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**NEWS RELEASE**

**UPDATE ON RECENT EVENTS**

*Singapore, November 23, 2012* – Olam International Limited ("Olam" or "the Company") has seen its shares come under pressure following negative statements made by Muddy Waters Research ("MW") and its director of research Carson Block ("CB") at the Ira Sohn Investment Conference in London on Monday 19 November 2012. They made assertions about Olam's 'unsustainable' business model, 'highly leveraged' financial position and 'aggressive' accounting practices, specifically in areas of accounting for biological gains/assets and recognition of negative goodwill.

The Company strongly rejects these baseless and unsubstantiated assertions made by MW and CB. The Company has initiated legal action against both MW and CB, including aggravated and exemplary damages, for libel, slander and malicious falsehood.

The Company is in a sound financial position and has built a strong, unique and well differentiated competitive position in its industry and has a reputation and track record for transparency and good governance. Olam reaffirms that its financial statements and accounting policies strictly follow and adhere to the Singapore Financial Reporting Standards ("SFRS").

The Company has continually updated its stakeholders on the long-term growth strategy that was first articulated in 2009 of building a well-balanced and diversified business (with a bias towards food raw materials which are relatively more recession resistant). We believe that our strategy of selective integration will continue to allow us to develop a uniquely shaped portfolio with a clear sustainable competitive advantage.

Over the last 6 years, the Company grew revenues by 313% to S$17.09 billion, PATMI by 340% to S$371 million and Net Asset Value by 386% to S$1.44 per share. The Company takes pride in its past track record and stands by the strategy to pursue profitable growth in order to create significant intrinsic value for its continuing shareholders.

The Company had communicated and subsequently reinforced the message that execution of this strategy would involve significant upfront fixed capital investments in projects with longer gestation periods than those of the past, in addition to incremental short term working capital investments required to grow the existing supply chain business. The balance sheet of the Company was also adequately strengthened with a combination of raising of fresh equity (which was completed in July 2011) and incremental debt within the overall gearing targets set by the Company. The combined net debt to equity ratio for the portfolio is expected to be around 2.5

times, with a fixed asset target at 1.5 times and current assets target at 3.5 times wherein a large part of working capital is used to fund the liquid hedged inventories and secured receivables that are regarded as near cash.

As of 30 September 2012, the net debt to equity ratio stood at 2.03 times which is a comfortable financial position from which to continue on the growth path. The Company has sufficient liquidity in place to meet its financial obligations and those that might arise from stress in the capital markets. In such a situation, the Company could also phase out the investment/expansion plans. The Company has explicitly stated that no further equity raising is expected to meet its FY2016 strategic goals.

Given the front-loaded nature of the capital investments and the gestation period before which these investments generate the expected cash flows, the Company was explicit in its communication that positive free cash flow generation is expected to commence only from FY2015.

On the specific accounting related issues raised by MW, the Company accounts for biological assets as per the requirements of SFRS 41 (Agriculture) which prescribes how such assets need to be recognised and presented. This standard is mandatory and is also followed by other listed companies which have such biological assets.

Negative goodwill, which arises as a result of purchase of assets at a discount to their fair value is recognised in the profit and loss statement after due verification by the Company's auditors, Ernst & Young LLP ("E&Y"). This accounting treatment is mandatory under SFRS 103 (Business Combinations). The standard requires the Company to undertake a Purchase Price Allocation ("PPA") exercise which is carried out by an independent third party valuer and reviewed by E&Y. This outcome of the PPA exercise forms the basis for accounting of these acquisitions which then results in the recognition of goodwill which could be positive or negative. Olam has always reported any gains generated by the accounting of negative goodwill as "exceptional", which is one-off in nature, and has excluded these when reporting the core operational profits of the Company.

The Company would like to reiterate that its financial statements have been subject to annual audits by E&Y. E&Y have also stated in their letter to the Board of Directors that *"the consolidated financial statements issued by Olam were prepared in accordance with SFRS. Our audits were conducted in accordance with Singapore Standard on Auditing. Our latest statutory audit was in respect of the consolidated financial statements of Olam for the year ended 30 June 2012. Our audit report for those financial statements, which was issued on 28 September 2012, was not qualified or otherwise modified in any respect and our opinion was that Olam's consolidated financial statements gave a true and fair view of its state of affairs and financial results for the year then ended. Our audit report on Olam's consolidated financial statements for* *the prior years for which we had acted as auditors, issued on various dates, were similarly not qualified or otherwise modified. We stand by our audit opinion on the consolidated financial statements of Olam."*

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***About Olam International Limited***

*Olam International is a leading global integrated supply chain manager and processor of agricultural products and food ingredients, supplying various products across 16 platforms to over 12,300 customers worldwide. From a direct presence in more than 65 countries with sourcing and processing in most major producing countries, Olam has built a global leadership position in many of its businesses, including Cashew, Spices & Dehydrates, Cocoa, Coffee, 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. Olam is the only Singapore firm to be named in the 2009, 2010 and 2012 Forbes Asia Fabulous 50, an annual list of 50 big-cap and most profitable firms in the region. It is also the first and only Singapore company to be named in the 2009 lists for the Global Top Companies for Leaders and the Top Companies for Leaders in the Asia Pacific region by Hewitt Associates, the RBL Group and Fortune. More information on Olam can be found at [www.olamonline.com](http://www.olamonline.com).*


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