

# Report of the Directors . . . . .

The directors are pleased to present their report to the members together with the audited financial statements of Olam International Limited ("the Company") and its subsidiary companies ("the Group") for the financial year ended 30 June 2005.

## Directors

The directors of the Company in office at the date of this report are:

Murli Kewalram Chanrai	
Rangareddy Jayachandran	
Narain Girdhar Chanrai	
Peter Francis Amour	(Appointed on 02 September 2004)
Tse Po Shing	
Wong Heng Tew	
Mark Haynes Daniell	
Michael Lim Choo San	(Appointed on 24 September 2004)
Robert Michael Tomlin	(Appointed on 24 September 2004)
Sunny George Verghese	
Sridhar Krishnan	
Shekhar Anantharaman	
Lim Sheau Ming	(Appointed on 10 November 2004; alternate to Wong Heng Tew)

## Arrangements to enable directors to acquire shares and debentures

Except as disclosed in this report, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

## Directors' interests in shares and debentures

The following directors who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Companies Act, an interest in shares or debentures of the Company, and related corporations (other than wholly-owned subsidiary companies) as stated below:

	Held in the name of the director or nominee			Deemed interest		
	As at 1.7.2004	As at 30.6.2005	As at 21.7.2005	As at 1.7.2004	As at 30.6.2005	As at 21.7.2005
<u>The Company</u>						
Olam International Limited						
<b>(a) Ordinary shares of ∞</b>	<b>\$0.20 each</b>	<b>\$0.10 each</b>	<b>\$0.10 each</b>	<b>\$0.20 each</b>	<b>\$0.10 each</b>	<b>\$0.10 each</b>
Murli Kewalram Chanrai	–	–	–	272,051,910	508,134,877 <sup>^</sup>	508,134,877 <sup>^</sup>
Narain Girdhar Chanrai	–	–	–	272,051,910	508,134,877 <sup>+</sup>	508,134,877 <sup>+</sup>
Sunny George Verghese	39,511,315	79,022,630	79,022,630	–	–	–
Sridhar Krishnan	70,599,536	141,482,932 <sup>*</sup>	141,482,932 <sup>*</sup>	–	4,227,544 <sup>#</sup>	4,227,544 <sup>#</sup>
Shekhar Anantharaman	3,951,131	141,482,932 <sup>*</sup>	141,482,932 <sup>*</sup>	–	4,227,536 <sup>##</sup>	4,227,536 <sup>##</sup>
<b>(b) Options to subscribe for ordinary shares of \$0.10 each</b>						
Sunny George Verghese	–	15,000,000	15,000,000	–	–	–

- <sup>^</sup> The deemed interest in these shares arose out of Murli Kewalram Chanrai being one of the trustees of the Girdhar Kewalram Chanrai Settlement. The trustees of this Settlement (as a body and in their capacity as trustees) have control over the exercise of more than 20% of the voting rights attached to the shares in Kewalram Chanrai Holdings Ltd, which is a substantial corporate shareholder of the Company. Kewalram Chanrai Holdings Ltd's shareholding in the Company amounted to 508,134,877 ordinary shares of \$0.10 each as at 30 June 2005 (2004: 272,051,910 ordinary shares of \$0.20 each).
- <sup>+</sup> The deemed interest in these shares arose out of Narain Girdhar Chanrai being one of the trustees of the Girdhar Kewalram Chanrai Settlement, the Murli Kewalram Chanrai Settlement and the Pitamber Kewalram Chanrai Settlement. The trustees of the aforesaid Settlements each (as a body and in their capacity as trustees) have control over the exercise of more than 20% of the voting rights attached to the shares in Kewalram Chanrai Holdings Ltd, which is a substantial corporate shareholder of the Company. Kewalram Chanrai Holdings Ltd's shareholding in the Company amounted to 508,134,877 ordinary shares of \$0.10 each as at 30 June 2005 (2004: 272,051,910 ordinary shares of \$0.20 each).
- <sup>\*</sup> The ordinary shares of \$0.10 each were jointly registered under Messrs Sridhar Krishnan, Shekhar Anantharaman and Joydeep Bose as at 30 June 2005 and are held in trust for the management (including the Directors) and employees of the Group pursuant to the Olam International Limited Employee Share Benefit Scheme ("ESBS") and Olam International Limited Employee Share Subscription Scheme 2004 ("ESSS").
- <sup>#</sup> These shares are held in trust by Dexia Trust Services Singapore Limited for Sridhar Krishnan pursuant to the ESSS.
- <sup>##</sup> These shares are held in trust by Dexia Trust Services Singapore Limited for Shekhar Anantharaman pursuant to the ESSS.
- <sup>∞</sup> On 4 January 2005, the authorised and issued share capital of \$0.20 each of the Company was sub-divided into two ordinary shares of \$0.10 each.

		Held in trust for the Company	
		As at 1.7.2004	As at 30.6.2005
<u>Subsidiaries of the Company</u>			
(a)	<b>Olam Burkina Sarl.</b> Shekhar Anantharaman	<b>Ordinary shares of XAF 10,000 each</b> 1	1
(b)	<b>Olam Cam Sarl.</b> Sunny George Verghese	<b>Ordinary shares of XAF 5,000 each</b> 10	10
(c)	<b>Olam Ivoire Sarl.</b> Sunny George Verghese	<b>Ordinary shares of XAF 10,000 each</b> 1	1
(d)	<b>Olam Tanzania Ltd</b> Sunny George Verghese	<b>Ordinary shares of TZS 10,000 each</b> 1	1
(e)	<b>PT Olam Indonesia.</b> Sunny George Verghese	<b>Ordinary shares of USD 10 each</b> 65	65
(f)	<b>Outspan Ivoire Sarl.</b> Sridhar Krishnan Shekhar Anantharaman	<b>Ordinary shares of XAF 10,000 each</b> 200 200	200 200
(g)	<b>Olam Gab Sarl.</b> Sunny George Verghese	<b>Ordinary shares of XAF 5,000 each</b> 200	200

## Directors' interests in shares and debentures (cont'd)

		Held in trust for the Company	
		As at 1.7.2004	As at 30.6.2005
<u>Subsidiaries of the Company (cont'd)</u>			
(h)	<b>Olam Mozambique Lda</b> Shekhar Anantharaman	1 quota of nominal value MZM 140,172,580	1 quota of nominal value MZM 140,172,580
(i)	<b>Olam Madagascar Sarl.</b> Shekhar Anantharaman	<b>Ordinary shares of MGF 50,000 each</b> 1	1
(j)	<b>Olam Nigeria Ltd</b> Sunny George Verghese	<b>Ordinary shares of NGN 1 each</b> 10	10
(k)	<b>Olam Congo Sarl</b> Sridhar Krishnan	<b>Ordinary shares of USD 25 each</b> 10	10
(l)	<b>Outspan Nigeria Ltd</b> Sunny George Verghese	<b>Ordinary shares of NGN 1 each</b> 10	10

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, shares options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of financial year.

## Directors' contractual benefits

Except as disclosed in this report and in the notes to the financial statements, since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

## Employee share benefit scheme

On 26 August 1999, an employee share benefit scheme namely, the "Olam International Limited Employee Share Benefit Scheme" (the "ESBS") was set up to motivate and retain highly qualified and experienced employees within the Group. The ESBS comprised 141,199,072 ordinary shares of \$0.10 each in the Company originally owned by and registered under the name of Kewalram Singapore Limited. To date, the ESBS has been fully implemented.

At the date of this Report, 216 employees of the Group had participated in the ESBS. These shares are held in trust by Messrs Sridhar Krishnan, Shekhar Anantharaman and Joydeep Bose.

## Employee share subscription scheme

On 26 October 2004, the Company implemented an employee share subscription scheme, namely, the “Olam International Limited Employee Share Subscription Scheme 2004” (the “ESSS”). The purpose of the ESSS, similar to the ESBS, was to motivate and retain highly qualified and experienced employees within the Group. The ESSS comprised 73,913,044 ordinary shares of \$0.10 each which were offered at \$ 0.23 per share. These shares have been fully allotted and issued by the Company to 147 employees. Upon the execution of a share subscription agreement (the “Agreement”) by an eligible employee together with payment of the relevant Subscription Price, the Company would issue the prescribed number of shares in the name of (1) Dexia Trust Services Singapore Limited (“Dexia Trust”), where such eligible employees have utilised certain arranged financing facilities granted to Dexia Trust, or (2) Messrs Sridhar Krishnan, Shekhar Anantharaman and Joydeep Bose as trustees for such eligible employees who do not require such financing. Such shares are held on trust by the relevant trustee(s) for such eligible employees and administered in accordance with the rules of the ESSS and the terms and conditions of the Trust Deed dated 26 October 2004 entered into between Dexia Trust and the Company or the Trust Deed dated 26 October 2004 entered into between Messrs Sridhar Krishnan, Shekhar Anantharaman and Joydeep Bose and the Company (as the case may be).

## Olam employee share option scheme

The Olam Employee Share Option Scheme (the “ESOS”) was approved by shareholders at an Extraordinary General Meeting held on 4 January 2005.

The objectives of the ESOS are to provide an opportunity for employees of the Group, directors or full-time employees of the Company, to participate in the equity of the Company so as to motivate them to greater dedication, loyalty and higher standard of performance, and to give recognition to employees of the Group who have contributed to the success and development of the Company and/or the Group.

Each Option shall be exercisable, in whole or in part, during the option period as follows:

- (a) in the case of a Market Price Option, a period commencing after the first anniversary of the Offering Date and expiring on the fifth anniversary of such Offering Date
- (b) in the case of an Incentive Option, a period commencing after the second anniversary of the Offering Date and expiring on the fifth anniversary of such Offering Date.

In the event of an Option being exercised in part only, the balance of the Option not thereby exercised shall continue to be exercisable in accordance with the ESOS until such time as it shall lapse in accordance with the ESOS.

Under the rules of the ESOS, the directors (except Non-Executive Directors and Independent Directors) and employees of the Group are eligible to participate in the ESOS. Controlling Shareholders and associates of Controlling Shareholders are not eligible to participate in the ESOS.

As at date of this report, the ESOS is administered by the Management Development & Compensation Committee, which consists of the following directors:

Mark Haynes Daniell – Chairman  
 Michael Lim Choo San  
 Rangareddy Jayachandran  
 Wong Heng Tew  
 Tse Po Shing

### Olam employee share option scheme (cont'd)

Details of Options to subscribe for new ordinary shares of \$0.10 each in the capital of the Company pursuant to the Company's ESOS granted to the directors of the Company are as follows:

Name of Participant	Options granted during financial year under review (including terms)	Aggregate options granted since commencement of scheme to end of financial year under review	Aggregate options exercised since commencement of scheme to end of financial year under review	Aggregate options outstanding as at end of financial year under review
Sunny George Verghese	15,000,000	15,000,000	–	15,000,000

On 4 January 2005, the Company granted 15,000,000 market price options to Mr Sunny George Verghese, Group Managing Director & Chief Executive Officer, at an exercise price of \$ 0.62 (Invitation Price). These options are exercisable in three equal tranches of 5,000,000 shares on or after the first, second and third anniversaries respectively of the date of the admission of the Company to the official list of the SGX-ST (11 February 2005).

Except as disclosed above, no other directors or employees of the Group received 5% or more of the total number of options available under the ESOS during the financial year under review.

The options granted by the Company do not entitle the holder of the options, by virtue of such holding, to any rights to participate in any share issue of any other company.

There were no Incentive Options granted from commencement of ESOS to the financial year end under review.

Except as disclosed above, there were no unissued shares of the Company under the options granted by the Company, as at the end of the financial year.

## Audit Committee

The Audit Committee comprises of our three independent directors, Mr. Michael Lim Choo San [Chairman], Mr. Robert Tomlin and Mr. Mark Haynes Daniell. The Audit Committee performed the functions specified in Section 201B of the Singapore Companies Act, the Code of Corporate Governance and the Listing Manual of the Singapore Exchange.

The Audit Committee held 3 meetings during the year. The Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and their evaluation of the Company's internal accounting control system.

The Audit Committee reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;
- financial statements of the Group and of the Company prior to their submission to the directors' of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange)

The Audit Committee has full access and cooperation of the management and full discretion to invite any director or executive officer to attend its meetings.

The Audit Committee also reviewed the cost effectiveness of the audit conducted by the external auditors and the nature and extent of all non audit services performed by the external auditors and has confirmed that such services would not affect their independence.

The Audit Committee has nominated Ernst & Young for reappointment as auditors of the Company at the forthcoming Annual General meeting.

## Auditors

The auditors, Ernst & Young, Certified Public Accountants, have expressed their willingness to accept re-appointment.

On behalf of the Board,

Rangareddy Jayachandran  
Director

Sunny George Verghese  
Director

Singapore  
4 October 2005

# Statement by Directors . . . . .

We, Rangareddy Jayachandran and Sunny George Verghese, being two of the directors of Olam International Limited, do hereby state that, in the opinion of the directors:

- (i) the accompanying balance sheets, profit and loss accounts, statements of changes in equity and consolidated statement of cash flow together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2005 and of the results of the business, changes in equity of the Company and of the Group and cash flow of the Group for the year then ended; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board,

Rangareddy Jayachandran  
Director

Sunny George Verghese  
Director

Singapore  
4 October 2005

# Auditors' Report to the Members of Olam International Limited

We have audited the accompanying financial statements of Olam International Limited ("the Company") and its subsidiary companies ("the Group") set out on pages 74 to 114, for the financial year ended 30 June 2005. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- (a) the consolidated financial statements of the Group and the financial statements of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Cap 50 (the Act) and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2005 and the results, changes in equity of the Group and of the Company and cash flow of the Group for the financial year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Company and by those subsidiary companies incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

ERNST & YOUNG  
Certified Public Accountants

Singapore  
4 October 2005



# Profit and Loss Accounts for the year ended 30 June 2005

	Note	Group		Company	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
<b>Revenue</b>					
Sale of goods	3	3,369,237	2,610,349	3,046,321	2,260,715
Other revenue	4	13,123	12,082	1,922	6,864
		3,382,360	2,622,431	3,048,243	2,267,579
<b>Costs and expenses</b>					
Cost of goods sold	5	2,642,932	2,059,807	2,624,168	1,979,406
Shipping and logistics		463,059	328,458	225,676	136,183
Commission and claims		27,822	26,385	33,085	29,150
Staff costs		50,406	39,225	28,358	23,316
Depreciation	9	7,551	4,724	304	324
(Gain)/loss on foreign exchange		(13,373)	1,514	(4,743)	341
Other operating expenses		77,572	65,035	32,301	30,024
		3,255,969	2,525,148	2,939,149	2,198,744
<b>Profit from operating activities</b>	6	126,391	97,283	109,094	68,835
Finance costs	7	(51,485)	(43,562)	(41,897)	(25,492)
		74,906	53,721	67,197	43,343
Share of loss of jointly controlled entity		(3)	(42)	–	–
<b>Profit before taxation</b>		74,903	53,679	67,197	43,343
Taxation	8	(7,878)	(5,584)	(3,752)	(2,889)
<b>Profit for the financial year</b>		67,025	48,095	63,445	40,454
			<b>(Restated)</b>		
Basic earnings per share (in cents)	35	5.19	4.52		
Diluted earnings per share (in cents)	35	5.12	4.40		

The accompanying notes form an integral part of the financial statements.

# Balance Sheets

as at 30 June 2005

	Note	Group		Company	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
<b>Fixed assets</b>	9	39,166	21,195	665	672
<b>Subsidiary companies</b>	10	–	–	50,120	40,418
<b>Deferred tax assets</b>	8	860	829	717	1,196
<b>Investments</b>	11	1,484	74	1,606	196
<b>Current assets</b>					
Amount due from subsidiary companies	12	–	–	200,314	83,746
Amount due from a related party	13	–	3,000	–	3,000
Trade debtors	14	649,179	464,944	531,810	387,771
Margin accounts with brokers	15	57,335	5,317	57,079	5,317
Stocks	16	1,019,025	478,058	314,035	141,093
Advance payments to suppliers	17	90,881	90,090	671,818	356,517
Other debtors	18	117,617	77,840	53,250	41,151
Fixed deposits		61,655	11,922	60,897	9,674
Cash and bank balances		103,712	88,450	21,082	41,671
		2,099,404	1,219,621	1,910,285	1,069,940
<b>Current liabilities</b>					
Amount due to a corporate shareholder	19	–	1,403	–	1,403
Trade creditors and accruals	20	175,026	154,976	130,395	112,718
Other creditors	21	9,789	5,388	7,368	2,582
Amounts due to bankers	22	1,187,967	672,706	1,075,752	600,676
Medium term notes	23	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
<b>Net current assets</b>		455,215	202,233	429,173	171,945
<b>Term loan from a bank</b>	24	–	(266)	–	–
<b>Convertible redeemable shares</b>	25	–	(25,602)	–	(25,602)
<b>Long term loan from a corporate shareholder</b>	26	–	(8,600)	–	(8,600)
		496,725	189,863	482,281	180,225
<b>Share capital</b>	27	155,459	100,791	155,459	100,791
<b>Reserves</b>		341,266	89,072	326,822	79,434
		496,725	189,863	482,281	180,225

The accompanying notes form an integral part of the financial statements.

# Statements of Changes in Equity for the year ended 30 June 2005

	Note	Group		Company	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
<b>Issued capital <sup>(1)</sup></b>					
Balance at beginning		100,791	81,496	100,791	81,496
Issuance of ordinary shares	27	54,668	19,295	54,668	19,295
Balance at end		155,459	100,791	155,459	100,791
<b>Reserves</b>					
<b>Share premium</b>					
Balance at beginning		36,035	11,531	36,035	11,531
Issuance of ordinary shares		216,367	24,504	216,367	24,504
Expenses on issuance of ordinary shares		(10,907)	–	(10,907)	–
Balance at end		241,495	36,035	241,495	36,035
<b>Foreign currency translation reserves</b>					
Balance at beginning		(4,005)	(1,744)	3,079	5,459
Foreign currency translation adjustment		3,981	(2,261)	2,755	(2,380)
Balance at end		(24)	(4,005)	5,834	3,079
<b>Revenue reserves</b>					
Balance at beginning		57,042	26,947	40,320	17,866
Profit for the financial year		67,025	48,095	63,445	40,454
Dividends paid	28	(24,272)	(18,000)	(24,272)	(18,000)
Balance at end		99,795	57,042	79,493	40,320
<b>Total reserves</b>		341,266	89,072	326,822	79,434
<b>Total equity</b>		496,725	189,863	482,281	180,225
<b>Net change in equity from non-owner sources excluding net profit/(loss)</b>		3,981	(2,261)	2,755	(2,380)

<sup>(1)</sup> The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

The accompanying notes form an integral part of the financial statements.

# Consolidated Statement of Cash Flow for the year ended 30 June 2005

	2005 \$'000	2004 \$'000
<b>Cash flow from operating activities</b>		
Operating profit before taxation	74,903	53,679
Adjustments for:		
Share of loss of jointly controlled entity	3	42
Depreciation of fixed assets	7,551	4,724
(Gain)/loss on disposal of assets	(126)	104
Interest income	(2,140)	(6,828)
Interest expense	51,485	43,562
<b>Operating profit before reinvestment in working capital</b>	131,676	95,283
Decrease in amount due from a related party	3,000	2,362
Increase in stocks	(540,967)	(167,063)
Increase in debtors	(276,030)	(114,218)
Increase in advance payments to suppliers	(791)	(33,873)
Increase in creditors	19,978	69,708
<b>Cash used in operations</b>	(663,134)	(147,801)
Interest income received	2,140	6,828
Interest expense paid	(47,012)	(42,673)
Tax paid	(5,283)	(4,678)
<b>Net cash used in operating activities</b>	(713,289)	(188,324)
<b>Cash flow from investing activities</b>		
Proceeds from disposal of fixed assets	655	1,174
Purchase of fixed assets	(25,885)	(9,871)
Investment in a jointly controlled entity	(1,414)	-
<b>Net cash used in investing activities</b>	(26,644)	(8,697)
<b>Cash flow from financing activities</b>		
Increase in loans from banks	505,419	40,269
Repayment of term loan from a bank	(266)	(77)
(Decrease)/increase in amount due to a corporate shareholder	(1,403)	1,525
Repayment of long term loan from a corporate shareholder	(8,600)	(206)
Proceeds from issuance of ordinary shares at premium	245,433	43,799
Expenses on issuance of ordinary shares	(10,907)	-
Proceeds from issue of convertible redeemable shares at premium	-	25,602
Dividends paid on ordinary shares by the Company	(24,272)	(22,730)
Proceeds from issue of medium term notes	85,780	177,000
<b>Net cash provided by financing activities</b>	791,184	265,182
Net effect of exchange rate changes on cash and cash equivalents	3,902	(1,989)
Net increase in cash and cash equivalents	55,153	66,172
Cash and cash equivalents at beginning of year (Note 32)	32,656	(33,516)
Cash and cash equivalents at end of year (Note 32)	87,809	32,656

The accompanying notes form an integral part of the financial statements.

# Notes to the Financial Statements – 30 June 2005

## 1. Corporate information

Olam International Limited (“the Company”) is a limited liability company, which is domiciled and incorporated in Singapore.

On 11 February 2005, the Company was admitted to the Official List of the Stock Exchange Securities Trading Limited (“SGX-ST”).

The principal activities of the Company and that of its subsidiary companies are those of sourcing, processing and trading of agri commodities. There have been no significant changes in the nature of these activities during the year.

The registered office of the Company is located at 10 Collyer Quay, #19-08, Ocean Building, Singapore 049315. The place of business of the Company is at 9 Temasek Boulevard, #11-02 Suntec Tower Two, Singapore 038989, while the various places of business of the subsidiaries are shown in Note 10 to the financial statements.

The Group operates in 40 (2004: 38) countries and has 5,090 (2004: 3,003) employees as of 30 June 2005.

## 2. Summary of significant accounting policies

### (a) Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS) as required by the Companies Act. The financial statements have been prepared on a historical cost basis.

The accounting policies have been consistently applied by the Group and the Company and are consistent with those used in the previous financial year.

The financial statements are presented in Singapore Dollars (SGD or \$).

### (b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries and jointly controlled entities, after the elimination of all material intragroup transactions and resulting unrealised profits. Unrealised losses resulting from intragroup transactions are also eliminated unless costs cannot be recovered. A list of the Group’s subsidiary companies is shown in Note 10.

#### (i) Subsidiary companies

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which the Group ceases to have control of the subsidiaries. Acquisition of subsidiaries are accounted for using the purchase method of accounting.

**(b) Basis of consolidation (cont'd)****(ii) Jointly controlled entity**

A jointly controlled entity is a company in which the Group has a long-term substantial equity interest and in whose commercial and financial decisions the Group jointly controls.

The consolidated financial statements included the Group's share of the total recognised gains and losses of its jointly controlled entities on an equity accounted basis, from the date that joint control commences until the date that joint control ceases. When the Group's share of losses exceeds the carrying amount of the investment, the investment is reported as nil and recognition of losses is discontinued except to the extent of the Group's commitment.

Goodwill represents the excess of the cost of the acquisition over the fair value of identifiable net assets of a subsidiary at the date of acquisition. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. In accordance with FRS 103 which is applicable from 1 July 2004, goodwill is not amortised and is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

The financial statements of subsidiary companies and the jointly controlled entities are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to conform any dissimilar material accounting policies that may exist.

Assets, liabilities and results of overseas subsidiary companies and the jointly controlled entity are translated into the United States Dollars, which is the Company's measurement currency on the basis outlined in paragraph (v) below.

**(c) Subsidiary companies**

A subsidiary is a company in which the Group, directly or indirectly holds more than 50% of the issuance share capital, or controls more than half of the voting power, or controls the composition of the board of directors.

In the Company's separate financial statements, investment in subsidiary companies are accounted for at cost less impairment losses.

A list of the Group's subsidiary companies is shown in Note 10.

**(d) Jointly controlled entity**

A jointly controlled entity is a contractual arrangement whereby the Group and other entities undertake an economic activity, which is subject to joint control.

In the Company's separate financial statements, investment in jointly controlled entities are stated at cost. The carrying amounts of the jointly controlled entities are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated and any impairment loss is recognised whenever the carrying amount exceeds the recoverable amount. The impairment loss is charged to the profit and loss account.

**(e) Fixed assets**

Fixed assets are stated at cost less accumulated depreciation and any impairment in value. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repairs are charged to the profit and loss account. When assets are sold or retired, their cost and accumulated depreciation are removed from the accounts and any gain or loss resulting from their disposal is included in the profit and loss account.

## 2. Summary of significant accounting policies (cont'd)

### (f) **Cash and cash equivalents**

Cash and cash equivalents consist of cash and bank balances and short-term bank deposits, which are held to maturity, and are carried at cost.

For the purposes of the cash flow statement, cash and cash equivalents are shown net of only outstanding bank overdrafts which are repayable on demand.

### (g) **Receivables**

Trade debtors, which are on trade terms, are recognised and carried at original invoiced amounts less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Receivables from a related company, subsidiary companies and immediate holding company are recognised and carried at cost less an allowance for any uncollectible amounts.

### (h) **Stocks**

Stocks are stated at the lower of cost and net realisable value. Stocks consist of trading stocks which are valued on first-in-first-out basis. Net realisable value represents the estimated selling price in the ordinary course of business, less anticipated cost of disposal and after making allowance for damaged, obsolete and slow-moving items.

### (i) **Payables**

Liabilities for trade and other amounts payable, which are on trade terms, are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

Payables to the corporate shareholder and subsidiary companies are carried at cost.

### (j) **Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

### (k) **Loans and borrowings**

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received and including acquisition charges associated with the loans and borrowings.

### (l) **Investments**

Investments held for the long term are stated at cost less amounts provided for or written off in recognition of any impairment in value of the investments determined on an individual investment basis.

**(m) Income taxes**

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled based on tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax liabilities are recognised for all taxable temporary differences associated with investments in subsidiary companies and the jointly controlled entity, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilised.

At each balance sheet date, the Group re-assesses unrecognised deferred tax assets and the carrying amount of deferred tax assets. The Group recognised a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The Group conversely reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit or part or all of the deferred tax asset to be utilised.

**(n) Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must be met before revenue is recognised:

**(i) Physical commodities**

Revenue from the sale of physical goods is recognised upon passage of title to the customer which generally coincides with their delivery and acceptance.

**(ii) Interest**

Revenue is recognised as the interest accrues (taking into account the effective yield on the asset) unless collectibility is in doubt.

**(o) Government grants**

Government grants are recognised on their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

**(p) Depreciation**

Fixed assets are depreciated on the straight line method at a fixed annual rate over their estimated useful lives which are as follows:

Buildings	–	20 years
Plant and machinery	–	5 to 10 years
Motor vehicles	–	3 to 5 years
Furniture and fittings	–	5 years
Office equipment	–	5 years
Computers	–	3 years



## 2. Summary of significant accounting policies (cont'd)

### (q) Borrowings costs

Borrowing costs are recognised as expenses in the period in which they are incurred.

### (r) Impairment

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. All impairment losses are recognised in the profit and loss account whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

An impairment loss is only revised to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for that asset in prior years. All reversals of impairment are recognised in the profit and loss account.

### (s) Employee benefits

#### *Defined contribution plan*

The Group participates in the national pension schemes as defined by the laws of countries in which it has operations. In particular, the Singapore companies in the Group make contribution to the Central Provision Fund scheme, a defined contribution pension scheme. Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

#### *Employee leave entitlement*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to the balance sheet date.

#### *Employee share option scheme*

The Group has an employee share option scheme for the granting of non-transferable options. No compensation cost is recognised upon granting of the options. When the options are exercised, the proceeds received net of any transaction costs are credited to share capital and share premium accordingly.

### (t) Futures and options contract

The Group enters into commodity futures and option contracts as a hedge against stocks and trading commitments and its various trading exposures. Principal commodities hedged by these contracts are coffee, cocoa, cotton and sugar.

Gains or losses arising from hedging transactions are recognised to the profit and loss account when the products associated with the hedged items are sold and are recorded as other assets or other liabilities for products associated with the hedged items which remain unsold.

The commodity futures and option contracts entered into by the Group are off-balance sheet items and disclosed in various notes to the accounts. Details of the Group's financial risk management objectives and policies are set out in Note 33.

**(u) Foreign exchange forward and swap contracts**

The Group uses foreign exchange forward contracts to hedge its risks associated with foreign currency fluctuations. Transactions in foreign exchange forward contracts and currency swaps for hedging against any identifiable commitments are accounted for in a manner consistent with the accounting treatment of the commitments being hedged.

The foreign exchange forward contracts entered into by the Group are off-balance sheet items and disclosed in various notes to the accounts. Details of the Group's financial risk management objectives and policies are set out in Note 33.

**(v) Foreign currencies**

The Company's measurement currency is the United States Dollars (USD), which reflects the economic substance of the underlying events and circumstances of the Company and the Group. Although the Company is domiciled in Singapore, most of the Company's transactions are denominated in USD and the selling prices for the Company's products are sensitive to movements in the foreign exchange rate with the USD. The measurement currency of the subsidiary companies is their respective local currency.

Transactions in currencies other than measurement currency are treated as transactions in foreign currencies and are recorded at exchange rates approximating those ruling at the transaction dates. Foreign currency monetary assets and liabilities are measured using the exchange rates ruling at balance sheet date. Non-monetary assets and liabilities are measured using the exchange rates ruling at the transaction dates or, in the case of items carried at fair value, the exchange rates that existed when the values were determined. All resultant exchange differences are recognised in the profit and loss account.

For inclusion in the consolidated financial statements, all assets and liabilities of foreign subsidiary companies are translated into USD at the exchange rates ruling at the balance sheet date and the results of foreign subsidiary companies are translated into USD at the weighted average exchange rates. Exchange differences due to such currency translations are included in the foreign currency translation reserve.

The financial statements are presented in Singapore Dollars (SGD) as the Company's principal place of business is in Singapore and the directors feel that presenting the financial statements in SGD would be most useful to the shareholders of the Company.

The financial statements are translated from USD to SGD as follows:

- (a) assets and liabilities are translated at the closing rate existing at balance sheet date;
- (b) income and expense items are translated at the average exchange rate for the period, which approximates the actual exchange rates existing at the dates of the transactions;
- (c) all resultant exchange differences are recognised separately in the foreign currency translation reserve.

**(w) Operating leases**

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased item are classified as operating leases. Operating lease payments are recognised as an expense in the profit and loss account on a straight-line basis over the lease term.

The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

### 3. Sale of goods

Turnover represents sale of physical commodities, net of discounts and returns. It excludes interest income, realised profits on futures and options, and, in respect of the Group, intra-group transactions.

Turnover for the financial year ended 30 June 2005 and 30 June 2004 are as follows:

	Group		Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Third parties	3,369,237	2,610,349	2,695,237	2,104,147
Subsidiaries companies	–	–	351,084	156,568
	3,369,237	2,610,349	3,046,321	2,260,715

### 4. Other revenue

Other revenue included the following for the financial year ended 30 June 2005 and 30 June 2004:

	Group		Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Interest income from fixed deposits	1,005	196	329	130
Interest income from brokers	–	649	–	649
Interest income from customers	1,135	5,983	1,135	5,983
Miscellaneous income (1)	4,124	5,254	366	102
Government grant income (2)	6,859	–	–	–
Dividend income	–	–	92	–
	13,123	12,082	1,922	6,864

- (1) Miscellaneous income for the Group comprised mainly sale of export licences, scrap and by-products from processing operations.
- (2) Government grant income relates to export subsidies granted to milk powder exporters in Poland by the Polish Agriculture Agency.

## 5. Cost of goods sold

Cost of goods sold included the following realised profit on futures and options arising from price hedges in relation to sales and purchases of physical commodities:

	Group		Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Realised profit on futures and options	11,825	22,775	10,459	22,775

## 6. Profit from operating activities

Profit from operating activities included the following for the financial year ended 30 June 2005 and 30 June 2004:

	Group		Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
This is stated after charging/(crediting):				
Auditor's remuneration:				
– Paid to auditors of the Company	330	300	330	300
– Paid to other auditors	505	589	–	–
– Other fees paid to auditor of the Company*	109	–	109	–
(Gain)/loss on disposal of fixed assets	(126)	104	–	(1)
Director's emoluments:				
– Directors of the Company	2,593	1,629	2,593	1,629
– Other directors of subsidiary companies	25	61	–	–
Staff costs:				
– Salaries and employee benefits	47,542	37,200	27,647	22,597
– CPF contributions and equivalent	2,809	1,845	710	719
– Retrenchment benefits	55	180	–	–
Bank charges	17,461	22,108	12,025	16,716
Bad debts written off:				
– Trade debtors (Note 14)	51	33	10	33
– Advance to suppliers (Note 17)	145	185	40	–
Provision for doubtful debts:				
– Trade debtors	3,274	991	2,305	812
– Advance to suppliers	1,107	747	3,509	–
– Other debtors	20	196	–	–
– Subsidiary companies	–	–	2,188	–
Provision for stocks written down	167	2,752	–	2,743
Stocks written off	260	82	–	–
(Writeback)/provision for impairment in investment in subsidiaries	–	–	(282)	2,064

\* In addition to the fees disclosed, the Group and Company paid \$361,000 relating to the Initial Public Offering ("IPO") exercise undertaken during the financial year. These amounts were included as expenses from issuance of shares which were deducted from the share premium account.

## 7. Finance costs

Finance costs included the following for the financial year ended 30 June 2005 and 30 June 2004:

	Group		Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Interest expense -				
On bank overdrafts	8,527	13,110	1,298	1,638
On bank loans	34,426	26,328	31,332	19,605
Interest on medium term notes	7,530	1,563	7,530	1,563
Interest on loan from a subsidiary	-	-	148	136
Others	1,002	2,561	1,589	2,550
	51,485	43,562	41,897	25,492

## 8. Taxation

Major components of income tax expense for the financial year ended 30 June 2005 and 30 June 2004 were:

Current:				
Singapore	3,750	2,229	3,750	2,229
Foreign	4,518	2,151	-	-
(Over)/under provision in respect of prior years	(273)	1,337	(446)	1,371
	7,995	5,717	3,304	3,600
Deferred:				
Singapore	448	(711)	448	(711)
Foreign	(565)	578	-	-
	(117)	(133)	448	(711)
Tax expense	7,878	5,584	3,752	2,889

The Company is an approved company under the Global Trader Programme of International Enterprise Singapore. By virtue of this, the Company is entitled to a concessionary income tax rate of 5% for a period of 5 years from 1 July 2003 to 30 June 2008 on qualifying activities, products and income.

A reconciliation of the statutory tax rate to the Group's effective tax rate for the financial year ended 30 June 2005 and 30 June 2004 is as follows:

	Group		Company	
	2005	2004	2005	2004
	%	%	%	%
Statutory tax rate	20.0	20.0	20.0	20.0
Tax effect of non-deductible expenses/ (non-taxable income)	1.6	(1.3)	1.5	(0.9)
Higher statutory tax rates of other countries	1.9	2.3	–	–
Tax effect of income taxed at lower rate	(14.4)	(12.7)	(16.0)	(15.5)
Tax effect on exempt income	–	(1.6)	–	–
Tax effect on difference in tax base	2.0	1.0	–	–
Group relief	–	–	(0.8)	(0.4)
Utilisation of timing differences not recognised in prior year	0.1	(0.2)	–	–
(Over)/under provision in respect of prior year	(0.4)	2.2	(0.6)	3.1
Tax effect of deductible temporary differences not recognised	(1.1)	0.8	–	–
Tax effect of others, net	0.8	(0.1)	1.5	0.3
Effective tax rate	10.5	10.4	5.6	6.6

#### Deferred tax assets and liabilities

	Group		Company	
	2005	2004	2005	2004
	\$'000	\$'000	\$'000	\$'000
Deferred tax liabilities:				
Differences in depreciation	314	399	10	40
Others	25	309	–	–
Gross deferred tax liabilities	339	708	10	40
Deferred tax assets:				
Provision for doubtful debts	646	589	549	495
Provision for inventories written-down	178	741	178	741
Unabsorbed losses	221	206	–	–
Re-investment tax credits	–	28	–	–
Deferred tax assets not recognised	–	(27)	–	–
Others	154	–	–	–
Gross deferred tax assets	1,199	1,537	727	1,236
Net deferred tax assets	860	829	717	1,196

A loss-transfer system of group relief (group relief system) for companies was introduced in Singapore with effect from Year of Assessment 2003. Under the group relief system, a company belonging to a group may transfer its current year unabsorbed capital allowances, current year unabsorbed trade losses and current year unabsorbed donations to another company belonging to the same group, to be deducted against the assessable income of the latter company.

The Company's subsidiary company intends to transfer all its unabsorbed trade losses of \$2,633,000 (2004: \$859,000) to the Company under the group relief system, subject to compliance with the relevant rules and procedures and agreement of the Inland Revenue Authority of Singapore. The current year tax expense of the Company is net of the tax effect of the unutilised trade losses transferred.

The Group has tax losses of approximately \$2,762,000 (2004: \$1,939,000) that are available for offset against future taxable profits of the companies in which the losses arose. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

## 9. Fixed assets

Group	Land and Buildings \$'000	Plant and machinery \$'000	Motor vehicles \$'000	Furniture and fittings \$'000	Office equipment \$'000	Computers \$'000	Capital work-in-progress \$'000	Total \$'000
Cost								
At 30 June 2004	3,506	14,346	9,719	3,462	4,363	1,995	332	37,723
Additions	3,685	11,851	5,944	755	1,139	621	1,890	25,885
Disposals	–	(308)	(1,058)	(23)	(169)	(37)	–	(1,595)
Reclassification	–	385	–	–	(38)	38	(385)	–
Foreign currency translation adjustment	176	(96)	(211)	(16)	(49)	12	88	(96)
At 30 June 2005	7,367	26,178	14,394	4,178	5,246	2,629	1,925	61,917
Accumulated depreciation								
At 30 June 2004	627	4,357	5,103	2,532	2,542	1,367	–	16,528
Charge for the year	131	3,305	2,660	358	709	388	–	7,551
Disposals	–	(47)	(856)	(26)	(104)	(33)	–	(1,066)
Reclassification	–	–	–	–	(8)	8	–	–
Foreign currency translation adjustment	14	(95)	(104)	(32)	(39)	(6)	–	(262)
At 30 June 2005	772	7,520	6,803	2,832	3,100	1,724	–	22,751
Charge for 2004	76	1,607	1,605	370	677	389	–	4,724
Net book value								
At 30 June 2005	6,595	18,658	7,591	1,346	2,146	905	1,925	39,166
At 30 June 2004	2,879	9,989	4,616	930	1,821	628	332	21,195

As at 30 June 2004, the factory building of a subsidiary company with net book value amounting to \$485,108 was pledged to secure the term loan from bank (Note 24). This security was lifted during the financial year.

Company	Building \$'000	Motor vehicles \$'000	Furniture and fittings \$'000	Office equipment \$'000	Computers \$'000	Total \$'000
Cost						
At 30 June 2004	193	391	1,260	797	608	3,249
Additions	–	70	41	48	151	310
Disposals	–	–	–	–	(14)	(14)
Foreign currency translation adjustment	(4)	(7)	(24)	(16)	(10)	(61)
At 30 June 2005	189	454	1,277	829	735	3,484
Accumulated depreciation						
At 30 June 2004	52	149	1,230	686	460	2,577
Charge for the year	9	74	39	66	116	304
Disposals	–	–	–	–	(14)	(14)
Foreign currency translation adjustment	(2)	(1)	(24)	(13)	(8)	(48)
At 30 June 2005	59	222	1,245	739	554	2,819
Charge for 2004	10	51	82	75	106	324
Net book value						
At 30 June 2005	130	232	32	90	181	665
At 30 June 2004	141	242	30	111	148	672

Included in fixed assets of the Company are assets belonging to overseas representative offices set up by the Company in certain countries, with net book value of \$293,878 (2004: \$270,716).

## 10. Subsidiary companies

	Company	
	2005 \$'000	2004 \$'000
Unquoted shares at cost	33,492	29,431
Loans to subsidiary companies	2,934	2,940
Advances for equity contributions	15,476	10,111
Provision for impairment loss	(1,782)	(2,064)
	50,120	40,418

Loans to subsidiary companies are unsecured, interest free and have no fixed terms of repayment. They are not expected to be repayable in the next 12 months.

Advances for equity contributions represent advances made to subsidiary companies to purchase fixed assets. There are no repayment terms for these advances as the intention for these advances is that they would ultimately be converted to equity.



## 10. Subsidiary companies (cont'd)

Subsidiary companies of Olam International Limited as at 30 June 2005 are:

Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of investment				Percentage of equity held by the Company	
		2005		2004		2005	2004
		US\$'000	S\$'000	US\$'000	S\$'000	%	%
Caraway Pte Ltd <sup>1</sup> (Singapore)	Sourcing, processing, packaging and trading of agri commodities (Singapore)	122	206	*	*	100	100
Olam Benin Sarl. <sup>3</sup> (Benin)	Dormant (Cotonou)	336	566	336	578	100	100
Olam Burkina Sarl. <sup>3</sup> (Burkina Faso)	Sourcing, processing and trading of agri commodities (Bobo Dioulasso)	191	322	191	329	100	100
Olam Cam Sarl <sup>3</sup> (Cameroon)	Sourcing, processing and trading of agri commodities (Douala)	328	553	328	564	100	100
Olam Europe B.V. <sup>4</sup> (Netherlands)	Trading of agri commodities (Rotterdam)	20	34	20	34	100	100
Olam Ghana Limited <sup>2</sup> (Ghana)	Sourcing, processing and trading of agri commodities (Accra)	2,940	4,954	1,605	2,761	100	100
Olam Investments Limited <sup>2</sup> (Mauritius)	Investment holding (Mauritius)	10	17	10	17	100	100
Olam Ivoire Sarl. <sup>3</sup> (Ivory Coast)	Sourcing, processing and trading of agri commodities (Abidjan)	312	526	312	536	100	100
Olam Nigeria Ltd <sup>2</sup> (Nigeria)	Sourcing, processing and trading of agri commodities (Lagos)	3,021	5,090	3,021	5,196	100	100
Outspan Nigeria Ltd <sup>2</sup> (Nigeria)	Sourcing, processing and trading of agri commodities (Lagos)	277	467	1	2	100	100
Olam Tanzania Ltd <sup>2</sup> (Tanzania)	Sourcing, processing and trading of agri commodities (Dar-es-Salaam)	2,412	4,064	2,412	4,148	100	100
Olam Togo Sarl. <sup>3</sup> (Togo)	Dormant (Lome)	208	350	208	358	100	100

Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of investment				Percentage of equity held by the Company	
		2005		2004		2005	2004
		US\$'000	S\$'000	US\$'000	S\$'000	%	%
Outspan Ivoire Sarl. <sup>3</sup> (Ivory Coast)	Sourcing, processing and trading of agri commodities (Abidjan)	3,798	6,400	3,473	5,974	100	100
Olam Bissau Limitada <sup>4</sup> (Guinea Bissau)	Sourcing, processing and trading of agri commodities (Bissau)	3	5	3	5	100	100
Olam Gab Sarl. <sup>4</sup> (Gabon)	Sourcing, processing and trading of agri commodities (Libreville)	187	315	187	322	100	100
Olam Mozambique Limitada <sup>3</sup> (Mozambique)	Sourcing, processing and trading of agri commodities (Nacala)	1,053	1,774	1,053	1,811	100	100
Olam Madagascar Sarl. <sup>3</sup> (Madagascar)	Sourcing, processing and and trading of agri commodities (Tamatave)	10	17	10	17	100	100
Olam Polska Sp Zoo <sup>3</sup> (Poland)	Sourcing, processing and trading of agri commodities (Warsaw)	211	356	211	363	100	100
Outspan Ghana Limited <sup>2</sup> (Ghana)	Sourcing, processing and trading of agri commodities (Accra)	101	170	101	174	100	100
Olam Vietnam Limited <sup>2</sup> (Vietnam)	Sourcing, processing and trading of agri commodities (Ho Chi Minh)	1,000	1,685	1,000	1,720	100	100
Olam Insurance Limited <sup>2</sup> (Isle of Man)	Providing insurance related services (Isle of Man)	500	843	500	860	100	100
Olam South Africa (Proprietary) Limited <sup>2</sup> (South Africa)	Sourcing, processing and trading of agri commodities (Durban)	100	168	100	172	100	100
Olam Congo (RDC) SPRL <sup>4</sup> (Democratic Republic of Congo)	Sourcing, processing and trading of agri commodities (Kinshasha)	25	42	25	43	100	100

## 10. Subsidiary companies (cont'd)

Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of investment				Percentage of equity held by the Company	
		2005		2004		2005	2004
		US\$'000	S\$'000	US\$'000	S\$'000	%	%
Olam Online Ltd <sup>1</sup> (Singapore)	Dormant (Singapore)	*	*	*	*	100	100
Outspan PNG Limited <sup>3</sup> (Papua New Guinea)	Sourcing, processing and trading of agri commodities (Rabaul)	100	168	100	172	100	100
Olam France Sarl. <sup>2</sup> (France)	Trading of agri commodities (Marsellies)	7	12	7	12	100	100
Olam Guinee Sarl. <sup>2</sup> (Guinee Conakry)	Sourcing, processing and trading of agri commodities (Conakry)	3	5	3	5	100	100
Olam Brazil Ltda <sup>4</sup> (Brazil)	Sourcing, processing and trading of agri commodities (Fortaleza)	208	350	208	358	100	100
Olam Kazakhstan <sup>4</sup> (Kazakhstan)	Dormant (Djetisay)	10	17	10	17	100	100
Olam Middle East L.L.C <sup>3</sup> (United Arab Emirates)	Trading of agri commodities (Dubai)	82	138	82	141	100	100
Olam Americas Inc. <sup>4</sup> (United States Of America)	Sourcing, processing and trading of agri ommodities (North Carolina)	1	2	1	2	100	100
Olam Europe Ltd <sup>4</sup> (United Kingdom)	Trading of agri commodities (London)	394	664	394	678	100	100
Olam Kenya Limited <sup>4</sup> (Kenya)	Dormant (Nairobi)	2	3	2	3	100	100
Olam Uganda Limited <sup>2</sup> (Uganda)	Sourcing, processing and trading of agri commodities (Kampala)	97	163	97	167	100	100
PT Olam Indonesia <sup>2</sup> (Indonesia)	Sourcing, processing and trading of agri commodities (Jakarta)	1,100	1,853	1,100	1,892	100	100
Texturegate Investments Pte Ltd <sup>4</sup> (Zimbabwe)	Dormant (Harare)	*	*	*	*	100	100

Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of investment				Percentage of equity held by the Company	
		2005		2004		2005	2004
		US\$'000	S\$'000	US\$'000	S\$'000	%	%
Outspan Brazil <sup>4</sup> (Brazil)	Trading of agri commodities (Brazil)	578	974	–	–	100	–
Olam Dairy <sup>4</sup> (Netherlands)	Trading of agri commodities (Rotterdam)	130	219	–	–	100	–
		19,877	33,492	17,111	29,431		

Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of investment				Percentage of equity held by the Company	
		2005		2004		2005	2004
						%	%
Subsidiary companies of Olam Investment Limited as at 30 June 2005 are as follow:							
Olam Export (India) Limited <sup>2</sup> (India)	Sourcing, processing and trading of agri commodities (Quilon)	USD 2,738,198		USD 2,738,198		100	100
Oustpan India Private Limited (India) <sup>2</sup>	Dormant (Quilon)	USD 1		USD 1		100	100
Subsidiary company of Olam (Uganda) Limited as at 30 June 2005 is as follows:							
Victoria Commodities Ltd <sup>2</sup> (Uganda)	Sourcing, processing and trading of agri commodities (Kampala)	UGS 5,000,000		UGS 5,000,000		100	100
Subsidiary company of Olam Nigeria Limited as at 30 June 2005 is as follows:							
Novus Nigeria <sup>2</sup> (Nigeria)	Dormant (Lagos)	Naira 100 million		Naira 100 million		100	100
Subsidiary company of Caraway Pte Ltd as at 30 June 2005 is as follows:							
Caraway Foods International <sup>4</sup> (Nigeria)	Dormant (Nigeria)	Naira 2,500,000		–		100	–

\* These costs of investment were less than a thousand dollars each.

<sup>1</sup> Audited by Ernst & Young, Singapore.

<sup>2</sup> Audited by associated firms of Ernst & Young, Singapore.

<sup>3</sup> Audited by other CPA firms

<sup>4</sup> Not required to be audited.

## 11. Investments

	Group		Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Government securities	9	9	–	–
Market value of government securities	9	9	–	–
(a) Investment in jointly controlled entity				
Unquoted shares at cost	1,615	201	1,615	201
Share of post- acquisition reserves	(136)	(133)	–	–
Currency realignment	(4)	(3)	(9)	(5)
	1,475	65	1,606	196
Total investments	1,484	74	1,606	196

Details of the jointly controlled entity at end of financial year are as follows:

Name of company (Country of incorporation)	Principal activities (Place of business)	Cost of investment				Percentage of equity held by the Company	
		2005		2004		2005	2004
		US\$'000	S\$'000	US\$'000	S\$'000	%	%
<u>Held by the Company</u>							
LAMCO S.p.A (Italy) <sup>1</sup>	Trading of agri commodities (Genova, Italy)	114	192	114	196	40	40
Solimar Foods Ingredients S.L. (Spain) <sup>2</sup>	Processing and trading of agri commodities (Valencia, Spain)	839	1,414	–	–	49	–
		953	1,606	114	196		

<sup>1</sup> Audited by associated firm of Ernst & Young, Singapore.

<sup>2</sup> No audit for the current financial year as this is the first year of incorporation.

(b) The Group's share of the jointly controlled entity's assets and liabilities, and results is as follows:

	Group	
	2005 \$'000	2004 \$'000
Current assets	619	1,659
Long-term assets	1,488	8
Current liabilities	(293)	(1,602)
Long-term liabilities	(339)	–
Net assets	1,475	65
Income	354	7,678
Expenses	(357)	(7,720)
Loss after tax for the financial year	(3)	(42)

## 12. Amounts due from/(to) subsidiary companies

	Company	
	2005 \$'000	2004 \$'000
Trade receivables	197,657	81,180
Non-trade receivables	5,214	5,374
Loans payable	(2,557)	(2,808)
	200,314	83,746
Amounts due from/(to) subsidiary companies are stated after deducting provision for doubtful debts of		
– Trade	1,787	–
– Non-trade	401	–
	2,188	–

The non-trade receivables are interest-free, unsecured and have no fixed terms of repayment.

The loan from a subsidiary company is unsecured, bears interest at 4.125% (2004: 4.125%) per annum and is repayable on demand.

### 13. Amount due from a related party

As at 30 June 2004, the amount was due from a related party which was the former penultimate holding company of the Company. It arose from the acquisition of subsidiary companies on 1 April 1997 and represented the pre-acquisition losses of the subsidiary companies as of 1 April 1997 which the related party had undertaken to make good. This amount was progressively receivable by the Company over a period of 8 years and was fully repaid in the current financial year.

### 14. Trade debtors

	Group		Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Trade debtors	631,012	457,808	531,403	387,536
GST receivable and equivalent	18,167	7,136	407	235
	649,179	464,944	531,810	387,771
Trade debtors are stated after deducting provision for doubtful debts of	5,869	3,715	3,652	2,466
Bad debts written off directly to profit and loss account (Note 6)	51	33	10	33

As at 30 June 2004, trade debtors amounting to \$30,443,353 were secured by the same stocks sold by the Group and Company to the customers but held on lien by its subsidiary in Nigeria on behalf of the Group and Company. There were no stocks held on lien over trade debtors as at 30 June 2005.

### 15. Margin accounts with brokers

Margin accounts are maintained with recognised futures dealers and brokers for trades done on the futures exchanges. These margin accounts move in relation to trades done on futures, variation margins required and prices of the commodities traded.

A debit balance reflects amounts paid to futures dealers as initial and variation margins. A credit balance reflects margin monies payable to futures dealers. This depends on volume of traders done, price movements and lines of credit available with the brokers.

## 16. Stocks

	Group		Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Stocks consist of the following:				
At cost	748,131	348,860	46,327	26,529
At net realisable value	270,894	129,198	267,708	114,564
	1,019,025	478,058	314,035	141,093
Stocks at net realisable value are stated after deducting for provision of stocks write-down of	3,728	3,735	3,567	3,641

As at 30 June 2004, stocks amounting to approximately \$302 million and \$136 million of the Group and of the Company respectively were pledged to secure the bank loans (Note 22). There were no stocks pledged to secure the bank loans as at 30 June 2005.

## 17. Advance payments to suppliers

	Group		Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Third parties	90,881	90,090	51,940	63,257
Subsidiary companies	–	–	619,878	293,260
	90,881	90,090	671,818	356,517
These represent advance payments to suppliers and subsidiary companies for procurement of physical commodities.				
Advance payments to suppliers are stated after deducting provision for doubtful debts of				
– Third parties	2,806	1,796	–	–
– Subsidiary companies	–	–	3,509	–
Bad debts written off directly to profit and loss account (Note 6)				
– Third parties	145	185	40	–



## 18. Other debtors

	Group		Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Staff advances (1)	3,913	2,533	383	616
Deposits	4,322	2,126	744	473
Prepayments	25,374	11,851	5,114	2,424
Currency cover reserve (2)	10,634	4,554	10,634	4,554
Insurance receivables (3)	2,040	3,286	833	456
Unexpired options and deferred realised future losses (4)	34,232	32,278	34,231	32,278
Export incentives receivable (5)	26,091	14,112	–	–
Sundry debtors	11,011	7,100	1,311	350
	117,617	77,840	53,250	41,151
Other debtors are stated after deducting provision for doubtful debts of	211	196	–	–

- (1) Staff advances are interest-free, unsecured and repayable monthly on tenure ranging from 12 to 36 months.
- (2) Currency cover reserve represents unrealised foreign currency exchange differences arising from buying and selling currencies to hedge against currency fluctuations of physical commodity commitments. The exchange differences will be recognised in the profit and loss account as and when the commitments are realised.
- (3) Insurance receivables pertain to pending marine and stocks insurance claims. The outstanding claims are currently being processed by the insurance companies for final settlement.
- (4) These relate to options and futures for the hedging of stocks and trading commitments. The profit and loss on these transactions are recognised when the corresponding physical transactions are completed. Any differences arising between profit and loss realised by brokers and profit and loss realised by the Company and Group are deferred in the balance sheets.
- (5) These relate to incentives receivable from the Government of a country where a subsidiary resides, for the subsidiary's export activities of certain commodities.

## 19. Amount due to a corporate shareholder

The amount was non-trade related, interest-free, unsecured and had no fixed terms of repayment. This amount was fully repaid in the current financial year.

## 20. Trade creditors and accruals

	Group		Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Trade creditors	129,079	109,320	106,708	81,906
Accruals	43,823	26,994	23,687	13,614
Advances received from customers	1,190	17,675	–	17,198
GST payable and equivalent	934	987	–	–
	175,026	154,976	130,395	112,718

## 21. Other creditors

	Group		Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Interest payable on short-term bank loans	7,468	2,995	7,346	2,582
Sundry creditors	2,255	2,187	–	–
Provision for withholding tax	66	206	22	–
	9,789	5,388	7,368	2,582

## 22. Amounts due to bankers

	Group		Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Bank overdrafts	77,558	67,716	32,625	45,567
Bank loans	1,110,409	600,890	1,043,127	555,109
Discounted bills	–	4,100	–	–
	1,187,967	672,706	1,075,752	600,676

As at 30 June 2004, bank loans included amounts of approximately \$301,901,000 and \$286,311,000 for Group and Company respectively secured by the underlying stocks of specific transaction - linked arrangements with the lending banks. During the year, the Group and the Company revised their trade commodity financing facility arrangements with the lending banks and had the covenants over the underlying stocks uplifted.

The remaining amounts were substantially secured by corporate guarantees from the Company's related parties, Chanrai Investment Corporation Limited and Kewalram (Singapore) Limited as at 30 June 2004. This security arrangement was also uplifted during the financial year.

The amounts due to bankers for the Company are repayable within 12 months and bear interest of between 3.0% to 6.0% (2004: 2.5% to 4.0%) per annum.

The amounts due to bankers for the subsidiary companies are repayable within 12 months and bear interest of between 3% to 25% (2004: 4% to 30%) per annum.

## 23. Medium term notes

The Company established a multicurrency medium term note programme with a maximum aggregate principal amount of \$800,000,000 (2004: \$200,000,000). These medium term notes are unsecured, bear interest ranging from 3.15% to 5.04% (2004: 2.2% to 2.3%) per annum and are repayable within the next twelve months.

## 24. Term loan from a bank

	Group		Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Term loan (secured)	–	266	–	–
Repayable within 12 months	–	–	–	–
Repayable after 12 months	–	266	–	–

As at 30 June 2004, the term loan of a subsidiary company was secured over its factory building under the loan. This loan was subject to an interest charge of 3.8% per annum and payable over 36 months with effect from June 2004. This loan has been fully repaid during the current financial year.

## 25. Convertible redeemable shares

	Group and Company	
	2005	2004
	\$'000	\$'000
Convertible redeemable shares	–	25,602

During the financial year ended 30 June 2004, the Company authorised the creation of 2,000,000,000<sup>#</sup> convertible redeemable shares of \$0.10 each. During the same year, 104,323,378<sup>#</sup> convertible redeemable shares of \$0.10 each were issued and fully paid for by cash, at a premium of \$0.145.

The terms of these convertible redeemable shares were:

- (a) redeemable in full or part by request of the holder anytime after 30 June 2006,
- (b) do not bear any interest,
- (c) carry the same voting and dividend rights as holders of ordinary shares,
- (d) entitled to a one-time deemed dividend amounting to \$185,365 on full redemption, and
- (e) entitled to convert all or any of these shares into fully paid ordinary shares at any point of time but carrying the option to convert back to redeemable shares if certain specific conditions are not met.

On 21 October 2004, the holders of the convertible redeemable shares exercised their right to convert a total of 104,323,378<sup>#</sup> convertible redeemable shares of \$0.10 each on the basis of one ordinary share for every convertible redeemable share held into an equivalent number of ordinary shares in the Company.

<sup>#</sup> These disclosed amounts have been adjusted for the sub-division of shares from a par value of \$0.20 to \$0.10 per each ordinary shares on 4 January 2005.

## 26. Long term loan from a corporate shareholder

Long term loan from a corporate shareholder was unsecured, interest-free and had no fixed terms of repayment. The loan was for the purpose of financing the working capital requirements of the Company and has been fully repaid during the current financial year.

## 27. Share capital

	Group and Company	
	2005 \$'000	2004 \$'000
Authorised:		
Balance at beginning and end 2,000,000,000 (2004: 2,000,000,000 <sup>#</sup> ) ordinary shares of \$0.10 each	200,000	200,000
Issued and fully paid:		
Balance at beginning – 1,007,909,372 <sup>#</sup> (2004: 814,961,606 <sup>#</sup> ) ordinary shares of \$0.10 each	100,791	81,496
Issued during the financial year –		
NIL (2004: 38,537,740 <sup>#</sup> ) ordinary shares of \$0.10 each for cash at a premium of \$0.122 each	–	3,854
NIL (2004: 154,410,026 <sup>#</sup> ) ordinary shares of \$0.10 each for cash at a premium of \$0.128 each	–	15,441
104,323,378 <sup>#</sup> (2004: NIL) ordinary shares of \$0.10 each via conversion of convertible redeemable shares at a premium of \$0.145 each	10,433	–
73,913,044 <sup>#</sup> (2004: NIL) ordinary shares of \$0.10 each via ESSS scheme at a premium of \$0.13 each	7,391	–
312,188,606 (2004: NIL) shares of \$0.10 each issued for cash at premium of \$0.52 each.	31,219	–
56,250,000 (2004: NIL) shares of \$0.10 each issued for cash at premium of \$0.52 each	5,625	–
Balance at end – 1,554,584,400 (2004: 1,007,909,372 <sup>#</sup> ) ordinary shares of \$0.10 each	155,459	100,791

<sup>#</sup> These disclosed amounts have been adjusted for the sub-division of shares from a par value of \$0.20 to \$0.10 per each ordinary share on 4 January 2005.

## 28. Dividends

A tax exempt final dividend of \$0.0182 per share amounting to \$10,113,500 and a special tax exempt final dividend of \$0.0255 per share amounting to \$14,158,900, totaling \$24,272,400 in respect of financial year ended 30 June 2004 was paid out during the financial year.

An interim dividend of \$0.0442 per ordinary share amounting to \$18,000,000 in respect of financial year ended 30 June 2004 recommended by the Directors and subsequently approved at the Extraordinary General Meeting (“EGM”), was paid out on 23 September 2003 as exempt dividend in accordance with Section 13B of the Income Tax Act. The dividend payment was utilised to pay for the 39,433,905 ordinary shares of \$0.20 each at a premium of \$0.25646 per share which were issued on 23 September 2003.

## 29. Operating lease commitments

Rental expenses of the Group and Company (principally for offices, warehouses and employees' residence) were \$15,725,518 (2004: \$9,684,226) and \$2,340,687 (2004: \$1,948,208) for the year ended 30 June 2005 and 30 June 2004, respectively.

Future minimum rentals under non-cancellable leases were as follows as of 30 June 2005 and 30 June 2004:

	Group		Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Within one year	1,833	1,748	1,412	1,107
After one year but not more than five years	1,947	812	1,310	269
	3,780	2,560	2,722	1,376

## 30. Contingent liabilities

	Group		Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Contingent liabilities not provided for in the accounts:				
Bills discounted	18,508	16,940	18,508	16,940
Corporate guarantees given to subsidiary companies (1)	–	–	326,441	182,184
Bankers' guarantees	9,811	4,540	2,528	3,975
	28,319	21,480	347,477	203,099

(1) Amounts utilised on the bank facilities secured by corporate guarantees given to subsidiary companies amounted to \$82,831,750 (2004: \$45,793,965).

The Company has agreed to provide continuing financial support to certain subsidiary companies.

### 31. Related party transactions

The following are the significant related party transactions entered into by the Company and Group in the ordinary course of business on terms agreed between the parties:

	Group		Company	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Subsidiary companies:				
Sales	–	–	(351,084)	(156,568)
Purchases	–	–	1,248,123	893,542
Insurance premiums paid	–	–	115	598
Commissions paid	–	–	5,806	3,535
Interest paid on loan	–	–	148	136
Consultancy fee paid	–	–	1,543	764
Dividend income received	–	–	(92)	–
Shareholder related companies:				
Sales	(2,991)	–	–	–
Purchase of motor vehicles	430	–	–	–
Warehouse rental paid	2,126	–	–	–
Rental of premises paid to a director	–	35	–	35

Directors' remuneration amounted to approximately \$2,593,000 (2004: \$1,629,000). Executive officers' remuneration amounted to approximately \$4,528,000 (2004: \$2,268,000).

The following are shares and options of the Company which were issued/allocated to the directors and key executives under existing employee benefit schemes during the financial year:

	2005 Ordinary Share of \$0.10 each	2004 Ordinary Share of \$0.10 each
Employee Share Subscription Scheme:		
Directors	8,985,200	–
Key executives	22,381,800	–
Employee Share Option Scheme:		
Directors	15,000,000	–
Employee Share Benefit Scheme:		
Directors	1,534,372	1,394,524
Key executives	5,771,144	4,497,348

### 32. Cash and cash equivalents

Cash and cash equivalents included in the consolidated statement of cash flow comprise the following balance sheet amounts:

	Group	
	2005	2004
	\$'000	\$'000
Cash and bank balances	103,712	88,450
Fixed deposits	61,655	11,922
Bank overdrafts (Note 22)	(77,558)	(67,716)
	87,809	32,656

### 33. Financial risk management policies and objectives

The main risks arising from the Company's financial instruments are commodity price risk, credit risk, foreign currency risk, liquidity risk and interest rate risk. The Board of directors reviews and agrees on the policies for managing each of these risks and they are summarised below:

#### **Commodity price risk**

Commodities traded by the Group are subject to fluctuations due to a number of factors that result in price risk. The Group purchases and sells various derivative products, primarily exchange traded futures and options with the purpose of managing market exposure to adverse price movements in these commodities. The Group has established policies and exposure limits that restrict the amount of unhedged fixed price physical position permissible in each commodity.

#### **Credit risk**

Credit risk is limited to the risk arising from the inability of a customer to make payments when due. It is the Group's policy to provide credit terms only to creditworthy customers. These debts are continually monitored and therefore, the Group does not expect to incur material credit losses.

The carrying amounts of trade and other debtors, advances to suppliers, margin accounts with brokers, fixed deposits and cash and bank balances represent the Group's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk. Deposits and cash balances are placed with reputable banks.

The Group has no significant concentration of credit risk with any single customer.



### 33. Financial risk management policies and objectives (cont'd)

#### **Foreign currency risk**

The Group trades its products in several countries and, as a result, is exposed to movements in foreign currency exchange rates. The primary purpose of the Group's foreign currency hedging activities is to protect against the volatility associated with foreign currency purchases and sales of raw materials and other assets and liabilities created in the normal course of business. The Group primarily utilises foreign currency forward exchange contracts to hedge firm commitments. The Group does not use foreign currency forward exchange contracts for trading purposes.

#### **Liquidity risk**

To ensure continuity of funding, the Group primarily uses short-term bank facilities which are transaction-linked and self-liquidating in nature. The Group has also established multicurrency medium term notes programme to fund its ongoing working capital requirement.

#### **Interest rate risk**

The Company's and the Group's exposure to market risk for changes in interest rates relate primarily to its investment portfolio in fixed deposits with banks.

The Company's and Group's borrowings are short-term, self liquidating and transaction related. The tenure for such borrowings range from 60 days to 365 days.

Any movement in interest rates is compensated by adjustment to the Company's and Group's gross margin accordingly.

### 34. Fair values of financial instruments

The following methods and assumptions are used to determine the fair value of each class of financial instruments for which it is practicable to determine that value:

**(a) Cash and bank balances, fixed deposits, debtors, margin accounts with brokers, creditors and accruals as well as amounts due to bankers**

The carrying amounts approximate fair value due to the relatively short-term maturity of these financial instruments.

**(b) Derivative financial instruments**

The contract notional amounts of these derivative instruments and the corresponding fair value adjustments as at 30 June 2005 and 30 June 2004 are analysed below:

	Group		Company	
	Contract notional amount \$'000	Fair value adjustments gain/(loss) \$'000	Contract notional amount \$'000	Fair value adjustments gain/(loss) \$'000
<b>2005</b>				
<b>Foreign exchange derivatives</b>				
Foreign exchange forward				
– Long	306,947	(5,451)	298,808	(5,305)
– Short	534,585	11,283	511,879	11,320
<b>Foreign exchange options</b>				
– Long	42,125	(239)	–	–
– Short	42,125	239	42,125	239
<b>Commodity derivatives</b>				
Futures forward				
– Long	1,638,744	(12,166)	1,638,085	(12,167)
– Short	2,097,721	(25,484)	2,094,528	(25,693)
Futures options				
– Long	9,079	(1,108)	9,079	(1,108)
– Short	7,776	1,278	7,776	1,278
<b>2004</b>				
<b>Foreign exchange derivatives</b>				
Foreign exchange forward				
– Long	146,251	71	129,847	(342)
– Short	386,626	736	377,639	693
<b>Commodity derivatives</b>				
Futures forward				
– Long	719,338	(52,421)	719,338	(52,421)
– Short	944,342	59,045	944,342	59,045
Futures options				
– Long	9,033	1,288	9,033	1,288
– Short	8,273	(2,202)	8,273	(2,202)

The fair value adjustments represent the difference between the contract rates and market rates of the financial instruments at balance sheet date, applied to the contract amounts. The fair value adjustments of foreign exchange forward, futures forward and options have been calculated using market rates assuming these contracts were to be liquidated at balance sheet date.

At 30 June 2005, the settlement dates on open foreign exchange forward, futures forward and options ranged between 3 to 6 months.

### 35. Earnings per share

On 4 January 2005, the authorised and issued ordinary share capital of \$0.20 each of the Company was sub-divided into 2 ordinary shares of \$0.10 each as further detailed in Note 27 to the financial statements. Accordingly, the basic earnings per share and diluted earnings per share amounts for the year ended 30 June 2004 has been adjusted as if the event had occurred at the beginning of the earliest period reported.

Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share is calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of dilutive convertible redeemable shares and options).

The following reflects the income and share data used in the basic and diluted earnings per share computations for the years ended 30 June:

	Group and Company	
	2005 \$'000	2004 \$'000
Net profit attributable to ordinary shareholders for basic and diluted earnings per share	67,025	48,095
Weighted average number of ordinary shares on issue applicable to basic earnings per share	1,291,057,444	1,064,880,415
Effect of dilutive securities:		<b>(Restated)<sup>#</sup></b>
Convertible redeemable shares	15,213,826	28,254,248
Share options	1,964,286	–
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share	1,308,235,556	1,093,134,663

<sup>#</sup> The weighted average number of shares were adjusted as a result of the sub-division of shares from \$0.20 per share to \$0.10 per share on 4 January 2005.

There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

## 36. Employee benefits

### (i) Employee share benefit scheme

The "Olam International Limited Employee Share Benefit Scheme" (the "ESBS") was set up on 26 August 1999, comprising 141,199,072 ordinary shares of \$0.10 each in the Company. These shares were originally owned by and registered under the name of Kewalram Singapore Limited (then holding company, currently substantial corporate shareholder of the Group). The shares carry full dividend and voting rights. The ESBS has been fully subscribed for and no further shares are to be issued under the scheme. When an employee who is entitled to and has received shares under the scheme ceases employment with the Group, the related shares will be repurchased from the employee and reallocated to other eligible employees.

### (ii) Employee share subscription scheme

On 26 October 2004, the Company implemented an employee share subscription scheme, namely, the "Olam International Limited Employee Share Subscription Scheme 2004" (the "ESSS"). The ESSS comprised 73,913,044 ordinary shares of \$0.10 each which were offered at \$0.23 per share. As at 30 June 2005, these shares have been fully allotted and issued by the Company to 147 employees and no further shares are to be issued under the scheme. The shares carry full dividend and voting rights.

No compensation expense was recognised when the shares were issued under the ESSS at the grant date. When the shares were issued, out of the proceeds received amounting to approximately \$17,000,000, \$7,391,000 were credited to share capital (nominal value) while the remaining \$9,609,000 were credited to the share premium account.

It was impractical to determine the fair value of the shares granted under the ESSS plan as the shares were awarded prior to the Company's admission to the Official Listing of the SGX-ST.

## 36. Employee benefits (cont'd)

### (iii) Employee share option scheme

The Olam Employee Share Option Scheme (the "ESOS") was approved by shareholders at an Extraordinary General Meeting held on 4 January 2005.

The shares issued upon the options being exercised carry full dividend and voting rights.

Under the rules of the ESOS, the directors (except Non-Executive Directors and Independent Directors) and employees of the Group are eligible to participate in the ESOS. Controlling Shareholders and associates of Controlling Shareholders are not eligible to participate in the ESOS.

No compensation cost is recognised in the profit and loss account upon granting of the employee stock option and the dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

As at 30 June 2005, information with respect to the number of options granted under the Company's Employee Share Option Scheme is as follows:

Date of grant of share options	Exercise price	Outstanding 1 July 2004	Granted during the financial year	Exercised	Lapsed	Outstanding 30 June 2005	Exercise period
2005	\$0.62	–	5,000,000	–	–	5,000,000	10/02/2006 to 10/02/2016
2005	\$0.62	–	5,000,000	–	–	5,000,000	10/02/2007 to 10/02/2017
2005	\$0.62	–	5,000,000	–	–	5,000,000	10/02/2008 to 10/02/2018
		–	15,000,000	–	–	15,000,000	

### 37. Segment information

The Group's businesses are organised and managed as 4 broad segments grouped in relation to different types and nature of products traded. The Group's supply chain activities of sourcing, processing and trading of agricultural commodities span across the entire portfolio of commodities.

The segmentation of products is in the following manner:

- Edible nuts, spices and beans – cashews, peanuts and other edible nuts, cloves, pepper, sesame and other spices, and beans and lentils
- Confectionery and beverage ingredients – cocoa and cocoa products, coffee and coffee products, sheanuts and shea-products
- Fibre and wood products – cotton and wood products
- Food staples and packaged foods – rice, sugar, milk powder and packaged foods business

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise non-operating revenue, corporate cash and cash equivalents and corporate liabilities such as taxation and financial instruments. Fixed assets are also unallocated as they are common and shared by all segments and thus it is not practical to allocate the net book value of fixed assets and capital expenditure to the various segments.

The turnover by geographical segments is based on the location of customers regardless of where the goods are produced. The assets and capital expenditure are allocated based on the location of those assets.

Segment accounting policies are the same as the policies of the Group as described in Note 2. The Group generally accounts for inter-segment sales and transfers as if the sales or transfers were to third parties at current market prices.

### 37. Segment information (cont'd)

(a) Business segments

	Edible nuts, spices and beans	
	2005 \$' 000	2004 \$' 000
Segment revenue		
Sales to external customers	566,795	391,837
Unallocated revenue		
Total revenue		
Segment result	22,359	15,022
Operating profit		
Finance cost		
Share result of jointly controlled entity		
Profit before tax		
Tax expense		
Net profit		
Segment assets	301,010	185,954
Unallocated assets		
Total assets		
Segment liabilities	221,654	144,255
Unallocated liabilities		
Total liabilities		

(b) Geographical segments

	Asia & Middle East		Africa	
	2005 \$' 000	2004 \$' 000	2005 \$' 000	2004 \$' 000
Segment revenue				
Sales to external customers	1,205,110	1,053,929	900,296	778,139
Intersegment sales	317,806	918,665	1,093,872	129,890
Unallocated revenue	1,522,916	1,972,594	1,994,168	908,029
Total revenue				
Other geographical information:				
Segment assets	1,036,948	721,745	719,184	398,692
Capital expenditure	4,477	1,933	18,591	7,397

Confectionery & beverage ingredients		Fibre and wood products		Food staples and packaged foods		Consolidated	
2005	2004	2005	2004	2005	2004	2005	2004
\$' 000	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000
1,345,915	1,031,216	673,835	634,385	782,692	552,911	3,369,237	2,610,349
						13,123	12,082
						3,382,360	2,622,431
47,746	41,552	28,901	21,899	27,385	18,810	126,391	97,283
						126,391	97,283
						(51,485)	(43,562)
						(3)	(42)
						74,903	53,679
						(7,878)	(5,584)
						67,025	48,095
787,566	372,372	269,991	195,231	457,446	276,167	1,816,013	1,029,724
						324,901	211,995
						2,140,914	1,241,719
585,381	291,625	208,354	158,925	340,493	224,003	1,355,882	818,808
						288,307	233,048
						1,644,189	1,051,856

Europe		Americas		Eliminations		Consolidated	
2005	2004	2005	2004	2005	2004	2005	2004
\$' 000	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000	\$' 000
868,549	612,222	395,282	166,059	–	–	3,369,237	2,610,349
58,742	6,506	131,230	445	(1,601,650)	(1,055,506)	–	–
927,291	618,728	526,512	166,504	(1,601,650)	(1,055,506)	3,369,237	2,610,349
						13,123	12,082
						3,382,360	2,622,431
225,056	88,463	159,726	32,819	–	–	2,140,914	1,241,719
109	173	2,708	368	–	–	25,885	9,871



### 38. Subsequent events

Subsequent to financial year end, the directors recommended a total dividend payout ratio of 50% of net profit after tax ("NPAT") of the Group comprising a first and final ordinary dividend of \$0.0108 per ordinary share amounting to \$16,789,512 and a special dividend of \$0.0108 per ordinary share amounting to \$16,789,512, in respect of the financial year ended 30 June 2005 to be paid out as exempt dividend in accordance with Section 13B of the Income Tax Act. Subject to shareholders' approval at the Annual General Meeting to be held on 28 October 2005, the first and final dividend and special dividend will be paid on 22 November 2005.

### 39. Comparative figures

The following balance sheet comparative figures have been reclassified to conform with current year's presentation:

	Group		
	As	Adjustments	As previously
	restated		stated
	\$'000	\$'000	\$'000
<b>Balance Sheet</b>			
Stocks	478,058	4,995	473,063
Other debtors	77,840	(4,995)	82,835
<b>Statement of Cash Flow</b>			
Increase in stocks	(167,063)	(4,995)	(162,068)
Increase in other debtors	(114,218)	4,995	(119,213)
	Company		
	As	Adjustments	As previously
	restated		stated
	\$'000	\$'000	\$'000
<b>Balance Sheet</b>			
Stocks	141,093	4,995	136,098
Other debtors	41,151	(4,995)	46,146
	Group		
	As	As previously	
	restated	stated	
	(cents)	(cents)	
<b>Profit and Loss Account</b>			
Earnings per share			
– Basic <sup>(1)</sup>		4.52	10.19
– Fully diluted <sup>(1)</sup>		4.40	9.62

<sup>(1)</sup> On 4th January 2005, the issued share capital of \$0.20 each of the Company was sub-divided into two ordinary shares of \$0.10 each. The weighted average number of shares in issue used to compute basic earnings per share is restated to 1,064,880,415 shares of \$0.10 each (previously reported as 471,807,518 shares of \$0.20 each). For fully diluted earnings per share, the number of shares is restated to 1,093,134,663 shares of \$0.10 each (previously reported as 500,061,766 shares of \$0.20 each).

The Directors are of the view that the above changes will better reflect the Group and Company's activities and result in a more appropriate presentation of the balance sheet.

### 40. Authorisation of financial statements

The financial statements for the financial year ended 30 June 2005 were authorised for issue in accordance with a resolution of the directors on 4 October 2005.

# Statistics of Shareholdings as at 15 September 2005

Authorised share capital	S\$220,000,000
Issued and fully paid-up share capital	S\$155,458,440
Class of shares	Ordinary share of S\$0.10 each
Voting rights	1 vote per share

## Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 999	8	0.53	900	0.00
1,000 – 10,000	1,204	79.79	6,309,000	0.41
10,001 – 1,000,000	280	18.55	19,647,374	1.26
1,000,001 and above	17	1.13	1,528,627,126	98.33
<b>Total</b>	<b>1,509</b>	<b>100.00</b>	<b>1,554,584,400</b>	<b>100.00</b>

## Twenty Largest Shareholders

Name	No. of Shares	%
1. Kewalram Singapore Limited	508,134,877	32.69
2. Raffles Nominees Pte Ltd	157,718,696	10.15
3. Merrill Lynch (S'pore) Private Limited	153,021,471	9.84
4. DBS Nominees Pte Ltd	144,000,400	9.26
5. Sridhar Krishnan, Shekhar Anantharaman and Joydeep Bose	141,482,932	9.10
6. International Finance Corporation	104,323,378	6.71
7. Sunny George Verghese	79,022,630	5.08
8. Seletar Investments Pte Ltd	75,542,216	4.86
9. HSBC (Singapore) Nominees Pte Ltd	66,022,500	4.25
10. Citibank Nominees Singapore Pte Ltd	31,183,100	2.01
11. Dexia Trust Services Singapore Limited	29,835,700	1.92
12. Morgan Stanley Asia (Singapore) Pte Ltd	10,466,000	0.67
13. United Overseas Bank Nominees (Pte) Ltd	9,934,000	0.64
14. UOB Kay Hian Pte Ltd	8,726,226	0.56
15. The Asia Life Assurance Society Ltd - Par Fund	5,167,000	0.33
16. Yeap Lam Hong	2,706,000	0.17
17. Lim Bee Kok	1,340,000	0.09
18. Kim Eng Securities Pte. Ltd.	875,000	0.06
19. OCBC Securities Private Ltd	847,000	0.05
20. Macquarie Securities (S) Private Limited	843,000	0.05
<b>Total</b>	<b>1,531,192,126</b>	<b>98.49</b>

Approximately 30% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of SGX-ST.

## Substantial Shareholders as at 15 September 2005

Name of Shareholder	Direct	Deemed
1 Kewalram Singapore Limited	508,134,877	–
2 Chanrai Investment Corporation Limited #	–	508,134,877
3 Kewalram Chanrai Holdings Limited #	–	508,134,877
4 Nearco Trustee Company (Jersey) Limited, Murli Kewalram Chanrai and Narain Girdhar Chanrai as trustees of Girdhar Kewalram Chanrai Settlement (“GKC Trustees”) #	–	508,134,877
5 Nearco Trustee Company (Jersey) Limited, Narain Girdhar Chanrai and Koshu Murli Chanrai as trustees of Murli Kewalram Chanrai Settlement (“MKC Trustees”) #	–	508,134,877
6 Nearco Trustee Company (Jersey) Limited as trustee of Dayal Damodar Chanrai Settlement (“DKC Trustee”) #	–	508,134,877
7 Nearco Trustee Company (Jersey) Limited, Narain Girdhar Chanrai and Vinod Pitamber Chanrai as trustees of Pitamber Kewalram Chanrai Settlement (“PKC Trustees”) #	–	508,134,877
8 Murli Kewalram Chanrai #	–	508,134,877
9 Narain Girdhar Chanrai #	–	508,134,877
10 Russell AIF Singapore Investments Limited *	129,503,890	21,733,581
11 Russell AIF Asia II, L.P.*	–	151,237,471
12 Sridhar Krishnan @+	141,482,932	4,227,544
13 Shekhar Anantharaman @++	141,482,932	4,227,536
14 Joydeep Bose @	141,482,932	–
15 International Finance Corporation	104,323,378	–
16 Newton Investment Management Limited ^	93,967,000	–
17 Sunny George Verghese	79,022,630	–

### Notes

# Kewalram Singapore Limited (“Kewalram”) is a wholly-owned subsidiary of Chanrai Investment Corporation Limited (“CICL”), which in turn is a wholly-owned subsidiary of Kewalram Chanrai Holdings Limited (“KCH”). CICL and KCH are therefore deemed to be interested in the 508,134,877 shares held by Kewalram in the Company.

GKC Trustees, MKC Trustees, DKC Trustee and PKC Trustees are shareholders of KCH, each holding 25% of the issued and paid-up capital of KCH. GKC Trustees, MKC Trustees, DKC Trustee and PKC Trustees are therefore deemed to be interested in the 508,134,877 shares held by Kewalram in the Company, as they, in their capacity as trustees, each (as a body) have control over the exercise of 25% of the votes attached to the shares in KCH.

\* Russell AIF Singapore Investments Limited holds 129,503,890 shares in the name of Merrill Lynch (S’pore) Private Limited. Its nominee, Dragon Orient Holdings Limited holds 21,733,581 shares in the name of Merrill Lynch (S’pore) Private Limited. Russell AIF Asia II, L.P. is the holding company of both Russell AIF Singapore Investments Limited and Dragon Orient Holdings Limited and therefore is deemed to be interested in the shares held by them in the Company.

@ The 141,482,932 shares are jointly registered under Messrs Sridhar Krishnan, Shekhar Anantharaman and Joydeep Bose and are held in trust for the management (including Directors) and employees of the Group pursuant to the Olam International Limited Employee Share Benefit Scheme (“ESBS”) and Olam International Limited Employee Share Subscription Scheme 2004 (“ESSS”).

+ The 4,227,544 shares are held in trust by Dexia Trust Services Singapore Limited for Sridhar Krishnan pursuant to the ESSS.

++ The 4,227,536 shares are held in trust by Dexia Trust Services Singapore Limited for Shekhar Anantharaman pursuant to the ESSS.

^ Newton Investment Management Limited holds 93,967,000 shares in the name of DBS Nominees Pte Ltd.

**Olam International Limited**  
 (Company Registration No. 199504676H)  
 (Incorporated in Singapore with limited liability)

# Notice of Annual General Meeting . . . . .

NOTICE IS HEREBY GIVEN that the Eleventh Annual General Meeting of Olam International Limited (“the Company”) will be held at 2 Shenton Way, SGX Centre 1, SGX Auditorium Level 2, Singapore 068804 on Friday, 28 October 2005 at 2.00 p.m. for the following purposes:

## AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Report and the Audited Accounts of the Company for the year ended 30 June 2005 together with the Auditors’ Report thereon. **(Resolution 1)**
2. To declare a first and final dividend of 1.08 cents per share tax exempt (one-tier) and a special dividend of 1.08 cents per share tax exempt (one-tier), for the year ended 30 June 2005. **(Resolution 2)**
3. To pass the following Ordinary Resolution pursuant to Section 153(6) of the Companies Act, Cap. 50:  
 “That pursuant to Section 153(6) of the Companies Act, Cap. 50, Mr Murlu Kewalram Chanrai be re-appointed a Director of the Company to hold office until the next Annual General Meeting.”  
 [See Explanatory Note (i)]. **(Resolution 3)**
4. To re-elect the following Directors retiring pursuant to Articles 107 and 117 of the Company’s Articles of Association:
 

Mr Michael Lim Choo San	(Retiring under Article 117)	<b>(Resolution 4)</b>
Mr Robert Michael Tomlin	(Retiring under Article 117)	<b>(Resolution 5)</b>
Mr Peter Francis Amour	(Retiring under Article 117)	<b>(Resolution 6)</b>
Mr Rangareddy Jayachandran	(Retiring under Article 107)	<b>(Resolution 7)</b>
Mr Sunny George Verghese	(Retiring under Article 107)	<b>(Resolution 8)</b>
Mr Sridhar Krishnan	(Retiring under Article 107)	<b>(Resolution 9)</b>

*Mr Michael Lim Choo San will, upon re-election as Director of the Company, remain as the Chairman of the Audit and Compliance Committee and will be considered independent for the purpose of Rule 704(8) of Listing Manual of the Singapore Exchange Securities Trading Limited.*

*Mr Robert Michael Tomlin will, upon re-election as Director of the Company, remain as a member of the Audit and Compliance Committee and will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.*

5. To approve the payment of Directors’ fees of S\$420,000.00 for the year ended 30 June 2005 (previous year: S\$50,000.00). **(Resolution 10)**
6. To re-appoint Messrs Ernst & Young as the Company’s Auditors and to authorise the Directors to fix their remuneration. **(Resolution 11)**
7. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

## AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

8. Authority to allot and issue shares up to 50 per centum (50%) of issued capital

“That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited notwithstanding the provisions of the Company’s Articles of Association, the Directors be empowered to allot and issue shares and convertible securities in the capital of the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares (including shares to be issued in accordance with the terms of convertible securities issued, made or granted pursuant to this Resolution) to be allotted and issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the issued share capital of the Company at the time of the passing of this Resolution, of which the aggregate number of shares and convertible securities to be issued other than on a pro rata basis to all

shareholders of the Company shall not exceed twenty per centum (20%) of the issued share capital of the Company and that such authority shall, unless revoked or varied by the Company in general meeting, continue in force (i) until the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier or (ii) in the case of shares to be issued in accordance with the terms of convertible securities issued, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of such convertible securities."

[See Explanatory Note (ii)]

**(Resolution 12)**

9. Authority to allot and issue shares under the Olam Employee Share Option Scheme

"That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors be authorised and empowered to allot and issue shares in the capital of the Company to all the holders of options granted by the Company, whether granted during the subsistence of this authority or otherwise, under the Olam Employee Share Option Scheme ("the Scheme") upon the exercise of such options and in accordance with the terms and conditions of the Scheme, provided always that the aggregate number of additional ordinary shares to be allotted and issued pursuant to the Scheme shall not exceed fifteen per centum (15%) of the issued share capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier."

[See Explanatory Note (iii)]

**(Resolution 13)**

By Order of the Board

Tan San-Ju  
Sophia Lim Siew Fay  
Secretaries  
Singapore

Date: 12 October 2005

**Explanatory Notes:**

- (i) The effect of the Ordinary Resolution 3 proposed in item 3 above, is to re-appoint a director who is over 70 years of age.
- (ii) The Ordinary Resolution 12 proposed in item 8 above, if passed, will empower the Directors from the date of this Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or when varied or revoked by the Company in general meeting, whichever is the earlier, to allot and issue shares and convertible securities in the Company. The number of shares and convertible securities that the Directors may allot and issue under this resolution would not exceed fifty per centum (50%) of the issued capital of the Company at the time of the passing of this resolution. For issue of shares and convertible securities other than on a pro rata basis to all shareholders, the aggregate number of shares and convertible securities to be issued shall not exceed twenty per centum (20%) of the issued capital of the Company.

For the purpose of this resolution, the percentage of issued capital is based on the Company's issued capital at the time this proposed Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this proposed Ordinary Resolution is passed and any subsequent consolidation or subdivision of shares.

- (iii) The Ordinary Resolution 13 proposed in item 9 above, if passed, will empower the Directors of the Company, from the date of the above Meeting until the next Annual General Meeting, to allot and issue shares in the Company of up to a number not exceeding in total fifteen per centum (15%) of the issued share capital of the Company from time to time pursuant to the exercise of the options under the Scheme.

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a Member of the Company.
2. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 10 Collyer Quay #19-08 Ocean Building Singapore 049315 not less than 48 hours before the time appointed for holding the Meeting.

**IMPORTANT:**

1. For investors who have used their CPF monies to buy Olam International Limited's share, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

# Proxy Form

(Please see notes overleaf before completing this Form)

I/We, \_\_\_\_\_

of \_\_\_\_\_

being a member/members of Olam International Limited (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			
and/or (delete as appropriate)			
Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held on 28 October 2005 at 2.00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [ ✓ ] within the box provided.)

No.	Resolutions relating to:	For	Against
1	Directors' Report and Audited Accounts for the year ended 30 June 2005		
2	Payment of proposed first and final dividend and special dividend		
3	Re-election of Mr Murli Kewalram Chanrai as a Director		
4	Re-election of Mr Michael Lim Choo San as a Director		
5	Re-election of Mr Robert Michael Tomlin as a Director		
6	Re-election of Mr Peter Francis Amour as a Director		
7	Re-election of Mr Rangareddy Jayachandran as a Director		
8	Re-election of Mr Sunny George Verghese as a Director		
9	Re-election of Mr Sridhar Krishnan as a Director		
10	Approval of Directors' fees amounting to S\$420,000.00		
11	Re-appointment of Messrs Ernst & Young as Auditors		
12	Authority to allot and issue new shares		
13	Authority to allot and issue shares under the Olam Employee Share Option Scheme		

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2005

\_\_\_\_\_  
 Signature of Shareholder(s)  
 or, Common Seal of Corporate Shareholder

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

\*Delete where inapplicable

**Notes:**

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote instead of him/her. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 10 Collyer Quay #19-08 Ocean Building Singapore 049315 not less than 48 hours before the time appointed for the Annual General Meeting.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

**General:**

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

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