OLAM INTERNATIONAL LIMITED

Financial Statements for the First Quarter Ended 30th September 2008

PART I: **Information required for announcements of Quarterly (Q1, Q2 & Q4), 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 FY2009: Group

(in S$'000)	Group		
	Three Months Ended		
	30 Sep 08	30 Sep 07	% change
Revenue - Sale of goods	1,712,777	1,376,720	**24.4%**
Other income	8,787	4,621	
	1,721,564	**1,381,341**	**24.6%**
Costs and expenses			
Cost of goods sold	1,325,378	1,096,421	
Shipping and logistics	198,685	130,554	
Commission and claims	21,079	14,163	
Employee benefit expense	40,063	35,264	
Share based expense	1,239	852	
Depreciation	8,438	6,764	
Net measurement of derivative instruments	3,261	1,522	
(Gain) / loss on foreign exchange	(5,624)	30	
Other operating expenses	55,602	40,625	
Finance costs	57,867	44,499	
	1,705,988	1,370,694	
Share of loss from jointly controlled entities	153	261	
	1,706,141	**1,370,955**	**24.4%**
Profit before taxation	**15,423**	**10,386**	**48.5%**
Tax expense	(497)	(1,172)	
Profit for the financial period	**14,926**	**9,214**	**62.0%**
Attributable to:			
Equity holders of the Company	14,926	9,220	
Minority interest	-	(6)	
	14,926	**9,214**	

Notes:

(in S$'000)	Group		
	Three Months Ended		
	30 Sep 08	30 Sep 07	% change
Other operating expenses include **bank charges** of	3,707	5,327	
Other income includes **interest income** of	3,597	2,592	
Gross Contribution	171,328	130,478	**31.3%**
Net Contribution	117,058	88,571	**32.2%**

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 Sheets : Group & Company

(in S$'000)	Group		Company	
	30 Sep 08	**30 Jun 08**	**30 Sep 08**	**30 Jun 08**
Non-current assets				
Property, plant and equipment	408,058	403,391	3,073	1,928
Intangible assets	133,558	130,259	828	861
Investment in subsidiary companies	-	-	259,406	249,977
Deferred tax assets	29,024	36,709	5,106	14,972
Interests in jointly controlled entities	186,779	1,593	184,122	2,101
Investment in associates	84,179	-	84,179	-
Long term investments	-	24,475	-	24,475
Other non current assets	24,372	24,408	22,665	19,806
Current assets				
Amounts due from subsidiary companies	-	-	639,944	502,608
Trade receivables	576,400	724,352	263,771	339,886
Margin accounts with brokers	237,587	254,273	214,201	189,435
Inventories	1,606,548	1,790,236	505,263	500,397
Advance payments to suppliers	369,049	380,047	153,935	126,670
Advance payments to subsidiary companies	-	-	1,108,570	1,109,128
Other receivables	323,142	292,819	109,529	84,178
Fixed deposits	165,299	163,580	85,724	33,988
Cash and bank balances	263,344	175,544	109,478	52,134
Fair value of derivative financial instruments	648,749	837,557	351,578	729,499
	4,190,118	**4,618,408**	**3,541,993**	**3,667,923**
Current liabilities				
Trade payables and accruals	463,049	519,853	371,437	356,607
Other non current liabilities	98,152	51,863	79,765	34,567
Amount due to bankers	1,239,509	1,789,582	1,092,765	1,199,066
Medium term notes	5,350	70,000	5,350	70,000
Provision for taxation	32,420	24,578	13,119	10,565
Fair value of derivative financial instruments	705,796	1,015,796	434,714	888,376
	2,544,276	**3,471,672**	**1,997,150**	**2,559,181**
Net current assets	**1,645,842**	**1,146,736**	**1,544,843**	**1,108,742**
Non-current liabilities				
Deferred tax liabilities	(3,844)	(4,175)	-	-
Term loans from banks	(937,364)	(935,125)	(675,138)	(648,482)
Medium term notes	(192,910)	(189,857)	(192,910)	(189,857)
Convertible Bonds	(412,918)	-	(412,918)	-
Net assets	**964,776**	**638,414**	**823,256**	**584,523**
Equity attributable to equity holders of the Company				
Share capital	705,018	704,870	705,018	704,870
Reserves	259,758	(66,456)	118,238	(120,347)
Total equity	**964,776**	**638,414**	**823,256**	**584,523**

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

Amount repayable in one year or less or on demand

	As at 30/09/2008		As at 30/06/2008	
	Secured (in S$'000)	**Unsecured (in S$'000)**	**Secured (in S$'000)**	**Unsecured (in S$'000)**
Overdrafts	-	80,169	-	174,863
Loans	-	1,159,340	-	1,614,719
Medium Term Notes	-	5,350	-	70,000
Total	**-**	**1,244,859**	**-**	**1,859,582**

Amount repayable after one year

	As at 30/09/2008		As at 30/06/2008	
	Secured (in S$'000)	**Unsecured (in S$'000)**	**Secured (in S$'000)**	**Unsecured (in S$'000)**
Long Term Loans	11,770	925,594	11,488	923,637
Long Term / Medium Term Notes	-	192,910	-	189,857
Convertible Bonds	-	412,918	-	-
Total	**11,770**	**1,531,422**	**11,488**	**1,113,494**

Details of any Collateral

The Group's subsidiary, Universal Blanchers LLC in the United States, has an outstanding loan equivalent to S$11.8 m (S$11.5 m as at 30 June 2008) 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	
	Three Months Ended	
	30 Sep 2008	30 Sep 2007
Cash flow from operating activities		
Profit before taxation	**15,423**	**10,386**
Adjustments for:		
Share of results from jointly controlled entities	153	261
Depreciation of property, plant and equipment	8,438	6,764
(Gain) / loss on disposal of property, plant and equipment	(68)	347
Net measurement of derivative instruments	3,261	1,522
Amortisation of intangible assets	445	332
Cost of share-based payments	1,239	852
Interest income	(3,597)	(2,592)
Interest expense	57,867	44,499
Operating cash flow before reinvestment in working capital	**83,161**	**62,371**
Decrease / (increase) in inventories	183,688	(13,133)
Decrease in receivables	303,484	117,161
Decrease / (Increase) in advance payments to suppliers	10,998	(31,688)
Decrease in payables	(5,353)	(41,834)
Cash flow generated from operations	**575,978**	**92,877**
Interest income received	3,597	2,592
Interest expense paid	(50,674)	(95,987)
Tax received / (paid)	211	(7,466)
Net cash flow generated from / (used in) operating activities	**529,112**	**(7,984)**
Cash flow from investing activities		
Proceeds from disposal of property, plant and equipment	7,182	3,142
Purchase of property, plant and equipment	(43,405)	(2,749)
Acquisition of subsidiaries - net of cash acquired	-	(152,449)
Investment in jointly controlled entities	(155,410)	-
Proceeds from sale of government securities	-	13,461
Investment in associates	(84,179)	-
Repayment from jointly controlled entities	45	178
Net cash flow used in investing activities	**(275,767)**	**(138,417)**
Cash flow from financing activities		
Repayment of loans from banks	(453,141)	(76,942)
Proceeds from issuance of shares on exercise of share options	148	539
Proceeds from issuance of convertible bonds	417,375	-
(Decrease) / increase in medium term notes	(61,597)	143,776
Net cash flow (used in) / provided by financing activities	**(97,215)**	**67,373**
Net effect of exchange rate changes on cash and cash equivalents	**28,082**	**(13,729)**
Net increase / (decrease) in cash and cash equivalents	**184,212**	**(92,757)**
Cash and cash equivalents at the beginning of the period	164,262	187,637
Cash and cash equivalents at the end of the period	**348,474**	**94,880**

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 3 MONTHS - 30 SEP 2008

At 30 September 2008 Group	Attributable to equity holders of the Company							Minority Interest	Total Equity
	Share Capital	Capital Reserve	Foreign Currency Translation Reserves	Fair Value Adjustment Reserves	Share-based Compensation Reserves	Revenue Reserves	Total Reserves		
	$'000		$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 July 2008	704,870	-	(84,434)	(325,878)	13,474	330,382	(66,456)	-	638,414
Net gain on fair value changes during the period				164,114			164,114		164,114
Recognised in the profit and loss account									
on ocurrance of hedged transactions				122,269			122,269		122,269
Foreign currency translation adjustment			14,766				14,766		14,766
Net income recognised directly in equity	-	-	14,766	286,383	-	-	301,149	-	301,149
Profit for the year						14,926	14,926	-	14,926
Total recognised income for the year	-	-	14,766	286,383	-	14,926	316,075	-	316,075
Share-based expense					1,271		1,271		1,271
Issue of shares on exercise of share option	148						-		148
Equity portion of Convertible bonds		8,868					8,868		8,868
At 30 September 2008	705,018	8,868	(69,668)	(39,495)	14,745	345,308	259,758	-	964,776

GROUP 3 MONTHS - 30 SEP 2007

At 30 September 2007 Group	Attributable to equity holders of the Company							Minority Interest	Total Equity
	Share Capital	Capital Reserve	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 gain on fair value changes during the period				20,278			20,278		20,278
Recognised in the profit and loss account									
on ocurrance of hedged transactions				22,109			22,109		22,109
Foreign currency translation adjustment			929				929		929
Net income recognised directly in equity	-	-	929	42,387	-	-	43,316		43,316
Profit for the period						9,220	9,220	(6)	9,214
Total recognised income for the year	-	-	929	42,387	-	9,220	52,536	(6)	52,530
Share-based expense					817		817		817
Issue of shares on exercise of share option	539						-		539
Equity portion of Convertible bonds							-		-
At 30 September 2007	398,269	-	(39,000)	(108,440)	9,433	226,352	88,345	21	486,635

COMPANY 3 MONTHS - 30 SEP 2008

At 30 September 2008 Company	Attributable to equity holders of the Company							
	Share Capital $'000	Capital Reserve	Foreign Currency Translation Reserves $'000	Fair Value Adjustment Reserves $'000	Share-based Compensation Reserves $'000	Revenue Reserves $'000	Total Reserves $'000	Total Equity $'000
At 1 July 2008	704,870	-	(84,230)	(291,729)	13,474	242,138	(120,347)	584,523
Net gain on fair value changes during the period				51,533			51,533	51,533
Recognised in the profit and loss account								
on ocurrance of hedged transactions				150,515			150,515	150,515
Foreign currency translation adjustment			14,019				14,019	14,019
Net income recognised directly in equity	-	-	14,019	202,048	-	-	216,067	216,067
Profit for the year						12,379	12,379	12,379
Total recognised income for the year	-	-	14,019	202,048	-	12,379	228,446	228,446
Share-based expense					1,271		1,271	1,271
Issue of shares on exercise of share option	148						-	148
Equity portion of Convertible bonds	-	8,868					8,868	8,868
At 30 September 2008	705,018	8,868	(70,211)	(89,681)	14,745	254,517	118,238	823,256

COMPANY 3 MONTHS - 30 SEP 2007

At 30 September 2007 Company	Attributable to equity holders of the Company							
	Share Capital $'000	Capital Reserve	Foreign Currency Translation Reserves $'000	Fair Value Adjustment Reserves $'000	Share-based Compensation Reserves $'000	Revenue Reserves $'000	Total Reserves $'000	Total Equity $'000
At 01 July 2007	397,730	-	(35,583)	(148,563)	8,616	162,909	(12,621)	385,109
Net gain on fair value changes during the period				16,519			16,519	16,519
Recognised in the profit and loss account								
on ocurrance of hedged transactions				19,747			19,747	19,747
Foreign currency translation adjustment			(1,945)				(1,945)	(1,945)
Net income recognised directly in equity	-	-	(1,945)	36,266	-	-	34,321	34,321
Profit for the period						14,507	14,507	14,507
Total recognised income for the year	-	-	(1,945)	36,266	-	14,507	48,828	48,828
Share-based expense					817		817	817
Issue of shares on exercise of share option	539						-	539
Equity portion of Convertible bonds							-	-
At 30 September 2007	398,269	-	(37,528)	(112,297)	9,433	177,416	37,024	**435,293**

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.

	Jul - Sep 08	Jul - Sep 07
Issue of shares on exercise of share options	97,500	354,241

If all the convertible bonds are converted at the initial conversion price of S$3.8464 per share, approximately 106 million shares will be issued.

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.

	Sep-08	Sep-07
Issued, fully paid share capital :		
Balance no. of shares as at the beginning of period	1,713,212,824	1,555,095,400
Addition on exercise of share options	97,500	354,241
Total no. of shares outstanding as the end of period	**1,713,310,324**	**1,555,449,641**

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 2008 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 2008.

For the quarter ended 30 September 2008, net gains or losses of unexpired derivatives for each terminal month and broker are shown as fair value of derivative financial instruments under current assets and current liabilities respectively, as against showing gross gains and losses as assets and liabilities in earlier period. Year ended 30 June 2008 numbers have been reclassified. Since the accounts of brokers are settled monthly on a net basis, management is of the opinion that the change in the computation is more appropriate.

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 2008.

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	
	Three Months Ended	
	30 Sep 2008	30 Sep 2007
(a) Based on weighted average no. of shares (cents/share)	0.87	0.59
(b) Based on fully diluted basis (cents/share)	0.86	0.58
Weighted average no. of shares applicable to basic earnings per share	1,713,273,241	1,555,251,561
Weighted average no. of shares based on fully diluted basis	1,735,556,802	1,588,770,680

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

	Group	
Core Earnings	Three Months Ended	
	30 Sep 2008	30 Sep 2007
(a) Based on weighted average no. of shares (cents/share)	0.96	0.67
(b) Based on fully diluted basis (cents/share)	0.95	0.65

7. Net asset value (for the Issuer and Group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:

(a) current financial period reported on; and

(b) immediately preceding financial year.

	Group		Company	
(In cents per share)	**As at 30 Sep 08**	**As at 30 Jun 08**	**As at 30 Sep 08**	**As at 30 Jun 08**
Net asset value (NAV) per ordinary share based on issued share capital as at end of the period	48.52	29.66	48.00	34.07

The NAV for the Group before fair value adjustment reserve, goodwill and other intangibles went up from 56.29 cents/share in June 2008 to 58.62 cents/share in September 2008.

8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:

(a) any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.

Introduction

Olam is a leading, global, integrated supply chain manager of agricultural products and food ingredients with operations in over 60 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 20 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 20 products that we supply into 4 business segments as given below:

Business Segment	Products
Edible Nuts, Spices & Beans	Cashews, and Other Edible Nuts 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 Other Grains (Wheat, Barley, Maize) Oilseeds (Palm & Canola) Dairy Products Packaged Foods
Fibre & Wood Products	Cotton & Wool Wood Products Rubber

Background to analysing our Financial Statements

Profitability

a. ***Consolidation of results of companies acquired by the Group***: For Q1 FY2009, the results of the Group includes the results of two of our new acquisitions namely Key Food Ingredients ("KFI"), PT Dharmapala Usaha Sukses ("DUS"). The consolidated results for Q1 FY2009 are therefore not strictly comparable to results of Q1 FY2008. With this, five of our ten acquisitions are now consolidated (the other three being: Queensland Cotton Holdings ("QCH"), Universal Blanchers ("UB") and Naarden Agro Products B.V ("NAP")). The results of the three investments made in Nauvu, Pure Circle and Dairy Trust Limited have not been consolidated in Q1 FY2009.

b. ***Gross and Net Contribution*****:** We measure and track our profitability in terms of Gross Contribution (GC) and Net Contribution (NC) per ton of product supplied. GC is calculated as total revenue less cost of goods sold (raw material costs plus other direct costs, including packing costs etc.), shipping and logistics expenses, claims and commission, bank charges, net measurement of derivative instruments, gain / loss on foreign exchange and share of profit/loss from jointly controlled entity. For the purposes of determining Net Contribution, we deduct the net interest expense from the GC. We consider interest expense to be a variable cost and a function of our inventory holding period. 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 by providing value added services such as vendor managed inventory (VMI), organic certification, fair trade produce certification (FTP), customised grades and quality, proprietary market intelligence and risk management solutions.

c. ***Volumes:*** The second key driver to our profitability is the volume of products supplied. Given our integration and end-to-end supply chain capabilities, we seek to match the supply of our products with demand from our customers. The volume of agricultural products that we supply is largely within our control and is a function of the strength of our supply chain infrastructure in the origins (producing countries) and the markets (consuming countries).

d. ***Seasonality:*** Production of agricultural products is seasonal in nature. The seasonality of the products in our portfolio depends on the location of the producing country. The harvesting season for most of the agricultural products for countries situated in the northern hemisphere generally falls between October and March. Countries in the southern hemisphere have harvesting seasons between April and 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 are 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**	Q4 Jan - March	Q4 Apr – June	**2nd Half** **Jan - June**
5 – 10%	25 – 30%	**30 – 40%**	35 – 40%	25 – 30%	**60 – 70%**

e. ***Balance Sheet :*** During the current quarter, the industry witnessed an increased level of volatility and significant decline in prices of various products. Since we participate in this industry as supply chain managers and not positional / directional traders, this has had limited impact on the profitability of the Group. However, there has been a significant change to equity and current assets and liabilities (fair value of derivative financial instruments) due to the application of Hedge Accounting provisions under FRS39.

Profit and Loss Statement

The company has delivered strong results in Q1 FY2009, with sales volume, sales turnover and net profit after tax growing by 20.1%, 24.4% and 62.0% respectively. The following table provides the segmental breakdown on Sales Volume, Sales Revenue, Gross Contribution (GC) and Net Contribution (NC) for the first quarter FY2009.

Quarter

	Sales Volume (in Metric Tons)		Sales Revenue (in S$'000)		Gross Contribution (GC) (in S$'000)		Net Contribution (NC) (in S$'000)	
Segment	**Sep 08**	**Sep 07**	**Sep 08**	**Sep 07**	**Sep 08**	**Sep 07**	**Sep 08**	**Sep 07**
Edible Nuts, Spices & Beans	277,944	208,268	331,566	236,828	46,308	32,127	34,002	23,574
Per ton (S$)			**1,193**	**1,137**	**167**	**154**	**122**	**113**
Confectionery & Beverage Ingredients	202,520	172,510	592,209	481,011	48,597	37,128	29,873	22,964
Per ton (S$)			**2,924**	**2,788**	**240**	**215**	**148**	**133**
Food Staples & Packaged Foods	412,842	346,976	419,410	341,329	43,911	33,356	32,063	24,114
Per ton (S$)			**1,016**	**984**	**106**	**96**	**78**	**69**
Fibre & Wood Products*	207,733	188,676	369,592	317,552	32,512	27,867	21,120	17,919
Per ton (S$)			**1,779**	**1,683**	**157**	**148**	**102**	**95**
Total	**1,101,039**	**916,430**	**1,712,777**	**1,376,720**	**171,328**	**130,478**	**117,058**	**88,571**
Per ton (S$)			**1,556**	**1,502**	**156**	**142**	**106**	**97**

*Sales volume for Wood Products is measured in cubic metres.

A brief segmental review for Q1 FY2009 is given below:

- **Edible Nuts, Spices & Beans**

  The Edible Nuts, Spices & Beans segment recorded a volume growth of 33.5% and a revenue growth of 40.0% in Q1 FY2009. Net Contribution also recorded a strong growth of 44.2% to S$34.0 million in Q1 FY2009.

  The strong volume growth in this segment was underpinned by sharp increases in the spices and pulses businesses. Key Foods Ingredients [KFI] was an important contributor to the growth in the spices business during this quarter. We have significantly increased our market share in the East African Sesame season from both Tanzania and Mozambique. Our Cashew business performed strongly with operations in Vietnam and India continuing to grow processing volumes. During the quarter, a proposal to expand the capacity of the cashew grading and filling centre in Vietnam was approved. We have also completed the construction of our peanut storage and cleaning facility in Argentina during this period.

- **Confectionery and Beverage Ingredients**

  Sales Volume and Revenue in the Confectionery & Beverage Ingredients segment grew 17.4% and 23.1% respectively in Q1 FY2009. Net Contribution grew by 30.1% to S$29.8 million in Q1 FY2009.

  Coffee continued to perform well during Q1 FY2009 as Arabica coffee volumes grew significantly across all our South American operations including Brazil, Peru, Honduras and Colombia. In addition, Olam commenced sourcing and distributing coffee locally within Brazil.

  Margin per tonne improved by 10.8% during this quarter as Olam deepened its coffee upcountry sourcing presence and expanded processing volumes in Colombia. Margins also improved on account of our efforts in expanding sourcing and production of sustainable coffees for markets in Europe as well as from expanding our organic cocoa operations in Tanzania and Uganda. Given that our origin and marketing offices are now fully certified, we are able to supply organic cocoa to our customers in EU, USA and Japan.

  During the quarter, the futures market for cocoa and coffee changed from steep backwardation to full carry resulting in improvement in the net contribution per ton from S$133 to S$148 per ton.

- **Food Staples and Packaged Foods Business**

  Sales Volume and Revenue for the Food Staples & Packaged Foods segment grew 19.0% and 22.9% respectively in Q1 FY2009 compared to Q1 FY2008. Net Contribution also recorded a strong 33.0% growth to reach S$32.1 million in Q1 FY2009.

  During the quarter, we expanded into 4 new product adjacencies, namely, Wheat, Barley, Palm Oil and Canola. Rice volumes increased as market demand rose in Cote d'Ivoire, Gabon, Mozambique, Nigeria and Cameroon and as Olam entered into new markets in Angola, Senegal and Gambia. Sugar volumes increased by 41% as a result of higher sugar imports into Russia, participation in domestic sugar opportunity in Russia and higher shipments from Brazil into West and South Africa.

- **Fibre and Wood Products**

  The Fibre & Wood Products segment registered a growth of 10.1% in Sales Volume and 16.4% in sales revenue respectively in Q1 FY2009. Net Contribution also recorded a strong 17.9% growth to S$21.1 million in Q1 FY2009.

  Volume in the Wood Products segment declined by 7.7% during Q1 FY2009 as a result of a fall in demand in the major markets of China, India and Europe. We believe that this trend would continue and would expect an overall decline in volume for wood products for full year FY2009.

We grew our Cotton volumes by 16.5% by further broad basing the customer base. In addition we have expanded into the wool business by using our QCH franchise in Australia and leveraging on our textile mill customer base in cotton both in China and other markets.

Costs and Expenses

SG&A increased by 30.0% to S$101.6 million in Q1 FY2009 over the corresponding quarter in FY2008. A significant portion of this increase is due to the consolidation of overhead expenses of the various companies acquired including PT DUS and KFI. SG&A/Sales ratio increased from 5.68% in Q1 FY2008 to 5.93% in Q1 FY2009.

Profit before tax

For the quarter ended 30 September 2008, Profit before tax increased by 48.5% to S$15.4 million as compared to S$10.4 million in Q1 FY2008.

Taxation

Taxes decreased to S$0.5 million for Q1 FY2009 as compared to S$1.2 million for Q1 FY2008. During the quarter we received approval from IE Singapore, renewing the Global Trader Programme (GTP) status, which entitles us to a concessional corporate tax rate of 5% for a further period of 5 years effective from 1st July 2008.

Net profit after tax

Net profit after tax increased by 62.0% to S$14.9 million for Q1 FY2009 from S$9.2 million in Q1 FY2008.

Balance Sheet & Cash Flow

Equity and Reserves

Total equity and reserves (before fair value adjustment reserve) increased from S$964.3 million as of 30 June 2008 to S$1,004.3 million as of 30 September 2008.

Capital reserve of S$8.9 million represents equity portion of convertible bonds of USD 300 million issued during the period.

There has been a net decrease of S$39.5 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 sharp reduction in the fair value adjustment reserve from S$325.8 million as of 30th June 2008 to S$39.5 million as of 30th September 2008 has been due to reduction in prices of the futures traded commodities. This adjustment to the equity is not expected to have any material impact on the profitability of the Group.

Fixed Assets

Investments in fixed assets increased by S$4.7 million to S$408.1 million for the quarter ended 30 September 2008.

Interests in jointly controlled entities

Increase in the interests in jointly controlled entities represents investments in Olam Wilmar Investment Holdings Pte. Ltd. and in Nauvu Investments Pte. Ltd., which are 50:50 joint ventures between the Company and Wilmar International Limited.

Investment in Associates

Investment in associates represents the Group's investment in Dairy Trust Ltd.

Long term investments

Decrease in long term investments represents disinvestment in Open Country Cheese Company Limited ("OCC"), pursuant to Group's investment in Dairy Trust Ltd., a majority shareholder of OCC.

Current Assets

Debtors Analysis

Debtor days in Q1 FY2009 decreased marginally to 31 days as compared to 33 days as at 30 June 2008. 76.2% of debtors were secured either against Letters of Credit or against documents with the bank for collection.

Stocks

Stock turnover days increased to 95 days as compared to 88 days as at 30 June 2008. There was a decrease in stock value by S$183.7 million to S$1,606.5 million from S$1790.2 million as on 30 June 2008. 89.1% of the stocks were sold forward to customers or hedged using derivatives.

Advance to Suppliers

Advance to Suppliers days increased to 22 days in Q1 FY2009 from 19 days as at 30 June 2008. The advances decreased from S$380.0 million in Q1 FY2008 to S$369.0 million in Q1 FY2009.

Borrowings

Borrowings decreased to S$2,788.1 million as of end of September 2008 from S$2,984.5 million as of 30 June 2008. Reduction in borrowings was due to seasonal wind-down in working capital as well as reduction in the prices of commodities in our portfolio.

Cash and Fixed Deposits

Cash and Fixed Deposits increased by 26.4% to S$428.6 million as on 30 September 2008 from S$339.1 million as on 30 June 2008.

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 quarter, 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 application of Hedge Accounting provisions under FRS39.

    During the quarter, 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 expect trading conditions to remain difficult over the course of FY2009 with a concurrent recession or slow down across both OECD and emerging economies. Of the 20 products in our portfolio, 17 are primary food raw materials and demand for these products is reasonably resilient to recessionary conditions. The remaining 3 industrial raw material products are expected to face more headwinds and are expected to suffer decline in consumption as economic conditions worsen.

11. Dividend

(a) Current Financial Period Reported On 30 September 2008
NIL

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

(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)

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.

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 30 September 2008 to be false or misleading in any material aspects.

On behalf of the Board of Directors

R. Jayachandran
Chairman

Sunny George Verghese
Group Managing Director & CEO

BY ORDER OF THE BOARD

Sunny George Verghese
Group Managing Director & CEO

14 NOVEMBER 2008