



**Olam International Limited**  
 9 Temasek Boulevard  
 11-02 Suntec Tower Two  
 Singapore 03898  
 telephone 65 63394100  
 facsimile 65 63399755  
 Website [www.olamonline.com](http://www.olamonline.com)  
 Regn no. 199504676-H

## NEWS RELEASE

### OLAM REPORTS STRONG TOP LINE AND BOTTOM LINE GROWTH FOR SECOND-QUARTER FY2007 FINANCIAL RESULTS

#### Q2 FY2007 Financial Highlights

- Sales Revenue up 21.6% to S\$1.464 billion, entirely organic, with all four business segments contributing to growth
  - Sales Volumes up 21.4% to 1.144 million metric tonnes, with double digit growth in all four business segments
- Gross Contribution (GC) up 36.1% to S\$121.4 million, with GC/ton up from S\$95 to S\$106
  - Net Contribution (NC) up 32.7% to S\$81.6 million, with NC/tonne up from S\$65 to S\$71
  - 75% of NC growth on account of volume growth, and 25% on account of margin growth.
  - Gross and Net Contribution growth across all four business segments
  - **Net Profit After Tax up 24.7% to S\$30.1 million, EPS up 24.7%**

| Consolidated Financial Results Ended December 31, 2006 | Quarter 2 |         |            | Six Months |           |            |
|--|-----------|---------|------------|------------|-----------|------------|
|  | FY2007    | FY2006  | Change (%) | FY2007     | FY2006    | Change (%) |
| Sales Volume (metric tonnes)                           | 1,143,557 | 942,095 | 21.4       | 1,816,418  | 1,498,890 | 21.2       |
| Sales Revenue (S\$million)                             | 1,463.7   | 1,203.3 | 21.6       | 2,367.5    | 1,917.0   | 23.5       |
| Gross Contribution (GC) (S\$million)                   | 121.4     | 89.2    | 36.1       | 197.4      | 145.0     | 36.1       |
| Net Contribution (NC) (S\$million)                     | 81.6      | 61.5    | 32.7       | 131.6      | 99.0      | 32.9       |
| Net Profit After Tax (S\$million)                      | 30.1      | 24.1    | 24.7       | 38.2       | 30.6      | 24.5       |
| Earnings Per Share (cents)                             | 1.93      | 1.55    | 24.7       | 2.46       | 1.97      | 24.5       |



*Singapore, February 13, 2007* – Olam International Limited (“Olam” or the “Group”), a leading global, integrated supply chain manager of agricultural products and food ingredients, today reported a Net Profit After Tax of S\$30.1 million for the quarter ended December 31, 2006 (“Q2 FY2007”), achieving a 24.7% increase over the previous corresponding period (“Q2 FY2006”). Sales Volume grew by 21.4% from 0.942 million tonnes to 1.144 million tonnes while Sales Revenue was up 21.6% to S\$1.464 billion from S\$1.203 billion in Q2 FY2006, with the growth in Revenue being entirely organic.

This strong improvement in earnings is the result of strong growth in both underlying Sales Volumes and NC across all the four business segments.

Olam’s CFO, K. Ravikumar said: “We have had another good quarter. Our earnings in the first half of the financial year contribute typically between 30% and 40% of our full year’s earnings. This reflects the seasonality of our business since we are present more in the northern hemisphere countries where the harvesting season typically falls between October and March.”

Olam’s Group Managing Director and CEO Sunny Verghese said: “We continue to deliver consistent profitable growth by growing the top line, bottom line and earning more than our cost of capital concurrently. This consistent performance against the backdrop of volatile commodity markets reflects the effectiveness of our business model, our strong competitive position in the industry and our ability to execute well on our strategic growth plans.”

## **Financial Review**

For Q2 FY2007, Sales Revenue rose 21.6% to S\$1.464 billion as Sales Volume grew 21.4% to 1.144 million metric tonnes, with broad-based contribution from all four business segments.

GC for Q2 FY2007 increased 36.1% to S\$121.4 million while NC improved by 32.7% to S\$81.6 million. All four business segments registered growth in both GC and NC in spite of higher interest cost during the period. NC per tonne grew from S\$65 to S\$71 arising from the implementation of margin enhancement initiatives.

Cumulatively for first six months (“H1 FY2007”), Sales Revenue grew 23.5% to S\$2.367 billion backed by a 21.2% growth in Sales Volume to 1,816.4 million tonnes. 97% of the growth in



Sales Revenue was on account of the underlying volume growth while the balance 3% came from increase in prices for various products. GC and NC rose 36.1% and 32.9% respectively. All four business segments contributed to the growth in GC and NC. 70% of the growth in NC came from volume while the remaining 30% came from margin improvements, resulting in an overall higher NC per tonne of S\$72 from S\$66.

### Review by Product Segment

| Edible Nuts, Spices & Beans (S\$ million) | Quarter 2 |        |            | Six Months |         |            |
|---|-----------|--------|------------|------------|---------|------------|
|   | FY07      | FY06   | Change (%) | FY07       | FY06    | Change (%) |
| <i>Sales Volume (metric tonnes)</i>       | 91,133    | 67,040 | 35.9       | 225,773    | 187,647 | 20.3       |
| Sales Revenue                             | 150.7     | 84.6   | 78.1       | 335.1      | 236.3   | 41.8       |
| Net Contribution                          | 9.69      | 9.67   | 0.2        | 19.4       | 15.9    | 22.0       |
| Net Contribution Per Tonne (S\$)          | 106       | 144    | (26.3)     | 86         | 85      | 1.4        |

Sales Volume and NC for the **Edible Nuts, Spices & Beans** segment grew 35.9% and 0.2% respectively in Q2 FY2007 while H1 FY2007 saw growth of 20.3% and 22.0% respectively. The growth in volume came from all products in this segment – expanded volume in origin processed cashews in Africa, higher peanuts volume due to the good reception of peanuts from the blanching factory in China, acquisition of the Senwes peanuts processing factory in South Africa and successful outsourced farming and toll processing operations in Argentina, a larger sesame market share in China, as well as contribution from dehydrated spices and new spices markets in Turkey and the Middle East.

| Confectionery & Beverage Ingredients (S\$ million) | Quarter 2 |         |            | Six Months |         |            |
|--|-----------|---------|------------|------------|---------|------------|
|  | FY07      | FY06    | Change (%) | FY07       | FY06    | Change (%) |
| <i>Sales Volume (metric tonnes)</i>                | 238,070   | 189,348 | 25.7       | 384,443    | 303,010 | 26.9       |
| Sales Revenue                                      | 557.7     | 451.6   | 23.5       | 892.5      | 682.9   | 30.7       |
| Net Contribution                                   | 30.8      | 21.2    | 45.4       | 47.7       | 34.9    | 36.5       |
| Net Contribution Per Tonne (S\$)                   | 129       | 112     | 15.7       | 124        | 115     | 7.6        |



The **Confectionery & Beverage Ingredients** segment experienced strong growth with Sales Volume and NC growing by 25.7% and 45.4% respectively in Q2 FY2007. Sales Volume and NC growth during the cumulative first six months was 26.9% and 36.5% respectively.

Coffee volumes were higher during the second quarter on the back of a good Robusta crop in Vietnam. The Group continued to perform well in Brazil being one of the top ten exporters in the country. The Group has also made significant progress in sourcing and processing in the new origins it has recently expanded into, namely Colombia, Peru and Honduras.

Cocoa volumes improved by 35% during the first half of the financial year, led mainly by strong performance in Asia and Cote d'Ivoire and Nigeria. The joint venture with ADM in Cameroon commenced operations successfully and marketing operations in Russia were also expanded during the quarter.

| Food Staples & Packaged Foods<br>(S\$ million) | Quarter 2 |         |            | Six Months |         |            |
|--|-----------|---------|------------|------------|---------|------------|
|  | FY07      | FY06    | Change (%) | FY07       | FY06    | Change (%) |
| Sales Volume<br>(metric tonnes)                | 630,846   | 538,030 | 17.3       | 923,716    | 780,639 | 18.3       |
| Sales Revenue                                  | 485.4     | 448.6   | 8.2        | 709.0      | 645.2   | 9.9        |
| Net Contribution                               | 21.5      | 16.8    | 27.8       | 33.6       | 26.2    | 28.4       |
| Net Contribution<br>Per Tonne (S\$)            | 34        | 31      | 9.0        | 36         | 34      | 8.6        |

Sales Volume and NC for the **Food Staples & Packaged Foods** segment grew 17.3% and 27.8% respectively in Q2 FY2007. On an aggregate six month basis, Sales Volume and NC growth were 18.3% and 28.4% respectively.

Significant growth in the premium rice segment was seen across all destination markets during the second quarter, resulting in higher sales volume and NC. Margins improved with various initiatives on the logistics front, such as the commencement of inward clearing operations in Cote d'Ivoire bearing fruit and resulting in increased efficiencies.

Sugar volumes grew 52% during the first half of FY2007 as a result of a strong performance in Brazil in the second quarter. Import volumes in Russia expanded and the distribution operations of refined sugar to other CIS countries had also commenced during the quarter.



Dairy Products volume grew 138% in H1 FY2007 given the expanded sourcing network from Western Europe, Eastern Europe, Argentina and the US. This was despite one of the tightest supply situations in dairy products experienced in the last several years. The growth in volume was also due to the successful distribution operation in China and the addition of cheese to the product portfolio.

| <b>Fibre &amp; Wood Products<br/>(S\$ million)</b> | <b>Quarter 2</b> |             |                   | <b>Six Months</b> |             |                   |
|--|------------------|-------------|-------------------|-------------------|-------------|-------------------|
|  | <b>FY07</b>      | <b>FY06</b> | <b>Change (%)</b> | <b>FY07</b>       | <b>FY06</b> | <b>Change (%)</b> |
| <i>Sales Volume (metric tonnes)</i>                | 183,508          | 147,677     | 24.3              | 282,486           | 227,594     | 24.1              |
| Sales Revenue                                      | 270.0            | 218.5       | 23.6              | 430.8             | 352.6       | 22.2              |
| Net Contribution                                   | 19.6             | 13.8        | 42.0              | 30.8              | 22.0        | 40.3              |
| Net Contribution Per Tonne (S\$)                   | 107              | 93          | 14.3              | 109               | 97          | 13.0              |

The **Fibre & Wood Products** segment experienced 24.3% growth in Sales Volume and 42.0% in NC in Q2 FY2007. For the first six months, the segment saw 24.1% growth in Sales Volume and 40.3% in NC.

Cotton volumes rose 15% over H1 FY2006 and significant market share gains were achieved in Turkey, Thailand, India and Bangladesh during the quarter. Olam's recent move to relocate its US sourcing operation to Dallas is expected to enable the Group to participate in larger flows of cotton from the country.

Wood Products volumes grew strongly by 38% in H1 FY2007 with the bulk of the volume growth coming from products such as teak, hardwood, lumber and flooring. During the quarter, Olam strengthened its market position in India by entering into long term arrangement with suppliers in Ghana and teak concession in East Africa. On the sourcing end, Olam acquired forest concessions in Gabon, Congo and Zaire for a sustainable supply of hardwood.

## **M&A Update**

Olam recently announced its intention to enter into a strategic partnership with Chinatex Corporation for the joint development of the oilseeds and cotton businesses in China.



For the oilseeds business, Olam plans to invest US\$13.5 million (S\$20.9 million) for acquiring 35% stake in Chinatex Grains and OIL I/E Corporation (CTGO), the oilseeds subsidiary of Chinatex. CTGO would then set up a fully-owned soybean sourcing subsidiary in Brazil. As part of this agreement, Olam would have an option to increase its stake to 45% within two years of setting up the Brazilian subsidiary, at a pre-agreed valuation.

For the cotton business, Olam and Chinatex plan to set up a 50:50 domestic cotton joint venture, which would be involved in sourcing, ginning, inland logistics, distribution and risk management for the domestic cotton market. As part of the transaction, both parties also propose to enter into a preferential purchase arrangement, whereby Olam could supply at least 30% of Chinatex's annual cotton imports, on a competitive basis.

The completion of the deal is subject to completion of satisfactory due diligence by Olam, signing of definitive agreements, customary closing requirements and regulatory approvals and is expected to be completed over the next six months.

### **Prospects**

The Group continues to execute well on its strategic plans and has identified growth initiatives in different businesses. Barring any unforeseen circumstances, the Group is confident of its prospects going forward into the second half of FY2007.

### **Note:**

*This release should be read and understood only in conjunction with the full text of Olam International Limited's Q2 FY2007 Financial Statements lodged on SGXNET on February 13, 2007.*



### **About Olam International Limited**

Olam is a leading global integrated supply chain manager of agricultural products and food ingredients. Today, the Group manages an integrated supply chain for 14 agricultural products with a direct presence in 52 countries, supplying these to over 3,800 customers in more than 55 destination markets, and employing over 6,300 employees worldwide.

Headquartered in Singapore and listed on the SGX-ST on February 11, 2005, it currently ranks among the 40 largest listed companies in Singapore in terms of market capitalisation. Olam has been included in the benchmark Straits Times Index (STI) effective February 5, 2007. Additional information on Olam can be found on its website at [www.olamonline.com](http://www.olamonline.com).

---

|                      |   |  |
|----------------------|---|--|
| ISSUED ON BEHALF OF  | : | Olam International Limited   |
| BY                   | : | Citigate Dewe Rogerson, i.MAGE Pte Ltd<br>1 Raffles Place<br>#26-02 OUB Centre<br>SINGAPORE 048616   |
| <b>For Olam</b>      |   |  |
| CONTACT              | : | Mr. S. Suresh, GM (Head, Corporate Affairs) /<br>Ms. Chow Hung Hoeng, Manager (Investor Relations)   |
| DURING OFFICE HOURS  | : | 6317-9552 / 6317-9471 (Office)   |
| AFTER OFFICE HOURS   | : | 9634-1372 / 9834-6335 (Mobile)   |
| EMAIL                | : | <a href="mailto:suresh@olamnet.com">suresh@olamnet.com</a> / <a href="mailto:chow.hunghoeng@olamnet.com">chow.hunghoeng@olamnet.com</a>                                    |
| <b>For CDRi.MAGE</b> |   |  |
| CONTACT              | : | Ms Dolores Phua / Mr. Kevin Lim  |
| DURING OFFICE HOURS  | : | 6534-5122 (Office)   |
| AFTER OFFICE HOURS   | : | 9750-8237 / 9781-1509 (Mobile)   |
| EMAIL                | : | <a href="mailto:dolores.phua@citigatedrimage.com">dolores.phua@citigatedrimage.com</a><br><a href="mailto:kevin.lim@citigatedrimage.com">kevin.lim@citigatedrimage.com</a> |

---