders of the Company shall not exceed twenty per centum (20%) of the issued shares in the capital of the Company and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force (i) until the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in accordance with the terms of convertible securities issued, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of such convertible securities."
[See Explanatory Note (ii)] **(Resolution 9)**

8. Authority to issue shares under the Olam Employee Share Option Scheme

"That the Directors of the Company be authorised and empowered to offer and grant options under the Olam Employee Share Option Scheme ("the Scheme") and to issue shares in the Company to all the holders of options granted by the Company under the Scheme, whether granted during the subsistence of this authority or otherwise, upon the exercise of such options and in accordance with the terms and conditions of the Scheme, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Scheme shall not exceed fifteen per centum (15%) of the issued shares in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier." **(Resolution 10)**
[See Explanatory Note (iii)]

9. Participation of Independent Directors in the Olam Employee Share Option Scheme

That the participations of the following Independent Directors in the Olam Employee Share Option Scheme be and are hereby approved:

Mr. Michael Lim Choo San	**(Resolution 11)**
Mr. Mark Haynes Daniell	**(Resolution 12)**
Mr. Robert Tomlin	**(Resolution 13)**
Mr. Wong Heng Tew	**(Resolution 14)**

[See Explanatory Note (iv)]

10. Authority to grant options to Independent Directors pursuant to the Rules of, and issue shares under, the Olam Employee Share Option Scheme

That, contingent upon the passing of the Resolutions 11,12, 13, and 14 the Directors of the Company be authorised and empowered to offer and grant to the following Independent Directors of the Company an option to subscribe for such number of shares at such subscription price and terms set out below pursuant to the Rules of the Olam Employee Share Option Scheme ("the Scheme") and to issue shares in the Company to the Directors of options granted by the Company under the Scheme, whether granted during the subsistence of this authority or otherwise, upon the exercise of such options and in accordance with the terms and conditions of the Scheme, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Scheme shall not exceed fifteen per centum (15%) of the issued shares in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

Name of Independent Director	Option to Subscribe for Shares	
Mr. Michael Lim Choo San	100,000	**(Resolution 15)**
Mr. Mark Haynes Daniell	100,000	**(Resolution 16)**
Mr. Robert Tomlin	100,000	**(Resolution 17)**
Mr. Wong Heng Tew	100,000	**(Resolution 18)**

[See Explanatory Note (iv)]

By Order of the Board

Wan Tiew Leng, Lynn
Sophia Lim Siew Fay
Secretaries
Singapore

Date: 12 October 2007

Explanatory Notes:

(i) Mr. R. Jayachandran will, upon re-election as a Director of the Company, remain as a member of the Governance & Nomination Committee and Finance & Investment Committee and will be considered non-independent.

Mr. Robert Tomlin will, upon re-election as a 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. Tomlin will also remain as Chairman of Finance & Investment Committee and a member of Risk Committee and Corporate Responsibility & Sustainability Committee.

Mr. Sridhar Krishnan will, upon re-election as a Director of the Company, remain as a member of the Risk Committee and Corporate Responsibility & Sustainability Committee and will be considered non-independent.

Mr. Wong Heng Tew will, upon re-election as a 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. Wong will also remain as a member of Governance & Nomination Committee and Leadership Development & Compensation Committee.

(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 the earlier, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, 50% of the issued shares in the capital of the Company at the time of the passing of this resolution, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

For the purpose of this resolution, the percentage of issued shares in the capital of the Company is based on the issued shares in the capital of the Company at the time this proposed Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this proposed Ordinary Resolution is passed and any subsequent 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 the earlier, to issue shares in the Company of up to a number not exceeding in total fifteen per centum (15%) of the issued shares in the capital of the Company from time to time pursuant to the exercise of the options under the Scheme.

(iv) The Ordinary Resolutions 11, 12 .13,14, 15, 16, 17 and 18 in items 9 and 10 above, if passed will empower the Directors of the Company to grant options to the Independent Directors pursuant to the Scheme and to allot shares arising from the exercise of the options. The subscription price for each share is the price equal to the average of the last dealt prices for a share for the five consecutive market days preceding 29 October 2007 (date of grant). The options granted to the Independent Directors are exercisable in 25%, 35% and 40% tranches on or after the first, second and third anniversaries of 29 October 2007. Each of Mr. Michael Lim Choo San, Mr. Mark Haynes Daniell, Mr. Robert Tomlin, Mr. Wong Heng Tew and their respective associates (if applicable) will abstain from voting on the Resolutions in relation to the grant of options to them.

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a Member of the Company.
2. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 3 Church Street, #08-01 Samsung Hub, Singapore 049483 not less than 48 hours before the time appointed for holding the Meeting.

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

Proxy Form

(Please see notes overleaf before completing this Form)

IMPORTANT:
1. For investors who have used their CPF monies to buy Olam International Limited's shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

I/We, ______________________________

of ______________________________

being a *member/members of Olam International Limited (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing *him/her, the Chairman of the Meeting as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held on 29 October 2007 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 2007		
2	Payment of proposed first and final dividend and special dividend		
3	Re-election of Mr. R. Jayachandran as a Director		
4	Re-election of Mr. Robert Tomlin as a Director		
5	Re-election of Mr. Sridhar Krishnan as a Director		
6	Re-election of Mr. Wong Heng Tew as a Director		
7	Approval of Directors' fees amounting to S$775,000.00		
8	Re-appointment of Messrs Ernst & Young as Auditors		
9	Authority to issue new shares		
10	Authority to issue shares under the Olam Employee Share Option Scheme		
11	Participation of Mr. Michael Lim Choo San in the Olam Employee Share Option Scheme		
12	Participation of Mr. Mark Haynes Daniell in the Olam Employee Share Option Scheme		
13	Participation of Mr. Robert Tomlin in the Olam Employee Share Option Scheme		
14	Participation of Mr. Wong Heng Tew in the Olam Employee Share Option Scheme		
15	Authority to grant options to Mr. Michael Lim Choo San pursuant to the Rules of, and issue shares under, the Olam Employee Share Option Scheme		
16	Authority to grant options to Mr. Mark Haynes Daniell pursuant to the Rules of, and issue shares under, the Olam Employee Share Option Scheme		
17	Authority to grant options to Mr. Robert Tomlin pursuant to the Rules of, and issue shares under, the Olam Employee Share Option Scheme		
18	Authority to grant options to Mr. Wong Heng Tew pursuant to the Rules of, and issue shares under, the Olam Employee Share Option Scheme		

Dated this ______________ day of ______________ 2007

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 3 Church Street, #08-01 Samsung Hub, Singapore 049483 not less than 48 hours before the time appointed for the Annual General Meeting.

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

   (ii) Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

   (iii) Where the instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or the power of attorney or other authority, if any, or a duly certified true copy thereof shall (failing previous registration with the Company) if required by law, be duly stamped and be deposited at the Registered Office, not less than forty-eight hours before the time for holding the Meeting or adjourned meeting at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.

6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Our cover

In less than 20 years Olam has grown organically from a single product and origin, into a sophisticated global company sourcing 14 products from 40 origins into 60 end-markets.

We are continuing to generate fresh organic growth and at the same time we are now grafting on new opportunities through selective acquisitions that will strengthen the genetic fingerprint of our core businesses and create strong new growth for the future.

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OLAM

Creating Value Is Our Business