

# OLAM INTERNATIONAL LIMITED

(Incorporated in the Republic of Singapore)  
Company Registration No.: 199504676H

## ANNOUNCEMENT

### CONVERTIBLE BONDS DUE 2013 – FINANCIAL EFFECTS OF THE ISSUE

#### 1. INTRODUCTION

Olam International Limited (the "**Company**") refers to the earlier announcement on 5 June 2008 (the "**Convertible Bond Announcement**") relating to the Company's entry into a subscription agreement with J.P. Morgan (S.E.A) Limited and Macquarie Capital (Singapore) Pte Ltd, as the joint lead managers (collectively, the "**Joint Lead Managers**"), pursuant to which the Company had agreed to issue, and the Joint Lead Managers had agreed to subscribe and/or procure the subscription for an aggregate of US\$300,000,000 Convertible Bonds due 2013 (the "**Convertible Bonds**"). The Company has also granted the Joint Lead Managers an upside option (the "**Upsize Option**") to subscribe for and/or procure subscription of up to an additional US\$100,000,000 Convertible Bonds.

The Company wishes to announce the financial effects of the issue of the Convertible Bonds on the Company and the Group (as defined below).

Terms used in this announcement and not otherwise defined shall, unless the context requires otherwise, have the meanings ascribed to them in the Convertible Bond Announcement.

#### 2. FINANCIAL EFFECTS

For the purposes of illustration, the financial effects of the issue of the Convertible Bonds (excluding the Upsize Option), based on the audited consolidated financial statements of the Company and its subsidiaries (the "**Group**") as at 30 June 2007, and the unaudited consolidated financial statements of the Group as at 31 March 2008, on the share capital, net tangible assets ("**NTA**"), earnings and net gearing of the Group are as follows:

(a) Share Capital

	The Group	
	30 June 2007	31 March 2008
Number of Shares	'000	'000
As reported	1,555,095	1,556,287
Before the issue of the Convertible Bonds but after the issue of Shares pursuant to the preferential offering (the " <b>Preferential Offering</b> ")	1,710,724	1,711,916
After the issue of the Convertible Bonds but before any conversion	1,710,724	1,711,916
Assuming full conversion of the Convertible Bonds	1,817,141	1,818,332

The number of outstanding share options under the Olam Employee Share Option Scheme are as follows:

	The Group	
	30 June 2007	31 March 2008
	'000	'000
Number of outstanding share options under the Olam Employee Share Option Scheme	58,234	65,848

(b) NTA

	The Group	
	30 June 2007	31 March 2008
	S\$'000	S\$'000
NTA as reported	336,519	375,321
NTA post Preferential Offering	639,108	677,910
Estimated issue expenses	(6,697)	(6,697)
Adjusted NTA after the issue of the Convertible Bonds but before any conversion	632,411	671,213
NTA per Share (S\$)		
As reported	0.22	0.24
Before the issue of the Convertible Bonds but after the Preferential Offering	0.37	0.40
After the issue of the Convertible Bonds but before any conversion	0.37	0.39

Assuming full conversion of the Convertible Bonds, the effects on the NTA and NTA per Share would be as follows:

	The Group	
	30 June 2007	31 March 2008
	S\$'000	S\$'000

Adjusted NTA	1,041,731	1,080,533
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Adjusted NTA per Share (S\$)	0.57	0.59
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(c) Earnings

The interest expense in respect of the Convertible Bonds prior to any conversion will be at the effective rate of 1.0 per cent. each year plus the amortisation of the fair value of the conversion rights recorded on the date of issue. However, it is not possible to quantify the effects of the issue of the Convertible Bonds on the earnings of the Group until the proceeds from the issue of the Convertible Bonds have been deployed.

(d) Net Gearing

	The Group	
	30 June 2007	31 March 2008
	S\$'000	S\$'000
Net borrowings, as reported	1,682,279	2,439,824
Net borrowings, post Preferential Offering <sup>1</sup>	1,379,691	2,137,236
Estimated issue expenses	6,697	6,697
Adjusted net borrowings after the issue of the Convertible Bonds but before any conversion <sup>1</sup>	1,386,387	2,143,932
Total Equity, as reported (Before Fair Value Adjustment)	583,549	605,962
Total Equity, post Preferential Offering	886,138	908,551
Estimated issue expenses	(6,697)	(6,697)
Adjusted Total Equity after the issue of the Convertible Bonds	879,441	901,854
Net gearing (number of times) <sup>2</sup>		
As reported	2.88	4.03
Before the issue of the Convertible Bonds but after the Preferential Offering	1.56	2.35
After the issue of the Convertible Bonds	1.58	2.38

Assuming the full conversion of the Convertible Bonds, the effects on the net gearing of the Group would be as follows:

	The Group	
	30 June 2007	31 March 2008
	S\$'000	S\$'000
Adjusted net borrowings assuming full conversion of the Convertible Bonds	977,067	1,734,612
Adjusted Total Equity assuming full conversion of the Convertible Bonds	1,288,761	1,311,174
Net gearing (number of times)	0.76	1.32

<sup>1</sup> Pro-forma net borrowings assuming cash proceeds from the Preferential Offering and/or Convertible Bond issuance have not been utilised for any specific uses yet. Net borrowings include cash, term loans, notes, overdrafts and other interest bearing instruments.

<sup>2</sup> Net gearing is calculated before intangibles and before Fair Value Adjustment Reserve.

By Order of the Board

Sunny Verghese  
Group Managing Director and CEO

9 June 2008

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**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 50 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)