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NEWS RELEASE

Olam Reports Record Financial Results for Fourth Quarter and Full Year FY2006

Financial Highlights	
<ul style="list-style-type: none"> ▪ Record FY2006 Revenues of S\$4.36 billion, up 29.4% ▪ Record FY2006 Sales Volumes of 3.17 million tons, up 24.2% ▪ Record FY2006 After Tax Earnings of S\$87.2 million, up 32.3% 	
<ul style="list-style-type: none"> ▪ Record 4Q FY2006 Revenues of S\$1.02 billion, up 25.3% ▪ Record 4Q FY2006 Volumes of 0.688 million tons, up 20.5% ▪ Record 4Q FY2006 After tax earnings of S\$25.33 million, up 37.7% 	
<ul style="list-style-type: none"> ▪ Board recommends a First & Final Dividend of 1.50 cents per share tax exempt (one-tier) ▪ Board also recommends a Special Dividend of 1.50 cents per share tax exempt (one-tier) 	

Financial Highlights	Quarter 4			Year Ended		
	FY2006	FY2005	Change (%)	FY2006	FY2005	Change (%)
Sales Volume (metric tons)	687,755	570,665	20.5	3,172,184	2,553,326	24.2
Sales Revenue (S\$ million)	1,018.8	813.1	25.3	4,361.1	3,369.2	29.4
Net Profit After Tax (S\$ million)	25.3	18.4	37.7	87.2	65.9	32.3
Earnings Per Share (cents)	1.63	1.18	37.7	5.61*	5.11*	9.9

* based on weighted average number of shares of 1,554,584,400 for FY2006 (compared to weighted average number of shares of 1,291,057,444 shares for FY2005)

Singapore, August 28, 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\$87.2 million for the full year ended June 30, 2006 (“FY2006”), (net of a S\$1.72 million non cash charge for share based compensation), achieving



a 32.3% increase over the previous corresponding year ("FY 2005"). Revenues at S\$4.36 billion will also be a record, up 29.4% from FY2005. The growth in Revenues has been entirely organic.

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.

Olam's Group Managing Director and CEO Sunny Verghese said: "Given an industry growth rate estimated at between of 3% to 4%, our capacity to grow at more than 8 times the market growth rate reflects our strong competitive position in the industry and our ability to execute our strategic plans and growth initiatives well. We continued to expand along product, geographical and value chain adjacencies, leveraging our strengths and competencies in origination, marketing, processing, logistics, customised solutions and risk management. The various growth initiatives that we executed this year resulted in a better integration of our supply chain activities and provided more value-added solutions for our growing customer base, leading to higher margins and net contribution per ton."

Olam's CFO, Mr. K. Ravikumar said, "We are particularly pleased with the significant improvements in our working capital productivity, which has underpinned the improvement in our Return on Invested Capital (ROIC) from 6.14% in FY2005 to 9.41% in FY2006. This improvement in ROIC was also aided by both volume growth and margin expansion that we achieved in all 4 business segments".

Financial Review

For FY2006, Sales Revenue rose 29.4% to S\$4.36 billion as Sales Volume grew 24.2% to 3.2 million tons, with broad-based contribution from all four business segments. 85% of the increase in Sales Revenue was contributed by increase in underlying Sales Volume while 15% was due to price increases in the various products.

Gross Contribution ("GC") for FY2006 increased 41.6% to S\$343.1 million while Net Contribution ("NC") improved by 34.4% to S\$259.4 million with GC and NC growth across all four business segments. Increased volumes accounted for 74% of the NC gain and the balance 26% was attributed to the Group's margin improvement initiatives, such as origin



processing and logistics activities, integration in the supply chain and various value-added services. The growth in NC was achieved in spite of an 69.5% rise in interest costs during the year on account of higher interest rates and increased working capital employed to support the growing sales volumes. However, most of these increases in interest costs were passed on to the customers/suppliers as evidenced by improved Net Contribution Margins which grew from 5.73% in FY2005 to 5.95% in FY2006 and Net Contribution per ton increasing from S\$76/ton to S\$82/ton during the same period.

Review by Product Segment

Edible Nuts, Spices & Beans	Quarter 4			Full Year		
	FY2006	FY2005	Change (%)	FY2006	FY2005	Change (%)
Sales Volume (metric tons)	143,479	112,829	27.2	481,977	395,601	21.8
Sales Revenue (S\$ million)	198.8	139.3	42.7	588.3	566.8	3.8
Net Contribution (S\$ million)	20.7	16.4	26.0	52.9	45.2	17.0
Net Contribution Per Ton (S\$)	144	145	(0.9)	110	114	(4.0)

Sales Volume for the **Edible Nuts, Spices & Beans** segment grew 21.8% to 482,000 metric tons in FY2006 despite difficult trading conditions throughout the year. GC and NC for the segment improved by 22.0% and 17.0% respectively, which also demonstrate the marginal impact of lower prices (in this case, Edible Nuts prices) on the Group's profitability, which is driven primarily by Sales Volume and margin improvement initiatives. The Group commenced processing of peanuts in China and leased a facility in Argentina to expand its processing capacity for peanuts.

Confectionery & Beverage Ingredients	Quarter 4			Full Year		
	FY2006	FY2005	Change (%)	FY2006	FY2005	Change (%)
Sales Volume (metric tons)	156,559	130,325	20.1	734,226	588,280	24.8
Sales Revenue (S\$ million)	377.3	324.0	16.4	1,711.3	1,345.9	27.1
Net Contribution (S\$ million)	32.9	26.1	26.1	95.7	72.9	31.2
Net Contribution Per Ton (S\$)	210	200	5.0	130	124	5.2



The **Confectionery & Beverage Ingredients** segment experienced a strong growth with Sales Volume and NC growing by 24.8 per cent and 31.2 per cent respectively as a result of strong contributions from both the Group's Coffee and Cocoa operations.

Coffee volumes grew 28% during the year due to the strong performance in both Arabica and Robusta segments. NC growth was achieved in spite of the above-average volatility in coffee prices during the year.

In Cocoa, there was broad based growth in volumes across all origins. Origin processing in Nigeria, vendor managed inventory solutions for key customers and the supply of customised grades, such as sustainable cocoa from Indonesia and Cote d'Ivoire, contributed to the NC growth.

Food Staples & Packaged Foods	Quarter 4			Full Year		
	FY2006	FY2005	Change (%)	FY2006	FY2005	Change (%)
Sales Volume (metric tons)	233,026	209,875	11.0	1,335,691	1,101,701	21.2
Sales Revenue (S\$ million)	194.0	173.2	12.0	1,058.4	782.7	35.2
Net Contribution (S\$ million)	6.3	2.3	169.2	42.1	28.8	46.3
Net Contribution Per Ton (S\$)	27	11	142.5	32	26	20.7

Sales Volume and NC for the **Food Staples & Packaged Foods** segment grew 21.2% and 46.3% respectively in FY2006 compared to FY2005.

Rice volume and margin increased in spite of difficult trading conditions in rice as the Group was able to successfully introduce and expand the sale of premium rice in West Africa across several markets in the fourth quarter. Margins improved with processing and rice milling initiatives in Nigeria and India.

Sugar operations performed well in both Poland and Brazil where the Group moved from second-hand sourcing from intermediaries to direct sourcing from the mills. New marketing operations in Russia as well as brisk growth in the Middle East also contributed to the good results.



In Dairy Products, Sales Volume surged 93% over FY2005. Three key initiatives drove the growth in volume, mainly, the Group's entry into the Russian market with milk powder from Ukraine and Poland, its new dairy products distribution operation in China, and the sourcing of new products (skimmed milk powder and whey powder) from the US. The Group has also broadened its Dairy Products offering by adding whey powder and cheese to its portfolio.

The Packaged Foods business continued to expand with new operations in South Africa and Nigeria. The Group expanded its product portfolio with the introduction of salted and roasted Edible Nuts in Russia and tomato paste and powder in Nigeria. It also expanded the distribution of its 3-in-1 coffees and edible nuts to nearly 60 cities in Russia and commenced local production and packaging for both products in the country.

Fibre & Wood Products	Quarter 4			Full year		
	FY2006	FY2005	Change (%)	FY2006	FY2005	Change (%)
Sales Volume (metric tons)	154,690	117,637	31.5	620,289	467,743	32.6
Sales Revenue (S\$ million)	248.6	176.5	40.8	1,003.1	673.8	48.9
Net Contribution (S\$ million)	22.8	13.6	68.1	68.7	46.0	49.3
Net Contribution Per Ton (S\$)	147	115	27.8	111	98	12.6

The **Fibre & Wood Products** segment experienced 32.6% growth in Sales Volume and 49.3% in NC in FY2006. The Group's export market share for Cotton grew as volume rose 55% over FY2005. The Group's investment in an extensive cotton distribution network in China yielded good results, with Sales Volume in this key market doubling from the previous year. Cotton origin processing with owned or leased gins in Uganda, Tanzania, Zimbabwe, Nigeria and India expanded while direct marketing of US cotton into Turkey commenced during the year.

Timber volumes grew stronger with new sourcing origins as well as augmented marketing capabilities in Vietnam and China where there is growing demand for timber for furniture processing. Margins also improved as a result of economies of scale in marine logistics given the growing volumes handled as well as the value added processing initiatives undertaken in Brazil, Gabon and Nigeria.



Note:

This release should be read and understood only in conjunction with the full text of Olam International Limited's FY2006 Financial Statements lodged on SGXNET on August 28, 2006.

About Olam International Limited

Olam is a leading global integrated supply chain manager of agricultural products and food ingredients. Today, the Company sources 14 products directly from over 41 origin countries, supplying these to over 3,800 customers in more than 50 destination markets, with over 6,300 employees worldwide. Olam has been included in MSCI Singapore Index effective 31st May 2005. Headquartered in Singapore and listed on the SGX-ST on February 11, 2005, it currently ranks among the 50 largest listed companies in Singapore in terms of market capitalisation.

Olam was ranked 7th in the Singapore International 100 (2006 Ranking), a ranking of Singapore's top 100 exporters. It is ranked 1st for overseas revenues from Africa and among the top five companies for the markets of Europe, India, Middle East and North Asia regions. It was also noted for its good Corporate Governance as a recipient of the Most Transparent Company Award 2005 by the Securities Investors Association of Singapore (SIAS) and for Best Investor Relations (for an IPO) by IR Magazine.

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