



OLAM INTERNATIONAL LIMITED
(Company Registration Number: 199504676H)

A NON-RENOUNCEABLE, NON-TRANSFERABLE PREFERENTIAL OFFERING OF 155,628,689 NEW ORDINARY SHARES (THE "NEW SHARES") IN THE CAPITAL OF OLAM INTERNATIONAL LIMITED (THE "COMPANY") TO ENTITLED SHAREHOLDERS (AS DEFINED BELOW) AT AN ISSUE PRICE S\$1.97 PER NEW SHARE (THE "PREFERENTIAL OFFERING ISSUE PRICE") (THE "PREFERENTIAL OFFERING")

1. INTRODUCTION

The Board of Directors (the "**Directors**") of the Company wishes to announce that the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") has today granted an approval in-principle for the listing and quotation of the New Shares to be issued under the Preferential Offering.

The Company will be undertaking a non-renounceable, non-transferable preferential offering of 155,628,689 New Shares on the basis of one (1) New Share for every ten (10) existing ordinary shares in the capital of the Company (the "**Shares**") held on **8 April 2008** (the "**Books Closure Date**") (fractional entitlements to be disregarded) to Entitled Shareholders (as defined below) at the Preferential Offering Issue Price.

The Company intends to rely on the general share issue mandate granted to the Directors by the shareholders of the Company (the "**Shareholders**") at its annual general meeting (held on 29 October 2007) pursuant to section 161 of the Companies Act (Cap. 50) and Rule 806 of the SGX-ST Listing Manual to issue the New Shares under the Preferential Offering.

As at the date of this announcement, the Company has an issued capital of 1,556,286,891 Shares. Assuming that all the New Shares pursuant to the Preferential Offering are allotted and issued, the Company will have an enlarged issued and paid-up share capital comprising 1,711,915,580 Shares. The 155,628,689 New Shares would represent approximately 10.0% of the issued and paid-up share capital of the Company as at the date of this announcement and approximately 9.1% of the enlarged issued and paid-up share capital of the Company after the Preferential Offering.

The New Shares are payable in full upon acceptance, application and/or subscription, as the case may be, and will, when issued and fully paid, rank *pari passu* in all respects with the then existing Shares, except that they will not rank for any dividends, rights, allotments or other distributions, the record date for which falls before the date of issue of the New Shares. For this purpose, "**record date**" means, in relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as may have been notified by the Company) on which Shareholders must be registered with the Company or with The Central Depository (Pte) Limited ("**CDP**") in order to participate in such dividends, rights, allotments or other distributions.

The Company has appointed J.P. Morgan (S.E.A.) Limited and Macquarie Capital (Singapore) Pte. Limited as the Joint Lead Managers in relation to the Preferential Offering (the "**Joint Lead Managers**").

DETAILS OF THE PREFERENTIAL OFFERING

2.1 Principal Terms of the Preferential Offering

The Company will be undertaking a non-renounceable, non-transferable preferential offering of 155,628,689 New Shares which will be offered to Entitled Shareholders (as defined below)

at the Preferential Offering Issue Price for each New Share on the basis of one (1) New Share for every ten (10) existing Shares held by, or standing to the credit of the securities accounts (the "**Securities Accounts**") of, Entitled Shareholders as at 5.00 p.m. (Singapore time) on the Books Closure Date, fractional entitlements to be disregarded.

The Preferential Offering Issue Price of S\$1.97 per New Share is at a discount of approximately 4.8% to the last traded price of S\$2.07 and a discount of approximately 8.6% to the volume weighted average price per Share for trades done on the SGX-ST for the 30 market days period from 15 February 2008 to the last trade done on 28 March 2008, both dates inclusive. The New Shares will trade on a "cum" basis on the SGX-ST up to **5.00 p.m. on 3 April 2008** prior to the commencement of the Preferential Offering.

An offer information statement in relation to the Preferential Offering which will be issued pursuant to Section 277 of the Securities and Futures Act (Cap. 289), and which will comply as to form and content with the Sixteenth Schedule of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005, will be lodged with the Authority and despatched to Entitled Shareholders in due course.

2.2 Eligibility of Shareholders to participate in the Preferential Offering

The Company proposes to provisionally allot by way of preferential offering to all Entitled Shareholders, which comprise Entitled Depositors and Entitled Scripholders (both as defined below).

Entitled Shareholders will be provisionally allotted the New Shares under the Preferential Offering on the basis of their shareholdings in the Company as at the Books Closure Date. They are at liberty to accept or decline their provisional allotments of New Shares and are eligible to apply for additional New Shares in excess of their provisional allotments under the Preferential Offering. Entitled Shareholders are prohibited from trading, transferring, assigning or otherwise dealing with (in full or in part) their (a) provisional allotments of New Shares or (b) eligibility to apply for additional New Shares in excess of their provisional allotments under the Preferential Offering.

"**Entitled Shareholders**" refers to: "**Entitled Depositors**", (excluding any persons in the United States, U.S persons (as defined in Regulation S under the U.S. Securities Act of 1933, as amended) and persons acting for the account or benefit thereof) whom are Shareholders with Shares standing to the credit of their Securities Accounts and whose registered addresses with CDP are in Singapore as at the Book Closure Date or who have, at least four (4) days on which the SGX-ST is open for trading in securities ("**Market Days**") prior to the Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents; and "**Entitled Scripholders**", (excluding any persons in the United States, U.S persons (as defined in Regulation S under the U.S. Securities Act of 1933, as amended) and persons acting for the account or benefit thereof) whom are Shareholders whose share certificates have not been deposited with CDP and who have tendered to the Boardroom Corporate & Advisory Services Pte. Ltd. (the "**Share Registrar**") valid transfers of their Shares and the certificates relating thereto for registration up to the Books Closure Date and whose registered addresses with the Company are in Singapore as at the Books Closure Date or who have, at least four (4) Market Days prior to the Books Closure Date, provided the Share Registrar with addresses in Singapore for the service of notices and documents.

Entitled Scripholders who have opened Securities Accounts before the Books Closure Date to deposit their share certificates with CDP should note that their Securities Accounts will only be credited with the Shares on the twelfth (12th) Market Day from the date of lodgement of the share certificates with CDP or such later date as CDP may determine.

The procedures for, and the terms and conditions applicable to acceptances of the provisional allotments of New Shares and for the applications for excess New Shares, including the different modes of acceptance or application and payment, will be contained in an offer information statement in relation to the Preferential Offering and in the application form for

New Shares and excess New Shares, and the provisional allotment letter, to be despatched by the Company to Entitled Shareholders in due course.

For practical reasons and in order to avoid any violation of the securities legislation applicable in countries other than Singapore, the New Shares will **NOT** be offered to (i) Shareholders with registered addresses outside Singapore as at the Books Closure Date and who have not, at least four (4) market days prior to the Books Closure Date, provided CDP or the Company, as the case may be, with addresses in Singapore for the service of notices and documents ("**Foreign Shareholders**") or (ii) persons in the United States, U.S persons (as defined in Regulation S under the U.S. Securities Act of 1933, as amended) and persons acting for the account or benefit thereof.

Entitled Shareholders will be at liberty to accept or decline their provisional allotments of the New Shares and will be eligible to apply for New Shares in excess of their provisional allotments under the Preferential Offering.

Entitlements which are not allotted or taken up for any reason (including any fractions of a New Share) will be aggregated and issued to satisfy applications, if any, for excess New Shares as the Directors may, in their absolute discretion, deem fit. In the allotment of excess New Shares, preference will be given to Shareholders for rounding of odd lots, and Directors and Substantial Shareholders (as defined in the SGX-ST Listing Manual), as well as Undertaking Shareholders (as defined below), will rank last in priority.

The terms and conditions of the Preferential Offering may be subject to such changes as the Directors, after consultation with the Joint Lead Managers, may deem fit. The final terms and conditions of the Preferential Offering will be contained in an offer information statement to be despatched by the Company to Entitled Shareholders in due course.

2.3 Undertakings

In connection with and to demonstrate support for the Preferential Offering, Kewalram Singapore Limited and Sunny George Verghese (together, the "**Undertaking Shareholders**") have, on 28 March 2008, jointly and severally irrevocably undertaken to the Company, *inter alia*:

- (i) not to transfer, dispose of or otherwise reduce any of their respective interests in the Shares during the period between 28 March 2008 and the Books Closure Date; and
- (ii) to subscribe and pay in full for such number of New Shares representing 100% of their New Shares entitlements under the Preferential Offering, more particularly described in their respective undertakings.

Kewalram Singapore Limited, one of the Undertaking Shareholders, which currently has a shareholding in the Company of approximately 26.73%, has irrevocably and unconditionally undertaken to subscribe for all of its entitlements under the Preferential Offering and to apply by way of excess application for the maximum number of additional New Shares that, when aggregated with its current shareholding and its entitlements under the Preferential Offering, will not exceed such number of Shares representing not more than 29.99% of the resultant enlarged issued share capital of the Company following the Preferential Offering.

Sunny George Verghese, who currently has a 5.17% shareholding in the Company and is the Group Managing Director and Chief Executive Officer, has irrevocably and unconditionally undertaken to subscribe for all of his entitlements under the Preferential Offering and to apply by way of excess application for a maximum number of 18,343,000 additional New Shares that, when aggregated with his current shareholding and his entitlements under the Preferential Offering, amounts to 26,395,263 New Shares.

Assuming that only the Undertaking Shareholders subscribe (pursuant to their respective undertakings) for the New Shares under the Preferential Offering, the aggregate number of New Shares which they will subscribe for will be 110,095,450 New Shares, such number

representing approximately 70.7% of the total number of New Shares offered to Entitled Shareholders under the Preferential Offering.

In view of the Undertakings, the Preferential Offering will not be underwritten.

Further, the Undertaking Shareholders have, on 28 March 2008, subject to certain limited exceptions, unconditionally and irrevocably undertaken to the Joint Lead Managers not to, *inter alia*, offer, sell, contract to issue or grant any option to purchase, grant security over, encumber or otherwise dispose of any part of their respective shareholdings in the Company for the period from the date of their respective undertakings to 180 days after the date on which the New Shares to be issued pursuant to the Preferential Offering are listed and quoted on the Main Board of the SGX-ST.

3. THE USE OF PROCEEDS

The net proceeds of the Preferential Offering, assuming the Preferential Offering is fully subscribed (after deducting estimated expenses of approximately S\$4.0 million), are expected to be approximately S\$302.6 million.

The Company intends to utilise the net proceeds of the Preferential Offering for the following purpose:

- (i) to finance investments, joint ventures, mergers and acquisitions in relation to the expansion of the business of the Company and its subsidiaries (the "**Group**");
- (ii) to discharge, reduce or retire certain bank borrowings and loans of the Group; and/or
- (iii) for general working capital and general corporate purposes of the Group.

All, some or none of the net proceeds may be deployed for each of the aforementioned purposes. The apportionment of net proceeds for the aforementioned purposes would be subject to the availability and size of investment and acquisition opportunities, the relative timing of various requirements for funds, and the Company's overall objective of achieving an optimal cost of capital to fund its growth initiatives.

The Company will make periodic announcements on the utilisation of proceeds from the Preferential Offering as and when such proceeds are materially disbursed.

Pending the deployment of the net proceeds from the Preferential Offering, the proceeds may be deposited with banks and/or financial institutions, invested in short-term money markets and/or marketable securities, as the Directors may deem appropriate in the interests of the Group.

The proceeds from the Preferential Offering would also increase the Company's equity base. This, in turn would enable the Company to draw on higher debt capacity to fund its future growth opportunities.

4. RECEIPT OF APPROVAL IN-PRINCIPLE

The Directors wish to announce that the approval in-principle granted today by the SGX-ST for the listing and quotation of the New Shares is subject to, *inter alia*, the following conditions:

- (a) an immediate announcement of the Preferential Offering with the relevant information;
- (b) a confirmation, pursuant to Rule 877(1) of the Listing Manual, that in the allotment of excess New Shares for the Preferential Offering, preference will be given to Shareholders for the rounding of odd lots, and Directors and Substantial Shareholders as well as the Undertaking Shareholders, will rank last in priority;

- (c) an announcement of the breakdown of the intended use of the Preferential Offering proceeds for each specific purpose intended;
- (d) an undertaking by the Company to provide a status report on the use of proceeds from the Preferential Offering in the Company's annual report;
- (e) an undertaking by the Company to make periodic announcements on the utilisation of proceeds from the Preferential Offering, as the funds from the Preferential Offering are disbursed;
- (f) the discount of the Preferential Offering Issue Price being less than 10% from the prevailing market price of the Shares with the reference period for determining the Preferential Offering Issue Price being reasonable; and
- (g) an immediate announcement of the SGX-ST's waiver of Rule 704(24) of the Listing Manual, pursuant to Rule 107 of the Listing Manual.

The SGX-ST's in-principle approval for the listing and quotation of the New Shares is not an indication of the merits of the Shares, the Preferential Offering, the Company, its subsidiaries or the New Shares.

5. RESPONSIBILITY STATEMENT

The Directors (including those who may have delegated detailed supervision of the preparation of this announcement) have taken all reasonable care to ensure that the facts stated in this announcement are fair and accurate and that no material facts have been omitted from this announcement, and they jointly and severally accept responsibility accordingly.

Where there are any variations or amendments to the proposed Preferential Offering, the Company will make further announcements as and when appropriate.

About Olam International Limited ("Olam")

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 and a staff strength of more than 7,500 worldwide, 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 50 largest listed companies in Singapore in terms of market capitalization and is now a component stock in the benchmark Straits Times Index ("STI"). It was recently named as 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.

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Important Notice

This announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for Shares.

This announcement is qualified in its entirety by, and should be read in conjunction with, the full text of the offer information statement for the Preferential Offering to be lodged with the Monetary Authority of Singapore. A potential investor should read the offer information statement before deciding whether to subscribe for the New Shares.

The value of Shares and the income derived from them may fall as well as rise. Shares are not obligations of, deposits in, or guaranteed by, the Company or any of its affiliates. An investment in Shares is subject to investment risks, including the possible loss of the principal amount invested.

Investors have no right to request that the Company redeem or purchase their Shares while the Shares are listed. It is intended that Shareholders may only deal in their Shares through trading on the SGX-ST. Listing of the Shares on the SGX-ST does not guarantee a liquid market for the Shares.

This document is not an offer of securities for sale in the United States. The Shares are not being registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"). Securities may not be offered or sold in the United States or to or for the account or benefit of U.S. persons (as such terms are defined in Regulation S under the Securities Act) unless registered under the Securities Act or pursuant to an exemption from, or a transaction not subject to, such registration. The Company does not intend to register the Shares under the Securities Act. Any offer of securities in the United States will only be made by means of an offering circular that will contain detailed information about the entity offering the securities and its management, as well as financial information.