



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

## **ANNOUNCEMENT**

### **EXERCISE OF UPSIZE OPTION OF US\$100,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF 6.00 PER CENT. CONVERTIBLE BONDS DUE 2016**

#### **1. INTRODUCTION**

Olam International Limited (the "**Company**") refers to its announcements dated 2 September 2009, 9 September 2009 and 28 September 2009 in connection with its proposed issue (the "**Issue**") of US\$400,000,000 principal amount of 6.00 per cent. convertible bonds due 2016 (the "**Firm Bonds**"), convertible into new ordinary shares in the capital of the Company (the "**Shares**"). J.P. Morgan (S.E.A) Limited and Standard Chartered Bank are the joint lead managers (collectively, the "**Joint Lead Managers**") of the Issue.

*All capitalised terms used and not defined herein shall have the same meanings given to them in the announcements dated 2 September 2009, 9 September 2009 and 28 September 2009 made by the Company.*

#### **2. EXERCISE OF UPSIZE OPTION**

As mentioned in its announcement dated 2 September 2009, the Company has granted the Joint Lead Managers 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 Joint Lead Managers have today exercised the Upsize Option in full for the additional US\$100,000,000 principal amount of Convertible Bonds, bringing the total issue size to US\$500,000,000, conditional upon, *inter alia*, shareholders of the Company (the "**Shareholders**") approving:

- (a) the placement of the Optional Bonds by the Joint Lead Managers to Breedens Investments Pte. Ltd., which is an indirect wholly-owned subsidiary of Temasek Holdings (Private) Limited ("**Temasek**") pursuant to Rule 812(2) of the Listing Manual of the SGX-ST (the "**Proposed Placement**");
- (b) the issue of the Optional Bonds and the Conversion Shares arising from the conversion of the Optional Bonds; and
- (c) upon the occurrence of the circumstances to be further elaborated in the Shareholder Circular (as defined below), a possible transfer of a controlling interest to Temasek. (*Please also refer to the endnotes for a further explanation.*)



### **3. EGM SEEKING SHAREHOLDERS' APPROVAL**

In connection with the Proposed Placement, a circular (the "**Shareholder Circular**") containing information on the Proposed Placement, including the terms, the rationale and the financial effects of the Upsize Option will be dispatched to the Shareholders in due course to convene an extraordinary general meeting (the "**EGM**") for the Company to seek the specific approval from the Shareholders in respect of the Proposed Placement.

Kewalram Singapore Limited, a controlling shareholder of the Company, and Mr. Sunny George Verghese, the Company's Group Managing Director and Chief Executive Officer, which together hold approximately 27.57% of the existing issued share capital of the Company, have undertaken to vote in favour of the relevant resolutions at the EGM.

### **4. NEW SHARES**

The number of new Shares to be allotted and issued by the Company, pursuant to the full conversion of the Optional Bonds and the full US\$500 million in principal amount of Convertible Bonds is 46,672,932 and 233,364,664 respectively (based on the conversion price of S\$3.0853 and assuming no adjustments to the conversion price, and the fixed exchange rate of S\$1.4400 = US\$1.00). The 46,672,932 and 233,364,664 new Shares represent approximately 2.10 and 10.49 per cent. of the enlarged issued share capital of the Company on a fully diluted basis respectively (assuming the conversion of the Convertible Bonds in full).

### **5. USE OF PROCEEDS**

The estimated net proceeds from the issue of the Convertible Bonds (including the additional US\$100,000,000 principal amount of 6.00 per cent. convertible bonds due 2016 pursuant to the exercise of the Upsize Option) are approximately US\$490.75 million. The proceeds will be used in the manner described by the Company in its announcement dated 2 September 2009.

### **6. FINANCIAL EFFECTS (FOLLOWING THE EXERCISE OF UPSIZE OPTION)**

The financial effects of the issue of the Convertible Bonds (excluding the Optional Bonds) had been announced by the Company on 9 September 2009. For the purposes of illustration and comparison, the financial effects of the issue of the Convertible Bonds (which includes the Optional Bonds pursuant to the exercise of 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 '000	30 June 2009 '000
Number of Shares		
As reported	1,713,213	1,715,894
Before the issue of the Convertible 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 Convertible Bonds but before any conversion <sup>2</sup>	1,986,672	1,989,353
Assuming full conversion of the Convertible Bonds <sup>2</sup>	2,220,036	2,222,718

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

	The Group	
	30 June 2008 '000	30 June 2009 '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 S\$'000	30 June 2009 S\$'000
NTA, as reported	508,155	906,608
NTA post Placement	945,189	1,343,642
Estimated issue expenses	(13,406)	(13,406)
Adjusted NTA after the issue of the Convertible Bonds but before any conversion <sup>2</sup>	931,783	1,330,236



NTA per Share (Singapore cents)

As reported	29.66	52.84
Before the issue of the Convertible Bonds but after the Placement	47.58	67.54
After the issue of the Convertible Bonds but before any conversion <sup>2</sup>	46.90	66.87

Assuming full conversion of the Convertible 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>	1,651,783	2,050,236
Adjusted NTA per Share (Singapore cents) <sup>2</sup>	74.40	92.24

Assuming full conversion of the Convertible 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>	1,862,725	2,261,178
Adjusted NTA per Share (Singapore cents) <sup>2</sup>	79.58	96.49

(c) Earnings

The interest expense in respect of the Convertible Bonds prior to any conversion will be at the effective rate of 6.00 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 2008 S\$'000	30 June 2009 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	13,406	13,406
Adjusted net borrowings after the issue of the Convertible Bonds but before any conversion <sup>1,2</sup>	2,221,812	2,218,740
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 Convertible Bonds	-	-
Estimated issue expenses	(13,406)	(13,406)
Adjusted Total Equity (before Fair Value Adjustment) after the issue of the Convertible Bonds <sup>2</sup>	1,257,661	1,521,925

Net gearing (number of times)

As reported	3.17	2.41
Before the issue of the Convertible Bonds but after the Placement	1.74	1.44
After the issue of the Convertible Bonds <sup>2</sup>	1.77	1.46

Assuming the full conversion of the Convertible 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 Convertible Bonds (and assuming all outstanding Existing Bonds remain unconverted) <sup>2</sup>	1,501,812	1,498,740
Adjusted net borrowings assuming full conversion of the Convertible Bonds and all outstanding Existing Bonds <sup>2</sup>	1,290,870	1,287,798
Adjusted Total Equity (before Fair Value Adjustment) assuming full conversion of the Convertible Bonds (and assuming all outstanding Existing Bonds remain unconverted) <sup>2</sup>	1,977,661	2,241,925



Adjusted Total Equity (before Fair Value Adjustment) assuming full conversion of the Convertible Bonds and all outstanding Existing Bonds <sup>2</sup>	2,188,603	2,452,867
Net gearing (number of times) assuming full conversion of the Convertible Bonds (and assuming all outstanding Existing Bonds remain unconverted) <sup>2</sup>	0.76	0.67
Net gearing (number of times) assuming full conversion of the Convertible Bonds and all outstanding Existing Bonds	0.59	0.53

- <sup>1</sup> Pro-forma net borrowings assuming cash proceeds from the Placement and/or issue of the Convertible 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.

## 7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDER

Mr. Wong Heng Tew, currently a Non-Executive and Independent Director of the Company, is an Advisory Director of Temasek. Save as disclosed in this announcement, none of the Directors or the controlling shareholder of the Company has any interest, direct or indirect, in the issue of the Convertible Bonds from the exercise of the Upsize Option.

By Order of the Board

Sunny George Verghese  
Group Managing Director and CEO

1 October 2009

### **Endnotes:**

The term "**controlling interest**" is defined in the Listing Manual of the SGX-ST as the interest of the controlling shareholder(s), and the term "**controlling shareholder**" is defined in the Listing Manual of the SGX-ST as a person who (a) holds directly or indirectly 15% or more of the total number of issued shares excluding treasury shares in the company, or (b) in fact exercises control over a company.

The Listing Manual of the SGX-ST also provides that the SGX-ST may determine that a person who satisfies the requirements of limb (a) in the definition of "controlling shareholder" as not being a controlling shareholder.



### **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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### **For media and investor enquiries, please contact:**

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