



**OLAM INTERNATIONAL LIMITED**  
(Incorporated in the Republic of Singapore)  
Company Registration No.: 199504676H

## **ANNOUNCEMENT**

### **CONVERTIBLE BONDS DUE 2016 – FINANCIAL EFFECTS OF THE ISSUE**

#### **1. INTRODUCTION**

Olam International Limited (the "**Company**") refers to its earlier announcement on 2 September 2009 (the "**Announcement**") relating to the Company's entry into a subscription agreement with J.P. Morgan (S.E.A) Limited and Standard Chartered Bank, as joint lead managers (collectively, the "**Joint Lead Managers**"), pursuant to which the Company has agreed to issue, and the Joint Lead Managers have agreed to subscribe and/or procure subscription for an aggregate of US\$400,000,000 in principal amount of 6.00 per cent. convertible bonds due 2016 (the "**Firm Bonds**"). The Joint Lead Managers have also been granted an upsize option (the "**Upsize Option**") to subscribe for and/or procure subscription of up to an additional US\$100,000,000 in principal amount of 6.00 per cent. convertible bonds due 2016 (the "**Optional Bonds**") and together with the Firm Bonds, the "**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 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 2008, and the unaudited consolidated financial statements of the Group as at 30 June 2009, on the share capital, net tangible assets ("**NTA**"), earnings and net gearing of the Company or the Group (as the case may be) are as follows:

(a) Share Capital

	The Company	
	30 June 2008	30 June 2009
Number of Shares	'000	'000
As reported	1,713,213	1,715,894

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Before the issue of the Firm Bonds but after the issue of Shares pursuant to the share placement exercise on 15 July 2009 (the " <b>Placement</b> ")	1,986,672	1,989,353
After the issue of the Firm Bonds but before any conversion <sup>2</sup>	1,986,672	1,989,353
Assuming full conversion of the Firm Bonds <sup>2</sup>	2,173,364	2,176,045

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

	The Group	
	30 June 2008	30 June 2009
	'000	'000
Number of outstanding share options under the Olam Employee Share Option Scheme	61,259	56,301

In the event that the outstanding US\$300,000,000 1.0 per cent. convertible bonds due 2013 and the outstanding US\$122,616,000 1.2821 per cent. convertible bonds due 2013 previously issued by the Company (collectively, the "**Existing Bonds**") are fully converted, the number of Shares of the Company will be increased by 120,629,019 Shares.

(b) NTA

	The Group	
	30 June 2008	30 June 2009
	S\$'000	S\$'000
NTA, as reported	508,155	906,608
NTA post Placement	945,189	1,343,642
Estimated issue expenses	(10,870)	(10,870)
Adjusted NTA after the issue of the Firm Bonds but before any conversion <sup>2</sup>	934,319	1,332,772
NTA per Share (Singapore cents)		
As reported	29.66	52.84



Before the issue of the Firm Bonds but after the Placement	47.58	67.54
After the issue of the Firm Bonds but before any conversion <sup>2</sup>	47.03	67.00

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

	The Group	
	30 June 2008	30 June 2009
Adjusted NTA (S\$'000) <sup>2</sup>	1,510,320	1,908,772
Adjusted NTA per Share (Singapore cents) <sup>2</sup>	69.49	87.72

Assuming full conversion of the Firm Bonds and all outstanding Existing Bonds, the effects on the NTA and NTA per Share would be as follows:

	The Group	
	30 June 2008	30 June 2009
Adjusted NTA (S\$'000) <sup>2</sup>	1,721,262	2,119,714
Adjusted NTA per Share (Singapore cents) <sup>2</sup>	75.03	92.29

(c) Earnings

The interest expense in respect of the Firm Bonds prior to any conversion will be at the effective rate of 6 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 Firm Bonds on the earnings of the Group until the proceeds from the issue of the Firm Bonds have been deployed.

(d) Net Gearing

	The Group	
	30 June 2008	30 June 2009
	S\$'000	S\$'000
Net borrowings, as reported	2,645,441	2,642,368



Net borrowings, post Placement <sup>1</sup>	2,208,406	2,205,334
Estimated issue expenses	10,870	10,870
Adjusted net borrowings after the issue of the Firm Bonds but before any conversion <sup>1 2</sup>	2,219,276	2,216,203
Total Equity, as reported (before Fair Value Adjustment)	834,032	1,098,297
Total Equity (before Fair Value Adjustment), post Placement	1,271,067	1,535,331
Capital reserve arising from the issue of the Firm Bonds	-	-
Estimated issue expenses	(10,870)	(10,870)
Adjusted Total Equity (before Fair Value Adjustment) after the issue of the Firm Bonds <sup>2</sup>	1,260,197	1,524,462

Net gearing (number of times)

As reported	3.17	2.41
Before the issue of the Firm Bonds but after the Placement	1.74	1.44
After the issue of the Firm Bonds <sup>2</sup>	1.76	1.45

Assuming the full conversion of the Firm Bonds and all outstanding Existing Bonds, the effects on the net gearing of the Group would be as follows:

	The Group	
	30 June 2008 S\$'000	30 June 2009 S\$'000
Adjusted net borrowings assuming full conversion of the Firm Bonds (and assuming all outstanding Existing Bonds remain unconverted) <sup>2</sup>	1,643,276	1,640,203
Adjusted net borrowings assuming full conversion of the Firm Bonds and all outstanding Existing Bonds <sup>2</sup>	1,432,334	1,429,261



Adjusted Total Equity (before Fair Value Adjustment) assuming full conversion of the Firm Bonds (and assuming all outstanding Existing Bonds remain unconverted) <sup>2</sup>	1,836,197	2,100,462
Adjusted Total Equity (before Fair Value Adjustment) assuming full conversion of the Firm Bonds and all outstanding Existing Bonds <sup>2</sup>	2,047,139	2,311,404
Net gearing (number of times) assuming full conversion of the Firm Bonds (and assuming all outstanding Existing Bonds remain unconverted) <sup>2</sup>	0.89	0.78
Net gearing (number of times) assuming full conversion of the Firm Bonds and all outstanding Existing Bonds <sup>3</sup>	0.70	0.62

<sup>1</sup> Pro-forma net borrowings assuming cash proceeds from the Placement and/or issue of the Firm Bonds 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> After taking into account the effects of the Placement.

**Note:** The accounting for the Convertible Bonds has not been apportioned into the various components for the purposes of the financial effects illustrated above.

By Order of the Board

Sunny George Verghese  
Group Managing Director and CEO

9 September 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 20 products with a direct presence in 60 countries and supplying them to over 10,600 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, peanuts, 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](http://www.olamonline.com).