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NEWS RELEASE

OLAM INTERNATIONAL TO USE ITS TRADE FLOWS AND BUSINESS MODEL TO SERVE AS PLATFORM FOR COMMODITY MURABAHA TRANSACTIONS

SINGAPORE, 6 May 2009 - Olam International Limited (“**Olam**”), a leading globally integrated supply chain manager of agricultural products, will offer its trade flows and business model as a platform to structure Commodity Murabaha transactions, the first initiative of its kind in the Islamic financial markets.

Listed on the Singapore Stock Exchange, Olam’s suite of agriculture-based commodities is inherently Shariah compliant. With annual sales exceeding USD 5 billion (for the year ended 30 June 2008), it can use its trade flows to structure Commodity Murabaha transactions, which can then be used by clients as the basis for Shariah-compliant financing as well as Islamic investment products. Such Commodity Murabaha can also be used by most Islamic banks to conduct their interbank placement transactions.

In Olam’s Commodity Murabaha structure, an Islamic financier will purchase Olam’s commodities at spot value and subsequently sell them to the counter party at an agreed deferred sale price. The transaction would then be completed with the on-sell of the commodities to a third party buyer at the agreed price.

The Commodity Murabaha transaction is currently the most popular mode of transaction in Islamic finance. It also serves as a Shariah compliant alternative to conventional loans and advances. A recent report estimates the global Commodity Murabaha market to be worth more than USD 1 trillion. (*Source: IFN 24 April 2009*)

Olam is working jointly with The Islamic Bank of Asia and is in the process of engaging an external Shariah advisory firm to advise on the feasibility of using its trade flows as a platform for Commodity Murabaha transactions. The Islamic Bank of Asia, Singapore’s first full-fledged Islamic bank, will also pilot Olam’s first Commodity Murabaha transaction based on this platform.



Mr. K. Ravikumar, CFO of Olam, said “Having successfully utilised Shariah-compliant financing structures over the last 4 years, we saw a potential opportunity within the Islamic banking system, where the growth of the industry has necessitated setting up of alternative platforms for the Commodity Murabaha structure. Our trade flow, product suite and business model is a natural fit into this gap, and can provide an effective alternative to the current structures. We are pleased to be associated with The Islamic Bank of Asia for this initiative, and we hope this will contribute to the development of the industry globally.”

Vince Cook, CEO of The Islamic Bank of Asia, said that Olam’s initiative will help the Bank streamline its Murabaha process: “Traditionally, the industry has relied on trading platforms in the West such as the London Metal Exchange for the development of the Commodity Murabaha structure, an alternative platform situated in South East Asia using genuine trade transactions will resolve some of the operational challenges faced when dealing across different time zones.”

“In addition, such a facility can only help facilitate greater use of Islamic finance structures in their business”, he said.

Mr Cook added: “Naturally we are very pleased to be associated with another milestone in Singapore’s efforts to develop support services for Islamic finance.”

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About Olam International

Olam is a leading global integrated supply chain manager of agricultural products and food ingredients, sourcing 20 products with a direct presence in 60 countries and supplying them to over 6,500 customers. 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, peanut, sesame, rice, cotton and wood products. 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, S&P Agribusiness Index and the DAXglobal Agribusiness Index. More information on Olam can be found at www.olamonline.com.



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