

OLAM INTERNATIONAL LIMITED

Financial Statements for the Second Quarter and Half Year Ended 31 December 2007

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 Half FY2008: Group

(in S\$'000)	Group			Group		
	Six Months Ended			Three Months Ended		
	31 Dec 07	31 Dec 06	%	31 Dec 07	31 Dec 06	%
Revenue						
Sale of goods	3,324,973	2,367,488		1,948,253	1,463,724	
Other revenue	12,218	6,702		7,597	4,441	
	3,337,191	2,374,190	40.6%	1,955,850	1,468,165	33.2%
Costs and expenses						
Cost of goods sold	2,638,714	1,826,858		1,542,293	1,130,696	
Shipping and logistics	363,364	313,605		232,810	203,410	
Commission and claims	28,289	18,672		14,126	2,435	
Employee benefit expense	79,622	36,400		44,358	21,632	
Share based expense	2,440	2,954		1,588	841	
Depreciation	14,370	7,698		7,606	3,846	
Net measurement of derivative instruments	(7,665)	2,497		(9,187)	1,395	
(Gain)/Loss on foreign exchange	(4,880)	2,048		(4,910)	310	
Other operating expenses	64,564	50,826		23,939	27,494	
Finance costs	104,887	69,875		60,388	42,469	
Share of loss from jointly controlled entities	541	153		280	48	
	3,284,246	2,331,586	40.9%	1,913,291	1,434,576	33.4%
Profit before taxation	52,945	42,604	24.3%	42,559	33,589	26.7%
Taxation	(6,013)	(4,465)		(4,841)	(3,518)	
Profit for the financial period	46,932	38,139	23.1%	37,718	30,071	25.4%
Attributable to:						
Equity holders of the Company	47,073	38,169		37,853	30,077	
Minority interest	(141)	(30)		(135)	(6)	
	46,932	38,139		37,717	30,071	

Notes:

(in S\$'000)	Group			Group		
	Six Months Ended			Three Months Ended		
	31 Dec 07	31 Dec 06	%	31 Dec 07	31 Dec 06	%
Other operating expenses include bank charges of	8,455	8,941		3,129	5,807	
Other revenue includes interest income of	4,651	4,073		2,059	2,670	
Gross Contribution	305,862	197,373	55.0%	175,385	121,401	44.5%
Net Contribution	205,626	131,571	56.3%	117,056	81,602	43.4%

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 Dec 2007	30 Jun 2007	31 Dec 2007	30 Jun 2007
Non-current assets				
Property, plant and equipment	414,102	129,348	1,735	1,299
Intangible assets	103,208	96,203		
Subsidiary companies			252,281	223,123
Deferred tax assets	10,924	11,085	8,253	7,979
Interest in jointly controlled entities	2,392	1,942	2,216	2,227
Long term investments	26,918	81,091	27,047	27,431
Other receivables	3,704	9,466	3,704	1,006
Current assets				
Amounts due from subsidiary companies			382,310	301,192
Trade receivables	389,067	508,193	85,042	263,186
Margin accounts with brokers	175,578	86,162	136,696	79,595
Inventories	1,242,701	1,163,203	221,296	313,060
Advance payments to suppliers	368,099	255,706	149,736	91,154
Advance payments to subsidiary companies			1,188,151	951,985
Other receivables	310,818	199,416	25,190	52,026
Short term investment		13,461		13,461
Fixed deposits	42,166	43,372	39,806	42,992
Cash and bank balances	242,873	194,235	64,777	55,024
Fair value of derivative financial instruments	307,744	388,032	292,822	373,618
	3,079,046	2,851,780	2,585,826	2,537,293
Current liabilities				
Trade payables and accruals	328,114	255,522	61,353	180,632
Other payables	145,495	55,927	54,363	45,011
Amount due to bankers	873,110	545,555	639,059	346,693
Medium term notes	355,000	450,000	355,000	450,000
Provision for taxation	15,175	24,878	4,113	8,142
Fair value of derivative financial instruments	355,532	488,630	340,043	473,690
	2,072,426	1,820,512	1,453,931	1,504,168
Net current assets	1,006,620	1,031,268	1,131,895	1,033,125
Non-current liabilities				
Deferred tax liabilities	(13,099)	(3,323)		
Long term loan from holding company				
Term loans from banks	(785,710)	(703,663)	(703,304)	(690,413)
Medium term notes	(366,838)	(220,668)	(366,838)	(220,668)
Net assets	402,221	432,749	356,989	385,109
Equity attributable to equity holders of the Company				
Share capital	398,986	397,730	398,986	397,730
Reserves	3,349	34,992	(41,997)	(12,621)
	402,335	432,722	356,989	385,109
Minority interest	(114)	27		
Total equity	402,221	432,749	356,989	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 31/12/2007		As at 30/06/2007	
	Secured	Unsecured	Secured	Unsecured
	(in S\$'000)	(in S\$'000)	(in S\$'000)	(in S\$'000)
Overdrafts		41,395		49,970
Loans		831,715		495,585
Medium Term Notes		355,000		450,000
Total		1,228,110		995,555

Amount repayable after one year

	As at 31/12/2007		As at 30/06/2007	
	Secured	Unsecured	Secured	Unsecured
	(in S\$'000)	(in S\$'000)	(in S\$'000)	(in S\$'000)
Long Term Loans	12,231	773,479	13,249	690,414
Long Term Medium Term Notes		366,838		220,668
Total	12,231	1,140,317	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\$ 12.2 m (S\$13.2 m as at 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	
	Six Months Ended		Three Months Ended	
	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
Cash flow from operating activities				
Operating profit before taxation	52,945	42,604	42,559	33,589
Adjustments for:				
Share of loss in jointly controlled entities	541	153	280	48
Depreciation of property, plant and equipment	14,370	7,698	7,606	3,846
Loss/ (gain) on disposal of property, plant and equipment	26		(321)	21
Net measurement of derivative instruments	(7,665)	2,497	(9,187)	1,395
Amortisation of intangible asset	648		316	
Cost of share-based payments	2,440	2,954	1,588	1,431
Interest income	(4,651)	(4,073)	(2,059)	(2,670)
Interest expense	104,887	69,875	60,388	42,469
Operating profit before reinvestment in working capital	163,541	121,708	101,170	80,129
Decrease/ (increase) in inventories	105,362	(168,946)	118,495	(195,652)
Decrease/ (increase) in receivables	68,054	(142,458)	(49,107)	(99,754)
(Increase)/ decrease in advance payments to suppliers	(99,172)	(53,944)	(67,484)	25,175
Increase/ (decrease) in payables	16,682	17,033	58,516	(32,239)
Cash flow generated from/ (used in) operations	254,467	(226,607)	161,590	(222,341)
Interest income received	4,651	4,073	2,059	2,671
Interest expenses paid	(112,988)	(63,318)	(17,001)	(28,661)
Tax paid	(20,293)	(5,956)	(12,827)	(2,503)
Net cash flow generated from / (used in) operating activities	125,837	(291,808)	133,821	(250,834)
Cash flow from investing activities				
Proceeds from disposal of property, plant and equipment	3,176	1,294	34	695
Purchase of property, plant and equipment	(64,943)	(19,933)	(62,194)	(11,688)
Acquisition of subsidiaries - net of cash acquired	(179,381)		(26,932)	
Proceeds from sale of government securities	13,461			
Investment in a jointly controlled entity		(132)		(132)
(Loan)/ repayment to jointly controlled entities	(2,233)	(109)	(2,411)	93
Net cash flow used in investing activities	(229,919)	(18,880)	(91,503)	(11,032)
Cash flow from financing activities				
Increase in loans from banks	171,391	202,688	248,333	116,491
Proceeds from issuance of shares on exercise of share options	1,256		717	
Dividends paid on ordinary shares by the Company	(54,411)	(46,638)	(54,411)	(46,638)
Increase / (decrease) in medium term notes	51,170	142,531	(92,606)	197,802
Net cash flow provided by financing activities	169,406	298,581	102,034	267,655
Net effect of exchange rate changes on cash and cash equivalents	(9,317)	(12,695)	4,412	(8,489)
Net increase / (decrease) in cash and cash equivalents	56,007	(24,802)	148,764	(2,700)
Cash and cash equivalents at the beginning of the period	187,637	267,401	94,880	245,299
Cash and cash equivalents at the end of the period	243,644	242,599	243,644	242,599

- 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 HALF YEAR - 31 DECEMBER 2007								
At 31 December 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 01 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			(56,476)			(56,476)		(56,476)
Recognised in the profit and loss account on occurrence of hedged transactions			51,189			51,189		51,189
Foreign currency translation adjustment		(21,036)				(21,036)		(21,036)
Net expense recognised directly in equity		(21,036)	(5,287)			(26,323)		(26,323)
Profit for the period					47,073	47,073	(141)	46,932
Total recognised expense and income for the period		(21,036)	(5,287)		47,073	20,750	(141)	20,609
Dividends on ordinary shares					(54,411)	(54,411)		(54,411)
Share-based expense				2,018		2,018		2,018
Issue of shares on exercise of share option	1,256							1,256
At 31 December 2007	398,986	(60,965)	(156,114)	10,634	209,794	3,349	(114)	402,221

GROUP HALF YEAR - 31 DECEMBER 2006								
At 31 December 2006 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 01 July 2006	396,954	(25,091)	(41,978)	3,378	154,723	91,032	53	488,039
Net gain on fair value changes during the period			59,470			59,470		59,470
Recognised in the profit and loss account on occurrence of hedged transactions			(55,884)			(55,884)		(55,884)
Foreign currency translation adjustment		(12,854)				(12,854)		(12,854)
Net expense and income recognised directly in equity		(12,854)	3,586			(9,268)		(9,268)
Profit for the period					38,169	38,169	(30)	38,139
Total recognised expense and income for the period		(12,854)	3,586		38,169	28,901	(30)	28,871
Transfer of share premium to share capital account								
Dividends on ordinary shares					(46,638)	(46,638)		(46,638)
Share-based expense				2,709		2,709		2,709
Incorporation of a subsidiary								
At 31 December 2006	396,954	(37,945)	(38,392)	6,087	146,254	76,004	23	472,981

COMPANY HALF YEAR - 31 DECEMBER 2007							
At 31 December 2007 Company	Attributable to equity holders of the Company						Total Equity \$'000
	Share Capital	Foreign Currency Translation Reserves	Fair Value Adjustment Reserves	Share-based Compensation Reserves	Revenue Reserves	Total Reserves	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
At 01 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			(67,837)			(67,837)	(67,837)
Recognised in the profit and loss account on occurrence of hedged transactions			60,584			60,584	60,584
Foreign currency translation adjustment		(24,013)				(24,013)	(24,013)
Net expense recognised directly in equity		(24,013)	(7,253)			(31,266)	(31,266)
Profit for the period					54,282	54,282	54,282
Total recognised expense and income for the period		(24,013)	(7,253)		54,282	23,016	23,016
Dividends on ordinary shares					(54,410)	(54,410)	(54,410)
Share-based expense				2,018		2,018	2,018
Issue of shares on exercise of share option	1,256						1,256
At 31 December 2007	398,986	(59,596)	(155,816)	10,634	162,781	(41,997)	356,989

COMPANY HALF YEAR - 31 DECEMBER 2006							
At 31 December 2006 Company	Attributable to equity holders of the Company						Total Equity \$'000
	Share Capital	Foreign Currency Translation Reserves	Fair Value Adjustment Reserves	Share-based Compensation Reserves	Revenue Reserves	Total Reserves	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
At 01 July 2006	396,954	(19,545)	(41,046)	3,378	131,778	74,565	471,519
Net gain on fair value changes during the period			50,850			50,850	50,850
Recognised in the profit and loss account on occurrence of hedged transactions			(51,440)			(51,440)	(51,440)
Foreign currency translation adjustment		(14,204)				(14,204)	(14,204)
Net expense recognised directly in equity		(14,204)	(590)			(14,794)	(14,794)
Profit for the period					37,360	37,360	37,360
Total recognised expense and income for the period		(14,204)	(590)		37,360	22,566	22,566
Transfer of share premium to share capital account							
Dividends on ordinary shares					(46,638)	(46,638)	(46,638)
Share-based expense				2,709		2,709	2,709
Incorporation of a subsidiary							
At 31 December 2006	396,954	(33,749)	(41,636)	6,087	122,500	53,202	450,156

GROUP QUARTER - 31 DECEMBER 2007								
At 31 December 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		
At 01 October 2007	398,269	(39,000)	(108,440)	9,433	226,352	88,345	21	486,635
Net loss on fair value changes during the period			(76,754)			(76,754)		(76,754)
Recognised in the profit and loss account on occurrence of hedged transactions			29,080			29,080		29,080
Foreign currency translation adjustment		(21,965)				(21,965)		(21,965)
Net expense recognised directly in equity		(21,965)	(47,674)			(69,639)		(69,639)
Profit for the period					37,853	37,853	(135)	37,718
Total recognised expense and income for the period		(21,965)	(47,674)		37,853	(31,786)	(135)	(31,921)
Dividends on ordinary shares					(54,411)	(54,411)		(54,411)
Share-based expense				1,201		1,201		1,201
Issue of shares on exercise of share option	717							717
At 31 December 2007	398,986	(60,965)	(156,114)	10,634	209,794	3,349	(114)	402,221

GROUP QUARTER - 31 DECEMBER 2006								
At 31 December 2006 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		
At 01 October 2006	396,954	(30,431)	(41,234)	4,733	162,815	95,883	29	492,866
Net gain on fair value changes during the period			43,750			43,750		43,750
Recognised in the profit and loss account on occurrence of hedged transactions			(40,908)			(40,908)		(40,908)
Foreign currency translation adjustment		(7,514)				(7,514)		(7,514)
Net expense and income recognised directly in equity		(7,514)	2,842			(4,672)		(4,672)
Profit for the period					30,077	30,077	(6)	30,071
Total recognised expense and income for the period		(7,514)	2,842		30,077	25,405	(6)	25,399
Transfer of share premium to share capital account								
Dividends on ordinary shares					(46,638)	(46,638)		(46,638)
Share-based expense				1,354		1,354		1,354
Incorporation of a subsidiary								
At 31 December 2006	396,954	(37,945)	(38,392)	6,087	146,254	76,004	23	472,981

COMPANY QUARTER - 31 DECEMBER 2007							
At 31 December 2007 Company	Attributable to equity holders of the Company						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	
At 01 October 2007	398,269	(37,528)	(112,297)	9,433	177,416	37,024	435,293
Net loss on fair value changes during the period			(84,356)			(84,356)	(84,356)
Recognised in the profit and loss account on occurrence of hedged transactions			40,837			40,837	40,837
Foreign currency translation adjustment		(22,068)				(22,068)	(22,068)
Net expense recognised directly in equity		(22,068)	(43,519)			(65,587)	(65,587)
Profit for the period					39,775	39,775	39,775
Total recognised expense and income for the period		(22,068)	(43,519)		39,775	(25,812)	(25,812)
Dividends on ordinary shares					(54,410)	(54,410)	(54,410)
Share-based expense				1,201		1,201	1,201
Issue of shares on exercise of share option	717						717
At 31 December 2007	398,986	(59,596)	(155,816)	10,634	162,781	(41,997)	356,989

COMPANY QUARTER - 31 DECEMBER 2006							
At 31 December 2006 Company	Attributable to equity holders of the Company						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	
At 01 October 2006	396,954	(24,730)	(40,575)	4,733	144,125	83,553	480,507
Net gain on fair value changes during the period			37,108			37,108	37,108
Recognised in the profit and loss account on occurrence of hedged transactions			(38,169)			(38,169)	(38,169)
Foreign currency translation adjustment		(9,019)				(9,019)	(9,019)
Net expense recognised directly in equity		(9,019)	(1,061)			(10,080)	(10,080)
Profit for the period					25,013	25,013	25,013
Total recognised expense and income for the period		(9,019)	(1,061)		25,013	14,933	14,933
Transfer of share premium to share capital account							
Dividends on ordinary shares					(46,638)	(46,638)	(46,638)
Share-based expense				1,354		1,354	1,354
Incorporation of a subsidiary							
At 31 December 2006	396,954	(33,749)	(41,636)	6,087	122,500	53,202	450,156

- 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.

	Oct - Dec 07	Oct - Dec 06
Issue of shares on exercise of share options	472,000	-

- 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.

	Dec-07	Jun-07
Issued, fully paid share capital :		
Balance no. of shares as at 1st July 2007	1,555,095,400	
Addition on exercise of share options	826,241	
Total no. of shares outstanding as at	1,555,921,641	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 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
(a) Based on weighted average no. of shares (cents/share)	3.03	2.46	2.43	1.93
(b) Based on fully diluted basis (cents/share)	2.96	2.43	2.38	1.91
Weighted average no. of shares applicable to basic earnings per share	1,555,536,601	1,554,584,400	1,555,467,400	1,554,584,400
Weighted average no. of shares based on fully diluted basis	1,589,307,907	1,569,427,743	1,589,491,124	1,574,684,817

The core earnings per share before considering non-cash share-based expense and amortization of intangible asset is as follows:

Core Earnings	Group			
	Period Ended		Three Months Ended	
	31 Dec 2007	31 Dec 2006	31 Dec 2007	31 Dec 2006
(a) Based on weighted average no. of shares (cents/share)	3.22	2.64	2.56	2.03
(b) Based on fully diluted basis (cents/share)	3.16	2.62	2.50	2.00

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.

(In cents per share)	Group		Company	
	As at 30 Dec 07	As at 30 Jun 07	As at 30 Dec 07	As at 30 Jun 07
Net asset value (NAV) per ordinary share based on issued share capital as at end of the period	19.22	21.64	22.94	24.76

The NAV for the Group before fair value adjustment reserve, goodwill and other intangibles went down from 37.52 cents/share in June 2007 to 35.89 cents/share in December 2007.

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, Hazelnuts) 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

- Consolidation of results of companies acquired by the Group** : For H1FY2008, 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 H1FY2008 are therefore not strictly comparable to results of H1FY2007. The impact of these results has been highlighted in the segmental commentary.
- 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.
- 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	1 st Half July – Dec	Q3 Jan - March	Q4 Apr – June	2 nd Half Jan - June
5 – 10%	25 – 30%	30 – 40%	35 – 40%	25 – 30%	60 – 70%

Profit and Loss Statement

During Q2 FY2008, we completed the acquisition of DUS and KFI. H1FY2008 includes the consolidation of the results of QCH, UB, NAP, DUS and KFI. The consolidated P&L for H1FY2008 is therefore not strictly comparable to results of H1FY2007. 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	H1FY2008			H1FY2007	% Increase Total	% Increase Existing Business
	Existing Business	New Business *	Total	Total		
Volume (metric tons)	2,068,685	268,622	2,337,307	1,816,418	28.7%	13.9%
Revenue (S\$'000)	2,903,890	421,083	3,324,973	2,367,488	40.4%	22.7%
Net Contribution (S\$'000)	172,062	33,564	205,626	131,571	56.3%	30.8%

* New Business through acquisitions.

The growth in our existing business continues to remain strong and posted a growth in revenues of 22.7% and net contribution of 30.8% over H1FY2007. The total net contribution increased by 56.3% and the existing business contributed to 54.7% of this net contribution growth.

All the acquired businesses turned in positive net contribution in Q2FY2008. With the exception of QCH and DUS, the performance of the acquired companies exceeded expectations and were earnings accretive in this period. The acquired businesses accounted for 51% of the growth in Group's sales volume and contributed to S\$ 33.6 million in net contribution.

The following table provides segmental breakdown on Sales Volume, Sales Revenue, Gross Contribution (GC) and Net Contribution (NC) for Q2FY2008 and comparison with Q2FY2007.

Quarter								
	Sales Volume (in Metric Tons)		Sales Revenue (in S\$'000)		Gross Contribution (GC) (in S\$'000)		Net Contribution (NC) (in S\$'000)	
Segment	Dec 07	Dec 06	Dec 07	Dec 06	Dec 07	Dec 06	Dec 07	Dec 06
Edible Nuts, Spices & Beans	97,777	91,133	189,721	150,664	17,819	13,123	10,015	9,688
Per ton (S\$)			1,940	1,653	182	144	102	106
Confectionery & Beverage Ingredients	275,600	238,070	666,597	557,669	59,333	45,281	39,639	30,817
Per ton (S\$)			2,419	2,342	215	190	144	129
Food Staples & Packaged Foods	730,941	630,846	670,630	485,356	49,147	33,521	36,083	21,520
Per ton (S\$)			917	769	67	53	49	34
Fibre & Wood Products*	316,558	183,508	421,304	270,035	49,086	29,476	31,319	19,577
Per ton (S\$)			1,331	1,472	155	161	99	107
Total	1,420,876	1,143,557	1,948,253	1,463,724	175,385	121,401	117,056	81,602
Per ton (S\$)					123	106	82	71

Cumulative								
	Sales Volume (in Metric Tons)		Sales Revenue (in S\$'000)		Gross Contribution (GC) (in S\$'000)		Net Contribution (NC) (in S\$'000)	
Segment	Dec 07	Dec 06	Dec 07	Dec 06	Dec 07	Dec 06	Dec 07	Dec 06
Edible Nuts, Spices & Beans	306,045	225,773	426,549	335,111	49,945	28,362	33,588	19,435
Per ton (S\$)			1,394	1,484	163	126	110	86
Confectionery & Beverage Ingredients	448,110	384,444	1,147,608	892,512	96,461	71,536	62,602	47,710
Per ton (S\$)			2,561	2,322	215	186	140	124
Food Staples & Packaged Foods	1,077,918	923,716	1,011,959	709,042	82,504	52,608	60,197	33,594
Per ton (S\$)			939	768	77	57	56	36
Fibre & Wood Products*	505,234	282,486	738,857	430,823	76,953	44,867	49,238	30,832
Per ton (S\$)			1,462	1,525	152	159	97	109
Total	2,337,307	1,816,419	3,324,973	2,367,488	305,862	197,373	205,626	131,571
Per ton (S\$)					131	109	88	72

* 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 35.6% and revenue growth of 27.3% in H1 FY2008. Net Contribution also recorded a strong 72.8% growth to S\$33.6 million in H1 FY2008.

Key highlight of this quarter was the acquisition of KFI, a company involved in the spices dehydrates business. This acquisition was completed on time and successfully integrated into our larger spices business during the quarter. This acquisition accelerates our entry into the new dehydrates segment and also expands the product offering to our spices customers. KFI has been earnings accretive from the first quarter of its consolidation into the groups' accounts. UB continues to perform well and has underpinned the growth in the peanuts business. Our existing businesses in this segment continue to deliver strong results with Sesame, Spices, Pulses and Peanuts recording double digit growth in volumes. However, there has been a volume shortfall in the cashew business in H1 FY2008 as compared to the previous period mainly on account of short crop in both Brazil and Tanzania, two key origins in the Southern Hemisphere that are in season during this period.

➤ **Confectionery and Beverage Ingredients**

Sales Volume and Revenue in the Confectionery & Beverage Ingredients segment grew 16.6% and 28.6% respectively in H1 FY2008. Net Contribution also recorded a strong 31.2% growth to S\$62.6 million in H1 FY2008.

The Coffee and Cocoa businesses continued to experience significant market volatility during this period. For most of this quarter, the coffee market continued to be in backwardation. Coffee business expanded volumes by 37% in the H1 FY2008. However sustained backwardation is beginning to put some pressure on the margins. Our expansion into the Arabica business in South America including Brazil, Colombia, Honduras and Peru continues to make good progress and has been one of the main drivers for growth in the coffee business in this period. During the quarter, the Company also announced its plans to set up a soluble coffee processing facility in Vietnam at an expected capital investment of US\$45 million. This is a significant strategic move for the coffee business as it seeks to forward integrate into the higher value added part of the coffee supply chain.

The late cocoa arrivals at the start of the main crop season in West Africa particularly in Cameroon and Ivory Coast has affected volumes during the quarter. Sheanut volumes doubled compared to the previous corresponding period due to the strong demand for CBEs (cocoa butter equivalents).

➤ **Food Staples and Packaged Foods Business**

Sales Volume and Revenue for the Food Staples & Packaged Foods segment grew 16.7% and 42.7% respectively in H1 FY2008 compared to H1 FY2007. Net Contribution also recorded a strong 79.2% growth to S\$60.2 million in H1 FY2008.

Volumes in the Rice business grew by 29.8% in volume during H1 FY2008. The rice business has delivered a record performance during this period on the back of strong demand growth combined with historically low inventory levels across most of the West and Southern African markets. In Sugar, during this quarter, we completed the acquisition of DUS. We have now embarked on a major refurbishment of the facility and trial production is expected to start in the beginning of February 2008. The Dairy business continued to perform strongly with volumes growing by 21% in H1 FY2008 despite prices for Dairy products coming down sharply during this quarter. The successful integration of NAP also contributed to the strong performance in the Dairy segment. Our Packaged Food 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 78.9% in Sales Volume and 71.5% in sales revenue H1 FY2008. Net Contribution also recorded a strong 59.7% growth to S\$49.2 million in H1 FY2008.

Strong performance in our existing cotton business, combined with the additional volumes of QCH, has contributed to the volume growth of 136% recorded over the corresponding period last year. We had reiterated our guidance during our Q1 FY2008 results briefing in November 2007 that QCH is expected to incur a full year loss of SGD 16 to SGD 19 million (AUD 12 to AUD 14 million) this year due to the severe drought conditions in Australia. This guidance has not changed. However, the cotton growing areas in Australia have received good rains in the recent past, leading us to believe that the prolonged drought conditions in Australia may have finally ended. This increases the possibility of a better cotton crop in the next planting season and a return to a normal cotton crop in the subsequent season.

The Wood Products business continued to perform well during this period. The business continues to make solid progress and execute well on 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.

Costs and Expenses

Q2 FY2008: SG&A increased by 54.9% to S\$74.3 million in Q2FY2008 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 increased from 3.28% in Q2 FY2007 to 3.82% in Q2FY2008.

H1FY2008: SG&A increased by 71.5% to S\$152.5 million in H1FY2008 over the corresponding period in FY2007. Increase in SG&A at 71.5% was higher than our growth in underlying Sales Revenue of 40.4%. SG&A/Sales ratio increased from 3.76% in H1 FY2007 to 4.59% in H1FY2008. More than half of the increase in the SG&A costs is attributable to the consolidation of the acquired businesses.

Profit before tax

Q2FY2008: For the quarter ended 31 December 2007, Profit before tax increased by 26.7% to S\$42.6 million as compared to S\$33.6 million in FY2007.

H1FY2008: For the half year ended 31 December 2007, Profit before tax increased by 24.3% to S\$52.9 million as compared to S\$42.6 million in FY2006.

Taxation

Q2FY2008: Taxes increased to S\$4.8 million for Q2FY2008 as compared to S\$3.5 million for Q2FY2007.

H1FY2008: Taxes increased to S\$6.0 million for H1FY2008 as compared to S\$4.5 million for H1FY2007.

Net profit after tax

Q2FY2008: Net profit after tax increased by 25.4% to S\$37.7 million for Q2FY2008 from S\$30.1 million in Q2FY2007.

H1FY2008: Net profit after tax increased by 23.1% to S\$46.9 million for H1FY2008 from S\$38.1 million in H1FY2007.

Balance Sheet & Cash Flow

Equity and Reserves

Total equity and reserves decreased by 7.1% from S\$432.7 million as of 30 June 2007 to S\$402.2 million as of 31 December 2007. As announced during the quarter, a dividend of S\$54.4 million was paid out.

There has been a net decrease of S\$156.1 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 30th 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\$313.9 million for the half year ended 31 December 2007. The increase has been mainly on account of consolidation of the acquired businesses.

Current Assets

Debtors Analysis

Debtor days in Q2 FY2008 reduced significantly to 21 days as compared to 34 days as at 30 June 2007. 77.4% of debtors were secured either against Letters of Credit or against documents with the bank for collection.

Stocks

Stock turnover days reduced to 75 days as compared to 85 days as at 30 June 2007. There was an increase in stock value by S\$79.5 million to S\$ 1242.7 million from S\$ 1163.2 million as on 30 June 2007. 83.7% 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 to 22 days in H1FY2008 as compared to 19 days as of June 2007. The advances increased from S\$255.7 million in FY2007 to S\$368.1 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\$2,380 million as of end of December 2007 from S\$1,919 million as of end 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 increased by 19.9% to S\$285.0 million as on December 2006 from S\$237.6 million as on 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.

During the H1 FY2008, 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.

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 December 2007

During the quarter, 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 Q2FY2007, 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/recommendeded, 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 December 2007 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

14 FEBRUARY 2008