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## NEWS RELEASE

### OLAM INTERNATIONAL ACHIEVES 25.4% GROWTH IN NET PROFITS FOR SECOND QUARTER AND 23.1% FOR FIRST-HALF FY2008

#### H1 FY2008: Financial Highlights

- Sales Revenue of S\$3.32 billion, up 40.4%.
- Sales Volumes of 2.34 million tonnes, up 28.7% with growth across all four segments.
- Gross Contribution (GC) up 55.0% to S\$305.9 million, with GC/tonne up 20.2% to S\$131.
- NC up 56.3% to S\$205.6 million, with NC/tonne up 22.2% to S\$88.
- 60.4% of NC growth on account of volume growth, and 39.6% from margin improvements.
- NC growth in existing businesses was strong at 30.8% and accounted for 54.7% of Group NC growth.
- Results of 5 new businesses from acquisitions – Queensland Cotton, Universal Blanchers, Naarden, Key Foods and PT DUS – were consolidated. These acquired businesses accounted for 51.6% of the growth in Group Sales Volume and contributed S\$33.6 million or 45.3% of total growth in NC.
- Net Profit After Tax up 23.1% to S\$46.9 million, EPS up 23.2% to 3.03 cents.

| Consolidated Financial Results Ended December 31, 2007 | Quarter 2 |           |            | Six Months |           |            |
|--|-----------|-----------|------------|------------|-----------|------------|
|  | FY2008    | FY2007    | Change (%) | FY2008     | FY2007    | Change (%) |
| Sales Volume (metric tonnes)                           | 1,420,876 | 1,143,557 | 24.3       | 2,337,307  | 1,816,418 | 28.7       |
| Sales Revenue (S\$million)                             | 1,948.3   | 1,463.7   | 33.1       | 3,325.0    | 2,367.5   | 40.4       |
| Gross Contribution (GC) (S\$million)                   | 175.4     | 121.4     | 44.5       | 305.9      | 197.4     | 55.0       |
| Net Contribution (NC) (S\$million)                     | 117.1     | 81.6      | 43.5       | 205.6      | 131.6     | 56.2       |
| Net Profit After Tax (S\$million)                      | 37.7      | 30.1      | 25.4       | 46.9       | 38.1      | 23.1       |
| Earnings Per Share (cents)                             | 2.43*     | 1.93      | 25.9       | 3.03**     | 2.46      | 23.2       |



*\* Based on weighted average number of shares of 1,555,467,400 for Q2 FY2008 (compared to weighted average number of shares of 1,554,584,400 for Q2 FY2007).*

*\*\* Based on weighted average number of shares of 1,555,536,601 for H1 FY2008 (compared to weighted average number of shares of 1,554,584,400 for H1 FY2007).*

Singapore, February 14, 2008 – Olam International Limited (“Olam” or the “Group”), a leading global, integrated supply chain manager of agricultural products and food ingredients, today announced a year-on-year 25.4% growth in Net Profit After Tax to S\$37.7 million for the second quarter ended December 31, 2007 (“Q2 FY2008”).

Interim Net Profit After Tax for the first six months (“H1 FY2008”) amounted to S\$46.9 million, a 23.1% growth over the previous corresponding period.

Said Olam’s CFO, Krishnan Ravikumar: “The first-half normally accounts for 30% to 40% of our full year’s earnings due to the seasonality of our business since we are present largely in the northern hemisphere countries where the harvesting season is typically between October and March. Results for the first-half included the consolidated results of five completed acquisitions – Queensland Cotton (QCH), Universal Blanchers (UB), Naarden Agro, Key Foods and PT DUS.

“Our existing businesses continued to perform well,” he added.

Olam’s Group Managing Director and CEO Sunny Verghese said: “Our first-half results show that our growth strategies through identifying adjacencies in our core businesses and making value-accretive M&A investments are bearing fruit. Over the last three years since we were listed, we have more than doubled our revenues and net profits, and with all of this growth being non-dilutive to existing shareholders. We are continuing to build distinctive capabilities in terms of gaining market share and customer stickiness, increasing value-chain integration and margins per tonne, and most importantly, developing and expanding a larger talent pool to compete successfully. We are confident that these distinctive capabilities that we have built will continue to help us achieve our objectives of growth and maximisation of shareholder value going forward.”



## **Group Financial Review**

For Q2 FY2008, Sales Revenue rose 33.1% to S\$1.95 billion driven by a Sales Volume growth of 24.3% to 1.42 million metric tonnes, with growth contributed by all four segments.

GC for Q2 FY2008 increased 44.5% to S\$175.4 million while NC rose by 43.5% to S\$117.1 million. All four business segments registered growth in both GC and NC despite higher interest cost during the period. 60.5% of the growth in NC came from acquired businesses and the balance 39.5% came from existing businesses. NC per tonne grew from S\$71 to S\$82 as a result of margin enhancement initiatives as well as from the earnings and value-accretive acquisitions.

On a cumulative half yearly basis ("H1 FY2008"), Sales Revenue grew 40.4% to S\$3.32 billion backed by a 28.7% growth in Sales Volume to 2.34 million tonnes. 51.6% of the growth in volume was from acquisitions as existing businesses accounted for the balance 48.4%.

During these six months, GC and NC rose 55.0% and 56.3% respectively. All four business segments contributed to the growth in GC and NC. 54.7% of the growth in NC came from existing businesses with the remaining 45.3% from acquisitions. A combination of margin improvement initiatives and earnings-accretive acquisitions led to a growth in NC per tonne from S\$72 to S\$88.



## Segmental Review

| Edible Nuts, Spices & Beans (S\$ million) | Quarter 2 |        |            | Six Months |         |            |
|---|-----------|--------|------------|------------|---------|------------|
|   | FY08      | FY07   | Change (%) | FY08       | FY07    | Change (%) |
| <i>Sales Volume (metric tonnes)</i>       | 97,777    | 91,133 | 7.3        | 306,045    | 225,773 | 35.6       |
| Sales Revenue (S\$million)                | 189.7     | 150.7  | 25.9       | 426.5      | 335.1   | 27.3       |
| Net Contribution (S\$million)             | 10.0      | 9.7    | 3.5        | 33.6       | 19.4    | 72.8       |
| Net Contribution Per Tonne (S\$)          | 102       | 106    | -3.8       | 110        | 86      | 27.9       |

In Q2 FY2008, Sales Volume and NC for the **Edible Nuts, Spices & Beans** segment grew 7.3% and 3.5% respectively. The lower than expected growth rates in Q2 FY2008 was due to a short cashew crop in Brazil and Tanzania. While newly acquired UB and Key Foods performed well according to expectations, existing businesses, namely Peanuts, Sesame, Spices and Pulses, registered double-digit growth in volumes during this period. On an aggregate six-month basis, Sales Volume and NC grew by 35.6% and 72.8% respectively over the previous corresponding period.

| Confectionery & Beverage Ingredients (S\$ million) | Quarter 2 |         |            | Six Months |         |            |
|--|-----------|---------|------------|------------|---------|------------|
|  | FY08      | FY07    | Change (%) | FY08       | FY07    | Change (%) |
| <i>Sales Volume (metric tonnes)</i>                | 275,600   | 238,070 | 15.8       | 448,110    | 384,443 | 16.6       |
| Sales Revenue (S\$million)                         | 666.6     | 557.7   | 19.5       | 1,147.6    | 892.5   | 28.6       |
| Net Contribution (S\$million)                      | 39.6      | 30.8    | 28.6       | 62.6       | 47.7    | 31.2       |
| Net Contribution Per Tonne (S\$)                   | 144       | 129     | 11.1       | 140        | 124     | 12.6       |

The **Confectionery & Beverage Ingredients** segment reported a healthy 15.8% growth in Sales Volume and a strong 28.6% growth in NC during Q2 FY2008. On a cumulative basis,



Sales Volume and NC rose 16.6% and 31.2% respectively. This was achieved even though market volatility in both coffee and cocoa persisted during the first-half.

Coffee volumes grew by a significant 37.0% during the first-half, supported by the expanding Arabica coffee business. Cocoa volumes were flat year-on-year only because of the late start to the main crop season in West Africa, particularly in Cameroon and Cote d'Ivoire which affected volumes in Q2 FY2008. Sheanut volumes doubled compared to the previous corresponding period due to the strong demand for CBEs (cocoa butter equivalents).

| Food Staples & Packaged Foods (S\$ million) | Quarter 2 |         |            | Six Months |         |            |
|---|-----------|---------|------------|------------|---------|------------|
|   | FY08      | FY07    | Change (%) | FY08       | FY08    | Change (%) |
| Sales Volume (metric tonnes)                | 730,941   | 630,846 | 15.9       | 1,077,918  | 923,716 | 16.7       |
| Sales Revenue (S\$million)                  | 670.6     | 485.4   | 38.2       | 1,012.0    | 709.0   | 42.7       |
| Net Contribution (S\$million)               | 36.1      | 21.5    | 67.7       | 60.2       | 33.6    | 79.2       |
| Net Contribution Per Tonne (S\$)            | 49        | 34      | 44.7       | 56         | 36      | 55.6       |

Sales Volume and NC for the **Food Staples & Packaged Foods** segment grew 15.9% and 67.7% respectively in Q2 FY2008. For H1 FY2008, Sales Volume and NC growth were 16.7% and 79.2% respectively. Such strong performance was mainly attributable to the Rice and Dairy Products businesses whose volumes expanded by 29.8% and 21.0% respectively during the first-half. Naarden Agro also contributed to the growth in Sales Volume and NC in this segment.



| Fibre & Wood Products (S\$ million) | Quarter 2 |         |            | Six Months |         |            |
|-------------------------------------|-----------|---------|------------|------------|---------|------------|
|                                     | FY08      | FY07    | Change (%) | FY08       | FY07    | Change (%) |
| Sales Volume (metric tonnes)        | 316,558   | 183,508 | 72.5       | 505,234    | 282,486 | 78.9       |
| Sales Revenue (S\$million)          | 421.3     | 270.0   | 56.0       | 738.9      | 430.8   | 71.5       |
| Net Contribution (S\$million)       | 31.3      | 19.6    | 60.0       | 49.2       | 30.8    | 59.7       |
| Net Contribution Per Tonne (S\$)    | 99        | 107     | (7.3)      | 97         | 109     | (10.7)     |

The **Fibre & Wood Products** segment recorded a 72.5% growth in Sales Volume and 60.0% improvement in NC in Q2 FY2008. In H1 FY2008, Sales Volume and NC increased 78.9% and 59.7% respectively. As anticipated, there was a reduction in NC per tonne due to QCH which reported a loss in H1 FY2008. Excluding QCH, NC per tonne for existing businesses within the segment was S\$127 in Q2 FY2008 compared to S\$107 in Q2 FY2007 or S\$139 in H1 FY2008 as against S\$109 in H1 FY2007.

Cotton Sales Volume grew by a record 136.0% during the first-half as a result of the combined strong volume growth from the existing cotton business and contribution from QCH. Wood Products performed well during this period as it enhanced its value chain activities, including the manufacturing of top layer/flooring products and distribution of logs, sawn hardwoods and manufactured wood products into the key markets in China, Vietnam, India and Europe.



## **M&A Update**

In November 2007, the Group announced that it had formed a 50:50 joint venture with Wilmar International to invest in integrated palm oil, rubber and sugar assets in Africa. As a first step, the joint venture company, Nauvu Investments, will acquire 25.0% stake in SIFCA Group, 50.5% stake in SIFCA's palm oil refining company, Newco, and a 26.65% stake in SIFCA's oil palm plantation and CPO producing company, Palm-CI. The transaction is expected to be completed in May-June 2008.

All the M&A transactions announced by the Group up to October 2007 have been successfully completed with the exception of the joint venture with Chinatex Corporation which is awaiting approvals from the relevant authorities.

The M&A deal pipeline remains strong. Olam expects its M&A strategy to make continuing contributions to the Group's profitability going forward.

## **Prospects**

The Group continues to execute well on its strategic growth plan, both in existing businesses and new businesses through acquisitions. These growth initiatives are expected to contribute further to Olam's sustained growth and profitability beyond this period.

### **Note:**

*This release should be read and understood only in conjunction with the full text of Olam International Limited's Q2 FY2008 Financial Statements lodged on SGXNET on February 14, 2008.*



### **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 now a component stock in the revamped Straits Times Index (STI). Olam received three prestigious honours at the Singapore Corporate Awards 2007 and the “Most Transparent Company” Award (Commerce) at the SIAS Investors’ Choice Awards 2007. It was also named one of Singapore’s top 10 globalised companies by International Enterprise (“IE”) Singapore in its third annual Singapore International 100 Ranking 2007. More information on Olam can be found at [www.olamonline.com](http://www.olamonline.com).*

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