



Olam International Limited

Acquisition of stake in Open Country Cheese Company Limited

Singapore, 14 June, 2007 – Olam International Limited today announced the acquisition of 6,419,067 shares or 17.04% of total outstanding shares of Open Country Cheese Company Limited, a fast growing dairy processing company in New Zealand.

Open Country Cheese Limited

Open Country Cheese Company Limited (“**OCC**” or “**Company**”) produces and exports a range of semi-hard to hard dry-salted cheeses and whey powder. OCC’s factory is located at Waharoa in eastern Waikato, one of New Zealand’s prime dairy farming regions. The company exports to over 20 different countries including Australia, Russia, UK and various countries in Asia and Latin America.

OCC was founded in 2001 to take advantage of opportunities created by the enactment of the New Zealand Dairy Industry Restructuring Act, which abolished the “single desk” system and enabled companies such as OCC to export directly to world markets.

OCC commenced production in September 2004. OCC is estimated to have processed approximately 177m litres of milk producing 21,000 tonnes of cheese and 6,500 tonnes of whey powder in the 2006/07 season. The Company is expected to have generated Revenues and EBITDA of NZ\$ 84 million and NZ\$ 4.6 million respectively for the year ended 31 May 2007.

OCC is forecasting strong growth in production and earnings over the next 2-3 seasons. According to the company’s estimates, it would process approximately 244 million litres of milk in the 2007/08 season. Further, OCC has plans to move into production of milk powder and intends to build a milk powder plant which is expected to be ready for the 2008/09 season. The milk powder plant will allow OCC to process a further 100 million litres of milk in turn producing a further 15,000 tonnes of product. The proposed expansion is expected to provide OCC a more balanced portfolio of products lifting annual capacity to 30,000 tonnes of cheese and 20,000 tonnes of various powders.

According to the Company’s estimates, it is expecting Revenues and EBITDA of NZ\$ 157.5 million and NZ\$ 16.6 million in FY2008 and NZ\$ 226.4 million and NZ\$ 29.3 million in FY2009 respectively.

OCC is currently listed on the Unlisted securities market in New Zealand. OCC shares closed at NZ\$ 3.20 per share today (14 June 2007), resulting in a current market capitalisation of NZ\$ 120.35 million. On 10 May 2007, Dairy Trust Limited (DTL) announced its intention to launch a takeover offer for acquiring atleast 50.1% of the voting capital of OCC, offering 1.68 shares of DTL for each share in OCC. The offer implied an aggregate equity value of NZ\$ 84.6 million for OCC or NZ\$ 2.25 per OCC share. DTL’s offer, which opened on 25 May 2007, is currently open.

Investment Rationale

Dairy is one of the fastest growing businesses in Olam's portfolio. Over the last 3 years, Olam has successfully completed the execution of the first leg of its strategy involving sourcing from niche origins like Argentina and Ukraine for supply into markets like Africa, Russia and China, where Olam has an established distribution presence. Olam's dairy business is now well-positioned to execute the second leg of its strategy which involves establishing a meaningful presence in the key dairy origins of Oceania and USA. Of these origins, New Zealand stands out, given its significant competitive advantages which include:

- Low costs of production mainly due to pasture based grazing which lowers feed costs. This cost advantage is continues to improve due to significant increases in world grain and protein prices;
- Expectation for continued growth of 3% p.a in milk production;
- Significant export orientation, given that 95% of liquid milk production is exported;
- Proximity to Asia, the largest and the fastest growing import block in the world (accounts for 40% of the world dairy trade).

Olam believes that this strategic stake acquisition will enable it gain valuable exposure to this important Dairy region.

Olam takes pride in the fact that it works closely with growers across multiple products in over 40 producing countries globally. Olam has an established track record of leveraging on its core strengths in global sales & distribution to deliver superior benefits to growers. Olam desires to build a similar symbiotic relationship with OCC's suppliers.

Further, Olam has a high regard for the franchise OCC has built till date and its management team. Olam intends to work alongside all of OCC's stakeholders with a view to enhancing OCC's competitive position in the New Zealand Dairy industry and supporting its growth plans.

Olam also believes that there exist opportunities for synergistic co-operation with other players in the New Zealand Dairy industry. Olam would endeavour to explore any such opportunities that offer mutual benefit.

CONTACT DETAILS

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