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## **NEWS RELEASE**

### **OLAM INTERNATIONAL TO BECOME A LEADING ALMOND PLAYER IN AUSTRALIA**

*Singapore, September 18, 2009* – Olam International Limited (“Olam” or “the Company”), a leading global integrated supply chain manager of agricultural products and food ingredients, today announced the signing of a definitive agreement to acquire 8,096 hectares of planted almond orchards and 40,825 mega litres of permanent water rights from Timbercorp Limited and its associated entities (“Timbercorp”), through its liquidation process. The total investment consideration is A\$128 million in cash, which will be funded from a combination of internal accruals and existing credit facilities. The transaction is subject to certain regulatory approvals and other customary closing conditions.

Timbercorp was one of Australia’s leading agribusiness with interests in forestry and horticulture, which provided various Managed Investment Schemes. Due to a variety of reasons, Timbercorp went into voluntary administration in early 2009.

The acquisition is in line with Olam’s recently announced corporate strategy which outlined a thrust towards upstream initiatives in plantations and farming, as well as midstream initiatives in value-added processing. The upstream initiatives are targeted at specific product categories and geographies, which provide attractive returns. Expansion into almond orchards in the US and Australia is amongst the key upstream initiatives identified in the corporate strategy.

This acquisition will make the Company Australia’s largest almond grower and place it amongst the top three almond growers globally. The transaction is expected to be earnings and value accretive from FY 2010.

Olam’s Executive Director, Shekhar Anantharaman, said: “We are excited about acquiring this size of established almond orchards, which would be very difficult to replicate in any producing country globally.



"We hope to revitalise this business in Australia and will invest as necessary to take these orchards to their full potential. We realise the social and economic importance of these orchards for the local community and will work with all stakeholders to ensure that the operations are sustainable and mutually beneficial to all," he said.

The acquisition of these orchards achieves a number of Olam's strategic objectives, including:

- Accelerated entry into a value chain adjacency for Olam, which will help Olam consolidate its leadership position within the global Edible Nuts industry. Almonds are the largest and one of the fastest growing nuts categories globally.
- Upstream plantations have more than 50% of the value pool within the overall Almonds value chain and hence provide the most attractive entry point within this business.
- The almond orchards provide a significant market share with almost one-third of Australian almond acreage and will help Olam achieve substantial scale relative to its global peers.
- A combination of these assets along with its existing operations in the US will bring about significant benefits through the transfer of best practices in orchard management, as well as a sharing of customers and a common trading and marketing platform.

Despite Timbercorp being in voluntary liquidation, the orchards have been well maintained and are expected to produce approximately 27,000 tonnes of almonds per annum at full maturity.

### **Attractive Growth Opportunity**

Olam's Global Head of Edible Nuts, Ashok Krishen said: "Australia is the fastest growing almond producer in the world and is expected to become the number two producer globally by 2015. These orchards provide us an accelerated entry into this market at an attractive price. Australia's proximity to key export markets of China and



India, will position us very well to capitalise on the increasing export volumes. We will endeavour to make Australia a pre-eminent player in the global Almonds industry.”

### **The Assets**

The almond orchards vary in age from two to eight years, with a weighted average age of three years. In addition to the almond trees, land and associated irrigation infrastructure, Olam has acquired 40,825 mega litres of permanent water entitlements that will provide approximately 50% of the total water requirement at full allocation, giving Olam significant flexibility in managing its water strategy.

Existing orchard management arrangements will remain in place for the moment. The orchard management industry in Australia is well developed with various active players in this sector.

Olam’s Regional Head for Australia and New Zealand, Richard Haire said: “The acquisition is a testament to Olam’s continued commitment to Australia’s agricultural sector. Almonds will be a very important addition to our growing portfolio in the region, which already has significant investments in Cotton, Grains, Pulses, Dairy and Wool”.

Olam has been advised on the acquisition by Macquarie Capital Advisers and Freehills and is working towards completion of the transaction by December 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).*

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