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NEWS RELEASE

OLAM INTERNATIONAL TO ACQUIRE 24.99% IN DAIRY TRUST LIMITED, WHICH IS POISED TO BECOME NEW ZEALAND'S SECOND LARGEST DAIRY PROCESSOR, FOR NZ\$101.05M (US\$76.8M)

- **Secures a long term marketing agreement for product supply as part of the transaction.**
- **As a cornerstone and second largest shareholder in DTL, Olam will be entitled to two seats on DTL's board.**
- **Olam intends to enhance its stake in DTL to 30%, subject to its obtaining the requisite Overseas Investment Office approval.**

Singapore, July 8, 2008 – Olam International Limited (“Olam” or “the Group”), a leading global, integrated supply chain manager of agricultural products and food ingredients, today announced that it will invest and acquire 24.99% equity interest in Dairy Trust Limited (“DTL”), which is poised to become New Zealand's second largest dairy processing company, for a total investment of NZ\$101.05 million (approximately US\$76.8 million).

Concurrently, DTL has announced its intention to make an open offer for the remaining shares of Open Country Cheese Company Limited (“OCC”) which it does not already own. Olam has entered into a pre-bid agreement to sell its entire 19.9% equity interest in OCC, which it acquired from the open market in June 2007, to DTL under this offer. The total investment of NZ\$101.05 million takes into account Olam's disposal of all its shares in OCC.

In parallel, Olam will enter into a long term marketing agreement for an escalating percentage of DTL's production volumes.



As a cornerstone and second largest shareholder in DTL, Olam will be entitled to two seats on DTL's board. DTL has also invited Olam to play an active role in the formulation of sales and marketing policies as well as risk management framework and policies. Olam shall have the ability to depute or second executives to DTL for mutually agreed management roles.

Said Sunny Verghese, Olam's Group Managing Director and CEO: "Our investment in DTL is central to our strategy of developing a global leadership position in the dairy business over the next few years. We are very proud to be part of DTL, a strong and emerging private dairy company in New Zealand. The DTL group and their shareholders have a long and successful track record in New Zealand's agri-business sector. We believe our investment in Dairy Trust is well-placed to support our entry strategy in New Zealand and participate in its large and growing dairy sector."

Chairman of DTL, Sam Lewis welcomed Olam as a new partner for DTL: "Olam has a proven track record as a solid and substantial customer for Dairy Trust and OCC. It holds strong marketing and distribution links throughout key export markets that the group is targeting. Olam's involvement will complement Dairy Trust strengths. The Dairy Trust group has built strong supplier relationships in Southland and Waikato, has well-located sites and modern technology, and the participation of Olam will complement those capabilities by further strengthening our sales channels."

About New Zealand Dairy industry

The New Zealand dairy processing industry is extremely concentrated, with Fonterra processing over 90% of milk produced in New Zealand. The Dairy Industry Restructuring Act 2001 ("DIRA") was introduced to allow the formation of Fonterra, to abandon the single desk seller and open up the processing and export of dairy products to new entrants. The Act imposes obligations on Fonterra to preclude raising barriers for farmers to exit the co-operative and also to make available raw milk to new processors (for a number of years), within maximum supply volumes and at a regulated milk price.



The New Zealand dairy industry has experienced strong growth over recent years driven by farm conversions and more intensive dairy farming and is forecasting 50% growth in milk production over the next decade. DTL is the only new entrant that is establishing itself as a dairy processor on a national scale.

Critical success factors for the New Zealand dairy industry in general relate to securing milk supply, ability to process milk efficiently and at a low cost, ability to market and sell products and managing commodity price risk. The DTL-Olam combination is expected to address these critical success determinants effectively.

About Dairy Trust

DTL is the fastest growing dairy processor in New Zealand and is poised to become the second largest processor in the near future. DTL was established in 2007 in New Zealand with a view to participate in the liberalised dairy sector by setting up processing capacities and investing directly in strong companies already operating in the dairy sector.

In addition to its investment in OCC (jointly referred to as the DTL Group), DTL has developed detailed plans to make direct investments in building a network of highly efficient dairy processing plants in each of the countries' four major milk producing regions, namely, Southland, Wanganui region, Waikato and Northland. DTL has acquired the ownership interest in water and effluent discharge resource consents and the usage rights in relation to these four sites. The first of DTL's four major processing plants in Southland is under trial production and will begin operations in August 2008 with the other three plants to follow soon after (within the next 2 years). DTL has also secured raw milk supply contracts (a critical success factor) for its Southland facility by leveraging the supplier goodwill and credibility it has generated at the farm gate through its OCC operations. The DTL group including OCC is expected to process nearly 1.2 billion litres of milk once all the facilities are set up.

DTL's competitive advantage in terms of strategic and multi-site locations, securing milk supply, availability of resource consents, modern technology, low capital and operating cost, an attractive proposition for farmer suppliers and an experienced management team will allow it to achieve rapid growth in processing volumes and profitability.



The largest shareholder of DTL is AFFCO, one of New Zealand's leading meat processors. AFFCO will own 35.5% in DTL post the current transaction. Olam would become the second largest shareholder post this transaction followed by substantial shareholders Talley Group (17.0%) and DIFL (10.1%).

Investment Rationale

Olam's investment in DTL is consistent with its long-term growth strategy to expand its procurement reach into key dairy origins of Oceania and the US and participate in the major trade flows.

Olam's Managing Director and Global Product Head of Coffee and Dairy Products, Vivek Verma explained: "New Zealand is a priority location as it offers the lowest cost of production, the highest medium-term growth rate of 3% in raw milk supply, the largest export volumes compared to other exporting countries (26% of world dairy trade) and proximity to Asia, the largest and the fastest growing import block in the world (40% of the world dairy trade). In terms of New Zealand's import share in destination markets, the country enjoys just over 30% of the import share in Asia, about 25% in Middle East and nearly 14% in Africa, all markets in which Olam has a keen interest."

As one of the leading dairy processors in New Zealand, DTL offers the following competitive advantages to Olam's dairy business:

1. Lowest cost, state-of-the-art processing capability, with each plant giving more than 32,000 metric tonnes of powder per year. This will directly drive volumes as well as higher margins.
2. National coverage, multi-site operations and accelerated scale up, will reduce operating risks in terms of climate or feed growing conditions and thereby help DTL build a leadership position.



3. Access to a steady and growing supply of dairy products to meet the growing demand from these emerging economies under the long-term off-take agreement between DTL and Olam.
4. Strong corporate lineage that will play an important role in gaining credibility with growers.

Mr. Verma added: "The strategic investment in DTL enhances the competitive positioning of Olam in the Oceania-Asia trade flow, thus providing the opportunity for Olam to increase market share and achieve global leadership in dairy."

Growth Prospects

The DTL Group is expected to process over 450 million litres of milk, produce and export some 70,000 tonnes of dairy products in 2008. Revenues are expected to be around US\$295.9 million and net profit after tax at US\$9.8 million for the financial year ending July 2009.

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About Olam International Limited

Olam is a leading global integrated supply chain manager of agricultural products and food ingredients, sourcing 16 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 a component stock in the Straits Times Index (STI), MSCI Singapore Free and DAXglobal Agribusiness Index. More information on Olam can be found at www.olamonline.com.



About Dairy Trust Limited

Dairy Trust has a very simple strategy of entering the NZ dairy industry by direct investment into manufacturing sites and through shareholdings in strong companies already operating in the dairy sector. The company's aim is to quickly position and establish itself as a sizeable and long term participant in the New Zealand dairy industry. Dairy Trust commenced their strategy when they acquired 52.4% of Open Country Cheese (OCC) in July 2007. Their second investment is the construction of a milk powder plant at Awarua in Southland, the country's fastest growing region for milk supply. More information is available at www.dairytrust.co.nz.

The Talley Group is one of New Zealand's leading food and agri-business groups with an operating history of more than 70 years in interests spanning seafood, frozen produce, meat processing and dairy. It is the main shareholder behind AFFCO. DIFL is a private equity fund with investments in New Zealand's dairy sector.

DTL made an offer for shares in OCC in 2007 and successfully obtained a majority ownership of OCC. OCC is a fast growing dairy processing company in New Zealand that produces and exports a range of semi-hard to hard dry-salted cheeses and whey powder to over 20 countries including Australia, Russia, UK and various countries in Asia and Latin America. It runs a factory located at Waharoa in eastern Waikato, one of New Zealand's prime dairy farming regions. DTL plans to take OCC private with offer for OCC.



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