

OLAM INTERNATIONAL LIMITED

Financial Statements for the Fourth Quarter and Full Year Ended 30th June 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 – Fourth Quarter and Full Year FY2005: Group

(in S\$'000)	Group			Group		
	Year Ended			Three Months Ended		
	30 Jun 05	30 Jun 04	%	30 Jun 05	30 Jun 04	%
Revenue						
Sales of goods	3,369,237	2,610,349		813,086	859,674	
Other revenue	13,123	12,082		4,620	2,555	
	3,382,360	2,622,431	29%	817,706	862,229	-5%
Costs and expenses						
Cost of goods sold	2,642,932	2,059,807		588,089	704,998	
Shipping and Logistics	463,059	328,458		153,322	80,726	
Commission and Claims	27,822	26,385		8,417	6,485	
Staff costs	50,406	39,225		22,430	18,743	
Depreciation	7,551	4,724		2,662	1,482	
(Gain)/loss on foreign exchange	(13,373)	1,514		(8,082)	5,640	
Other operating expenses	77,572	65,035		15,782	20,491	
	3,255,969	2,525,148		782,620	838,565	
Profit from operating activities	126,391	97,283	30%	35,086	23,664	48%
Finance Costs	(51,485)	(43,562)	18%	(14,931)	(11,517)	30%
Share of (loss)/gain of jointly controlled entity	(3)	(42)		59	1	
Profit before taxation	74,903	53,679	40%	20,214	12,148	66%
Taxation	(7,878)	(5,584)		(1,315)	652	
Profit for the financial year	67,025	48,095	39%	18,899	12,800	48%

Notes:

(in S\$'000)	Group			Group		
	Year Ended			Three Months Ended		
	30 Jun 05	30 Jun 04	%	30 Jun 05	30 Jun 04	%
Other operating expenses include bank charges of	17,461	22,108		2,693	10,014	
Other revenue includes interest income of	2,140	6,828		1,386	1,264	
Gross Contribution	228,942	178,803	28%	63,858	58,743	9%
Net Contribution	179,597	142,069	26%	50,313	48,490	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	
	30 Jun 2005	30 Jun 2004	30 Jun 2005	30 Jun 2004
Fixed assets	39,166	21,195	665	672
Subsidiary companies	-	-	50,120	40,418
Deferred tax assets	860	829	717	1,196
Investments	1,484	74	1,606	196
Current assets				
Amounts due from subsidiary companies	-	-	200,314	83,746
Amounts due from a related party	-	3,000	-	3,000
Trade debtors	649,179	464,944	531,810	387,771
Margin accounts with brokers	57,335	5,317	57,079	5,317
Stocks	1,019,025	478,058	314,035	141,093
Advance payment to suppliers	90,881	90,090	51,940	63,257
Advance payment to subsidiary companies	-	-	619,878	293,260
Other debtors	117,617	77,840	53,250	41,151
Fixed deposits	61,655	11,922	60,897	9,674
Cash & bank balances	103,712	88,450	21,082	41,671
	2,099,404	1,219,621	1,910,285	1,069,940
Current liabilities				
Amount due to a corporate shareholder	-	1,403	-	1,403
Trade creditors and accruals	175,026	154,976	130,395	112,718
Other creditors	9,789	5,388	7,368	2,582
Amount due to bankers	1,187,967	672,706	1,075,752	600,676
Medium term notes	262,780	177,000	262,780	177,000
Provision for taxation	8,627	5,915	4,817	3,616
	1,644,189	1,017,388	1,481,112	897,995
Net current assets	455,215	202,233	429,173	171,945
Long term loan from a corporate shareholder	-	(8,600)	-	(8,600)
Long term loans from banks	-	(266)	-	-
Convertible redeemable shares	-	(25,602)	-	(25,602)
	496,725	189,863	482,281	180,225
Share capital	155,459	100,791	155,459	100,791
Reserves	341,266	89,072	326,822	79,434
	496,725	189,863	482,281	180,225

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

Amount repayable in one year or less or on demand

	As at 30/06/2005		As at 30/06/2004	
	Secured	Unsecured	Secured	Unsecured
	(in S\$'000)	(in S\$'000)	(in S\$'000)	(in S\$'000)
Overdrafts	-	77,558	-	67,716
Loans	-	1,373,189	301,901	480,089
Total	-	1,450,747	301,901	547,805

Amount repayable after one year

	As at 30/06/2005		As at 30/06/2004	
	Secured	Unsecured	Secured	Unsecured
	(in S\$'000)	(in S\$'000)	(in S\$'000)	(in S\$'000)
Long Term Loans	-	-	266	-

Details of any collateral

Secured bank loans as at 30 June 2004 were secured by the underlying stocks of specific transaction – linked arrangements with the lending banks.

The long term loans of a subsidiary company as at 30 June 2004 were secured by its factory building.

- 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	
	Twelve Months Ended		Three Months Ended	
	30 Jun 2005	30 Jun 2004	30 Jun 2005	30 Jun 2004
Cash flow from operating activities				
Operating profit before taxation	74,903	53,679	20,214	12,148
Adjustments for:				
Share of loss/(gain) of jointly controlled entity	3	42	(59)	(1)
Depreciation of fixed assets	7,551	4,724	2,662	1,482
(Gain)/loss on disposal of assets	(126)	104	-	-
Interest income	(2,140)	(6,828)	(1,386)	(1,264)
Interest expense	51,485	43,562	14,931	11,517
Operating profit before reinvestment in working capital	131,676	95,283	36,362	23,882
Decrease in amount due from a related party	3,000	2,362	-	1,127
(Increase)/decrease in stocks	(540,967)	(167,063)	(296,682)	16,030
Increase in debtors	(276,030)	(114,218)	(116,399)	(146,996)
(Increase)/decrease in advance payment to suppliers	(791)	(33,873)	72,406	85,174
Increase in creditors	19,978	69,708	81,347	95,035
Cash (used in)/generated from operations	(663,134)	(147,801)	(222,966)	74,252
Interest expenses paid	(47,012)	(42,673)	(14,931)	(11,517)
Interest income received	2,140	6,828	1,386	1,264
Tax paid	(5,283)	(4,678)	(605)	(4,678)
Net cash used in operating activities	(713,289)	(188,324)	(237,116)	59,321
Cash flow from investing activities				
Proceeds from disposal of fixed assets	655	1,174	-	-
Purchase of fixed assets	(25,885)	(9,871)	(11,311)	(3,031)
Investment in a jointly controlled entity	(1,414)	-	-	-
Net cash used in investing activities by the Company	(26,644)	(8,697)	(11,311)	(3,031)
Cash flow from financing activities				
Dividends paid on ordinary shares by the Company	(24,272)	(22,730)	-	-
(Decrease)/increase in amount due to a corporate shareholder	(1,403)	1,525	-	1,403
Proceeds from issue of ordinary shares at premium	245,433	43,799	-	-
Expenses on issuance of ordinary shares	(10,907)	-	(356)	-
Proceeds from issue of convertible redeemable shares at premium	-	25,602	-	-
Repayment of term loan from banks	(266)	(77)	-	(9)
Proceeds from issue of medium term notes	85,780	177,000	2,538	87,000
Repayment of long term loan from a corporate	(8,600)	(206)	-	(20)
Increase/(decrease) in loans from banks	505,419	40,269	239,408	(126,823)
Net cash provided by/(used in) financing activities	791,184	265,182	241,590	(38,449)
Net effect of exchange rate changes in consolidating subsidiary companies	3,902	(1,989)	16,746	131
Net increase in cash & cash equivalent	55,153	66,172	9,909	17,972
Cash & cash equivalents at beginning of year	32,656	(33,516)	77,900	14,684
Cash & cash equivalents at end of year	87,809	32,656	87,809	32,656

- 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		GROUP		COMPANY		
	From To	For the period		For the period		For the period		For the period	
		1 Jul 04 30 Jun 05	1 Jul 03 30 Jun 04	1 Jul 04 30 Jun 05	1 Jul 03 30 Jun 04	1 Apr 05 30 Jun 05	1 Apr 04 30 Jun 04	1 Apr 05 30 Jun 05	1 Apr 04 30 Jun 04
Issued Capital									
Balance at the beginning	100,791	81,496	100,791	81,496	155,459	100,791	155,459	100,791	
Issuance of ordinary shares	54,668	19,295	54,668	19,295	-	-	-	-	
Balance at end	155,459	100,791	155,459	100,791	155,459	100,791	155,459	100,791	
Share Premium									
Balance at the beginning	36,035	11,531	36,035	11,531	241,851	36,035	241,851	36,035	
Issuance of ordinary shares	216,367	24,504	216,367	24,504	-	-	-	-	
Expenses on issuance of shares	(10,907)	-	(10,907)	-	(356)	-	(356)	-	
Balance at end	241,495	36,035	241,495	36,035	241,495	36,035	241,495	36,035	
Foreign currency translation reserves									
Balance at the beginning	(4,005)	(1,744)	3,079	5,459	(16,821)	(4,132)	(11,028)	3,071	
Foreign currency translation adjustment	3,981	(2,261)	2,755	(2,380)	16,797	127	16,862	8	
Balance at end	(24)	(4,005)	5,834	3,079	(24)	(4,005)	5,834	3,079	
Revenue Reserves									
Balance at the beginning	57,042	26,947	40,320	17,866	80,896	44,242	60,220	29,866	
Profit for the financial year	67,025	48,095	63,445	40,454	18,899	12,800	19,273	10,454	
Dividends paid	(24,272)	(18,000)	(24,272)	(18,000)	-	-	-	-	
Balance at end	99,795	57,042	79,493	40,320	99,795	57,042	79,493	40,320	
Total Reserves	341,266	89,072	326,822	79,434	341,266	89,072	326,822	79,434	
Total Equity	496,725	189,863	482,281	180,225	496,725	189,863	482,281	180,225	

- 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 2005	FY 2004
Issued, fully paid share capital		
Balance no. of shares as at 1 st July of par value S\$0.20 each	503,954,686	407,480,803
No. of shares from reinvestment through dividend on 23-Sep-03	-	39,433,905
Issue of ordinary shares of par value S\$0.20 each on 02-Dec-04	29,835,700	-
Issue of ordinary shares of par value S\$0.20 each on 14-Dec-04	7,120,822	-
Issue of ordinary shares of par value S\$0.20 each on 10-Oct-03	-	37,771,106
Issue of ordinary shares of par value S\$0.20 each on 24-Feb-04	-	19,268,872
Conversion of redeemable preference shares of par value S\$0.20 each on 21-Oct-04	52,161,689	-
Sub Total of above Shares of Par Value S\$0.20 each	593,072,897	503,954,686
Above shares sub divided into shares of S\$0.10 each on 04-Jan-05	1,186,145,794	-
Issue of further ordinary shares of par value S\$0.10 each through an IPO on 11-Feb-05	312,188,606	-
Issue of further ordinary shares of par value S\$0.10 each through exercise of over allotment option on 04-Mar-05	56,250,000	-
Total No. of Shares outstanding as at 30th June of par value \$0.10 each (2004: \$0.20 each)	1,554,584,400	503,954,686

Note:

The number of ordinary shares shown above as at 30th June 2004 is 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 are not 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 same accounting policies and methods of computation have been followed as in our last audited financial statements dated 30th June 2004.

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.

N/A

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			
	Year Ended		Three Months Ended	
	30 Jun 2005	30 Jun 2004	30 Jun 2005	30 Jun 2004
(a) Based on weighted average no. of shares (Cents/share)	5.19	4.52	1.22	1.17
(b) Based on fully diluted basis (Cents/share)	5.12	4.40	1.21	1.11
Weighted average no. of shares applicable to basic earnings per share	1,291,057,444	1,064,880,415	1,554,584,400	1,097,027,583
Weighted average no. of shares based on fully diluted basis	1,308,235,555	1,093,134,663	1,558,512,971	1,149,189,272

Note:

The number of shares and EPS for the period ended 30th Jun 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.

(In Cents per Share)	Group		Company	
	As at 30 Jun 05	As at 30 Jun 04	As at 30 Jun 05	As at 30 Jun 04
Net asset value per ordinary share based on issued share capital as at end of the period	31.95	18.84	31.02	17.88

Note:

The NAV figures for the group and company for the year ended 30th June 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.

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 38 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

- 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, commission and bank charges. For the purposes of determining NC, we deduct the net interest expense from the GC. Interest expense is a function of our inventory holding period and therefore considered as a variable cost. We use short term, transactional, self liquidating working capital funding to finance our short term inventories and debtors. For every transaction, we target a minimum NC per ton of product supplied based on the risks, complexities and value added services that we provide to our customers. We are focused on enhancing margins by providing value added services like Vendor Managed Inventory Services (VMI), Organic Certification, Fair Trade Produce Certification (FTP), Customised grades and quality 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).

Q4: Segmentals

The following table provides segmental breakdown on Sales Volume, Sales Revenue, Gross Contribution (GC) and Net Contribution (NC) for the fourth quarter ended 30th June 2005 and comparison with the fourth quarter ended 30th June 2004.

Quarter

	Sales Volume (in Metric Tons)		Sales Revenue (in S\$'000)		Gross Contribution (GC) (in S\$'000)		Net Contribution (NC) (in S\$'000)	
Segment	Jun 05	Jun 04	Jun 05	Jun 04	Jun 05	Jun 04	Jun 05	Jun 04
Edible Nuts, Spices & Beans	112,829	88,074	139,312	141,160	16,132	12,909	14,272	11,886
Per ton (S\$)					143	147	126	135
Confectionery & Beverage Ingredients	130,324	116,163	324,022	320,844	24,946	24,769	20,884	22,683
Per ton (S\$)					191	213	160	195
Food Staples & Packaged Foods	209,875	205,626	173,216	188,838	8,760	8,962	2,237	3,008
Per ton (S\$)					42	44	11	15
Fibre & Wood Products*	117,636	106,424	176,536	208,832	14,020	12,103	12,920	10,913
Per ton (S\$)					119	114	110	103
Total	570,664	516,287	813,086	859,674	63,858	58,743	50,313	48,490
Per ton (S\$)					112	114	88	94

* Measured in cubic metres.

The following table provides segmental breakdown on Sales Volume, Sales Revenue, Gross Contribution (GC) and Net Contribution (NC) for the full year ended 30th June 2005 and comparison with the full year ended 30th June 2004.

Full Year: Segmentals

Cumulative

	Sales Volume (in Metric Tons)		Sales Revenue (in S\$'000)		Gross Contribution (GC) (in S\$'000)		Net Contribution (NC) (in S\$'000)	
Segment	Jun 05	Jun 04	Jun 05	Jun 04	Jun 05	Jun 04	Jun 05	Jun 04
Edible Nuts, Spices & Beans	395,601	300,262	566,795	391,837	47,872	33,949	40,931	29,038
Per ton (S\$)			1,433	1,305	121	113	103	97
Confectionery & Beverage Ingredients	588,280	496,631	1,345,915	1,031,216	86,914	76,569	66,887	58,450
Per ton (S\$)			2,288	2,076	148	154	114	118
Food Staples & Packaged Foods	1,101,701	896,217	782,692	552,911	42,399	30,213	27,389	21,317
Per ton (S\$)			710	617	38	34	25	24
Fibre & Wood Products*	467,743	358,843	673,835	634,385	51,757	38,072	44,390	33,264
Per ton (S\$)			1,441	1,768	111	106	95	93
Total	2,553,325	2,051,953	3,369,237	2,610,349	228,942	178,803	179,597	142,069
Per ton (S\$)					90	87	70	69

* Measured in cubic metres.

Profit and Loss Statement

Volumes:

- Quarter 4: The Group achieved 10.5% growth in the volumes to 0.57 million tons for the 4th Quarter ended 30th June 2005 (Q4 FY2005) as compared to 0.52 million tons for the corresponding quarter ended 30th June 2004 (Q4 FY2004). Volumes grew for all the business segments during this quarter as compared to the corresponding period of the previous year.
- Full Year: Sales Volume grew by 0.501 million tons or 24.4% to 2.553 million tons in FY2005 compared to FY2004 with strong volume growth being registered across all 4 product segments. Edible Nuts, Spices & Beans segment grew by 32%, Confectionery & Beverage Ingredients by 18%, Food Staples & Packaged Foods by 23%, and Fibre & Wood Products by 30% over FY2004. Given a market growth rate of 2% for the portfolio, growing more than 10 times the market growth rate reflects our strong competitive position in the industry.

Sales revenues:

- Quarter 4: Sales Revenues for Q4 FY2005 however, decreased by 5.4% to S\$ 0.81 billion from S\$ 0.86 billion in Q4 FY2004. Sales revenues decreased in all business segments with the exception of Confectionery and Beverage Ingredients segment due to lower prices for the underlying products during the period.
- Full Year: Sales Revenues grew by 29.1% to S\$3.369 billion in FY2005 compared to FY2004, underpinned by firmer prices in Edible Nuts, Rice, Coffee and Timber. 84% of the growth in Sales Revenue was contributed by underlying volume growth, while 16% came from increase in prices for the various products.

Gross Contribution:

- Quarter 4: Gross Contribution (GC) increased by 8.7% to S\$63.9 million for Q4 FY2005. GC increased across all segments during the quarter with the exception of Food Staples and Packaged Foods segment, where the GC was marginally lower by 2.3% when compared Q4 FY2004.
- Full Year: GC grew by 28.0% to S\$229 million over the corresponding period in FY 2004. All four product segments registered an increase in GC with Edible Nuts, Spices & Beans contributing 28% of the total increase, Fibre & Wood Products contributing 27%, Food Staples & Packaged Foods contributing 24% and Confectionery & Beverage ingredients contributing 21% of the total GC increase over FY2004.

Interest and Net Contribution:

- Quarter 4: Total net interest cost increased by 32.1% to S\$13.5 million in Q4 FY 2005. The interest cost per ton went up to S\$ 24 per ton from S\$ 20 during the corresponding period last year. As a result the Net Contribution (NC) increased by only 3.8% to S\$ 50.3 million in Q4 FY2005 as compared to S\$ 48.5 million during the corresponding period last year.
- Full Year: NC increased by 26.4% to S\$179.6 million over the corresponding period in FY2004. Again, all four product segments grew NC from the comparable period in FY 2004. 93% of the growth in NC came from volume increases while 7% came from margin improvements. Edible Nuts, Spices & Beans grew NC by 41%, Fibre & Wood Products by 33%, Food Staple and Packaged Foods by 28% and Confectionery & Beverage Ingredients by 14%.

We continued to make good progress in executing our strategy in FY2005 across all our four business segments. The progress made during FY 2005 is highlighted below:

➤ **Edible Nuts, Spices & Beans**

Edible Nuts, Spices & Beans recorded a strong volume growth of 31.8% in FY2005 compared to FY2004. NC for this segment grew by 40.9% compared to FY2004. The key contributor to the robust performance in this segment was Cashewnuts which grew its volumes significantly in both parts of the business (Raw Cashew Nuts (RCN) and Cashew Kernels (CK). We expanded cashew processing capacity in Brazil and we invested in a factory which we had earlier taken on lease. This investment has exceeded our expectations, both in terms of expanded volumes and improvements in outturns. Our cashew processing initiatives in Africa have also progressed at a fast pace, and we have increased our processing capacity in Tanzania as well as set up new processing plants in Nigeria, Ivory Coast and Mozambique.

In line with our strategy to expand the Nuts portfolio we had taken various origin initiatives in Peanuts, specially in China, South Africa and Argentina. We had also started initial trials in Almonds and Hazelnuts, which have gone off well. We expect to expand our volumes in these products over the next few years.

In the Spices business, we have expanded our origination operations in Indonesia, Brazil and Nigeria and have broadened the portfolio to include a larger range of spices. We have also successfully commissioned sesame hulling operations in Nigeria.

➤ **Confectionery and Beverage Ingredients**

The volume and net contribution in the confectionery and beverage ingredients segment grew by 18.5% and 14.4% respectively in FY2005 compared to FY 2004. Coffee has had a particularly strong performance this year. The performance was broad based with all origins contributing strongly to the bottom line. Volumes have grown 27% from FY2004. Market shares have gone up in all origins with volumes in Vietnam and Indonesia growing by 60% and 38% respectively. This growth in volumes is basically a result of the significant improvement in our marketing capacity and reach. This has been made possible by opening up a marketing office in the US which had resulted in better demand visibility. We have also made a successful entry into the Middle East. We have substantially increased our Vendor Managed Inventory (VMI) supply chain arrangement with some of our customers. Our new operations in Brazil, our first step in Arabica origination, has performed above expectations in the very first year of operations. We have been very successful in putting in place a team in Brazil with the requisite local insight, particularly with cupping and classing expertise, which is key to this business. Our learning curve in customizing Arabica coffees to specific customer requirements has been extremely rapid.

Cocoa has had another strong year despite the setback in the local buying operations in Ghana on account of the purple bean problem as well as change in governmental policy on the commission structure. Market share improved in all the origin markets during the current year. Olam Cocoa today is the largest bean supplier in Asia as well as the largest cocoa bean supplier to the US. During the year the business invested in a Joint Venture with Macao, a cocoa cake grinder in Spain with an investment of Euro 0.6 million. We also established a cocoa operation in the US during the year and expanded our cocoa processing operations in Nigeria.

➤ **Food Staples and Packaged Foods Business**

The volume and net contribution in the Food Staples and Packaged Food Business grew by 22.9% and 28.5% respectively in FY2005 compared to FY 2004. The Parboiled Rice business has successfully changed its business model in Nigeria (the world's largest parboiled rice market) from an Indent model to a full fledged Distribution model. We have invested significantly in building a country wide distribution system. We have also successfully commissioned two rice milling facilities in Nigeria and have completed a feasibility study to set up our own warehousing facility to capture additional value in the supply chain. The White Rice business has shown a broad based growth across all our markets in Asia and Africa with particularly strong performances in Cameroon, Ghana and Uganda. Our origination operations out of Thailand, Vietnam and India have continued to perform well.

Sugar has had a good year with strong performances from Indonesia, Brazil and Ghana. During the

year, we have successfully set up origination operations in one of the largest exporting markets, i.e. Brazil. We also completed a feasibility study for setting up a sugar refinery in one of the larger refined sugar markets.

In the Dairy Products business, volumes have grown by 109% over FY2004. We have broadened our origination operations to include Poland, India, Argentina, Western Europe and Ukraine. We have made marketing inroads into the Middle East and China. We have also launched a consumer pack under the brand name 'Pearl' in several markets in Africa.

In the packaged foods business, we have decided to broaden the product portfolio to include branded edible nuts. Our initial trials of 3-in-1 coffees in Africa, particularly in South Africa and Nigeria have exceeded our expectations. We are evaluating the possibility of adding other SKUs (Stock Keeping Units) / product categories to gain better distribution traction.

➤ **Fibre and Wood Products**

Volume and net contribution in the Fibre and Wood Products Business grew by 30.3% and 33.5% respectively in FY2005 compared to FY 2004. Timber recorded a volume growth of 34% over FY2004. We also expanded our processing initiatives by increasing the sawn timber volumes to 16,000 cbm in FY2005. We completed a feasibility study to set up saw milling operations in Gabon and Nigeria and commenced feasibility studies to set up saw milling operations in Mozambique and Tanzania. We have successfully expanded origination operations into Brazil. The timber business has also made significant inroads in marketing into Europe through its Marketing Office in Rotterdam and into China by setting up marketing operations there. Timber investments were also made in Inland Logistics in selected origins to further strengthen their competitive positions.

Cotton volumes grew by 27% over FY2004. The cotton origination operations in the US have been a major success. Similarly, our cotton distribution operations in China have exceeded our expectations. We have emerged as the largest shipper of West African Cotton in the current cropping year. We have completed feasibility studies to set up cotton ginning operations in Uganda and Zimbabwe.

Costs and Expenses

Quarter 4: Our Selling, General and Administrative Expenses (SG&A) decreased by 17% to S\$30.1 million for Q4 FY2005 from S\$ 36.3 million for Q4 FY2004. Foreign Currency gains (realized and translation gains arising from fluctuations in the exchange rate of GBP and Euro to USD) increased to S\$8.1 million for Q4 FY2005 from a loss of S\$5.6 million in Q4 FY2004. Other operating expenses net of bank charges increased by 24.9% to S\$13.1 million in Q4 FY2005 from S\$10.5 million in Q4 FY2004 due to higher level of operations. Staff costs increased by 19.7% in Q4 FY2005 on account of an increase in staff strength as well as general wage increases in many of our origin countries.

Full Year: SG&A increased by 18.4% to S\$104.7 million in FY2005 over the corresponding period in FY2004. Increase in SG&A was proportionately lower than our growth in underlying volumes (24.4%) or growth in Sales Revenues (29.1%). We have extracted some operating leverage with SG&A/Sales ratio coming down from 3.39% on FY2004 to 3.11% in FY2005 that has helped us in improving our Net Profit Margin.

Profit before tax

Quarter 4: Profit before tax increased by 66.4% to S\$20.2 million for Q4 FY2005 from S\$12.1 million for Q4 FY2004.

Full Year: For the full year ending 30th June 2005, Profit before tax increased by 39.5% to S\$74.9 million compared to S\$ 53.7 million for FY2004.

Taxation

Quarter 4: Taxes increased to S\$1.3 million for Q4 FY2005 as compared to a write back of S\$0.7 million for Q4 FY2004.

Full Year: For the full year FY2005 the tax was S\$7.9 million compared to S\$5.6 million for full year FY2004.

Profit after tax

Quarter 4: Net Profit after Tax increased by 47.7% to S\$18.9 million for Q4 FY2005 from S\$12.8 million in Q4 FY2004.

Full Year: Net Profit after Tax for the full year FY2005 registered a 39.4% increase to S\$67.02 million compared to full year FY 2004 S\$48.1 million.

Balance Sheet & Cash Flow

Equity and Reserves

The Company listed on the SGX on 11th February 2005. We raised gross proceeds of S\$267 million, out of which S\$39 million were vendor sales and new money that came into the Company was S\$217 million after accounting for S\$11 million approximately as IPO expenses. Total equity and reserves increased by 162% from S\$189.86 million as of 30th June 2004 to S\$496.72 million as of 30th June 2005,.

Fixed Assets

Investments in fixed assets amounted to S\$25.9 million as on 30th June FY2005 as compared to S\$9.9 million as on 30th June FY2004. The major investments included setting up rice milling facilities in Nigeria, purchase of a cashew processing facility in Brazil, investment in the Macao JV in Spain, investment in cocoa processing in Nigeria, warehousing in Vietnam and logistics infrastructure in Gabon.

Current Assets

Debtors Analysis

Debtor days in FY2005 increased by 5 days compared to FY2004. A large part of this variance is on account of a higher percentage of sales in June 2005 compared to June 2004. The ageing analysis of debtors for the 2 periods is given below.

Debtors Ageing Schedule of our company:

Period	Percentage of Debtors		
	< 30 days	30 to 90 days	> 90 days
FY 2005	89.72%	6.04%	4.24%
FY 2004	77.62%	9.08%	13.29%

69.8% of debtors were either against Letters of Credit or against documents with the bank for collection.

Stocks

Stock turnover days increased by 47 days compared to FY2004 (119 vs 72). Total increase in stock value is S\$541.0 million. 70.6% of this increase in stock (value S\$381.8 million) is on account of higher volumes being carried forward while 29.4% (value S\$159.2 million) is on account of price increases. The main increase in stocks were in the Confectionery & Beverage ingredients segment (S\$272.8 million) followed by Food Staples & Packaged Foods (S\$183.6 million). Edible Nuts contributed to an increase of S\$53.5 million. Higher coffee stocks in our new operations in Brazil and increased cocoa stocks in Europe (because of increased VMI services) contributed to the increased stock levels in the Confectionery and Beverage segment. Rice stocks contributed to bulk of the increase in the Food Staple & Packaged Food segment. This was primarily on account of (a) setting up of rice milling operations in Nigeria and (b) sharp revision in duties in Nigeria and Uganda, and the company taking more stocks into Nigeria and Uganda before the revised tariffs came into effect.

87.5% of the stocks were sold forward or hedged.

Borrowings

Borrowings increased by 70.7% to S\$1,451 million as of end of June 2005 from S\$ 850 million as of end June 2004. Our net debt to equity ratio went down to 2.59 in June 2005 from 3.95 in June 2004.

Cash and Fixed Deposits

Cash and Fixed Deposits went up 64.5% to S\$165.4 million as on June 2005 from S\$100.4 million as on June 2004.

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

The group results in FY 2005 are in line with the commentary made in Paragraph 10 of the 3Q FY 2005 announcement made on 11 May 2005.

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.

The Group will adopt FRS 39 and FRS102 from FY2006. These changes would impact the treatment of certain financial instruments and share-based compensation in our financial statements. The adoption of these standards would require presentation on certain items on a "Fair Value" basis. The differences arising due to these items marked to "Fair Value" at the end of the accounting period would have to be either put through the income statement or the Group's equity account. The adoption of these new standards could have an impact on our financial results for FY2006 and beyond.

We are continuing to execute well on our strategic plans and identified growth initiatives in the different businesses. Barring any unforeseen circumstances, we are confident of our prospects going forward into FY2006 and beyond.

11. Dividend
In light of our strong financial performance in FY2005, our Board has recommended a total dividend payout ratio of 50% of Net Profit After Tax (NPAT) of the Group to be comprised of :

- (a) Ordinary dividend (First & Final Dividend) : 25% of NPAT
(b) Special dividend : 25% of NPAT

Please note that our normal dividend policy as outlined in our prospectus is to target to payout a dividend of 25% of our Net Profit After Tax, barring any unforeseen circumstances.

(a) Current Financial Period Reported on

Name of Dividend	First & Final Dividend	Special Dividend
Dividend Type	Cash	Cash
Dividend rate (in cents)	1.08	1.08
Par value of shares	10 cents	10 cents
Tax rate	One-tier tax exempt	One-tier tax exempt

(b) Corresponding Period of the Immediately Preceding Financial Year

Name of Dividend	Interim Dividend	Final Dividend
Dividend Type	Cash	Cash
Dividend rate (in cents)	4.42	4.36
Optional: Dividend rate (in %)		
Par value of shares	20 cents	20 cents
Tax rate	One-tier tax exempt	One-tier tax exempt

(c) Date Payable

Subject to shareholders' approval at the Annual General Meeting to be held on 28 October 2005, the first & final dividend and special dividend will be paid on 22 November 2005.

(d) Books Closure Date

NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members Of OLAM INTERNATIONAL LIMITED (the "Company") will be closed at 5.00 p.m. on 10 November 2005 for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Registrar, Lim Associates (Pte) Ltd, 10 Collyer Quay #19-08 Ocean Building, Singapore 049315 up to 5.00 p.m. on 10 November 2005 will be registered to determine shareholders' entitlements to the said dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 10 November 2005 will be entitled to the proposed dividend.

Payment of the dividend, if approved by the members at the Annual General Meeting to be held on 28 October 2005, will be made on 22 November 2005.

12. If no dividend has been declared/recommended, a statement to that effect.

N.A.

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.

(a) Business segments

(in S\$'000)	Edible Nuts, Spices & Beans		Confectionery & Beverage Ingredients		Food Staples & Packaged Foods		Fibre & Wood Products		Consolidated	
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Segmental Revenue	566,795	391,837	1,345,915	1,031,216	782,692	552,911	673,835	634,385	3,369,237	2,610,349
Unallocated Revenue									13,123	12,082
Total Revenue									3,382,360	2,622,431
Segmental Results	22,359	15,022	47,746	41,552	27,385	18,810	28,901	21,899	126,391	97,283
Finance Cost									(51,485)	(43,562)
Share of Loss of associate									(3)	(42)
Profit before Tax									74,903	53,679
Tax									(7,878)	(5,584)
Profit after Tax									67,025	48,095

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.

As per note 8 above.

15. A breakdown of sales.

	FY 2005	FY 2004	% Increase/ (Decrease)
Sales for 1st Half	1,456,594	1,048,809	38.9%
Operating Profit 1st Half	48,101	35,831	34.2%
Sales for 2nd Half	1,912,643	1,561,540	22.5%
Operating Profit 2nd Half	78,290	61,452	27.4%

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

	Latest Full Year (30 June 2005) (in S\$'000)	Previous Full Year (30 June 2004) (in S\$'000)
Ordinary	33,579	42,272
Preference	0	0
Total	33,579	42,272

BY ORDER OF THE BOARD

Sunny George Verghese
Group Managing Director & Chief Executive Officer
29 August 2005