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NEWS RELEASE

OLAM RECORDS 30.3% GROWTH IN NET PROFITS TO S\$61.9 MILLION FOR NINE MONTHS ENDED MARCH 31, 2006 ON THE BACK OF A 25.5% GROWTH IN NET PROFITS TO S\$31.3 MILLION IN THE THIRD QUARTER

- **Strong earnings underpinned by growth in both Sales Volume and Net Contribution across all the four business segments in both Q3 FY2006 and 9M FY2006.**

Financial Highlights (S\$ million)	Quarter 3			9 Months		
	FY06	FY05	Change (%)	FY06	FY05	Change (%)
<i>Sales Volume (metric tons)</i>	985,539	797,205	23.6	2,484,429	1,982,661	25.3
Sales Revenue	1,425.3	1,099.6	29.6	3,342.3	2,556.2	30.8
Gross Contribution	100.4	74.5	34.7	245.3	170.4	44.0
Net Contribution	77.8	60.8	28.0	176.8	134.6	31.4
Net Profit After Tax	31.3	24.9	25.5	61.9	47.5	30.3
Earnings Per Share* (cents)	2.01	1.83	9.8	3.98	3.95	0.8

* based on weighted average number of shares of 1,554,584,400 as at March 31, 2006 (compared to 1,203,215,125 shares as at March 31, 2005)

Singapore, May 15, 2006 – Olam International Limited (“Olam” or the “Group”), a leading global, integrated supply chain manager of agricultural products and food ingredients, today reported a Net Profit After Tax of S\$61.9 million for the nine months ended March 31, 2006 (“9M FY2006”), reflecting a 30.3% increase over the corresponding period of the previous year.



This strong improvement in earnings is the result of robust growth in both Sales Volumes and higher Net Contribution across all the four business segments.

Earnings per share (EPS) for Q3 FY2006 grew by 9.8% to 2.01 cents while for 9M FY2006, EPS grew 0.8% to 3.98 cents. It must be noted that the percentage EPS growth is on an enlarged capital base as a result of Olam's IPO in 2005.

Olam's Group Managing Director and CEO Sunny Verghese said: "Our unique business model and strong competitive position has enabled us to deliver yet another quarter of strong earnings growth. Our new initiatives to deepen market penetration, provide more value-added services, expand our product portfolio and invest in a more efficient supply chain infrastructure are progressing well and this augurs well for our near-term business prospects. Our customer base continues to grow strongly and barring any unforeseen circumstances, we are on track to achieving our targets for the year."

Financial Review

For the three months ended March 31, 2006 ("Q3 FY2006"), Sales Revenue rose 29.6 per cent to S\$1.4 billion as Sales Volume grew 23.6 per cent with broad-based contribution from all four business segments.

Cumulatively, Sales Revenue for 9M FY2006 grew by 30.8% to S\$3.3 billion on the back of a 25.3% increase in underlying Sales Volume to 3.3 million metric tons.

For both Q3 FY2006 and 9M FY2006, 84.0% of the increase in Sales Revenue was contributed by increase in Sales Volume while the balance 16.0% was contributed by increase in prices.

Gross Contribution for Q3 FY2006 increased 34.7% while Net Contribution improved by 28.0% across all four business segments. For 9M FY2006, Gross Contribution grew by



44.0% while Net Contribution improved by 31.4%. The growth in Net Contribution was achieved in spite of higher interest cost arising from increased level of working capital employed to support the higher Sales Volumes and also on account of an increase in interest rates. This is the result of the Group's margin enhancement initiatives by way of primary and intermediate processing and providing value added services such as vendor managed inventory services, organic certification, fair trade produce certification, customized grades and quality, proprietary market intelligence and risk management solutions to customers.

Total Net Contribution improved across all four business segments. Increased volumes accounted for 83.0% of this gain and the balance 17.0% was attributed to the Group's margin improvement initiatives.

Review by Product Segment

Edible Nuts, Spices & Beans (S\$ million)	Quarter 3			9 Months		
	FY06	FY05	Change (%)	FY06	FY05	Change (%)
Sales Volume (metric tons)	150,851	122,728	22.9	338,498	282,772	19.7
Sales Revenue	153.2	180.2	(15.0)	389.5	427.5	(8.9)
Gross Contribution	18.5	15.4	20.3	41.2	33.9	21.5
Net Contribution	16.3	13.8	17.9	32.2	28.8	11.8
Net Contribution Per Ton (S\$)	108	113	(4.1)	95	102	(6.6)

Sales Volume for the **Edible Nuts, Spices & Beans** segment grew 22.9% to 150.9 metric tons in Q3 FY2006 while 9M FY2006 saw an increase of 19.7% to 338.5 metric tons. However, Sales Revenue for the segment declined 15.0% in Q3 FY2006 and 8.9% for 9M FY2006 due to difficult trading conditions as a result of a sharp fall in prices. Nonetheless, in spite of lower prices, Gross Contribution and Net Contribution for the segment improved by wider margins, which demonstrates the marginal impact of commodity prices on the Group's profitability that is driven primarily by Sales Volume



and margin improvement initiatives like providing value-added services and securing supply chain efficiencies.

Confectionery & Beverage Ingredients (S\$ million)	Quarter 3			9 Months		
	FY06	FY05	Change (%)	FY06	FY05	Change (%)
Sales Volume (metric tons)	274,657	218,882	25.5	577,667	457,956	26.1
Sales Revenue	651.1	507.4	28.3	1,333.9	1,021.9	30.5
Gross Contribution	40.3	27.8	45.1	92.3	62.8	47.0
Net Contribution	27.8	20.7	34.3	62.8	46.8	34.1
Net Contribution Per Ton (S\$)	101	95	7.0	109	102	6.3

The **Confectionery & Beverage Ingredients** segment experienced a strong third quarter with Sales Volume and NC growing by 25.5 per cent and 34.3 per cent respectively as a result of strong contributions from both the Group’s Cocoa and Coffee operations, particularly in the export of Robusta Coffee from Asia and Africa and the expansion of customer base in the US, Europe, Middle East, North Africa and Eastern Europe for both products.

“Olam has maintained its leading position as one of the major exporters of Robusta coffee from Africa and Asia and our Arabica expansion in Brazil continues to make strong progress. Our marketing investments in the US, Middle East, North Africa and Eastern Europe continue to yield benefits in diversifying our customer base and offering us better liquidity and value,” added Mr Verghese.



Food Staples & Packaged Foods (S\$ million)	Quarter 3			9 Months		
	FY06	FY05	Change (%)	FY06	FY05	Change (%)
Sales Volume (metric tons)	322,026	269,783	19.4	1,102,665	891,826	23.6
Sales Revenue	219.2	156.6	40.0	864.4	609.5	41.8
Gross Contribution	14.0	11.5	21.6	52.9	35.0	51.4
Net Contribution	9.7	8.7	12.1	35.9	26.5	35.5
Net Contribution Per Ton (S\$)	30	32	(6.1)	33	30	9.6

A key contributor to the strong growth in the **Food Staples & Packaged Foods** segment was the rice business in Africa, which benefited from a wider distribution network in key markets of Nigeria, Ghana, Cameroon and Cote d'Ivoire, and successful expansion into the premium rice category.

Sugar operations performed well particularly in Poland where sourcing and shipping volumes grew. The supply chain operations from sourcing in Eastern and Western Europe to marketing in Russia also contributed to the good results.

In Dairy Products, sales of milk power consumer packs in East and West Africa continued to grow. The distribution of milk powder products also commenced in China during the quarter, contributing to increased sales in this segment. The Group expects to scale up the Dairy Products business in China in the next quarter and beyond. It is also evaluating broadening its Dairy Products offering by diversifying into the cheese business.

The Packaged Foods business saw deeper market penetration with wider distribution of its 3-in-1 coffee and the launch of packaged salted and roasted edible nuts in the Group's principal market, Russia. During the quarter, these 3-in-1 coffee products were launched in South Africa and Nigeria where the Group already has established distribution networks. Olam intends to scale up these operations in all three markets.



Fibre & Wood Products (S\$ million)	Quarter 3			9 Months		
	FY06	FY05	Change (%)	FY06	FY05	Change (%)
Sales Volume (metric tons)	238,005	185,811	28.1	455,599	350,107	33.0
Sales Revenue	401.9	255.4	57.4	754.5	497.3	51.7
Gross Contribution	27.6	19.9	38.7	58.9	38.7	52.2
Net Contribution	23.9	17.6	36.3	45.9	32.4	41.4
Net Contribution Per Ton (S\$)	100	94	6.4	99	93	6.3

The **Fibre & Wood Products** segment experienced strong growth as a result of increased export market share for the Group's Cotton business in Asia, particularly India, Bangladesh, Indonesia, Thailand, Taiwan, and East Africa, expansion in sourcing operations in CIS countries as well as increased demand in the US. The Group's forestry and logs sourcing operations in Africa and increased demand in China and India for wood products also contributed to the segment's growth.

Prospects for FY2006

Barring any unforeseen circumstances, the Group continues to be positive on the overall business outlook and prospects as we head into Q4 2006. The various initiatives to broaden and deepen its business franchise are expected to result in both increased volumes and enhanced margins.

Note:

This release should be read and understood only in conjunction with the full text of Olam International Limited's Q3 FY2006 Financial Statements lodged on SGXNET on May 15, 2006.



About Olam International Limited

Olam is a leading global integrated supply chain manager of agricultural products and food ingredients, sourcing 14 products directly from more than 40 origin countries and supplying them to over 3,300 customers in more than 50 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, sheanuts, sesame, rice and teak wood.

Headquartered in Singapore and listed on the SGX-ST on February 11, 2005, it currently ranks among the 40 largest listed companies in Singapore in terms of market capitalisation.

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