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Olam International Limited

(Incorporated in the Republic of Singapore)
Company Registration Number 199504676H

US$300,000,000
1 per cent. Convertible Bonds due 2013

(Subject to an upsize option in respect of US$100,000,000 principal amount of 1 per cent. Convertible Bonds due 2013 granted to the Joint Lead Managers, as described below)

Issue price: 100 per cent.

The US$300,000,000 1 per cent. Convertible Bonds due 2013 (the "Bonds") will be issued by Olam International Limited (the "Issuer" or "Olam"). The Issuer has granted J.P. Morgan (S.E.A.) Limited and Macquarie Capital (Singapore) Pte. Limited (the "Joint Lead Managers") an upsize option, exercisable at any time on or before the 30th day following the Closing Date (as defined herein), to subscribe for up to an additional US$100,000,000 in principal amount of the Bonds. References to the Bonds herein include those Bonds (if any) issued pursuant to the upsize option. Interest on the Bonds will be payable semi-annually in arrear on the interest payment dates falling on 3 January and 3 July of each year (each an "Interest Payment Date"). The first interest payment will be made on 3 January 2009.

The Bonds are convertible into ordinary shares of the Issuer (the "Shares") at any time on or after 13 August 2008 up to the close of business (at the place where the Bonds are deposited for conversion) on 23 May 2013, unless previously redeemed, converted, or purchased and cancelled and except during a Book Closure Period (as defined herein). The conversion price (subject to adjustment in the manner provided herein) (the "Conversion Price") will initially be S$3.8464 per Share. The Shares are listed on the Singapore Exchange Securities Trading Limited (the "SGX-ST"). On 20 June 2008, the closing price of the Shares on the SGX-ST was S$2.58 per Share. See "Terms and Conditions of the Bonds ("Terms and Conditions") — Conversion" and "Information Concerning the Shares".

At any time on or after 3 July 2011, and prior to the date falling seven business days (as defined herein) prior to the Maturity Date (as defined herein), the Issuer may, having given the requisite notice to the Bondholders (as defined herein), mandatorily convert all but not some only of the Bonds outstanding into Shares, provided that the Volume Weighted Average Price (as defined herein) of the Shares translated into US dollars at the then prevailing US dollar/S$ exchange rate, for each of 20 consecutive Trading Days (as defined herein), the last of which occurs not more than 10 Trading Days prior to the date upon which notice of conversion is published, was at least 130 per cent. of the applicable Early Redemption Amount (as defined herein) in effect on such Trading Day divided by the Conversion Ratio (as defined herein).

Unless previously converted, redeemed or purchased and cancelled, the Bonds will be redeemed on the Maturity Date at 119.38 per cent. of their principal amount, together with unpaid accrued interest (if any) calculated in accordance with the Terms and Conditions. The Bonds may also be redeemed in whole but not in part at any time at the option of the Issuer at their Early Redemption Amount together with accrued interest at the date fixed for such redemption (i) if the aggregate principal amount of the Bonds outstanding is less than 10 per cent. of the aggregate principal amount originally issued (including further issues) or (ii) in the event of certain changes in the laws and regulations relating to taxation in Singapore. Holders of the Bonds will have the right to require the Issuer to redeem the Bonds (i) at 111.11 per cent. of their principal amount, together with accrued interest (if any) calculated in accordance with the Terms and Conditions, on 3 July 2011 (the "Put Option Date"), or (ii) at their Early Redemption Amount together with accrued interest, in the event that the Shares cease to be listed or admitted to trading or suspended for a period equal to or exceeding 30 days on the SGX-ST, or if applicable, the Alternative Stock Exchange (as defined herein) or upon the occurrence of a Change of Control (as defined herein). Subject to certain terms and conditions, the Issuer may, at its option, satisfy its obligation to pay the relevant redemption amount on the Maturity Date or the Put Option Date, in full or in part, by delivering Shares to the holders of the Bonds in accordance with the Terms and Conditions.

Approval in-principle has been received for the listing of the Bonds and the new Shares to be issued on conversion of the Bonds. The SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Offering Circular. Approval in-principle for the listing of the Bonds and the new Shares to be issued on conversion of the Bonds is not to be taken as an indication of the merits of the Bonds, the Shares, the Issuer or its subsidiaries.

For a discussion of certain investment considerations relating to the Bonds, see "Risk Factors".

The Bonds will be represented by Global Certificate(s) (as defined herein) in registered form, deposited with a common depository for, and registered in the name of a nominee of a common depository for, Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking, *société anonyme* ("Clearstream, Luxembourg") on or about 3 July 2008, being the closing date (the "Closing Date"), for the accounts of their respective accountholders.

The Bonds and the Shares to be issued upon conversion of the Bonds or following exercise by the Issuer of its Stock Settlement Option (as defined herein) have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") and, subject to certain exceptions, may not be offered or sold within the United States.

This Offering Circular has not been and will not be registered as a prospectus with the Monetary Authority of Singapore ("MAS") and the Bonds are offered by the Issuer pursuant to exemptions invoked under Sections 274 and 275 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"). Accordingly, this Offering Circular and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds may not be circulated or distributed, nor may the Bonds be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1) of the SFA, or to any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

Joint Lead Managers

JPMorgan | MACQUARIE CAPITAL

Offering Circular dated 2 July 2008

The Issuer accepts full responsibility for the information contained in this Offering Circular and, having made all reasonable enquiries, confirms that this Offering Circular contains all information with respect to the Issuer, its subsidiaries and associated companies (as defined in the SGX-ST Listing Manual), the Bonds and the Shares which is material in the context of the issue and offering of the Bonds. Where information contained in this Offering Circular includes extracts from summaries of information and data from various published and private sources, the Issuer accepts responsibility for accurately reproducing such summaries and data.

This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Joint Lead Managers, The Bank of New York Mellon, London Branch (the "Trustee") or the Agents (as defined herein) to subscribe for or purchase any of, the Bonds or Shares and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful. The distribution of this Offering Circular and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required to inform themselves about and to observe any such restrictions. For a description of certain further restrictions on offers and sales of the Bonds and distribution of this Offering Circular, see "Subscription and Sale".

None of the Joint Lead Managers, the Trustee nor any of the Agents has separately verified the information contained in this Offering Circular. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Joint Lead Managers, the Trustee or the Agents as to the accuracy or completeness of the information contained in this Offering Circular or any other information supplied in connection with the Bonds or the Shares. Each person receiving this Offering Circular acknowledges that such person has not relied on the Joint Lead Managers, the Trustee, the Agents or on any person affiliated with the Joint Lead Managers, the Trustee or the Agents in connection with its investigation of the accuracy of such information or its investment decision.

This Offering Circular is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by either the Issuer, the Joint Lead Managers, the Trustee or the Agents that any recipient of this Offering Circular should purchase the Bonds. Each potential purchaser of the Bonds should determine for himself the relevance of the information contained in this Offering Circular and his purchase of the Bonds should be based upon such independent investigations and consultations with his own tax, legal and business advisers as it deems necessary.

No person is authorised to give any information or to make any representation not contained in this Offering Circular and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Issuer, the Joint Lead Managers, the Trustee or the Agents. The delivery of this Offering Circular at any time does not imply that the information contained in it is correct as at any time subsequent to its date.

In making an investment decision, investors must rely on their own examination of the Issuer and the terms of the Bonds, including the merits and risks involved. See "Risk Factors" for a discussion of certain factors to be considered in connection with an investment in the Bonds.

In this Offering Circular, unless otherwise specified or the context otherwise requires, all references to "Singapore" are references to the Republic of Singapore and all references to the "US" and "United States" are references to the United States of America. All references to "Government" herein are references to the government of the Republic of Singapore and all references to "FY" herein are to the financial year ended or ending 30 June. All references to "Group" herein are to the Issuer, its subsidiaries and associated companies, except where such references are made in the context of the financial information, whereupon the references to "Group" shall mean the Issuer and its subsidiaries only. All references to "Singapore dollars" and "S$" are to the lawful currency of Singapore and all references to "US dollars" or "US$" are to the lawful currency of the United States of America. For convenience, unless otherwise specified, certain US dollar amounts have been translated into Singapore dollars based on the exchange rate of S$1.3644 = US$1.00. Such transactions should not be construed as representations that the US dollar amounts referred to could have been, or could be, converted into Singapore dollars at that or any other rate or at all.

Certain monetary amounts in this Offering Circular have been subject to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Market data and certain industry forecasts used throughout this Offering Circular have been obtained from internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified, and neither the Issuer nor the Joint Lead Managers make any representation as to the accuracy of that information.

In connection with the issue of the Bonds, J.P. Morgan (S.E.A.) Limited as the stabilising manager (the "Stabilising Manager") or any person acting on its behalf may, to the extent permitted by applicable laws and rules, effect transactions with a view to support the market price of the Bonds at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or any persons acting on its behalf) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Bonds is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Bonds and 60 days after the date of the allotment of the Bonds.

FORWARD-LOOKING STATEMENTS

Certain statements in this Offering Circular constitute "forward-looking statements". Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Olam or the Group, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding Olam's and the Group's present and future business strategies and the environment in which Olam or the Group will operate in the future. Among the important factors that could cause Olam's or the Group's actual results, performance or achievements to differ materially from those in the forward-looking statements include, amongst others, the following:

- conditions of and changes in the social, economic and political condition and regulatory environment in the countries/territories that the Group operates in and/or where the Group's customers and suppliers are located;
- changes in the competitive conditions in the Group's industry and the Group's ability to compete under those conditions;
- changes in the future capital needs of the Group and the availability of financing and capital to fund those needs;
- changes in commodity prices;
- risk of being unable to realise the anticipated growth strategies;
- changes in the availability and effectiveness of futures contracts or other derivative instruments as hedging instruments, and the risks associated with such instruments;
- changes in currency exchange rates;
- changes in short-term and long-term interest rates; and
- changes in customer preferences and needs.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "Risk Factors" and "Business". These forward-looking statements speak only as of the date of this Offering Circular. Save for its obligations under the SGX-ST Listing Manual, Olam expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in Olam's or the Group's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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SUMMARY

This summary highlights information contained elsewhere in this Offering Circular. This summary may not contain all of the information that should be considered before deciding to invest in the Bonds. The Issuer recommends reading this entire Offering Circular carefully, including the financial statements and related notes appearing elsewhere in this Offering Circular and "Risk Factors".

Overview

The Group is a leading globally-integrated supply chain manager of agricultural products and food ingredients. Headquartered in Singapore, the Group operates in more than 56 countries and source and supply 14 products to more than 4,500 customers in 60 markets and countries ("Destination Markets"). The Issuer was established in 1989 as a division of the Kewalram Chanrai Group (the "KC Group") to operate its agri-business and was duly incorporated under the laws of Singapore in July 1995. Since the establishment of the business, the Issuer has evolved from a single country, single product trader to a multi-country, multi-product integrated supply chain manager. The expansion of the Group has been possible as a result of pursuing growth strategies by exploiting adjacent opportunities, which it defines as developing opportunities in agricultural products and food ingredients which share customers, costs, capabilities and distribution channels with its existing operations.

As at 20 June 2008, the Group's portfolio of 14 agricultural products and food ingredients included edible nuts, cocoa, coffee, cotton, rice, sugar, timber, sesame and sheanuts. The Group is engaged in the sourcing, processing, storage, transportation, shipping, distribution, trading and marketing of these agricultural products and food ingredients to customers in the Destination Markets. The Group manages the risks present at each stage of the supply chain through its risk management system. The Group's profitability is driven primarily by growth in underlying trade volumes handled and also the extent to which it can charge a premium for value-added services, and realise cost savings at various stages of the supply chain.

As at 20 June 2008, the Issuer's issued and paid-up share capital was S$707,707,485.03 comprising 1,712,941,671 shares. The Issuer's shares are listed on the Mainboard of the SGX-ST.

For the year ended 30 June 2007, and for the nine month period ended 31 March 2008, the Group had, on a consolidated basis, revenue of S$5.5 billion and S$5.7 billion respectively and net profit of S$109 million and S$103 million respectively. As at 30 June 2007 and as at 31 March 2008, the total assets of the Group (combining non-current and current assets) on a consolidated basis amounted to S$3.2 billion and S$4.7 billion respectively.

History and Development

Since the Issuer's establishment in 1989, and throughout its evolution from a single country, single product trader in 1989, to a multi-national, multi-product integrated supply chain manager it has expanded into adjacent products, geographic markets, customers and supply chain activities through organic and inorganic growth.

The Group's history and development can be categorised into five phases:

Formative Years: 1989 to 1992

The foundations of the Issuer's business date back to the KC Group which has over 140 years of trading history. The Issuer's business was first established in 1989 as a division to start the KC Group's agri-business enterprise and to generate foreign exchange.

From 1990 to 1995, the KC Group's agri-business was headquartered in London and operated under the name of Chanrai International Limited. The business began with the export of cashews and then expanded into exports of cotton, cocoa and sheanuts from Nigeria. This allowed the development of the Group's origination capabilities and expertise in sourcing, processing and marketing of agricultural products. During this phase, the Group's business was a single-country, multiple-product operation.

Business Model Development: 1993 to 1995

Between 1993 and 1995, the business grew from a single-country operation into multiple origins ("Origins" or "Origin Countries" being producing countries from which the Group procures its food ingredients and/or agricultural products), first within West Africa (including Benin, Togo, Ghana, Cote d'Ivoire, Burkina Faso, Senegal, Guinea Bissau, Cameroon and Gabon), and then to East Africa (Tanzania, Kenya, Uganda, Mozambique and Madagascar) and then India. This move into multiple Origins coincided with the deregulation of the agricultural commodity markets.

Global Expansion: 1996 to 2002

The Issuer was incorporated in Singapore on 4 July 1995 under the Companies Act, Chapter 50 of Singapore (the "Act") as a public limited company. Subsequently, in 1996, the Issuer relocated its entire operations from London to Singapore at the invitation of the Singapore Trade Development Board (now International Enterprise Singapore).

Upon relocation to Singapore, the KC Group's agri-business was reorganised to be wholly-owned by the Issuer.

During this phase, the Group applied its business model to capitalise on growth opportunities present in its various businesses. Singapore became the corporate headquarters and the key marketing and trading centre for all its operations. To focus further on quality customer service, marketing offices were opened in Poland, the Netherlands, France, UK, Italy and USA. The Group also successfully established sourcing and marketing operations in Indonesia, Vietnam, Thailand, China, Papua New Guinea, Middle East, Central Asia and Brazil.

Raising Capital for Future Growth: 2002 to 2005

By 2002, the Group had expanded to nine products and 30 countries with total revenues of approximately US$1.6 billion and profit after tax of approximately US$25 million for FY2002. At this stage, the Group approached various established institutional investors, including Russell AIF Singapore Investments Limited (managed by AIF Capital Limited), Seletar Investments Pte Ltd (a wholly-owned subsidiary of Temasek Holdings (Pte) Ltd) and International Finance Corporation (a member of the World Bank Group) to raise funds for future growth.

Over this period, the Group consolidated its global leadership positions in most of its products and expanded into new products such as peanuts, beans, dairy products and packaged foods.

On 31 January 2005, the Issuer launched its initial public offering ("IPO") of 375 million shares at S$0.62 per share. Measured against the market capitalisation of companies then listed on the Main Board of the SGX-ST, the Issuer ranked among the 50 largest listed companies with a market capitalisation of S$929 million at the invitation price. The Issuer's placement tranche of 345 million shares (from its 375 million shares) attracted strong interest from local and global institutional investors as well as leading institutional fund managers. The Issuer completed the IPO of its shares, and was admitted to the Official List of the SGX-ST on 11 February 2005.

Inorganic Growth and Organic Growth: 2005 to Present

In FY2006, the Group developed and communicated to investors a merger and acquisitions ("M&A") framework, so that going forward, acquisitions will form an integral part of the Group's growth strategy alongside organic growth.

The Group intends to pursue acquisitions in three areas, namely:

- new product adjacency — entailing planned expansion into nine new product adjacencies closely linked to the Group's core business over the next six years;
- new value chain adjacency — in several individual business strategic plans, there are initiatives envisaged for primary or secondary processing, where an acquisition would be a better entry strategy, for example, soluble coffee manufacturing, origin cocoa processing, sugar milling and refining. Organic initiatives in this area could mean significant gestation, as well as extended time required to acquire the necessary technical know-how and insight; and
- bolt-on acquisitions in key geographic areas where the Group intends to accelerate or ramp up growth, for example, in markets like China, Brazil, India, and the US.

Employing a disciplined approach, no individual transaction is expected to exceed 10 per cent. of the Group's market capitalisation, with an expected focus on transactions that are closer to 5 per cent. of the Group's market capitalisation. On aggregate, the Group does not envisage spending more than 15 per cent. of its market capitalisation on acquisitions in any given year.

Below is a description of major inorganic and organic milestones in respect of the Group from 2006 to date.

On 10 April 2006, the Issuer announced that it has established a joint venture company in Indonesia known as PT Agronesia Bumi Persada ("Agronesia"), jointly with PT Prinavin Lestari Pratama ("Prinavin"), to be engaged in expanding further opportunities of sourcing and distribution of agricultural commodities from and into Indonesia.

On 18 August 2006, the Issuer signed a letter of intent with Taloca and Cia Limitada ("Taloca"), a subsidiary of Kraft Foods International, to acquire its green coffee processing unit in Colombia. This acquisition, which had since been completed, of Taloca's Colombian processing facility is a significant step in the Issuer's ambition to become a leading global player in the Arabica coffee business and accelerates its entry into this space.

On 25 August 2006, the Issuer announced its acquisition of the peanut shelling and processing unit from Senwes, a company based in South Africa. The acquisition is in line with the Issuer's overall strategy within the peanuts segment and overall edible nuts segment to set up direct procurement, shelling and blanching operations in all major production centres. The Group is now able to offer the entire range of in-shell, blanched and kernel grade peanuts, from Origins that account for a majority of the world's peanuts trade flow.

On 27 October 2006, the Issuer and Archer Daniels Midland Company ("ADM") concluded a joint acquisition of Usicam, Cameroon ("Usicam") from SAGA SA, France, a Groupe Bolloré company. In addition, Usicam has acquired the cocoa processing assets of SDV, Cameroon — another Groupe Bolloré company. The Issuer and ADM each owns 50.0 per cent. of Usicam, and have partnered to ensure that cost economies and usage efficiencies may be offered to the cocoa suppliers in Cameroon before they export the beans.

On 7 February 2007, the Issuer announced its intention to form two joint ventures with Chinatex Corporation ("Chinatex"). The first joint venture ("CTGO JV") relates to the proposed investment of US$13.5 million for the acquisition of a 35.0 per cent. stake in Chinatex Grains and Oil I/E Corporation ("CTGO"). CTGO will in turn set up a wholly-owned soybean sourcing subsidiary in Brazil. As part of this agreement, the Issuer will have an option to increase its stake in CTGO to 45.0 per cent. within two years of setting up the Brazilian subsidiary, at a pre-agreed valuation. The second joint venture concerns the proposed establishment of a 50:50 domestic cotton joint venture company in China ("Domestic Cotton JV"), which would be involved in sourcing, ginning, inland logistics, distribution and risk management for the domestic cotton market. As part of the transaction, the Issuer and Chinatex propose to enter into a preferential purchase arrangement, whereby the Issuer could supply 30.0 per cent. of Chinatex's annual cotton imports, on a competitive basis. The joint ventures, which are currently pending receipt of regulatory approval, offer the Group entry into the oilseeds business, as well as an opportunity to participate in the domestic cotton market in China.

On 7 March 2007, the Issuer announced an off-market takeover offer to acquire all of the shares in Queensland Cotton Holdings Limited ("QCH"). The proposed combination of the cotton business of the Issuer and QCH was expected to create the third largest and most diversified global cotton company with substantial sourcing operations in Africa, Australia, Brazil, Commonwealth of Independent States, India, China and the United States along with a strong presence in all major world markets.

On 13 July 2007, the Issuer announced the receipt of acceptances for more than 90.0 per cent. of the shares outstanding in QCH, and that it has a relevant aggregate interest in approximately 90.8 per cent. of QCH, providing the Issuer the right to compulsorily acquire all the remaining shares outstanding. The acquisition of 100.0 per cent. shares in QCH was completed in October 2007.

On 22 April 2007, the Issuer announced its intention to acquire 100.0 per cent. of the world's largest independent peanut blancher and ingredient processor, Universal Blanchers L.L.C. for a total cash consideration of US$77.0 million on an enterprise value basis (estimated net equity value of US$72.3 million). The Issuer acquired UB in June 2007. This acquisition will enable the Issuer to expand into peanut blanching and ingredient manufacturing in the United States of America.

On 14 June 2007, the Issuer announced the acquisition of approximately 17.0 per cent. of the total outstanding shares of Open Country Cheese Company Limited ("OCC"), a fast growing dairy processing company in New Zealand. This strategic stake acquisition will enable the Group to gain valuable exposure to the dairy business in New Zealand. The Group acquired further shares of OCC on 15 June 2007, bringing its shareholding in OCC to 19.9 per cent.

On 27 August 2007, the Issuer announced its intention to acquire 100.0 per cent. equity interest in Key Foods Ingredients LLC and its subsidiaries ("KFI"), a processor and global supplier of dehydrates to the food processing industry for a total consideration of approximately US$16 million. The acquisition of KFI was expected to enhance the Group's presence in the overall spice value chain, helping the Group move from being primarily a whole spices supplier, to offering a basket of spice ingredients to its customers. The acquisition of KFI was completed on 12 November 2007.

On 12 September 2007, the Issuer announced its intention to acquire 100.0 per cent. equity interest in Naarden Agro Products B.V. ("NAP"), an international supply chain manager of industrial caseins, for a total consideration of approximately Euro 3.3 million. In addition, the Group is currently in negotiations with NAP's shareholders to buy their casein processing facility, Fleur Company Ltd in Lodz, Poland. Entry into the casein business is a one-step product adjacency for the Group as sourcing the raw casein for NAP shares the same sourcing channels as the Group's existing dairy business in the countries it operates in, providing significant synergies in cross-sourcing with only marginal additional investment. The acquisition of NAP was completed on 12 November 2007.

On 2 October 2007, the Issuer announced its intention to acquire 100.0 per cent. equity interest in PT Dharmapala Usaha Sukses ("PT DUS"), a sugar refinery based in Indonesia for a total cash investment of US$12.6 million. Of this amount, US$5.0 million was paid to shareholders of PT DUS while the balance amount of US$7.6 million will be utilised to purchase outstanding debt obligations from Bank Danamon. The acquisition is an all-cash transaction and was funded by a combination of borrowings and internal accruals. The Group will further invest an estimated US$12.0 million to (a) upgrade and raise PT DUS' production and (b) install a boiler to enable switching to coal, a lower cost feedstock. The acquisition of PT DUS provides the Group the opportunity to participate in the growing sugar refining sector in Indonesia. On 13 December 2007, the Issuer announced the completion of the acquisition of PT DUS.

On 9 October 2007, the Issuer announced that it will invest approximately US$45.0 million in a green field integrated soluble (instant) coffee manufacturing facility in Vietnam, that produces and supplies bulk spray-dried coffee powder, freeze-dried coffee granules and coffee extracts to the unbranded and private coffee label segment. The expansion into soluble coffee manufacturing is a one-step adjacency move for the Group into a higher value-added activity in the coffee supply chain, where there is a sharing of customers, costs and channels. The investment is currently progressing as scheduled.

On 15 November 2007, the Issuer announced the establishment of a 50:50 joint venture, Nauvu Investments ("Nauvu"), with Wilmar International Limited, a company listed on the SGX-ST. Nauvu will invest in integrated palm oil, natural rubber and sugar assets in Africa, including upstream plantations, midstream processing and downstream merchandising and distribution operations and will be making initial investments into the SIFCA Group, one of Africa's largest agro industrial groups with diversified interests across palm oil, cotton seed oil, natural rubber and sugar sectors in Africa. Nauvu was incorporated on 19 November 2007. The Issuer expects the establishment of the joint venture to complete within this quarter.

On 9 January 2008, the Issuer announced the incorporation of Outspan Café Vietnam Limited, a company incorporated in Vietnam. The principal activities of Outspan Café Vietnam Limited are those of sourcing, processing and supply chain management of agricultural products and food ingredients.

In April 2008, the Issuer issued 155,628,689 new Shares pursuant to a non-renounceable, non-transferable preferential offering.

On 20 June 2008, the Issuer announced that it had won an international bid to acquire a cotton gin in the Ouangolo region of Cote d'Ivoire from La Compagnie Cotonniere Ivoirenne for US$5.0 million. The acquisition comprises of one cotton gin with an annual ginning capacity of 35,000 tonnes of seed cotton and its related infrastructure, as well as a catchment area of nearly 35,000 hectares that can produce up to 20,000 tonnes of cotton lint annually. This investment is in line with the Group's growth strategy for cotton in Africa which is to seek growth opportunities in ginning and in building integrated cotton supply chain operations in the major exporting countries such as Cote d'Ivoire.

Recent Developments

On 1 July 2008, the Issuer announced the formation of Olam Wilmar Investment Holdings, a 50:50 joint venture company established with Wilmar International Limited, a company listed on the SGX-ST, to acquire a 20 per cent. interest in PureCircle Limited ("PureCircle") from existing shareholders for an aggregate consideration of US$106.2 million (implying a purchase price consideration of £2.01 (US$4.00) per share for a total of 26.54 million shares, a premium of 0.5% over the last traded price of PureCircle shares of £2.00 (US$3.98) as of June 30, 2008).

PureCircle is listed on the AIM market in London and had a market capitalisation of approximately US$530 million as at the date of the Issuer's announcement. As a producer of natural zero-calorie high-intensity sweeteners from the stevia plant, PureCircle operates an integrated supply chain for natural high-intensity sweeteners with activities ranging from sourcing of dry stevia leaves and extraction in China, refining of crude extracts into sweeteners in Malaysia and marketing of these sweeteners to food and beverage manufacturers worldwide. The Issuer believes that this joint investment is consistent with the Group's growth strategies of diversifying and entering into new adjacent products and extending its global supply chain selectively into adjacent value-chain segments. The Issuer expects the acquisition to complete before the end of July 2008.

Competitive Strengths

The Group is a leading global supplier to multi-national food companies

In all of the Group's operations, it has established strong relationships with end-customers including multinational corporations, which own internationally recognised brands such as Cadbury, Nestlé, Lavazza, Mars, Tchibo and Planters. The Group believes that these strong relationships are built on its leading global market positions. For example, the Group is:

- one of the largest suppliers by market share in the global trade of raw cashew nuts;
- one of the largest suppliers by market share in the global trade of Robusta coffee;
- one of the three largest suppliers by market share in the global trade of cocoa;
- one of the largest suppliers by market share in the global trade of teak wood;
- one of the largest suppliers by market share in the global trade of cotton;
- one of the top three global suppliers by market share in the global trade of rice; and
- one of the top five global suppliers by market share in the global trade of peanuts.

As market leaders, the Group has a detailed understanding of its customers' product requirements, which enables it to offer differentiated products, supply chain solutions and value-added services including organic certification, product traceability, customised quality, vendor-managed inventory systems ("VMI") and risk management solutions. The Group believes that its customers value it as a reliable counter-party and a long-term business partner.

The Group has a proven business model

The Group has a proven and flexible business model which enables it to achieve rapid and cost-effective organic and inorganic growth. This business model is scalable and replicable across diversified products, geographic markets, customers and supply chain activities. Since establishment, the Group has evolved from a single country, single product trader to a multi-country, multi-product integrated supply chain manager. The Group's expansion has been possible as a result of pursuing growth strategies by exploiting adjacent opportunities which it defines as developing opportunities in agricultural products and food ingredients which share customers, costs, capabilities and distribution channels with its existing operations.

The Group operates across the entire supply chain in almost all of its 14 products. The Group sources and exports out of 56 countries across Africa, Asia and the Middle East, North and South America, and operates trading and marketing operations out of 60 countries. The Group's business model enables it to have the following competitive advantages:

Rapid Organic and Inorganic Growth

The Group's business model allows it to explore multiple growth opportunities based on common geographic markets, products, customers and channels shared with its existing operations and as such, it believes it is able to grow rapidly both organically and through strategic acquisitions. At the same time, because the Group's expansion initiatives are based on existing competencies, infrastructure, resources and/or customers, it is able to reduce the execution risks of expanding into new areas and thereby scale up its operations more effectively and efficiently.

Cost Sharing

In any given Origin, the Group utilises the same infrastructure and people across multiple products. The Group sources products with complementary crop seasons such that its infrastructure is utilised all year round. Functions such as audit, accounting, treasury and risk control systems become more cost effective when commonly employed by all of the Group's operations. The Group seeks to optimise its product mix, which helps it share costs more effectively and makes it more cost competitive.

Diversification

The Group integrates its knowledge and expertise across products, geographic markets, and supply chain activities to create a diversified portfolio of products and services. In any given product segment, the Group consciously selects a mixture of northern and southern hemisphere origins so that its trading and marketing infrastructures are constantly utilised and that sourcing activities for such products can be conducted throughout the year. The Group is present in key producing countries, which allows it to service its customers better in terms of quality, quantity and timeliness. The Group's geographical diversity results in it not being overexposed to any single Origin for any given product. The Group seeks to export out of countries that it also imports into in order to help hedge against currency risks. This is particularly relevant where the currencies in question are not traded on foreign exchange markets as this process allows the Group to create a natural hedge against currency movements.

The Group has integrated end-to-end supply chain capabilities

The Group has integrated end-to-end capabilities across the supply chain in each of its products, which allows it to control its supply chain, provide value-added services and potentially increase its margins.

Control of the supply chain

End-to-end integration capabilities provide the Group with greater control over its supply chain, which in turn enables it to provide quality and timely services with greater certainty than if it were relying on third parties. Operating presence over the entire supply chain provides the Group with comprehensive information relating to demand and supply, which allows it to react quickly to volatile market conditions.

Provision of value-added services

Being integrated across the entire supply chain ensures that the Group has an unbroken chain of custody over its products from the point of collection from a supplier in a producing country (the "Farm Gate") to the point of delivery to a customer (the "Factory Gate"). This allows the Group to provide value-added services such as traceability, hygiene certification, VMI, and special grades of products to meet the Group's customers' requirements. Offering such value-added services enhances customer loyalty and improves supply chain margins.

Potential to increase the Group's margins

Other things being equal, end-to-end integration capabilities allow the Group to potentially increase its margins by reducing the role of third party intermediaries, including agricultural raw material processors and logistics service providers. Participation across the entire supply chain also helps the Group to secure a minimum level of margin.

The Group has successfully combined origination capabilities with capabilities in the Destination Markets

Origin management is one of the Group's key core competencies. Based on its track record, the Group has been able to identify origination opportunities, set up and manage procurement and distribution infrastructure and institutionalise field operating systems effectively. The Group sources its various products using a common infrastructure, and field staff who are skilled in dealing with multiple products.

The Group is well established in key Origins for its products. As agricultural production bases are dependent on local climates and soil conditions they cannot generally be easily relocated. In addition, the production bases of most of the Group's products are located in developing countries, which offer challenging working conditions. The Group believes these characteristics of the Origins present significant barriers to entry for its competitors.

The Group's business has evolved from the point of origination, which is why it is well suited to handle the challenges of supply chain management from difficult emerging countries. The Group has developed business systems and networks, which enables it to function efficiently in these origins. The Group believes that its knowledge of global supply conditions and its infrastructure and understanding of all its Origins, provides it with a significant advantage over its competitors at the point of origin in delivering its products to its customers.

At the same time, the Group has developed strong relationships with its customers in the Destination Markets, many of whom are well known food multinationals, by providing them with timely, consistent and reliable supplies of their raw material requirements. The strength of the Group's market capabilities in the Destination Markets is a result of the various value added services it provides its customers including VMI services, customised grades and quality, traceability, capacity to supply organic raw materials, capacity to supply Fair Trade Practice (FTP) products and tailor-made risk management solutions. The Group believes that it is one of the few industry participants who have successfully combined the market skills of a global trade house and the origination skills of an origin trade house. This combination has allowed the Group to develop privileged relationships with its key customers and to offer them its distribution and logistics capabilities, as well as its hedging, risk management and risk arbitrage skills.

The Group has a professional and experienced management team

The Group has consistently attracted high quality professionals to work in the challenging emerging market conditions in which it operates. The Issuer's Executive Directors and Executive Officers average 12 years in the industry. The Group has more than 340 managers in its global talent pool, most of whom have spent a certain minimum number of years working in an Origin Country. Through extensive on-the-ground experience and rigorous training and promotion systems, the Group's managers develop a common vision and understanding of its values and goals. These help to foster intra-business communications, disciplined operational management and an entrepreneurial spirit.

The Group's management team consists of a mix of industry experts. The Group has a structured and formalised training programme and a career development programme designed to provide its managers with the opportunity to manage a mix of businesses and locations. This is to provide them with broad knowledge and experience, and also to enhance the Group's ability to operate as a globally integrated organisation. Most of the Group's core management team have had extensive field experience and are therefore aware of the issues that may arise from operating in developing countries.

The Group is able to retain its personnel by making an effort to promote internally. As at 20 June 2008, a total of 571,408,827 shares (direct and deemed) were held by directors of the Issuer. There were a total of 17,000,000 unissued Shares comprised of options granted to directors of the Issuer under the Olam Employee Share Option Scheme — see "Principal Shareholders — Directors' Shareholding". This has helped align their interests with those of the Issuer and foster a sense of commitment.

The Issuer has a well-established and diversified investor base

The Issuer raised net proceeds of approximately S$185 million in its IPO in 2005. In April 2008, the Issuer successfully raised approximately S$300 million through a preferential offering of new shares to existing investors. The Group's ability to raise equity financing has provided it with funds to finance its investments and M&A activity and also contributed to the Group's ability to obtain narrower spreads on its bank borrowings.

Strategies

The Group aims to continue to grow both organically and inorganically.

The Group's growth strategy seeks to:

- grow volumes in its existing businesses by broadening its procurement reach in both existing and new origins and from an enlarged customer base in existing and new markets;
- provide more value added services that differentiates it from its competitors, including organic certification, traceability services and VMI;
- invest in cross-product services like warehousing and inland logistics; and
- selectively enter attractive new and related product adjacencies.

While the Group's growth has historically been organic, since 2006 the Group has embarked on a series of strategic acquisitions and joint ventures (investing a total of US$390 million to date) as part of its overall growth strategy.

Implementation of the Group's growth strategy, both organic and inorganic, starts with the identification of adjacent opportunities. Once suitable adjacent opportunities are identified, these are evaluated on the basis of a set of expansion criteria prior to implementation. At any time, the Group plans to have a series of growth initiatives concurrently across time zones.

Growth through adjacent opportunities

The Group aims to grow its business and volumes both organically and inorganically by taking advantage of adjacent opportunities in potential businesses, which share geographic markets, products, customers, and supply chains with its existing businesses. The Group intends to use its flexible, scalable and replicable supply chain management model to capitalise on such opportunities with minimal execution risk.

The Group focuses on the following adjacent opportunities:

Geographic market adjacency

The Group expands into new geographic markets where it is able to source existing products or replicate existing supply chains. For example, in relation to the Group's cashews operations, it has used its supply chain capabilities in Nigerian cashews to expand into supplying its customers of Nigerian cashews with cashews from other African countries such as Cote d'Ivoire, Benin and Tanzania. Commencing with Nigeria in 1989, the Group's business has expanded into over 56 countries as at 20 June 2008.

Product adjacency

The Group selectively expands into new products, which can be sourced using existing supply chain infrastructure in Origins or supplied to existing customers. For example, the Group was able to provide existing cashew nut customers with other edible nuts by using its existing supply chain infrastructure in key Origins.

Customer adjacency

The Group takes on new customers who are located in markets where it has a presence. For example, in relation to the Group's cashews operations, it has used its presence in Vietnam, which was an Origin for its coffee business, to sell raw cashews to Vietnamese processors. Currently, the Group has a diversified customer base of over 4,500 customers across its existing businesses.

Supply chain adjacency

The Group selectively integrates its existing supply chains. For example, in relation to the Group's cocoa operations, it used its presence in key Origins and its cocoa bean sourcing expertise to expand into primary processing of cocoa beans into cocoa butter, powder, liquor and cake to service its existing cocoa customers.

Expansion criteria

Once the Group has identified adjacent opportunities, it then selects specific expansion initiatives based on the following criteria:

The Group must be able to meet financial return targets

As an overriding principle, the Group will only participate in a product or market if such participation is able to meet its risk-adjusted financial targets. The Group views profitable growth as a combination of top line (volume growth), bottom line (earnings growth) and generation of a positive equity spread (i.e. return on equity minus cost of equity).

The Group must be able to achieve a significant market share

The Group aims to be among the top three players in each of its product segments. To achieve this, the Group typically targets a market share of greater than 10.0 per cent., which it believes is a meaningful market share in the fragmented global agricultural market. With a leadership position, the Group believes it can develop a degree of customer and pricing control, which enables it to enhance its profit margins.

The Group must be able to establish a strong presence in key Origins

The Group aims to be present in all the key Origins for each of its product segments in order to ensure reliable and consistent supply of products and quality of service. A strong presence in the Origins also provides the Group with the ability to obtain first-hand market intelligence in terms of the size of the crop, the arrival/timing of the crop, and the quality of the crop, all of which helps the Group both in its trade and in managing its risks.

The Group must be able to establish a strong presence in Destination Markets

The Group aims to be closer to its customers by being present in the Destination Markets. This enables the Group to monitor demand and be more responsive to its customers' requirements. The Group has therefore set up regional marketing hubs in Holland, the United Kingdom, Poland, France, the United Arab Emirates and the US. The Asian market is serviced out of Singapore, its corporate head office.

The Group must be able to develop direct end customer relationships

The Group aims to sell its products directly to end users such as coffee roasters, chocolate manufacturers, edible nut roasters and spice manufacturers, rather than through dealers or brokers. The Group believes that this helps it understand its customers' requirements and provides it greater demand visibility. Direct customer relationships also enables the Group to provide value added services to meet specific requirements. The Group believes this in turn strengthens customer loyalty and enhances its margins.

The Group must be able to identify the potential for value generation through selective supply chain integration

The Group will only undertake integration in an existing supply chain if it is able to increase profit margins, realise cost savings and generate incremental value from doing so. For example, in Cote d'Ivoire and Cameroon, the Group has chosen to own and operate its own coffee processing facilities due to favourable economics. In contrast, the Group does toll processing in India and Indonesia, where it believes processing is done more efficiently by third-party processors.

Planning for growth concurrently across time horizons

One of the key features of the Group's growth has been developing a portfolio of growth initiatives, closely related to its core business and based on identifying near adjacencies, across multiple planning horizons concurrently. Thus the Group has a set of specific growth initiatives that it wants to implement in the next one to two year time frame, while at the same time, doing trials and pilots on growth initiatives in the three to five year time frame as well as taking some options on growth initiatives for the longer term beyond the five year time frame. Such concurrent development of growth initiatives keeps the Group's opportunity pipeline continuously full helping it achieve high rates of profitable growth which is the primary driver for creating value.

THE OFFERING

The following is a general summary of the offering of the Bonds. This summary is partly derived from and should be read in conjunction with the full text of the terms and conditions of the Bonds ("Terms and Conditions"), the Trust Deed and the Agency Agreement relating to the Bonds. The Terms and Conditions, the Trust Deed and the Agency Agreement will prevail to the extent of any inconsistency with the terms set out in this summary. Capitalised terms used herein and not otherwise defined have the respective meanings given to such terms in the Terms and Conditions.

Issuer	Olam International Limited.
Issue	US$300,000,000 1 per cent. Convertible Bonds due 2013. The Issuer has granted to the Joint Lead Managers an upsize option exercisable at any time on or before the 30th day following the Closing Date, to subscribe for up to an additional US$100,000,000 in aggregate principal amount of the Bonds.
Issue Price	The Bonds will be issued at 100 per cent. of their principal amount.
Closing Date	3 July 2008.
Maturity Date	3 July 2013.
Rate of Interest	The Bonds will bear interest at the rate of 1 per cent. per annum.
Interest Payment Dates	Interest will be payable semi-annually in arrear on 3 January and 3 July in each year commencing 3 January 2009.
Status of the Bonds	The Bonds will constitute direct, senior, unsubordinated, unconditional and (subject to the negative pledge discussed below) unsecured obligations of the Issuer and will at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to the negative pledge discussed below, at all times rank at least equally with all of its other present and future direct, senior, unsubordinated, unconditional and unsecured obligations.

Negative Pledge	So long as any Bond remains outstanding, the Issuer will not create or permit to subsist, and the Issuer will procure that no Subsidiary will, create or permit to subsist, any mortgage, charge, pledge, lien or other form of encumbrance or security interest ("Security") upon the whole or any part of its undertaking, assets or revenues, present or future, to secure any Investment Securities (as defined in the Trust Deed) or to secure any guarantee or indemnity in respect of, any Investment Securities unless, at the same time or prior thereto, the Issuer's obligations under the Bonds and the Trust Deed (a) are secured equally and rateably therewith to the satisfaction of the Trustee or (b) have the benefit of such other security, guarantee, indemnity or other arrangement as the Trustee in its absolute discretion shall deem to be not materially less beneficial to the Bondholders or as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.
Conversion Right	The Bonds are convertible by holders into Shares at any time on or after 13 August 2008 up to the close of business (at the place where the Certificate evidencing the Bond is deposited for conversion) on 23 May 2013, unless previously redeemed, converted, or purchased and cancelled and except during a Book Closure Period. The Conversion Price (subject to adjustment in the manner provided herein) will initially be S$3.8464 per Share.
Mandatory Conversion	At any time on or after 3 July 2011 and prior to the date following seven business days prior to the Maturity Date, the Issuer may, having given not less than 10 Trading Days notice of mandatory conversion (the "Mandatory Conversion Notice"), mandatorily convert all but not some only of the Bonds outstanding into Shares (the "Mandatory Conversion"), provided that the Volume Weighted Average Price of the Shares translated into US dollars at the prevailing US dollar/S$ exchange rate, for each of 20 consecutive Trading Days, the last of which occurs not more than 10 Trading Days prior to the date upon which notice of conversion is published, was at least 130 per cent. of (x) the Early Redemption Amount divided by (y) the Conversion Ratio.
Stock Settlement Option	Subject to certain conditions, the Issuer may, at its option, satisfy its obligation to pay the relevant redemption amount on the Maturity Date or on the Put Option Date, in full or in part, by delivering Shares to the Bondholders. The number of Shares to be delivered shall be calculated in accordance with the Terms and Conditions and shall not exceed an amount equal to 10 per cent. of the total number of Shares outstanding on the 20th Trading Day preceding the relevant Stock Settlement Redemption Date.

Final Redemption.	Unless previously redeemed, converted, or purchased and cancelled in the circumstances referred to in the Terms and Conditions, the Issuer will redeem each Bond at 119.38 per cent. of its principal amount, together with accrued interest (if any) on the Maturity Date.
Redemption at the Option of the Issuer	The Issuer may redeem the Bonds in whole but not in part at their Early Redemption Amount together with accrued interest at the date fixed for such redemption at any time if the aggregate principal amount of the Bonds outstanding is less than 10 per cent. of the aggregate principal amount originally issued (including further issues). See "Terms and Conditions — Redemption, Purchase and Cancellation — Redemption at the Option of the Issuer".
Redemption for Taxation Reasons . .	In the event of certain changes affecting taxes of Singapore, the Issuer may, subject to certain conditions being satisfied, give notice to redeem the Bonds in whole but not in part at their Early Redemption Amount, together with accrued interest at the date fixed for redemption. See "Terms and Conditions — Redemption, Purchase and Cancellation — Redemption for Taxation Reasons".
Redemption at the Option of the Bondholders	On 3 July 2011, the holder of each Bond will have the right, at such Bondholder's option, to require the Issuer to redeem all or some of the Bonds at 111.11 per cent. of their principal amount together with accrued interest (if any) calculated in accordance with Condition 5. See "Terms and Conditions of the Bonds — Redemption, Purchase and Cancellation — Redemption at the Option of the Bondholders".
Redemption for Delisting or Change of Control	A Bondholder shall have the right, at such Bondholder's option, to require the Issuer to redeem all or some only of such Bondholder's Bonds at their Early Redemption Amount together with accrued interest on the Relevant Event Redemption Date upon (i) the Shares ceasing to be listed or admitted to trading or suspended for a period equal to or exceeding 30 days on the SGX-ST or, if applicable, the Alternative Stock Exchange or (ii) the occurrence of a Change of Control with respect to the Issuer. See "Terms and Conditions of the Bonds — Redemption, Purchase and Cancellation — Redemption for Delisting or Change of Control".

Early Redemption Amount	For each US$100,000 principal amount of such Bond, an amount determined so that it represents on any day for the Bondholder a gross compound yield of 4.5 per cent. per annum, on a semi-annual basis calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed. The applicable Early Redemption Amount for each US$100,000 principal amount of Bonds is calculated on a semi-annual basis in accordance with the following formula, rounded (if necessary) to two decimal places with 0.005 being rounded upwards: Early Redemption Amount = (Previous Redemption Amount x $(1 + r/2)^{d/p}$) – AI where: Previous Redemption Amount = the Early Redemption Amount for each US$100,000 principal amount of the Bonds on the Semi-annual Date immediately preceding the date fixed for redemption as set out below (or if the Bonds are to be redeemed prior to 3 January 2009, US$100,000). r = 4.5 per cent. expressed as a fraction. d = number of days from and including the immediately preceding Semi-annual Date (or if the Bonds are to be redeemed on or before 3 January 2009, from and including the Closing Date) to, but excluding, the date fixed for redemption, calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed. p = 180 days. AI = the accrued interest (calculated in accordance with Condition 5) on the principal amount of the Bonds from and including the immediately preceding Interest Payment Date (or if the Bonds are to be redeemed on or before the first Interest Payment Date, from and including the Closing Date) to but excluding the relevant date fixed for redemption. PROVIDED THAT if the date fixed for redemption is a Semi-annual Date (as set out below), such Early Redemption Amount shall be as set out in the table below in respect of such Semi-annual Date:

Semi-annual Date	Early Redemption Amount (US$)
3 January 2009	101,750.00
3 July 2009	103,539.38
3 January 2010	105,369.01

Semi-annual Date	Early Redemption Amount (US$)
3 July 2010	107,239.81
3 January 2011	109,152.71
3 July 2011	111,108.65
3 January 2012	113,108.59
3 July 2012	115,153.53
3 January 2013	117,244.49
3 July 2013	119,382.49

Form and Denomination of the Bonds . . . . The Bonds will be issued in registered form in denominations of US$100,000 each or integral multiples thereof without coupons attached. The Bonds will be represented by the Global Certificate which will be deposited on or about the Closing Date with a common depository on behalf of Euroclear and Clearstream, Luxembourg (together, the "Clearing Systems") and registered in the name of a nominee for the common depository. The Global Certificate will be exchangeable for definitive Certificates only in the limited circumstances described in "Summary of Provisions relating to the Bonds while in Global Form".

Further Issues . . . . The Issuer may, from time to time, without the consent of Bondholders, create and issue additional Bonds having the same terms and conditions as the Bonds in all respects (save for the date of issue) so that such additional Bonds shall be consolidated and form a single series with the Bonds.

Clearance . . . . The Bonds will be cleared through the Clearing Systems. Each of the Clearing Systems holds securities for their customers and facilitates the clearance and settlement of securities transactions through electronic book-entry changes in the accounts of their respective accountholders.

Global Certificates . . . . For as long as the Bonds are represented by the Global Certificate and the Global Certificate is held by a nominee for the Clearing Systems, payments of principal, premium and interest in respect of the Bonds represented by the Global Certificate will be made without presentation or, if no further payment falls to be made in respect of the Bonds, against presentation and surrender of the Global Certificate to or to the order of the Principal Agent or such other paying agent for such purpose. The Bonds which are represented by the Global Certificate will be transferable only in accordance with the rules and procedures for the time being of the relevant Clearing System.

Cross-Default	The Bonds may be accelerated in the event of, *inter alia*, a default relating to the Issuer or any of its Subsidiaries in respect of indebtedness which equals or exceeds US$20 million or its equivalent in aggregate. For a description of certain other events that will permit acceleration of repayment of principal and accrued interest of the Bonds, see "Terms and Conditions — Events of Default".
Taxation	All payments made by the Issuer under or in respect of the Bonds, the Trust Deed or the Agency Agreement will be made free from any restriction or condition and be made without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Singapore or any authority thereof or therein having power to tax, unless deduction or withholding of such taxes, duties, assessments or governmental charges is compelled by law. In such event, the Issuer will pay such additional amounts as will result in the receipt by the Bondholders of the net amounts after such deduction or withholding equal to the amounts which would otherwise have been receivable by them had no such deduction or withholding been required, except in the circumstances specified in "Terms and Conditions — Taxation".
Selling Restrictions	There are restrictions on the offer, sale and transfer of the Bonds in, among others, Hong Kong, Singapore, Japan, the United Kingdom and the United States. For a description of the selling restrictions on offers, sales and deliveries of the Bonds, see "Subscription and Sale".
Listing and Trading of the Bonds	Approval in-principle has been obtained for the listing of the Bonds on the SGX-ST. The Bonds will be traded on the SGX-ST in a minimum board lot size of US$200,000 for so long as the Bonds are listed on the SGX-ST.
Trustee	The Bank of New York Mellon, London Branch.
Principal Paying, Conversion and Transfer Agent	The Bank of New York Mellon, London Branch.
Registrar	The Bank of New York Mellon.
Governing Law	The Bonds will be governed by, and construed in accordance with, the laws of England.
Lock-up in relation to the Issuer and its Subsidiaries	The Issuer and its subsidiaries have agreed in the Subscription Agreement (as defined herein) to a lock-up in relation to the Shares for a period of 90 days after the Closing Date (and if the upsize option is exercised, after the last Option Closing Date (as defined in the Subscription Agreement)). See "Subscription and Sale".

Shareholder Lock-up	Each of Kewalram Singapore Limited and Sunny George Verghese has agreed pursuant to irrevocable lock-up undertakings dated 28 March 2008 provided by it in connection with the preferential offering of 155,628,689 new Shares ("Preferential Shares") in the capital of the Issuer, that it will not, without the prior written consent of each of the Joint Lead Managers (such consent not to be unreasonably withheld or delayed), during the period commencing from 28 March 2008 and ending 180 days after the date on which the Preferential Shares were listed and quoted on the SGX-ST (being 25 April 2008), directly or indirectly: (a) offer, sell, contract to issue or sell, grant any option to purchase, grant security over, encumber or otherwise dispose of, any or all of the Shares held by it (or any securities convertible into or exchangeable for Shares or which carry rights to purchase any such Shares or part thereof); (b) enter into a transaction (including a derivative transaction) with a similar economic effect to the foregoing; (c) deposit any of the Shares held by it (or any securities convertible into or exchangeable for Shares or which carry rights to purchase Shares) in any depository receipt facility; (d) enter into a transaction which is designed or which may reasonably be expected to result in any of the above; or (e) publicly announce any intention to do any of the above, in each case except (i) for any number of Shares held by it that may be pledged as security to a financial institution or (ii) as may be required by applicable laws or regulations.
Use of Proceeds	The net proceeds from the issue of the Bonds (after the deduction of fees, commission and certain expenses, but assuming the upsize option referred to above is not exercised) are expected to be approximately US$295,185,000. Assuming the upsize option is exercised in full, the net proceeds from the issue of the Bonds are expected to total approximately US$393,580,000. Such net proceeds will be used by the Issuer to refinance existing indebtedness of the Issuer, finance potential acquisitions and/or for general corporate purposes of the Group. See "Use of Proceeds".

SUMMARY FINANCIAL INFORMATION

The following tables set forth selected financial information of the Group (i) as at and for the years ended 30 June 2005, 2006 and 2007, and (ii) as at and for the nine month periods ended 31 March 2007 and 2008. This selected financial information should be read in conjunction with the Group's audited consolidated financial statements for the years ended 30 June 2005, 2006 and 2007, and the unaudited consolidated financial statements for the nine months ended 31 March 2007 and 2008 which are included elsewhere in this Offering Circular. As of the date of this Offering Circular, there is no financial information of the Group for the year ended 30 June 2008.

The unaudited consolidated financial statements for the nine months ended 31 March 2007 and 2008 were prepared by the Issuer in accordance with the regulatory requirements of the SGX-ST. The consolidated financial statements for the nine months ended 31 March 2007 and 2008 have not been audited or subject to any review by the auditors of the Group. Investors should not place undue reliance on the unaudited consolidated financial statements for the nine month periods ended 31 March 2007 and 2008.

Olam International Limited
Consolidated Profit and Loss Account

	9 months ended 31 March		Financial year ended 30 June		
	Unaudited		Audited		
	2008	2007	2007	2006	2005
			S$'000		
Revenue					
Sale of Goods	5,729,670	3,947,425	5,455,508	4,361,102	3,369,237
Other Revenue	16,649	14,306	22,125	16,675	5,718
	5,746,319	3,961,731	5,477,633	4,377,777	3,374,955
Costs and expenses					
Cost of goods sold	4,560,796	3,074,058	4,275,889	3,372,172	2,635,527
Shipping and logistics	622,600	491,588	661,891	573,454	463,059
Commission and claims	44,883	32,425	68,249	53,126	27,822
Employee benefits expense	110,932	56,969	95,478	66,455	51,521
Share-based expense	3,959	4,360	—	—	—
Depreciation	23,002	10,557	17,209	12,144	7,551
Net measurement of derivative instruments	2,421	(200)	245	(507)	—
(Gain)/Loss on foreign exchange	(3,886)	605	(43,667)	9,688	(13,373)
Other operating expenses	107,048	85,378	128,696	100,033	77,572
Finance costs	155,675	118,297	147,072	94,704	51,485
Share of (Gain)/Loss from jointly controlled entities	147	9	385	(230)	3
	5,627,577	3,874,046	5,351,447	4,281,039	3,301,167

	9 months ended 31 March		Financial year ended 30 June		
	Unaudited		Audited		
	2008	2007	2007	2006	2005
			S$'000		
Profit before taxation	118,742	87,685	126,186	96,738	73,788
Taxation	(15,943)	(9,211)	(17,165)	(9,531)	(7,878)
Profit for the financial year	102,799	78,474	109,021	87,207	65,910
Attributable to:					
Equity holders of the Company	102,820	78,511	109,047	87,232	65,910
Minority interest	(21)	(37)	(26)	(25)	—
	102,799	78,474	109,021	87,207	65,910
Earnings Per Share S$(cents)					
— Basic	6.46	4.94	7.01	5.61	5.11
— Diluted	6.33	4.87	6.90	5.58	5.04

Olam International Limited
Consolidated Balance Sheet

	As at 31 March		As at 30 June		
	Unaudited		Audited		
	2008	2007	2007	2006	2005
			S$'000		
Non-current Assets					
Property, plant and equipment	410,001	129,348	129,348	72,518	39,166
Intangible assets	100,197	96,203	96,203	—	—
Deferred tax assets	22,728	11,085	7,762	4,608	860
Interests in jointly controlled entities	360	1,942	1,942	1,611	1,484
Long-term investments	27,248	81,091	81,091	—	—
Other receivables	4,177	9,466	9,466	453	—
Current Assets					
Trade receivables	362,378	508,193	508,193	426,778	649,179
Margin accounts with brokers	265,137	86,162	86,162	43,147	57,335
Inventories	1,621,639	1,163,203	1,163,203	1,013,904	1,019,025
Advance payments to suppliers	418,808	255,706	255,706	160,669	90,881
Other receivables	472,229	199,416	199,416	138,622	119,143
Short-term investment	—	13,461	13,461	—	—
Fixed deposits	39,924	43,372	43,372	133,885	61,655
Cash and bank balances	172,306	194,235	194,235	162,356	103,712
Fair value of derivative financial instruments	785,051	388,032	388,032	199,614	—
	4,137,472	2,851,780	2,851,780	2,278,975	2,100,930

	As at 31 March		As at 30 June		
	Unaudited		Audited		
	2008	2007	2007	2006	2005
			S$'000		
Current Liabilities					
Trade payables and accruals	452,446	255,522	255,522	134,874	175,026
Other payables	296,410	55,927	55,927	31,712	9,789
Amounts due to bankers	1,412,225	545,555	545,555	783,312	1,187,967
Medium-term notes	110,000	450,000	450,000	352,508	262,780
Provision for taxation	26,096	24,878	24,878	13,251	8,627
Fair value of derivative financial instruments	799,290	488,630	488,630	213,458	—
	3,096,467	1,820,512	1,820,512	1,529,115	1,644,189
Net Current Assets	1,041,005	1,031,268	1,031,268	749,860	456,741
Non-current Liabilities					
Deferred tax liabilities	(363)	(3,323)	—	—	—
Term loans from banks	(771,440)	(703,663)	(703,663)	(213,330)	—
Medium-term notes	(358,389)	(220,668)	(220,668)	(127,681)	—
Net assets	475,524	432,749	432,749	488,039	498,251
Equity attributable to equity holders of the company					
Share capital	399,542	397,730	397,730	396,954	155,459
Reserves	75,976	34,992	34,992	91,032	342,792
	475,518	432,722	432,722	487,986	498,251
Minority interest	6	27	27	53	—
Total Equity	475,524	432,749	432,749	488,039	498,251

USE OF PROCEEDS

The net proceeds from the issue of the Bonds (after the deduction of fees, commission and certain expenses but assuming the upsize option referred to above is not exercised) are expected to be approximately US$295,185,000. Assuming the upsize option is exercised in full, the net proceeds from the issue of the Bonds are expected to total approximately US$393,580,000. Such net proceeds will be used by the Issuer to refinance existing indebtedness of the Issuer, finance potential acquisitions and/or for general corporate purposes of the Group.

RISK FACTORS

The risks described below should be carefully considered before making an investment decision. The risks described below are not the only ones relevant to the Issuer, the Group, the Bonds or the Shares. Additional risks not presently known to the Issuer or that it currently deems immaterial may also impair the Group's business operations. The Group's businesses, financial condition or results of operations could be materially and adversely affected by any of these risks, which may, as a result, affect the Issuer's ability to pay interest on, and repay the principal of, the Bonds.

This Offering Circular also contains forward-looking statements that involve risks and uncertainties. The Group's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Offering Circular.

Risks Relating to the Group's Business

The volume of products the Group trades is affected by supply and demand conditions which may be beyond the Group's control

The Group's profitability is primarily driven by the volume of products transacted as the Group's profit margins at each stage of the Group's supply chain services are relatively fixed. Under volatile or uncertain market conditions, or when there is depressed demand or oversupply, the volume of physical goods being traded or to be traded may be reduced for long periods. As such, the Group may be unable to sell the Group's products or be forced to sell them at reduced prices which will result in the Group's profit margins being further reduced. The inability to sell the Group's products will prolong the Group's exposure to price risks. It may also cause severe cash flow problems, especially when the tenures for sale and purchase of the Group's products as agreed with the Group's bankers are exceeded. This may lead to banks recalling or refusing to extend the loans of the Group. As a result, the business, results of operations and financial position of the Group may be adversely affected.

Weather conditions have historically caused volatility in the agricultural commodity industry and consequently, in the Group's operating results, by causing crop failures or significantly reduced harvests. This can adversely affect the supply and pricing of the agricultural commodities that the Group sells and uses in its business and negatively affect the creditworthiness of its customers and suppliers. The availability and price of agricultural commodities are also subject to other unpredictable factors, such as plantings, government farm programmes and policies, demand from the biofuels industry, price volatility as a result of increased participation by non-commercial market participants in commodity markets and changes in global demand resulting from population growth and changes in standards of living. In addition, shortage and undersupply of agricultural commodities due to factors such as plant disease or conversely, excess crops due to exceptionally good weather conditions may lead to price fluctuations. These factors may cause volatility in the agricultural commodity industry and, consequently, in the Group's operating results.

The Group is vulnerable to industry cyclicality

The lead time required to build a processing plant can make it difficult to time capacity additions with market demand for the Group's products. When additional processing capacity becomes operational, a temporary imbalance between the supply and demand for processing capacity might exist, which, until the supply/demand balance is restored, negatively impacts processing margins. The Group's processing margins will continue to fluctuate following industry cycles, which could negatively impact the Group's profitability.

The Group may not be able to effectively hedge the Group's risk of price fluctuations for some of the products the Group trades

The prices of all the products that the Group trades fluctuate. For some products, such as cashews, sesame, sheanuts, rice, wood products and dairy products, there are no futures markets and as such, there are no derivative instruments available for the Group to hedge the risks of adverse price fluctuations. Under such circumstances, the Group is fully exposed to price risks until the Group has sold the products that the Group has purchased or have bought products that the Group has contracted to sell. Should the price of products the Group sells be lower than the price at which the Group procured them, the Group's profitability may be adversely affected.

The use of futures contracts or other derivative instruments may not fully hedge the risks of price fluctuations

For products such as cotton, sugar, coffee and cocoa which have established futures markets, the Group uses derivative instruments to hedge the risks of adverse price fluctuations. However, the use of such derivative instruments as hedges may not be fully effective under certain circumstances such as:

- where the prices of the physical products and the corresponding futures prices do not move in the same direction and/or by the same magnitude for periods of time which could be prolonged due, for instance, to speculative activity in the futures market;
- where the product the Group trades does not correspond exactly to the futures market in terms of grade, type, market and quantity; and/or
- where the Group's hedges have to be rolled forward due to the Group's continued possession of the Group's physical products beyond the period of the initial hedge, thereby exposing the Group to price differences between the contract periods.

If any of the above risks should materialise, the Group's business, results of operations and financial position may be adversely affected.

Margin calls on futures contracts or other derivative instruments

The Group uses derivative instruments such as commodity futures, forward currency contracts and interest rate contracts to hedge its risks associated with commodity price, foreign currency and interest rate fluctuations. Excessive movements in commodity prices, foreign currency exchange rates or interest rates could result in margin calls being made on the Group by the relevant futures exchange or calls for posting of additional cash or non-cash collateral being made on the Group by its other derivatives counterparties. Such margin calls in turn result in sudden cash flow requirements which the Group may not be able to meet. In the event that the Group fails to meet any margin calls, the relevant futures exchange or other derivatives counterparty could terminate the outstanding derivatives position, which could result in losses being suffered by the Group.

Government policies and regulations affecting the agricultural sector and related industries could adversely affect the Group's operations and profitability

Agricultural production and trade flows are significantly affected by government policies and regulations. Governmental policies affecting the agricultural industry (such as taxes, tariffs, duties, subsidies and import and export restrictions on agricultural commodities and commodity products) can influence industry profitability, the planting of certain crops versus other uses of agricultural resources, the location and size of crop production, whether unprocessed or processed commodity products are traded and the volume and types of imports and exports. In addition, international trade disputes can adversely affect agricultural commodity trade flows by limiting or disrupting trade between countries or regions. In recent months, rising commodity prices have prompted governments in several countries to introduce export bans on key agricultural commodities and commodity products. There is no assurance that such export bans may not become more prevalent whether across countries or products. Future government policies may adversely affect the supply, demand for and prices of the Group's products, restrict the Group's ability to do business in the Group's existing and target markets and could cause the Group's financial results to suffer.

The Group faces competition in the Group's various product and geographic markets

The Group faces competition in all its product and geographic markets. The Group's competitors range from global trade houses to local distributors and buying agents. Please refer to the section entitled "Competition" beginning on page 71 of this Offering Circular. The Group also faces additional competition from the Group's existing customers who are becoming more involved in sourcing to satisfy their own needs. In some of the developing economies where the Group operates, government controls on trade are gradually being released and trade is being opened up to new participants. As such, there are potential threats of new competitors entering the markets in which the Group operates. Increased competition may reduce the growth in customer base, reduce the profit margin and the market share that the Group currently enjoys, and result in higher selling and marketing expenses. There can be no assurance that other competitors will not surpass the Group's performance in the future. In the event that the Group fails to sustain its competitive advantages, the Group's business, results of operations and financial position may be materially and adversely affected.

In most of the countries in which the Group operates, the Group's operations are also subject to various licensing requirements. Complete deregulation or de-licensing of the countries from which the Group procures its products may lead to increased competition. This may have an adverse effect on the Group's business operations in these countries. As a result, the Group's business, results of operations and financial position may be adversely affected.

The Group is often unable to obtain accurate third-party data to corroborate the Group's market position

To meet the demands of the Group's customers in the developed world, the Group sources agricultural products and food ingredients from the point of collection from a supplier in numerous developing countries. As such, the Group is exposed to inefficient markets where the Group relies on the Group's own employees to overcome the lack of political, legal and financial infrastructure to obtain accurate, reliable and available data. The Group may not always be able to verify all aspects of how and where the agricultural products that the Group sources are produced and under what conditions they are so produced. In addition, the Group may also not be able to verify the overall presence of other market participants. Given the fragmented nature of the markets for the Group's products the Group is often therefore unable to obtain accurate third-party market data to corroborate the Group's perceived market positions.

The Group's business is dependent on its processing facilities and the Group is subject to the risks affecting operations at such facilities

The Group currently operates processing facilities in various countries. These facilities are subject to operating risks, such as industrial accidents, which could cause personal injury or loss of human life, the breakdown or failure of equipment, power supplies or processes, performance below expected levels of output or efficiency, obsolescence, labour disputes, natural disasters and the need to comply with new directives of relevant government authorities. The Group needs to carry out planned shutdowns of its various plants for routine maintenance, statutory inspections and testing and may need, from time to time, to shut down its various plants for capacity expansions and equipment upgrades.

In addition, due to the nature of its business and despite compliance with requisite safety requirements and standards, the Group's production process is still subject to the operating risks, including discharges or releases of hazardous substances, exposure to particulates and the operation of mobile equipment and manufacturing machinery. These operating risks may cause personal injury or loss of human life and could result in the imposition of civil and criminal penalties. The occurrence of any of these events could have a material adverse effect on the productivity and profitability of a particular processing facility and on the Group's business, financial condition and results of operations.

Although the Group takes precautions to minimise the risk of any significant operational problems at its production facilities, there can be no assurance that its business, financial condition and results of operations would not be adversely affected by disruptions caused by operational problems at the Group's processing facilities.

The Group operates in many developing countries and the Group is subject to risks relating to conducting business in such countries

As at 20 June 2008, the Group has significant operations in emerging markets such as Africa and other developing countries. The Group believes that the Group has a significant customer and supplier base in these developing countries. In conducting the Group's business, the Group is subject to political, economic, legal, operational and other risks arising from operating in these countries. These risks may include, amongst others:

- civil unrest, military conflict, terrorism, change in political climate and general security concerns;
- default by government bodies who may be the only authorised trading counter-parties in certain regulated markets;
- relatively less developed legal systems and business practices which may give rise to difficulties in enforcement of agreements entered into with counter-parties;
- changes in duties payable and taxation rates;
- imposition of restrictions on currency conversion or the transfer of funds;
- fluctuation in the currency values;
- limitations and/or bans on imports and exports;
- expropriation or nationalisation of private enterprises or confiscation of private property or assets;
- reversal or change of laws, regulations or policies;
- relatively less developed business and communication infrastructure which may hamper the Group's efficiency and internal controls; and
- reinstatement of commodity boards or state monopolies for any of the Group's products.

Should any of the aforementioned risks materialise and they either exceed the coverage of, or are not covered by, the Group's insurance policies, the Group's results of operations and financial position may be adversely affected. While such events did not have a material impact on the Group's operations in the past three financial years and up to 20 June 2008, there is no guarantee that they will not have a material effect on the Group's operations in the future.

The Group may not be successful in replicating the Group's expansion plans

The Group plans to expand its operations into new geographic markets and products. Such expansion initiatives may involve significant initial investment in infrastructure and resources. The Group's expansion plans may not be successful. The Group's initiatives may not result in the increases in volumes or margins that the Group has planned. The Group may not be able to replicate its past record of success in expanding into new geographical markets and/or products. The Group may also not be able to generate a return on its initial investments in new geographical markets and products. Under such circumstances, the Group's present and future operating results and financial position may be adversely affected.

The Group may face uncertainties associated with its expansion plans

During FY2007, the Group had undertaken certain expansion initiatives through the acquisition of various companies and the establishment of joint ventures. The Group's expansion initiatives involve numerous risks, including but not limited to, the financial costs of investment in machinery and equipment, construction of new facilities and working capital requirements. The success of the Group's acquisition and investment strategy depends on a number of factors, including:

- the Group's ability to identify suitable opportunities for investment or acquisition;
- whether the Group's is able to reach an acquisition or investment agreement on terms that are satisfactory;
- the extent to which the Group's is able to exercise control over the acquired company or business;
- the economic, business or other strategic objectives and goals of the acquired company or business compared to those of the Group; and
- the Group's ability to successfully integrate the acquired company or business with the Group.

In addition, there is no assurance that these initiatives undertaken will result in sales commensurating with the investment costs. If the Group is unable to do so or cannot manage its costs, its business and profitability will be adversely and materially affected as the Group will not able to recover the costs of its investment.

The Group may fail to manage any of its acquisitions

The Group continuously evaluates merger and acquisition opportunities and may decide to undertake mergers or acquisitions in the future, if suitable opportunities arise. These may require significant investments which may not result in favourable returns. Acquisitions involve risks, including:

- unforeseen contingent risks or latent liabilities relating to these businesses that may only become apparent after the merger or acquisition is finalised;
- potential difficulties in the integration and management of the operations and systems;
- potential difficulties in the retention of select personnel;
- potential difficulties in the co-ordination of sales and marketing efforts; and
- diversion of the Group's management's attention from other ongoing business concerns.

If the Group is unable to integrate the operations of an acquired business successfully or manage such future acquisitions profitably, the Group's growth plans may not be met and the Group's revenue and profitability may decline.

The Group may be adversely affected by the actions of the Group's counterparties

The counterparty risks that the Group may face include, among others, the following:

Contractual risks

The Group faces the risk that the Group's counterparties, such as customers, suppliers and service providers, may fail to honour their contractual obligations to the Group. This may result in the Group not being able to net off the Group's positions and hence reduce the effectiveness of the Group's hedges. Non-execution of contracts by counterparties may lead to the Group in turn not being able to honour the Group's contractual obligations to third parties. This may subject the Group to, among others, legal claims and penalties. The Group may also be subject to legal claims and penalties if the products which the Group has contracted to sell to its customers suffer losses in weight or quality during shipment and transportation by third parties. As a result, the Group's business, results of operations and financial position may be adversely affected.

Credit risks

The Group's counterparties may default on credit which the Group may grant to them. Credit default may arise due to the failure of the Group's internal credit exposure monitoring system or mechanism, improper judgement or incomplete information on the trading risks of the Group's counterparties. In the countries from which the Group procures its products, the Group may make advances to farmers, agents, co-operatives and other suppliers. These advances may not be recoverable in the event of volatile price movements, disruptions or a sudden end to the crop season. The Group may also make advances to established suppliers or sell on credit to established customers, where it is commercially advantageous to do so. In all these situations, counterparty default on advances will adversely affect the Group's financial performance. Where loans are secured with collateral, the Group may not be able to recover the full value of the loan by liquidating the collateral. As a result, the Group's business, results of operations and financial position may be adversely affected.

The Group is exposed to foreign exchange rate risk

In general, the Group's purchases are transacted in the local currencies of the respective countries from which the Group procures its products, and the Group's sales are transacted mainly in US dollars, pounds sterling and Euros. This is with the exception of the Group's food staples and packaged foods business, where purchases are transacted in US dollars and sales are transacted in the local currencies of the markets and countries in which the Group sells its products. Where possible and as a matter of policy, the Group uses forward contracts to hedge the Group's foreign currency exchange exposures arising from purchase and sale of products in currencies other than US dollars. Where such instruments are not available, the Group will also attempt to create natural hedges by matching the value of sales and purchases to and from the same geographic market. Should the Group be unable to hedge the Group's currency exposures, the Group's results of operations and financial position may be adversely affected.

The Group's profitability may be affected by changes in tax regimes and certain special tax incentives

The Group's operations in various countries are subject to different tax regimes. Changes in local tax regulations may adversely affect the Group's profitability. As a recipient of the Global Trader Programme status awarded by International Enterprise Singapore, the Group is, among other things, entitled to a concessionary corporate tax rate of 5 per cent. which is subject to certain conditions. This concession expired on 30 June 2008. Should this concessionary tax rate be revised, revoked or not be renewed upon expiry, the Group will be subject to the normal corporate tax rate, which as at the date of this Offering Circular is 18 per cent., which may affect the Group's results of operations.

The Group is subject to volatility in shipping and logistics costs

Shipping and logistics expenses accounted for 13.74 per cent., 13.15 per cent. and 12.13 per cent. of the Group's turnover for the financial years ended 2005, 2006 and 2007. As most of the Group's shipments are made using third-party land and sea transport providers, the Group is subject to fluctuations in the prices of shipping and logistics costs, which may in turn have an impact on the Group's results of operations. Shipping and logistics costs for commodities are usually market-driven and are highly cyclical. Shipping rates fluctuate in response to the level of demand for vessels and the availability of vessels to satisfy that demand. The level of demand is influenced by many factors, including general economic conditions, global trading volumes and port usage. Shipping rates are the most variable element of expense in relation to a particular shipment and are relevant to the Group's results to the extent that they will affect the pricing and profit margin of the services provided by the Group.

Changes in shipping rates affect the shipping industry as a whole and the Group normally mitigates the effect by passing on a proportion of such changes to its customers. However, it may not always be possible for the Group to immediately offset a contract of affreightment with a corresponding charterparty or sufficiently hedge against all changes in shipping costs. During certain periods, depending on market conditions, prevailing rates may be subject to change and should rates increase, the profitability and financial results of the Group may be adversely affected even if such rates increases have a positive effect on the profitability and financial results of the chartering division of the Group. In addition, other factors, such as port congestion, increases in fuel costs and piracy could materially adversely affect the ability of the Group to carry on its operations in a timely or cost-effective manner.

The value of the Group's physical products may deteriorate across various stages of its supply chain

The value of the products the Group delivers may differ from the Group's assessment for the following principal reasons:

Quality deterioration

The Group's products are subject to quality deterioration during storage and transit. Each of the Group's products has different physical characteristics and requires different kinds of storage, handling and transportation. For example, some products are sensitive to the external environment and their quality may deteriorate considerably during storage. The realisable value of the Group's products falls with quality deterioration through bad or inadequate quality management.

Weight loss

Weight loss constitutes a major operational risk. All the Group's products tend to lose some weight or volume due to natural causes. Pilferage and theft also contribute to weight loss during storage or transit. The Company's financial performance will be adversely affected if there are weight or volume losses to products, which are not otherwise assumed and factored into the pricing of such products.

Variation in yield

Some of the Group's products undergo processing operations, which affect their input and/or output ratio and their value. Such processing output is estimated at the time of buying the various products. Actual output may, however, deviate from the estimate.

Should any of the above occur, the Group's results of operations may be adversely affected.

The Group's insurance may not adequately cover all potential losses

The Group's insurance policies cover various risks, including but not limited to, fire, theft, civil disturbance, riots, inland transit and marine risks. The Group's insurance policies may not adequately compensate for any and every type of loss that the Group may incur. Any such loss not otherwise compensated may adversely affect the Group's results of operations and the Group's financial position.

The Group is subject to regulation by various regulatory bodies

The Group is subject to the rules of various trade associations and regulatory bodies, which regulate the terms and conditions of trade in some of the Group's products. Such associations include the Commodity Futures Trading Commission, the Liverpool Cotton Association (now known as the International Cotton Association), the European Coffee Contract, the Federation of Cocoa Commerce Limited and the Combined Edible Nuts Association. While membership in such associations is not material to the business of the Group, these associations help to facilitate dispute resolution through a recognised forum and allow trade participants to regulate, promote and develop best practices as an industry. If the Group is found to be in breach of any rules or regulations of such trade associations or regulatory bodies, the Group may be subject to fines, penalties or other sanctions. This may have an adverse impact on the Group's business, results of operations and financial position.

The Group is dependent on the Group's internal systems for the Group's operations

The Group's operations rely on its ability to process a substantial number of complex transactions involving different markets, countries and currencies. Consequently, the Group is dependent on the Group's risk management systems, operational systems, other data processing systems and the Group's financial accounting systems. If any of these systems do not operate properly or are disabled, the Group may suffer disruption to the Group's business operations, financial loss and/or damage to the Group's reputation. In addition, the Group's systems may not detect illegal, unauthorised or fraudulent activities by the Group's employees. The Group's present systems may not be able to cope with the Group's growth and expansion. As a result, the Group's business, results of operations and financial position may be adversely affected.

The Group's operations are highly dependent on debt financing

The Group is highly dependent on debt financing in the form of highly leveraged short-term debt to fund the Group's working capital requirements. The Group may not be able to grow the Group's volumes if the Group is unable to obtain additional debt financing. This may have an adverse effect on the Group's profitability.

Since all of the Group's loans have a limited tenure, the Group needs sufficient liquidity to meet the Group's loan repayment obligations. Adverse market conditions which hamper the liquidation of stocks or delay the recovery of credit may affect the Group's loan repayment schedules and this may in turn result in the banks withdrawing or requiring early repayment of the facilities granted to the Group. This will pose a solvency risk for the Group even though the Group may be profitable. As the Group may also obtain loans of longer tenures, the Group may be exposed to risk of interest rate fluctuations. These may adversely affect the Group's business and results of operations. Please refer to the section entitled "Capitalisation and Indebtedness" beginning on page 39 of this Offering Circular for further details.

The Group may experience limited availability of funds

The Group may require additional financing to fund working capital requirements, to support the future growth of its business and/or to refinance existing debt obligations. There can be no assurance that additional financing, either on a short-term or a long-term basis, will be made available or, if available, that such financing will be obtained on terms favourable to the Group or that any additional financing will not be dilutive to its shareholders. Factors that could affect the Group's ability to procure financing include the cyclicality of the agricultural products and food ingredients market and market disruption risks which could adversely affect the liquidity, interest rates and the availability of funding sources. In addition, consolidation in the banking industry in any market in which the Group procures financing may also reduce the availability of credit as the merged banks seek to reduce their combined exposure to one company or sector.

In recent months, credit markets worldwide have experienced significant volatility, including a reduction in liquidity levels, increasing costs for credit protection and a general decline in lending activity between financial institutions and in commercial lending markets worldwide. These developments may result in the Group incurring increasing financing costs associated with the Group's significant levels of debt. Furthermore, there can be no assurance that the Group will be able to raise financing on favourable terms or at all, which could have a material adverse effect on the Group. Moreover, the Group's future credit facilities may contain covenants that limit its operating and financing activities and require the creation of security interests over its assets. The Group's ability to meet its payment obligations and to fund planned capital expenditures will depend on the success of the Group's business strategy and the Group's ability to generate sufficient revenues to satisfy its obligations, which are subject to many uncertainties and contingencies beyond the Group's control.

The Group is dependent on key personnel for the Group's operations and profitability

One of the key reasons for the Group's growth and success has been the Group's ability to retain a talented and motivated team of senior professional managers. The Group's continued success will depend on the Group's ability to retain key management staff and train new employees. If members of the Group's senior management team are unable or unwilling to continue in their present positions, the Group's business may be adversely affected. Moreover, the process of hiring employees with the required combination of skills and attributes may be time-consuming and competitive. The Group may not be able to attract additional qualified persons for overseas postings in developing economies. This will further constrain the Group's growth in those places. As a result, the Group's business and results of operations may be adversely affected.

The Group includes a holding company structure

Virtually all of the Issuer's assets are shareholdings in its subsidiaries and associated companies. In order to satisfy its payment obligations, including obligations under the Bonds, the Issuer will rely on dividends and other payments received from its subsidiaries and associated companies. Both the timing and ability of certain subsidiaries and associated companies to pay dividends is limited by applicable laws and may be limited by conditions contained in certain of their agreements.

The Group enters into interested person transactions

The Group has ongoing contractual arrangements with interested persons. See "Principal Shareholders — Interested Person Transactions". Such transactions are entered into on normal commercial terms and in accordance with the laws and regulations of the regulatory authorities in the jurisdiction to which the parties to such transactions are subject. Transactions with interested persons may give rise to conflicts of interest, which could lead to transactions being entered into and decisions made which are based on factors other than commercial factors. The Issuer reports all transactions with interested persons to the Audit and Compliance Committee.

The Issuer's Substantial Shareholders may change

There is no assurance that the Issuer's substantial shareholders, Kewalram Singapore Limited, The Capital Group Companies, Inc., JP Morgan Chase & Co. and its affiliates and Mr. Sunny George Verghese, will not sell all or part of their stake in the Issuer. There is no guarantee that any change in controlling ownership arising from such sale (if any) will not adversely affect the performance of the Group. The Issuer's share price may also be adversely affected by the negative publicity generated by the disposal of the Issuer's Shares by the Issuer's substantial shareholders.

Substantial Shareholders could significantly influence the outcome of corporate actions in a manner which may conflict with the Group's interests and the interests of Shareholders

As at 20 June 2008, the Issuer's substantial shareholders, Kewalram Singapore Limited, The Capital Group Companies, Inc., JP Morgan Chase & Co. and its affiliates and Mr. Sunny George Verghese have beneficial interests, direct and indirect, in 26.71 per cent., 5.91 per cent., 5.49 per cent. and 5.17 per cent., respectively, of the Issuer's share capital.

The Issuer's substantial shareholders would be able to significantly influence most matters requiring approval by the Issuer's shareholders, including matters relating to a potential change in control of the Issuer. No assurance can be given that the Issuer's substantial shareholders' objectives will not conflict with the Issuer's business goals and activities. The Issuer's substantial shareholders may also be able to deter or delay a future takeover or change in control of the Issuer.

The outbreak of an infectious disease or any other serious public health concerns in Asia and elsewhere could adversely impact the Group's business, results of operations and financial condition

In late 2003, outbreaks of avian influenza occurred in several countries in Asia. By February 2004, these countries reported that the outbreak had been contained. However, in June 2004, new outbreaks were being reported in Asia. In 2005 and 2006, outbreaks were reported in other parts of the world including Europe, the Middle East and Africa. Some of the outbreaks noted above severely affected the poultry and related industries and resulted in the culling of large stocks of poultry. Vietnam experienced a resurgence of outbreaks in poultry and Turkey, Thailand, Indonesia and Cambodia reported cases of bird-to-human transmission of avian influenza. The World Health Organisation and other agencies continue to issue warnings of a potential avian influenza pandemic if there are sustained human-to-human transmissions. More recently, in June 2007, the World Health Organisation reported new cases of human infection of H5N1 avian influenza in each of China and Indonesia.

In 2003, Hong Kong, Taiwan, China, Singapore, Malaysia and other places experienced an outbreak of Severe Acute Respiratory Syndrome, which adversely affected the Asian economies, including Singapore.

The outbreak of an infectious disease in Asia and elsewhere, together with any resulting restrictions on travel and/or imposition of quarantines, could have a negative impact on the economy and business activities in Asia. This could adversely impact the revenues and results of the Group. There can be no assurance that any precautionary measures taken against infectious diseases would be effective. A future outbreak of an infectious disease or any other serious public health concern in Asia could seriously harm the Group's business.

Terrorist attacks, other acts of violence or war and adverse political developments may affect the business and results of operations of the Group

The terrorist attacks in the US on 11 September 2001, in Bali on 12 October 2002 and 1 October 2005 and in Jakarta on 5 August 2003, together with the military response by the US and its allies in Afghanistan and continuing military activities in Iraq, have resulted in substantial and continuing economic volatility and social unrest in Southeast Asia. The terrorist attacks in Thailand, and other areas of Southeast Asia, have exacerbated this volatility. Further developments stemming from these events or other similar events could cause further volatility. Any additional significant military or other response by the US and/or its allies or any further terrorist activities could also materially and adversely affect international financial markets and economies and may adversely affect the operations, revenues and profitability of the Group. The consequences of any of these terrorist attacks or armed conflicts are unpredictable, and the Group may not be able to foresee events that could have an adverse effect on the Group's businesses and results of operations.

A certain portion of the Group's development projects and assets is located in countries which suffered and continue to suffer from political instability and a certain proportion of its revenues is derived from its operations in these countries. Accordingly, the Group's results of operations and prospects are subject to political developments in these countries.

The continued increase in oil prices and general worldwide inflationary pressure could have an impact on the Group

Future increases in oil and food prices globally may negatively affect the economic growth and stability of certain countries which the Group operates in, and as a result, may reduce the ability of consumers to purchase the Group's products. The economic and political conditions in these countries make it difficult to predict whether oil and food will continue to be available at prices that will not negatively affect economic growth and stability. For example, in October 2005, the Indonesian government implemented a new policy that resulted in a significant increase in fuel prices. In response, several non-violent mass protests were organised in opposition to the increases in domestic fuel prices, and an increase in political tensions has resulted from the Indonesian government's decision. There can be no assurance that future increases in oil and food prices in countries where the Group operates will not lead to political, social and economic instability, which in turn could have a material adverse effect on the Group's businesses, financial condition and results of operations.

The Group may inadvertently deliver genetically modified organisms (GMOs) to those customers that request GMO-free products

The use of genetically modified organisms in food and in animal feed has been met with varying degrees of acceptance in the different markets in which the Group operates. The United States and Argentina, for example, have approved the use of GMOs in food products and animal feed, and GMO and non-GMO grain is produced and frequently commingled during the grain origination process. However, adverse publicity about genetically modified food has led to governmental regulation that limits or prevents sales of GMO products in some of the markets in which the Group sells its products, including the European Union and its constituent nations. It is possible that new restrictions on GMO products will be imposed in major markets for the Group's products or that the Group's customers will decide to purchase lower levels of GMO products or not to buy GMO products.

In general, the Group does not test its agricultural commodities inventory for the presence of GMOs. It is possible that the Group may inadvertently deliver products that contain GMOs to those customers that request GMO-free products. As a result, the Group could lose customers and may incur liability. If the Group's current testing and segregation procedures are not effective, the Group may incur significant expenses related to upgrading its procedures and facilities. Recent events have also illustrated how GMO products that have not received regulatory approval may enter the food chain. If the Group encounters incidents of this type, they can be costly and time-consuming to rectify, may damage the Group's reputation and may subject the Group to litigation. If regulators in the countries that restrict or prohibit the sale of GMO products or customers who request GMO-free products do not have confidence in the Group's products, the Group could lose customers and could be prohibited from selling its products in those countries.

Environmental regulation imposes additional costs and may affect the results of the Group's operations

Costs and liabilities related to the compliance with applicable environmental laws and regulations are an inherent part of the Group's business. Particularly in respect of the Group's processing activities, the Group is subject to various national, provincial and municipal environmental laws and regulations, concerning issues such as damage caused by air emissions, noise emissions, waste-water discharges, solid and hazardous waste handling and disposal, and the investigation and remediation of contamination. These laws can impose liability for non-compliance with the regulations or clean up liability on generation of hazardous waste and other substances that are disposed of either on or off-site, regardless of fault or the legality of the disposal activities. Other laws may require the Group to investigate and remedy contamination at its properties or where it conducts its operations, including contamination that was caused in whole or in part by previous owners of its properties. Moreover, these laws and regulations are increasingly becoming more stringent and may in future create substantial environmental legislation and regulatory requirements. It is possible that such compliance may prove restrictive and/or costly.

In addition to the clean up liability, the Group may become subject to monetary fines and penalties for violation of applicable laws, regulations or administrative orders. This may also result in closure or temporary suspension or adverse restrictions on its operations. The Group may also, in future, become involved in proceedings with various regulatory authorities that may require it to pay fines, comply with more rigorous standards or other requirements or incur capital and operating expenses for environmental compliance. In addition, third parties may sue the Group for damages and costs resulting from environmental contamination emanating from its properties and/or production facilities. Although there has been no claim that the Group's properties and production facilities are not in compliance in all material respects with all applicable environmental laws, unidentified environmental liabilities could arise which could have an adverse effect on the Group's business and financial condition, profitability and results of operations.

The Group may not be able to maintain or obtain statutory and regulatory licences, permits and approvals required for its business

The Group requires certain statutory and regulatory licences, permits and approvals, which may be subject to certain conditions. While the Group has been able to maintain or obtain such licences, permits and approvals as and when required, there can be no assurance that the relevant authorities will issue any such licences, permits or approvals in a timely manner, at all or on terms that are acceptable to the Group.

Risks Associated with an Investment in the Bonds and the Shares

Securities law restrictions on the resale and conversion of the Bonds and the resale of Shares issuable upon their conversion or following exercise by the Issuer of its Stock Settlement Option may impact Bondholders' ability to sell the Bonds

The Bonds and the Shares into which the Bonds are convertible or the Shares issuable following exercise by the Issuer of its Stock Settlement Option have not been registered under the Securities Act, any state securities laws or the securities laws of any other jurisdiction. Unless and until they are registered, the Bonds and the Shares issuable upon conversion or following exercise by the Issuer of its Stock Settlement Option may not be offered, sold or resold except pursuant to an exemption from registration under the Securities Act and applicable state laws or in a transaction not subject to such laws. The Bonds are being offered and sold only to non-US persons outside the US in reliance on Regulation S under the Securities Act. The Issuer is not required to register the Bonds and the Shares into which the Bonds are convertible or the Shares issuable following exercise by the Issuer of its Stock Settlement Option under the terms of the Bonds. Hence, future resales of the Bonds and the Shares into which the Bonds are convertible or the Shares issuable following exercise by the Issuer of its Stock Settlement Option may only be made pursuant to an exemption from registration under the Securities Act and applicable state laws or in a transaction not subject to such laws.

The Issuer may be unable to redeem the Bonds

In certain circumstances, including (i) a delisting of the Shares from the SGX-ST or (ii) on 3 July 2011, the holders of the Bonds may require the Issuer to redeem all of the holders' Bonds. If such an event were to occur and subject to the Issuer's Stock Settlement Option, or at maturity of the Bonds, no assurance can be given that the Issuer will have enough funds or would be able to arrange financing to pay the redemption amount for all tendered Bonds. The Issuer's ability to redeem the Bonds in such event may be limited by law or the terms of other debt instruments. The Issuer may be required to refinance its debt in order to make such payments.

The Issuer has, and may in the future have, credit agreements or other agreements relating to its indebtedness that contain provisions that provide that a change in control constitutes an event of default or accelerates its payment obligations under that agreement. If such an event were to occur, no assurance can be given that the Issuer will have sufficient funds, or be able to raise sufficient financing, to meet its payment obligations under those agreements.

Holders of the bonds may be subject to Singapore tax

Prospective purchasers of Bonds are advised to consult their own tax advisers concerning the overall tax consequences of the acquisition, ownership or disposition (including, in the case of convertible notes, on conversion thereof) of the Bonds or the Shares. Certain differences exist between the tax laws of Singapore and those of other jurisdictions, including in the area of estate tax. For Singapore tax laws, see "Taxation".

The trading price of the Shares has been, and may continue to be, volatile

The trading price of the Shares has been, and may continue to be, subject to large fluctuations. The price of the Shares may increase or decrease in response to a number of events and factors, including:

- quarterly variations in operating results;
- changes in financial estimates and recommendations by securities analysts;
- the operating and stock price performance of other companies in the agricultural products and food ingredients business;
- developments affecting the Group, its customers or its competitors;
- changes in government regulation;
- changes in general economic conditions;
- changes in accounting policies; and
- other events or factors described in this Offering Circular.

This volatility may adversely affect the price of the Shares regardless of the Group's operating performance.

The Singapore Code on Take-overs and Mergers may discourage or prevent certain types of transactions

The SFA and the Singapore Code on Take-overs and Mergers (the "Take-over Code") contain certain provisions that may delay, deter or prevent a future take-over or change in control of the Issuer. Any person acquiring an interest (either on his or her own or together with parties acting in concert with him or her) in 30 per cent. or more of the Issuer's voting shares must extend a take-over offer for the remaining voting shares in accordance with the provisions of the Take-over Code. A take-over offer may also be required to be made by a person holding (either on his or her own or together with parties acting in concert with him or her) between 30 per cent. and 50 per cent. (both inclusive) of the Issuer's voting shares after having acquired additional voting shares representing more than 1 per cent. of the Issuer's voting shares in any six month period. These provisions may discourage or prevent certain types of transactions involving an actual or threatened change of control of the Issuer. Some of the holders of the Shares may, therefore, be disadvantaged as a transaction of that kind might have allowed the sale of Shares at a price above the prevailing market price. See "Description of Shares — Take-overs".

The Singapore securities market is relatively small

The SGX-ST is relatively small and is more volatile than stock exchanges in certain European and other countries. As of June 2008, there were 772 companies listed on the SGX-ST and the aggregate market capitalisation of listed equity securities of these companies was approximately S$661 billion. As a result, the market price of the Shares may fluctuate more than that of securities listed on larger global stock exchanges.

Conversion of the Bonds will dilute the ownership interest of existing shareholders and could adversely affect the market price of the Shares

The conversion of some or all of the Bonds will dilute the ownership interests of existing shareholders. Any sales in the public market of the Shares issuable upon such conversion could adversely affect prevailing market prices for the Shares. In addition, the conversion of the Bonds may encourage short selling of the Shares by market participants.

Future issues, offers or sales of Shares may adversely affect the value of the Bonds

The market price of the Bonds is expected to be affected, among other things, by fluctuations in the market price of the Shares. The future issue of Shares by the Issuer, including the disposal of Shares by any of the substantial shareholders of the Issuer or the perception that such issues or sales may occur may significantly affect the trading price of the Bonds and the Shares. The Issuer has, subject to certain exceptions, undertaken that neither it nor any of its subsidiaries, or other affiliates over which they exercise management or voting control, nor any person acting on its or their behalf will, for a period of 90 days after the Closing Date, without the prior written consent of the Joint Lead Managers (such consent not to be unreasonably withheld), issue, offer, sell, contract to sell, pledge or otherwise dispose (or publicly announce any such issuance, offer, sale or disposal) of securities issued by the Issuer and having a maturity of more than one year from the date of issue, any Shares or securities convertible or exchangeable into or exercisable for Shares or warrants or other rights to purchase Shares or any security or financial product whose value is determined directly or indirectly by reference to the price of the Shares, including equity swaps, forward sales and options representing the right to receive any Shares. See "Subscription and Sale".

Before conversion, Bondholders will not be entitled to any shareholder rights, but will be subject to all changes affecting the Issuer's Shares

A Bondholder will not be entitled to any rights with respect to the Issuer's Shares, including voting rights and rights to receive dividends or distributions. However, the Shares which the Bondholder will receive upon conversion of his Bonds or following exercise by the Issuer of its Stock Settlement Option will be subject to all changes affecting the Issuer's Shares. Except for limited cases under the adjustments to the conversion price, the Bondholder will be entitled only to rights that the Issuer may grant with respect to its Shares if and when it delivers Shares to the Bondholder upon its election to convert its Bonds into Shares or following exercise by the Issuer of its Stock Settlement Option. For example, should the Issuer seek approval from shareholders for a potential merger, or if an amendment is proposed to its Articles of Association which may require shareholder approval, the Bondholders will not be entitled to vote on the merger or amendment.

Bondholders will bear the risk of fluctuations in the trading price of the Issuer's Shares

The market price of the Bonds is expected to be affected by fluctuations in the market price of the Issuer's Shares. It is impossible to predict whether the price of the Issuer's Shares will rise or fall. Trading prices of its Shares will be influenced by, *inter alia*, the Issuer's financial condition, results of operations, economic, financial and other factors. Any decline in the price of the Issuer's Shares may adversely affect the market price of the Bonds.

INFORMATION CONCERNING THE SHARES

Market Price of the Shares

The Shares have been listed on the SGX-ST since 11 February 2005. The table below sets forth, for the periods indicated, the high and low prices and the average daily trading volume of the Shares on the SGX-ST and the highs and lows of the Straits Times Index.

	Price per Share on the SGX-ST		Average Daily Trading Volume of Shares	Straits Times Index[1]	
	Low[2]	**High[2]**	**(No. of Shares)**	**Low[2]**	**High[2]**
2005					
First Quarter	0.6084	0.9077	22,692,571	1,992.56	2,098.41
Second Quarter	0.7262	0.9028	3,990,095	2,017.27	2,162.35
Third Quarter	0.9077	1.3640	5,262,308	2,152.34	2,316.59
Fourth Quarter	1.1776	1.5014	2,249,032	2,116.63	2,280.77
2006					
First Quarter	1.4229	1.8056	5,766,000	2,290.16	2,465.83
Second Quarter	1.2953	1.7075	3,464,935	2,243.54	2,599.21
Third Quarter	1.2070	1.6977	2,246,656	2,277.34	2,523.56
Fourth Quarter	1.6584	2.100	2,562,397	2,548.59	2,918.63
2007					
First Quarter	1.9234	3.0617	2,518,689	2,891.66	3,235.79
Second Quarter	2.9832	3.8075	5,123,484	3,170.03	3,560.37
Third Quarter	2.2963	3.2776	4,285,625	3,064.59	3,653.84
Fourth Quarter	2.4631	3.4346	3,987,063	3,265.86	3,831.19
2008					
First Quarter[3]	1.7663	3.0224	7,357,180	2,792.75	3,444.34
April	2.1000	2.7300	5,083,545	3,042.96	3,201.63
May	2.6800	3.1300	7,178,750	3,103.30	3,248.75
June (Up to 20 June 2008)	2.4400	3.0500	6,666,667	2,979.56	3,188.05

(1) Source: Bloomberg.

(2) Based on last closing prices.

(3) Figures during these periods reflect the revised Straits Times Index, which was launched by the SGX-ST on 10 January 2008. For periods before this date, figures above reflect the Straits Times Index prior to its revision on 10 January 2008.

Dividend Policy

The Issuer has distributed cash dividends on its Shares in respect of each of the last three financial years ended 30 June. The following table sets forth the aggregate number of outstanding Shares entitled to dividends, as well as the cash dividends paid on the Shares during each of the financial years indicated.

Year	Payment Date	Ordinary Shares (in issue)	Dividend Rate (cents per share)	Tax Rate (%)	Net Dividend Paid[1]
2005	22 November 2005	1,554,584,400	2.16	one-tier tax-exempt	33,579,023.04
2006	16 November 2006	1,554,584,400	3.0	one-tier tax-exempt	46,637,532.24
2007	16 November 2007	1,555,830,641	3.5	one-tier tax-exempt	54,454,073.10

(1) Represents the net amount of dividends paid by the Issuer (that is, the cash amount of the dividend received by the shareholders). See "Taxation — Shares".

The form, frequency and amount of future dividends on the Shares will depend upon the Issuer's earnings, cash flows, financial condition and other factors and shall be at the discretion of the Board of Directors of the Issuer (the "Directors").

No larger dividend shall be declared by the Issuer than is recommended by the Directors. The Directors may pay an interim dividend. No dividend may be paid except out of the profits of the Issuer. See "Description of Shares — Dividends".

For information relating to taxes payable on dividends, see "Taxation — Shares".

Changes in Issued Shares

The table below sets forth changes in the issued Shares in the capital of the Issuer from 30 June 2005 to 20 June 2008:

Date	Ordinary Shares (in issue)
As at 30 June 2005	1,554,584,400
As at 30 June 2006	1,554,584,400
As at 30 June 2007	1,555,095,400
As at 20 June 2008	1,712,941,671

Share Schemes

Shares under the Olam Employee Share Option Scheme

Olam has one share scheme for its directors and executives, namely the Olam Employee Share Option Scheme.

As at 20 June 2008, the number of outstanding share options under the Olam Employee Share Option Scheme was 61,593,578.

CAPITALISATION AND INDEBTEDNESS

The table below sets forth the Group's capitalisation and indebtedness as at 31 March 2008 and as adjusted to account for the issue of the Bonds, after deducting the commissions and estimated offering expenses payable by the Issuer. This table should be read in conjunction with the consolidated financial statements and related notes appearing elsewhere in this Offering Circular.

	As at 31 March 2008	
(In S$ '000)	**Unaudited**	**As adjusted**
Short-Term Borrowings (repayable within 1 year)		
Short-term bank borowings	1,412,225	1,009,602
Current portion of finance leases	—	—
Current portion of debt securities	110,000	110,000
Total short-term borrowings	**1,522,225**	**1,119,602**
Long-Term Borrowings (repayable after 1 year)		
Bank borrowings	771,440	771,440
Debt securities	358,389	358,389
Finance leases	—	—
The Bonds now being offered	—	393,924
Total long-term borrowings	**1,129,829**	**1,523,753**
Total Borrowings	**2,652,054**	**2,643,355**
Total Equity		
Issued and fully paid capital — 1,556,286,891 shares (2007 : 1,555,095,400 shares)	399,542	399,542
Reserves	75,976	84,675
Equity Attributable to Equity Holders of the Issuer	475,518	484,217
Minority Interests	6	6
Total Capitalisation	**475,524**	**484,223**
Total Capitalisation and Indebtedness	**3,127,578**	**3,127,578**

(1) For illustrative purposes, the Group has assumed that the net proceeds from the issuance of convertible bonds of US$295,185,000 (assuming the upsize options granted to the Joint Lead Managers is not exercised) will be fully utilised to repay short-term and long-term bank borrowings.

(2) Since 31 March 2008, there has been no material change in the Issuer's capitalisation or indebtedness, except for the issuance of 155,628,689 new Shares pursuant to a non-renounceable, non-transferable preferential offering in April 2008 at an issue price of S$1.97 per Share.

BUSINESS

Overview

The Group is a leading globally-integrated supply chain manager of agricultural products and food ingredients. Headquartered in Singapore, the Group operates in more than 56 countries and source and supply 14 products to more than 4,500 customers in 60 markets and countries. The Issuer was established in 1989 as a division of the KC Group to operate its agri-business and was duly incorporated under the laws of Singapore in July 1995. Since the establishment of the business, the Issuer has evolved from a single country, single product trader to a multi-country, multi-product integrated supply chain manager. The expansion of the Group has been possible as a result of pursuing growth strategies by exploiting adjacent opportunities, which it defines as developing opportunities in agricultural products and food ingredients which share customers, costs, capabilities and distribution channels with its existing operations.

As at 20 June 2008, the Group's portfolio of 14 agricultural products and food ingredients included edible nuts, cocoa, coffee, cotton, rice, sugar, timber, sesame and sheanuts. The Group is engaged in the sourcing, processing, storage, transportation, shipping, distribution, trading and marketing of these agricultural products and food ingredients to customers in the Destination Markets. The Group manages the risks present at each stage of the supply chain through its risk management system. The Group's profitability is driven primarily by growth in underlying trade volumes handled and also the extent to which it can charge a premium for value-added services, and realise cost savings at various stages of the supply chain.

As at 20 June 2008, the Issuer's issued and paid-up share capital was S$707,707,485.03 comprising 1,712,941,671 shares. The Issuer's shares are listed on the Mainboard of the SGX-ST.

For the year ended 30 June 2007, and for the nine month period ending 31 March 2008, the Group had, on a consolidated basis, revenue of S$5.5 billion and S$5.7 billion respectively and net profit of S$109 million and S$103 million respectively. As at 30 June 2007 and as at 31 March 2008, the total assets of the Group (combining non-current and current assets) on a consolidated basis amounted to S$3.2 billion and S$4.7 billion respectively.

History and Development

Since the Issuer's establishment in 1989, and throughout its evolution from a single country, single product trader in 1989, to a multi-national, multi-product integrated supply chain manager it has expanded into adjacent products, geographic markets, customers and supply chain activities through organic and inorganic growth.

The Group's history and development can be categorised into five phases:

Formative Years: 1989 to 1992

The foundations of the Issuer's business date back to the KC Group which has over 140 years of trading history. The Issuer's business was first established in 1989 as a division to start the KC Group's agri-business enterprise and to generate foreign exchange.

From 1990 to 1995, the KC Group's agri-business was headquartered in London and operated under the name of Chanrai International Limited. The business began with the export of cashews and then expanded into exports of cotton, cocoa and sheanuts from Nigeria. This allowed the development of the Group's origination capabilities and expertise in sourcing, processing and marketing of agricultural products. During this phase, the Group's business was a single-country, multiple-product operation.

Business Model Development: 1993 to 1995

Between 1993 and 1995, the business grew from a single-country operation into multiple Origins, first within West Africa (including Benin, Togo, Ghana, Cote d'Ivoire, Burkina Faso, Senegal, Guinea Bissau, Cameroon and Gabon), and then to East Africa (Tanzania, Kenya, Uganda, Mozambique and Madagascar) and then India. This move into multiple Origins coincided with the deregulation of the agricultural commodity markets.

Global Expansion: 1996 to 2002

The Issuer was incorporated in Singapore on 4 July 1995 under the Act as a public limited company. Subsequently, in 1996, the Issuer relocated its entire operations from London to Singapore at the invitation of the Singapore Trade Development Board (now International Enterprise Singapore).

Upon relocation to Singapore, the KC Group's agri-business was reorganised to be wholly-owned by the Issuer.

During this phase, the Group applied its business model to capitalise on growth opportunities present in its various businesses. Singapore became the corporate headquarters and the key marketing and trading centre for all its operations. To focus further on quality customer service, marketing offices were opened in Poland, the Netherlands, France, UK, Italy and USA. The Group also successfully established sourcing and marketing operations in Indonesia, Vietnam, Thailand, China, Papua New Guinea, Middle East, Central Asia and Brazil.

Raising Capital for Future Growth: 2002 to 2005

By 2002, the Group had expanded to nine products and 30 countries with total revenues of approximately US$1.6 billion and profit after tax of approximately US$25 million for FY2002. At this stage, the Group approached various established institutional investors, including Russell AIF Singapore Investments Limited (managed by AIF Capital Limited), Seletar Investments Pte Ltd (a wholly-owned subsidiary of Temasek Holdings (Pte) Ltd) and International Finance Corporation (a member of the World Bank Group) to raise funds for future growth.

Over this period, the Group consolidated its global leadership positions in most of its products and expanded into new products such as peanuts, beans, dairy products and packaged foods.

On 31 January 2005, the Issuer launched its IPO of 375 million shares at S$0.62 per share. Measured against the market capitalisation of companies then listed on the Main Board of the SGX-ST, the Issuer ranked among the 50 largest listed companies with a market capitalisation of S$929 million at the invitation price. The Issuer's placement tranche of 345 million shares (from its 375 million shares) attracted strong interest from local and global institutional investors as well as leading institutional fund managers. The Issuer completed the IPO of its shares, and was admitted to the Official List of the SGX-ST on 11 February 2005.

Inorganic Growth and Organic Growth: 2005 to Present

In FY2006, the Group developed and communicated to investors an M&A framework, so that going forward, acquisitions will form an integral part of the Group's growth strategy alongside organic growth.

The Group intends to pursue acquisitions in three areas, namely:

- new product adjacency — entailing planned expansion into nine new product adjacencies closely linked to the Group's core business over the next six years;
- new value chain adjacency — in several individual business strategic plans, there are initiatives envisaged for primary or secondary processing, where an acquisition would be a better entry strategy, for example, soluble coffee manufacturing, origin cocoa processing, sugar milling and

refining. Organic initiatives in this area could mean significant gestation, as well as extended time required to acquire the necessary technical know-how and insight; and

- bolt-on acquisitions in key geographic areas where the Group intends to accelerate or ramp up growth, for example, in markets like China, Brazil, India, and the US.

Employing a disciplined approach, no individual transaction is expected to exceed 10 per cent. of the Group's market capitalisation, with an expected focus on transactions that are closer to 5 per cent. of the Group's market capitalisation. On aggregate, the Group does not envisage spending more than 15 per cent. of its market capitalisation on acquisitions in any given year.

Below is a description of major inorganic and organic milestones in respect of the Group from 2006 to date.

On 10 April 2006, the Issuer announced that it has established Agronesia, a joint venture company in Indonesia, jointly with Prinavin, to be engaged in expanding further opportunities of sourcing and distribution of agricultural commodities from and into Indonesia.

On 18 August 2006, the Issuer signed a letter of intent with Taloca, a subsidiary of Kraft Foods International, to acquire its green coffee processing unit in Colombia. This acquisition, which had since been completed, of Taloca's Colombian processing facility is a significant step in the Issuer's ambition to become a leading global player in the Arabica coffee business and accelerates its entry into this space.

On 25 August 2006, the Issuer announced its acquisition of the peanut shelling and processing unit from Senwes, a company based in South Africa. The acquisition is in line with the Issuer's overall strategy within the peanuts segment and overall edible nuts segment to set up direct procurement, shelling and blanching operations in all major production centres. The Group is now able to offer the entire range of in-shell, blanched and kernel grade peanuts, from Origins that account for a majority of the world's peanuts trade flow.

On 27 October 2006, the Issuer and ADM concluded a joint acquisition of Usicam from SAGA SA, France, a Groupe Bolloré company. In addition, Usicam has acquired the cocoa processing assets of SDV, Cameroon — another Groupe Bolloré company. The Issuer and ADM each owns 50.0 per cent. of Usicam, and have partnered to ensure that cost economies and usage efficiencies may be offered to the cocoa suppliers in Cameroon before they export the beans.

On 7 February 2007, the Issuer announced its intention to form two joint ventures with Chinatex. The first joint venture, CTGO JV, relates to the proposed investment of US$13.5 million for the acquisition of a 35.0 per cent. stake in CTGO. CTGO will in turn set up a wholly-owned soybean sourcing subsidiary in Brazil. As part of this agreement, the Issuer will have an option to increase its stake in CTGO to 45.0 per cent. within two years of setting up the Brazilian subsidiary, at a pre-agreed valuation. The second joint venture concerns the proposed establishment of Domestic Cotton JV, a 50:50 domestic cotton joint venture company in China, which would be involved in sourcing, ginning, inland logistics, distribution and risk management for the domestic cotton market. As part of the transaction, the Issuer and Chinatex propose to enter into a preferential purchase arrangement, whereby the Issuer could supply 30.0 per cent. of Chinatex's annual cotton imports, on a competitive basis. The joint ventures, which are currently pending receipt of regulatory approval, offer the Group entry into the oilseeds business, as well as an opportunity to participate in the domestic cotton market in China.

On 7 March 2007, the Issuer announced an off-market takeover offer to acquire all of the shares in QCH. The proposed combination of the cotton business of the Issuer and QCH was expected to create the third largest and most diversified global cotton company with substantial sourcing operations in Africa, Australia, Brazil, Commonwealth of Independent States, India, China and the United States along with a strong presence in all major world markets.

On 13 July 2007, the Issuer announced the receipt of acceptances for more than 90.0 per cent. of the shares outstanding in QCH, and that it has a relevant aggregate interest in approximately 90.8 per cent. of QCH, providing the Issuer the right to compulsorily acquire all the remaining shares outstanding. The acquisition of 100.0 per cent. shares in QCH was completed in October 2007.

On 22 April 2007, the Issuer announced its intention to acquire 100.0 per cent. of the world's largest independent peanut blancher and ingredient processor, UB for a total cash consideration of US$77.0 million on an enterprise value basis (estimated net equity value of US$72.3 million). The Issuer acquired UB in June 2007. This acquisition will enable the Issuer to expand into peanut blanching and ingredient manufacturing in the United States of America.

On 14 June 2007, the Issuer announced the acquisition of approximately 17.0 per cent. of the total outstanding shares of OCC, a fast growing dairy processing company in New Zealand. This strategic stake acquisition will enable the Group to gain valuable exposure to the dairy business in New Zealand. The Group acquired further shares of OCC on 15 June 2007, bringing its shareholding in OCC to 19.9 per cent.

On 27 August 2007, the Issuer announced its intention to acquire 100.0 per cent. equity interest in KFI, a processor and global supplier of dehydrates to the food processing industry for a total consideration of approximately US$16 million. The acquisition of KFI was expected to enhance the Group's presence in the overall spice value chain, helping the Group move from being primarily a whole spices supplier, to offering a basket of spice ingredients to its customers. The acquisition of KFI was completed on 12 November 2007.

On 12 September 2007, the Issuer announced its intention to acquire 100.0 per cent. equity interest in NAP, an international supply chain manager of industrial caseins, for a total consideration of approximately Euro 3.3 million. In addition, the Group is currently in negotiations with NAP's shareholders to buy their casein processing facility, Fleur Company Ltd in Lodz, Poland. Entry into the casein business is a one-step product adjacency for the Group as sourcing the raw casein for NAP shares the same sourcing channels as the Group's existing dairy business in the countries it operates in, providing significant synergies in cross-sourcing with only marginal additional investment. The acquisition of NAP was completed on 12 November 2007.

On 2 October 2007, the Issuer announced its intention to acquire 100.0 per cent. equity interest in PT DUS, a sugar refinery based in Indonesia for a total cash investment of US$12.6 million. Of this amount, US$5.0 million will be paid to shareholders of PT DUS while the balance amount of US$7.6 million will be utilised to purchase outstanding debt obligations from Bank Danamon. The acquisition is an all-cash transaction and was funded by a combination of borrowings and internal accruals. The Group will further invest an estimated US$12.0 million to (a) upgrade and raise PT DUS' production and (b) install a boiler to enable switching to coal, a lower cost feedstock. The acquisition of PT DUS provides the Group the opportunity to participate in the growing sugar refining sector in Indonesia. On 13 December 2007, the Issuer announced the completion of the acquisition of PT DUS.

On 9 October 2007, the Issuer announced that it will invest approximately US$45.0 million in a green field integrated soluble (instant) coffee manufacturing facility in Vietnam, that produces and supplies bulk spray-dried coffee powder, freeze-dried coffee granules and coffee extracts to the unbranded and private coffee label segment. The expansion into soluble coffee manufacturing is a one-step adjacency move for the Group into a higher value-added activity in the coffee supply chain, where there is a sharing of customers, costs and channels. The investment is currently progressing as scheduled.

On 15 November 2007, the Issuer announced the establishment of a 50:50 joint venture, Nauvu, with Wilmar International Limited, a company listed on the SGX-ST. Nauvu will invest in integrated palm oil, natural rubber and sugar assets in Africa, including upstream plantations, midstream processing and downstream merchandising and distribution operations and will be making initial investments into the SIFCA Group, one of Africa's largest agro industrial groups with diversified interests across palm oil, cotton seed oil, natural rubber and sugar sectors in Africa. Nauvu was incorporated on 19 November 2007. The Issuer expects the establishment of the joint venture to complete within this quarter.

On 9 January 2008, the Issuer announced the incorporation of Outspan Café Vietnam Limited, a company incorporated in Vietnam. The principal activities of Outspan Café Vietnam Limited are those of sourcing, processing and supply chain management of agricultural products and food ingredients.

In April 2008, the Issuer issued 155,628,689 new Shares pursuant to a non-renounceable, non-transferable preferential offering.

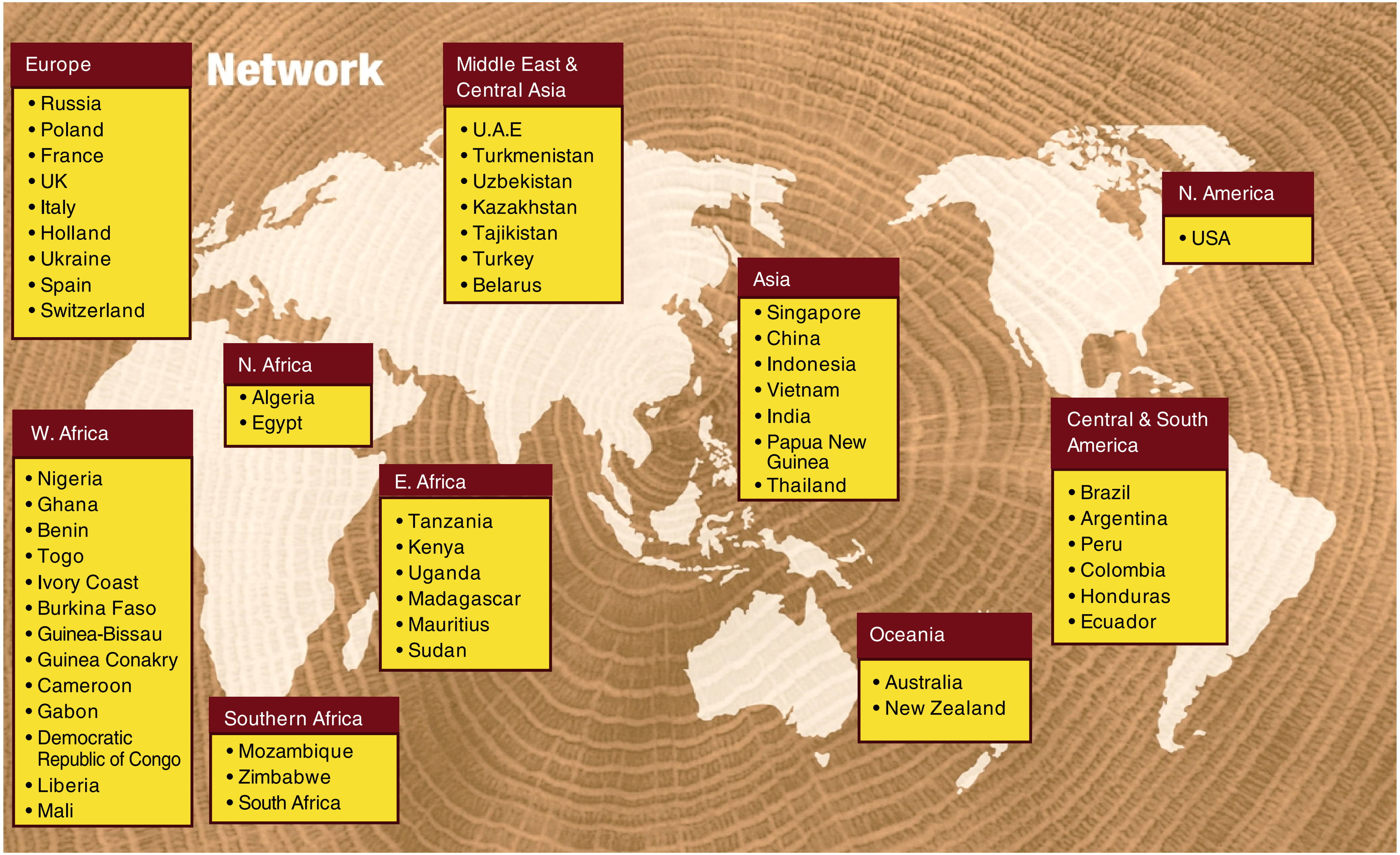
On 20 June 2008, the Issuer announced that it had won an international bid to acquire a cotton gin in the Ouangolo region of Cote d'Ivoire from La Compagnie Cotonniere Ivoirenne for US$5.0 million. The acquisition comprises of one cotton gin with an annual ginning capacity of 35,000 tonnes of seed cotton and its related infrastructure, as well as a catchment area of nearly 35,000 hectares that can produce up to 20,000 tonnes of cotton lint annually. This investment is in line with the Group's growth strategy for cotton in Africa which is to seek growth opportunities in ginning and in building integrated cotton supply chain operations in the major exporting countries such as Cote d'Ivoire.

Recent Developments

On 1 July 2008, the Issuer announced the formation of Olam Wilmar Investment Holdings, a 50:50 joint venture company established with Wilmar International Limited, a company listed on the SGX-ST, to acquire a 20 per cent. interest in PureCircle from existing shareholders for an aggregate consideration of US$106.2 million (implying a purchase price consideration of £2.01 (US$4.00) per share for a total of 26.54 million shares, a premium of 0.5% over the last traded price of PureCircle shares of £2.00 (US$3.98) as of June 30, 2008).

PureCircle is listed on the AIM market in London and had a market capitalisation of approximately US$530 million as at the date of the Issuer's announcement. As a producer of natural zero-calorie high-intensity sweeteners from the stevia plant, PureCircle operates an integrated supply chain for natural high-intensity sweeteners with activities ranging from sourcing of dry stevia leaves and extraction in China, refining of crude extracts into sweeteners in Malaysia and marketing of these sweeteners to food and beverage manufacturers worldwide. The Issuer believes that this joint investment is consistent with the Group's growth strategies of diversifying and entering into new adjacent products and extending its global supply chain selectively into adjacent value-chain segments. The Issuer expects the acquisition to complete before the end of July 2008.

As at 20 June 2008, the Group operates in over 56 countries as indicated in the diagram set out on the next page.


Network
Europe
• Russia
• Poland
• France
• UK
• Italy
• Holland
• Ukraine
• Spain
• Switzerland
Middle East & Central Asia
• U.A.E
• Turkmenistan
• Uzbekistan
• Kazakhstan
• Tajikistan
• Turkey
• Belarus
N. America
• USA
Asia
• Singapore
• China
• Indonesia
• Vietnam
• India
• Papua New Guinea
• Thailand
N. Africa
• Algeria
• Egypt
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• Benin
• Togo
• Ivory Coast
• Burkina Faso
• Guinea-Bissau
• Guinea Conakry
• Cameroon
• Gabon
• Democratic Republic of Congo
• Liberia
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• Mauritius
• Sudan
Central & South America
• Brazil
• Argentina
• Peru
• Colombia
• Honduras
• Ecuador
Oceania
• Australia
• New Zealand
Southern Africa
• Mozambique
• Zimbabwe
• South Africa

Competitive Strengths

The Group is a leading global supplier to multi-national food companies

In all of the Group's operations, it has established strong relationships with end-customers including multinational corporations, which own internationally recognised brands such as Cadbury, Nestlé, Lavazza, Mars, Tchibo and Planters. The Group believes that these strong relationships are built on its leading global market positions. For example, the Group is:

- one of the largest suppliers by market share in the global trade of raw cashew nuts;
- one of the largest suppliers by market share in the global trade of Robusta coffee;
- one of the three largest suppliers by market share in the global trade of cocoa;
- one of the largest suppliers by market share in the global trade of teak wood;
- one of the largest suppliers by market share in the global trade of cotton;
- one of the top three global suppliers by market share in the global trade of rice; and
- one of the top five global suppliers by market share in the global trade of peanuts.

As market leaders, the Group has a detailed understanding of its customers' product requirements, which enables it to offer differentiated products, supply chain solutions and value-added services including organic certification, product traceability, customised quality, VMI and risk management solutions. The Group believes that its customers value it as a reliable counter-party and a long-term business partner.

The Group has a proven business model

The Group has a proven and flexible business model which enables it to achieve rapid and cost-effective organic and inorganic growth. This business model is scalable and replicable across diversified products, geographic markets, customers and supply chain activities. Since establishment, the Group has evolved from a single country, single product trader to a multi-country, multi-product integrated supply chain manager. The Group's expansion has been possible as a result of pursuing growth strategies by exploiting adjacent opportunities which it defines as developing opportunities in agricultural products and food ingredients which share customers, costs, capabilities and distribution channels with its existing operations.

The Group operates across the entire supply chain in almost all of its 14 products. The Group sources and exports out of 56 countries across Africa, Asia and the Middle East, North and South America, and operates trading and marketing operations out of 60 countries. The Group's business model enables it to have the following competitive advantages:

Rapid Organic and Inorganic Growth

The Group's business model allows it to explore multiple growth opportunities based on common geographic markets, products, customers and channels shared with its existing operations and as such, it believes it is able to grow rapidly both organically and through strategic acquisitions. At the same time, because the Group's expansion initiatives are based on existing competencies, infrastructure, resources and/or customers, it is able to reduce the execution risks of expanding into new areas and thereby scale up its operations more effectively and efficiently.

Cost Sharing

In any given Origin, the Group utilises the same infrastructure and people across multiple products. The Group sources products with complementary crop seasons such that its infrastructure is utilised all year round. Functions such as audit, accounting, treasury and risk control systems become more cost effective when commonly employed by all of the Group's operations. The Group seeks to optimise its product mix, which helps it share costs more effectively and makes it more cost competitive.

Diversification

The Group integrates its knowledge and expertise across products, geographic markets, and supply chain activities to create a diversified portfolio of products and services. In any given product segment, the Group consciously selects a mixture of northern and southern hemisphere origins so that its trading and marketing infrastructures are constantly utilised and that sourcing activities for such products can be conducted throughout the year. The Group is present in key producing countries, which allows it to service its customers better in terms of quality, quantity and timeliness. The Group's geographical diversity results in it not being overexposed to any single Origin for any given product. The Group seeks to export out of countries that it also imports into in order to help hedge against currency risks. This is particularly relevant where the currencies in question are not traded on foreign exchange markets as this process allows the Group to create a natural hedge against currency movements.

The Group has integrated end-to-end supply chain capabilities

The Group has integrated end-to-end capabilities across the supply chain in each of its products, which allows it to control its supply chain, provide value-added services and potentially increase its margins.

Control of the supply chain

End-to-end integration capabilities provide the Group with greater control over its supply chain, which in turn enables it to provide quality and timely services with greater certainty than if it were relying on third parties. Operating presence over the entire supply chain provides the Group with comprehensive information relating to demand and supply, which allows it to react quickly to volatile market conditions.

Provision of value-added services

Being integrated across the entire supply chain ensures that the Group has an unbroken chain of custody over its products from the Farm Gate to the Factory Gate. This allows the Group to provide value-added services such as traceability, hygiene certification, VMI, and special grades of products to meet the Group's customers' requirements. Offering such value-added services enhances customer loyalty and improves supply chain margins.

Potential to increase the Group's margins

Other things being equal, end-to-end integration capabilities allow the Group to potentially increase its margins by reducing the role of third party intermediaries, including agricultural raw material processors and logistics service providers. Participation across the entire supply chain also helps the Group to secure a minimum level of margin.

The Group has successfully combined origination capabilities with capabilities in the Destination Markets

Origin management is one of the Group's key core competencies. Based on its track record, the Group has been able to identify origination opportunities, set up and manage procurement and distribution infrastructure and institutionalise field operating systems effectively. The Group sources its various products using a common infrastructure, and field staff who are skilled in dealing with multiple products.

The Group is well established in key Origins for its products. As agricultural production bases are dependent on local climates and soil conditions they cannot generally be easily relocated. In addition, the production bases of most of the Group's products are located in developing countries, which offer challenging working conditions. The Group believes these characteristics of the Origins present significant barriers to entry for its competitors.

The Group's business has evolved from the point of origination, which is why it is well suited to handle the challenges of supply chain management from difficult emerging countries. The Group has developed business systems and networks, which enables it to function efficiently in these origins. The Group believes that its knowledge of global supply conditions and its infrastructure and understanding of all its Origins, provides it with a significant advantage over its competitors at the point of origin in delivering its products to its customers.

At the same time, the Group has developed strong relationships with its customers in the Destination Markets, many of whom are well known food multinationals, by providing them with timely, consistent and reliable supplies of their raw material requirements. The strength of the Group's market capabilities in the Destination Markets is a result of the various value added services it provides its customers including VMI services, customised grades and quality, traceability, capacity to supply organic raw materials, capacity to supply Fair Trade Practice (FTP) products and tailor-made risk management solutions. The Group believes that it is one of the few industry participants who have successfully combined the market skills of a global trade house and the origination skills of an origin trade house. This combination has allowed the Group to develop privileged relationships with its key customers and to offer them its distribution and logistics capabilities, as well as its hedging, risk management and risk arbitrage skills.

The Group has a professional and experienced management team

The Group has consistently attracted high quality professionals to work in the challenging emerging market conditions in which it operates. The Issuer's Executive Directors and Executive Officers average 12 years in the industry. The Group has more than 340 managers in its global talent pool, most of whom have spent a certain minimum number of years working in an Origin Country. Through extensive on-the-ground experience and rigorous training and promotion systems, the Group's managers develop a common vision and understanding of its values and goals. These help to foster intra-business communications, disciplined operational management and an entrepreneurial spirit.

The Group's management team consists of a mix of industry experts. The Group has a structured and formalised training programme and a career development programme designed to provide its managers with the opportunity to manage a mix of businesses and locations. This is to provide them with broad knowledge and experience, and also to enhance the Group's ability to operate as a globally integrated organisation. Most of the Group's core management team have had extensive field experience and are therefore aware of the issues that may arise from operating in developing countries.

The Group is able to retain its personnel by making an effort to promote internally. As at 20 June 2008, a total of 571,408,827 shares (direct and deemed) were held by directors of the Issuer and there were a total of 17,000,000 unissued Shares comprised of options granted to directors of the Issuer under the Olam Employee Share Option Scheme — see "Principal Shareholders — Directors' Shareholdings". This has helped align their interests with those of the Issuer and foster a sense of commitment.

The Issuer has a well-established and diversified investor base

The Issuer raised net proceeds of approximately S$185 million in its IPO in 2005. In April 2008, the Issuer successfully raised approximately S$300 million through a preferential offering of new shares to existing investors. The Group's ability to raise equity financing has provided it with funds to finance its investments and M&A activity and also contributed to the Group's ability to obtain narrower spreads on its bank borrowings.

Strategies

The Group aims to continue to grow both organically and inorganically.

The Group's growth strategy seeks to:

- grow volumes in its existing businesses by broadening its procurement reach in both existing and new origins and from an enlarged customer base in existing and new markets;
- provide more value added services that differentiates it from its competitors, including organic certification, traceability services and VMI;
- invest in cross-product services like warehousing and inland logistics; and
- selectively enter attractive new and related product adjacencies.

While the Group's growth has historically been organic, since 2006 the Group has embarked on a series of strategic acquisitions and joint ventures (investing a total of US$390 million to date) as part of its overall growth strategy.

Implementation of the Group's growth strategy, both organic and inorganic, starts with the identification of adjacent opportunities. Once suitable adjacent opportunities are identified, these are evaluated on the basis of a set of expansion criteria prior to implementation. At any time, the Group plans to have a series of growth initiatives concurrently across time zones.

Growth through adjacent opportunities

The Group aims to grow its business and volumes both organically and inorganically by taking advantage of adjacent opportunities in potential businesses, which share geographic markets, products, customers, and supply chains with its existing businesses. The Group intends to use its flexible, scalable and replicable supply chain management model to capitalise on such opportunities with minimal execution risk.

The Group focuses on the following adjacent opportunities:

Geographic market adjacency

The Group expands into new geographic markets where it is able to source existing products or replicate existing supply chains. For example, in relation to the Group's cashews operations, it has used its supply chain capabilities in Nigerian cashews to expand into supplying its customers of Nigerian cashews with cashews from other African countries such as Cote d'Ivoire, Benin and Tanzania. Commencing with Nigeria in 1989, the Group's business has expanded into over 56 countries as at 20 June 2008.

Product adjacency

The Group selectively expands into new products, which can be sourced using existing supply chain infrastructure in Origins or supplied to existing customers. For example, the Group was able to provide existing cashew nut customers with other edible nuts by using its existing supply chain infrastructure in key Origins.

Customer adjacency

The Group takes on new customers who are located in markets where it has a presence. For example, in relation to the Group's cashews operations, it has used its presence in Vietnam, which was an Origin for its coffee business, to sell raw cashews to Vietnamese processors. Currently, the Group has a diversified customer base of over 4,500 customers across its existing businesses.

Supply chain adjacency

The Group selectively integrates its existing supply chains. For example, in relation to the Group's cocoa operations, it used its presence in key Origins and its cocoa bean sourcing expertise to expand into primary processing of cocoa beans into cocoa butter, powder, liquor and cake to service its existing cocoa customers.

Expansion criteria

Once the Group has identified adjacent opportunities, it then selects specific expansion initiatives based on the following criteria:

The Group must be able to meet financial return targets

As an overriding principle, the Group will only participate in a product or market if such participation is able to meet its risk-adjusted financial targets. The Group views profitable growth as a combination of top line (volume growth), bottom line (earnings growth) and generation of a positive equity spread (i.e. return on equity minus cost of equity).

The Group must be able to achieve a significant market share

The Group aims to be among the top three players in each of its product segments. To achieve this, the Group typically targets a market share of greater than 10.0 per cent., which it believes is a meaningful market share in the fragmented global agricultural market. With a leadership position, the Group believes it can develop a degree of customer and pricing control, which enables it to enhance its profit margins.

The Group must be able to establish a strong presence in key Origins

The Group aims to be present in all the key Origins for each of its product segments in order to ensure reliable and consistent supply of products and quality of service. A strong presence in the Origins also provides the Group with the ability to obtain first-hand market intelligence in terms of the size of the crop, the arrival/timing of the crop, and the quality of the crop, all of which helps the Group both in its trade and in managing its risks.

The Group must be able to establish a strong presence in Destination Markets

The Group aims to be closer to its customers by being present in the Destination Markets. This enables the Group to monitor demand and be more responsive to its customers' requirements. The Group has therefore set up regional marketing hubs in Holland, the United Kingdom, Poland, France, the United Arab Emirates and the US. The Asian market is serviced out of Singapore, its corporate head office.

The Group must be able to develop direct end customer relationships

The Group aims to sell its products directly to end users such as coffee roasters, chocolate manufacturers, edible nut roasters and spice manufacturers, rather than through dealers or brokers. The Group believes that this helps it understand its customers' requirements and provides it greater demand visibility. Direct customer relationships also enables the Group to provide value added services to meet specific requirements. The Group believes this in turn strengthens customer loyalty and enhances its margins.

The Group must be able to identify the potential for value generation through selective supply chain integration

The Group will only undertake integration in an existing supply chain if it is able to increase profit margins, realise cost savings and generate incremental value from doing so. For example, in Cote d'Ivoire and Cameroon, the Group has chosen to own and operate its own coffee processing facilities due to favourable economics. In contrast, the Group does toll processing in India and Indonesia, where it believes processing is done more efficiently by third-party processors.

Planning for growth concurrently across time horizons

One of the key features of the Group's growth has been developing a portfolio of growth initiatives, closely related to its core business and based on identifying near adjacencies, across multiple planning horizons concurrently. Thus the Group has a set of specific growth initiatives that it wants to implement in the next one to two year time frame, while at the same time, doing trials and pilots on growth initiatives in the three to five year time frame as well as taking some options on growth initiatives for the longer term beyond the five year time frame. Such concurrent development of growth initiatives keeps the Group's opportunity pipeline continuously full helping it achieve high rates of profitable growth which is the primary driver for creating value.

Business Overview

The Group's Business Approach

The Group is a leading global integrated supply chain manager of agricultural products and food ingredients. The Group offers end-to-end supply chain solutions to its customers from sourcing and purchasing agricultural products and food ingredients directly from the Farm Gate in the Origins to delivering them to the Factory Gate in the Destination Markets.

The Group believes its leadership position in the industry is based on:

- its origination capabilities arising from its global scale and direct presence in key producing countries;
- its supply chain economics arising from its operations being integrated across the entire agricultural products supply chain; and
- its capability to serve its customers in Destination Markets.

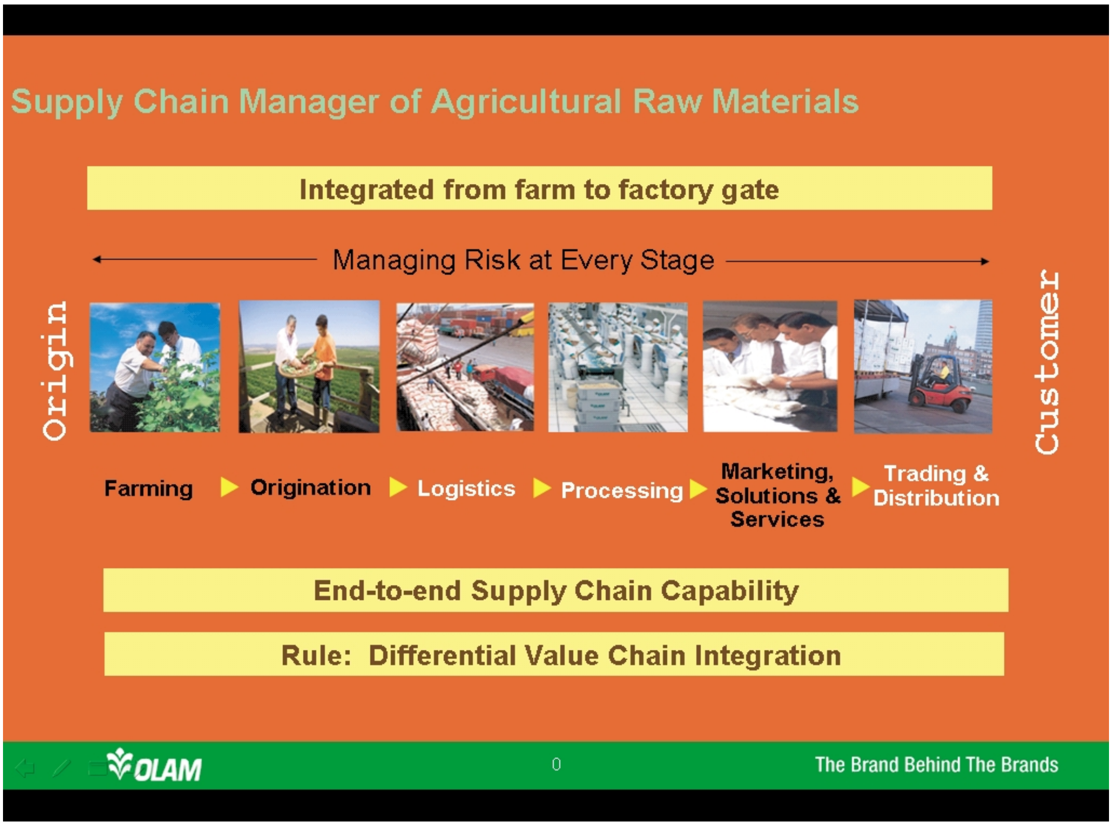
As supply chain manager of agricultural products, the Group's profitability is driven primarily by the volume of the products sold to its customers and the degree of value-added services that it provides. For every transaction, the Group targets a specific minimum profit per unit handled based on the risks and complexities of meeting the customer's requirements. The Group constantly evaluates the pricing conditions on the demand side and then considers its costs along the supply chain to determine whether it can achieve its targeted profit per unit handled. The Group will not generally purchase agricultural products from the Farm Gate if it is unable to generate its targeted profit per unit handled.

The Group's principal role is to source agricultural products directly from Origins and supply them in a reliable and consistent manner to its customers in the Destination Markets. As payment for performing that role, the Group seeks to capture the margins that exist in the supply chain. The Group does not consider itself to be a directional, positional, proprietary or speculative commodity trader. The Group takes positions in products with the sole objective of meeting its customers' demands. In particular, the Group does not take positions based on its view of the direction or size of commodity price movements and does not take positions in the futures or physical markets unless they are backed by underlying physical transactions.

The Group's risk management system is designed to minimise the variance in its targeted profits that may arise as it moves agricultural products through its supply chain.

The Group's Agricultural Products Supply Chain

The Group's supply chain management services include sourcing and origination at the Farm Gate, processing, exporting, shipping, importing and warehousing, and final distribution at the Factory Gate. The following diagram illustrates a typical agricultural supply chain and the Group's involvement in managing key aspects of this supply chain:



As at 20 June 2008, the Group sources and supplies 14 products.

The Group has a diversified customer base of over 4,500 customers which include multi-national food companies, textile manufacturers, wood and furniture component industries, importers and distributors of products in the Destination Markets, none of whom account for more than 5 per cent. of its revenue for each of the periods which comprise of the 12 month periods ended 30 June 2005, 30 June 2006 and 30 June 2007 and the nine month period ended 31 March 2008 (the "Periods Under Review").

The Group's suppliers comprise of farmers, port-town suppliers and agents, origin exporters, government monopolies and co-operatives, none of whom account for 5 per cent. or more of the Group's total purchases for each of the Periods Under Review.

Origination

Origination involves sourcing directly from the Farm Gate and the Group believes this is the foundation of its supply chain management business. The Group believes that the majority of value in an agri-business supply chain is generated between the Farm Gate and the point of export in the producing countries.

To achieve effective origination, the Group sources its products directly from the Farm Gate through its network of local buying agents, who deal with the Group either as principals or on a commission basis. The Group procures commodities from the Farm Gate from farmers and village-level agents and suppliers through an elaborate network spanning hundreds of buying posts in the Origins. As such, the network of farmers, village-level agents and suppliers number in the hundreds and are distributed across the growing areas in any one Origin.

To be close to its product sources, the Group sets up procurement offices in the main growing areas of the Origins in which it operates. Most of the Group's procurement offices have warehousing facilities, weighing stations, quality checking facilities and trained staff that check the quality and weight before the products are accepted. In this way, the Group is able to exercise control over the procurement process and manage the physical flow of products from the point of origin. The products the Group procures are then cleaned, graded, dried, processed and bagged before they are transported to the port town for export shipments, or to an interim location for further processing or aggregation.

The Group believes that controlling its products at the point of origin has the following principal benefits:

(a) it is able to screen the quality of the products to remove any admixture products before transportation to the processing plant or to the port, thus saving on transportation costs;

(b) it is able to sort by location-specific quality, which enables it to offer value-added services to its customers such as providing tailored product grades. For example, some of its customers may request a type of cocoa bean grown only in certain parts of Cote d'Ivoire. With the Group's origination expertise and depth, it is able to provide such value-added services;

(c) it is able to provide traceability, because it knows how and where the particular products were cultivated. The Group believes that its customers value this service as a means of ensuring that their products comply with socially responsible business practices, an increasing concern of many of its customers;

(d) it is able to obtain certification of organic products;

(e) it is able to gain proprietary market information on crop quality and size. Such information is valuable for the Group's own business decisions and can also be sold to its customers; and

(f) it is able to establish close relationships with suppliers which helps assure a stable supplier network. The Group works closely with farmers to improve the efficiency and reliability of the farmer's cultivation practices.

Processing

For certain products, the Group processes the agricultural products before they are shipped to the Destination Markets. During processing, the Group subjects the agricultural products to various conditions to change their physical characteristics. Examples of processing are converting cocoa beans into cocoa butter, liquor and cake, processing raw cashew nuts into cashew kernels, and processing seed cotton into cotton lint. The Group conducts processing activities at Origins, intermediate Destination Markets, final Destination Markets, or a combination thereof, depending on where such processing is most profitable.

The key advantage of controlling various stages of processing is the ability to ensure quality, customisation of grades and hygiene certification to export the Group's products to Destination Markets.

Exporting

The Group carries out quality checks, undertakes clearing and forwarding of the cargo, obtains the necessary permission for exporting and acquires the requisite certificates.

Shipping and Logistics

The Group's shipping and logistics activities are contracted out to third-party logistics service providers, while its transportation and handling facilities and its warehousing and port infrastructures are mainly leased.

The Group engages in different types of shipping and logistics activities depending on the nature of the shipping arrangements entered into. For example, with container shipment arrangements, the Group would typically enter into freight contracts with the various conference lines and its activities would include among others stuffing and delivery of the packed containers to the shipping lines. Alternatively, if the Group was shipping via bulk shipments, it would select time or voyage charters with the various shipping companies. Depending on the Group's terms with the charter parties, its activities may include freight forwarding, clearing, loading and discharging.

The Group's involvement at the shipping and logistics stage enables it to reduce costs, improve efficiency and maintain the quality of products. For example, the Group is able to control the rate of loading and discharge through time charters in cases where there are significant benefits to be gained from compressing the turnaround time.

Importing & Distribution

The Group's importing and distribution activities depend on the product, market and customers' requirements. For example, in the case of cotton, the Group is able to deliver directly to markets such as India, China and Bangladesh. In the case of cashew kernels, the Group is able to deliver to roasters and salters across Europe and North America, while in the case of rice, it distributes directly to small wholesalers and retailers in countries such as Nigeria, Cameroon and Ghana.

The Group's involvement in distribution activities allows it to meet the specific needs of its customers which vary in terms of location, time of delivery, volume and packaging. The Group also provides value-added services such as VMI, which involves the outsourcing of inventory activities by its customers to the Group to reduce working capital requirements and to improve just-in-time practices by tapping the Group's inventory management expertise. In order to understand the Group's customers' requirements, it maintains regular communications with them, both pre- and post-delivery, through its network of offices and marketing agents/brokers.

Marketing

The Group's marketing initiatives are aimed at achieving effective integration with its customers, in order to enable it to become a preferred supplier and to act as a single, credible, reliable counterparty.

The Group has an established marketing network across the Destination Markets, consisting of its own offices and a network of marketing agents/brokers, who are engaged on a non-exclusive basis and on a per-transaction basis (especially for cashews and cotton).

Through the Group's development of direct relationships with its customers, it has developed an understanding of its customers' preferences and therefore is able to offer customised value-added services such as proprietary market information, risk management solutions, environmental guarantees, fair trade practices and traceability. Also, the Group uses its first-hand knowledge of demand trends and supply conditions in the industry to indentify potential customer requirements and new business opportunities.

Risk Management

Risk management is a critical activity across the entire supply chain. Risk management impacts on the Group's profitability and its ability to perform its contractual obligations with its clients.

The Group's risk management system is designed to address various forms of risk arising from activities across the entire agricultural products supply chain, such as price position, currency, counterparty, credit, quality and output risks.

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

In identification of risks, the Group looks for risks that are quantifiable and therefore manageable in the context of the business. The Group also seeks to isolate those that are not so tractable and may therefore require a higher level of assessment and control. In deciding on risk tolerance levels, the Group differentiates between those that are within the Group's risk appetite and those that may require transferring or hedging because they are beyond the risk appetite of the Group.

The Group is continuously assessing and measuring its exposure to risk across the whole range of its activities. To perpetuate risk management, the Group is constantly working to strengthen its 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 the Group's risk management strategy is to link risk and returns in order to influence behaviour in the conduct of its business. All managers are evaluated and rewarded on the basis of a risk adjusted performance metric.

The Group has established four main pillars in its risk management strategy:

Corporate Culture

The Group promotes "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

The Group's risk management policy document defines how the Group captures and measures 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 reviews with 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 the Group's processing 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

Business managers are evaluated on risk-adjusted returns. The Group uses a Value-at-Risk ("VaR") model for the measurement of market risks. The VaR model is then supplemented with stress testing and back testing techniques.

The Group's Products

The Group categorises its 14 products into the following product groups:

- edible nuts, spices and beans;
- confectionery and beverage ingredients;
- food staples and packaged foods; and
- fibre and wood products.

For the periods included in the table below, the revenue from sale of goods (the "Turnover") contribution for each of the product groups was as follows:

Product Group	Turnover contribution (%) for financial year ended 30 June 2007	Turnover contribution (%) for 9 months ended 31 March 2008
Edible nuts, spices and beans	14.4	13.3
Confectionery and beverage ingredients	39.9	43.0
Food staples and packaged foods	26.3	25.0
Fibre and wood products	19.5	18.8

For the periods included in the table below, the relative percentage of tonnage handled by the Group in the Origins was as follows:

Origins	Percentage of tonnage handled (%) for financial year ended 30 June 2007	Percentage of tonnage handled (%) for 9 months ended 31 March 2008
Asia and Middle East	46.8	51.2
Africa	34.5	24.1
Europe	5.8	7.0
Americas	12.9	17.7

For most of the products that the Group deals in, it either sources directly from the Farm Gate in the Origin Country or in close proximity to the Farm Gate. After which, the products are passed through the Group's agricultural products supply chain and end up in its Destination Markets.

For the periods in the table below, the Turnover contribution by Destination Market was as follows:

Destination Markets	Turnover contribution (%) for financial year ended 30 June 2007	Turnover contribution (%) for 9 months ended 31 March 2008
Asia and Middle East	38.0	33.9
Africa	25.8	21.1
Europe	23.3	31.0
Americas	12.9	14.0

The Group's revenue base is well diversified by both customer and geographic markets. As at 20 June 2008, the Group's customers include some of the world's largest packaged food multi-national companies including Nestle UK Ltd, Nestle France S.A., Sara Lee I De Postfach, Kraft Foods North America, Inc., Masterfoods UK, Cadbury International Ltd, Lavazza SPA, Tchibo Frisch-Rost-Kaffee GMBH, ADM USA, Blommer Chocolate, John B. Sanfilipo & Son Inc. and The Nut Group B.V.

Below are descriptions of the various products, categorised by the above-mentioned four product groups, sourced and supplied by the Group:

Edible nuts, spices and beans

The following table sets out the Group's sales volume revenue, net contribution and net contribution per tonne in the edible nuts, spices and beans segment for the following periods:

	12 months ended 30 June			9 months ended 31 March
	2005	**2006**	**2007**	**2008**
Sales volume (metric tonnes)	395,601	481,978	566,549	501,278
Sales revenue (S$ '000)	566,795[(1)]	588,253[(1)]	783,202[(1)]	759,450[(2)]
Net contribution[(3)] (S$ '000)	45,237	52,917	68,755	69,668
Net contribution per tonne (S$)	114	110	121	139

(1) Numbers taken from audited financial statements for the years ended 30 June 2005, 2006 and 2007.

(2) Numbers taken from unaudited quarterly announcements for the nine months ended 31 March 2008.

(3) Net contribution is arrived at after deducting cost of goods sold, other direct costs and the interest cost from the sales revenue.

Cashews

The Group has a diversified sourcing operation in all cashew growing areas across 15 countries, including Brazil, India, Vietnam, Indonesia and various origins in West and East Africa. The success of this operation is built on the Group's strong origination and logistics capabilities, excellent relationships with the farmers and other local suppliers, as well as an in-depth understanding of the raw seed quality and value. The Group is among the world's largest suppliers of raw cashew nuts with around 25 per cent. market share of the current global trade flow.

The knowledge of cashew processing that the Group has built over the years in established processing centres like India, Brazil and Vietnam has been successfully transferred to the producing countries in Africa, like Tanzania, Cote d'Ivoire and Nigeria.

The Group operates large scale centralised factories, where the kernel output is graded according to stringent international standards. Most of the Group's facilities are Hazard Analysis and Critical Control Point ("HACCP") certified by internationally renowned companies like SGS and Bureau Veritas (BVQI). The Group's factory in Tanzania is also certified for supplying organic cashew, with traceability established back to over 1,800 individual farms.

Apart from the capability to offer the complete spread of all cashew grades from all origins, through its own factories, the Group also provides tailor-made solutions like guaranteed 100 per cent. foreign-material-free kernels, container stuffing without using the traditional cardboard cartons, and packaging in bulk bags to its customers.

Through its marketing offices in Singapore, Rotterdam, New York, Moscow and Durban, all the major cashew users have a timely access to the Group's proprietary market information and intelligence.

The Group's vertical integration and geographical spread, coupled with its innovative model of buying, processing and distributing kernels has enabled it to build a strong competitive position in the industry, making it among the largest cashew suppliers in the world today.

Other edible nuts

The Group has grown and leveraged its existing origin and market presence to build comprehensive strengths within the peanuts supply chain. The Group has direct origination capability across most exporting origins including China, Vietnam, India, East and West Africa, South Africa and Brazil. The Group's marketing offices in Singapore, Indonesia, Moscow, Durban, Marseilles and Rotterdam service a host of customers in most of the importing countries and destination markets.

The Group offers the entire range of in-shell, blanched and kernel grades to meet the exacting standards of the snack and ingredient industry.

While relatively a recent entrant in the almond business, the Group seeks to provide its customers with a comprehensive package of product quality, delivery and other value added services, similar to those that it provides in cashews and peanuts. The Group has further plans to grow its edible nuts business into walnuts, pecans, macadamia and pine nuts. Since most of these nuts are grown in the United States, the acquisition of Universal Blanchers L.L.C provides the Group a growth platform to enter into these nut categories.

The Group is looking to expand its product portfolio as well as the specific value chain participation in various edible nuts by continually investing and upgrading its procurement, processing and distribution infrastructure in key origins and consumption markets.

Spices

With a captive procurement and processing infrastructure in Vietnam and Indonesia, as well as a direct origination capability from India and China, the Group believes it is one of the leading industry participants in black and white pepper. The Group's versatile plants enable it to 'tailor make' the product to produce all grades including American Spice Trade Association (ASTA), steam-washed, and sterilised pepper, to meet the needs of its buyers, including retail and industrial spice and seasoning manufacturers as well as the oleo resin industry.

The Group's offices in Indonesia, Vietnam and Middle East also procure, process and supply a host of other spices and spice condiments like gambier, arecanut, long pepper, garlic, cassia, nutmegs, cumin and turmeric.

In August 2007, the Group made an entry into the dehydrates business through the acquisition of Key Foods Ingredients LLC and its subsidiaries ("KFI"). KFI is one of the largest producers of dehydrated garlic in China, and among the top 3 suppliers of dehydrated garlic ingredients into the US industry. This acquisition has enabled the Group to move from being a whole spices supplier to becoming a value added ingredient supplier catering to specialised requirements of the spice processing industry. It also provides the Group an accelerated entry into other dehydrated ingredients, where the Group can leverage its existing presence in most of the major origins/markets.

With marketing offices and stocking points in Rotterdam, Marseilles, New York, Singapore, Moscow, Durban, Dubai and India, the Group is able to reach and service its customers across a variety of markets and also offers customised delivery and payment terms, to meet specific customer requirements. The Group plans to consolidate its position in the spice industry by integrating along its supply chain in selected spices, investing in specialised processing at origin and further expansion of the product range to include other seed spices, herbs and dehydrates.

In addition, the Group will continue to add value for its customers by providing a bundle of services including consistency of product quality and contractual performance, product customisation, enhanced food safety and hygiene standards, traceability and fair trade practices, customised risk solutions, and reliable proprietary market intelligence.

Sesame

The Group is a key player in the African sesame industry, managing an extensive primary procurement network. The Group's procurement operations start at the first point of collection, where the sesame seeds are delivered by the farmer or small buying agents in lots weighing just a few kilograms. With the

Group's network of buying units and agents, which number over one hundred in the large operations, it is able to aggregate the supplies into sizeable quantities.

The Group's sesame business originated in West Africa in 1995 and it made its first shipments from Nigeria and Burkina Faso to Japan in that year. Growth through geographic expansion followed, as the Group set up procurement operations in the East Africa and India. Significant investments in infrastructure including warehouses and cleaning machines, ensures that the Group manages the entire chain of operations from collection, storage and processing through to packing, transportation and shipping.

This approach has allowed the Group to add value through the introduction of effective quality management systems, which assures its customers of a high quality sesame seed in their factories, improving their processing yields. The Group has recently integrated further along the value chain by investing in hulling facilities and producing table grade hulled sesame seed.

The majority of sesame that the Group supply is primarily used in the crushing industry, in which Japan is the largest importer and its principal market. The Group is expanding its origin base. This would leave the Group strongly positioned in terms of being physically present in most major origins across Africa and Asia.

Beans

The Group's entry into the beans business was initiated through its origination presence in East Africa, which had an existing trade flow into the Middle East and Indian sub-continent. Starting from this niche trade flow, the Group quickly expanded its distribution presence in the Indian sub-continent as well as expanding into other consuming markets in South and North Africa.

The Group has leveraged its origin presence in South and North America to expand the portfolio of product and service offerings to its customers. Apart from the Group's direct infrastructure in various origins, it is also engaged in sourcing the product from select suppliers in many countries, including Argentina, Brazil, Australia, Canada, Turkey, Uzbekistan, China and Ethiopia.

Although the Group still considers this industry to be niche to itself, it can see opportunities for growth in the future. The Group is seeking to expand its product portfolio as well as its origin and market spread in the coming years.

Confectionery and Beverage Ingredients

The following table sets out the Group's sales volume, sales revenue, net contribution and net contribution per tonne in the confectionery and beverage ingredients segment for the following periods:

	12 months ended 30 June			9 months ended 31 March
	2005	**2006**	**2007**	**2008**
Sales volume (metric tonnes)	588,280	734,226	853,097	800,122
Sales revenue (S$ '000)	1,345,915[(1)]	1,711,255[(1)]	2,177,812[(1)]	2,465,355[(2)]
Net contribution[(3)] (S$ '000)	72,906	95,683	125,992	101,309
Net contribution per tonne (S$)	124	130	148	127

(1) Numbers taken from audited financial statements for the years ended 30 June 2005, 2006 and 2007.

(2) Numbers taken from unaudited quarterly announcements for the nine months ended 31 March 2008.

(3) Net contribution is arrived at after deducting cost of goods sold, other direct costs and the interest cost from the sales revenue.

Cocoa

The Group is one of the world's leading suppliers of cocoa beans and cocoa products, which include cocoa butter, cocoa liquor and cocoa powder.

The Group has an extensive primary procurement network in each country; and is one of the world's most diversified sourcing companies.

The Group has a good understanding of the countries in which it operates and an ability to develop and maintain strong relationships with the farmers, cooperatives and agents who supply cocoa. The Group engage quality control inspectors who monitor cocoa at every stage, from source through to export.

In 1998, the Group became the first international company to be granted approval by the Ghana Cocoa Board to operate as a Licensed Buying Company and has maintained a leading position thereafter. The Group is a leading exporter in Cote d'Ivoire, Nigeria, Indonesia and Cameroon and has good market shares in countries as diverse as Uganda, Tanzania and Papua New Guinea.

The Group has developed from the processing of cocoa products in Nigeria to sourcing products from many processors, particularly in Africa and Asia. Value added activities such as cocoa butter melting and liquid delivery are being undertaken and the Group has the ability to provide high quality natural and alkalised cocoa powder to its customers. The Group's trading team has a wealth of experience in both the physical and futures markets and close relationships with leading cocoa processors and chocolate manufacturers worldwide.

The Group's marketing and trading headquarters moved from Singapore to London in 2003, to ensure greater proximity to the origins and to develop further its customer base in Europe, Eastern Europe and North America.

The Group continues to be a major supplier to most of the processing and chocolate industries in the Asian region and has a growing position in Japan and China.

Coffee

The Group drew on a wealth of experience in origination operations when the coffee business was first established and today it is one of the major trade houses in coffee as well as one of the largest shippers of robusta coffee in the world.

The Group has a buying office or a buying agent across many of the coffee source towns, from Cote d'Ivoire to Uganda in Africa and Vietnam to Indonesia in Asia, giving it a very strong procurement reach.

The Group's presence on the ground gives it access to valuable market intelligence that helps support its marketing and trading decisions and provides its trading partners with proprietary origin information.

The Group's investment in sophisticated processing operations and quality control systems allows it to offer special grades tailored to customer specifications. The regular channels of sourcing and control on processing enable it to offer a high consistency in quality. This, combined with the Group's logistics strengths in the origin and destination markets, including its ability to hold stocks close to its customers, allows the Group to provide a high level of service to both the large and small coffee roasters.

One of the Group's key competencies, the ability to assess the true values of coffee at origin, is based on its quality systems, its cupping facilities and its trained quality and cupping personnel.

With its entry into Brazil as a procurement origin, the Group expanded into Arabica coffee operations and has further consolidated its position in the Arabica business by setting up procurement, processing and export operations in several of the major coffee producing countries of South America including Colombia, Peru and Honduras. The Group has, therefore, leveraged its leadership position in the

Robusta market, its understanding of quality and its relationships with the major coffee roasters in the world to develop its Arabica business and thus provide a comprehensive range of coffees to its customers.

The Group has leveraged its leadership position in the robusta market, its understanding of quality and its relationships with the major coffee roasters in the world to develop its arabica business and thus provide a comprehensive range of coffees to its customers.

Sheanuts

The Group operates in all of the major sheanut producing countries and it is the largest supplier of sheanuts in the world. This is a natural business choice for the Group as it captures the synergies of the sourcing infrastructure of other crops located in or adjacent to the savannah areas, including cashew, sesame and cotton. The Group's experience in the procurement, drying and shipment of sheanuts spans a decade, with its first shipment to Sweden in 1991. The Group has an established procurement network reaching to the very first link in the chain, the collectors.

Food Staples and Packaged Foods

In several of the Group's Origins, it uses its supply chain infrastructure not only to source and export products out of those countries but also to import and distribute products for local consumption in those countries. Starting with the import of rice, the Group built on this customer base to expand into sugar, dairy products and packaged food businesses.

The following table sets out the Group's sales volume, sales revenue, net contribution and net contribution per tonne in the food staples and packaged foods segment for the following periods:

	12 months ended 30 June			9 months ended 31 March
	2005	2006	2007	2008
Sales volume (metric tonnes)	1,101,701	1,335,691	1,622,525	1,642,960
Sales revenue (S$ '000)	782,692(1)	1,058,441(1)	1,432,327(1)	1,429,980(2)
Net contribution(3) (S$ '000)	28,804	42,137	60,152	86,947
Net contribution per tonne (S$)	26	32	37	53

(1) Numbers taken from audited financial statements for the years ended 30 June 2005, 2006 and 2007.

(2) Numbers taken from unaudited quarterly announcements for the nine months ended 31 March 2008.

(3) Net contribution is arrived at after deducting cost of goods sold, other direct costs and the interest cost from the sales revenue.

Rice

The Group has a strong position within the global rice market as it participates in the complete value chain from sourcing, shipping and logistics management through to branding, marketing and distribution.

The Group's physical presence in all the major importing and exporting countries provides it with an in-depth understanding of the dynamics of the local markets. This expertise has allowed it to develop long-standing relationships with producers and consumers alike.

The majority of the rice trade occurs between developing economies. The Group is one of the leading buyers of rice from Thailand, Vietnam, China, Myanmar and India. The Group imports and distributes rice in Africa using the extensive network of its sales force, distributors and warehousing facilities that it has established in most of the key markets in this region. The growth in demand for the Group's own registered brands, established over a number of years, is evidence of its ability to cater to the requirements of diverse markets.

The Group's over-riding concern for quality is evidenced by the importance it places on quality control inspectors, who closely monitor the quality and the packing at its suppliers' mills and warehouses prior to export. The rice business relies upon the company's in-house shipping expertise to ensure that the supply line is uninterrupted and cost effective.

The Group has successfully integrated every element of the origination and distribution process enabling it to meet stringent deadlines and effectively execute customised supply contracts.

Sugar

The Group's sugar business began in 1995 with the import of its first consignment to Nigeria and Ghana. The Group currently distributes sugar in destinations where it has a multi-product presence.

Multi-point storage ensures availability of stocks in locations as close to the Group's customers as possible, providing them immediate access. The sugar business benefits from the many synergies it has with the rice business including shared customers and costs.

The knowledge and understanding that was developed in West Africa was leveraged into expanding the sugar business into East Africa including Uganda and Madagascar, and into Central Asia. In South East Asia, the Group's business has been focused on Indonesia following the liberalisation of the market. In addition, the Group has been regularly supplying into Sri Lanka and Bangladesh as well.

The Group's sourcing and trading headquarters in Singapore acts as the centre for all its physical and futures hedging activity with ready access to both the London and New York markets. The Group's offices in Brazil, Thailand, India, Poland and Netherlands provide valuable research information in relation to the sugar business.

Dairy Products

The dairy business comprises largely of powders, cheese and fat products such as butter and butter oil. The Group's participation is principally focused in the powders category.

Commonality of customers and distribution channels provided the Group with the foundations for initiating and developing this business. The dairy products business leveraged the existing network for other commodities imported by the Group into Africa and Asia to quickly establish a significant market presence.

The Group's dairy business began in 2003 with the import of its first consignment of milk powder into Algeria. The Group expanded into other adjacent markets and is today supplying dairy products to all the major African countries, Asia and the Middle East to industrial end users, repackers and distributors. With export operations in Poland, Netherlands and sourcing networks in East Europe, South America and Oceania, the Group is able to offer customers a wide range of choices from high-end applications to the commodity grade dairy products.

Besides catering to the industrial and repackaging segment in bulk packs the Group is also directly marketing consumer packs, with 'Pearl' being one of its leading brands, in several markets in Africa. These consumer packs are available as tins, sachets and bag in boxes in various sizes.

With participation across all segments in the destination markets and a presence in most of the producing countries, the dairy products business has good growth prospects within the Group portfolio.

Packaged Food Business

The Group launched a packaged foods business ("PFB") as part of its continual supply chain integration initiatives. The Group started its first PFB operations in Russia with the launch of three-in-one packaged coffee products in April 2004 and has expanded its operations into several new West African markets including Ghana and Congo, while consolidating its position in Russia, South Africa and Nigeria.

The Group has also expanded its product range that now includes beverages (coffee mixes, milk powder, and chocolate mixes), snack nuts and seeds, and culinary products under the brand names of Enrista, Lactorich, Ponchos, and Tasty Tom.

Underscoring this growth is the building of robust distribution infrastructure in each of these markets. This has enabled the Group to offer its infrastructure to provide distribution services on an exclusive basis to select partners in each of its markets.

The South African operations began in late 2005 by launching the Enrista range of coffee mixes. This product range is now listed in all the major retail chains of the country and is distributed in over 80 per cent. of organised retail outlets across the country. In late 2006, the Group launched hot chocolate and white chocolate drinks under the same brand umbrella in South Africa.

Starting operations in West African Markets was a natural step for the Group owing to its existing local presence and distribution infrastructure in most markets in West Africa. The Group started its PFB in Nigeria and has since built a distribution network in 42 cities through 7 depot points spread across the country. Its product range includes Lactorich Milk Powder, Tasty Tom Tomato Powder and Paste and Enrista range of Coffee Mixes.

The Group believes that PFB will allow it to enhance its margins through increased supply chain participation while providing it with information on consumption patterns which will enable it to better understand the needs of end consumers.

Fibre and Wood Products

The following table sets out the Group's sales volume, sales revenue, net contribution and net contribution per tonne in the fibre and wood products segment for the following periods:

	12 months ended 30 June			9 months ended 31 March
	2005	**2006**	**2007**	**2008**
Sales volume (metric tonnes)	467,743	620,289	730,649	809,761
Sales revenue (S$ '000)	673,835(1)	1,003,153(1)	1,062,167(1)	1,074,885(2)
Net contribution(3) (S$ '000)	46,024	68,704	96,543	91,858
Net contribution per tonne (S$)	98	111	132	113

(1) Numbers taken from audited financial statements for the years ended 30 June 2005, 2006 and 2007.

(2) Numbers taken from unaudited quarterly announcements for the nine months ended 31 March 2008.

(3) Net contribution is arrived at after deducting cost of goods sold, other direct costs and the interest cost from the sales revenue.

Cotton

Cotton was one of the first businesses that the Group established. The Group believes that to have effective control on the cotton supply chain it is imperative to have a physical presence in the origin, strong quality focus, superior logistics and risk management skills.

The Group has a strong presence in the global cotton supply chain with focus on Central Asia, West Africa, East Africa, Brazil and US. The Group ensures the availability of cotton for a variety of grades including specialised grades like Extra Long Staple (ELS) cotton throughout the year.

The Group's key strategy is to add value by its involvement in the complete supply chain, from procurement of seed cotton, converting this to lint and delivering it to the spinner. In addition, the Group acts as a one-stop shop to provide agricultural inputs such as fertilisers, pesticides and also ginning inputs to farmers in the producing countries to secure cotton volumes at the farm gate level.

With marketing operations in Europe and Singapore, the Group is strategically placed to serve customers in Asia and beyond, at any time of the day. The Group's marketing activities are focused in Europe, the Far East, China and South Asia, where it also operates through a network of experienced agents. Professionals with experience in physical cotton, risk management and the futures markets manage the trading of cotton in Singapore.

The Group has developed innovative financial and risk management solutions to help manage inventory cost and protect margins in volatile environments for its customers. Providing such customised solutions helps the Group develop preferred access to these customers.

The Group values integrity in its dealings as a core value in the cotton business, which is a key to the development of long-term sustainable relationships with its key partners including farmers, ginners and spinners.

Wood Products

The Group's first timber business was in the sourcing and shipping of Ghana teak to India. The Group's ability to transfer knowledge across origins, species and markets has enabled it to diversify from teak to non-coniferous tropical hardwoods.

The Group chose to operate in the tropical sawing logs segment due to its strong presence in the producing countries, understanding of the African context and expertise in origin supply chain management.

Today the Group operates in most of the tropical hardwood producing countries namely, Gabon, Nigeria, Cote d'Ivoire, Brazil, Ghana and Mozambique. The Group harvests teak in Government allotted parcels in Cote d'Ivoire and buys lumber from small and medium forestry enterprises in Ghana.

The Group's hardwood logs are from small and medium local suppliers who deliver the logs at log parks in port city locations. The Group has recently commenced sawn timber sourcing from Brazil.

The major focus areas in the origins are risk, quality and logistics management. The control over quality is reflected in the Group's effective management systems starting with the physical log selection and measurement undertaken by trained graders at the log park. The final product, either in log or lumber form, is then screened for export, with its quality specifications detailed, marked and segregated lot-wise for shipment.

There is also a continuing effort to integrate along the value chain as in origin processing or increased primary level of aggregation. The Group currently processes hardwood logs and rough sawn lumber in Nigeria, China and Brazil.

The diverse geographic spread helps the Group to offer a choice of origins and species to its customers that meet their individual needs. The Group use its wide origin spread and familiarity with multiple markets to suggest alternative species, which may offer better value to its customers. The Group's objective is to enhance value through providing superior service to its customers whilst contributing to the economies and people who benefit from socially responsible forestry.

The Group considers preservation of forests as a part of its social responsibility that aligns with its long-term business objective to deal in wood products that come from sustainable and well managed forests.

Customers

The Group has a large customer base of over 4,500 customers which is well-diversified geographically. For the financial year ended 30 June 2007, the proportion of sales turnover provided by customers located in the Americas, Africa, Europe and Asia & Middle East were 12.8 per cent., 25.8 per cent., 23.3 per cent. and 38.0 per cent. respectively. For the financial year ended 30 June 2007, the proportion of sales contributed by the Group's top five customers in each business segment was as follows:

Segment

	Top five Customer's Share of Total Sales (%)
Edible Nuts, Spices and Beans	1.9
Confectionery and Beverage Ingredients	9.6
Food Staples and Packaged Foods	3.0
Fibre and Wood Products	1.8

The Group's diversified customer base is derived from its global capabilities of a broad selection of agricultural products and food ingredients.

Subsidiaries and joint ventures

The following table sets out the identity, jurisdiction of incorporation and other information about the subsidiaries and associated companies of the Issuer as at 20 June 2008.

Subsidiaries

Name of Subsidiary	Country of Incorporation	Effective Equity Held (%)	Principal Activities
Caraway Pte Ltd	Singapore	100.0	Sourcing, processing, packaging and merchandising of agricultural products
Olam Benin Sarl	Benin	100.0	Dormant
Olam Burkina Sarl	Burkina Faso	100.0	Sourcing, processing, packaging and merchandising of agricultural products
Olam Cam Sarl	Cameroon	100.0	Sourcing, processing, packaging and merchandising of agricultural products
Olam Europe B.V.	Netherlands	100.0	Sourcing, processing, packaging and merchandising of agricultural products
Olam Ghana Limited	Ghana	100.0	Sourcing, processing, packaging and merchandising of agricultural products
Olam Investments Limited	Mauritius	100.0	Investment holding
Olam Ivoire Sarl	Ivory Coast	100.0	Sourcing, processing, packaging and merchandising of agricultural products

Name of Subsidiary	Country of Incorporation	Effective Equity Held (%)	Principal Activities
Olam Nigeria Ltd	Nigeria	100.0	Sourcing, processing, packaging and merchandising of agricultural products
Outspan Nigeria Ltd	Nigeria	100.0	Sourcing, processing, packaging and merchandising of agricultural products
Olam Tanzania Ltd	Tanzania	100.0	Sourcing, processing, packaging and merchandising of agricultural products
Olam Togo Sarl	Togo	100.0	Dormant
Outspan Ivoire S.A.	Ivory Coast	100.0	Sourcing, processing, packaging and merchandising of agricultural products
Olam Bissau Limitada	Guinea Bissau	100.0	Dormant
Olam Gab Sarl	Gabon	100.0	Sourcing, processing, packaging and merchandising of agricultural products
Olam (Mocambique), Limitada	Mozambique	100.0	Sourcing, processing, packaging and merchandising of agricultural products
Olam Madagascar Sarl	Madagascar	100.0	Sourcing, processing, packaging and merchandising of agricultural products
Olam Polska Sp. Z.O.O.	Poland	100.0	Sourcing, processing, packaging and merchandising of agricultural products
Outspan Ghana Limited	Ghana	100.0	Sourcing, processing, packaging and merchandising of agricultural products
Olam Vietnam Limited	Vietnam	100.0	Sourcing, processing, packaging and merchandising of agricultural products
Olam Insurance Limited	Isle of Man	100.0	Providing insurance related services
Olam South Africa (Proprietary) Limited	South Africa	100.0	Sourcing, processing, packaging and merchandising of agricultural products
Olam Congo (R.D.C.)	Congo	100.0	Sourcing, processing, packaging and merchandising of agricultural products
Olam Online Ltd	Singapore	100.0	Dormant
Outspan PNG Limited	Papua New Guinea	100.0	Sourcing, processing, packaging and merchandising of agricultural products
Olam France Sarl	France	100.0	Sourcing, processing, packaging and merchandising of agricultural products
Olam Guinee Sarl	Guinee (Conakry)	100.0	Sourcing, processing, packaging and merchandising of agricultural products
Olam Brasil Ltda	Brazil	100.0	Sourcing, processing, packaging and merchandising of agricultural products
Olam Kazakhstan Ltd.	Kazakhstan	100.0	Sourcing, processing, packaging and merchandising of agricultural products
Olam Middle East L.L.C.	United Arab Emirates	100.0	Sourcing, processing, packaging and merchandising of agricultural products
Olam Europe Ltd	United Kingdom	100.0	Sourcing, processing, packaging and merchandising of agricultural products
Olam Uganda Limited	Uganda	100.0	Sourcing, processing, packaging and merchandising of agricultural products

Name of Subsidiary	Country of Incorporation	Effective Equity Held (%)	Principal Activities
PT Olam Indonesia	Indonesia	100.0	Sourcing, processing, packaging and merchandising of agricultural products
Olam Zimbabwe (Private) Limited	Zimbabwe	100.0	Sourcing, processing, packaging and merchandising of agricultural products
Outspan Brasil Ltda	Brazil	100.0	Sourcing, processing, packaging and merchandising of agricultural products
Olam Dairy B.V.	Netherlands	100.0	Sourcing, processing, packaging and merchandising of agricultural products
Olam Ukraine LLC	Ukraine	100.0	Sourcing, processing, packaging and merchandising of agricultural products
Olam Shanghai Limited	China	100.0	Sourcing, processing, packaging and merchandising of agricultural products
Olam Shandong Limited	China	100.0	Sourcing, processing, packaging and merchandising of agricultural products
Panasia International FZCO	United Arab Emirates	100.0	Sourcing, processing, packaging and merchandising of agricultural products
LLC Outspan International	Russia	100.0	Sourcing, processing, packaging and merchandising of agricultural products
EURL Agri Commodities	Algeria	100.0	Sourcing, processing, packaging and merchandising of agricultural products
Outspan Peru SAC	Peru	100.0	Sourcing, processing, packaging and merchandising of agricultural products
LLC Caraway Foods	Russia	100.0	Sourcing, processing, packaging and merchandising of agricultural products
Olam Argentina S.A.	Argentina	100.0	Sourcing, processing, packaging and merchandising of agricultural products
PT Agronesia Bumi Persada	Indonesia	51.0	Sourcing, processing, packaging and merchandising of agricultural products
Caraway Foods International (Nigeria) Limited	Nigeria	100.0	Sourcing, processing, packaging and merchandising of agricultural products
Caraway Foods International South Africa (Pty) Ltd	South Africa	100.0	Sourcing, processing, packaging and merchandising of agricultural products
Olam Liberia Limited	Liberia	100.0	Sourcing, processing, packaging and merchandising of agricultural products
Mantra Ivoire S.A.	Ivory Coast	100.0	Sourcing, processing, packaging and merchandising of agricultural products
Outspan Colombia S.A.	Colombia	100.0	Sourcing, processing, packaging and merchandising of agricultural products
Olam Armazen Gerais Ltda	Brazil	100.0	Sourcing, processing, packaging and merchandising of agricultural products
Olam R.O.C S.A.R.L.	Congo	100.0	Sourcing, processing, packaging and merchandising of agricultural products
Olam Honduras S.A.	Honduras	100.0	Sourcing, processing, packaging and merchandising of agricultural products

Name of Subsidiary	Country of Incorporation	Effective Equity Held (%)	Principal Activities
Olam Egypt L.L.C.	Egypt	100.0	Sourcing, processing, packaging and merchandising of agricultural products
Olam Investment Australia Pty Ltd	Australia	100.0	Investment holding
Olam Zambia Limited	Zambia	100.0	Sourcing, processing, packaging and merchandising of agricultural products
Olam Dalian Limited	China	100.0	Sourcing, processing, packaging and merchandising of agricultural products
Rudra International Limited	United Arab Emirates	100.0	Sourcing, processing, packaging and merchandising of agricultural products
Far East Agri Pte. Ltd.	Singapore	100.0	Sourcing, processing, packaging and merchandising of agricultural products
Olam Information Services Limited	India	100.0	Provision of information technology services
Naarden Agro Products B.V.	Netherlands	100.0	Sourcing, processing and merchandising of agricultural products and food ingredients
Key Foods Hong Kong Limited	Hong Kong	100.0	Sourcing, processing and selling of dehydrated vegetables
Multipro Gambia Limited	The Gambia	100.0	Sourcing, processing and merchandising of agricultural products and food ingredients
Outspan Café Vietnam Limited	Vietnam	100.0	Sourcing, processing and supply chain management of agricultural products and food ingredients
Subsidiaries of Olam Investments Limited			
Olam Exports (India) Limited	India	100.0	Sourcing, processing, packaging and merchandising of agricultural products
Outspan India Private Limited	India	100.0	Dormant
Subsidiary of Olam (Uganda) Limited			
Victoria Commodities Ltd	Uganda	100.0	Sourcing, processing, packaging and merchandising of agricultural products
Subsidiary of Olam Nigeria Limited			
Novus Nigeria Limited	Nigeria	100.0	Dormant
Subsidiary of Olam Egypt L.L.C			
Agri Commodities L.L.C	Egypt	100.0	Sourcing, processing, packaging and merchandising of agricultural products
Subsidiaries of Olam Investment Australia Pty Ltd			
Olam Australia Pty Ltd	Australia	100.0	Sourcing, processing, packaging and merchandising of agricultural products
Olam US Holdings, Inc.	United States	100.0	Investment holding

Name of Subsidiary	Country of Incorporation	Effective Equity Held (%)	Principal Activities
Subsidiaries of Olam US Holdings, Inc.			
Olam Americas Inc.	United States	100.0	Sourcing, processing, packaging and merchandising of agricultural products
Universal Blanchers, L.L.C	United States	100.0	Peanut blancher and ingredient processor
Subsidiary of Olam Australia Pty Ltd			
Queensland Cotton Holdings Pty Ltd	Australia	100.0	Procurement, processing, warehousing, sale and distribution of cotton
Subsidiaries of Queensland Cotton Holdings Pty Ltd			
Queensland Cotton Corporation Pty Ltd	Australia	100.0	Procurement, processing, warehousing, sale and distribution of cotton
QC International Pty. Ltd.	Australia	100.0	Procurement, processing, warehousing, sale and distribution of cotton
Australian Cotton Corporation Pty Ltd	Australia	100.0	Procurement, processing, warehousing, sale and distribution of cotton
Subsidiaries of Queensland Cotton Corporation Pty Ltd			
QC Management Pty Ltd	Australia	100.0	Leasing services
QC Brazil Pty Ltd	Australia	100.0	Procurement, processing, warehousing, sale and distribution of cotton
Subsidiary of QC Brazil Pty Ltd			
Queensland Cotton Exportacao de Algodao Brasil Ltda	Brazil	100.0	Marketing and exporting of cotton
Subsidiary of Queensland Cotton Exportacao de Algodao Brasil Ltd			
QC Import e Export Logistica Brasil Ltda	Brazil	70.0	Warehousing of cotton
Subsidiary of QC International Pty. Ltd. and Australian Cotton Corporation Pty Ltd			
QC Holdings Partnership	United States	100.0	Investment holding
Subsidiaries of QC Holdings Partnership			
QC (US) International Inc.	United States	100.0	Investment holding
QC (US) Inc.	United States	100.0	Investment holding
Subsidiaries of QC (US) Inc.			
Anderson Clayton Corp.	United States	100.0	Procurement, processing, warehousing, sale and distribution of cotton
QC (US) Marketing Inc.	United States	100.0	Procurement, processing, warehousing, sale and distribution of cotton
Subsidiaries of Anderson Clayton Corp.			
ACCO Finance Co.	United States	100.0	Financing services
Sacramento Valley Ginning Company LLC	United States	52.0	Processing of commodities

Name of Subsidiary	Country of Incorporation	Effective Equity Held (%)	Principal Activities
Associated Companies of Anderson Clayton Corp.			
ACCO/Winburne LLC	United States	50.0	Brokerage services
CRIT/ACCO Joint Venture	United States	50.0	Processing of commodities
The Seam, LLC	United States	44.0	Brokerage services
El Dorado Gin Partners	United States	33.3	Procurement, processing, warehousing, sale and distribution of cotton
Subsidiary of Rudra International Limited			
Graton Investments Pvt Ltd	Zimbabwe	100.0	Sourcing, processing, packaging and merchandising of agricultural products
Subsidiary of Key Foods Hong Kong Limited			
Qingdao Key Foods Co., Ltd.	China	100.0	Sourcing, processing and selling of dehydrated vegetables
Subsidiary of Far East Agri Pte. Ltd			
PT Dharmapala Usaha Sukses	Indonesia	100.0	Processing of commodities
Associated Companies			
LAMCO S.p.A.	Italy	40.0	Trading of agricultural commodities
Solimar Foods Ingredients S.L.	Spain	49.0	Processing and trading of agricultural commodities
Usicam S.A.	Cameroon	50.0	Processing and trading of agricultural commodities
Nauvu Investments Pte. Ltd.	Singapore	50.0	Investment holding

Licences and Government Regulations

In all normal contracts for supply of agricultural products and food ingredients, there are no material regulations/certifications which need to be complied with. The Group generally enters into contracts in the ordinary course of business, which do not require any certification and are not subject to any regulation by a certifying body.

The Group intends to renew or procure the renewal of all expiring licences in the ordinary course of business and the Group is not aware of any matter that would affect the renewal of such licences.

Intellectual Property

The Group relies on a combination of trademark, service mark and domain name regulation, copyright protection and contractual restrictions to protect its brand names and logos, marketing designs and internet domain names.

Properties and Fixed Assets

The Group owns and operates facilities across numerous countries. As at 30 June 2007, the net book value of its property, plant and equipment was S$129,348,000.

The rental expenses of the Group (principally for offices, warehouses and employees' residence) were S$26,662,572 for the year ended 30 June 2007.

Research and Development

The Group has not carried out any research and development activities (other than market research). However, it is constantly looking out for, and using, where applicable, suitable new information technology applications for its businesses and operations.

Insurance

The Issuer's insurances are placed with security rated Lloyd's syndicates, commercial underwriters and Olam Insurance Limited, the captive insurance company and a subsidiary of the Issuer, incorporated in the Isle of Man and managed by Willis. Placement of insurance covers is handled principally by Jardine Lloyd Thompson and Lloyd and Partners Limited who are Lloyd's brokers.

Being supply chain managers of agricultural products and food ingredients, the Issuer maintains various property and liability insurance policies to protect its assets and exposures in countries where it operates. In addition, employee related types of insurance policies are also purchased to enhance the welfare of staff across the globe.

Stock, which is the principal insured asset, is insured against marine and political risks with insurers at Lloyd's, London. The insurance policies are arranged at either Group or individual country level to comply with local statutory legislations. Each policy has its own specific insurance terms and limits to cater to the Group's business needs.

Competition

The Group competes with diverse players at different stages of the supply chain. The intensity and nature of competition depend on the degree of its supply chain participation for each product. In most cases such competition is fragmented. The number of participants in a supply chain depends on how sophisticated, organised and regulated a particular product market is.

The key types of competition are in the areas of:

- export-oriented competition (origin trade houses, global trade houses and importers); and
- imports and distribution-oriented competition (global trade houses and importers).

Safety, Health and Environment Regulation

The Group is subject to extensive, evolving and increasingly stringent safety, health and environmental laws and regulations governing its processes and facilities. Such laws and regulations address, among other things, air emissions, waste water discharges, the generation, handling, storage, transportation, treatment and disposal of chemicals, materials and waste, workplace conditions and employee exposure to hazardous substances. The Group has incurred, and expects to continue to incur, operating costs to comply with such laws and regulations. In addition, the Group has made and expects to make capital expenditures on an ongoing basis to comply with safety, health and environmental laws and regulations. While the Group believes it is in compliance in all material respects with all applicable safety, health and environmental laws and regulations, the Group may be required to incur costs to remedy the damage caused by any non-compliance.

Employees and Employee Relations

The Group believes that its employees are key contributors to the success of its business. To achieve this, the Group focuses on hiring and retaining the best talent in the industry. The Group has established human resource processes that are necessary to maximise the performance of its employees. Its work force consists of: (i) permanent employees; and (ii) consultants who are engaged by the Group on a contractual basis.

The Group conducts periodic reviews of the employees' job performance, and determines salaries and discretionary bonuses based upon those reviews. In addition, the Group offers internal training programs tailored to different job requirements to enhance the employees' talent and skills. The Group believes that it maintains a good working relationship with its employees and has not experienced any strikes or lockouts or other significant labour disputes.

Litigation

The Group is not engaged in any material litigation or arbitration proceedings, and no material litigation or claim is known by the Group to be pending or threatened against it.

DIRECTORS AND MANAGEMENT

Directors and Management

The Directors of Olam are responsible for the overall management of the Group. The day-to-day operations are entrusted to the Group Managing Director and Chief Executive Officer ("CEO") of Olam and a team of executive officers who are responsible for the different functions of the Group.

Board of Directors

The particulars of the Group's Directors are listed below:

Name	Title
Rangareddy Jayachandran	Non-executive Chairman
Narain Girdhar Chanrai	Non-executive Director
Michael Lim Choo San	Independent Director
Mark Haynes Daniell	Independent Director
Robert Michael Tomlin	Independent Director
Wong Heng Tew	Independent Director
Peter Francis Amour	Non-executive Director
Andy Tse Po Shing	Non-executive Director
Sunny George Verghese	Executive Director and Chief Executive Officer
Shekhar Anantharaman	Executive Director
Sridhar Krishnan	Executive Director
Frank Philip Harley (alternate director to Peter Francis Amour)	Non-executive Director

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 Issuer'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.

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.

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 years 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's degree in Modern Languages from Downing College, Cambridge and is a Business Management Graduate from Harvard Business School in the USA. He is the Chairman of the Issuer's Finance & Investment Committee and a member of the Audit & Compliance, Risk 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 was concurrently Chief Representative of Temasek Holdings in Vietnam. Following his recent retirement, Mr Wong is now Advisory Director for Temasek Holdings. He has been actively involved with investments, mergers and acquisitions, restructuring of companies, divestments and corporate stewardship. In 1998, he was appointed a member of the Pro Tem Committee for the formation of the Singapore Exchange. 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 Issuer's Audit & Compliance, Governance & Nomination and Management Development & Compensation Committees.

Peter Francis Amour
Non-Executive Director

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

Andy Tse Po Shing
Non-Executive Director

Mr Andy Tse is a Non-Executive Director and was appointed to the Board in September 2002. He is the Managing Director of AIF Capital Limited and has over 13 years of experience in the field of private equity investment in infrastructure and other related sectors in Asia and Australia. He obtained a Master of Business Administration degree from the Chinese University of Hong Kong and is a qualified Chartered Financial Analyst. He has been conferred an Investment Adviser's License by the Securities and Futures Commission of Hong Kong. He is the Chairman of the Issuer's Risk Committee and a member of its Finance & Investment 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 Olam through its expansion and growth plans. He is also a member of the Issuer's Finance & Investment and Risk Committees. He is currently Chairman of International Enterprise, Singapore and of CitySpring Infrastructure Management Pte Ltd. He also serves as one of the three Singapore representatives appointed by the Minister of Trade & Industry to the ASEAN Business Advisory Council. He holds a postgraduate degree in Business Management from the Indian Institute of Management and has also completed the Advanced Management Program at Harvard University. 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.

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 Issuer's Edible Nuts, Spices & Beans and Packaged Foods businesses. He also oversees the Issuer's Information Technology function, chairs the Executive Investment Committee and is a member of the Corporate Executive Team of the Issuer. 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 degree in Aeronautical Engineering and a postgraduate degree in Business Management from a leading business school in India. He is a member of the Issuer's Finance & Investment and Corporate Responsibility & Sustainability Committees.

Sridhar Krishnan
Senior Managing Director
(Executive Director)

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

Frank Philip Harley
Alternate Director

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

Principal Executive Officers

The particulars of the Group's principal executive officers are listed below:

Name	Title
Krishnan Ravikumar	Chief Financial Officer
Gerard Anthony Manley	Managing Director, Cocoa Division
Jagdish Achleshwar Prasad Parihar	Managing Director, Cotton Division
Vivek Verma	Managing Director, Coffee and Dairy Products Divisions
Ashok Krishen	Senior Vice President, Cashew & Spices Divisions
Ashok Chandra Mohan Hegde	Managing Director, Wood Products Division
Venkataramani Srivathsan	Managing Director, Regional Head — West Africa 2
Ranveer Singh Chauhan	Managing Director, Regional Head — West Africa 1
Richard Haire	CEO, Queensland Cotton
Devashish Chaubey	President, Sugar & Sesame Divisions
Moochikal Damodran Ramesh	President, East & South Africa
Raj Vardhan	Senior Vice President, Regional Controller, China
Rajeev Pandurang Kadam	President, Internal Compliance
Joydeep Bose	President, Human Resources
Sundararajan Suresh	Senior Vice President, Investor Relations
Jayant Shriniwas Parande	Senior Vice President & Group Treasurer
Rajesh Chopra	Senior Vice President, Corporate Affairs

Information on the area of responsibility and working experience of our Executive Officers is set out below:

Krishnan Ravikumar joined Olam Nigeria as Financial Controller in 1992 and he was appointed as the Financial Controller of Chanrai International Ltd in November 1993. When the Issuer was incorporated in 1996, Mr Ravikumar became the Chief Financial Officer. He is primarily responsible for the entire accounting and financial operations of the Issuer. Mr Ravikumar obtained a Bachelor of Commerce degree from the University of Delhi, India in 1984 and a Degree in Cost Accountancy from The Institute of Cost and Works Accountants of India in 1985. He became a qualified Company Secretary with the Institute of Company Secretaries in India in 1989 and obtained a postgraduate Diploma in Business Management from Xavier Labour Relations Institute, India in 1990.

Gerard Anthony Manley joined the Issuer in 1998. Mr Manley is primarily responsible for the worldwide cocoa business of the Group. Prior to joining the Issuer, Mr Manley worked for ED & F Man Cocoa Ltd in London as a Director from 1990 to 1998. With ED & F Man Cocoa Ltd he was also a Director of their operations in Malaysia, Poland and Nigeria. Mr Manley brings more than 20 years of cocoa trading experience. Mr Manley obtained a Bachelor of Arts (Honours) in Geography from the Newcastle Upon Tyne Polytechnic in 1981 and obtained a Masters of Business Administration from the City University in London in 1988. He is currently the Vice Chairman of the Cocoa Association of Asia.

Jagdish Achleshwar Prasad Parihar joined the KC Group in 1986 and was transferred to Chanrai International Ltd in 1989. Mr Parihar became the Managing Director of the Group's cotton division in 1996. He obtained a B.Sc. Degree from Gujarat University in India in 1974 and obtained a Masters degree in Management Studies from the Birla Institute of Technology in Pilani, India in 1979. Mr Parihar is the co-author of a book on Agri-business and Commodity Risk and he is also involved in teaching Risk Management at Rhodes College, USA and the Liverpool Cotton Association UK.

Vivek Verma joined Olam India in 1992 as a Business Manager and was transferred to the Issuer in 1996, where he was appointed as the Vice President responsible for the Group's coffee business. Mr Verma was subsequently promoted to Managing Director where he was given responsibility over the entire coffee and dairy products business of the Group. He obtained a Bachelor of Technology degree from the Indian Institute of Technology, New Delhi, India in 1985.

Ashok Krishen joined Olam Nigeria in 1992 as a Branch Coordinator. From 1994 to 1996, Mr Krishen was the country head of Olam Ghana. He was transferred to the Issuer in 1996 as the Vice President of the rice and sugar division. Since 2002, he has been the Senior Vice President of the Group's cashews and spices division where he is primarily responsible for the entire raw cashews and spices business of the Group. Mr Krishen holds a Bachelor of Science (Physics) degree from the University of Kerala in India and obtained an Honours Diploma in Personnel Management and Industrial Relations from the Xavier Labour Relations Institute in India in 1986.

Ashok Chandra Mohan Hegde joined Olam Benin in 1994 as a Branch Coordinator in charge of procurement and sale of commodities. Mr Hegde was transferred to the Issuer in 1996 where he has held various positions including Country Head of Indonesia and Regional Controller of South East Asia. He is now the Managing Director of the Group's wood products division where he is primarily responsible for the entire wood products business of the Group. Mr Hegde obtained a Bachelor of Engineering in Electrical & Electronics in 1988 from the University of Mysore, India and a Masters in Business Administration in 1991 from the University of Poona, India.

Venkataramani Srivathsan joined Olam Nigeria in 1994. Mr Srivathsan has held various positions in the Group including Financial Controller, Nigeria and Country Head, Ghana. He is currently responsible for the Group's operations in Nigeria, Ghana, Benin and Togo. He obtained a Bachelor of Commerce degree from St. Xavier's college, Tamil Nadu in 1984 and qualified as a member of The Institute of Chartered Accountants in 1998.

Ranveer Singh Chauhan first joined the Group in April 1993. In October 1997, Mr Chauhan left the Group to join Melagro Exports Ltd as their General Manager and Head of Exports before returning to the Group in November 1998 to be the Regional Controller of West Africa. Mr Chauhan is presently the Managing Director for West Africa 1 and is responsible for the Group's entire operations in Cote d'Ivoire, Cameroon, Guinea-Bissau, Guinee-Conakry and Burkina Faso. He obtained a Bachelor of Science degree in 1985 and a Master of Science degree in 1987 both from Kanpur University, India. Mr Chauhan also obtained a postgraduate Diploma in Business Management from The Indian Institute of Management, Ahmedabad, India in 1989.

Richard Haire is Chief Executive Officer and Executive Director of Brisbane based Queensland Cotton Holdings Pty Ltd, a position he has held since 1990. Richard is a Fellow of the Australian Institute of Company Directors and the Australia Institute of Management. He has more than 28 years experience in the international cotton industry, including 26 years experience in agricultural commodity trading and banking. Richard is the Chairman of the Australian Cotton Industry Council and a member of the Rabobank Australia/New Zealand Food and Agribusiness Advisory Board. He also sits on Olam's Executive Committee based in Singapore.

Devashish Chaubey joined Olam Ivoire in 1994 where he was appointed as the Regional Controller. Mr Chaubey was transferred to the Issuer in 2000 where he held the position of Vice President of our sugar and sesame divisions and he subsequently became President. Mr Chaubey is primarily responsible for the entire sugar and sesame business of the Group. Mr Chaubey obtained a Bachelor of Arts (Honours) in Economics in 1987 from the Shri Ram College of Commerce, University of Delhi, India and a postgraduate Diploma in Management from the Xavier Labour Relations Institute in India in 1989.

Moochikal Damodran Ramesh joined the Group in 1992. Mr Ramesh has held various positions including Branch Manager of Olam Nigeria, Profit Centre Head of Olam Benin, Country Head of Olam India, Country Head of Olam Europe BV, Regional Controller of Olam in Ghana, Benin, Guinea-Conakry and Togo. Mr Ramesh is now primarily responsible for the Group's operations in South Africa, Tanzania, Mozambique, Uganda, Madagascar and Zimbabwe. He obtained a Bachelor of Science degree in 1987 from the University of Bombay, India and a Postgraduate Diploma in Management in 1989 from the Xavier Labour Relations Institute, Jamshedpur, India.

Raj Vardhan joined Chanrai International Ltd in 1993, where he has held various positions including Branch Coordinator and Profit Centre Head, Nigeria. Mr Vardhan joined the Issuer as the Business Manager of cashew processing in India in 1996 before becoming the Country Head of Vietnam from June 1997 to June 2004. In July 2004 he was appointed as the Country Head of China where he is primarily responsible for the Group's business in China. Mr Vardhan obtained a Bachelor of Arts (Honours) in Economics in 1987 from Punjab University in India and a Master of Business Administration in 1991 from the Birla Institute of Technology in India.

Rajeev Pandurang Kadam joined Chanrai SL Ltd in Sierra Leone in 1990 where he held the position of Finance Manager until April 1994, before being appointed as the Business Manager and Profit Centre Head there. Mr Kadam joined the Issuer as the General Manager of Internal Audit in 1996 before being promoted to the position of Vice President of Risk Management and Internal Audit of the Group. He is now the President for Internal Compliance. He obtained a Bachelor of Commerce degree in 1980 from the University of Bombay, India and later passed his Chartered Accountant Final (I) examination of the Institute of Chartered Accountants of India. Mr Kadam was awarded the certification of Certified Internal Auditor in November 2003 by the Institute of Internal Auditors and the Certification in Control Self-Assessment in June 2004 from the same professional body.

Joydeep Bose joined the Issuer in July 2003. Mr Bose is primarily responsible for the management and administration of the human resources function of our Group. Prior to joining the Issuer, he was the General Manager — Corporate Human Resources at Wipro Limited, India. Prior to joining Wipro Limited in February 1996, he was the Manager — Human Resources at Comsat Max Limited from July

1995 to January 1996. Before he joined Comsat Max Limited, he was the Manager — Human Resources at SRF Limited from May 1989 to July 1995. Mr Bose obtained a Bachelor of Engineering degree in 1985 from the Regional Engineering College, India and a postgraduate Honours Diploma in Personnel Management and Industrial Relations in 1989 from the Xavier Labour Relations Institute in India.

Sundararajan Suresh joined our Group in March 1996 as the finance manager of Olam Cam. In May 1998, Mr Suresh transferred to the Issuer and was appointed as the General Manager, Corporate Affairs, of our Group. Mr Suresh currently holds the position of Senior Vice President, Investor Relations. Prior to joining the Group, Mr Suresh was the Deputy Manager (Accounts) at Tube Investments of India from September 1995 to February 1996 and prior to that, he was the Deputy Manager (Management Accounts) at T I Diamond Chain Limited in India from July 1994 to August 1995. He obtained a Bachelor of Commerce from the University of Madras, India in 1990, a Degree in Cost Accountancy in 1990 from The Institute of Cost and Works Accountants of India, and became a qualified Company Secretary in 1993 with The Institute of Company Secretaries of India.

Jayant Shriniwas Parande joined the Group in June 1995 as Financial Controller of Olam Nigeria. In May 1998, Mr Parande was transferred to the Issuer as Senior Financial Controller handling Management Accounting for a group of products, and took over as General Manager, Treasury in April 2001. Mr Parande currently holds the position of Senior Vice President and Group Treasurer, and heads the Treasury function for the Group. Prior to joining the Group, Mr Parande was the Assistant Manager (Corporate Accounts & Treasury) at Marico Industries Limited, India from April 1991 to May 1995. Mr Parande obtained a Bachelor of Commerce degree from the University of Bombay, India in 1987 and qualified as a member of The Institute of Chartered Accountants of India in 1990.

Rajesh Chopra, joined the Group in February 1998 as Finance Manager of Olam Cam. Mr Chopra has recently been appointed as Senior Vice President, Corporate Affairs for the Group after serving as the Regional Financial Controller in West Africa from 1999 to 2004 followed by as Finance Director of Olam Europe in United Kingdom. Mr Chopra obtained a Bachelor of Commerce (Hons.) from Delhi University in 1988, qualified as member of The Institute of Chartered Accountants of India in 1991, as member of The Institute of Cost and Works Accountants of India in 1991 and obtained Master of Business Administration from London Business School in 2007.

PRINCIPAL SHAREHOLDERS

The following table sets forth details about the interest the substantial shareholders of the Issuer have as at 20 June 2008 as shown in the Issuer's register. Deemed interest is determined in accordance with Section 7(4) of the Act.

	No. of Shares		Interest[(6)]
	Direct	Deemed	(%)
Kewalram Singapore Limited[(1)]	457,602,064	—	26.71
Chanrai Investment Corporation Limited[(2)]	—	457,602,064	26.71
Kewalram Chanrai Holdings Limited[(2)]	—	457,602,064	26.71
Nearco Trustee Company (Jersey) Limited, Murli Kewalram Chanrai and Narain Girdhar Chanrai as trustees of Girdhar Kewalram Chanrai Settlement ("GKC Trustees")[(2)]	—	457,602,064	26.71
Investec Trustees (Jersey) Limited, Narain Girdhar Chanrai and Koshu Murli Chanrai as trustees of Hariom Trust ("Hariom Trustees")[(2)]	—	457,602,064	26.71
Nearco Trustee Company (Jersey) Limited, Narain Girdhar Chanrai and Murli Kewalram Chanrai as trustees of Dayal Damodar Chanrai Settlement ("DKC Trustees")[(2)]	—	457,602,064	26.71
Nearco Trustee Company (Jersey) Limited and Vinod Pitamber Chanrai as trustees of Pitamber Kewalram Chanrai Settlement ("PKC Trustees")[(2)]	—	457,602,064	26.71
Narain Girdhar Chanrai[(2)]	—	457,602,064	26.71
The Capital Group Companies, Inc.[(3)]	—	101,205,569	5.91
JPMorgan Chase & Co and its affiliates[(4)]	—	94,071,313	5.49
Sunny George Verghese[(5)]	88,574,893	15,000,000	6.05

(1) Kewalram Singapore Limited's 457,602,064 shares are held in the following manner:

(i) 356,448,364 shares under its own name;

(ii) 12,500,000 shares under Citibank Nominees Singapore Pte Ltd;

(iii) 8,653,700 shares under UBS AG; and

(iv) 80,000,000 shares under Standard Chartered Bank.

(2) Kewalram Singapore Limited is a wholly-owned subsidiary of Chanrai Investment Corporation Limited ("CICL"), which in turn is a wholly-owned subsidiary of Kewalram Chanrai Holdings Limited ("KCH").

CICL and KCH are therefore deemed to be interested in the 457,602,064 shares held by Kewalram Singapore Limited in the Issuer.

GKC Trustees, Hariom Trustees, DKC Trustees and PKC Trustees are shareholders of KCH, each holding approximately 28 per cent., 28 per cent., 28 per cent. and 16 per cent. respectively in the issued and paid-up capital of KCH.

GKC Trustees, Hariom Trustees, DKC Trustees and PKC Trustees are therefore deemed to be interested in the 457,602,064 shares held by Kewalram Singapore Limited in the Issuer, pursuant to Section 7(4A) of the Act.

Narain Girdhar Chanrai is a non-executive Director of Olam.

(3) The Capital Group Companies, Inc. is deemed to be interested in the 101,205,569 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.

(4) JPMorgan Chase & Co and its affiliates are deemed to be interested in the 94,071,313 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. FA JPSMS-81151500129.

(5) Sunny George Verghese's deemed interests in 15,000,000 shares arises from the options granted to him, such interest is included in the percentage stated above.

(6) The percentages stated herein are based on the issued shares of 1,712,941,671 as at 20 June 2008.

Interested Person Transactions

The Issuer has ongoing contractual arrangements with other companies within the Group in the ordinary course of business. Such transactions are entered into on normal commercial terms.

The Issuer has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the Audit Committee and that the transactions are carried out on a normal commercial terms and will not be prejudicial to the interests of the Issuer and its minority shareholders.

Directors' Shareholdings

As at 20 June 2008, a total of 571,408,827 shares (direct and deemed) were held by directors of the Issuer. There were a total of 17,000,000 unissued Shares comprised of options granted to directors of the Issuer under the Olam Employee Share Option Scheme.

TERMS AND CONDITIONS

The following, subject to amendment and save for the paragraphs in italics, are the Terms and Conditions of the Bonds, substantially as they will appear on the reverse of each of the definitive certificates evidencing the Bonds:

The issue of US$300,000,000 in aggregate principal amount of 1 per cent. Convertible Bonds due 3 July 2013 (the "Bonds", which term shall include, unless the context requires otherwise, any further Bonds issued under the Option (as defined in the Trust Deed) and any further Bonds issued in accordance with Condition 15 and consolidated and forming a single series therewith) of Olam International Limited (the "Issuer") and the right of conversion into Shares (as defined in Condition 6(A)(vi)) was authorised by resolutions of the Board of Directors of the Issuer passed on 4 June 2008 and the issue of any Shares upon conversion of the Bonds has been approved by the shareholders of the Issuer at the annual general meeting held on 29 October 2007. The Bonds are constituted by the trust deed ((as amended or supplemented from time to time) the "Trust Deed") to be dated on or about 3 July 2008 (the "Closing Date") made between the Issuer and The Bank of New York Mellon, London Branch as trustee for the holders of the Bonds (the "Trustee", which term shall, where the context so permits, include all other persons or companies for the time being acting as trustee or trustees under the Trust Deed) and are subject to the paying and conversion agency agreement to be dated on or about 3 July 2008 (the "Agency Agreement") with the Trustee, The Bank of New York Mellon, London Branch, as principal paying, conversion and transfer agent (the "Principal Agent"), The Bank of New York Mellon, as registrar (the "Registrar") and the other paying, conversion and transfer agents appointed under it (each a "Paying Agent", "Conversion Agent", "Transfer Agent" and together with the Registrar and the Principal Agent, the "Agents") relating to the Bonds. References to the "Principal Agent", "Registrar" and "Agents" below are references to the principal agent, registrar and agents for the time being for the Bonds. These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bonds. Unless otherwise defined, terms used in these Conditions have the meaning specified in the Trust Deed. Copies of the Trust Deed and of the Agency Agreement are available for inspection during usual business hours at the principal office for the time being of the Trustee (presently at The Bank of New York Mellon, London Branch, 40th Floor, One Canada Square, London E14 5AL, United Kingdom) and at the specified offices for the time being of each of the Agents. The Bondholders are entitled to the benefit of and are bound by all the provisions of the Trust Deed, and are deemed to have notice of all the provisions of the Trust Deed and the Agency Agreement applicable to them.

1. Status

The Bonds constitute direct, senior, unsubordinated, unconditional and (subject to Condition 4) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to Condition 4, at all times rank at least equally with all of its other present and future direct, senior, unsubordinated, unconditional and unsecured obligations.

2. Form, Denomination and Title

(A) *Form and Denomination*

The Bonds are issued in registered form in the denomination of US$100,000 each or integral multiples thereof without coupons attached. A bond certificate (each a "Certificate") will be issued to each Bondholder in respect of its registered holding of Bonds. Each Bond and each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Bondholders (the "Register") which the Issuer will procure to be kept by the Registrar.

Upon issue, the Bonds will be represented by the Global Certificate deposited with a common depository for, and representing Bonds registered in the name of a nominee of, Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme. The Conditions are modified by certain provisions contained in the Global Certificate. See "The Global Certificate".

(B) *Title*

Title to the Bonds passes only by transfer and registration in the Register as described in Condition 3. The holder of any Bond will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the holder. In these Terms and Conditions "Bondholder" and (in relation to a Bond) "holder" means the person in whose name a Bond is registered.

3. Transfers of Bonds; Issue of Certificates

(A) *Register*

The Issuer will cause to be kept at the specified office of the Registrar and in accordance with the terms of the Agency Agreement the Register on which shall be entered the names and addresses of the holders of the Bonds and the particulars of the Bonds held by them and of all transfers of the Bonds. Each Bondholder shall be entitled to receive only one Certificate in respect of its entire holding of Bonds.

(B) *Transfer*

Subject to Condition 3(E) and the terms of the Agency Agreement, a Bond may be transferred by delivery of the Certificate issued in respect of that Bond, with the form of transfer on the back duly completed and signed by the holder or his attorney duly authorised in writing, to the specified office of the Registrar or any of the Transfer Agents. No transfer of a Bond will be valid unless and until entered on the Register.

Transfers of interests in the Bonds evidenced by the Global Certificate will be effected in accordance with the rules of the relevant clearing systems.

(C) *Delivery of New Certificates*

Each new Certificate to be issued upon a transfer of Bonds will, within seven business days of receipt by the Registrar or, as the case may be, any other relevant Agent of the original certificate and the form of transfer duly completed and signed, be made available for collection at the specified office of the Registrar or such other relevant Transfer Agent or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the holder entitled to the Bonds (but free of charge to the holder and at the Issuer's expense) to the address specified in the form of transfer. The form of transfer is available at the specified office of the Principal Agent.

Except in the limited circumstances described herein (see "The Global Certificate"), owners of interests in the Bonds will not be entitled to receive physical delivery of Certificates.

Where only part of a principal amount of the Bonds (being that of one or more Bonds) in respect of which a Certificate is issued is to be transferred or converted, a new Certificate in respect of the Bonds not so transferred or converted will, within seven business days of delivery of the original Certificate to the Registrar or other relevant Agent, be made available for collection at the specified office of the Registrar or such other relevant Agent or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the holder of the Bonds not so transferred or converted (but free of charge to the holder) to the address of such holder appearing on the Register.

For the purposes of Condition 3, Condition 6, Condition 8, Condition 10 and Condition 15, "business day" shall mean a day other than a Saturday or Sunday or a public holiday on which banks are open for business in Singapore, London and New York and the city in which the specified office of the Registrar (if a Certificate is deposited with it in connection with a transfer or conversion) or the Agent with whom a Certificate is deposited in connection with a transfer or conversion, is located.

(D) ***Formalities Free of Charge***

Registration of a transfer of Bonds and issuance of new Certificates will be effected without charge by or on behalf of the Issuer or any of the Agents, but upon (i) payment (or the giving of such indemnity as the Issuer or any of the Agents may require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer; (ii) the Issuer or the relevant Transfer Agent being satisfied that the regulations concerning transfer of Bonds have been complied with; and (iii) receipt by the relevant Agent of such evidence as it may require (including evidence as to the due execution of the form of transfer).

(E) ***Closed Periods***

No Bondholder may require the transfer of a Bond to be registered (i) during the period of fifteen days ending on (and including) the dates for payment of any principal pursuant to the Conditions; (ii) after a Conversion Notice (as defined in Condition 6(B)) has been delivered with respect to a Bond; (iii) after a put notice has been deposited in respect of such Bond pursuant to Condition 8(D); (iv) after a Relevant Event Redemption Notice (as defined in Condition 8(E)) has been deposited in respect of such Bond pursuant to Condition 8(E); or (v) during the period of fifteen days ending on (and including) any Interest Payment Date (as defined in Condition 5), each such period is a "Closed Period". The Issuer will inform the Trustee of the dates on which any Closed Period begins and ends immediately on becoming informed or aware of a Closed Period.

(F) ***Regulations***

All transfers of Bonds and entries on the Register will be made subject to the detailed regulations concerning transfer of Bonds scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Trustee and the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Bondholder who asks for one.

4. Negative Pledge

So long as any Bond remains outstanding (as defined in the Trust Deed), the Issuer will not create or permit to subsist, and the Issuer will procure that no Subsidiary (as defined below) will, create or permit to subsist any mortgage, charge, pledge, lien or other form of encumbrance or security interest ("Security") upon the whole or any part of its undertaking, assets or revenues, present or future, to secure any Investment Securities (as defined below) or to secure any guarantee of or indemnity in respect of, any Investment Securities unless, at the same time or prior thereto, the Issuer's obligations under the Bonds and the Trust Deed (a) are secured equally and rateably therewith to the satisfaction of the Trustee, or (b) have the benefit of such other security, guarantee, indemnity or other arrangement as the Trustee in its absolute discretion shall deem to be not materially less beneficial to the Bondholders or as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

In these Conditions:

(i) "Investment Securities" means any present or future indebtedness in the form of, or represented by, bonds, debentures, notes or other debt securities which are for the time being, or are intended to be or capable of being, quoted, listed, ordinarily dealt in or traded on any stock exchange or over the counter or other securities market; and

(ii) any reference to a "subsidiary" or "Subsidiary" of any person is to any company or other business entity of which that person owns or controls (either directly or through one or more other Subsidiaries) more than 50 per cent. of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or other business entity to elect directors, managers or trustees of such company or other business entity or any company or other business entity which at any time has its accounts consolidated with those of that person or which regulations or generally accepted accounting principles from time to time, should have its accounts consolidated with those of that person.

5. Interest

The Bonds bear interest from 3 July 2008 (the "Closing Date") at the rate of 1 per cent. per annum of the principal amount outstanding of the Bonds. Interest is payable semi-annually in arrear on 3 January and 3 July in each year (each an "Interest Payment Date") commencing 3 January 2009. Each Bond will cease to bear interest (a) where the Conversion Right attached to it shall have been exercised, from and including the Interest Payment Date last preceding its Conversion Date (as defined below) (or if such Conversion Date falls on or before the first Interest Payment Date, the Closing Date) subject to conversion of the relevant Bond in accordance with the provisions of Condition 6(B), or (b) from the due date for redemption thereof unless, upon surrender in accordance with Condition 8, payment of the full amount due is improperly withheld or refused or default is otherwise made in respect of any such payment. In such event, interest will continue to accrue at 5 per cent. per annum above the rate aforesaid (after, as well as before, any judgment) up to but excluding the date on which all sums due in respect of any Bond are received by or on behalf of the relevant holder. If interest is required to be calculated for a period of less than one year, it will be calculated on the basis of a 360-day year of 12 30-day months. Interest payable under this Condition will be paid in accordance with Condition 7(A).

No payment or adjustment will be made on conversion for any interest accrued on converted Bonds since the Interest Payment Date last preceding the relevant Conversion Date, or, if the Bonds are converted on or before the first Interest Payment Date, since the Closing Date.

6. Conversion

(A) *Conversion Right*

(i) Conversion Period: Subject as hereinafter provided, Bondholders have the right to convert their Bonds into Shares at any time during the Conversion Period referred to below.

(ii) The right of a Bondholder to convert any Bond into Shares is called the "Conversion Right". Subject to and upon compliance with, the provisions of this Condition, the Conversion Right attaching to any Bond may be exercised, at the option of the holder thereof, at any time on or after 13 August 2008 up to the close of business (at the place where the Certificate evidencing such Bond is deposited for conversion) on 23 May 2013 (but, except as provided in Condition 6(A)(iv), in no event thereafter) or, if such Bond shall have been called for redemption by the Issuer before the Maturity Date, then up to the close of business (at the place aforesaid) on a date no later than seven business days (in the place aforesaid) prior to the date fixed for redemption thereof or if such Bonds shall have been called for mandatory conversion by the Issuer, then up to the close of business (at the place aforesaid) on the deemed Conversion Date for mandatory conversion pursuant to Condition 6(A)(vii) or if notice requiring redemption has been given by the holder of such Bond pursuant to Condition 8(D) then up to the close of business (at the place aforesaid) on the day prior to the giving of such notice (the "Conversion Period").

Notwithstanding the foregoing, if the Conversion Date in respect of a Bond would otherwise fall during a period in which the register of members of the Issuer is closed generally or for the purpose of establishing entitlement to any dividend or other rights attaching to the Shares (a "Book Closure Period"), such Conversion Date shall be postponed to the first Stock Exchange Business Day (as defined in Condition 6(B)(i)) after the expiry of such Book Closure Period. Any exercise of a Conversion Right shall be deemed to be ineffective and, subject to Condition 6(A)(v), shall be deemed to have expired if, as a result of any postponement pursuant to this Condition 6, the Conversion Date would fall on a day after expiry of the Conversion Period or, in the case of the exercise of such rights as aforesaid, after the relevant redemption date. The Issuer undertakes to ensure that the Book Closure Period is as short a period as is reasonably practicable, having regard to applicable Singapore laws.

The number of Shares to be issued on conversion of a Bond will be determined by dividing the principal amount of the Bond to be converted (translated into Singapore dollars at the fixed exchange rate of S$1.3644 = US$1.00 (the "Fixed Exchange Rate") by the Conversion Price in effect at the Conversion Date (both as hereinafter defined). Following conversion in accordance with these Conditions, the right of the converting Bondholder to repayment of the principal amount of the Bond shall be extinguished and released, and in consideration and in exchange therefor, the Issuer shall allot and issue Shares credited as paid-up in full as provided in this Condition 6. A Conversion Right may only be exercised in respect of one or more Bonds. If more than one Bond held by the same holder is converted at any one time by the same holder, the number of Shares to be issued upon such conversion will be calculated on the basis of the aggregate principal amount of the Bonds to be converted.

(iii) Fractions of Shares: Fractions of Shares will not be issued on conversion and no cash adjustments will be made in respect thereof. However, if the Conversion Right in respect of more than one Bond is exercised at any one time such that Shares to be issued on conversion are to be registered in the same name, the number of such Shares to be issued in respect thereof shall be calculated on the basis of the aggregate principal amount of such Bonds being so converted and rounded down to the nearest whole number of Shares. Notwithstanding the foregoing, in the event of a consolidation or re-classification of Shares by operation of law or otherwise occurring after 4 June 2008 which reduces the number of Shares outstanding, the Issuer will upon conversion of Bonds pay in cash (in US dollars by means of a US dollar cheque drawn on a bank in New York a sum equal to such portion of the principal amount of the Bond or Bonds evidenced by the Certificate deposited in connection with the exercise of Conversion Rights, aggregated as provided in Condition 6(A)(iii), as corresponds to any fraction of a Share not issued as a result of such consolidation or reclassification aforesaid if such sum exceeds US$10 (which sum shall be translated into US dollars at the Fixed Exchange Rate). Any such sum shall be paid not later than three Stock Exchange Business Days after the relevant Conversion Date by transfer to a US dollar account with a bank in New York.

(iv) Conversion Price: The price at which Shares will be issued upon conversion (the "Conversion Price") will initially be S$3.8464 per Share, but will be subject to adjustment in the manner provided in Condition 6. The conversion ratio (the "Conversion Ratio") is equal to the principal amount of each Bond (translated into Singapore dollars at the Fixed Exchange Rate) divided by the then applicable Conversion Price.

(v) Revival and/or survival after Default: Notwithstanding the provisions of Condition 6(A)(i), if (a) the Issuer shall default in making payment in full in respect of any Bond which shall have been called for redemption on the date fixed for redemption thereof, (b) any Bond has become due and payable prior to the Maturity Date by reason of the occurrence of any of the events under Condition 10, or (c) any Bond is not redeemed on the Maturity Date in accordance with Condition 8(A), the Conversion Right attaching to such Bond will revive and/or will continue to be exercisable up to, and including, the close of business (at the place where the Certificate evidencing such Bond is deposited for conversion) on the date upon which the full amount of the moneys payable in respect of such Bond has been duly received by the Principal Agent or the Trustee and notice of such receipt has been duly given to the Bondholders and notwithstanding the provisions of Condition 6(A)(i), any Bond in respect of which the Certificate and Conversion Notice are deposited for conversion prior to such date shall be converted on the relevant Conversion Date (as defined below) notwithstanding that the full amount of the moneys payable in respect of such Bond shall have been received by the Principal Agent or the Trustee before such Conversion Date or that the Conversion Period may have expired before such Conversion Date.

(vi) Meaning of "Shares": As used in these Conditions, the expression "Shares" means ordinary shares in the capital of the Issuer (which include ordinary shares of the Issuer listed on the SGX-ST (as defined below)) or shares of any class or classes resulting from any subdivision, consolidation or reclassification of those shares, which as between themselves have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation or dissolution of the Issuer. No payment or adjustment shall be made on conversion for any interest which otherwise would have accrued on the relevant Bonds since the Interest Payment Date immediately preceding the Conversion Date relating to such Bonds (or, if such Conversion Date falls before the first Interest Payment Date, since the Closing Date).

(vii) Mandatory Conversion at the option of the Issuer:

(a) At any time on or after 3 July 2011 and prior to the date falling seven business days prior to the Maturity Date, the Issuer may, having given not less than 10 Trading Days (as defined in Condition 6(C)) notice of mandatory conversion (the "Mandatory Conversion Notice") to the Bondholders, the Trustee and the Principal Agent (the "Mandatory Conversion Notice Period"), mandatorily convert all but not some only of the Bonds outstanding into Shares (the "Mandatory Conversion") provided that no such conversion may be made unless the Volume Weighted Average Price (as defined in Condition 6(C)) of the Shares, translated into US dollars at the prevailing US dollar/S$ exchange rate, for each of 20 consecutive Trading Days, the last of which occurs not more than 10 Trading Days prior to the date upon which notice of conversion is published, was at least 130 per cent. of (x) the Early Redemption Amount (as defined in Condition 8(k)) divided by (y) the Conversion Ratio (the "Trigger Event"). If there shall occur an event giving rise to a change in the Conversion Price during any such 20 consecutive Trading Day period or during the applicable notice period, appropriate adjustments for the relevant days shall be made for the purpose of calculating the Volume Weighted Average Price for such days. The Trustee shall not be required to take any steps to ascertain whether a Trigger Event has occurred.

(b) The Issuer's right to mandatorily convert under this Condition will lapse if the Mandatory Conversion Notice is not given to the Bondholders within the aforesaid 10 Trading Day period. The Mandatory Conversion Notice shall specify: (i) the expiry date of the Mandatory Conversion Notice Period; (ii) the Cut-Off Date (as defined below); (iii) a confirmation that the conditions to Mandatory Conversion specified in this Condition have been satisfied; and (iv) the then applicable Conversion Price. The Mandatory Conversion Notice shall also specify further details of the conversion, including instructions to Bondholders regarding the time period in which Bondholders must deposit and surrender their respective Certificates and the duly signed and completed Mandatory Conversion Notice at the specified office of any of the Agents.

(c) The Issuer's right to mandatorily convert under this Condition does not affect a holder's right to exercise its Conversion Right or its redemption right under Condition 8(E) hereunder (which shall remain in full force and effect during the Mandatory Conversion Notice Period) provided that in no event shall the Conversion Date or the Relevant Event Redemption Date (as defined in Condition 8(E)), as the case may be, fall after the date for Mandatory Conversion hereunder.

(d) Upon the expiry of the Mandatory Conversion Notice Period, the Issuer will be entitled and bound (subject to and in accordance with Condition 6) to convert the Bonds to which such notice relates into Shares and the date of expiry of such period shall be deemed to be the Conversion Date. The holders of the Bonds to be so converted shall be deemed to have exercised their Conversion Rights and the provisions of Condition 6 shall apply *mutatis mutandis*.

(e) If on the business day immediately following the Mandatory Conversion Notice Period (the "Cut-Off Date"), Conversion Notices have not been received by a Conversion Agent in respect of any Bonds outstanding (the "Relevant Bonds"), the Relevant Bonds shall be converted into Shares in accordance with these Conditions at the applicable Conversion Price and such Shares shall be delivered to such agent of the Issuer located in Singapore as agreed in writing with the Trustee. The Issuer shall, as soon as reasonably practicable, cause the relevant securities account of an agent appointed by the Issuer located in Singapore (as agreed in writing by the Trustee) to be credited with such number of relevant Shares to be issued upon conversion (notwithstanding any retroactive adjustment of the Conversion Price referred to below prior to the time it takes effect). All of the Shares delivered, or to be delivered, on such conversion shall be sold by, or on behalf of, the agent as soon as practicable, (subject to any necessary consents being obtained and applicable regulations), and subject to the deduction by the agent of any amount which it determines to be payable in respect of its liability to taxation and the payment of any capital, stamp, transfer, issue or registration duties (if sale thereof) and the net proceeds of sale together with accrued interest (if any), and any cash in lieu of fractions and any other amount payable by the Issuer in respect of the relevant exercise in respect of the Relevant Bonds shall be held by the agent and distributed rateably to the holders of such Relevant Bonds (such payments being made in accordance with Condition 7 and shall be promptly notified to the Trustee). The Trustee and the Issuer shall have no responsibility to any person for the manner in which such sale is effected or if the aggregate sale proceeds fall short of the principal amount of the Relevant Bonds. The Trustee and the Issuer shall have no liability in respect of the exercise or non-exercise or in respect of any such sale of Shares whether for the timing of any such sale or the price at which any such Shares are sold, or the inability to sell any such Shares or otherwise.

(B) *Conversion Procedure*

(i) Conversion Notice: To exercise the Conversion Right attaching to any Bond, the holder thereof must complete, execute and deposit at his own expense during normal business hours at the specified office of any Conversion Agent a duly completed notice of conversion (a "Conversion Notice") in duplicate in the form (for the time being current) obtainable from the specified office of each Agent, together with the relevant Certificate or if notice requiring redemption has been given by the holder of such Bond pursuant to Condition 8(D) then up to the close of business (at the place aforesaid) on the day prior to the giving of such notice. Conversion Rights shall be exercised subject in each case to any applicable fiscal or other laws or regulations applicable in the jurisdiction in which the specified office of the Conversion Agent to whom the relevant Conversion Notice is delivered is located.

The conversion date in respect of a Bond (the "Conversion Date") must fall at a time when the Conversion Right attaching to that Bond is expressed in these Conditions to be exercisable (subject to the provisions of Condition 6(A)(v) above) and will be deemed to be the Stock Exchange Business Day (as defined below) immediately following the date of the surrender of the Certificate in respect of such Bond and delivery of such Conversion Notice and, if applicable, any payment to be made or indemnity given under these Conditions in connection with the exercise of such Conversion Right. A Conversion Notice once delivered shall be irrevocable and may not be withdrawn unless the Issuer consents in writing to such withdrawal. The Issuer, or the Conversion Agent on its behalf, may reject any Conversion Notice which is, in its opinion, incorrect or incomplete in any material respect. All costs and expenses incurred or caused by a Conversion Notice which is, in the opinion of the Issuer or the Conversion Agent, incorrect or incomplete in any material respect shall be for the account of the relevant Bondholder. "Stock Exchange Business Day" means any day (other than a Saturday or Sunday) on which the Singapore Exchange Securities Trading Limited (the "SGX-ST") or the Alternative Stock Exchange (as defined in Condition 6(C) below), as the case may be, is open for the business of dealing in securities.

Upon exercise of a Conversion Right, a Bondholder converting a Bond shall be required to represent and agree, in the Conversion Notice, certain matters with respect to the beneficial ownership of the Bonds and the Shares.

(ii) Stamp Duty etc.: A Bondholder delivering a Certificate in respect of a Bond for conversion must pay directly to the relevant tax authorities any taxes and capital, stamp, issue and registration duties arising on conversion (other than any taxes or capital or stamp duties payable in Singapore and, if relevant, in the place of the Alternative Stock Exchange, by the Issuer in respect of the allotment and issue of Shares and listing of the Shares on the SGX-ST or the Alternative Stock Exchange on conversion) (the "Taxes") and such Bondholder must pay all, if any, taxes arising by reference to any disposal or deemed disposal of a Bond in connection with such conversion. The Issuer will pay all other expenses arising on the issue of Shares on conversion of Bonds. Neither the Agent nor the Trustee is under any obligation to determine whether a Bondholder or the Issuer is liable to pay any Taxes including capital, stamp, issue, registration or similar taxes and duties or the amounts payable (if any) in connection with this Condition 6(B)(ii) and shall not be responsible or liable for any failure or omission by any Bondholder or the Issuer to make any such payment to the relevant tax authorities or the sufficiency or insufficiency of any amounts paid.

(iii) Registration: As soon as practicable, and in any event not later than 15 Stock Exchange Business Days (as defined below) after the Conversion Date, the Issuer will, in the case of Bonds converted on exercise of the Conversion Right and in respect of which a duly completed Conversion Notice has been delivered and the relevant Certificate and amounts payable by the relevant Bondholder deposited as required by sub-paragraphs (i) and (ii), procure that the relevant number of Shares are allotted to and registered in the name of the Depository (as defined in the Act) for credit to the securities account designated for the purpose in the Conversion Notice for so long as the Shares are listed on the SGX-ST; or if the Shares are not listed on the SGX-ST, register the person or persons designated for the purpose in the Conversion Notice as holder(s) of the relevant number of Shares in the Issuer's share register and make such certificate or certificates available for collection at the office of the Issuer's share registrar in Singapore (currently, Boardroom Corporate & Advisory Services Pte. Ltd.) notified to Bondholders in accordance with Condition 16 or, if so requested in the relevant Conversion Notice, will cause its share registrar to mail (at the risk, and, if sent at the request of such person otherwise than by ordinary mail, at the expense, of the person to whom such certificate or certificates are sent) such certificate or certificates to the person and at the place specified in the Conversion Notice, together (in either case) with any other securities, property or cash required to be delivered upon conversion and such assignments and other documents (if any) as may be required by law to effect the transfer thereof, in which case a single share certificate will be issued in respect of all Shares issued on conversion of Bonds subject to the same Conversion Notice and which are to be registered in the same name.

If the Conversion Date in relation to any Bond shall be on or after the record date for any issue, distribution, grant, offer or other event as gives rise to the adjustment of the Conversion Price pursuant to Condition 6(C), but before the relevant adjustment becomes effective under the relevant Condition, upon the relevant adjustment becoming effective the Issuer shall procure the issue to the converting Bondholder (or in accordance with the instructions contained in the Conversion Notice (subject to applicable exchange control or other laws or other regulations)), such additional number of Shares as is equal to the number of Shares which would have been required to be issued on conversion of such Bond if the relevant adjustment to the Conversion Price had been made and become effective on or immediately after the relevant record date.

The person or persons specified for that purpose in the Conversion Notice will become the holder of record of the number of Shares issuable upon conversion with effect from the date he is or they are registered as such in the Issuer's register of members (the "Registration Date"). The Shares issued upon conversion of the Bonds will be fully paid and in all respects rank *pari passu* with the Shares in issue on the relevant Registration Date. Save as set out in these Conditions, a holder of Shares issued on conversion of the Bonds shall not be entitled to any rights the record date for which precedes the relevant Registration Date.

To the extent and as provided for in this Condition 6(B)(iii), Shares allotted and issued on conversion will with effect from the relevant Conversion Date, rank for any dividends, rights, allotment or other distribution, the record date for which is on or after the relevant Conversion Date and (subject as aforesaid) will rank *pari passu* in all respects with the then existing Shares of the Issuer. For the purpose of these Conditions, "record date" means in relation to any dividends, rights, allotments or other distributions, the date on which shareholders of the Issuer must be registered in order to participate in such dividends, rights, allotment, or other distributions. If the record date for the payment of any dividend or other distribution in respect of the Shares is on or after the Conversion Date in respect of any Bond, but before the Registration Date (disregarding any retroactive adjustment of the Conversion Price referred to in this sub-paragraph (iii) prior to the time such retroactive adjustment shall have become effective), the Issuer will pay to the converting Bondholder or his designee an amount in Singapore dollars (the "Equivalent Amount") equal to the Fair Market Value (as defined below) of such dividend or other distribution to which he would have been entitled had he on that record date been such a shareholder of record and will make the payment at the same time as it makes payment of the dividend or other distribution, or as soon as practicable thereafter, but, in any event, not later than seven days thereafter. The Equivalent Amount shall be paid by means of a Singapore dollar cheque drawn on a bank in Singapore and sent to the address specified in the relevant Conversion Notice.

(C) *Adjustments to Conversion Price*

The Conversion Price will be subject to adjustment in the following events as set out in the Trust Deed (save and except that no adjustments will be made to the Conversion Price by virtue of the issue of any further Bonds in accordance with Condition 15):

(1) Consolidation, Subdivision or Reclassification: If and whenever there shall be an alteration to the number of issued Shares as a result of consolidation, subdivision or reclassification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such alteration by the following fraction:

$$\frac{A}{B}$$

where:

A is the aggregate number of issued Shares immediately before such alteration; and

B is the aggregate number of issued Shares immediately after such alteration.

Such adjustment shall become effective on the date the alteration takes effect.

(2) Capitalisation of Profits or Reserves:

(i) If and whenever the Issuer shall issue any Shares credited as fully paid to the holders of Shares ("Shareholders") by way of capitalisation of profits or reserves (including any share premium account) including Shares paid up out of distributable profits or reserves and/or share premium account issued (except any Scrip Dividend) and which would not have constituted a Capital Distribution, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A}{B}$$

where:

A is the aggregate number of issued Shares immediately before such issue; and

B is the aggregate number of issued Shares immediately after such issue.

(ii) In the case of an issue of Shares by way of a Scrip Dividend where the Current Market Price of such Shares exceeds the amount of the Relevant Cash Dividend or the relevant part thereof and which would not have constituted a Capital Distribution, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the issue of such Shares by the following fraction:

$$\frac{A + B}{A + C}$$

where:

A is the aggregate number of issued Shares immediately before such issue;

B is the aggregate number of Shares issued by way of such Scrip Dividend multiplied by a fraction of which (i) the numerator is the amount of the whole, or the relevant part, of the Relevant Cash Dividend and (ii) the denominator is the Current Market Price of the Shares issued by way of Scrip Dividend in respect of each existing Share in lieu of the whole, or the relevant part, of the Relevant Cash Dividend; and

C is the aggregate number of Shares issued by way of such Scrip Dividend;

or by making such other adjustment as an Independent Investment Bank shall certify to the Trustee is fair and reasonable.

Such adjustment shall become effective on the date of issue of such Shares or if a record date is fixed therefor, immediately after such record date.

(3) Capital Distributions: If and whenever the Issuer shall pay or make any Capital Distribution to the Shareholders (except to the extent that the Conversion Price falls to be adjusted under Condition 6(C)(2) above), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such Capital Distribution by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the Current Market Price of one Share on the last Trading Day preceding the date on which the Capital Distribution is publicly announced; and

B is the Fair Market Value on the date of such announcement of the portion of the Capital Distribution attributable to one Share.

Such adjustment shall become effective on the date that such Capital Distribution is actually made or if a record date is fixed therefor, immediately after such record date. For the avoidance of doubt, when the Capital Distribution is by means of a distribution of dividend, only such portion of the dividend or distribution which exceeds the amounts referred to in the definition of Capital Distribution in Condition 6(C) (the "excess portion") shall be regarded as Capital Distribution and only the excess portion shall be taken into account in determining the Fair Market Value of the portion of the Capital Distribution attributable to one Share.

(4) Rights Issues of Shares or Options over Shares: If and whenever the Issuer shall issue Shares to all or substantially all Shareholders as a class by way of rights, or issue or grant to all or substantially all Shareholders as a class by way of rights, options, warrants or other rights to subscribe for or purchase or otherwise acquire any Shares, in each case at less than 95 per cent. of the Current Market Price per Share on the last Trading Day preceding the date of the announcement of the terms of the issue or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue or grant by the following fraction:

$$\frac{A + B}{A + C}$$

where:

A is the number of Shares in issue immediately before such announcement;

B is the number of Shares which the aggregate amount (if any) payable for the Shares issued by way of rights or for the options or warrants or other rights issued by way of rights and for the total number of Shares comprised therein would subscribe for, purchase or otherwise acquire at such Current Market Price per Share; and

C is the aggregate number of Shares issued or, as the case may be, comprised in the grant.

Such adjustment shall become effective on the date of issue of such Shares or issue or grant of such options, warrants or other rights (as the case may be) or where a record date is set, the first date on which the Shares are traded ex-rights, ex-options or ex-warrants as the case may be.

(5) Rights Issues of Other Securities: If and whenever the Issuer shall issue any securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares) to all or substantially all Shareholders as a class by way of rights or grant to all or substantially all Shareholders as a class by way of rights, options, warrants or other rights to subscribe for, purchase or otherwise acquire any securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue or grant by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the Current Market Price of one Share on the last Trading Day preceding the date on which such issue or grant is publicly announced; and

B is the Fair Market Value on the date of such announcement of the portion of the rights attributable to one Share.

Such adjustment shall become effective on the date of issue of the securities or grant of such rights, options or warrants (as the case may be) or where a record date is set, the first date on which the Shares are traded ex-rights, ex-options or ex-warrants as the case may be on the Relevant Stock Exchange.

(6) Issues at less than Current Market Price: If and whenever the Issuer shall issue (otherwise than as mentioned in Condition 6(C)(4) above) any Shares (other than Shares issued on the exercise of Conversion Rights or on the exercise of any other rights of conversion into, or exchange or subscription for Shares) or issue or grant (otherwise than as mentioned in Condition 6(C)(4) above) options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares, in each case at a price per Share which is less than 95 per cent. of the Current Market Price on the last Trading Day preceding the date of announcement of the terms of such issue, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A + B}{C}$$

where:

A is the number of Shares in issue immediately before the issue of such additional Shares or the grant of such options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares;

B is the number of Shares which the aggregate consideration (if any) receivable for the issue of such additional Shares would purchase at such Current Market Price; and

C is the number of Shares in issue immediately after the issue of such additional Shares.

References to additional Shares in the above formula shall, in the case of an issue by the Issuer of options, warrants or other rights to subscribe or purchase Shares, mean such Shares to be issued assuming that such options, warrants or other rights are exercised in full at the initial exercise price on the date of issue of such options, warrants or other rights.

Such adjustment shall become effective on the date of issue of such additional Shares or, as the case may be, the grant of such options, warrants or other rights.

(7) Other Issues at less than Current Market Price: Save in the case of an issue of securities arising from a conversion or exchange of other securities in accordance with the terms applicable to such securities themselves falling within this Condition 6(C)(7), if and whenever the Issuer or any of its Subsidiaries (otherwise than as mentioned in Condition 6(C)(4), Condition 6(C)(5) or Condition 6(C)(6)), or (at the direction or request of or pursuant to any arrangements with the Issuer or any of its Subsidiaries), any other company, person or entity shall issue any securities (other than the Bonds excluding for this purpose any further bonds but including any Optional Bonds (as defined in the Trust Deed)) which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares at a consideration per Share which is less than 95 per cent. of the Current Market Price on the last Trading Day preceding the date of announcement of the terms of issue of such securities, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A + B}{A + C}$$

where:

A is the number of Shares in issue immediately before such issue;

B is the number of Shares which the aggregate consideration receivable by the Issuer for the Shares to be issued on conversion or exchange or on exercise of the right of subscription attached to such securities would purchase at such Current Market Price; and

C is the maximum number of Shares to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the initial conversion, exchange or subscription price or rate.

Such adjustment shall become effective on the date of issue of such securities.

(8) Modification of Rights of Conversion etc.: If and whenever there shall be any modification of the rights of conversion, exchange or subscription attaching to any such securities as are mentioned in Condition 6(C)(7) (other than in accordance with the

terms of such securities) so that the consideration per Share (for the number of Shares available on conversion, exchange or subscription following the modification) is less than 95 per cent. of the Current Market Price on the last Trading Day preceding the date of announcement of the proposals for such modification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such modification by the following fraction:

$$\frac{A + B}{A + C}$$

where:

A is the number of Shares in issue immediately before such modification;

B is the number of Shares which the aggregate consideration receivable by the Issuer for the Shares to be issued on conversion or exchange or on exercise of the right of subscription attached to the securities so modified would purchase at such Current Market Price or, if lower, the existing conversion, exchange or subscription price of such securities; and

C is the maximum number of Shares to be issued on conversion or exchange of such securities or on the exercise of the right of subscription attached thereto at the modified conversion, exchange or subscription or purchase price or rate but giving credit in such manner as an Independent Investment Bank considers appropriate (if at all) for any previous adjustment under this Condition 6(C)(8) or Condition 6(C)(7).

Such adjustment shall become effective on the date of modification of the rights of conversion, exchange or subscription attaching to such securities.

(9) Other Offers to Shareholders: The issue, sale or distribution by or on behalf of the Issuer or any of its Subsidiaries or (at the direction or request of or pursuant to any arrangements with the Issuer or any of its Subsidiaries) any other company, person or entity of any securities in connection with an offer by or on behalf of the Issuer or any of its Subsidiaries or such other company, person or entity pursuant to which offer the Shareholders generally (meaning for these purposes the holders of at least 60 per cent. of the Shares outstanding at the time such offer is made) are entitled to participate in arrangements whereby such securities may be acquired by them (except where the Conversion Price falls to be adjusted under Condition 6(C)(4), Condition 6(C)(5), Condition 6(C)(6) or Condition 6(C)(7)) above.

In such an event, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A - B}{A}$$

where:

A is the Current Market Price of one Share on the last Trading Day preceding the date on which such issue is publicly announced; and

B is the Fair Market Value on the date of such announcement of the portion of the rights attributable to one Share.

Such adjustment shall become effective on the date of issue of the securities.

(10) Other Events: If the Issuer determines that an adjustment should be made to the Conversion Price as a result of one or more events or circumstances not referred to in this Condition 6, the Issuer shall, at its own expense, consult an Independent Investment Bank to determine as soon as practicable what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereof, if the adjustment would result in a reduction in the Conversion Price, and the date on which such adjustment should take effect and upon such determination by the Independent Investment Bank such adjustment (if any) shall be made and shall take effect in accordance with such determination, provided that where the events or circumstances giving rise to any adjustment pursuant to this Condition 6 have already resulted or will result in an adjustment to the Conversion Price or where the circumstances giving rise to any adjustment arise by virtue of events or circumstances which have already given rise or will give rise to an adjustment to the Conversion Price, such modification (if any) shall be made to the operation of the provisions of this Condition 6 as may be advised by the Independent Investment Bank to be in their opinion appropriate to give the intended result.

For the purposes of these Conditions:

"Alternative Stock Exchange" means at any time, in the case of the Shares, if they are not at that time listed and traded on the SGX-ST, the principal stock exchange or securities market on which the Shares are then listed or quoted or dealt in.

"Capital Distribution" means: (i) any distribution of assets in specie by the Issuer for any financial period whenever paid or made and however described (and for these purposes a distribution of assets in specie includes without limitation an issue of Shares or other securities credited as fully or partly paid (other than Shares credited as fully paid by way of capitalisation of reserves)); and (ii) any dividend (including any cash or Scrip Dividend) or distribution of any kind by the Issuer for any financial period (whenever paid and however described) unless:

(i) (and to the extent that) it does not, on a per Share basis, when taken together with the aggregate of any other dividend (including any cash or Scrip Dividend) or distribution previously made or paid in respect of the same financial year, exceed the Reference Amount per Share for the relevant financial year as set out below;

In respect of financial year ending	**Reference Amount per Share (S$)**
30 June 2007	0.03435
30 June 2008	0.03950
30 June 2009	0.04543
30 June 2010	0.05225
30 June 2011.	0.06009
30 June 2012	0.06909
30 June 2013	0.07945

(ii) (and to the extent that) in the case of a distribution in specie only it does not, when taken together with the aggregate of the Fair Market Value of any other dividend or distribution previously made or paid in respect of all periods ending after 31 June 2007, exceed the aggregate of the consolidated net profits for such periods (less the aggregate of any consolidated net losses) attributable to Shareholders for all periods ending after 31 June 2007, after deducting minority interests and preference dividends (if any) but (1) deducting any amounts in respect of any asset previously credited to the Issuer's reserves (in respect of any period or date up to and including 31 June 2007) pursuant to any revaluation of such asset, where amounts arising on the disposal of such asset have contributed to such profits and (2) deducting any exceptional and extraordinary items, (and for the avoidance of doubt after excluding any amount arising as a result of any reduction in registered capital, share premium account or capital redemption reserve, but including any profit transferred from any reserve, in each case calculated by reference to the audited consolidated profit and loss accounts for such periods of the Issuer and its Subsidiaries; or

(iii) it comprises a purchase or redemption of Shares by or on behalf of the Issuer (or a purchase of Shares by or on behalf of a Subsidiary of the Issuer), where the weighted average price (before expenses) on any one day in respect of such purchases does not exceed the Current Market Price of the Shares as quoted by the SGX-ST or, as the case may be, the Alternative Stock Exchange by more than 5 per cent., either (1) for the five market days on which transactions in the Shares were recorded preceding the day of the purchase, or (2) where an announcement has been made of the intention to purchase Shares at some future date at a specified price, on the Trading Day immediately preceding the date of such announcement (excluding, for the avoidance of doubt, general authority for such purchases given by a Shareholders' meeting of the Issuer, or any notice convening such meeting) and, if in the case of either (1) or (2), the relevant day is not a Trading Day, the immediately preceding Trading Day.

In making any such calculation, such adjustments (if any) shall be made as an Independent Investment Bank may consider appropriate to reflect (1) any consolidation or subdivision of the Shares, (2) issues of Shares by way of capitalisation of profits or reserves, or any like or similar event or (3) the modification of any rights to dividends of Shares.

"Closing Price" for the Shares for any Trading Day shall be the average closing market price quoted by the SGX-ST or, as the case may be, the Alternative Stock Exchange, for the last five Trading Days prior to such Trading Day.

"Current Market Price" means, in respect of a Share at a particular date, the average of the Closing Prices for one Share (being a Share carrying full entitlement to dividend) for the 20 consecutive Trading Days ending on the Trading Day immediately preceding such date; provided that if at any time during the said 20 Trading Day period the Shares shall have been quoted ex-dividend and during some other part of that period the Shares shall have been quoted cum-dividend then:

(i) if the Shares to be issued in such circumstances do not rank for the dividend in question, the quotations on the dates on which the Shares shall have been quoted cum-dividend shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the amount of that dividend per Share; or

(ii) if the Shares to be issued in such circumstances rank for the dividend in question, the quotations on the dates on which the Shares shall have been quoted ex-dividend shall for the purpose of this definition be deemed to be the amount thereof increased by such similar amount;

and provided further that if the Shares on each of the said five Trading Days have been quoted cum-dividend in respect of a dividend which has been declared or announced but the Shares to be issued do not rank for that dividend, the quotations on each of such dates shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the amount of that dividend per Share.

"Fair Market Value" means, with respect to any assets, security, option, warrants or other right on any date, the fair market value of that asset, security, option, warrant or other right as determined by an Independent Investment Bank, acting as an expert, provided that (i) the fair market value of a cash dividend paid or to be paid per Share shall be the amount of such cash dividend per Share determined as at the date of announcement of such dividend; (ii) where options, warrants or other rights are publicly traded in a market of adequate liquidity (as determined by such investment banks) the fair market value of such options, warrants or other rights shall equal the arithmetic mean of the daily closing prices of such options, warrants or other rights during the period of five trading days on the relevant market commencing on the first such trading day such options, warrants or other rights are publicly traded.

"Independent Investment Bank" means an independent investment bank of international repute (acting as an expert) selected by the Issuer and approved by the Trustee.

"Relevant Cash Dividend" means any cash dividend specifically declared by the Issuer.

"Relevant Stock Exchange" means at any time, in respect of the Shares, the SGX-ST or the Alternative Stock Exchange.

"Scrip Dividend" means any Shares issued in lieu of the whole or any part of any Relevant Cash Dividend being a dividend which the Shareholders concerned would or could otherwise have received and which would not have constituted a Capital Distribution (and for the avoidance of doubt to the extent that no adjustment is to be made under Condition 6(C)(3) in respect of the amount by which the Current Market Price of the Shares exceeds the Relevant Cash Dividend or part thereof) but without prejudice to any adjustment required in such circumstances to be made under Condition 6(C)(2)(ii).

"Trading Day" means a day when the SGX-ST or, as the case may be an Alternative Stock Exchange is open for dealing business, provided that if no Closing Price is reported for one or more consecutive dealing days such day or days will be disregarded in any relevant calculation and shall be deemed not to have been dealing days when ascertaining any period of dealing days.

"Volume Weighted Average Price" means, in respect of a Share on any Stock Exchange Business Day, the order book volume-weighted average price of a Share appearing on or derived from Bloomberg or such other source as shall be determined to be appropriate by an Independent Investment Bank on such Stock Exchange Business Day, provided that on any such Stock Exchange Business Day where such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of a Share in respect of such Stock Exchange Business Day shall be the Volume Weighted Average Price, determined as provided above, on the immediately preceding Stock Exchange Business Day on which the same can be so determined.

On any adjustment, the relevant Conversion Price, if not an integral multiple of one S$ cent, shall be rounded down to the nearest S$ cent. No adjustment shall be made to the Conversion Price where such adjustment (rounded down if applicable) would be less than one per cent. of the Conversion Price then in effect. Any adjustment not required to be made, and any amount by which the Conversion Price has not been rounded down, shall be carried forward and taken into account in any subsequent adjustment. Notice of any adjustment shall be given to Bondholders in accordance with Condition 16 as soon as practicable after the determination thereof.

Where more than one event which gives or may give rise to an adjustment to the Conversion Price occurs within such a short period of time that, in the opinion of an Independent Investment Bank, the foregoing provisions would need to be operated subject to some modification in order to give the intended result, such modification shall be made to the operation of the foregoing provisions as may be advised by such Independent Investment Bank to be in their opinion appropriate in order to give such intended result.

No adjustment will be made to the Conversion Price when Shares or other securities (including rights or options) are issued, offered or granted to employees (including directors) of the Issuer or any Subsidiary of the Issuer pursuant to any Employee Share Scheme (as defined in the Trust Deed) (and which Employee Share Scheme is in compliance with the listing rules of the SGX-ST or, if applicable, those of an Alternative Stock Exchange).

No adjustment involving an increase in the Conversion Price will be made, except in the case of a consolidation of the Shares as referred to in Condition 6(C)(1) above.

The Trustee shall not be under any duty to monitor whether any event or circumstance has happened or exists which may require an adjustment to be made to the Conversion Price and will not be responsible to Bondholders for any loss arising from any failure by it to do so.

The Trustee and the Agents shall be under no obligation to calculate, determine or verify the number of Shares to be issued upon conversion of the Bonds or verify the Issuer's or the Independent Investment Bank's determination of such number of Shares or method used in such determination and neither the Trustee nor the Agents shall be responsible to Bondholders or any other person for any loss arising from any failure to do so or for any delay of the Issuer or the Independent Investment Bank in making such determination or any erroneous determination by the Issuer or the Independent Investment Bank.

(D) ***Undertaking***

The Issuer has undertaken in the Trust Deed, *inter alia*, that so long as any Bond remains outstanding, save with the approval of an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders or with the approval of the Trustee where, in the opinion of the Trustee, it is not materially prejudicial to the interests of Bondholders to give such approval:

(i) it will use all reasonable endeavours (a) to maintain a listing for all the issued Shares on the SGX-ST, and (b) to obtain and maintain a listing for all the Shares issued on the exercise of the Conversion Rights attaching to the Bonds on the SGX-ST, and if the Issuer is unable to obtain or maintain such listing, to use all reasonable endeavours to obtain and maintain a listing for all the Shares issued on the exercise of the Conversion Rights on an Alternative Stock Exchange as the Issuer may from time to time determine and as may be approved by the Trustee and will forthwith give notice to the Bondholders in accordance with Condition 16 below of the listing or delisting of the Shares (as a class) by any such stock exchange;

(ii) it will pay the expenses of the issue of, and all expenses of obtaining listing for, Shares arising on conversion of the Bonds;

(iii) it will not make any reduction of its ordinary share capital or any uncalled liability in respect thereof or of any share premium account or capital redemption reserve fund except, in each case, where the reduction is permitted by applicable law and results in (or would, but for the provision of these Conditions relating to rounding or the carry forward of adjustments, result in) an adjustment to the Conversion Price or is otherwise taken into account for the purposes of determining whether such an adjustment should be made; and

(iv) it will use all reasonable endeavours to maintain the listing of the Bonds on the SGX-ST and if the Issuer is unable to maintain such listing, to use all reasonable endeavours to obtain and maintain a listing on another internationally recognised stock exchange and will forthwith give notice to the Bondholders in accordance with Condition 16 below of the listing or delisting of the Bonds by any such stock exchange.

In the Trust Deed, the Issuer has also undertaken with the Trustee that so long as any Bond remains outstanding it will ensure that all Shares delivered on conversion of the Bonds will be duly and validly issued as fully-paid, provided always that the Issuer shall not be prohibited from purchasing its Shares to the extent permitted by law.

The Issuer has also given certain other undertakings in the Trust Deed for the protection of the Conversion Rights.

(E) ***Conversion Upon Change of Control***

If a Change of Control (as defined in Condition 8(E)) shall have occurred, the Issuer shall give notice of that fact to the Bondholders (the "Change of Control Notice") in accordance with Condition 16 within seven days after it becomes aware of such Change of Control. Following the giving of a Change of Control Notice, upon any exercise of Conversion Rights such that the relevant Conversion Date falls within 30 days following a Change of Control, or, if later, 30 days following the date on which the Change of Control Notice is given to Bondholders (such period, the "Change of Control Conversion Period"), the Conversion Price shall be adjusted in accordance with the following formula:

$$NCP = \frac{OCP}{1 + (CP \times c/t)}$$

where:

NCP is the Conversion Price after such adjustment.

OCP is the Conversion Price in force immediately before such adjustment, and for the avoidance of doubt, OCP for the purposes of this Condition shall be the Conversion Price applicable on the relevant Conversion Date in respect of any conversion pursuant to this Condition.

Conversion Premium ("CP") is 30 per cent. expressed as a fraction.

c is the number of days from and including the first day of the Change of Control Conversion Period to, but excluding, 3 July 2013.

t is the number of days from and including 3 July 2008 to, but excluding, 3 July 2013.

(F) ***Notice of Change in Conversion Price***

The Issuer shall give notice to the Trustee, the Agents and the Bondholders in accordance with Condition 16 of any change in the Conversion Price. Any such notice relating to a change in the Conversion Price shall set forth the event giving rise to the adjustment, the Conversion Price prior to such adjustment, the adjusted Conversion Price and the effective date of such adjustment.

7. Payments

(A) ***Method of Payment***

All payments in respect of the Bonds will be made by transfer to the registered account of the Bondholder or by US dollar cheque drawn on a bank in New York mailed to the registered address of the Bondholder if it does not have a registered account. Payment of principal will only be made after surrender of the relevant Certificate at the specified office of any of the Agents.

Interest on Bonds due on an Interest Payment Date will be paid on the due date for the payment of interest to the holder shown on the Register at the close of business on the fifteenth day before the due date for the payment of interest (the "Interest Record Date"). Payments of interest on each Bond will be made by transfer to the registered account of the Bondholder or by US dollar cheque drawn on a bank in New York mailed to the registered address of the Bondholder if it does not have a registered account.

References in these Conditions, the Trust Deed and the Agency Agreement to principal in respect of any Bond shall, where the context so permits, be deemed to include a reference to any premium payable thereon.

(B) *Registered Accounts*

For the purposes of this Condition, a Bondholder's registered account means the US dollar account maintained by or on behalf of it with a bank in New York, details of which appear on the Register at the close of business on the second business day (as defined below) before the due date for payment, and a Bondholder's registered address means its address appearing on the Register at that time.

(C) *Fiscal Laws*

All payments are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 9. No commissions or expenses shall be charged to the Bondholders in respect of such payments.

(D) *Payment Initiation*

Where payment is to be made by transfer to a registered account, payment instructions (for value on the due date or, if that is not a business day (as defined below), for value on the first following day which is a business day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed (at the risk and, if mailed at the request of the holder otherwise than by ordinary mail, at the expense of the holder) on the due date for payment (or, if it is not a business day, the immediately following business day) or, in the case of a payment of principal, if later, on the business day on which the relevant Certificate is surrendered at the specified office of an Agent.

(E) *Delay In Payment*

Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the due date is not a business day, if the Bondholder is late in surrendering its Certificate (if required to do so) or if a cheque mailed in accordance with this Condition arrives after the due date for payment.

(F) *Business Day*

In this Condition, "business day" means a day other than a Saturday or Sunday on which commercial banks are open for business in Singapore, London, New York and the city in which the specified office of the Principal Agent is located and, in the case of the surrender of a Certificate, in the place where the Certificate is surrendered. If an amount which is due on the Bonds is not paid in full, the Registrar will annotate the Register with a record of the amount (if any) in fact paid.

8. Redemption, Purchase and Cancellation

(A) *Maturity*

Unless previously redeemed, converted or purchased and cancelled as provided herein, the Issuer will redeem each Bond at 119.38 per cent. of its principal amount together with unpaid accrued interest thereon on 3 July 2013 (the "Maturity Date"). The Issuer may not redeem the Bonds at its option prior to that date except as provided in Condition 8(B) and Condition 8(C) below (but without prejudice to Condition 10).

(B) *Redemption at the Option of the Issuer*

If at any time the aggregate principal amount of the Bonds outstanding is less than 10 per cent. of the aggregate principal amount originally issued (including any Bonds issued pursuant to Condition 15), the Issuer shall have the option to redeem such outstanding Bonds in whole but not in part at their Early Redemption Amount together with accrued interest at the date fixed for such redemption. The Issuer will give at least 30 days' but not more than 60 days' prior notice to the holders for such redemption.

(C) *Redemption for Taxation Reasons*

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice (a "Tax Redemption Notice") to the Bondholders in accordance with Condition 16 (which notice shall be irrevocable) at their Early Redemption Amount together with interest accrued to the date fixed for redemption, if (i) the Issuer satisfies the Trustee immediately prior to the giving of such notice that the Issuer has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 9 as a result of any change in, or amendment to, the laws or regulations of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 3 July 2008, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due. Prior to the publication of any Tax Redemption Notice pursuant to this paragraph, the Issuer shall deliver to the Trustee (a) a certificate signed by two directors of the Issuer stating that the obligation referred to in (i) above cannot be avoided by the Issuer taking reasonable measures available to it and (b) an opinion of independent legal or tax advisers of recognised standing to the effect that such change or amendment has occurred (irrespective of whether such amendment or change is then effective). The Trustee shall be entitled to accept such certificate and opinion without further enquiry as sufficient evidence thereof in which event it shall be conclusive and binding on the Bondholders. Upon the expiry of the Tax Redemption Notice, the Issuer will be bound to redeem the Bonds at their Early Redemption Amount together with interest accrued to the date fixed for redemption (the "Tax Redemption Date").

(D) *Redemption at the option of the Bondholders*

The Issuer will, at the option of the holder of any Bond redeem all or some only of such holder's Bonds on 3 July 2011 (the "Put Option Date") at 111.11 per cent. of their principal amount as at the relevant date fixed for redemption together with interest accrued to the date fixed for redemption. To exercise such option, the holder must deposit at the specified office of any Paying Agent a duly completed and signed put notice in the form for the time being current, obtainable from the specified office of any Paying Agent, together with the Certificate evidencing the Bonds to be redeemed not more than 60 days and not less than 30 days prior to the Put Option Date.

A put notice, once delivered, shall be irrevocable and may not be withdrawn without the Issuer's consent. No fewer than 30 nor more than 45 days' notice of the commencement of the period in which the put option can be exercised pursuant to this Condition 8(D) shall be given to the Bondholders.

(E) *Redemption for Delisting or Change of Control*

Following the occurrence of a Relevant Event (as defined below), the holder of each Bond will have the right, at such holder's option, to require the Issuer to redeem all or some only of such holder's Bonds on the Relevant Event Redemption Date (as defined below) at a price equal to their Early Redemption Amount together with interest accrued to the date fixed for redemption. To exercise such right, the holder of the relevant Bond must deposit at the specified office of any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any Paying Agent ("Relevant Event Redemption Notice"), together with the Certificate evidencing the Bonds to be redeemed by not later than 60 days following a Relevant Event, or, if later, 60 days following the date upon which notice thereof is given to Bondholders by the Issuer in accordance with Condition 16. The "Relevant Event Redemption Date" shall be the fourteenth day after the expiry of such period of 60 days as referred to above.

A Relevant Event Redemption Notice, once delivered, shall be irrevocable and may not be withdrawn without the Issuer's consent and the Issuer shall redeem the Bonds the subject of the Relevant Event Redemption Notice as aforesaid on the Relevant Event Redemption Date. The Issuer shall give notice to Bondholders in accordance with Condition 16 by not later than 14 days following the first day on which it becomes aware of the occurrence of a Relevant Event, which notice shall specify:

(i) the Relevant Put Date;

(ii) the date of such Relevant Event;

(iii) the date by which the Relevant Event Redemption Notice must be given;

(iv) the redemption amount and the method by which such amount will be paid;

(v) the names and specified offices of all Paying Agents;

(vi) briefly, the Conversion Right and the then Conversion Price; and

(vii) the procedure for exercise by holders of their rights to require redemption of the Bonds pursuant to this Condition 8(E) or their Conversion Right and shall give brief details of the Relevant Event.

The Trustee shall not be required to take any steps to ascertain whether a Relevant Event or any event which could lead to the occurrence of a Relevant Event has occurred and shall not be responsible or liable to Bondholders for any loss arising from any failure to do so.

A "Relevant Event" occurs:

(i) when the Shares cease to be listed or admitted to trading or suspended for a period equal to or exceeding 30 days on the SGX-ST or, if applicable, the Alternative Stock Exchange; or

(ii) when there is a Change of Control.

For the purposes of this Condition 8(E):

"Control" means the acquisition or control of more than 50 per cent. of the voting rights of the issued share capital of the Issuer or the right to appoint and/or remove all or the majority of the members of the Issuer's board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise;

a "Change of Control" occurs when:

(i) any Person (as defined in Condition 8(K)) or Persons acting together acquires Control of the Issuer if such Person or Persons does not or do not have, and would not be deemed to have, Control of the Issuer on the Closing Date;

(ii) the Issuer consolidates with or merges into or sells or transfers all or substantially all of the assets of the Issuer to any other Person, unless the consolidation, merger, sale or transfer will not result in the other Person or Persons acquiring Control over the Issuer or the successor entity; or

(iii) one or more Persons (other than any Person referred to in sub-paragraph (i) above) acquires the legal or beneficial ownership of all or substantially all of the issued share capital of the Issuer; and

(F) *Bondholders' Tax Option*

If the Issuer gives a Tax Redemption Notice pursuant to Condition 8(C), each Bondholder will have the right to elect that his Bond(s) shall not be redeemed and that the provisions of Condition 9 shall not apply in respect of any payment of Early Redemption Amount or interest to be made in respect of such Bond(s) which falls due after the relevant Tax Redemption Date, whereupon no Additional Tax Amounts shall be payable in respect thereof pursuant to Condition 9 and payment of all amounts shall be made subject to the deduction of withholding of the relevant taxation required to be withheld or deducted. To exercise a right pursuant to this Condition 8(F), the relevant Bondholder must deposit a duly completed and signed notice of exercise in the form for the time being current obtainable from the specified office of any Paying Agent (a "Bondholder's Exercise Notice") together with the Certificate evidencing the Bonds to be redeemed, on or before the day falling 15 days prior to the Tax Redemption Date at the specified office of any Paying Agent.

(G) *Stock Settlement Option of the Issuer*

(i) Notwithstanding the right of each Bondholder to receive the relevant redemption amount on the Maturity Date or the Put Option Date (each such amount being a "Stock Settlement Redemption Amount"), as the case may be, (each such date being a "Stock Settlement Redemption Date"), the Issuer shall have the option (the "Stock Settlement Option") to redeem all of the Bonds on the Maturity Date (in order to satisfy its obligations to redeem Bonds pursuant to Condition 8(A)), or to redeem Bonds in respect of which the relevant holders have exercised their rights pursuant to Condition 8(D), by delivering to the Bondholders in full or in part (in which case the other part shall be satisfied by payment of the Cash Redemption Amount (as defined in Condition 8(G)(v)) and/or the Balance Redemption Amount (as defined in Condition 8(G)(ii)), in each case on a pro rata basis to the holders of the Bonds or in the case of Condition 8(D), the relevant holders who have exercised the rights provided thereunder), such number of Shares equal to the aggregate of the Daily Number of Shares as the Issuer may decide, as calculated for each Trading Day in the Settlement Calculation Period (each a "Settlement Calculation Date") in accordance with the formula set out below, provided that: (i) such aggregate of the Daily Number of Shares shall not exceed the prevailing Stock Settlement Limit (as defined in Condition 8(G)(v)); and (ii) in the event that the relevant Stock Settlement Redemption Amount is greater than or equal to 15 per cent. of the Issuer's Market Capitalisation (as defined in Condition 8(G)(v)), the Stock Settlement Option shall not apply in any respect and the Issuer shall be obliged to pay the relevant Stock Settlement Redemption Amount in cash.

$$\text{DNS} = \frac{1}{20} \times \text{RA} \times \frac{1}{\text{S}} \times \frac{1}{(1 - \text{D})} \times \text{F}$$

where:

DNS is Daily Number of Shares;

RA is relevant Stock Settlement Redemption Amount;

S is a number equal to the Volume Weighted Average Price for the Shares on the relevant Trading Day in the Settlement Calculation Period;

D is percentage discount set forth in Condition 8(G)(vi);

F is percentage of the relevant Stock Settlement Redemption Amount being satisfied in Shares as set out in the Stock Settlement Option Notice (as defined below),

PROVIDED THAT the Daily Number of Shares for each Trading Day shall not exceed 5 per cent. of the Stock Settlement Limit.

If the Daily Number of Shares for each Trading Day exceeds 5 per cent. of the Stock Settlement Limit, such excess shall be compensated in cash (the "DNS Excess Amount"), which amount shall be calculated by reference to the Volume Weighted Average Price for the Shares on the relevant Trading Day in the Settlement Calculation Period.

In order to exercise the Stock Settlement Option, the Issuer shall provide notice of such exercise to Bondholders and the Trustee not less than 30 nor more than 60 days' notice prior to the relevant Stock Settlement Redemption Date (the "Stock Settlement Option Notice"). The Issuer may not exercise the Stock Settlement Option if at the time of election or any time thereafter but prior to the end of the Settlement Calculation Period for the applicable Stock Settlement Redemption Date, (a) any of the events of default specified in Condition 10 has occurred and is continuing or (b) the Shares cease to be listed or admitted to trading on the SGX-ST or, if applicable, an Alternative Stock Exchange.

(ii) Fractions of Shares due as a consequence of the exercise of the Stock Settlement Option will be compensated in cash (the "Balance Redemption Amount"), which amount shall be calculated by multiplying the relevant fraction by the Volume Weighted Average Price for the Shares on the relevant Trading Day in the Settlement Calculation Period. Such amount will be paid in accordance with Condition 8(G)(iv).

(iii) The Issuer shall in the Stock Settlement Option Notice specify the Cash Redemption Amount (if applicable) and the portion that shall be satisfied by the delivery of Shares.

(iv) The Issuer shall:

(a) by the seventh Trading Day falling after each Settlement Calculation Date, procure that the Daily Number of Shares are allotted to and registered in the name of the Depository (as defined in the Act) for credit to the securities account designated for the purpose in the Delivery Notice (as defined below) for so long as the Shares are listed on the SGX-ST; or if the Shares are not listed on the SGX-ST, register the person or persons designated for the purpose in the Delivery Notice as holder(s) of the relevant number of Shares in the Issuer's share register and make such certificate or certificates available for collection at the office of the Issuer's share registrar in Singapore (currently, Boardroom Corporate & Advisory Services Pte. Ltd.) notified to the Bondholders in accordance with Condition 16 or, if so requested in the relevant Delivery Notice, cause its share registrar to mail (at the risk, and, if sent at the request of such person otherwise than by ordinary mail, at the expense, of the person to whom such certificate or certificates are sent) such certificate or certificates to the person and at the place specified in the Delivery Notice, together (in either case) with any other securities, property or cash required to be delivered upon redemption and such assignments and other documents (if any) as may be required by law to effect the transfer thereof;

(b) pay the Cash Redemption Amount (if any) on the relevant Stock Settlement Redemption Date;

(c) pay the DNS Excess Amount (if any) by the date falling three Trading Days after the last Trading Day of the Settlement Calculation Period; and

(d) pay the Balance Redemption Amount (if any) by the date falling three Trading Days after the last Trading Day of the Settlement Calculation Period.

(v) For the purposes of this Condition 8(G):

"Cash Redemption Amount" means the portion of the relevant Stock Settlement Redemption Amount which is specified in the Stock Settlement Option Notice to be paid in cash on the relevant Stock Settlement Redemption Date.

"Market Capitalisation" means on any date, the product of (i) the Current Market Price and (ii) the number of Shares issued by the Issuer, provided that for the purposes of Condition 8(G):

(i) the calculation of the Current Market Price shall be based on the arithmetic average of the Volume Weighted Average Price/Closing Price for the five consecutive Trading Days ending on the 21st Trading Day preceding the relevant Stock Settlement Redemption Date; and

(ii) the number of Shares issued by the Issuer shall be determined by reference to the total number of Shares outstanding on the 25th Trading Day preceding the relevant Stock Settlement Redemption Date.

"Settlement Calculation Period" means a period of 20 consecutive Trading Days commencing on (and including) the 10th Trading Day prior to the relevant Stock Settlement Redemption Date.

"Stock Settlement Limit" means an amount equal to 10 per cent. of the total number of Shares outstanding on the 20th Trading Day preceding the relevant Stock Settlement Redemption Date.

(vi) For the purposes of the formula in Condition 8(G)(i), "D" shall mean:

(a) if the relevant Stock Settlement Redemption Amount is less than 5 per cent. of Market Capitalisation of the Issuer, 7 per cent.; and

(b) if the relevant Stock Settlement Redemption Amount is between 5 per cent. and 10 per cent. of Market Capitalisation of the Issuer, 10 per cent.

(vii) If the Record Date for the payment of any dividend or other distribution in respect of the Shares is on or after the date on which the Stock Settlement Option is exercised, but before the Registration Date, the Issuer will pay to the converting Bondholder or his designee the Equivalent Amount and will make the payment at the same time as it makes payment of the dividend or other distribution, or as soon as practicable thereafter, but, in any event, not later than seven Trading Days falling after each Settlement Calculation Date. The Equivalent Amount shall be paid by means of a US dollar cheque drawn on a bank in New York and sent to the address specified in the relevant Delivery Notice or if the relevant Delivery Notice has not been received by the Issuer in accordance with Condition 8(G)(viii), the Equivalent Amount shall be paid to the relevant Bondholder in accordance with Condition 7.

(viii) In order for a Bondholder to obtain delivery of Shares and/or cash (as applicable) under this Condition 8(G) (such Shares or cash, "Receivables"), each Bondholder must, at least 15 Business Days prior to the relevant Stock Settlement Redemption Date (the "Delivery Notice Period"), deliver a notice (a "Delivery Notice") to the specified office of the Paying Agent specifying:

(a) in the case of Receivables not comprising cash:

 (I) the name and address of the Bondholder for entry into the Issuer's share register, and the receipt of any certificates evidencing title to any Shares; and/or

 (II) the details of any securities account to which the Shares may be credited; and/or

(b) in the case of Receivables comprising cash, the name and details of any US dollar account with a bank in New York to which any amounts of cash may be paid.

A Delivery Notice once delivered shall be irrevocable.

Where the relevant Stock Settlement Redemption Amount has been specified by the Issuer in the Stock Settlement Option Notice to be satisfied by the delivery of Shares and/or cash and Delivery Notices have not been received by the Issuer in accordance with Condition 8(G)(viii), after the expiry of the Delivery Notice Period:

(X) in respect of the delivery of Shares, the Issuer will, as soon as reasonably practicable, procure that the relevant Shares are allotted to and registered in the name of the Depository (as defined in the Act) for credit to the securities account of a person located in Singapore (the "Relevant Person") selected by the Issuer and approved by the Trustee and on such terms as the Trustee may require in its absolute discretion for so long as the Shares are listed on the SGX-ST; or if the Shares are not listed on the SGX-ST, register, or procure the registration of, such Relevant Person as holder of the relevant number of Shares in the Issuer's share register and will make the certificate or certificates for the relevant Shares available for collection at the office of the Issuer's share registrar in Singapore (currently, Boardroom Corporate & Advisory Services Pte. Ltd.) together with any other securities, property or cash required to be delivered upon and such assignments and other documents (if any) as may be required by law to effect the transfer thereof. The Issuer shall procure that all of such Shares shall be sold by or on behalf of the Relevant Person as soon as practicable based on advice from a reputable financial institution, investment or commercial bank or broker selected by the Issuer and subject to any necessary consents being obtained and to the deduction by or on behalf of the Relevant Person of any amount payable in respect of its liability to taxation and the payment of any capital, stamp, issue, registration and/or transfer taxes and duties (if any) and any fees or costs incurred by or on behalf of the Relevant Person in connection with the issue, allotment and sale thereof. The net proceeds of sale together with accrued interest (if any) payable on the relevant Stock Settlement Redemption Date and any Balance Redemption Amount shall be paid by the Issuer to the relevant Bondholders in accordance with Condition 7; and

(Y) in respect of any delivery of cash, the Issuer will pay such amounts of cash, together with the amounts specified in sub-paragraph (X) above, to the relevant Bondholders in accordance with Condition 7.

(ix) The Issuer shall be responsible for all necessary calculations and (subject to Condition 8(G)(viii)) the delivery of Shares under this Condition 8(G). If any of the Bondholders does not agree with any such calculation, it shall inform the Issuer as soon as practicable and the Issuer shall, at its own expense, request a leading independent investment bank of international repute (acting as an expert), selected by the Issuer, to determine as soon as practicable, what it considers to be the correct calculation for the purposes of this Condition 8(G). All determinations, calculations and decisions given, expressed, made or obtained by the Issuer for the purpose of this Condition 8(G)(ix) will be conclusive and binding on the Issuer, the Trustee, the Agents and all relevant Bondholders.

(x) For the avoidance of doubt, none of the Trustee nor the Agents takes any responsibility or accepts any liability:

(a) for making any calculation;

(b) for monitoring the delivery of Shares;

(c) for any actions of the Relevant Person including any consents obtained or not obtained by such Relevant Person and/or any deductions made by the Relevant Person;

(d) for the exercise or non exercise of any discretion pursuant to this Condition 8(G); or

(e) in respect of any sale of any Shares,

whether for the timing of any such sale or the price at which any such Shares are sold or the inability to sell any such Shares.

(H) *Purchase*

The Issuer or any of its Subsidiaries may at any time and from time to time purchase Bonds at any price in the open market or otherwise. Such Bonds may, at the option of the Issuer or the relevant Subsidiary, be held, resold or cancelled. The Bonds so acquired, while held on behalf of the Issuer or any Subsidiary, shall not entitle the holders thereof to convert the Bonds in accordance with these Conditions nor exercise any voting rights with respect to such Bonds.

(I) *Cancellation*

All Bonds which are redeemed, converted or purchased by the Issuer or any of its Subsidiaries, will forthwith be cancelled. Certificates in respect of all Bonds cancelled will be forwarded to or to the order of the Registrar and such Bonds may not be reissued or resold.

(J) *Redemption Notices*

All notices to Bondholders given by or on behalf of the Issuer pursuant to this Condition will specify (i) the Conversion Price as at the date of the relevant notice, (ii) the Conversion Period, (iii) the Closing Price of the Shares as at the latest practicable date prior to the publication of the notice, (iv) the applicable Early Redemption Amount, (v) the date for redemption, (vi) the manner in which redemption will be effected and (vii) the aggregate principal amount of the Bonds outstanding as at the latest practicable date prior to the publication of the notice.

If more than one notice of redemption (which shall include any notice given by the Issuer pursuant to Condition 8(C) and any Relevant Event Redemption Notice given by a Bondholder pursuant to Condition 8(E)) is given pursuant to this Condition 8, the first of such notices to be given shall prevail.

(K) *Definitions*

For the purposes of this Condition 8:

"Early Redemption Amount" means an amount equal to 100 per cent. of the principal amount of the Bonds redeemed plus the applicable Redemption Premium. The applicable Early Redemption Amount for each US$100,000 principal amount of Bonds is calculated in accordance with the following formula, rounded (if necessary) to two decimal places with 0.005 being rounded upwards (provided that if the date fixed for redemption is a Semi-annual Date (as set out below), such Early Redemption Amount shall be as set out in the table below in respect of such Semi-annual Date):

$$\text{Early Redemption Amount} = (\text{Previous Redemption Amount} \times (1+r/2)^{d/p}) - AI$$

Previous Redemption Amount = the Early Redemption Amount for each US$100,000 principal amount on the Semi-annual Date immediately preceding the date fixed for redemption as set out below (or if the Bonds are to be redeemed prior to 3 January 2009, US$100,000):

Semi-annual Date	Early Redemption Amount US$
3 January 2009	101,750.00
3 July 2009	103,539.38
3 January 2010	105,369.01
3 July 2010	107,239.81
3 January 2011	109,152.71
3 July 2011	111,108.65
3 January 2012	113,108.59
3 July 2012	115,153.53
3 January 2013	117,244.49
3 July 2013	119,382.49

r is 4.5 per cent. expressed as a fraction.

d is number of days from and including the immediately preceding Semi-annual Date (or if the Bonds are to be redeemed on or before 3 January 2009, from and including the Closing Date) to, but excluding, the date fixed for redemption, calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

p is 180 days.

AI is the accrued interest on the principal amount of the Bonds from and including the immediately preceding Interest Payment Date (or if the Bonds are to be redeemed on or before the first Interest Payment Date, from and including the Closing Date) to but excluding the relevant date fixed for redemption, calculated on the basis described in Condition 5.

"Issue Price" means 100 per cent. of the principal amount of the Bonds;

a "Person" includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity) but does not include the (i) the Issuer's board of directors or any other governing board or (ii) the Issuer's wholly-owned direct or indirect subsidiaries; and

"Redemption Premium" means an amount payable pursuant to the Bonds with respect to a redemption of a Bond that will provide a holder who purchased such Bond at the Issue Price on 3 July 2008 a gross compound yield of 4.50 per cent. per annum, calculated on a semi-annual basis.

9. Taxation

All payments made by the Issuer under or in respect of the Bonds, the Trust Deed or the Agency Agreement will be made free from any restriction or condition and be made without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Singapore or any authority thereof or therein having power to tax, unless deduction or withholding of such taxes, duties, assessments or governmental charges is compelled by law. In such event, the Issuer will pay such additional amounts (the "Additional Tax Amounts") as will result in the receipt by the Bondholders of the net amounts after such deduction or withholding equal to the amounts which would otherwise have been receivable by them had no such deduction or withholding been required except that no such additional amount shall be payable in respect of any Bond:

(i) Other connection: to a holder (or to a third party on behalf of a holder) who is subject to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with Singapore otherwise than merely by holding the Bond or by the receipt of amounts in respect of the Bond or where the withholding or deduction could be avoided by the holder making a declaration of non-residence or other similar claim for exemption to the appropriate authority which such holder is legally capable and competent of making but fails to do so;

(ii) Presentation more than 30 days after the relevant date: (in the case of a payment of principal) if the Certificate in respect of such Bond is surrendered more than 30 days after the relevant date except to the extent that the holder would have been entitled to such additional amount on surrendering the relevant Certificate for payment on the last day of such period of 30 days;

(iii) Payment to individuals: where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Union Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26–27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive; or

(iv) Payment by another Paying Agent: presented for payment by or on behalf of a Bondholder who would have been able to avoid such withholding or deduction by presenting the relevant Bond to another Paying Agent in a Member State of the European Union.

For the purposes hereof, "relevant date" means the later of (a) the date on which such payment first becomes due and (b) if the full amount payable has not been received by the Trustee or the Principal Agent on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Bondholders and cheques despatched or payment made.

References in these Conditions to principal and premium (if any) shall be deemed also to refer to any additional amounts which may be payable under this Condition or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to the Trust Deed.

10. Events of Default

(A) *Events of Default*

The Trustee at its sole discretion may, and if so requested in writing by the holders of not less than 25 per cent. in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution shall (subject to being indemnified and/or secured by the holders to its satisfaction), give notice to the Issuer that the Bonds are, and they shall accordingly thereby become, immediately due and repayable at their Early Redemption Amount plus accrued interest (subject as provided below and without prejudice to the right of Bondholders to exercise the Conversion Right in respect of their Bonds in accordance with Condition 6) if any of the following events has occurred:

(i) Non-Payment: a default is made in the payment of any principal or in the payment of any interest due in respect of the Bonds is subsisting for a period of more than five days;

(ii) Breach of Other Obligations: the Issuer does not perform or comply with one or more of its other obligations in the Bonds or the Trust Deed which default is incapable of remedy or, if in the opinion of the Trustee capable of remedy, is not in the opinion of the Trustee remedied within 30 days after written notice of such default shall have been given to the Issuer by the Trustee;

(iii) Failure to deliver Shares: any failure by the Issuer to deliver any Shares as and when the Shares are required to be delivered following Conversion of Bonds and such failure continues for more than three days;

(iv) Insolvency: the Issuer or any of its Principal Subsidiaries is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of (or all of a particular type of) its debts (or of any material part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any material part of such debts or a moratorium is agreed or declared in respect of or affecting all or any material part of (or of a particular type of) the debts of the Issuer or any of its Principal Subsidiaries;

(v) Cross-Default: (a) any other present or future indebtedness (whether actual or contingent) of the Issuer or any of its Subsidiaries for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (b) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (c) the Issuer or any of its Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (iv) have occurred equals or exceeds US$20,000,000 or its equivalent in any other currency (as determined on the basis of the middle spot rate for the relevant currency against the US dollar as quoted by any leading bank of international repute selected by the Trustee) on the day on which such indebtedness becomes due and payable or is not paid or any such amount becomes due and payable or is not paid under any such guarantees or indemnity;

(vi) Enforcement Proceedings: a distress, attachment, execution, seizure before judgment or other legal process is levied, enforced or sued out on or against any material part of the property, assets or turnover of the Issuer or any of its Principal Subsidiaries and is not discharged or stayed within 30 days;

(vii) Winding-up: an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Issuer or any of its Principal Subsidiaries (except for a members' voluntary solvent winding up of a Principal Subsidiary), or the Issuer or any of its Principal Subsidiaries ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (a) on terms approved by the Trustee or by an Extraordinary Resolution of the Bondholders, or (b) in the case of a Principal Subsidiary, whereby the undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Issuer or another of its Principal Subsidiaries;

(viii) Security Enforced: an encumbrancer takes possession or an administrative or other receiver or an administrator or other similar officer is appointed of the whole or any substantial part of the property, assets or turnover of the Issuer or any of its Principal Subsidiaries (as the case may be) and is not discharged within 30 days;

(ix) Nationalisation: (a) any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Issuer or any of its Principal Subsidiaries or (b) the Issuer, or any of its Principal Subsidiaries is prevented from exercising normal control over all or a material part of its property, assets and turnover;

(x) Authorisation and Consents: any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (a) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under the Bonds and the Trust Deed, and (b) to ensure that those obligations are legally binding and enforceable ;

(xi) Illegality: it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Bonds or the Trust Deed; or

(xii) Analogous Events: any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs.

For the purposes of this Condition, "Principal Subsidiaries" means, in relation to the Issuer, any Subsidiary (i) whose net profit, as shown by the latest audited accounts (consolidated in the case of a company which itself has subsidiaries) of such Subsidiary, are at least 5 per cent. of the consolidated net profits of the Issuer as shown in the latest consolidated accounts of the Issuer or (ii) whose revenues, as shown by the latest audited accounts (consolidated in the case of a company which itself has subsidiaries) of such Subsidiary, are at least 2 per cent. of the consolidated revenues of the Issuer as shown in the latest audited consolidated accounts of the Issuer. Provided that for the purpose of this Condition 10, no Subsidiary of the Issuer that is listed on a stock exchange or any subsidiary of any such listed Subsidiary shall be included in the definition of Principle Subsidiary.

(B) *Default Cure Amount*

Notwithstanding receipt of any payment after the acceleration of the Bonds, a Bondholder may exercise its Conversion Right by depositing a Conversion Notice with a Conversion Agent during the period from and including the date of a default notice with respect to an event specified in Condition 10(A) (at which time the Issuer will notify the Bondholders of the number of Shares per Bond to be delivered upon conversion, assuming all the then outstanding Bonds are converted) to and including the 30th business day after such payment.

If any converting Bondholder deposits a Conversion Notice pursuant to this Condition 10(B) on the business day prior to, or during, a Closed Period, the Bondholder's Conversion Right shall continue until the business day following the last day of the Closed Period, which shall be deemed the Conversion Date, for the purposes of such Bondholder's exercise of its Conversion Right pursuant to this Condition 10(B).

If the Conversion Right attached to any Bond is exercised pursuant to this Condition 10(B), the Issuer will deliver Shares (which number will be disclosed to such Bondholder as soon as practicable after the Conversion Notice is given) in accordance with the Conditions, except that the Issuer shall have 12 business days before it is required to register the converting Bondholder (or its designee) in its register of members as the owner of the number of Shares to be delivered pursuant to this Condition and an additional five business days from such registration date to make payment in accordance with the following paragraph.

If the Conversion Right attached to any Bond is exercised pursuant to this Condition 10(B), or if the Bonds have become due and payable pursuant to Condition 10(A)(i), the Issuer shall, at the request of the converting Bondholder, pay to such Bondholder an amount (the "Default Cure Amount"), equal to the product of (x) (i) the number of Shares that are required to be delivered by the Issuer to satisfy the Conversion Right in relation to such converting Bondholder minus (ii) the number of Shares that are actually delivered by the Issuer pursuant to such Bondholders' Conversion Notice and (y) the Share Price (as defined below) on the Conversion Date; provided that if such Bondholder has received any payment under the Bonds pursuant to this Condition 10(B), the amount of such payment shall be deducted from the Default Cure Amount.

For the avoidance of doubt, a Shareholder's Conversion Right can be exercised pursuant to this Condition 10(B) only after the occurrence of an event specified in Condition 10(A).

The "Share Price" means the closing price of the Shares as quoted by SGX-ST or, as the case may be, the Alternative Stock Exchange on the Conversion Date or, if no reported sales take place on such date, the average of the reported closing bid and offered prices, in either case as reported by the SGX-ST or other applicable securities exchange on which the Shares are listed for such day as furnished by a reputable and independent broker-dealer selected from time to time by the Trustee at the expense of the Issuer for such purpose.

11. Prescription

Claims in respect of amounts due in respect of the Bonds will become prescribed unless made within 10 years (in the case of principal) and five years (in the case of default interest or premium (if any)) from the relevant date (as defined in Condition 9) in respect thereof. Neither the Trustee nor the Agents will be responsible or liable for any amounts so prescribed.

12. Enforcement

At any time after the Bonds have become due and repayable, the Trustee may, at its sole discretion and without further notice, take such proceedings against the Issuer as it may think fit to enforce repayment of the Bonds and to enforce the provisions of the Trust Deed, but it will not be bound to take any such proceedings unless (a) it shall have been so requested in writing by the holders of not less than 25 per cent. in principal amount of the Bonds then outstanding or shall have been so directed by an Extraordinary Resolution of the Bondholders and (b) it shall have been indemnified and/or secured to its satisfaction. No Bondholder will be entitled to proceed directly against the Issuer unless the Trustee, having become bound to do so, fails to do so within a reasonable period and such failure shall be continuing.

13. Meetings of Bondholders, Modification, Waiver and Substitution

(A) *Meetings*

The Trust Deed contains provisions for convening meetings of Bondholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Bonds or the provisions of the Trust Deed. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing over 50 per cent. in principal amount of the Bonds for the time being outstanding or, at any adjourned such meeting, two or more persons being or representing Bondholders whatever the principal amount of the Bonds so held or represented unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the due date for any payment in respect of the Bonds, (ii) to reduce or cancel the amount of principal, default interest or premium (if any) (including any Early Redemption Amount) or Equivalent Amount payable in respect of the Bonds or changing the method of calculation of the Early Redemption Amount, (iii) to change the currency of payment of the Bonds, (iv) to modify (except by a unilateral and unconditional reduction in the Conversion Price) or cancel the Conversion Rights, or (v) to modify the provisions concerning the quorum required at any meeting of the Bondholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 66 per cent., or at any adjourned such meeting not less than 33 per cent., in principal amount of the Bonds for the time being outstanding. An Extraordinary Resolution passed at any meeting of Bondholders will be binding on all Bondholders, whether or not they are present at the meeting. The Trust Deed provides that a written resolution signed by or on behalf of the holders of not less than 90 per cent. of the aggregate principal amount of Bonds outstanding shall be as valid and effective as a duly passed Extraordinary Resolution.

(B) *Modification and Waiver*

The Trustee may agree, without the consent of the Bondholders, to (i) any modification (except as mentioned in Condition 13(A) above) to, or the waiver or authorisation of any breach or proposed breach of, the Bonds, the Agency Agreement or the Trust Deed which is not, in the opinion of the Trustee, materially prejudicial to the interests of the Bondholders or (ii) any modification to the Bonds, the Agency Agreement or the Trust Deed which, in the Trustee's opinion, is of a formal, minor or technical nature or to correct a manifest error or to comply with mandatory provisions of law. Any such modification, waiver or authorisation will be binding on the Bondholders and, unless the Trustee agrees otherwise, any such modifications will be notified by the Issuer to the Bondholders as soon as practicable thereafter.

To the extent required by the SGX-ST from time to time, any material modification to the terms of the Bonds which is for the benefit of the Bondholders but is materially prejudicial to the interests of the shareholders of the Issuer shall not be effected without the prior approval of the shareholders of the Issuer at a general meeting of the shareholders, unless such modification is made pursuant to the terms of the Bonds.

(C) *Substitution*

The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Bondholders, to the substitution of certain other entities in place of the Issuer, or of any previous substituted company, as principal debtor under the Trust Deed, the Bonds and as a party to the Agency Agreement.

(D) ***Interests of Bondholders***

In connection with the exercise of its functions (including but not limited to those in relation to any proposed modification, authorisation, waiver or substitution) the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders and the Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Issuer or the Trustee, any indemnification or payment in respect of any tax consequences of any such exercise upon individual Bondholders except to the extent provided for in Condition 9 and/or any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed.

(E) ***Certificates/Reports***

Any certificate or report of any expert or other person called for by or provided to the Trustee (whether or not addressed to the Trustee) in accordance with or for the purposes of these Conditions or the Trust Deed may be relied upon by the Trustee as sufficient evidence of the facts therein (and shall, in absence of manifest error, be conclusive and binding on all parties) notwithstanding that such certificate or report and/or engagement letter or other document entered into by the Trustee and/or the Issuer in connection therewith contains a monetary or other limit on the liability of the relevant expert or person in respect thereof. The Trustee shall not be responsible for any loss occasioned by acting on or refraining from acting in reliance on such certificate or report.

In the event of the passing of an Extraordinary Resolution in accordance with Condition 13(A), a modification, waiver or authorisation in accordance with Condition 13(B) or a substitution in accordance with Condition 13(C), the Issuer will procure that the Bondholders be notified in accordance with Condition 16.

14. Replacement of Certificates

If any Certificate is mutilated, defaced, destroyed, stolen or lost, it may be replaced at the specified office of the Registrar or any Agent upon payment by the claimant of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer and such Agent may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

15. Further Issues

The Issuer may from time to time, without the consent of the Bondholders, create and issue further bonds having the same terms and conditions as the Bonds in all respects and so that such further issue shall be consolidated and form a single series with the Bonds. Such further bonds may, with the consent of the Trustee, be constituted by a deed supplemental to the Trust Deed.

The Issuer has granted to the Joint Lead Managers, an Option which shall be exercisable, in whole or in part, on one or more occasions solely at the discretion of the Joint Lead Managers at any time on or before the 30th day following the Closing Date to subscribe for up to an additional US$100,000,000 in aggregate principal amount of Bonds. Such additional Bonds, if issued, will be issued pursuant to this Condition 15.

16. Notices

All notices to Bondholders shall be validly given if mailed to them at their respective addresses in the register of Bondholders maintained by the Registrar or published in a leading newspaper having general circulation in Asia (which is expected to be the *Asian Wall Street Journal*) and, so long as the Bonds are listed on the SGX-ST and the rules of that SGX-ST so require, published in a leading newspaper having general circulation in Singapore (which is expected to be the *Business Times*). Such notices shall be deemed to have been given on the later of the date of such publication and the seventh day after being so mailed, as the case may be, provided that if the Bonds are represented by Global Certificate(s) held on behalf of Euroclear, Clearstream, Luxembourg or the Alternative Clearing System (as the case may be), notices required to be given to the Certificate holders may be given by their being delivered to Euroclear, Clearstream, Luxembourg or the Alternative Clearing System (as defined in the Global Certificate(s)) (as the case may be), rather than by mail or publication as aforesaid. Any such notice will be deemed to have been given at 5.00 pm on the day the relevant clearing system receives such notice.

17. Agents

The names of the initial Agents and the Registrar and their specified offices are set out below. The Issuer reserves the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of any Agent or the Registrar and to appoint additional or other Agents or a replacement Registrar. The Issuer will at all times maintain (a) a Principal Agent, (b) as necessary, a Paying Agent with a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to European Directive 2003/48/EC or any other European Directive on the taxation of savings income or any law implementing or complying with, or introduced in order to conform, to such Directive, (c) a Registrar which will maintain the register of Bondholders, and (d) to the extent required by the SGX-ST, an agent in Singapore. Notice of any such termination or appointment, of any changes in the specified offices of any Agent or the Registrar and of any change in the identity of the Registrar or the Principal Agent will be given promptly by the Issuer to the Bondholders and in any event not less than 45 days' notice prior to the date of such termination or appointment will be given.

18. Indemnification

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment unless indemnified to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

19. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Bonds or any provision of the Trust Deed under the Contracts (Rights of Third Parties) Act 1999.

20. Governing Law and Submission to Jurisdiction

The Bonds, the Trust Deed and the Agency Agreement are governed by, and shall be construed in accordance with, the laws of England. In relation to any legal action or proceedings arising out of or in connection with the Trust Deed or the Bonds the Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of the courts of England and in relation thereto has appointed Olam Europe Ltd (presently at New Zealand House, 80 Haymarket, London SW1Y 4TQ, United Kingdom), as its agent for service of process in England.

SUMMARY OF PROVISIONS RELATING TO THE BONDS WHILE IN GLOBAL FORM

The Global Certificate contains provisions which apply to the Bonds while they are in global form, some of which modify the effect of the terms and conditions of the Bonds set out in this Offering Circular. The following is a summary of certain of those provisions:

Exchange

Owners of interests in the Bonds in respect of which the Global Certificate is issued will be entitled to have title to the Bonds registered in their names and to receive individual definitive Certificates if either Euroclear or Clearstream, Luxembourg (or any other clearing system as shall have been designated by the Issuer and approved by the Trustee on behalf of which the Bonds evidenced by the Global Certificate may be held) is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so.

In such circumstances, the Issuer will cause sufficient individual definitive Certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant holders of the Bonds. A person with an interest in the Bonds in respect of which the Global Certificate is issued must provide the Registrar with a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such individual definitive Certificates.

Meetings

The holder of the Global Certificate or any proxy or representative appointed by it will be treated as being two persons for the purposes of any quorum requirements of a meeting of Bondholders and, at any such meeting, as having one vote in respect of each US$100,000 in principal amount of Bonds for which the Global Certificate is issued. The Trustee may allow a person with an interest in Bonds in respect of which the Global Certificate has been issued to attend and speak at a meeting of Bondholders on appropriate proof of his identity and interest.

Cancellation

Cancellation of any Bond by the Issuer following its redemption, conversion or purchase will be effected by a reduction in the principal amount of the Bonds in the register of Bondholders.

Trustee's Powers

In considering the interests of Bondholders while the Global Certificate is registered in the name of a nominee for a clearing system, the Trustee may, without being obliged to do so, have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to Bonds and may consider such interests as if such accountholders were the holders of the Bonds in respect of which the Global Certificate is issued.

Conversion

Subject to the requirements of Euroclear and Clearstream, Luxembourg (or any Alternative Clearing System), the Conversion Right attaching to a Bond in respect of which the Global Certificate is issued may be exercised by the presentation to or to the order of the Principal Agent of one or more Conversion Notices duly completed by or on behalf of a holder of a book-entry interest in the Bond. Deposit of the Global Certificate with the Principal Agent together with the relevant Conversion Notice shall not be required. In such a case, the delivery of the Conversion Notice will constitute or be deemed to constitute confirmation by the beneficial owner of the Bonds to be converted and that the information and representations in the Conversion Notice are true and accurate on the date of delivery. The exercise of the Conversion Right shall be notified by the Principal Agent to the Registrar and the holder of the Global Certificate.

Mandatory Conversion at the Option of the Issuer

The option of the Issuer provided for in Condition 6(A)(vii) shall be exercised by the Issuer giving notice to the Bondholders within the time limits set out in and containing the information required by such Condition.

Payment

Payments of principal, premium and interest in respect of Bonds represented by the Global Certificate will be made without presentation or, if no further payment is to be made in respect of the Bonds, against presentation and surrender of the Global Certificate to or to the order of the Principal Agent or such other Paying Agent as shall have been notified to the Bondholders for such purpose.

Notices

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream, Luxembourg or the Alternative Clearing Systems, notices to Bondholders may be given by delivery of the relevant notice to Euroclear or Clearstream, Luxembourg or the Alternative Clearing System, for communication by it to entitled accountholders in substitution for notification as required by the Conditions.

Put options

The Bondholders' put options in Condition 8(D) and Condition 8(E) may be exercised by the holder of the Global Certificate giving notice to the Principal Agent of the principal amount of Bonds in respect of which the option is exercised and presenting the Global Certificate for endorsement or exercise (if required) within the time limits specified in such Conditions.

Bondholder's Tax Option

The option of the Bondholders not to have the Bonds redeemed as provided in Condition 8(F) shall be exercised by the presentation to any Paying Agent, or to the order of such Paying Agent, of a duly completed Bondholder's Exercise Notice within the time limits set out in and containing the information required by Condition 8(F).

Transfers

Transfers of interests in the Bonds will be effected through the records of Euroclear and Clearstream, Luxembourg (or any Alternative Clearing System) and their respective participants in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg (or any Alternative Clearing System) and their respective direct and indirect participants.

Enforcement

For the purposes of enforcement of the provisions of the Trust Deed against the Trustee, the persons named in a certificate of the holder of the Bonds in respect of which the Global Certificate is issued shall be recognised as the beneficiaries of the trusts set out in the Trust Deed, to the extent of the principal amounts of their interests in the Bonds set out in the certificate of the holder, as if they were themselves the holders of the Bonds in such principal amounts.

CLEARANCE AND SETTLEMENT

Custodial and depository links have been established with Euroclear and Clearstream, Luxembourg, to facilitate the initial issue of the Bonds and transfers of the Bonds associated with secondary market trading.

The Clearing Systems

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg, each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry of changes in the accounts of their participants. Euroclear and Clearstream, Luxembourg, provide their respective participants with, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream, Luxembourg is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

Distributions of principal, premium and interest with respect to book-entry interests in the Bonds held through Euroclear or Clearstream, Luxembourg, will be credited, to the extent received by the Paying Agent, to the cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

Registration and Form

Book-entry interests in the Bonds held through Euroclear and Clearstream, Luxembourg, will be evidenced by the Global Certificate, registered in the name of a nominee of the common depository of Euroclear and Clearstream, Luxembourg. The Global Certificate will be held by a common depository for Euroclear and Clearstream, Luxembourg. Beneficial ownership in Bonds will be held through financial institutions as direct and indirect participants in Euroclear and Clearstream, Luxembourg.

The aggregate holdings of book-entry interests in the Bonds in Euroclear and Clearstream, Luxembourg, will be reflected in the book-entry accounts of each such institution. Euroclear and Clearstream, Luxembourg, as the case may be, and every other intermediate holder in the chain to the beneficial owner of book-entry interests in the Bonds, will be responsible for establishing and maintaining accounts for their participants and customers having interests in the book-entry interest in the Bonds. The Paying Agent will be responsible for ensuring that payments received by it from the Issuer for holders of interests in the Bonds holding through Euroclear and Clearstream, Luxembourg, are credited to Euroclear or Clearstream, Luxembourg, as the case may be.

The Issuer will not impose any fees in respect of the Bonds. However, holders of book-entry interest in the Bonds may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear and Clearstream, Luxembourg.

Global Clearance and Settlement Procedures

Initial Settlement

Interests in the Bonds will be in uncertificated book-entry form. Purchasers electing to hold book-entry interests in the Bonds through Euroclear and Clearstream, Luxembourg, accounts will follow the settlement procedures applicable to conventional eurobonds. Book-entry interests in the Bonds will be credited to Euroclear participant securities clearance accounts on the business day following the Closing Date against payment (for value the Closing Date), and to Clearstream, Luxembourg participant securities custody accounts on the Closing Date against payment in same-day funds.

Secondary Market Trading

Secondary market sales of book-entry interests in the Bonds held through Euroclear or Clearstream, Luxembourg, to purchasers of book-entry interests in the Bonds through Euroclear or Clearstream, Luxembourg, will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional participants.

General

Although the foregoing sets out the procedures of Euroclear and Clearstream, Luxembourg, in order to facilitate the transfers of interests in the Bonds among participants of Euroclear and Clearstream, Luxembourg, none of Euroclear or Clearstream, Luxembourg is under any obligation to perform or continue to perform such procedures and such procedures may be discontinued at any time.

None of the Issuer, any of its agents, the Trustee or any of the Agents will have any responsibility for the performance by Euroclear or Clearstream, Luxembourg, or their respective participants of their respective obligations under the rules and procedures governing their operations.

DESCRIPTION OF SHARES

The following statements are brief summaries of the capital structure of the Issuer and of the more important rights and privileges of shareholders conferred by the laws of Singapore and the Memorandum and Articles of Association of the Issuer. These statements summarise the material provisions of the Memorandum and Articles of Association of the Issuer but are qualified in their entirety by reference to the said Memorandum and Articles of Association and Singapore law.

Objects

The objects of the Issuer are contained in Clause 3 of the Memorandum of Association of the Issuer and include, but are not limited to, the following:

- to carry on business as merchants, traders, exporters, importers, manufacturers, commission agents, dealers, forwarding agents or in any other capacity whatsoever, whether by wholesale, retail, import, export or otherwise;
- to import, export, buy, sell, barter, exchange, manufacture, pledge, make advances upon and otherwise deal in any manner whatsoever in goods, merchandise, materials, produce, stores and articles of all kinds and descriptions, and to transact all types of agency businesses and work;
- to carry on the business of general importers and exporters, manufacturers, general merchants, commission agents, and wholesale or retail dealers of articles of all kinds and descriptions and whether manufactured or in a raw state and to buy, sell, barter, exchange or otherwise deal in the same; and
- to carry on the business of land water transport owners and suppliers, commission agents, and brokers, shippers, freighters, lightermen, wharfingers, forwarding agents, stevedores, warehousemen, shipbuilders, shipowners, building contractors and ship chandlers.

Shares

As at 20 June 2008, the issued share capital of the Issuer was S$707,707,485.03 consisting of 1,712,941,671 fully paid ordinary shares. The Shares, which have identical rights in all respects, rank equally with one another. The Articles of Association of the Issuer provide that the Issuer may issue shares of a different class with such preferred, qualified, deferred or other special rights, privileges and conditions or such restrictions, whether in regard to dividend, return of capital, voting or otherwise, as the Issuer may from time to time by ordinary resolution determine, and may issue preference shares which are or, at the option of the Issuer, are liable to be redeemed, subject to certain limitations.

All of the Shares are in registered form. The Issuer may, subject to the provisions of the Act and the listing rules of the SGX-ST, purchase its own Shares. However, it may not, except in the circumstances permitted by the Act, grant any financial assistance for the acquisition or proposed acquisition of the Shares.

New Shares

The Issuer may only issue new Shares with the prior approval of its shareholders in a general meeting. General approval may be sought from the shareholders in general meeting for the issue of Shares. The shareholders have given the Directors a general authority to issue new Shares, and 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, prior to the Issuer's next annual general meeting or if earlier the date by which the Issuer's next annual general meeting is required by the Act to be held, and to issue Shares in pursuance to any Instrument made or granted by the Directors while such general authority is in force. The aggregate number of Shares to be issued pursuant to such general authority (including Shares to be issued pursuant to Instruments issued, made or granted pursuant to such general authority) may not exceed 50 per cent. of the issued Shares in the capital of the Issuer, of which the aggregate number of Shares to be issued other than on a pro rata basis to shareholders (including Shares to be issued pursuant to Instruments issued, made or granted pursuant to such general authority) may not exceed 20 per cent. of the issued Shares in the capital of the Issuer. For the purpose of computing such numerical limits, the percentage of issued Shares is calculated based on the number of issued Shares at the time that the general authority is given. Subject to the foregoing, the provisions of the Act, the listing rules of the SGX-ST and any special rights attached to any class of shares currently issued, the Directors control the allotment and issue of all new Shares and, subject to shareholders' approval, may impose such rights and restrictions as they think fit.

Shareholders

The Issuer only recognises the persons who are registered in its register of members and, in cases in which the person so registered is The Central Depository (Pte) Limited (the "CDP"), the Issuer recognises the persons named as the depositors in the depository register maintained by CDP for the Shares as holders of the Shares. The Issuer's register of members is kept by its share registrar, Boardroom Corporate & Advisory Services Pte. Ltd. The Issuer will not, except as required by law, recognise any equitable, contingent, future or partial interest in any of the Shares, or and other rights in respect of any Share other than the absolute right thereto of the person whose name is entered in the Issuer's register of members or of the person whose name is entered in the depository register maintained by CDP in respect of that Share.

The Issuer may close its register of members at any time if it provides the SGX-ST with at least 10 clear market days' notice. However, its register of members may not be closed for more than 30 days in aggregate in any calendar year. The Issuer typically closes its register of members to determine shareholders' entitlements to receive dividends and other distributions.

Transfer of Shares

There is no restriction on the transfer of fully paid-up Shares except where required by law or the Articles of Association of the Issuer or the listing rules or the rules or by-laws of any stock exchange on which the Issuer is listed. The Directors may decline to register any transfer of Shares which are not fully paid-up Shares or on which the Issuer has a lien. A shareholder may transfer Shares registered in its own name by means of a duly signed instrument of transfer in a form approved by the Directors and any stock exchange on which the Issuer is listed. A shareholder may transfer any Shares held through the SGX-ST book-entry settlement system by way of a book-entry transfer without the need for any instrument of transfer.

The Issuer will replace lost or destroyed certificates for Shares provided that the applicant pays a fee which will not exceed S$2, together with the amount of the proper stamp duty payable, if any, and furnishes any evidence and a letter of indemnity that the Directors may require.

General Meetings of the Shareholders

The Issuer is required to hold an annual general meeting every year. The Directors may convene an extraordinary general meeting whenever they think fit and must do so if shareholders representing not less than 10 per cent. of the total voting rights of all shareholders request in writing that such a meeting be held.

Unless otherwise required by law or by the Articles of Association of the Issuer, voting at general meetings is by ordinary resolution, requiring an affirmative vote of a simple majority of the votes cast at that meeting. An ordinary resolution suffices, for example, for the appointment of directors. A special resolution, requiring the affirmative vote of at least 75 per cent. of the votes cast at the meeting, is necessary for certain matters under Singapore laws, including:

- voluntary winding-up;

- amendments to the Memorandum and Articles of Association of the Issuer;
- a change of the corporate name; and
- a reduction in the share capital.

The Issuer must give at least 21 days' notice in writing for every general meeting convened for the purpose of passing a special resolution. Ordinary resolutions generally require at least 14 days' notice in writing. The notice must be given to every shareholder who has supplied the Issuer with an address in Singapore for the giving of notices and must set forth the place, the day and the hour of the meeting and, in the case of special business, the general nature of that business.

Voting Rights

A shareholder is entitled to attend, speak and vote at any general meeting, in person or by proxy. A proxy need not be a shareholder. A person who holds shares through the SGX-ST book-entry settlement system will only be entitled to attend, speak and vote at a general meeting as a shareholder if his name appears on the depository register maintained by CDP 48 hours before the general meeting.

Except as otherwise provided in the Articles of Association of the Issuer, two or more shareholders must be present in person or by proxy to constitute a quorum at any general meeting. Under the Articles of Association of the Issuer:

- on a show of hands, every shareholder present in person and by proxy shall have one vote (provided that in the case of a shareholder who is represented by two proxies, only one of the two proxies as determined by the chairman of the meeting shall be entitled to vote on a show of hands); and
- on a poll, every shareholder present in person or by proxy shall have one vote for each Share which he holds or represents and upon which all calls or other sums due thereon to the Issuer have been paid.

A poll may be demanded in certain circumstances, including:

- by the chairman of the meeting;
- by any two shareholders present in person or by proxy and entitled to vote; or
- by any shareholder present in person or by proxy and holding or representing not less than 10 per cent. of the total voting rights of all shareholders having the right to attend and vote at the meeting.

However, no poll may be demanded on a question of the choice of the chairman of the meeting or on a question of adjournment of the meeting. In the case of a tied vote, whether on a show of hands or a poll, the chairman of the meeting shall be entitled to a casting vote.

Dividends

The Issuer may, by ordinary resolution of its shareholders, declare dividends at a general meeting, but it may not pay dividends in excess of the amount recommended by the Directors. The Directors may also declare an interim dividend without the approval of shareholders. In making its determinations, the Directors will consider, *inter alia*, future earnings, results of operations, capital requirements, the general financial condition of the Issuer, general business conditions and other factors which they may deem relevant.

The Issuer must pay all dividends out of its profits pursuant to Section 403 of the Act. However, it may capitalise its reserves or profits and apply it to pay dividends, if such dividends are satisfied by the issue of Shares to shareholders. See "Bonus and Rights Issues".

Unless otherwise directed, dividends are paid by cheque or warrant sent through the post to each shareholder at his registered address appearing in the register of members or (as the case may be) the depository register. However, payment by the Issuer to CDP of any dividend payable to a shareholder whose name is entered in the depository register shall, to the extent of payment made to CDP, discharge the Issuer from any liability to that shareholder in respect of that payment.

For information relating to taxes payable on dividends, see "Taxation — Shares".

Bonus and Rights Issues

The Directors may, with approval by the shareholders at a general meeting, capitalise any reserves or profits and distribute the same as bonus Shares credited as paid-up to the shareholders in proportion to their shareholdings. The Directors may also issue rights to take up additional Shares to shareholders in proportion to their shareholdings. Such rights are subject to any conditions attached to such issue and the regulations of any stock exchange on which the Issuer is listed.

Take-overs

The Take-over Code regulates the acquisition of voting shares of public companies and contains certain provisions that may delay, deter or prevent a future take-over or change in control of the Issuer. Any person acquiring an interest, either on his or her own or together with parties acting in concert with him or her, in 30 per cent. or more of the voting Shares of the Issuer or if such person holds either on his or her own or together with parties acting in concert with him, between 30 per cent. and 50 per cent. (both inclusive) of the voting Shares of the Issuer and acquires additional voting Shares representing more than 1 per cent. of the Issuer's voting Shares in any six month period, must, except with the consent of the Securities Industry Council, extend a general offer for the remaining voting Shares of the Issuer in accordance with the provisions of the Take-over Code.

"Parties acting in concert" comprise individuals or companies who, pursuant to an arrangement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company.

Certain persons are presumed (unless the presumption is rebutted) to be acting in concert with each other. They are as follows:

- a company and its related and associated companies and companies whose associated companies include any of these companies and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the aforesaid companies for the purchase of voting rights;
- a company and its directors (including their close relatives, related trusts and companies controlled by any of the directors, their close relatives and related trusts);
- a company and its pension funds and employee share schemes;
- a person and any investment company, unit trust or other fund whose investment such person manages on a discretionary basis;
- a financial or other professional adviser and its clients in respect of shares held by the adviser and persons controlling or controlled by or under the same control as the adviser and all funds managed by the adviser on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10 per cent. or more of the client's equity share capital;
- directors of a company (including their close relatives, related trusts and companies controlled by any of the directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a bona fide offer for the company may be imminent;
- partners; and

- an individual and his close relatives, related trusts, any person who is accustomed to act in accordance with his instructions and companies controlled by the individual, his close relatives, his related trusts or any person who is accustomed to act in accordance with his instructions, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the aforementioned persons for the purchase of voting rights.

A mandatory offer for consideration other than cash must, subject to certain exceptions, be accompanied by a cash alternative at not less than the highest price paid by the offeror or parties acting in concert with the offeror within the six months preceding the acquisition of shares that triggered the mandatory offer obligation.

Where a general offer is made for the voting shares of a company, and that company has instruments convertible into, rights to subscribe for and options in respect of shares being offered for or which carry voting rights outstanding, the Take-over Code requires the offeror to make an appropriate offer or proposal to the holders of such instruments convertible into, rights to subscribe for and options in respect of shares being offered for or which carry voting rights. Therefore, where a person on his or her own or together with parties acting in concert with him or her, makes a general offer for the voting Shares of the Issuer, and there are Bonds outstanding, that person must, on his or her own or together with parties acting in concert with him or her, as the case may be, in accordance with the Take-over Code, make an appropriate offer or proposal to the holders of the outstanding Bonds. Under the Take-over Code, an appropriate offer to the holders of outstanding Bonds is at least the higher of the "see-through" price (the offer price of the voting Shares multiplied by the conversion ratio of the Bonds) and the highest price paid by the person making the general offer and parties acting in concert with him or her for the Bonds, depending on the type of general offer, within six months or three months of commencement of the general offer.

Under the Take-over Code, where effective control of a company is acquired or consolidated by a person, or persons acting in concert, a general offer to all other shareholders is normally required. An offeror is required to treat all shareholders of the same class in an offeree company equally. A fundamental requirement is that shareholders in the company subject to the general offer must be given sufficient information, advice and time to consider and decide on the general offer.

Liquidation or Other Return of Capital

If the Issuer liquidates or in the event of any other return of capital, holders of the Shares will be entitled to participate in any assets in proportion to their shareholdings, subject to any special rights attaching to any other class of Shares.

Indemnity

To the extent permitted by Singapore law, the Articles of Association of the Issuer provide that, subject to the Act, the Directors and officers of the Issuer shall be entitled to be indemnified by the Issuer against all losses or liabilities which they may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto.

The Issuer may not indemnify its directors and officers against any liability which by law would otherwise attach to them in respect of any negligence, default, breach of duty or breach of trust of which they may be guilty in relation to the Issuer. However, the Issuer may purchase and maintain for its directors and officers insurance against any such liability.

Limitations on Rights to Hold or Vote Shares

Except as described in "Voting Rights" and "Take-overs" above, Singapore law and the Articles of Association of the Issuer do not impose any limitations on the rights of shareholders to hold the Shares or to vote.

Substantial Shareholdings

Under the Act, a person has a substantial shareholding in a company if he or she has an interest (or interests) in one or more voting shares in the company and the total votes attached to that share or those shares is not less than 5 per cent. of the total votes attached to all the voting shares in the company. A person having a substantial shareholding in a company is required to make certain disclosures to the company, and if that company is listed on the SGX-ST, the SGX-ST, under the Act and the SFA, including the particulars of his interests in that company, any change in the percentage level of that interest and the circumstances by which he or she has such interests.

"Percentage level", in relation to a substantial shareholder, means the percentage figure ascertained by expressing the aggregate of the nominal amount of the voting shares in which the substantial shareholder has an interest (or interests) immediately before or (as the case may be) immediately after the relevant time as a percentage of the nominal amount of all the voting shares in the Issuer, and if it is not a whole number, rounding that figure down to the next whole number.

Minority Rights

Section 216 of the Act protects the rights of (among others) minority shareholders of Singapore incorporated companies by giving the Singapore courts a general power to make any order, upon application by any of the shareholders, as they think fit to remedy any of the following situations:

- if the affairs of the Issuer are being conducted or the powers of the Directors are being exercised in a manner oppressive to, or in disregard of the interests of, one or more of the shareholders; or
- if the Issuer takes any action, or threatens to take any action, or the shareholders pass a resolution, or propose to pass a resolution, which unfairly discriminates against, or is otherwise prejudicial to, one or more of the shareholders, including the applicant.

The Singapore courts have discretion as to the reliefs they may grant and those reliefs are in no way limited to those listed in the Act itself. Without prejudice to the foregoing, the Singapore courts may:

- direct or prohibit any act or cancel or vary any transaction or resolution;
- regulate the conduct of the affairs of the Issuer in the future;
- authorise civil proceedings to be brought in the name of the Issuer, or on behalf of the Issuer, by a person or persons and on such terms as the courts may direct;
- provide for the purchase of a minority shareholder's Shares by the Issuer or other shareholders;
- in the case of the Issuer's purchase of Shares, a corresponding reduction of the Issuer's share capital; and
- provide that the Issuer be wound up.

TAXATION

Singapore Taxation

The statements made herein regarding taxation are general in nature and based on certain aspects of the tax laws of Singapore, announced 2008 budget measures and administrative guidelines issued by the relevant authorities in force as of the date of this Offering Circular and are subject to the enactment of such budget measures, and any changes in such laws or administrative guidelines, or in the interpretation of these laws or guidelines, occurring after such date, which changes could be made on a retrospective basis. These laws and guidelines are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. The following is a summary of the material Singapore tax consequences to a holder of the Bonds and a holder of Shares. The statements below are not to be regarded as advice on the tax position of any holder of the Bonds or Shares or of any person acquiring, selling or otherwise dealing with the Bonds or Shares or on any tax implications arising from the acquisition, sale or other dealings in respect of the Bonds or Shares. The statements made herein do not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of the Bonds or Shares and do not purport to deal with the tax consequences applicable to all categories of investors some of which (such as dealers in securities) may be subject to special rules. Prospective holders of the Bonds or Shares are advised to consult their own tax advisers as to the Singapore or other tax consequences of the acquisition, ownership or disposition of the Bonds or Shares including, in particular, the effect of any foreign state or local tax laws to which they are subject.

General

Individual Taxpayers

An individual is a tax resident in Singapore in a given year of assessment if in the preceding year he was physically present in Singapore or exercised an employment in Singapore (other than as a director of a company) for 183 days or more or if he resides in Singapore.

Individual taxpayers who are Singapore tax residents are subject to Singapore income tax on income accruing in or derived from Singapore or received in Singapore from outside Singapore. However, all foreign-sourced income received in Singapore on or after 1 January 2004 by a Singapore tax resident individual (except for income received through a partnership in Singapore) is exempt from Singapore income tax if the Comptroller of Income Tax (the "Comptroller") is satisfied that the tax exemption would be beneficial to the individual.

A Singapore tax resident individual is taxed at progressive rates ranging from 0 per cent. to 20 per cent. for the year of assessment 2008 and subsequent years.

Non-resident individuals, subject to certain exceptions and conditions, are subject to Singapore income tax at the tax rate of 20 per cent.

Corporate Taxpayers

A company is tax resident in Singapore if the control and management of its business is exercised in Singapore.

Corporate taxpayers who are Singapore tax residents are subject to Singapore income tax on income accruing in or derived from Singapore and, subject to certain exceptions, on foreign-sourced income received or deemed to be received in Singapore. Foreign-sourced income in the form of dividends, branch profits and services income received or deemed to be received in Singapore by Singapore tax resident companies on or after 1 June 2003 are exempt from tax if certain prescribed conditions are met.

Non-resident corporate taxpayers, with certain exceptions, are subject to Singapore income tax on income accruing in or derived from Singapore, and on foreign-sourced income received or deemed to be received in Singapore.

The corporate tax rate in Singapore is currently 18 per cent. In addition, three-quarters of up to the first S$10,000, and one-half of up to the next S$290,000, of a company's chargeable income otherwise subject to normal taxation is exempt from corporate tax.

Convertible Bonds

Interest Payments

Subject to the following sub-paragraphs, under Section 12(6) of the Singapore Income Tax Act, Chapter 134 (the "ITA") the following payments are deemed to be derived from Singapore:

(a) interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is: (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore; or (ii) deductible against any income accruing in or derived from Singapore; or

(b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Further, where such payments are made to a person not known to be a resident in Singapore for tax purposes, such payments are subject to withholding tax in Singapore at the rate of 18 per cent. for companies and 20 per cent. for individuals. However, if the payment is derived by a person not resident in Singapore from sources other than its trade, business, profession or vocation carried on or exercised in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the withholding tax rate is 15 per cent. The rate of 15 per cent. may, however, be reduced by applicable tax treaties.

However, as the issue of the Bonds is lead-managed by J.P. Morgan (S.E.A.) Limited and Macquarie Capital (Singapore) Pte. Limited, both Financial Sector Incentive (Bond Market) Companies (as defined in the ITA), the Bonds would be qualifying debt securities for the purposes of the ITA to which the following treatments apply:

(a) subject to certain conditions having been fulfilled (including the submission by or on behalf of the Issuer of a return on debt securities to the Monetary Authority of Singapore ("MAS") and the Comptroller within such period as the Comptroller may specify and such other particulars that the Comptroller may require and subject to the Issuer including in all offering documents relating to the Bonds a statement to the effect that where interest is derived from the Bonds by any person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption in this paragraph does not apply if such person acquires the Bonds using funds from Singapore operations), interest on the Bonds received by a holder who is not resident in Singapore and who does not have a permanent establishment in Singapore is exempt from Singapore income tax. Non-residents who have permanent establishments in Singapore can also benefit from this exemption provided that they do not acquire the Bonds using any funds from Singapore operations. Funds from Singapore operations means, in relation to a person, the funds and profits of that person's operations through a permanent establishment in Singapore;

(b) subject to certain conditions having been fulfilled (including the submission by or on behalf of the Issuer of a return on debt securities to the MAS and the Comptroller within such period as the Comptroller may specify and such other particulars that the Comptroller may require) interest on the Bonds received by any company in Singapore is subject to income tax at a concessionary rate of 10 per cent.;

(c) interest on the Bonds received by any body of persons (as defined in the ITA) in Singapore is subject to income tax at a concessionary rate of 10 per cent.; and

(d) subject to:

  (i) the Issuer including in all offering documents relating to the Bonds a statement to the effect that any person whose interest derived from the Bonds is not exempt from tax shall include such interest in a return of income made under the ITA; and

  (ii) the Issuer or such other person as the Comptroller may direct, furnishing to the Comptroller and the MAS a return on the debt securities within such period as the Comptroller may specify and such other particulars that the Comptroller may require and such other particulars in connection with those Bonds as the Comptroller may require,

  interest derived from the Bonds is not subject to the withholding of tax by the Issuer.

  However, notwithstanding the foregoing:

  (a) if during the primary launch of the Bonds, the Bonds are issued to fewer than four persons and 50 per cent. or more of the principal amount of the Bonds is beneficially held or funded, directly or indirectly, by related parties of the Issuer, the Bonds would not qualify as qualifying debt securities; and

  (b) even though the Bonds are "qualifying debt securities", if, at any time during the tenure of the Bonds, 50 per cent. or more of the principal amount of the Bonds is held beneficially or funded, directly or indirectly, by any related party(ies) of the Issuer, interest derived from the Bonds held by:

    (i) any related party of the Issuer; or

    (ii) any other person where the funds used by such person to acquire the Bonds are obtained, directly or indirectly from any related party of the Issuer,

    shall not be eligible for the tax exemption or concessionary rate of tax of 10 per cent.

The term "related party", in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person directly or indirectly are under the control of a common person.

Notwithstanding that payments under the Bonds may be made without deduction or withholding of tax under Sections 45 and 45A of the ITA, any person whose interest derived from the Bonds is not exempt from tax is required under the ITA to include such interest in a return of income made under the ITA.

Interest from debt securities derived by individuals (excluding income that is derived through a partnership or is considered as gains or profits from any trade, business or profession) will be exempted from Singapore income tax.

The Qualifying Debt Securities Scheme accords tax exemption or concessionary tax rates on prepayment fee, redemption premium and break cost (as such terms are defined in the ITA) that are derived by investors from qualifying debt securities issued on or after 15 February 2007, subject to conditions.

Pursuant to the Singapore Budget Statement 2008, the MAS has issued a Circular No: FSD Cir 03/2008 dated 23 May 2008 ("MAS Circular") which provides that the Qualifying Debt Securities Scheme is renewed for a period of five years from 1 January 2009 to 31 December 2013 (both dates inclusive). The MAS Circular also introduced the QDS Plus Scheme, which is an enhancement of the Qualifying Debt Securities Scheme, whereby income tax exemption is granted on qualifying income derived by any investor from qualifying debt securities (excluding Singapore Government Securities) issued during the period from 16 February 2008 to 31 December 2013 that have an original maturity date of at least 10 years. The enhancement of the Qualifying Debt Securities Scheme for qualifying debt securities with original maturity of at least 10 years will however not be applicable to qualifying debt securities that are redeemable, convertible, callable or exchangeable within 10 years from the date of issue. Hence, the QDS Plus Scheme does not apply to the Bonds. Similarly, qualifying debt securities that are "re-opened" with a resulting tenure of less than 10 years to original maturity date will not enjoy the enhancement.

Gains on disposal (including by way of conversion) of the Bonds

Singapore does not impose tax on capital gains. However, there are no specific laws or regulations which deal with the characterisation of capital gains, and hence, gains arising from the disposal of the Bonds may be construed to be of an income nature and subject to income tax, especially if they arise from activities which the Comptroller would regard as the carrying on of a trade or business in Singapore.

Certain tax consequences of a conversion of Bonds

A conversion of Bonds into Shares or cash may be regarded as a disposal of the Bonds for Singapore income tax purposes and a Bondholder may consequently need to recognise a gain or loss. Such gain or loss may be income or capital in nature depending on the circumstances of the holder (e.g. whether he is trading in securities) and may or may not be taxable or deductible accordingly. In addition, it is not entirely clear whether the value of the Shares at the relevant time would be regarded as the proceeds of such disposal to be used to compute the gain or loss. Investors are advised to seek their own tax advice on the tax consequences to them of a conversion of the Bonds into Shares or cash.

Holders of the Bonds who are adopting Financial Reporting Standards 39 described below for Singapore income tax purposes may be required to recognise gains or losses on the Bonds, irrespective of disposal, in accordance with FRS 39. Please see the section on "Adoption of FRS 39 treatment for Singapore income tax purposes".

Adoption of FRS 39 treatment for Singapore income tax purposes

With effect from 1 January 2005, companies have to comply with Financial Reporting Standard 39 — Financial Instruments: Recognition and Measurement (hereinafter referred to as "FRS 39") for accounting purposes.

On 30 December 2005, the Inland Revenue Authority of Singapore issued a circular entitled "Income Tax Implications arising from the adoption of FRS 39-Financial instruments: Recognition and Measurement" (the "FRS 39 Circular"). The FRS 39 Circular noted that to minimise tax adjustments, the income tax treatment of financial assets and liabilities would be changed so as to more closely follow the accounting treatment (although the tax treatment will continue to differ from the accounting treatment in various respects). Legislative amendments to give effect to the FRS 39 Circular have been enacted in Section 34A of the ITA.

The FRS 39 Circular and Section 34A of the ITA generally apply, subject to certain "opt-out" provisions, to taxpayers who are required to comply with FRS 39 for financial reporting purposes.

Under FRS 39, the holder of a financial instrument with an embedded derivative may be required to separately account for the embedded derivative if certain conditions are fulfilled.

In the FRS 39 Circular, it is also stated that for assets which are "held to maturity" or loans and receivables measured on an amortised cost basis and which are on revenue account, the interest income calculated using the effective interest method will be brought to tax and that for assets on capital account, interest income will be brought to tax based on the contractual interest rate.

In this regard, Section 34A of the ITA provides that where interest from debt securities is chargeable to tax under Section 10(1)(d) of the ITA (i.e. as passive income rather than as income from a trade or business), such interest will be computed based on the contractual interest rate and not the effective interest rate. (In this section, "contractual interest rate" in relation to any financial instrument, means the interest rate specified in the financial instrument.) As such, holders of the Bonds who may be subject to the tax treatments under the FRS 39 Circular should consult their own accounting and tax advisers regarding the amount of income from the Bonds to be reported for Singapore income tax purposes, but presumably it would be on the basis of the contractual interest rate.

The FRS 39 Circular also does not specifically deal with the consequences of conversion of a convertible bond (whether or not any embedded derivative has to be separately accounted for) although generally speaking, FRS 39 provides that if, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset, the entity shall recognise the new financial asset at fair value.

Holders of the Bonds who may be subject to the tax treatment under the FRS 39 Circular should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition holding or conversion of the Bonds.

Shares

Dividend Distributions

Dividends received in respect of the Shares by either a resident or non-resident of Singapore are not subject to Singapore withholding tax.

Dividend Distributions — New One-tier Corporate Tax System

A new one-tier corporate tax system became effective from 1 January 2003 (subject to certain transitional rules). The transitional period ended on 31 December 2007 and with effect from 1 January 2008, all companies operate under the one-tier corporate tax system. Under this new system, the tax on corporate profits is final and dividends paid by a Singapore resident company will be tax exempt in the hands of a shareholder, regardless of whether the shareholder is a company or an individual and whether or not the shareholder is a Singapore tax resident.

Gains on Disposal of Shares

Singapore does not impose tax on capital gains. However, there are currently no specific laws or regulations which address the characterisation of capital gains and hence gains arising from the disposal of the Shares may be construed to be of an income nature and subject to tax especially if they arise from activities which the Comptroller regards as the carrying on of a trade or business in Singapore.

Holders of the Shares who are adopting FRS 39 for Singapore income tax purposes may be required to recognise gains or losses on the Shares, irrespective of disposal, in accordance with FRS 39. Please see the section on "Adoption of FRS 39 treatment for Singapore income tax purposes".

Stamp Duty

There is no stamp duty payable in respect of the issuance and holding of Shares. Where Shares evidenced in certificated form are acquired in Singapore, stamp duty is payable on the instrument of transfer of the Shares at the rate of S$0.20 for every S$100 or part thereof of the consideration for, or market value of, the Shares, whichever is higher. The stamp duty is borne by the purchaser unless there is an agreement to the contrary. Where an instrument of transfer is executed outside Singapore or no instrument of transfer is executed, no stamp duty is payable on the acquisition of Shares. However, stamp duty may be payable if the instrument of transfer is executed outside Singapore and is received in Singapore.

Stamp duty is not applicable to electronic transfers of the Shares through the scripless trading system operated by CDP.

Estate Duty

Under the 2008 Budget announcement, Singapore estate duty was abolished with effect from 15 February 2008 on all deaths occurring on or after 15 February 2008.

SUBSCRIPTION AND SALE

J.P. Morgan (S.E.A.) Limited and Macquarie Capital (Singapore) Pte. Limited (the "Joint Lead Managers") have, pursuant to a subscription agreement dated 4 June 2008, as amended and restated on 30 June 2008 (the "Subscription Agreement"), agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe, or procure subscribers for the US$300,000,000 principal amount of the Bonds at a price equal to 100 per cent. of their principal amount. The Issuer has granted to the Joint Lead Managers an upsize option exercisable at any time on or before the 30th day following the Closing Date, to subscribe for up to US$100,000,000 principal amount of the Bonds.

The Subscription Agreement entitles the Joint Lead Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

The Issuer has undertaken to the Joint Lead Managers that neither the Issuer nor any of its subsidiaries or other affiliates over which it exercises management or voting control, nor any person acting on its or their behalf, shall, for a period from the date of the Subscription Agreement until 90 days after the Closing Date (and if any Optional Bonds (as defined in the Trust Deed) are issued, after the last Option Closing Date (as defined in the Subscription Agreement)), without the prior written consent of the Joint Lead Managers (such consent not to be unreasonably withheld), issue, offer, sell, contract to sell, pledge or otherwise dispose of (or publicly announce any such issuance, offer, sale or disposal) securities issued by the Issuer and having a maturity of more than one year from the date of issue, any Shares or securities convertible or exchangeable into or exercisable for Shares or warrants or other rights to purchase Shares or any security or financial product whose value is determined directly or indirectly by reference to the price of the Shares, including equity swaps, forward sales and options representing the right to receive any Shares, save for the options granted and/or to be granted (and/or the vesting of such options) pursuant to the publicly disclosed share option scheme of the Issuer and the Shares to be issued arising from the exercise of such options.

Each of Kewalram Singapore Limited and Sunny George Verghese has agreed pursuant to irrevocable lock-up undertakings dated 28 March 2008 provided by it in connection with the offering of the Preferential Shares in the capital of the Issuer, that it will not, without the prior written consent of each of the Joint Lead Managers (such consent not to be unreasonably withheld or delayed), during the period commencing from 28 March 2008 and ending 180 days after the date on which the Preferential Shares were listed and quoted on the SGX-ST (being 25 April 2008), directly or indirectly:

(a) offer, sell, contract to issue or sell, grant any option to purchase, grant security over, encumber or otherwise dispose of, any or all of the Shares held by it (or any securities convertible into or exchangeable for Shares or which carry rights to purchase any such Shares or part thereof);

(b) enter into a transaction (including a derivative transaction) with a similar economic effect to the foregoing;

(c) deposit any of the Shares held by it (or any securities convertible into or exchangeable for Shares or which carry rights to purchase Shares) in any depository receipt facility;

(d) enter into a transaction which is designed or which may reasonably be expected to result in any of the above; or

(e) publicly announce any intention to do any of the above,

in each case except (i) for any number of Shares held by it that may be pledged as security to a financial institution or (ii) as may be required by applicable laws or regulations.

The distribution of this Offering Circular or any offering material and the offering, sale or delivery of the Bonds is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Offering Circular or any offering material are advised to consult with their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Offering Circular may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

The Joint Lead Managers and certain of its subsidiaries or affiliates have performed certain investment banking and advisory services for the Issuer and/or its subsidiaries from time to time for which they have received customary fees and expenses. The Joint Lead Managers may, from time to time, engage in transactions with and perform services for the Issuer and/or its subsidiaries in the ordinary course of their business.

In connection with this offering, the Joint Lead Managers (or their respective affiliates) may, for their own accounts, enter into swaps or other derivative transactions relating to the Shares at the same time as the offering or in secondary market transactions. As a result of such transactions (including hedging of such transactions), the Joint Lead Managers (or their respective affiliates) may hold long or short positions in such Shares or derivatives. These transactions may comprise a substantial portion of the offering.

General

No action has been or will be taken by the Issuer or the Joint Lead Managers that would permit a public offering of the Bonds, or possession or distribution of this Offering Circular or any offering or publicity material relating to the Bonds, in any country or jurisdiction where action for that purpose is required. No offers, sales or deliveries of any Bonds, or distribution or publication of any offering material relating to the Bonds, may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and will not impose any obligations on the Issuer or the Joint Lead Managers.

United States

The Bonds and the Shares to be issued on conversion of the Bonds as well as any shares to be issued in lieu of the payment of redemption monies pursuant to the terms of the Bonds have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. The Bonds are being offered and sold outside of the United States in reliance on Regulation S.

United Kingdom

The Joint Lead Managers represented, warranted and agreed that:

(i) it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 ("FSMA") received by it in connection with the issue or sale of any Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

Hong Kong

The Joint Lead Managers represented and agreed that:

(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Bonds other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Japan

The Joint Lead Managers represented and agreed that the Bonds have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (the "Financial Instruments and Exchange Law") and that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Bonds in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and other applicable laws and regulations of Japan.

Singapore

The Joint Lead Managers acknowledged that this Offering Circular has not been and will not be registered as a prospectus with the MAS and the Bonds are offered by the Issuer pursuant to exemptions invoked under Sections 274 and 275 of the SFA. Accordingly, the Joint Lead Managers represented, warranted and agreed that it has not offered or sold any Bonds or caused the Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Bonds or cause the Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds, whether directly or indirectly, to persons in Singapore other than (1) to an institutional investor under Section 274 of the SFA, (2) to a relevant person pursuant to Section 275(1) of the SFA, or to any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions, specified in Section 275 of the SFA or (3) otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

Where the Bonds are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(i) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of which is an accredited investor; or

(ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferable within six months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA, except:

(1) to institutional investors under Section 274 of the SFA or to relevant persons (as defined in Section 275(2) of the SFA) and in accordance with the conditions, specified in Section 275 of the SFA;

(2) (in the case of a corporation) where the transfer arises from an offer referred to in Section 275(1A) of the SFA, or (in the case of a trust) where the transfer arises from an offer that is made on terms that such rights or interests are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets;

(3) where no consideration is or will be given for the transfer; or

(4) where the transfer is by operation of law.

GENERAL INFORMATION

(1) The Issuer is incorporated in Singapore under the Act as a public company limited by shares and its registration number is 199504676H. The registered office of the Issuer is 3 Church Street, #08-01 Samsung Hub, Singapore 049483.

(2) The terms of the Offering and the issue of the Bonds were approved by resolutions of the Directors of the Issuer passed on 4 June 2008.

(3) Approval in-principle has been received for the listing of the Bonds and the Shares to be issued on the conversion of the Bonds. Approval in-principle for the listing of the Bonds and the new Shares to be issued on conversion of the Bonds is not to be taken as an indication of the merits of the Bonds, the Shares, the Issuer or its subsidiaries.

(4) Copies of the Memorandum and Articles of Association of the Issuer and copies of the Trust Deed and the Agency Agreement will be available for inspection during usual business hours on any weekday (except Saturdays, Sundays and public holidays) at the Issuer's registered office for so long as any of the Bonds are outstanding.

(5) The Bonds have been accepted for clearance through Euroclear and Clearstream, Luxembourg, with a Common Code of 036944030. The International Securities Identification Number for the Bonds is XS0369440309.

(6) The Issuer has obtained all consents, approvals and authorisations in Singapore required in connection with the issue and performance of the Bonds.

(7) Except as disclosed in this Offering Circular up to date hereof, there has been no significant change in the financial position of the Issuer since 30 June 2007 and no material adverse change in the financial position of the Issuer since 30 June 2007.

(8) The Issuer is not involved in any litigation or arbitration proceedings or any regulatory investigations relating to claims or amounts which are material in the context of the issue of the Bonds nor, so far as the Issuer is aware, is any such litigation or arbitration pending or threatened.

(9) The Trustee is entitled under the Trust Deed to rely, without liability to the Bondholders, on certificates prepared by the Directors of the Issuer and any certificate or report of the Issuer's auditors or any other expert appointed pursuant to the Conditions and/or the Trust Deed, whether or not addressed to the Trustee and whether or not the liability of such auditors or expert in respect thereof is limited by a monetary cap or otherwise limited or excluded.

(10) Copies of the Agency Agreement and the published financial statements of the Issuer will be available at the specified offices of each of the Paying Agents during normal business hours, so long as any of the Bonds are outstanding.

(11) Ernst & Young has audited and rendered an unqualified audit report on the Group's consolidated financial statements as at and for the years ended 30 June 2005, 2006 and 2007 and have given and not withdrawn their consent to the issue of this document with the inclusion in it, where relevant, of references to them and their report in the form and context in which they are included.

(12) Submission by the Issuer to the jurisdiction of the English courts and the appointment of an agent for service of process, are valid and binding under Singapore law. The choice of English laws as the governing laws, under the laws of Singapore, is a valid choice of law and should be honoured by the courts of Singapore, subject to proof thereof and considerations of public policy.

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INDEX TO THE FINANCIAL STATEMENTS

Auditors' Report to the Members of
Olam International Limited

We have audited the accompanying financial statements of Olam International Limited ("the Company") and its subsidiary companies ("the Group") set out on pages FS-3 to FS-66, for the financial year ended 30 June 2006. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

(a) the consolidated financial statements of the Group and the balance sheet, profit and loss account and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Cap 50 (the Act) and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2006 and the results, changes in equity of the Group and of the Company and cash flows of the Group for the financial year ended on that date; and

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

ERNST & YOUNG
Certified Public Accountants

Singapore
22 September 2006

Olam International Limited and Subsidiary Companies

Profit and Loss Accounts for the year ended 30 June 2006

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

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

Olam International Limited and Subsidiary Companies

Balance Sheets at 30 June 2006

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

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

Olam International Limited and Subsidiary Companies

Statements of Changes in Equity for the year ended 30 June 2006

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

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

Statements of Changes in Equity for the year ended 30 June 2006

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

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

Olam International Limited and Subsidiary Companies

Statements of Changes in Equity for the year ended 30 June 2006

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

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

Olam International Limited and Subsidiary Companies

Statements of Changes in Equity for the year ended 30 June 2006

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

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

[1] Foreign currency translation reserves

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

[2] Fair value adjustment reserves

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

[3] Share-based compensation reserves

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

Olam International Limited and Subsidiary Companies

Consolidated Cash Flow Statement for the year ended 30 June 2006

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

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

1. Corporate information

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

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

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

2. Summary of significant accounting policies

(a) Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") as required.

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

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

(b) Changes in accounting policies

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

Adoption of new FRS

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

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

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

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

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

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

Adoption of new FRS (cont'd)

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

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

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

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

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

- Increase in the Group and Company's revenue reserves by $2,390,000 and $2,630,000 respectively; and

- Decrease in the Group and Company's fair value adjustment reserves by $31,941,000 and $31,969,000 respectively.

(ii) FRS 102, Share-based Payment

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

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

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

- As at 1 July 2005,
  - Increase in the Group and Company's share-based compensation reserves by $ 2,641,000 (2004: Nil); and
  - Decrease in the Group and Company's revenue reserves by $1,115,000 and $573,000 (2004: Nil) respectively.

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

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

Adoption of new FRS (cont'd)

(ii) FRS 102, Share-based Payment (cont'd)

- For the year ended 30 June 2006, decreases in the Group's: -
  - Profit for the year by $1,719,000 (2005: $ 1,115,000) and Company's profit for the year by $844,000 (2005: $573,000) respectively due to an increase in the employee benefits expense;
  - Basic earnings per share by 0.11 cents (2005: 0.08 cents); and
  - Diluted earnings per share by 0.11 cents (2005: 0.08 cents).

- Prior year balance sheet comparative figures are being restated as follows: -
  - Increase in the Group and Company's other receivables to $119,143,000 and $54,776,000 respectively; and
  - Increase in the Company's amounts due from/(to) subsidiary companies to $200,856,000.

Adoption of revised FRSs

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

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

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

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

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

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

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

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

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

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

- *FRS 107, Financial Instruments: Disclosure*

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

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

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

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

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

(c) Significant accounting estimates and judgments

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

Key sources of estimation uncertainty

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

(i) Impairment of investments in subsidiaries

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

(ii) Income taxes

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

(d) Functional and foreign currency

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

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

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

Transactions in currencies other than functional currency are treated as transactions in foreign currencies and are recorded at exchange rates approximating those ruling at the balance sheet date. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. All resultant exchange differences are recognised in the profit and loss account.

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

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

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

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

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

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

(e) Subsidiaries and principles of consolidation

(i) Subsidiaries

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

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

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

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

(e) Subsidiaries and principles of consolidation (cont'd)

(ii) Principles of consolidation

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

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

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

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

(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.

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

(g) Property, plant and equipment

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

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

Leasehold land and buildings	-	20 years
Plant and machinery	-	5 to 10 years
Motor vehicles	-	3 to 5 years
Furniture and fittings	-	5 years
Office equipment	-	5 years
Computers	-	3 years

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

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

(h) Impairment of non-financial assets

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

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

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

(h) Impairment of non-financial assets (cont'd)

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

(i) Financial assets

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

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

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

a) Financial assets at fair value through profit or loss

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

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

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

(i) Financial assets (cont'd)

b) Loans and receivables

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

c) Held-to-maturity investments

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

d) Available-for-sale financial assets

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

(j) Cash and cash equivalents

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

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

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

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

(k) Receivables

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

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

(l) Impairment of financial assets

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

a) Assets carried at amortised cost

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

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

b) Assets carried at cost

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

(m) Inventories

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

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

(n) Payables

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

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

(o) Loans and borrowings

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

(p) Borrowing costs

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

(q) Derecognition of financial assets and liabilities

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

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

(r) Provisions

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

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

(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 shares subscription / options scheme

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

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

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

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

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

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

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

(t) Operating leases

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased item are classified as operating leases. Operating lease payments are recognised as an expense in the profit and loss account on a straight-line basis over the lease term.

The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(u) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must be met before revenue is recognised: -

(i) Physical commodities

Revenue from the sale of physical goods is recognised upon passage of title to the customer which generally coincides with their delivery and acceptance.

(ii) Interest

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

(v) Government grants, export incentives and subsidies

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

(w) Income taxes

(i) Current tax

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

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

(w) Income taxes (cont'd)

(ii) Deferred tax

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured using the tax rates that are expected to be applied to taxable income in the years in which those temporary differences are expected to be recovered or settled based on tax rates enacted or substantively enacted at the balance sheet date.

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

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

At each balance sheet date, the Group re-assesses unrecognised deferred tax assets and the carrying amount of deferred tax assets. The Group recognised a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The Group conversely reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit or part or the entire deferred tax asset to be utilised. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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

(iii) Sales tax

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

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

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

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

(x) Derivative financial instruments and hedging activities

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

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

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

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

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

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

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

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

3. Sale of goods

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

4. Other revenue

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

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

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

5. Cost of goods sold

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

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

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

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

6. Other operating expenses

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

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

* In addition to the fees disclosed in financial year ended 30 June 2005, the Group and Company paid $361,000 relating to the Initial Public Offering ("IPO") exercise undertaken in 2005. These amounts were included as expenses from issuance of shares which were deducted from the share premium account.

7. Finance costs

Finance costs included the following for the financial years ended 30 June 2006 and 30 June 2005: -

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

8. Income tax

a) Major components of income tax expense

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

i) Profit and loss account

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

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

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

8. Income tax (cont'd)

b) Relationship between tax expense and accounting profit

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

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

8. Income tax (cont'd)

c) Deferred income tax

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

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

The Company's subsidiary company intends to transfer all its unabsorbed trade losses of $765,000 (2005: $2,633,000) to the Company under the group relief system, subject to compliance with the relevant rules and procedures and agreement of the Inland Revenue Authority of Singapore. The current year tax expense of the Company is net of the tax effect of the unutilised trade losses transferred.

The Group has tax losses of approximately $14,268,000 (2005: $2,762,000) that are available for offset against future taxable profits of the companies in which the losses arose. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

9. Property, plant and equipment

Group	Freehold land $'000	Leasehold land and buildings $'000	Plant and machinery $'000	Motor vehicles $'000	Furniture and fittings $'000	Office equipment $'000	Computers $'000	Capital work-in-progress $'000	Total $'000
Cost									
As at 1 July 2004	486	3,020	14,346	9,719	3,462	4,363	1,995	332	37,723
Additions	–	3,685	11,851	5,944	755	1,139	621	1,890	25,885
Disposals	–	–	(308)	(1,058)	(23)	(169)	(37)	–	(1,595)
Reclassification	–	–	385	–	–	(38)	38	(385)	–
Foreign currency translation adjustment	28	148	(96)	(211)	(16)	(49)	12	88	(96)
As at 30 June 2005	514	6,853	26,178	14,394	4,178	5,246	2,629	1,925	61,917
Additions	3,011	8,711	13,392	7,522	1,817	1,491	1,099	11,397	48,440
Disposals	–	–	(295)	(967)	(43)	(38)	(33)	(303)	(1,679)
Reclassification	–	181	722	17	57	(33)	(126)	(818)	–
Foreign currency translation adjustment	(64)	(595)	(1,308)	(686)	(256)	(261)	(153)	(122)	(3,445)
As at 30 June 2006	3,461	15,150	38,689	20,280	5,753	6,405	3,416	12,079	105,233

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

Group	Freehold land	Leasehold land and buildings	Plant and machinery	Motor vehicles	Furniture and fittings	Office equipment	Computers	Capital work-in-progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Accumulated depreciation									
As at 1 July 2004	–	627	4,357	5,103	2,532	2,542	1,367	–	16,528
Charge for the year	–	131	3,305	2,660	358	709	388	–	7,551
Disposals	–	–	(47)	(856)	(26)	(104)	(33)	–	(1,066)
Reclassification	–	–	–	–	–	(8)	8	–	–
Foreign currency translation adjustment	–	14	(95)	(104)	(32)	(39)	(6)	–	(262)
As at 30 June 2005	–	772	7,520	6,803	2,832	3,100	1,724	–	22,751
Charge for the year	–	663	5,735	4,078	467	720	481	–	12,144
Disposals	–	–	(182)	(769)	(17)	(34)	(14)	–	(1,016)
Reclassification	–	–	–	103	21	(9)	(115)	–	–
Foreign currency translation adjustment	–	(84)	(377)	(299)	(163)	(145)	(96)	–	(1,164)
As at 30 June 2006	–	1,351	12,696	9,916	3,140	3,632	1,980	–	32,715
Net book value									
As at 30 June 2006	3,461	13,799	25,993	10,364	2,613	2,773	1,436	12,079	72,518
As at 30 June 2005	514	6,081	18,658	7,591	1,346	2,146	905	1,925	39,166

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

Company	Buildings	Motor vehicles	Furniture and fittings	Office equipment	Computers	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cost						
As at 1 July 2004	193	391	1,260	797	608	3,249
Additions	–	70	41	48	151	310
Disposals	–	–	–	–	(14)	(14)
Foreign currency translation adjustment	(4)	(7)	(24)	(16)	(10)	(61)
As at 30 June 2005	189	454	1,277	829	735	3,484
Additions	–	189	424	43	228	884
Disposals	–	(16)	–	–	(3)	(19)
Foreign currency translation adjustment	(11)	(32)	(88)	(50)	(50)	(231)
As at 30 June 2006	178	595	1,613	822	910	4,118
Accumulated depreciation						
As at 1 July 2004	52	149	1,230	686	460	2,577
Charge for the year	9	74	39	66	116	304
Disposals	–	–	–	–	(14)	(14)
Foreign currency translation adjustment	(2)	(1)	(24)	(13)	(8)	(48)
As at 30 June 2005	59	222	1,245	739	554	2,819
Charge for the year	9	102	59	53	125	348
Disposals	–	(3)	–	–	(1)	(4)
Foreign currency translation adjustment	(4)	(16)	(75)	(45)	(35)	(175)
As at 30 June 2006	64	305	1,229	747	643	2,988
Net book value						
As at 30 June 2006	114	290	384	75	267	1,130
As at 30 June 2005	130	232	32	90	181	665

Included in fixed assets of the Company are assets belonging to overseas representative offices set up by the Company in certain countries, with net book value of $387,361 (2005: $293,878).

10. Subsidiary companies

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

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

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

Advances for equity contributions represent advances made to subsidiary companies to purchase fixed assets. There are no repayment terms for these advances as the intention for these advances is that they would ultimately be converted to equity. However, during the year, a significant portion of advances for equity contribution has since been repaid by the subsidiaries as the Group has revised its funding arrangements.

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

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

10. Subsidiary companies (cont'd)

Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of investment 2006		2005		Percentage of equity held by the Company 2006	2005
		US$'000	S$'000	US$'000	S$'000	%	%
Olam Europe B.V. [4] (Netherlands)	Sourcing, processing, packaging and merchandising of agricultural products (Rotterdam)	20	32	20	34	100	100
Olam Ghana Limited [2] (Ghana)	Sourcing, processing packaging and merchandising of agricultural products (Accra)	2,940	4,663	2,940	4,954	100	100
Olam Investments Limited [4] (Mauritius)	Investment holding (Port Louis)	10	16	10	17	100	100
Olam Ivoire Sarl. [3] (Ivory Coast)	Sourcing, processing packaging and merchandising of agricultural products (Abidjan)	312	495	312	526	100	100
Olam Nigeria Ltd [2] (Nigeria)	Sourcing, processing packaging and merchandising of agricultural products (Lagos)	3,021	4,791	3,021	5,090	100	100
Outspan Nigeria Ltd [2] (Nigeria)	Sourcing, processing packaging and merchandising of agricultural products (Lagos)	277	439	277	467	100	100
Olam Tanzania Ltd [2] (Tanzania)	Sourcing, processing packaging and merchandising of agricultural products (Dar-es-Salaam)	2,412	3,825	2,412	4,064	100	100
Olam Togo Sarl. [4] (Togo)	Dormant (Lome)	208	330	208	350	100	100

10. Subsidiary companies (cont'd)

Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of investment 2006		Cost of investment 2005		Percentage of equity held by the Company 2006	2005
		US$'000	S$'000	US$'000	S$'000	%	%
Outspan Ivoire Sarl. [3] (Ivory Coast)	Sourcing, processing, packaging and merchandising of agricultural products (Abidjan)	3,798	6,024	3,798	6,400	100	100
Olam Bissau Limitada [3] (Guinea Bissau)	Dormant (Bissau)	3	5	3	5	100	100
Olam Gab Sarl. [3] (Gabon)	Sourcing, processing, packaging and merchandising of agricultural products (Libreville)	187	296	187	315	100	100
Olam Mozambique Limitada [3] (Mozambique)	Sourcing, processing, packaging and merchandising of agricultural products (Nacala)	1,053	1,670	1,053	1,774	100	100
Olam Madagascar Sarl. [3] (Madagascar)	Sourcing, processing, packaging and merchandising of agricultural products (Tamatave)	10	16	10	17	100	100
Olam Polska Sp Zoo [3] (Poland)	Sourcing, processing, packaging and merchandising of agricultural products (Warsaw)	211	334	211	356	100	100
Outspan Ghana Limited [3] (Ghana)	Sourcing, processing, packaging and merchandising of agricultural products (Accra)	101	160	101	170	100	100
Olam Vietnam Limited [2] (Vietnam)	Sourcing, processing, packaging and merchandising of agricultural products (Ho Chi Minh City)	1,000	1,586	1,000	1,685	100	100

10. Subsidiary companies (cont'd)

Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of investment 2006		Cost of investment 2005		Percentage of equity held by the Company 2006	2005
		US$'000	S$'000	US$'000	S$'000	%	%
Olam Insurance Limited [2] (Isle of Man)	Providing insurance related services (Isle of Man)	500	793	500	843	100	100
Olam South Africa (Proprietary) Limited [2] (South Africa)	Sourcing, processing, packaging and merchandising of agricultural products (Durban)	100	159	100	168	100	100
Olam Congo (RDC) SPRL [4] (Democratic Republic of Congo)	Sourcing, processing, packaging and merchandising of agricultural products (Kinshasa)	25	40	25	42	100	100
Olam Online Ltd [1] (Singapore)	Dormant (Singapore)	*	*	*	*	100	100
Outspan PNG Limited [3] (Papua New Guinea)	Sourcing, processing, packaging and merchandising of agricultural products (Rabaul)	100	159	100	168	100	100
Olam France Sarl. [2] (France)	Sourcing, processing, packaging and merchandising of agricultural products (Marseilles)	7	11	7	12	100	100
Olam Guinee Sarl. [4] (Guinee Conakry)	Sourcing, processing, packaging and merchandising of agricultural products (Conakry)	3	5	3	5	100	100
Olam Brazil Ltda [4] (Brazil)	Sourcing, processing, packaging and merchandising of agricultural products (Fortaleza)	1,408	2,233	208	350	100	100
Olam Kazakhstan [3] (Kazakhstan)	Sourcing, processing, packaging and merchandising of agricultural products (Djetisay)	10	16	10	17	100	100

10. Subsidiary companies (cont'd)

Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of investment 2006		2005		Percentage of equity held by the Company 2006	2005
		US$'000	S$'000	US$'000	S$'000	%	%
Olam Middle East L.L.C [2] (United Arab Emirates)	Sourcing, processing, packaging and merchandising of agricultural products (Dubai)	82	130	82	138	100	100
Olam Americas Inc. [2] (United States Of America)	Sourcing, processing, packaging and merchandising of agricultural products (Wylmington N.C.)	1	2	1	2	100	100
Olam Europe Ltd [3] (United Kingdom)	Sourcing, processing, packaging and merchandising of agricultural products (London)	394	625	394	664	100	100
Olam Kenya Limited [4] (Kenya)	Dormant (Nairobi)	2	3	2	3	100	100
Olam Uganda Limited [2] (Uganda)	Sourcing, processing, packaging and merchandising of agricultural products (Kampala)	97	154	97	163	100	100
PT Olam Indonesia [2] (Indonesia)	Sourcing, processing, packaging and merchandising of agricultural products (Jakarta)	1,100	1,744	1,100	1,853	100	100
Texturegate Investments Pte Ltd [4] (Zimbabwe)	Sourcing, processing, packaging and merchandising of agricultural products (Harare)	*	*	*	*	100	100
Outspan Brazil Ltda [4] (Brazil)	Sourcing, processing, packaging and merchandising of agricultural products (Sao Paulo)	1,088	1,726	578	974	100	100

10. Subsidiary companies (cont'd)

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

10. Subsidiary companies (cont'd)

Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of investment 2006		Cost of investment 2005		Percentage of equity held by the Company 2006	2005
		US$'000	S$'000	US$'000	S$'000	%	%
Outspan Peru SAC [4] (Peru)	Sourcing, processing, packaging and merchandising of agricultural products (Lima)	100	159	–	–	100	–
LLC Caraway Foods [5] (Russian Federation)	Sourcing, processing, packaging and merchandising of agricultural products (Moscow)	4	6	–	–	100	–
Olam Argentina S.A.[2] (Argentina)	Sourcing, processing, packaging and merchandising of agricultural products (Rio Cuarto)	3	4	–	–	100	–
PT Agronesia Bumi Persada [5] (Indonesia)	Sourcing, processing, packaging and merchandising of agricultural products (Jakarta)	51	81	–	–	51	–
Caraway Foods International (Nigeria) Limited [2#] (Nigeria)	Sourcing, processing, packaging and merchandising of agricultural products (Lagos)	19	30	–	–	100	–
Caraway Foods International South Africa [2##] (South Africa)	Sourcing, processing, packaging and merchandising of agricultural products (Durban)	*	*	–	–	100	–
		24,734	39,229	19,877	33,492		

10. Subsidiary companies (cont'd)

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

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

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

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

1 Audited by Ernst & Young, Singapore.
2 Audited by associated firms of Ernst & Young, Singapore.
3 Audited by other CPA firms.
4 Not required to be audited by the law of the country of incorporation.
5 First year of incorporation.

11. Investments

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

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

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

1 Audited by associated firm of Ernst & Young, Singapore.
2 Not required to be audited.

11. Investments (cont'd)

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

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

12. Amounts due from/(to) subsidiary companies

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

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

13. Trade receivables

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

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

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

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

14. Margin accounts with brokers

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

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

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

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

15. Inventories

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

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

16. Advance payments to suppliers

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

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

16. Advance payments to suppliers (cont'd)

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

17. Other receivables

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

17. Other receivables (cont'd)

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

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

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

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

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

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

18. Trade payables and accruals

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

18. Trade payables and accruals (cont'd)

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

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

19. Other payables

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

20. Amounts due to bankers

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

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

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

20. Amounts due to bankers (cont'd)

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

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

21. Medium term notes

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

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

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

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

22. Term loans from banks

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

23. Share capital

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

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

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

24. Dividends

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

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

25. Operating lease commitments

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

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

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

26. Contingent liabilities

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

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

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

27. Employee benefits

Employee benefits expense (including executive directors): -

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

(i) Employee share benefit plans

The "Olam International Limited Employee Share Benefit Scheme" (the "ESBS") was set up on 26 August 1999, comprising 141,199,072 ordinary shares of $0.10 each in the Company. These shares were originally owned by and registered under the name of Kewalram Singapore Limited (then holding company, currently substantial corporate shareholder of the Group). The shares carry full dividend and voting rights. The ESBS has been fully subscribed for and no further shares are to be issued under the scheme. If an employee who received shares under the scheme ceases employment with the Group, the related shares will be repurchased from the employee. As at 1 July 2005, all these shares have been vested and these shares are not subjected to the restrictions, limitations and prohibitions contained therein. As such FRS102 does not apply to these shares.

(ii) Employee share subscription scheme

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

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

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

27. Employee benefits (cont'd)

(iii) Employee share option scheme

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

The shares issued upon the options being exercised carry full dividend and voting rights.

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

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.

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

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

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

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

27. 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

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

28. Related party disclosures

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

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

28. Related party disclosures (cont'd)

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

29. Compensation of directors and key management personnel

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

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

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

Directors' interest in employee share benefit plans

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

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

30. Cash and short term fixed deposits

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

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

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

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

30. 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	
	2006	**2005**
	$'000	$'000
Cash and bank balances	162,356	103,712
Fixed deposits	133,885	61,655
Bank overdrafts (Note 20)	(28,840)	(77,558)
	267,401	87,809

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

31. Financial risk management policies and objectives

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

Commodity price risk

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

Credit risk

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

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

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

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

Foreign currency risk

The Group trades its products in several countries and, as a result, is exposed to movements in foreign currency exchange rates. The primary purpose of the Group's foreign currency hedging activities is to protect against the volatility associated with foreign currency purchases and sales of raw materials and other assets and liabilities created in the normal course of business. The Group primarily utilises foreign currency forward exchange contracts to hedge firm commitments. The Group does not use foreign currency forward exchange contracts for trading purposes.

Liquidity risk

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

Interest rate risk

The Company's and the Group's exposure to market risk for changes in interest rates relate primarily to its term loan from banks as well as the medium term notes. This risk is partly mitigated through interest rate derivatives.

32. Fair values of financial instruments

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

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

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

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

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

(c) ***Derivative financial instruments***

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

32. Fair values of financial instruments (cont'd)

(c) Derivative financial instruments (cont'd)

	Group			Company		
	Contract notional amount $'000	**Fair value** $'000		**Contract notional amount** $'000	**Fair value** $'000	
		Gain	**Loss**		**Gain**	**Loss**
<u>2006</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
		199,614	213,458		195,412	208,211

32. Fair values of financial instruments (cont'd)

(c) Derivative financial instruments (cont'd)

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

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

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

Cash flow hedges of expected transactions that were assessed to be highly effective have resulted in a net fair value loss of $41,978,000 and $41,046,000 for Group and Company respectively. Deferred tax charge of $2,030,000 and $1,978,000 for Group and Company respectively, relating to the hedging instruments, were reflected in the fair value adjustment reserves. Cash flow hedges of expected transactions that were assessed to be ineffective under FRS39, amounting to a net fair value gain of $507,000 and $275,000 for Group and Company respectively, were recognised in the profit and loss account for the year. In the prior year, the derivative financial instruments were carried off balance sheet.

33. Earnings per share

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

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

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

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

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

34. Segment information

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

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

- Edible Nuts, Spices and Beans – cashews, peanuts and other edible nuts, cloves, pepper, sesame and other spices and beans and lentils
- Confectionery and Beverage Ingredients – cocoa and cocoa products, coffee and coffee products, sheanuts and shea-products
- Fibre and Wood products – cotton and wood products
- Food Staples and Packaged Foods – rice, sugar, milk powder and packaged foods business

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise non-operating revenue, corporate cash and cash equivalents and corporate liabilities such as taxation and financial instruments. Fixed assets are also unallocated as they are common and shared by all segments and thus it is not practical to allocate the net book value of fixed assets and capital expenditure to the various segments.

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

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

34. Segment information (cont'd)

(a) Business segments

	Edible nuts, spices and beans		Confectionery and beverage ingredients		Fibre and wood products		Food staples and packaged foods		Consolidated	
	2006	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**
	$' 000	$' 000	$' 000	$' 000	$' 000	$' 000	$' 000	$' 000	$' 000	$' 000
Segment revenue										
Sales to external customers	588,253	566,795	1,711,255	1,345,915	1,003,153	673,835	1,058,441	782,692	4,361,102	3,369,237
Unallocated revenue									16,675	5,718
Total revenue									4,377,777	3,374,955
Segment result	25,027	22,091	75,461	47,358	51,805	28,649	38,919	27,178	191,212	125,276
Operating profit									191,212	125,276
Finance costs									(94,704)	(51,485)
Share of gain / (loss) from jointly controlled entities									230	(3)
Profit before taxation									96,738	73,788
Taxation									(9,531)	(7,878)
Minority interest, net of taxes									25	–
Net profit after taxation									87,232	65,910
Segment assets	259,183	301,010	733,926	787,566	224,757	269,991	430,850	457,446	1,648,716	1,816,013
Unallocated assets									709,449	326,427
Total assets									2,358,165	2,142,440
Segment liabilities	179,636	221,654	492,374	585,381	155,527	208,354	295,668	340,493	1,123,205	1,355,882
Unallocated liabilities									746,921	288,307
Total liabilities									1,870,126	1,644,189

34. Segment information (cont'd)

(b) Geographical segments

	Asia and Middle East		**Africa**		**Europe**		**Americas**		**Eliminations**		**Consolidated**	
	2006	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**	**2006**	**2005**
	$' 000	$' 000	$' 000	$' 000	$' 000	$' 000	$' 000	$' 000	$' 000	$' 000	$' 000	$' 000
Segment revenue												
Sales to external customers	1,649,063	1,205,110	1,162,921	900,296	969,726	868,549	579,392	395,282	–	–	4,361,102	3,369,237
Intersegment sales	145,902	317,806	497,453	1,093,872	5,008	58,742	35,889	131,230	(684,252)	(1,601,650)	–	–
	1,794,965	1,522,916	1,660,374	1,994,168	974,734	927,291	615,281	526,512	(684,252)	(1,601,650)	4,361,102	3,369,237
Unallocated revenue											16,675	5,718
Total revenue											4,377,777	3,374,955
Other geographical information:												
Segment assets	1,120,652	1,038,474	808,976	719,184	206,739	225,056	221,798	159,726	–	–	2,358,165	2,142,440
Capital expenditure	8,905	4,477	34,220	18,591	688	109	4,627	2,708	–	–	48,440	25,885

35. Subsequent events

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

36. Comparative figures

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

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

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

37. Authorisation of financial statements

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

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 FS-68 to FS-138, 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

Olam International Limited and Subsidiary Companies

Profit and Loss Accounts for the year ended 30 June 2007

		Group		Company	
	Note	**2007**	**2006**	**2007**	**2006**
		$'000	$'000	$'000	$'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.

Olam International Limited and Subsidiary Companies

Balance Sheets 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)**	**Foreign Currency Translation Reserves (1)**	**Fair Value Adjustment Reserves (2)**	**Share-based Compensation Reserves (3)**	**Revenue Reserves**	**Total Reserves**	**Minority Interest**	**Total Equity**
		Attributable to equity holders of the Company						
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
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	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.

Olam International Limited and Subsidiary Companies

Statements of Changes in Equity for the year ended 30 June 2007

2006 Group	Attributable to equity holders of the Company								
	Share Capital (Note 26)	**Share Premium**	**Foreign Currency Translation Reserves (1)**	**Fair Value Adjustment Reserves (2)**	**Share-based Compensation Reserves (3)**	**Revenue Reserves**	**Total Reserves**	**Minority Interest**	**Total Equity**
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
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

Statements of Changes in Equity for the year ended 30 June 2007

	Attributable to equity holders of the Company						
2007 Company	**Share Capital (Note 26)**	**Foreign Currency Translation Reserves [1]**	**Fair Value Adjustment Reserves [2]**	**Share-based Compensation Reserves [3]**	**Revenue Reserves**	**Total Reserves**	**Total Equity**
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
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.

Olam International Limited and Subsidiary Companies

Statements of Changes in Equity for the year ended 30 June 2007

2006 Company	Attributable to equity holders of the Company							
	Share Capital (Note 26)	**Share Premium**	**Foreign Currency Translation Reserves [1]**	**Fair Value Adjustment Reserves [2]**	**Share-based Compensation Reserves [3]**	**Revenue Reserves**	**Total Reserves**	**Total Equity**
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
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

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

(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.

Olam International Limited and Subsidiary Companies

Consolidated Cash Flow Statement for the year ended 30 June 2007

	2007	2006
	$'000	$'000
Cash flows 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.

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.

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

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

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.

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.

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

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

Key sources of estimation uncertainty

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

(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).

(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.

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

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. All resultant exchange differences are recognised in the profit and loss account.

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

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

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

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

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

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

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.

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.

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

(g) Property, plant and equipment (cont'd)

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

Leasehold land and buildings	-	20 years
Plant and machinery	-	5 to 10 years
Motor vehicles	-	3 to 5 years
Furniture and fittings	-	5 years
Office equipment	-	5 years
Computers	-	3 years

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

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

(h) 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.

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

(h) Intangible assets (cont'd)

(i) Goodwill (cont'd)

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.

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

(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.

(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.

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

(j) Financial assets (cont'd)

(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.

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

(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.

(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.

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

(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.

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.

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

(s) Employee benefits (cont'd)

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

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

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

(w) Income taxes (cont'd)

(iii) Sales tax (cont'd)

- 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.

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

(x) Derivative financial instruments and hedging activities (cont'd)

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

8. Income tax (cont'd)

b) Relationship between tax expense and accounting profit

A reconciliation of the statutory tax rate to the Group's effective tax rate for the financial years ended 30 June 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)	(0.1)	1.4
Effective tax rate	13.6	9.8	6.5	6.8

8. Income tax (cont'd)

c) Deferred income tax

	Group 2007 $'000	2006 $'000	Company 2007 $'000	2006 $'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

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

Group	Freehold land	Leasehold land and buildings	Plant and machinery	Motor vehicles	Furniture and fittings	Office equipment	Computers	Capital work-in-progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
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	Motor vehicles	Furniture and fittings	Office equipment	Computers	Total
	$'000	$'000	$'000	$'000	$'000	$'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

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 by the Company 2007	2006
		US$'000	S$'000	US$'000	S$'000	%	%
Olam Cam Sarl [3] (Cameroon)	Sourcing, processing, packaging and merchandising of agricultural products (Douala)	328	502	328	520	100	100
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

11. Subsidiary companies (cont'd)

Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of investment 2007		2006		Percentage of equity held by the Company 2007	2006
		US$'000	S$'000	US$'000	S$'000	%	%
Olam Togo Sarl. [4] (Togo)	Dormant (Lome)	@	@	208	330	100	100
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

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 by the Company 2007	2006
		US$'000	S$'000	US$'000	S$'000	%	%
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
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

11. Subsidiary companies (cont'd)

Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of investment 2007		2006		Percentage of equity held by the Company 2007	2006
		US$'000	S$'000	US$'000	S$'000	%	%
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
EURL Agri Commodities [3] (Algeria)	Sourcing, processing, packaging and merchandising of agricultural products (Hydra)	269	412	269	427	100	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 %
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		Cost of investment 2006		Percentage of equity held by the Company	
		US$'000	S$'000	US$'000	S$'000	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	–

11. Subsidiary companies (cont'd)

Name of company (Country of incorporation)	**Principal activities (Place of business)**	**Cost of investment**				**Percentage of equity held by the Company**	
		2007		**2006**		**2007**	**2006**
		US$'000	S$'000	US$'000	S$'000	%	%
Olam US Holdings Inc. [5] (United States of America)	Investment holding (Delaware)	*	*	–	–	100	–
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		

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 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
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	–

11. Subsidiary companies (cont'd)

Name of company (Country of incorporation)	**Principal activities (Place of business)**	**Cost of investment**		**Percentage of equity held**	
		2007	**2006**	**2007**	**2006**
				%	%
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 entities at end of financial years are as follows:-

Name of company (Country of incorporation)	**Principal activities (Place of business)**	**Cost of investment**				**Percentage of equity held by the Company**	
		2007		**2006**		**2007**	**2006**
		US$'000	S$'000	US$'000	S$'000	%	%
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	**2006**
	$'000	$'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	**2006**	**2007**	**2006**
	$'000	$'000	$'000	$'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.

15. Trade receivables (cont'd)

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	**2006**	**2007**	**2006**
	$'000	$'000	$'000	$'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

19. Other receivables (cont'd)

	Group 2007 $'000	Group 2006 $'000	Company 2007 $'000	Company 2006 $'000
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 Bonds which was issued by one of the subsidiary companies that bear interest at IRB ("Industrial Revenue Bond") rate + 1.125% and matures in annual instalments ranging from $200,000 to $4,200,000 through 1 August 2023. These debts are secured by the assets of the subsidiary and are backed by a letter of credit from a bank.

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.

30. Employee benefits (cont'd)

(iii) Employee share option scheme

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

The shares issued upon the options being exercised carry full dividend and voting rights.

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

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

30. Employee benefits (cont'd)

[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).

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.

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

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 banks

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

(c) Available-for-sale investment

The fair value of available-for-sale investment is determined based on the accounting policy described in Note 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

35. Fair values of financial instruments (cont'd)

(d) Derivative financial instruments (cont'd)

	Group			Company		
	Contract notional amount $'000	**Fair value** $'000		**Contract notional amount** $'000	**Fair value** $'000	
		Gain	**Loss**		**Gain**	**Loss**
2007						
Derivatives held for hedging						
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

35. Fair values of financial instruments (cont'd)

(d) Derivative financial instruments (cont'd)

	Group			Company		
	Contract notional amount $'000	**Fair value** $'000		**Contract notional amount** $'000	**Fair value** $'000	
		Gain	**Loss**		**Gain**	**Loss**
<u>2007</u>						
<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

35. Fair values of financial instruments (cont'd)

(d) Derivative financial instruments (cont'd)

	Group			Company		
	Contract notional amount $'000	**Fair value** $'000		**Contract notional amount** $'000	**Fair value** $'000	
		Gain	**Loss**		**Gain**	**Loss**
2006						
Derivatives held for hedging						
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).

35. Fair values of financial instruments (cont'd)

(d) Derivative financial instruments (cont'd)

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		Fibre and wood products		Food staples and packaged foods		Consolidated	
	2007	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**
	$' 000	$' 000	$' 000	$' 000	$' 000	$' 000	$' 000	$' 000	$' 000	$' 000
Segment revenue										
Sales to external customers	783,202	588,253	2,177,812	1,711,255	1,062,167	1,003,153	1,432,327	1,058,441	5,455,508	4,361,102
Unallocated revenue									22,125	16,675
Total revenue									5,477,633	4,377,777
Segment result	33,496	25,027	111,565	75,461	74,759	51,805	53,823	38,919	273,643	191,212
Operating profit									273,643	191,212
Finance costs									(147,072)	(94,704)
Share of (loss)/gain from jointly controlled entities									(385)	230
Profit before taxation									126,186	96,738
Taxation									(17,165)	(9,531)
Profit for the financial year									109,021	87,207
Segment assets	450,929	259,183	1,183,295	733,926	402,449	224,757	566,796	430,850	2,603,469	1,648,716
Unallocated assets									574,123	709,449
Total assets									3,177,592	2,358,165
Segment liabilities	364,097	179,636	1,029,998	492,374	357,373	155,527	478,228	295,668	2,229,696	1,123,205
Unallocated liabilities									515,147	746,921
Total liabilities									2,744,843	1,870,126

37. Segment information (cont'd)

(b) Geographical segments

	Asia and Middle East		Africa		Europe		Americas		Eliminations		Consolidated	
	2007	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**	**2007**	**2006**
	$' 000	$' 000	$' 000	$' 000	$' 000	$' 000	$' 000	$' 000	$' 000	$' 000	$' 000	$' 000
Segment revenue												
Sales to external customers	2,074,439	1,649,063	1,409,081	1,162,921	1,271,087	969,726	700,901	579,392	–	–	5,455,508	4,361,102
Intersegment sales	288,420	145,902	503,591	497,453	87,282	5,008	84,024	35,889	(963,317)	(684,252)	–	–
	2,362,859	1,794,965	1,912,672	1,660,374	1,358,369	974,734	784,925	615,281	(963,317)	(684,252)	5,455,508	4,361,102
Unallocated revenue											22,125	16,675
Total revenue											5,477,633	4,377,777
Other geographical information:												
Segment assets	1,567,744	1,120,652	821,443	808,976	313,171	206,739	475,234	221,798	–	–	3,177,592	2,358,165
Capital expenditure	7,174	8,905	18,865	34,220	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 (EUR3.3 million).

(e) On 2 October 2007, the Company announced that it will acquired 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.

The following information is the unaudited financial statements announcement made by Olam International Limited in respect of its financial results for the 9 months ended 31 March 2008.

The consolidated financial statements for the 9 months ended 31 March 2008 have not been audited or reviewed by the auditors of the Group. Investors should accordingly not place undue reliance on the unaudited consolidated financial statements for the 9 months ended 31 March 2008.

OLAM INTERNATIONAL LIMITED

Financial Statements for the Third Quarter Ended 31 March 2008

PART I: **Information required for announcements of Quarterly (Q1, Q2 & Q3), Half-Year and Full Year Results.**

1(a) An income statement for the ("Group") - Olam International Limited ("Company") and its subsidiaries together with a comparative statement for the corresponding period of the immediately preceding financial year.

Profit & Loss Statement – Third Quarter FY2008: Group

(in S$'000)	Group			Group		
	Nine Months Ended			Three Months Ended		
	31 Mar 08	31 Mar 07	%	31 Mar 08	31 Mar 07	%
Revenue						
Sale of goods	5,729,670	3,947,425		2,404,697	1,579,937	
Other revenue	16,649	14,306		4,431	7,604	
	5,746,319	**3,961,731**	**45.0%**	**2,409,128**	**1,587,541**	**51.8%**
Costs and expenses						
Cost of goods sold	4,560,796	3,074,058		1,922,083	1,247,199	
Shipping and logistics	622,600	491,588		259,235	177,982	
Commission and claims	44,883	32,425		16,594	13,754	
Employee benefit expense	110,932	56,969		31,310	20,568	
Share based expense	3,959	4,360		1,519	1,406	
Depreciation	23,002	10,557		8,633	2,859	
Net measurement of derivative instruments	2,421	(200)		10,087	(2,696)	
(Gain)/Loss on foreign exchange	(3,886)	605		994	(1,443)	
Other operating expenses	107,048	85,378		42,483	34,552	
Finance costs	155,675	118,297		50,787	48,422	
Share of (Gain)/loss from jointly controlled entities	147	9		(395)	(144)	
	5,627,577	**3,874,046**	**45.3%**	**2,343,330**	**1,542,459**	**51.9%**
Profit before taxation	**118,742**	**87,685**	**35.4%**	**65,798**	**45,082**	**46.0%**
Taxation	(15,943)	(9,211)		(9,930)	(4,747)	
Profit for the financial period	**102,799**	**78,474**	**31.0%**	**55,868**	**40,335**	**38.5%**
Attributable to:						
Equity holders of the Company	102,820	78,511		55,748	40,342	
Minority interest	(21)	(37)		120	(7)	
	102,799	**78,474**		**55,868**	**40,335**	

Notes:

(in S$'000)	Group			Group		
	Nine Months Ended			Three Months Ended		
	31 Mar 08	31 Mar 07	%	31 Mar 08	31 Mar 07	%
Other operating expenses include **bank charges** of	13,921	13,377		5,466	4,436	
Other revenue includes **interest income** of	5,082	6,255		432	2,181	
Gross Contribution	500,375	343,652	**45.6%**	194,512	146,278	**33.0%**
Net Contribution	349,782	231,610	**51.0%**	144,157	100,038	**44.1%**

1(b)(i) A Balance Sheet (for the Issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year.

Balance Sheet: Group & Company

(in S$'000)	Group		Company	
	31 Mar 2008	30 Jun 2007	31 Mar 2008	30 Jun 2007
Non-current assets				
Property, plant and equipment	410,001	129,348	1,664	1,299
Intangible assets	100,197	96,203	-	-
Subsidiary companies	-	-	271,055	223,123
Deferred tax assets	22,728	11,085	5,370	7,979
Interest in jointly controlled entities	360	1,942	3,052	2,227
Long term investments	27,248	81,091	25,091	27,431
Other receivables	4,177	9,466	4,177	1,006
Current assets				
Amounts due from subsidiary companies	-	-	446,028	301,192
Trade receivables	362,378	508,193	161,714	263,186
Margin accounts with brokers	265,137	86,162	161,027	79,595
Inventories	1,621,639	1,163,203	511,648	313,060
Advance payments to suppliers	418,808	255,706	209,269	91,154
Advance payments to subsidiary companies	-	-	1,092,044	951,985
Other receivables	472,229	199,416	206,940	52,026
Short term investment	-	13,461	-	13,461
Fixed deposits	39,924	43,372	38,398	42,992
Cash and bank balances	172,306	194,235	48,772	55,024
Fair value of derivative financial instruments	785,051	388,032	753,258	373,618
	4,137,472	**2,851,780**	**3,629,098**	**2,537,293**
Current liabilities				
Trade payables and accruals	452,446	255,522	322,248	180,632
Other payables	296,410	55,927	50,840	45,011
Amount due to bankers	1,412,225	545,555	1,178,395	346,693
Medium term notes	110,000	450,000	110,000	450,000
Provision for taxation	26,096	24,878	2,025	8,142
Fair value of derivative financial instruments	799,290	488,630	769,371	473,690
	3,096,467	**1,820,512**	**2,432,879**	**1,504,168**
Net current assets	1,041,005	1,031,268	1,196,219	1,033,125
Non-current liabilities				
Deferred tax liabilities	(363)	(3,323)	-	-
Term loans from banks	(771,440)	(703,663)	(689,465)	(690,413)
Medium term notes	(358,389)	(220,668)	(358,389)	(220,668)
Net assets	**475,524**	**432,749**	**458,774**	**385,109**
Equity attributable to equity holders of the Company				
Share capital	399,542	397,730	399,542	397,730
Reserves	75,976	34,992	59,232	(12,621)
	475,518	432,722	458,774	385,109
Minority interest	6	27	-	-
Total equity	**475,524**	**432,749**	**458,774**	**385,109**

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

Amount repayable in one year or less or on demand

	As at 31/03/2008		As at 30/06/2007	
	Secured (in S$'000)	Unsecured (in S$'000)	Secured (in S$'000)	Unsecured (in S$'000)
Overdrafts		113,215		49,970
Loans		1,299,010		495,585
Medium Term Notes		110,000		450,000
Total		**1,522,225**		**995,555**

Amount repayable after one year

	As at 31/03/2008		As at 30/06/2007	
	Secured (in S$'000)	Unsecured (in S$'000)	Secured (in S$'000)	Unsecured (in S$'000)
Long Term Loans	11,799	759,641	13,249	690,414
Long Term Medium Term Notes		358,389		220,668
Total	**11,799**	**1,118,030**	**13,249**	**911,082**

Details of any Collateral

The Group's subsidiary, Universal Blanchers LLC in the United States, has an outstanding loan equivalent to S$ 11.8 m (S$13.2 m as at 30 June 2007) which is secured on the assets of the subsidiary.

1(c) A Cash Flow Statement (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

(in S$'000)	Group		Group	
	Nine Months Ended		Three Months Ended	
	31 Mar 2008	31 Mar 2007	31 Mar 2008	31 Mar 2007
Cash flow from operating activities				
Operating profit before taxation	118,742	87,685	65,798	45,082
Adjustments for:				
Share of results in jointly controlled entities	147	9	(395)	(144)
Depreciation of property, plant and equipment	23,002	10,557	8,632	2,859
Loss on disposal of property, plant and equipment	222	6	196	6
Net measurement of derivative instruments	2,422	(200)	10,087	(2,696)
Amortisation of intangible asset	951	-	302	-
Cost of share-based payments	3,959	4,360	1,519	1,406
Interest income	(5,082)	(6,255)	(432)	(2,181)
Interest expense	155,675	118,297	50,788	48,422
Operating profit before reinvestment in working capital	**300,038**	**214,459**	**136,496**	**92,752**
(Increase)/ decrease in inventories	(279,236)	(166,217)	(384,598)	2,729
(Increase) in receivables	(147,738)	(336,091)	(215,792)	(193,633)
(Increase) in advance payments to suppliers	(150,348)	(69,472)	(51,176)	(15,529)
Increase in payables	281,443	93,154	264,761	76,121
Cash flow generated from/(used in) operations	**4,159**	**(264,168)**	**(250,308)**	**(37,560)**
Interest income received	5,082	6,255	432	2,181
Interest expenses paid	(156,126)	(125,366)	(43,138)	(62,048)
Tax paid	(45,141)	(7,204)	(24,849)	(1,249)
Net cash flow used in operating activities	**(192,026)**	**(390,484)**	**(317,863)**	**(98,675)**
Cash flow from investing activities				
Proceeds from disposal of property, plant and equipment	1,443	1,233	(1,733)	(61)
Purchase of property, plant and equipment	(37,476)	(30,162)	27,467	(10,229)
Acquisition of subsidiaries - net of cash acquired	(190,433)	-	(11,052)	-
Proceeds from sale of government securities	13,461	-	(0)	-
Investment in a jointly controlled entity	-	(1,076)	-	(944)
Repayment from/ (loan to) jointly controlled entities	83	(63)	2,316	46
Net cash flow (used in)/generated from investing activities	**(212,922)**	**(30,067)**	**16,997**	**(11,186)**
Cash flow from financing activities				
Proceeds from/ (repayment of) loans from banks	588,777	132,327	417,386	(70,361)
Proceeds from issuance of shares on exercise of share options	1,811	-	555	-
Dividends paid on ordinary shares by the Company	(54,411)	(46,638)	(1)	-
(Decrease)/ increase in medium term notes	(202,279)	310,571	(253,448)	168,040
Net cash flow provided by financing activities	**333,898**	**396,260**	**164,492**	**97,679**
Net effect of exchange rate changes on cash and cash equivalents	(17,572)	(14,044)	(8,255)	(1,349)
Net decrease in cash and cash equivalents	(88,623)	(38,334)	(144,630)	(13,532)
Cash and cash equivalents at the beginning of the period	187,637	267,401	243,644	242,599
Cash and cash equivalents at the end of the period	**99,015**	**229,067**	**99,015**	**229,067**

1(d)(i) A statement (for the Issuer and Group) showing either (i) all changes in equity, or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

GROUP 9 MONTHS - 31 MARCH 2008

At 31 March 2008 Group	Attributable to equity holders of the Company						Minority Interest	Total Equity
	Share Capital	Foreign Currency Translation Reserves	Fair Value Adjustment Reserves	Share-based Compensation Reserves	Revenue Reserves	Total Reserves		
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 July 2007	397,730	(39,929)	(150,827)	8,616	217,132	34,992	27	432,749
Net loss on fair value changes during the period			(207,357)			(207,357)		(207,357)
Recognised in the profit and loss account on occurrence of hedged transactions			227,740			227,740		227,740
Foreign currency translation adjustment		(31,303)				(31,303)		(31,303)
Net income and expense recognised directly in equity		(31,303)	20,383			(10,920)		(10,920)
Profit for the period					102,820	102,820	(21)	102,799
Total recognised expense and income for the period		(31,303)	20,383		102,820	91,900	(21)	91,879
Dividends on ordinary shares					(54,411)	(54,411)		(54,411)
Share-based expense				3,495		3,495		3,495
Issue of shares on exercise of share option	1,812							1,812
At 31 March 2008	399,542	(71,232)	(130,444)	12,111	265,541	75,976	6	475,524

GROUP 9 MONTHS - 31 MARCH 2007

At 31 March 2007 Group	Attributable to equity holders of the Company						Minority Interest	Total Equity
	Share Capital	Foreign Currency Translation Reserves	Fair Value Adjustment Reserves	Share-based Compensation Reserves	Revenue Reserves	Total Reserves		
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 July 2007	396,954	(25,091)	(41,978)	3,378	154,723	91,032	53	488,039
Net loss on fair value changes during the period			(28,752)			(28,752)		(28,752)
Recognised in the profit and loss account on occurrence of hedged transactions			(42,311)			(42,311)		(42,311)
Foreign currency translation adjustment		(14,219)				(14,219)		(14,219)
Net expense recognised directly in equity		(14,219)	(71,063)			(85,282)		(85,282)
Profit for the period					78,511	78,511	(37)	78,474
Total recognised income and expenses for the period		(14,219)	(71,063)		78,511	(6,771)	(37)	(6,808)
Dividends on ordinary shares					(46,638)	(46,638)		(46,638)
Share-based expense				4,034		4,034		4,034
Incorporation of a subsidiary								
At 31 March 2007	396,954	(39,310)	(113,041)	7,412	186,596	41,657	16	438,627

COMPANY 9 MONTHS - 31 MARCH 2008

At 31 March 2008 Company	Attributable to equity holders of the Company Share Capital $'000	Foreign Currency Translation Reserves $'000	Fair Value Adjustment Reserves $'000	Share-based Compensation Reserves $'000	Revenue Reserves $'000	Total Reserves $'000	Total Equity $'000
At 1 July 2007	397,730	(35,583)	(148,563)	8,616	162,909	(12,621)	385,109
Net loss on fair value changes during the period			(181,234)			(181,234)	(181,234)
Recognised in the profit and loss account on occurrence of hedged transactions			223,201			223,201	223,201
Foreign currency translation adjustment		(39,844)				(39,844)	(39,844)
Net income and expense recognised directly in equity		(39,844)	41,967			2,123	2,123
Profit for the period					120,646	120,646	120,646
Total recognised expense and income for the period		(39,844)	41,967		120,646	122,769	122,769
Dividends on ordinary shares					(54,411)	(54,411)	(54,411)
Share-based expense				3,495		3,495	3,495
Issue of shares on exercise of share option	1,812						1,812
At 31 March 2008	399,542	(75,427)	(106,596)	12,111	229,144	59,232	458,774

COMPANY 9 MONTHS - 31 MARCH 2007

At 31 March 2007 Company	Attributable to equity holders of the Company Share Capital $'000	Foreign Currency Translation Reserves $'000	Fair Value Adjustment Reserves $'000	Share-based Compensation Reserves $'000	Revenue Reserves $'000	Total Reserves $'000	Total Equity $'000
At 1 July 2007	396,954	(19,545)	(41,046)	3,378	131,778	74,565	471,519
Net loss on fair value changes during the period			(32,808)			(32,808)	(32,808)
Recognised in the profit and loss account on occurrence of hedged transactions			(35,425)			(35,425)	(35,425)
Foreign currency translation adjustment		(17,409)				(17,409)	(17,409)
Net expense recognised directly in equity		(17,409)	(68,233)			(85,642)	(85,642)
Profit for the period					83,873	83,873	83,873
Total recognised income and expenses for the period		(17,409)	(68,233)		83,873	(1,769)	(1,769)
Dividends on ordinary shares					(46,638)	(46,638)	(46,638)
Share-based expense				4,034		4,034	4,034
Incorporation of a subsidiary							
At 31 March 2007	396,954	(36,954)	(109,279)	7,412	169,013	30,192	427,146

GROUP QUARTER - 31 MARCH 2008

At 31 March 2008 Group	Share Capital $'000	Foreign Currency Translation Reserves $'000	Fair Value Adjustment Reserves $'000	Share-based Compensation Reserves $'000	Revenue Reserves $'000	Total Reserves $'000	Minority Interest $'000	Total Equity $'000
	Attributable to equity holders of the Company							
At 1 January 2008	398,986	(61,422)	(156,114)	10,634	210,192	3,290	(114)	402,162
Net loss on fair value changes during the period			(150,881)			(150,881)		(150,881)
Recognised in the profit and loss account on occurrence of hedged transactions			176,551			176,551		176,551
Foreign currency translation adjustment		(9,810)				(9,810)		(9,810)
Net income and expense recognised directly in equity		(9,810)	25,670			15,860		15,860
Profit for the period					55,349	55,349	120	55,469
Total recognised expense and income for the period		(9,810)	25,670		55,349	71,209	120	71,329
Dividends on ordinary shares								
Share-based expense				1,477		1,477		1,477
Issue of shares on exercise of share option	556							556
At 31 March 2008	399,542	(71,232)	(130,444)	12,111	265,541	75,976	6	475,524

GROUP QUARTER - 31 MARCH 2007

At 31 March 2007 Group	Share Capital $'000	Foreign Currency Translation Reserves $'000	Fair Value Adjustment Reserves $'000	Share-based Compensation Reserves $'000	Revenue Reserves $'000	Total Reserves $'000	Minority Interest $'000	Total Equity $'000
	Attributable to equity holders of the Company							
At 1 January 2007	396,954	(37,945)	(38,392)	6,087	146,254	76,004	23	472,981
Net loss on fair value changes during the period			(88,221)			(88,221)		(88,221)
Recognised in the profit and loss account on occurrence of hedged transactions			13,572			13,572		13,572
Foreign currency translation adjustment		(1,365)				(1,365)		(1,365)
Net expense recognised directly in equity		(1,365)	(74,649)			(76,014)		(76,014)
Profit for the period					40,342	40,342	(7)	40,335
Total recognised income and expenses for the period		(1,365)	(74,649)		40,342	(35,672)	(7)	(35,679)
Transfer of share premium to share capital account								
Dividends on ordinary shares								
Share-based expense				1,325		1,325		1,325
Incorporation of a subsidiary								
At 31 March 2007	396,954	(39,310)	(113,041)	7,412	186,596	41,657	16	438,627

COMPANY QUARTER - 31 MARCH 2008

At 31 March 2008 Company	Attributable to equity holders of the Company Share Capital $'000	Foreign Currency Translation Reserves $'000	Fair Value Adjustment Reserves $'000	Share-based Compensation Reserves $'000	Revenue Reserves $'000	Total Reserves $'000	Total Equity $'000
At 1 January 2008	398,986	(59,596)	(155,816)	10,634	162,781	(41,997)	356,989
Net loss on fair value changes during the period			(113,398)			(113,398)	(113,398)
Recognised in the profit and loss account on occurrence of hedged transactions			162,618			162,618	162,618
Foreign currency translation adjustment		(15,831)				(15,831)	(15,831)
Net income and expense recognised directly in equity		(15,831)	49,220			33,389	33,389
Profit for the period					66,363	66,363	66,363
Total recognised expense and income for the period		(15,831)	49,220		66,363	99,752	99,752
Dividends on ordinary shares							
Share-based expense				1,477		1,477	1,477
Issue of shares on exercise of share option	556						556
At 31 March 2008	399,542	(75,427)	(106,596)	12,111	229,144	59,232	458,774

COMPANY QUARTER - 31 MARCH 2007

At 31 March 2007 Company	Attributable to equity holders of the Company Share Capital $'000	Foreign Currency Translation Reserves $'000	Fair Value Adjustment Reserves $'000	Share-based Compensation Reserves $'000	Revenue Reserves $'000	Total Reserves $'000	Total Equity $'000
At 1 January 2007	396,954	(33,749)	(41,636)	6,087	122,500	53,202	450,156
Net loss on fair value changes during the period			(83,658)			(83,658)	(83,658)
Recognised in the profit and loss account on occurrence of hedged transactions			16,015			16,015	16,015
Foreign currency translation adjustment		(3,205)				(3,205)	(3,205)
Net expense recognised directly in equity		(3,205)	(67,643)			(70,848)	(70,848)
Profit for the period					46,513	46,513	46,513
Total recognised income and expenses for the period		(3,205)	(67,643)		46,513	(24,335)	(24,335)
Transfer of share premium to share capital account							
Dividends on ordinary shares							
Share-based expense				1,325		1,325	1,325
Incorporation of a subsidiary							
At 31 March 2007	396,954	(36,954)	(109,279)	7,412	169,013	30,192	427,146

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	Jan - Mar 08	Jan - Mar 07
Issue of shares on exercise of share options	365,250	

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	Mar-08	Jun-07
Issued, fully paid share capital :		
Balance no. of shares as at the beginning of period	1,555,095,400	
Addition on exercise of share options	1,191,491	
Total no. of shares outstanding as the end of period	**1,556,286,891**	**1,555,095,400**

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

N/A

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The financial statements presented above have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

N/A

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The adoption of the new and revised accounting standards that became applicable from 1 July 2007 did not result in substantial changes to the Group accounting policies, which are consistent with those used in the audited financial statements as at 30 June 2007.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the changes.

The Group has applied the same accounting policies in the preparation of the financial statements for the current reporting period as compared to the audited financial statements as at 30 June 2007.

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

	Group			
	Period Ended		Three Months Ended	
	31 Mar 2008	31 Mar 2007	31 Mar 2008	31 Mar 2007
(a) Based on weighted average no. of shares (cents/share)*	6.46	4.94	3.50	2.54
(b) Based on fully diluted basis (cents/share)*	6.33	4.87	3.44	2.49
Weighted average no. of shares applicable to basic earnings per share*	1,592,079,912	1,590,878,199	1,591,688,945	1,590,878,199
Weighted average no. of shares based on fully diluted basis*	1,624,975,319	1,611,250,033	1,620,354,908	1,618,788,852

The core earnings per share before considering non-cash share-based expense and amortization of intangible asset is as follows:

	Group			
Core Earnings	Period Ended		Three Months Ended	
	31 Mar 2008	31 Mar 2007	31 Mar 2008	31 Mar 2007
(a) Based on weighted average no. of shares (cents/share)*	6.77	5.21	3.62	2.62
(b) Based on fully diluted basis (cents/share)*	6.63	5.14	3.55	2.58

* For EPS calculations as per FRS 33, outstanding shares have been multiplied using an "Adjustment Factor" calculated by taking the difference in the price at which Preferential Offering was made (SGD 1.97) and the price on the last day of exercise of entitlements (SGD 2.63).

7. Net asset value (for the Issuer and Group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:

(a) current financial period reported on; and

(b) immediately preceding financial year.

	Group		Company	
(In cents per share)	**As at 30 Mar 08**	**As at 30 Jun 07**	**As at 30 Mar 08**	**As at 30 Jun 07**
Net asset value (NAV) per ordinary share based on issued share capital as at end of the period	24.12	21.64	29.48	24.76

The NAV for the Group before fair value adjustment reserve, goodwill and other intangibles went up from 37.52 cents/share in June 2007 to 38.94 cents/share in March 2008.

8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:

(a) any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.

Introduction

Olam is a leading, global, integrated supply chain manager of agricultural products and food ingredients with operations in over 56 countries. Since the establishment of our business in 1989, we have evolved from a single country, single product trader to a multi-country, multi-product supply chain manager. Today, we manage an integrated supply chain for over 14 agricultural products. As supply chain managers, we are engaged in the sourcing, processing, warehousing, transportation, shipping, distribution and marketing of these products from the farm gate in the producing countries to the factory gate of our customers in the destination markets while managing the risks at each stage of the supply chain. We organize the 14 products that we supply into 4 business segments as given below:

Business Segment	Products
Edible Nuts, Spices & Beans	Cashews, Other Edible Nuts (Peanuts, Almonds) Spices (Pepper, Cloves, Nutmeg, Cassia, Ginger, Dehydrated Garlic, Desiccated Coconut and other spices) Sesame Beans (Pulses, Lentils & Peas)
Confectionery & Beverage Ingredients	Cocoa Coffee Sheanuts
Food Staples & Packaged Foods	Rice Sugar Dairy Products Packaged Foods
Fibre & Wood Products	Cotton Timber

Background to analysing our Financial Statements

Profitability

a. ***Consolidation of results of companies acquired by the Group*** : For Q3FY2008, the results of the Group includes the results of Queensland Cotton Holdings ("QCH"), Universal Blanchers("UB"), Naarden Agro Products B.V ("NAP"), PT Dharmapala Usaha Sukses ("DUS") and Key Food Ingredients ("KFI"). All these companies were acquired during the calendar year 2007. The consolidated results for Q3FY2008 are therefore not strictly comparable to results of Q3FY2007. The impact of these results has been highlighted in the segmental commentary.

b. ***Gross and Net Contribution***: We measure and track our profitability in terms of Gross Contribution (GC) and Net Contribution (NC) per ton of product supplied. GC is calculated as total revenue less cost of goods sold (raw material costs plus other direct costs, including packing costs etc.), shipping and logistics expenses, claims and commission, bank charges, net measurement of derivative instruments, gain / loss on foreign exchange and share of profit/loss from jointly controlled entity. For the purposes of determining Net Contribution, we deduct the net interest expense from the GC. We consider interest expense to be a variable cost and a function of our inventory holding periods. For every transaction, we target a minimum net contribution per ton of product supplied based on the risks, complexities and value added services that we provide to our customers to meet their specific requirements. We are focused on enhancing these margins through value added services such as vendor managed inventory services (VMI), organic certification, fair trade produce certification (FTP), customized grades and quality, proprietary market intelligence and risk management solutions to our customers.

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

d. ***Seasonality :*** Production of agricultural products is seasonal in nature. The seasonality of the products in our portfolio depends on the location of the producing country. The harvesting season for most of the agricultural products for countries situated in the northern hemisphere generally falls between October to March. Countries in the southern hemisphere have harvesting seasons between April to September. It is also not unusual to experience both delays as well as early starts to the harvesting seasons in these countries based on actual weather patterns in a particular year. In addition to an early or delayed harvesting season, the precise timing and size of arrivals of these products can also vary based on the farmer's selling decisions, which is mainly a function of his view on prices and his inventory holding capacity. The majority of our origins are located in the northern hemisphere. Consequently, our earnings tend to be relatively higher in the Second Half of the Financial Year (January to June) compared to the First Half of the Financial Year (July to December).

Based on this seasonality, we expect the phasing of our earnings to be as follows:

Q1 July - Sept	Q2 Oct - Dec	**1St Half** **July – Dec**	Q3 Jan - March	Q4 Apr – June	**2nd Half** **Jan - June**
5 – 10%	25 – 30%	**30 – 40%**	35 – 40%	25 – 30%	**60 – 70%**

e. ***Balance Sheet :*** During the current year, the industry witnessed an increased level of volatility in the prices of various products. While the volatility has had minimal impact on the financial results of the Group, there has been a significant change to equity and current assets and liabilities (fair value of derivative financial instruments) due to the adoption of Hedge Accounting provisions under FRS39.

Profit and Loss Statement

Q3 FY2008 includes the consolidation of the results of QCH (9M), UB (9M), NAP (7M), DUS (6M) and KFI (7M). The consolidated P&L for Q3 FY2008 is therefore not strictly comparable to results of Q3 FY2007. The impact of these results has been more fully highlighted in the segmental commentary. A snapshot of the results of the existing and new businesses through acquisition is given below:

Description	9M FY2008			9M FY2007	% Increase Total	% Increase Existing Business
	Existing Business	New Business *	Total	Total		
Volume (metric tons)	3,465,337	288,783	3,754,121	2,976,672	26.1%	16.4%
Revenue (S$'000)	5,126,510	603,160	5,729,670	3,947,425	45.1%	29.9%
Net Contribution (S$'000)	297,792	51,990	349,782	231,610	51.0%	28.6%
PAT (S$'000)	105,800	(2,980)	102,820	78,512	30.96%	34.76%

* New Business through acquisitions.

The growth in our existing business continues to remain strong and posted volume growth of 16.4%; revenue growth of 29.9%; NC growth of 28.6% and PAT growth of 34.8% over 9M FY2007.

All the acquired businesses turned in positive net contribution in Q3 FY2008. With the exception of QCH and DUS, the performance of the acquired companies exceeded expectations and were earnings accretive on an NPAT basis in this period. The acquired businesses accounted for 37.1% of the growth in Group's sales volume and contributed to S$ 52.0 million in net contribution.

The following table provides segmental breakdown on Sales Volume, Sales Revenue, Gross Contribution (GC) and Net Contribution (NC) for Q3FY2008 and comparison with Q3FY2007.

Quarter

	Sales Volume (in Metric Tons)		Sales Revenue (in S$'000)		Gross Contribution (GC) (in S$'000)		Net Contribution (NC) (in S$'000)	
Segment	**Mar 08**	**Mar 07**	**Mar 08**	**Mar 07**	**Mar 08**	**Mar 07**	**Mar 08**	**Mar 07**
Edible Nuts, Spices & Beans	195,233	161,968	332,901	193,183	42,686	25,651	36,079	19,376
Per ton (S$)			**1,705**	**1,193**	**219**	**158**	**185**	**120**
Confectionery & Beverage Ingredients	352,012	296,326	1,317,747	830,779	62,274	56,688	38,707	34,372
Per ton (S$)			**3,743**	**2,804**	**177**	**191**	**110**	**116**
Food Staples & Packaged Foods	565,042	440,937	418,021	260,870	34,724	20,058	26,750	13,676
Per ton (S$)			**740**	**592**	**61**	**45**	**47**	**31**
Fibre & Wood Products*	304,527	261,023	336,028	295,105	54,828	43,881	42,621	32,614
Per ton (S$)			**1,103**	**1,131**	**180**	**168**	**140**	**125**
Total	**1,416,814**	**1,160,254**	**2,404,697**	**1,579,937**	**194,512**	**146,278**	**144,157**	**100,038**
Per ton (S$)					**137**	**126**	**102**	**86**

Cumulative

	Sales Volume (in Metric Tons)		Sales Revenue (in S$'000)		Gross Contribution (GC) (in S$'000)		Net Contribution (NC) (in S$'000)	
Segment	**Mar 08**	**Mar 07**	**Mar 08**	**Mar 07**	**Mar 08**	**Mar 07**	**Mar 08**	**Mar 07**
Edible Nuts, Spices & Beans	501,278	387,741	759,450	528,294	92,630	54,014	69,668	38,812
Per ton (S$)			**1,515**	**1,362**	**185**	**139**	**139**	**100**
Confectionery & Beverage Ingredients	800,122	680,769	2,465,355	1,723,291	158,736	128,224	101,309	82,082
Per ton (S$)			**3,081**	**2,531**	**198**	**188**	**127**	**121**
Food Staples & Packaged Foods	1,642,960	1,364,653	1,429,980	969,912	117,227	72,665	86,947	47,270
Per ton (S$)			**870**	**711**	**71**	**53**	**53**	**35**
Fibre & Wood Products*	809,761	543,509	1,074,885	725,928	131,782	88,749	91,858	63,446
Per ton (S$)			**1,327**	**1,336**	**163**	**163**	**113**	**117**
Total	**3,754,121**	**2,976,672**	**5,729,670**	**3,947,425**	**500,375**	**343,652**	**349,782**	**231,610**
Per ton (S$)					**133**	**115**	**93**	**78**

* Wood Products measured in cubic metres.

The progress made during FY2008 is highlighted below:

- **Edible Nuts, Spices & Beans**

  The Edible Nuts, Spices & Beans segment recorded a volume growth of 29.3% and a revenue growth of 43.8% in 9M FY2008. Net Contribution also recorded a strong 79.5% growth to S$69.7 million in 9M FY2008.

  There was broad based contribution from all the major products in this segment, which underpinned the strong top line and bottom line growth for this period. Both our acquisitions in this segment, UB and KFI, continued to perform strongly contributing significantly to the growth in the peanut and spices businesses respectively. The sesame business turned in a strong performance where volumes grew by over 50% supported by strong demand growth in China and our ability to expand our sourcing operations in India, East and West Africa including Ethiopia. Trading conditions in cashew have improved during the quarter but the viability of our cashew processing operations in Brazil continue to be under pressure due to the appreciation of the Brazilian Real.

- **Confectionery and Beverage Ingredients**

  Sales Volume and Revenue in the Confectionery & Beverage Ingredients segment grew 17.5% and 43.1% respectively in 9M FY2008. Net Contribution also recorded a strong 23.4% growth to S$101.3 million in 9M FY2008.

  The Coffee and Cocoa businesses continued to experience unprecedented market volatility during this period. During February and March, the market witnessed significant price increases in both these markets leading to increased working capital being deployed in margin calls. However the prices have since come back to the pre-December levels. For all of this quarter, both coffee and cocoa market continued to be in backwardation. While the coffee and cocoa business expanded volumes by 24% and 11% respectively, sustained backwardation put some pressure on the margins. The NC per ton grew at a slower pace at S$127 per ton in Q3 FY 2008. Work on our new soluble coffee processing plant in Vietnam is making good progress.

- **Food Staples and Packaged Foods Business**

  Sales Volume and Revenue for the Food Staples & Packaged Foods segment grew 20.4% and 47.4% respectively in 9M FY2008 compared to 9M FY2007. Net Contribution also recorded a strong 83.9% growth to S$86.9 million in 9M FY2008.

  Market prices for rice registered a significant increase during this quarter mainly on account of major exporting countries like India, Vietnam, China and Pakistan imposing various export restrictions with some of them banning the exports of rice. Our Rice Business continued to perform very well during this quarter. Demand for rice was strong during the quarter and given our extensive distribution reach, volumes grew by 53% for Q3 FY2008 as compared to the similar period in the previous quarter. Many of the importing countries have temporarily reduced import duties on rice with a view to mitigating the impact of increasing rice prices globally.

  In Sugar, we completed the refurbishment of DUS and the facility has started production in this quarter. The current capacity has already reached 250 tons per day. The Dairy business continued to perform strongly with volumes growing by 34.5% in Q3 FY2008 despite prices coming down sharply. The successful integration of NAP and its strong profit performance has also contributed to the robust performance of the Dairy segment in this Quarter. Our Packaged Foods distribution business made good progress during this period particularly in West Africa.

- **Fibre and Wood Products**

  The Fibre & Wood Products segment had a growth of 49.0% in Sales Volume and 48.1% in sales revenue in 9M FY2008. Net Contribution also recorded a strong 44.8% growth to S$91.9 million in 9M FY2008.

Like other futures traded products, Cotton also witnessed unprecedented volatility in prices during this quarter. Cotton prices rose to 104 cents per lb at the peak of this move, a 14 year high for cotton. High volatility lead to a significant increase in working capital deployment due to increased margin calls. Demand for physical cotton also dipped as the textile mills were waiting on the sidelines, anticipating a correction in prices from these high levels. The prices have since come back to pre-December levels and there is once again a strong demand from the textile mills. Our existing cotton business, combined with the additional volumes of QCH, has contributed to the volume growth of 68% recorded over the corresponding period last year. We are pleased to now revise this to a full year loss expectation of S$13 to S$14m (down from S$16 to S$19 million) due to improved trading performance of QCH.

The Wood Products business continued to perform well during this period, making good progress its strategy of expanding its participation in plantation products, enhancing its primary and secondary processing activities, successfully growing its value added manufacturing business including top layer and flooring products manufacturing and developing direct distribution in the key markets of China, Vietnam, India and Europe. China and Vietnam have had a particularly good quarter due to increased demand and the successful expansion of our operations in these two key markets.

Costs and Expenses

Q3 FY2008: SG&A increased by 42.8% to S$78.5 million in Q3 FY2008 over the corresponding quarter in FY2007. A significant portion of this increase is due to the consolidation of overhead expenses of the various companies acquired in 2007 including QCH, UB, NAP, DUS and KFI. SG&A/Sales ratio decreased from 3.48% in Q3 FY2007 to 3.26% in Q3 FY2008.

9M FY2008: SG&A increased by 60.6% to S$231.0 million in 9M FY2008 over the corresponding period in FY2007. Increase in SG&A at 60.6% was higher than our growth in underlying Sales Revenue of 45.0%. SG&A/Sales ratio increased from 3.65% in 9M FY2007 to 4.03% in 9M FY2008. 61% of the increase in the SG&A costs is attributable to the consolidation of the acquired businesses.

Profit before tax

Q3 FY2008: For the quarter ended 31 March 2008, Profit before tax increased by 45.7% to S$65.7 million as compared to S$45.1 million in FY2007.

9M FY2008: For the nine months ended 31 March 2008, Profit before tax increased by 35.4% to S$118.7 million as compared to S$87.7 million in FY2007.

Taxation

Q3 FY2008: Taxes increased to S$9.9 million for Q3 FY2008 as compared to S$4.7 million for Q3 FY2007.

9M FY2008: Taxes increased to S$15.9 million for 9M FY2008 as compared to S$9.2 million for 9M FY2007.

Net profit after tax

Q3 FY2008: Net profit after tax increased by 38.2% to S$55.7 million for Q3 FY2008 from S$40.3 million in Q3 FY2007.

9M FY2008: Net profit after tax increased by 31.0% to S$102.8 million for 9M FY2008 from S$78.5 million in 9M FY2007.

Balance Sheet & Cash Flow

Equity and Reserves

Total equity and reserves increased by 9.9% from S$432.7 million as of 30 June 2007 to S$475.5 million as of 31 March 2008. As announced during the quarter, a dividend of S$54.4 million was paid out.

On 28 March 2008, Company announced an equity fund raising exercise by way of a non-renounceable, non-transferable preferential offering of 155,628,689 New Shares at a price of S$1.97 per share to raise S$307 million of new equity. The Preferential Offering was made on the basis of 1 New Share for every 10 Shares held by eligible shareholders of the Company whose names are on the shareholder register of Olam as at the Books Closure Date on April 8 2008. The company is pleased to announce that there was strong support for this transaction and valid acceptances and excess applications for a total of 184,786,073 New Shares were received (or approximately 1.2 times of the total number of New Shares that were available under the Preferential Offering). The offer was successfully closed and proceeds received on 24th April 2008.

There has been a net decrease of S$130.4 million to equity on account of the revaluation of financial derivatives used for hedging purposes as per the provision of FRS 39, with a corresponding impact on both Current Assets and Current Liabilities categorized under "Fair value of derivative financial instruments." This is the result of unrealized losses on derivatives used for hedging the underlying physicals and where the futures prices of the underlying commodities (Cocoa, Coffee, Sugar and Cotton) have increased post hedging. Under the requirements of FRS 39, these unrealized losses will flow through the profit & loss statement as and when the sale of physical stocks (being the hedged items) is recognized. These unrealized losses are related to effective hedging instruments and are expected to be offset by equivalent gains from the underlying physical transactions. Therefore, these adjustments are not expected to have any material impact on the profitability of the Group.

Intangible assets

The amount mainly represents the goodwill and value of intangibles of UB for which the "Purchase Price Allocation" (PPA) exercise was completed as on 30 June 2007 as per the provisions of FRS 103. We are in the process of carrying out the PPA exercise for all other acquired businesses. The value of intangible assets reflected in the balance sheet is expected to increase when this exercise is completed.

Fixed Assets

Investments in fixed assets amounted to S$298.0 million for the nine months ended 31 March 2008. The increase has been mainly on account of consolidation of the acquired businesses.

Current Assets

Debtors Analysis

Debtor days in Q3 FY2008 reduced significantly to 17 days as compared to 34 days as at 30 June 2007. 76.9% of debtors were secured either against Letters of Credit or against documents with the bank for collection.

Stocks

Stock turnover days for the period was at 85 days, same as at 30 June 2007. There was an increase in stock value by S$458.4 million to S$1621.6 million from S$1163.2 million as on 30 June 2007. 86.3% of the stocks were sold forward to customers or hedged using financial derivatives. The price exposure on the balance inventories are actively managed through both volume and period limits as per our risk management policies

Advance to Suppliers

Advance to Suppliers days went up marginally to 22 days in Q3 FY2008 as compared to 19 days as of 30 June 2007. The advances increased from S$255.7 million in FY2007 to S$418.8 million in FY2008. This was mainly on account of an increase in the general level of operations during the period.

Borrowings

Borrowings increased to S$2,652.1 million as of end of March 2008 from S$1,919.9 million as of 30 June 2007 on account of funding additional working capital, acquisition funding as well as consolidation of debt of QCH, UB and NAP operations

Cash and Fixed Deposits

Cash and Fixed Deposits decreased by 10.7% to S$212.2 million as on 31 March 2008 from S$237.6 million as on 30 June 2007.

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

   There was no forecast made by the company.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.

    Over the past 18 months, the Company had announced a number of acquisitions and joint ventures. The completion of these transactions is subject to certain closing conditions and approvals from relevant authorities as such the outcome of these transactions is uncertain until these conditions and approval are met or have been granted. We are also continuously exploring various acquisition and investment opportunities which may assist in the Group's growth over the medium to long term. Some of these acquisition and investment opportunities may materialize over the next 12 months. We will announce such acquisition and investment opportunities accordingly as and when they materialize.

11. Dividend

(a) Current Financial Period Reported On 31st March 2008

During Q2 FY2008, the Company paid out a tax exempt dividend of S$54.411 million comprising ordinary dividend of S$0.0175 per share and a special dividend of S$0.0175 per share.

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

During FY2007, the Company paid out tax exempt dividend of S$ 46.638 million comprising ordinary dividend of S$0.015 per share and special dividend of S$0.015 per share.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated)
The dividend paid is tax exempt in the hands of shareholders.

(d) Date payable

N/A

(e) Books closure date

N/A

12. If no dividend has been declared/recommended, a statement to that effect.

During the current period there is no dividend declared or recommended.

PART II: Additional information required for Full Year announcement (This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. Segmented revenue and results for business or geographical segments (of the Group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

15. A breakdown of sales.

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

17. Interested Persons Transactions.

Confirmation of the Board

We refer to the requirement under Rule 705(4) of the Listing Manual.

We hereby confirm to the best of our knowledge, that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited interim financial results for period ended 31 March 2008 to be false or misleading in any material aspects.

On behalf of the Board of Directors

R. Jayachandran Chairman	Sunny George Verghese Group Managing Director & CEO

BY ORDER OF THE BOARD

Sunny George Verghese
Group Managing Director & CEO
15 MAY 2008

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