# 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 Year Ended | | | Group 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 Year Ended | | | Group 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 | |
|---|---|---|---|---|---|---|---|---|
| | For the period | | For the period | | For the period | | For the period | |
| From | 1 Jul 04 | 1 Jul 03 | 1 Jul 04 | 1 Jul 03 | 1 Apr 05 | 1 Apr 04 | 1 Apr 05 | 1 Apr 04 |
| To | 30 Jun 05 | 30 Jun 04 | 30 Jun 05 | 30 Jun 04 | 30 Jun 05 | 30 Jun 04 | 30 Jun 05 | 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 1st 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)<br>Spices (Pepper, Cloves, and other spices)<br>Sesame<br>Beans (Pulses, Lentils & Peas) |
| **Confectionery & Beverage ingredients** | Cocoa<br>Coffee<br>Sheanuts |
| **Food Staples & Packaged Foods** | Rice<br>Sugar<br>Dairy Products<br>Packaged Foods |
| **Fibre & Wood Products** | Cotton<br>Timber |

## Background to analyzing our Financial Statements

### Profitability

a. ***Gross and Net Contribution:*** We measure and track our profitability in terms of Gross Contribution (GC) and Net Contribution (NC) per ton of product supplied. GC is calculated as total revenue less cost of goods sold (raw material costs plus other direct costs, including packing costs etc.), shipping and logistics expenses, claims, 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.

b. ***Volumes:*** The second key driver to our profitability is the volume of products supplied. Given our integration and end-to-end supply chain capabilities, we seek to match the supply of our products with demand from our customers. The volume of agricultural products that we supply 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**

| | Edible Nuts, Spices & Beans | | Confectionery & Beverage Ingredients | | Food Staples & Packaged Foods | | Fibre & Wood Products | | Consolidated | |
|---|---|---|---|---|---|---|---|---|---|---|
| **(in S$'000)** | **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