

OLAM INTERNATIONAL LIMITED

(Incorporated in the Republic of Singapore)
Company Registration Number 199504676H

PROPOSED ACQUISITION OF UNIVERSAL BLANCHERS L.L.C.

1. INTRODUCTION

The Board of Directors (the “**Directors**”) of Olam International Limited (the “**Company**” or “**Olam**”) is pleased to announce that the Company’s wholly-owned subsidiary, Olam US Holdings, Inc. (“**Olam US**” or the “**Buyer**”), has entered into a conditional unit purchase agreement dated 22 April 2007 (the “**Agreement**”) with the unitholders (the “**Sellers**”) of Universal Blanchers L.L.C. (“**Universal Blanchers**”), to acquire all the issued and outstanding units (the “**Units**”) of Universal Blanchers (the “**Acquisition**”). Completion of the Acquisition (“**Completion**”) will take place following the satisfaction or, if applicable, waiver of conditions precedent, including *inter alia*, the expiration of all applicable waiting periods relating to the Hart-Scott-Rodino Act in the United States of America.

2. PRINCIPAL TERMS OF THE ACQUISITION

2.1 **Agreement.** Subject to the terms of the Agreement, the Sellers shall, on Completion, sell to Olam US and Olam US shall purchase from the Sellers, all the Units.

2.2 **Purchase Price.** Pursuant to the terms of the Agreement, the purchase price (“**Purchase Price**”) payable by Olam US for all the Units shall be, subject to adjustment in accordance with the terms of the Agreement, (a) an aggregate amount of US\$77,000,000, (b) plus all cash on hand and on deposit in accounts held by Universal Blanchers and all cash equivalent items; (c) less any amount of indebtedness of Universal Blanchers (together with any prepayment penalty thereof on or before Completion); and (d) either (1) plus the amount, if any, by which the net equity of Universal Blanchers (“**net equity**” being the net book value of the assets of Universal Blanchers exceeds the net book value of its liabilities (excluding cash and indebtedness from such assets and liabilities) exceeds US\$20,600,000 or (2) less the amount, if any, by which the net equity of Universal Blanchers is less than US\$20,600,000.

The final Purchase Price, after adjustment in accordance with the terms of the Agreement, will be paid by Olam US on Completion, of which (a) US\$15,400,000 will be paid in cash for deposit into an escrow fund to be maintained by JPMorgan Chase Bank, N.A. as escrow agent to be made available to satisfy the indemnity obligations of the Sellers under the terms of the Agreement; (b) 20 per cent. of the final Purchase Price will be paid in cash into an escrow fund to be held in escrow for deferred payment and disbursement to certain employees of Universal Blanchers who are holders of Class B Units of Universal Blanchers; and (c) the balance of the final Purchase Price will be paid in cash to the representatives of the Sellers. The Purchase Price was determined based on the enterprise value of Universal Blanchers and arrived at on a willing seller willing buyer basis.

Olam Guarantee. The Company has agreed to unconditionally guarantee the full and prompt payment and performance of the obligations of Olam US when due under the terms of the Agreement, whether by acceleration or otherwise, or (if earlier) at the time Olam US becomes the subject of bankruptcy or other insolvency proceedings and has agreed to pay all costs, expenses and reasonable fees incurred by Universal Blanchers in enforcing the terms of the Agreement and Olam US's obligations and the amount of any payments made by Universal Blanchers in connection with any of Olam US's obligations which are recovered by a trustee, receiver, company or other party pursuant to applicable law.

The Olam group will fund the Acquisition through internal accruals and borrowings.

2.3 **Conditions.** The Acquisition is subject to and conditional upon, *inter alia*, the following conditions:

(a) **Conditions precedent to Olam US's obligations**

- (1) Representations and Warranties True on Completion: Each of the representations and warranties made by the Sellers and Universal Blanchers in the Agreement, and the statements contained in the disclosure schedule to the Agreement or in any instrument, list, certificate or writing delivered by the Sellers or Universal Blancher pursuant to this Agreement, being true and correct in all material respects (except representations and warranties qualified by materiality which shall be true and correct in all respects) when made and being true and correct in all material respects (except representations and warranties qualified by materiality which shall be true and correct in all respects) at and as of the date of Completion as though such representations and warranties were made or given on and as of the date of Completion, except for any changes permitted by the terms of the Agreement or consented to in writing by Olam US;
- (2) Compliance with the Agreement: The Sellers and Universal Blanchers having in all material respects performed and complied with all of their agreements and obligations under the Agreement which are to be performed or complied with by them prior to or on the date of Completion, including the delivery of certain documents on Completion;
- (3) Absence of Litigation: No litigation having been commenced or threatened, and no investigation by any government entity having been commenced, against Olam US, Universal Blanchers or any of the affiliates, officers or directors of any of them, with respect to the transactions contemplated in the Agreement;
- (4) Consents and Approvals: All approvals, consents and waivers required to effect the transactions contemplated in the Agreement having been received, and executed counterparts thereof having been delivered to Olam US not less than two business days prior to Completion;

- (5) Hart-Scott-Rodino Waiting Period: All applicable waiting periods relating to the Hart-Scott-Rodino Act having been expired;
- (6) Environmental Reliance Letter and Regulatory Database Search Report: The Sellers having delivered to Olam US: (a) written authorisation from Geological & Environmental Consultants, Inc. that is reasonably satisfactory to Olam US for Olam US and its affiliates, subsidiaries, lenders, investors, successors and assigns to rely on the Phase I environmental site assessments prepared by Geological & Environmental Consultants, Inc. for Universal Blanchers' facilities in Sylvester, Georgia, Edenton, North Carolina, Blakely, Georgia, and Dublin, Texas, and (b) with respect to Universal Blancher's Dublin, Texas facility, a report of a regulatory database search conducted in accordance with the database search requirements of the ASTM E 1527-05 standard, and Geological & Environmental Consultants, Inc.'s review thereof;
- (7) Indebtedness: All indebtedness (other than Indebtedness with respect to the outstanding industrial development revenue bonds) being payable in full and all liens released as of the date of Completion upon receipt of payment in full; and
- (8) Transaction Expenses: all transaction expenses of Universal Blanchers and the Sellers payable by Universal Blanchers shall have been paid in full,

(b) **Conditions precedent to Sellers' Obligations**

- (1) Representations and Warranties True on Completion: Each of the representations and warranties made by Olam US in the Agreement being true and correct in all material respects when made and being true and correct in all material respects at and as of the date of Completion as though such representations and warranties were made or given on and as of date of Completion;
- (2) Compliance with Agreement: Olam US having in all material respects performed and complied with all of its agreements and obligations under the Agreement which are to be performed or complied with by Olam US prior to or on the date of Completion, including the delivery of certain documents on Completion.
- (3) Absence of Litigation: No litigation having been commenced or threatened, and no investigation by any government entity having been commenced, against Olam US, Universal Blanchers or any of the affiliates, officers or directors of any of them, with respect to the transactions contemplated in the Agreement; and
- (4) Hart-Scott-Rodino Waiting Period: All applicable waiting periods relating to the Hart-Scott-Rodino Act having been expired.

2.4 **Post-Completion.** On Completion, Olam US will own 100 per cent. of Universal Blanchers and Universal Blanchers will be an indirect wholly-owned subsidiary of the Company.

3. INFORMATION ON UNIVERSAL BLANCHERS

- 3.1 **Universal Blanchers.** Founded in 1978, Universal Blanchers is a food ingredient company focusing on supplying ingredients and processing solutions to the peanut industry. It is the largest independent peanut blancher in the world and is a leader in the United States of America (“USA”) in outsourced blanching, roasting and bulk peanut butter and paste for the confectionery and snacks foods markets. Headquartered in Georgia, USA, Universal Blanchers was purchased by the current owners in October 1999, and since that time, the business has grown to include four peanut processing plants with key facilities in every major United States peanut growing region.
- 3.2 **Asset Value.** As at 30 June 2006, the net tangible asset value of Universal Blanchers was approximately US\$15 million (equivalent to approximately S\$23 million based on an exchange rate of US\$1.00 : S\$1.59).
- 3.3 **Net Profit.** For the financial year ended 30 June 2006, the net profit after tax of Universal Blanchers was approximately US\$5 million (equivalent to approximately S\$7 million based on an exchange rate of US\$1.00 : S\$1.59).

4. FINANCIAL EFFECTS

- 4.1 **Assumptions.** The proforma financial effects of the Acquisition on the earnings per share (“EPS”), the net tangible assets (“NTA”) per share of the Company and its subsidiaries (“Olam Group”) and the share capital of the Company as set out below are prepared purely for illustration only and do not reflect the actual future financial situation of the Olam Group after the Acquisition. The proforma financial effects have been prepared based on the audited consolidated financial statements of the Olam Group for the financial year ended 30 June 2006 (“FY2006”), the unaudited consolidated financial statements of the Olam Group for the second quarter and half year ended 31 December 2006 (“2Q 2007”), the audited consolidated financial statements of Universal Blanchers for the full year ended 30 June 2006 and the unaudited consolidated financial statements of Universal Blanchers for the half year ended 31 December 2006.
- 4.2 **NTA.** For illustrative purposes only and assuming that the Acquisition had been completed on 30 June 2006 and 31 December 2006, the proforma financial effects on the consolidated NTA of the Olam Group for FY2006 and 2Q 2007 respectively are as follows:

	As at 30 June 2006	As at 31 December 2006	As at 30 June 2006 After the Acquisition	As at 31 December 2006 After the Acquisition
NTA (S\$ million)	488	473	511	500
NTA per share (cents)	31.39	30.42	32.89	32.15

- 4.3 **EPS.** For illustrative purposes only and assuming that the Acquisition had been completed on 1 July 2005 and 1 July 2006, the proforma financial effects on the consolidated earnings of the Olam Group for FY2006 and 2Q 2007 are as follows:

	FY2006	2Q 2007	As at 30 June 2006 After the Acquisition	As at 31 December 2006 After the Acquisition
Profit after tax and minority interest (S\$ million)	87	38	95	43
EPS (cents)	5.58	2.43	6.05	2.73

- 4.4 **Share Capital.** The Acquisition will not have any impact on the issued share capital of the Company.

5. RATIONALE

The Company has direct sourcing and processing operations in the world's two largest peanut producing countries – China and Argentina. It is also present in all other key origins, including South Africa, Brazil and India, with the exception of the United States. The United States is the world's third largest peanut origin, producing close to 2 million metric tonnes of peanuts per year, of which approximately 10 per cent. is exported to world markets. The management of the Company believe that acquisition of Universal Blanchers will plug the missing piece in the Company's strategy within the peanuts and the overall edible nuts segment to set up direct procurement, shelling and blanching operations in all major production centres, thereby allowing the Company to offer the entire range of in-shell, blanched and kernel grade peanuts, from origins that account for more than 80 per cent. of world peanuts trade flow. In addition, Universal Blanchers's dominant market position, superior processing knowhow and strong customer franchise adds significant value to the Company's existing edible nuts customer base and offers many cross-selling opportunities and this is consistent with the Company's edible nuts strategy of participating in large domestic markets, such as the United States, to capitalise on import, domestic and export trade flows for its peanuts business. Further, Universal Blanchers's strong and experienced management team with their deep knowledge of the peanut business, will add significant bandwidth to the Company's talent pool and will continue to grow in their careers under the Company's aegis.

6. DISCLOSEABLE TRANSACTION

The relative figures in relation to the Acquisition computed on the bases set out in Rule 1006 of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual are as follows:

Rule 1006	Bases	Acquisition (\$ million)	Olam Group (\$ million)	Relative Figures (%)
(b)	Net profits attributable to the Units purchased compared with Olam Group’s net profits	7	87	8
(c)	Consideration given for the Units compared with Olam Group’s market capitalisation	116	5,410	2

As the relative figure under Rule 1006(b) above exceeds 5 per cent. but does not exceed 20 per cent., the Acquisition constitutes a discloseable transaction as defined in Chapter 10 of the SGX-ST Listing Manual.

7. FURTHER INFORMATION

- 7.1 **Directors’ Service Contracts.** No person is proposed to be appointed as a director of the Company or Olam US in connection with the Acquisition. Accordingly no service contract is proposed to be entered into between the Company, Olam US and any such person.
- 7.2 **Interests of Directors and Substantial Shareholders of the Company.** None of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Acquisition.
- 7.3 **Documents for Inspection.** A copy of the Agreement is available for inspection during normal business hours at the registered office of the Company at 3 Church Street, #08-01, Singapore 049483, for the period of three months commencing from the date of this Announcement.

BY ORDER OF THE BOARD

Sophia Lim Siew Fay / Tan San Ju
Company Secretary
22 April 2007, Singapore