OLAM INTERNATIONAL LIMITED

Financial Statements for the First Quarter Ended 30th September 2005

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 – First Quarter FY2006 : Group

(in S$'000)	Group		
	Three Months Ended		
	30 Sep 05	30 Sep 04	%
Revenue			
Sales of goods	713,719	497,232	
Other revenue	4,422	394	
	718,141	**497,626**	**44%**
Costs and expenses			
Cost of goods sold	514,715	337,252	
Shipping and logistics	122,784	116,344	
Commission and claims	12,423	7,823	
Staff costs	11,309	9,113	
Depreciation	2,438	1,181	
Measurement of derivative instruments	538	-	
Loss/(gain) on foreign exchange	6,547	(886)	
Other operating expenses	21,011	14,767	
	691,765	**485,594**	
Profit from operating activities	**26,376**	**12,032**	**119%**
Finance costs	(19,104)	(7,763)	**146%**
Share of gain/(loss) of jointly controlled entity	30	(36)	
Profit before taxation	**7,302**	**4,233**	**72%**
Taxation	(767)	(508)	
Profit for the financial period	**6,535**	**3,725**	**75%**

Notes:

(in S$'000)	Group		
	Three Months Ended		
	30 Sep 05	30 Sep 04	%
Other operating expenses include bank charges of	4,529	2,035	
Other revenue includes interest income of	880	236	
Gross Contribution	55,755	34,786	**60%**
Net Contribution	37,531	27,259	**38%**

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	
	30 Sep 2005	30 Jun 2005	30 Sep 2005	30 Jun 2005
Fixed assets	42,379	39,166	755	665
Subsidiary companies	-	-	50,345	50,120
Deferred tax (liabilities)/assets	(179)	860	(358)	717
Investments	1,505	1,484	1,597	1,606
Current assets				
Amounts due from subsidiary companies	-	-	199,291	200,314
Trade debtors	406,535	649,179	310,398	531,810
Margin accounts with brokers	39,920	57,335	39,668	57,079
Stocks	1,033,600	1,019,025	378,864	314,035
Advance payment to suppliers	189,210	90,881	134,551	51,940
Advance payment to subsidiary companies	-	-	606,390	619,878
Other debtors	296,230	117,617	215,981	53,250
Fixed deposits	81,462	61,655	73,778	60,897
Cash & bank balances	132,556	103,712	72,551	21,082
	2,179,513	**2,099,404**	**2,031,472**	**1,910,285**
Current liabilities				
Trade creditors and accruals	92,316	175,026	43,365	130,395
Other creditors	147,448	9,789	144,438	7,368
Amount due to bankers	831,802	1,187,967	763,787	1,075,752
Medium term notes	262,404	262,780	262,404	262,780
Provision for taxation	8,292	8,627	4,257	4,817
	1,342,262	**1,644,189**	**1,218,251**	**1,481,112**
Net current assets	837,251	455,215	813,221	429,173
Long term loans from banks	(222,160)	-	(222,160)	-
Long term medium term notes	(134,846)	-	(134,846)	-
	523,950	**496,725**	**508,554**	**482,281**
Share capital	155,459	155,459	155,459	155,459
Reserves	348,284	341,266	333,755	326,822
Fair value adjustment reserves	20,151	-	19,284	-
Share-based compensation reserves	56	-	56	-
	523,950	**496,725**	**508,554**	**482,281**

1(b)(ii) Aggregate amount of Group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

	As at 30/09/2005		As at 30/06/2005	
	Secured	Unsecured	Secured	Unsecured
	(in S$'000)	(in S$'000)	(in S$'000)	(in S$'000)
Overdrafts	-	28,213	-	77,558
Loans	-	803,589	-	1,110,409
Medium term notes	-	262,404	-	262,780
Total	**-**	**1,094,206**	**-**	**1,450,747**

Amount repayable after one year

	As at 30/09/2005		As at 30/06/2005	
	Secured	Unsecured	Secured	Unsecured
	(in S$'000)	(in S$'000)	(in S$'000)	(in S$'000)
Long term loans from banks	-	222,160	-	-
Long term medium term notes	-	134,846	-	-
Total	**-**	**357,006**	**-**	**-**

Details of any Collateral

N/A

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**	
	Three Months Ended	
	30 Sep 2005	**30 Sep 2004**
Cash flow from operating activities		
Operating profit before taxation	7,302	4,233
Adjustments for:		
Share of (gain)/loss of jointly controlled entity	(30)	36
Depreciation of fixed assets	2,438	1,181
Loss on disposal of assets	6	-
Measurement of derivative instruments	538	-
Share-based payment expense	56	-
Interest income	(880)	(236)
Interest expense	19,104	7,763
Operating profit before reinvestment in working capital	**28,534**	**12,977**
Increase in stocks	(14,575)	(23,595)
Decrease in debtors	240,900	153,668
Increase in advance payment to suppliers	(98,329)	(57,752)
Decrease in creditors	(83,272)	(86,038)
Cash generated from/(used in) from operations	**73,258**	**(740)**
Interest expenses paid	(17,275)	(7,763)
Interest income received	880	236
Tax paid	(1,195)	-
Net cash generated from/(used in) operating activities	**55,668**	**(8,267)**
Cash flow from investing activities		
Proceeds from disposal of fixed assets	322	-
Purchase of fixed assets	(5,670)	(2,181)
Investment in a jointly controlled entity	-	-
Net cash used in investing activities	**(5,348)**	**(2,181)**
Cash flow from financing activities		
Increase in medium term notes	134,470	22,880
Repayment of long term loan from a corporate shareholder	-	(49)
Decrease in loans from banks	(84,660)	(12,720)
Net cash provided by financing activities	**49,810**	**10,111**
Net effect of exchange rate changes on cash and cash equivalents	(2,134)	(1,121)
Net increase/(decrease) in cash & cash equivalents	97,996	(1,458)
Cash & cash equivalents at beginning of period	87,809	32,656
Cash & cash equivalents at end of period	**185,805**	**31,198**

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.

(in S$'000)	**GROUP**		**COMPANY**	
	For the period		**For the period**	
From	**1 Jul 05**	**1 Jul 04**	**1 Jul 05**	**1 Jul 04**
To	**30 Sep 05**	**30 Sep 04**	**30 Sep 05**	**30 Sep 04**
Issued Capital				
Balance at beginning	155,459	100,791	155,459	100,791
Issuance of ordinary shares	-	-	-	-
Balance at end	155,459	100,791	155,459	100,791
Reserves				
Share Premium				
Balance at beginning	241,495	36,035	241,495	36,035
Issuance of ordinary shares	-	-	-	-
Expenses on issuance of ordinary shares	-	-	-	-
Balance at end	241,495	36,035	241,495	36,035
Foreign Currency Translation Reserves				
Balance at beginning	(24)	(4,005)	5,834	3,079
Foreign currency translation adjustment	(1,907)	(1,120)	(2,642)	(1,120)
Balance at end	(1,931)	(5,125)	3,192	1,959
Revenue Reserves				
Balance at beginning	99,795	57,042	79,493	40,320
Adjustment for change in accounting policy	2,390	-	2,630	-
Profit for the financial period	6,535	3,725	6,945	3,725
Balance at end	108,720	60,767	89,068	44,045
Total Reserves	348,284	91,677	333,755	82,039
Fair Value Adjustment Reserves				
Balance at beginning	-	-	-	-
Adjustment for change in accounting policy	(31,941)	-	(31,969)	-
Fair Value adjustment	52,092	-	51,253	-
Balance at end	20,151	-	19,284	-
Share-based Compensation Reserves				
Balance at beginning	-	-	-	-
Share-based payment	56	-	56	-
Balance at end	56	-	56	-
Total Equity	**523,950**	**192,468**	**508,554**	**182,830**

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 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.

	FY 2006	FY 2005
Issued, fully paid share capital		
Balance no. of shares as at 1st July of par value S$0.10 each (2005: S$0.20 each)	1,554,584,400	503,954,686
Total No. of Shares outstanding as at 30th September of par value $0.10 each (2005: S$0.20)	**1,554,584,400**	**503,954,686**

Note:

The number of ordinary shares shown above as at 1st July 2004 and 30th September 2004 are before sub division and having a par value of S$0.20 per each ordinary share. Each share of S$0.20 was sub-divided into 2 ordinary shares with par value of S$0.10 per each ordinary share on 4th January 2005.

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.

Except as disclosed under Note 5, the same accounting policies and methods of computation have been followed as in our last audited financial statements dated 30th June 2005.

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 change.

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 30th June 2005, except for the adoption of the following new Financial Reporting Standards (FRS), that are mandatory for the financial year beginning 1st July 2005

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

FRS 39

In accordance with the transitional provisions of FRS 39, there has been no restatement of results for the period ending 30th June 2005. The impact of the transitional adjustments on the group on 1st July 2005 and adjustments as on 30th September 2005 are detailed below:

(in S$'000)	Current Asset	Current Liabilities	Deferred taxation	Foreign Exchange Translation Reserves	Fair Value Adjustment Reserves	Profit & Loss Account	Revenue Reserves
Transitional adjustments as on 1 July 2005							
Measurement of derivative instruments	136,774	(168,177)	1,681	-	31,941	-	(2,219)
Measurement of financial instruments at amortised cost	171	-	-	-	-	-	(171)
Measurement for the quarter ended 30 September 2005							
Measurement of derivative instruments	22,509	31,785	(2,742)	2	(52,092)	538	-
Measurement of financial instruments at amortised cost	1,883	-	-	(5)	-	(1,878)	-

As a result of the adoption of FRS 39, we have introduced a new line "Fair Value Adjustment Reserve" in the Balance Sheet to capture the changes to the equity. The Equity on 1st July 2005 was reduced by S$29.6 million as a result of these adjustments. As at 30th September 2005, the effect of adopting FRS 39 was a net increase in equity of S$23.8 million.

FRS 102

During the quarter the company also adopted FRS 102 and valued share options accordingly. The option costs works out to S$174,528. As the impact of the charge off for the previous year was not material, we have not restated the opening balances and instead absorbed the same in Q1 FY 2006.

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	
	30 Sep 2005	30 Sep 2004
(a) Based on weighted average no. of shares (Cents/share)	0.42	0.34
(b) Based on fully diluted basis (Cents/share)	0.42	0.32
Weighted average no. of shares applicable to basic earnings per share	1,554,584,400	1,097,027,583
Weighted average no. of shares based on fully diluted basis	1,561,354,312	1,149,189,272

Note:

The number of shares and EPS for the period ended 30th September 2004 have been adjusted to reflect the share split done in January 2005. Each share of S$0.20 was split into two shares of S$0.10 each in Jan 2005.

7. Net asset value (for the Issuer and Group) per ordinary share based on issued share capital 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 Sep 05**	**As at 30 Jun 05**	**As at 30 Sep 05**	**As at 30 Jun 05**
Net asset value per ordinary share based on issued share capital as at end of the period	33.70	31.95	32.71	31.02

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 40 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, Hazelnuts) Spices (Pepper, Cloves, 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 analyzing our Financial Statements

Profitability

a. ***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, fair value adjustment, 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 is a function of our inventory holding periods. We mainly use short term, transactional, self liquidating, working capital funding to finance our short term inventories and debtors. For every transaction, we target a minimum net contribution per 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 providing value added services including 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.

b. ***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 are largely within our control and is a function of the extent of our supply chain infrastructure in the origins (producing countries) and the markets (consuming countries).

c. ***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 some delay as well as early start to the harvesting seasons in these countries based on actual weather patterns in that 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%**

<u>Profit and Loss Statement</u>

Volumes:

The Group achieved a 33.6% growth in Sales Volumes to 0.56 million tons for the 1st Quarter ended 30th September 2005 (Q1 FY2006) compared to 0.42 million tons for the previous corresponding quarter ended 30th September 2004 (Q1 FY2005). Strong Volume growth was registered across all four business segments.

Sales revenues:

Sales Revenues for Q1 FY2006 increased by 43.5% to S$713.7 million from S$497.2 million for corresponding period of Q1 FY2005. Sales revenues registered increases across all 4 business segments. 77% of the increase in sales revenues was contributed by increase in volumes and 23% of the revenue increase was contributed by increase in prices in the various products across the 4 business segments.

Gross Contribution:

Gross Contribution (GC) increased by 60.3% to S$55.8 million for Q1 FY2006 compared to S$34.8 million in Q1 FY2005. GC increased across all 4 business segments during the quarter. In Q1 FY2006, we adopted FRS 39 and as a result have fair valued the derivative instruments and re-measured the financial instruments. The net impact in the profit and loss account due to this has been a gain of S$1.2 million.

Interest and Net Contribution:

Total net interest cost increased by 142.1% to S$18.2 million in Q1 FY 2006. The interest cost per ton increased to S$33 per ton from S$18 during the corresponding period last year. The interest cost increase has been mainly due to the increase in the LIBOR rates. In line with FRS 39, we have deferred discounting charges and as a result of that interest cost has gone down by S$0.13 million. However most of the increase in interest cost was passed on to either our customers or suppliers as the case may be. As a result Net Contribution per ton improved to S$67 per ton in Q1 FY2006 compared to S$65 in Q1 FY2005. Increased volumes and margin improvement initiatives resulted in total Net Contribution growing by 37.7% to S$37.6 million in Q1 FY2006 as compared to S$27.3 million during the corresponding period last year.

Total NC improved across all 4 business segments. Increased volumes accounted for 90% of this increase and the balance 10% was on account of margin improvements initiatives.

The following table provides segmental breakdown on Sales Volume, Sales Revenue, Gross Contribution (GC) and Net Contribution (NC) for the three months ended 30th September 2005 (Q1 FY2006) and 30th September 2004 (Q1 FY2005).

Q1 FY2006: Segmentals

	Sales Volume (in Metric Tons)		Sales Revenue (in S$'000)		Gross Contribution (GC) (in S$'000)		Net Contribution (NC) (in S$'000)	
Segment	**Sep 05**	**Sep 04**	**Sep 05**	**Sep 04**	**Sep 05**	**Sep 04**	**Sep 05**	**Sep 04**
Edible Nuts, Spices & Beans	120,607	103,735	151,679	120,387	9,977	7,433	6,270	5,639
Per ton (S$)			**1,258**	**1,161**	**83**	**72**	**52**	**54**
Confectionery & Beverage Ingredients	113,662	83,681	231,291	144,447	20,472	12,512	13,750	10,059
Per ton (S$)			**2,035**	**1,726**	**180**	**150**	**121**	**120**
Food Staples & Packaged Foods	242,609	173,112	196,619	144,492	14,031	8,154	9,320	6,123
Per ton (S$)			**810**	**835**	**58**	**47**	**38**	**35**
Fibre & Wood Products*	79,917	56,165	134,130	87,906	11,275	6,687	8,191	5,438
Per ton (S$)			**1,678**	**1,565**	**141**	**119**	**102**	**97**
Total	**556,795**	**416,693**	**713,719**	**497,232**	**55,755**	**34,786**	**37,531**	**27,259**
Per ton (S$)					**100**	**83**	**67**	**65**

* Measured in cubic metres.

We continue to make good progress in executing our strategy in Q1 FY2006 across all our four business segments. Some of the specific progress made segment wise in this quarter is highlighted below:

- **Edible nuts, Spices and Beans** segment grew both underlying sales volumes and NC by 16.3% and 11.2% respectively in Q1 FY2006 compared to Q1 FY 2005. Our planned expansion in cashew processing in Brazil, Vietnam and Africa, Peanut processing in China & Argentina, sesame hulling in Nigeria are progressing on schedule. On a cautionary note we are beginning to see some slowdown in demand and a fall in prices of the edible nut category including cashew, peanuts and almonds. This could result in tough trading conditions for this category in the subsequent periods. Strong demand from China & Japan continues to support the sesame market we are very well positioned to take advantage of this trend.

- **Confectionery & Beverage Ingredients** segment had a particularly strong quarter with sales volume and NC growing by 35.8% and 36.7% respectively in Q1 FY2006 compared to Q1 FY2005. Smooth execution of the VMI contracts that were carried forward into this financial year with progressive delivery of these stocks to customers underpinned part of this performance. Good confectionery offtake during the summer months buoyed up both cocoa butter and combined (butter and solid) ratios during the quarter. The light crop in Africa was of average size with poorer than average quality and most of these light crop arrivals were processed locally at origins. The cocoa business continued to make strong headway in the key markets of Europe, US and Asia and continued to grow based on expanded sourcing in Asia and Africa as well as its integration into cocoa processing in Nigeria.

  The first quarter is always a period of low activity in coffee and during Q1 FY 2006, differentials for most coffees have been trading at or near all time highs. The two main origins that were in season during this period were Indonesia and Brazil. We have had a very strong start in Indonesia while volumes were under pressure due to tight market conditions. The Arabica coffee processing plant was commissioned in Vietnam on time and on budget this quarter. The business has also received investment approval to set up 2 coffee processing and warehousing facilities in Brazil during the quarter and work in this regard has started in right earnest.

- **Food Staples & Packaged Food** segment registered a volume increase of 40.1% and an NC increase of 52.2% in the Q1 FY2006 compared to Q1 FY2005. The key contributor to the strong growth in this segment was the rice business, particularly our milling and distribution investments in Nigeria yielding excellent results. The quality of the locally milled rice has been well accepted by our customer base. Our distribution reach in both South Africa and Nigeria for parboiled rice and in Ghana, Cameroon, Cote d' Ivoire, Algeria and Gabon for white rice has been significantly enhanced during this period.

  Sugar during the quarter has seen developments in our sourcing operation in Brazil with direct tie-ups with some key mills as well as sourcing break-throughs in Eastern Europe (Poland) and Western Europe. Marketing inroads have been made in one of the largest sugar markets, Russia during this period.

  Lower Milk Powder subsidies in Europe has opened up new markets and opportunities for relatively cheaper origins like Ukraine, South America (mainly Argentina) and India. We are preparing to launch Pearl Milk Powder in 3 more African markets in 2nd & 3rd quarter. We are now one of the largest buyers of Milk Powder from Ukraine. During the quarter, apart from the traditional markets in Africa and Asia, we also made significant progress in the Middle East with the addition of several new clients. We also initiated plans to get into the dairy business in China and are confident of our prospects in this important market.

  The Packaged Food business has got off to a good start in the first quarter particularly in regard to sales of 3-in-1 coffee in Russia, South Africa and Nigeria.

- **Fibre & Wood Products** segment grew sales volume by 42.3% and NC by 50.6% in Q1 FY2006 compared to Q1 FY2005.

  In Timber, our marketing operations in Europe has been further strengthened by the induction of an additional trader specialising in sawn timber sales. This will augment our capacity to place sawn timber from our processing initiatives in various origins and will help us create a platform in Europe to integrate further down the value chain into areas like offering VMI services and delivered factory redistribution services in this important market. We have also initiated work on processing investment approvals received from the Board in Gabon, Mozambique and Nigeria. In Brazil, we have registered a new storage location and also added toll processing facilities to handle the increased volume.

  Cotton fundamentals and price outlook is turning positive due to strong demand from China. In the first quarter, we have witnessed strong volume growth from both East Africa as well as India, both of which have seen record cotton crops this season. Our main focus in the first quarter has been in East Africa and CIS, where we have focused on maximising volumes and value addition through ginning. We have also expanded our long staple sourcing from both the US and Middle East, to cater to the increasing demand for the ELS Cotton from the Indian Sub-Continent. Our cotton import and distribution operations in China have exceeded our expectations and initial projections.

<u>Costs and Expenses</u>

Our Selling, General & Administrative expenses (SG&A) increased by 31.3% to S$30.2 million for Q1 FY2006 from S$23.0 million for Q1 FY2005. Of this, staff costs increased by 24.1% due to increase in staff strength as well as general wage increases in the origin countries. Other operating expenses (net of Bank Charges) increased by 29.5% to S$16.5 million in Q1 FY2006 from S$12.7 million in Q1 FY2005 due to increase in level of business activities. These costs are in line with our budgets and are part of our planned investment in enhancing our procurement, logistics and marketing infrastructure in existing origins and markets.

Profit before tax

Based on the foregoing, profit before tax increased by 72.5% to S$7.3 million for the Q1 FY2006 from S$4.2 million for Q1 FY2005.

Taxation

Taxes increased by 50.9% to S$0.8 million for the Q1 FY2006 as compared to S$0.5 million for Q1 FY2005 due to increase in profits.

Profit after tax

Profit after tax increased by 75.4% to S$6.5 million for Q1 FY2006 as against S$3.7 million for Q1 FY2005.

Balance Sheet & Cash Flow

Investment in fixed assets amounted to S$5.7 million during Q1 FY2006 compared to S$2.2 million during Q1 FY2005. The increase in Q1 FY2006 is mainly on account of increase in Capital Work-In-Progress as work on various investment proposals relating to warehousing and logistics infrastructure is underway.

The Group's receivables (no. of days of Debtors) reduced to 51 days as of end September 2005 compared to 70 days as of end June 2005. However, inventory (no. of days of stock) increased to 141 days from 119 days as compared to June 2005. 32.2% of the increase in the value of the stock has been on account of volume and 67.8% of the increase has been contributed due to the increase in the prices of the underlying products. The increase has been mainly in Fibre and Wood Products segment and in the Confectionary and Beverage Ingredients segment. Advance to suppliers went up from 11 days as of June 2005 to 26 days as of end September 2005 due to upcoming season. Trade Creditors came down from 20 days as at end of June 2005 to 13 days as at September 2005.

Borrowings remain at the same level of S$1,451 million as of end September 2005 same as of end June 2005. The net debt to equity ratio went down to 2.36 times in September 2005 from 2.59 times in June 2005.

Shareholder Funds increased by 5.5% from S$496.7 million as at 30th June 2005, to S$524.0 million as at 30th September 2005.

The effects of the changes in the Balance Sheet as a result of the adoption of FRS 39 and FRS 102 have been fully described in point 5 above.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast was previously given.

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.

Barring any unforeseen circumstances, we continue to be positive on the overall business outlook as we head into the 2nd quarter of FY2006 and beyond. The various initiatives that we are executing on to broaden and deepen our business franchise should continue to yield results in the form of both increased volumes and enhanced margins. Please refer particularly to the description of the seasonality of our business under the section "Background to analysing our Financial Statements" on page 9 of this filing while assessing our prospects.

11. Dividend

(a) Current Financial Period Reported On

NIL.

(b) Corresponding Period of the Immediately Preceding Financial Year.

NIL

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)

N/A

(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.

<u>PART II</u>: **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.

N/A

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.

    N/A

15. A breakdown of sales.

    N/A

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

    N/A

17. Interested Persons Transactions.

    N/A

BY ORDER OF THE BOARD

Sunny George Verghese
Group Managing Director & Chief Executive Officer
14 November 2005