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## **NEWS RELEASE**

### **OLAM TO INVEST IN COTTON GINNING ASSETS IN COTE D'IVOIRE**

- **Olam wins international bid for acquiring cotton gin in Ouangolo region, Cote d'Ivoire, for US\$5.0m**

*Singapore, June 20, 2008* – Olam International Limited (“Olam” or “the Group”), a leading global, integrated supply chain manager of agricultural products and food ingredients, today announced that it has won an international bid to acquire a cotton gin in the Ouangolo region of Cote d'Ivoire for US\$5.0 million.

Olam had participated in a combined bid together with two other ginning companies to bid for three asset lots which were held by La Compagnie Cotonniere Ivoirienne (LCCI) and under liquidation by the Ivorian government with the understanding that the three targeted lots will be split among the three companies and that the Ouangolo lot will be allotted to Olam if the bid were successful.

Olam successfully secured the Ouangolo lot which comprises one cotton gin with an annual ginning capacity of 35,000 tonnes of seed cotton and its related infrastructure, as well as a catchment area of nearly 35,000 hectares that can produce up to 20,000 tonnes or 15 per cent of the country's cotton lint annually. The Ouangolo gin is the only gin with direct access to the 35,000 hectares of cotton farms currently cultivated by some 15,000 farmers in that region.

This investment is in line with Olam's growth strategy for cotton in Africa which is to seek growth opportunities in ginning and in building integrated cotton supply chain operations in the major exporting countries, such as Cote d'Ivoire. The country is one of the top five



producers of cotton in West Africa and exports approximately 95 per cent of its cotton lint production. Olam has been participating in the trading of Ivorian cotton since 1989 by buying cotton from ginneries and exporting them to international markets. While Olam enjoys some 25 per cent market share, it believes that its next phase of growth would come from participating in direct sourcing from the farm gate and ginning, thus appropriating the full margin available in an integrated cotton supply chain.

Given its experience in providing cotton farming extension services (which include micro-financing, provision of agri-inputs and efficient handling of seed cotton from farms to processing factories) to 25,000 farmers in other origins such as Zimbabwe, Zambia and Mozambique, Olam believes that it could replicate this activity successfully in Cote d'Ivoire and encourage the supply of cotton from the Ouangolo catchment area to grow and reach its full potential over the next three years.

Olam's Regional Head for West Africa, Ranveer Chauhan underscored the significance of this investment to the cotton sector in Cote d'Ivoire: "Cote d'Ivoire grows one of the finest cottons in West Africa which commands good premiums in the market. It has traditionally been a large and important cotton producing country in West Africa accounting for nearly 20 per cent of the region's production until 2003 after which production fell due to political uncertainties. However, the cotton industry continues to be the key driver of the country's social and economic growth and development as it involves the cultivation of more than 325,000 hectares of cotton and the livelihood of 150,000 farmers."

"Olam has been at the fore-front in farmer capacity building across various products and geographies in Africa by enhancing farm productivity and yield improvement, crop financing, education and supplier assistance through extension farming and outgrower programmes. As farmer support is closely linked to the growth and development of the cotton industry in Cote d'Ivoire, we believe our investment will make a direct, positive social and economic impact on growers and contribute to the restoration and growth of this industry as the country progresses towards political reconciliation," he added.



The Ouangolo ginning operation is expected to breakeven in the second year of operation and net an estimated profit before tax of US\$3.5 million during steady state (from the third year).

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**About Olam International Limited**

*Olam is a leading global integrated supply chain manager of agricultural products and food ingredients, sourcing 14 products with a direct presence in 56 countries and supplying them to over 4,000 customers in more than 60 destination markets. With direct sourcing and processing in most major producing countries for its various products, Olam has built a global leadership position in many of its businesses, including cocoa, coffee, cashew, sesame, rice, cotton and teak wood. Headquartered in Singapore and listed on the SGX-ST on February 11, 2005, Olam currently ranks among the top 40 largest listed companies in Singapore in terms of market capitalisation and is a component stock in the Straits Times Index (STI), MSCI Singapore Free and DAXglobal Agribusiness Index. More information on Olam can be found at [www.olamonline.com](http://www.olamonline.com).*

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