OLAM INTERNATIONAL LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 199504676H)

PROPOSED ACQUISITION OF THE GLOBAL COCOA BUSINESS OF ARCHER-DANIELS-MIDLAND COMPANY

1. INTRODUCTION

The Board of Directors of Olam International Limited (the "**Company**" or "**Olam**", and together with its subsidiaries, the "**Group**") is pleased to announce the proposed acquisition (the "**Proposed Acquisition**") of the global cocoa business (more particularly described in paragraph 2.2 below) (the "**ADM Cocoa Business**") of Archer-Daniels-Midland Company ("**ADM**") pursuant to a conditional master purchase agreement (the "**MPA**") entered into on 16 December 2014 between the Company as the buyer and ADM as the seller ("**Buyer**" and "**Seller**", respectively). The Proposed Acquisition is in line with the Company's strategy as stated in the 2014 Annual Report, to prioritise cocoa as one of the platforms for accelerated investment and growth.

Olam has appointed J.P. Morgan (SEA) Limited as the financial advisor to the Company for the Proposed Acquisition.

2. INFORMATION ON ADM AND THE ADM COCOA BUSINESS

2.1 ADM

ADM was incorporated in 1923 in Delaware, the United States of America ("**U.S.**") and is the successor to Daniels Linseed Co. which was founded in 1902. ADM has a primary listing on the New York Stock Exchange and is also listed and traded on the Frankfurt Stock Exchange.

ADM is one of the world's largest processors of oilseeds, corn, wheat, cocoa, and other agricultural commodities and is a leading manufacturer of protein meal, vegetable oil, corn sweeteners, flour, biodiesel, ethanol, and other value-added food and feed ingredients. ADM also has an extensive global grain elevator and transportation network to procure, store, clean and transport agricultural commodities, such as oilseeds, corn, wheat, milo, oats, and barley, as well as processed agricultural commodities.

2.2 ADM Cocoa Business

The ADM Cocoa Business which is the subject of the Proposed Acquisition includes all of the relevant assets, equity interests and business undertakings comprising the global cocoa business of ADM, which consists of the procurement, transportation and processing of cocoa beans into cocoa liquor, cocoa butter and cocoa powder in North America, South America, Europe, Asia and Africa for the chocolate industry and other cocoa processors.

The ADM Cocoa Business comprises cocoa processing assets of ADM (excluding the industrial chocolate business), with eight processing facilities, two usines, 10 warehouses, the "deZaan®"[1] brand, a global customer franchise and an experienced management team. The

[1] "deZaan®" is a registered trade mark of ADM in Singapore and multiple jurisdictions in Asia, Europe and Africa

ADM Cocoa Business's "deZaan®" cocoa brand is an industry leader in cocoa powder with more than one hundred years of tradition and excellence in cocoa products.

With a global presence, the ADM Cocoa Business has a significantly diversified customer base across developed and emerging markets with over 2,150 customers in more than 90 countries.

Prior to Closing (as defined in the MPA) of the Proposed Acquisition, ADM has agreed to conduct certain corporate re-organisational steps which are necessary to facilitate the Group's acquisition of certain assets, equity interests and business undertakings in the ADM Cocoa Business.

Based on the proforma unaudited carve-out financial statements for the ADM Cocoa Business provided by ADM ("**Business Proforma Financial Statements**")[2], as at 30 June 2014, the book value and net tangible asset[3] value of the ADM Cocoa Business were US$1,136 million (approximately S$1,491 million) and US$1,079 million (approximately S$1,417 million), respectively. The ADM Cocoa Business does not have an open market value.

Unless indicated otherwise, the indicative US$-to-S$ exchange rate used for the purposes of this Announcement is US$1: S$1.31255.

3. SOME SALIENT TERMS OF THE PROPOSED ACQUISITION

In addition to the other terms described in this Announcement, salient terms of the MPA include the following:

3.1 Consideration

The consideration payable by the Buyer to the Seller for the Proposed Acquisition (the "**Consideration**") under the MPA shall be determined based on a base purchase price of US$1,300 million (approximately S$1,706 million) (the "**Base Purchase Price**"), as adjusted (either upwards or downwards) depending on the level of certain prescribed working capital and debt figures (the "**Adjustments**") as at the effective time of Closing. At Closing, the Buyer shall pay to the Seller the Base Purchase Price as adjusted to take into account the Seller's good faith estimates of the Adjustments (as at a prescribed date prior to Closing) (the "**Initial Payment**"). Within 90 calendar days after Closing, the Buyer shall prepare and deliver to the Seller certain prescribed financial calculations of the Adjustments as at the effective time of Closing, and the Seller has 30 days after such delivery to raise any disputes regarding the Buyer's calculations. If it transpires that the actual Adjustments differ from the estimated Adjustments (based on the Seller's good faith estimates), such that the amount which was paid by the Buyer to the Seller at Closing should have been lower than the Initial Payment, then the Seller will be required to refund the difference to the Buyer; and if the converse is true, then the Buyer will need to top up the difference to the Seller, as the case may be.

The Consideration shall be fully satisfied in cash.

2 The Business Proforma Financial Statements are based on ADM's financial year 1 January to 31 December 2013 and updated for the period 1 January to 30 June 2014. They have also been adjusted for exceptional and extraordinary items, and have not been adjusted for any IFRS and U.S. GAAP differences in accounting treatment

3 Net tangible asset value excludes goodwill, intangible assets and deferred tax assets/liabilities

The Consideration was arrived at through arm's length, commercial negotiations between the Company and ADM on a willing-buyer willing-seller basis, taking into account, *inter alia*, the expertise, track record, branding and market position in the cocoa sector of the ADM Cocoa Business.

3.2 Conditions Precedent

The obligation of Buyer to consummate the transactions contemplated by the MPA is subject to certain conditions having been fulfilled or waived. The conditions include (and are not limited to) the following:

(a) the execution by Seller and its Affiliates (as defined in the MPA) of transition services agreements regarding the provision of transition services by Seller and its Affiliates to Buyer and its Affiliates, and vice versa;

(b) the execution of certain other agreements depending on whether the sale of the chocolate business by Seller and its Affiliates to Cargill, Incorporated (the "**Chocolate Business Transaction**") has been consummated;

(c) there being no order by any relevant governmental authority that would enjoin or otherwise prohibit the consummation of any of the transactions contemplated by the MPA or any other relevant transaction document (collectively, "**Relevant Prohibitive Order**"); and

(d) the obtaining of all required consents, approvals and/or waivers from the relevant governmental authorities pursuant to the applicable laws of any applicable jurisdiction that are designed to prohibit, restrict or regulate actions having the purpose or effect of monopolisation or restraint of trade, and the expiry or termination by the relevant governmental authority of the relevant waiting periods required by the aforesaid consents, approvals and/or waivers (as the case may be) (collectively, "**Antitrust Requirements**").

The obligation of Seller to consummate the transactions contemplated by the MPA is subject to certain conditions having been fulfilled or waived. The conditions include (and are not limited to) the following:

(a) the execution by Buyer and its Affiliates of transition services agreements regarding the provision of transition services by Seller and its Affiliates to Buyer and its Affiliates, and vice versa;

(b) the execution of certain other agreements depending on whether the Chocolate Business Transaction has been consummated;

(c) there being no Relevant Prohibitive Order; and

(d) the Antitrust Requirements

(all of the foregoing conditions in this paragraph 3.2 collectively, the "**Conditions**").

3.3 Closing

Closing of the Proposed Acquisition is subject to the satisfaction or waiver of the Conditions. The date of the Closing is dependent on, *inter alia*, the timing of the closing of the Chocolate Business Transaction, and the MPA also provides that the Seller and the Buyer may also mutually agree on any date for Closing.

The Company currently estimates that the transfer of the ADM Cocoa Business to the Group will be substantially completed by 30 June 2015.

3.4 Termination

The termination provisions of the MPA include the following:

(a) termination by mutual written consent of the Seller and Buyer;

(b) termination by the Buyer or the Seller on or after 13 October 2015 (the "**End Date**"), if Closing shall not have occurred by the close of business on the End Date, unless, *inter alia*, such party has breached in an material respect any of its obligations under the MPA in a manner that has contributed to the failure of Closing to occur on or before the End Date, subject to certain provisos allowing either the Buyer or the Seller the right to extend the End Date to 13 April 2016;

(c) termination by the Buyer or the Seller, if there shall be in effect a final non-appealable order of a governmental authority of competent jurisdiction or other law enjoining or otherwise prohibiting the consummation of the Proposed Acquisition, unless such party has failed to perform its obligations under the MPA with respect to resisting, resolving or removing such applicable order or whose breach was the principal cause of such order taking effect; or

(d) termination by the Buyer or the Seller if there has been a breach by the other party of any of its representations or warranties, covenants, obligations or agreements in the MPA such that the Conditions to the Buyer's or the Seller's obligation, as the case may be, to effect Closing would not be satisfied, and such violation or breach has not been waived, or cured (as the case may be) by the other party within 30 days after receipt by the other party of written notice by the party in default.

4. RATIONALE FOR AND BENEFITS OF THE PROPOSED ACQUISITION

4.1 The Company believes that the Proposed Acquisition will be beneficial to the Company and the Group, for the reasons set out below.

(a) Building on the Group's existing core strengths

Olam International is a leading agri-business operating across the value chain in 65 countries, supplying various products across 16 platforms to over 13,800 customers worldwide. From a direct sourcing and processing presence in most major producing countries, Olam has built a global leadership position in many of its businesses. Headquartered in Singapore and listed on the SGX-ST on 11 February 2005, Olam currently ranks among the top 50 largest listed companies in Singapore in terms of market capitalisation and is a component stock in the Straits Times Index (STI), 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.

Olam's cocoa business currently focuses on origination, marketing and processing and is strongly involved in many long-term sustainability initiatives, either Olam led or in partnerships within many of the countries Olam operates in.

Olam's cocoa business has an extensive footprint across key origins and is a leading global supplier of cocoa beans and cocoa products. It has privileged customer relationships with tailored supply chain solutions (traceability, certification and vendor managed inventory solutions), best-in-class crop forecasting, fundamental proprietary research and world class trading and risk management skills. Olam's cocoa business is also a leading supplier of sustainable cocoa with over 300 years of combined senior management experience in cocoa.

The Proposed Acquisition will expand the Group's integrated cocoa business by increasing the Group's cocoa production capabilities and geographic reach, enabling the Company to become a more effective competitor in the global cocoa industry.

The Proposed Acquisition will enable Olam to expand into new geographic areas and allow Olam to gain a global processing footprint in Europe, North America, South America, Asia and Africa. It will also increase Olam's cocoa processing capacity by approximately 600,000 MT through the acquisition of the eight processing facilities. With the acquisition of the established "deZaan®" brand, over 2,150 established blue chip customers and access to both emerging and developed markets, Olam will benefit from acquiring a leading supplier of cocoa powders with over 30 prime powder types, unique product development capabilities and ability for customisation.

(b) *Dovetails with the Group's growth strategy*

As explained in the Company's 2014 Annual Report, cocoa was one of the six platforms which have been prioritised by the Company for accelerated investment and growth. In the last financial year, the Group continued to expand its integrated cocoa business, *inter alia*, in Africa through the commissioning of a cocoa processing plant in the Republic of Côte d'Ivoire.

The Proposed Acquisition is "On-Strategy" and "On-Plan" for Olam, dovetailing squarely with the Group's strategy of building on its existing core business through greenfield manufacturing facilities or acquisition of suitable and complementary assets. This is an important acquisition for Olam's cocoa business that will allow it to become a market-leading global integrated player in a prioritised platform with attractive growth prospects.

(c) *Expanding the Group's presence in the cocoa processing space and leveraging its current position as a leader in the cocoa bean sourcing and origination space*

The Proposed Acquisition will allow Olam's cocoa business to extend its reach across the cocoa value chain by increasing its processing capabilities. As a leader in the cocoa bean sourcing and origination space, Olam's cocoa business will be able to leverage its sourcing, trading and risk management capabilities to operate more effectively the eight processing facilities being acquired, and at a lower cost.

The Proposed Acquisition will establish Olam's cocoa business as one of the world's top three cocoa processors focused on the supply of cocoa liquor, cocoa powder, and cocoa butter, with strong manufacturing, research and development and product development skills.

5. FINANCING THE PROPOSED ACQUISITION

The Company expects to fund the Consideration for the Proposed Acquisition through cash and existing debt facilities that the Company already has in place.

The pro-forma gearing (net debt to equity) for the Group is expected to increase from 1.85 times as at 30 September 2014, to 2.30 times at Closing, and approximately 2.15 times at the end of 30 June 2015 (even after assuming that there is no growth in earnings beyond the Group's operational earnings for the financial year ended 30 June 2014 ("**FY2014**")). The Group expects the gearing to be within the financial year ("**FY**") 2016 strategic plan objective of at or below 2.0 times, subject to commodity prices, which the Group had announced in April 2013.

6. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

6.1 **For illustrative purposes only,** the financial effects of the Proposed Acquisition on the Company as set out below are prepared based on the Business Proforma Financial Statements and the Group's audited consolidated audited financial statements for FY2014 and subject to the following key assumptions:

(a) the effect of the Proposed Acquisition on the Company's net tangible assets ("**NTA**") per ordinary share in the capital of the Company ("**Share**") is based on the assumption that the Proposed Acquisition had been effected at the end of FY2014;

(b) the effect of the Proposed Acquisition on the Company's earnings per Share ("**EPS**") for FY2014 is based on the assumption that the Proposed Acquisition had been effected at the beginning of FY2014.

6.2 The financial effects as set out below, which are based on the assumptions set out in paragraph 6.1, are theoretical in nature and are therefore not necessarily indicative of the future financial position and earnings of the Company or the Group.

(a) NTA per Share

The Company's consolidated NTA per Share[4] would increase from S$1.76 to S$2.35 as a result of the Proposed Acquisition.

4 Based on the weighted average number of Shares outstanding (excluding treasury shares) as at 30 June 2014, being 2,395,390,505 Shares

(b) EPS

The Company's consolidated EPS[5] would increase from S$0.136 to S$0.149 as a result of the Proposed Acquisition.

7. RELATIVE FIGURES UNDER CHAPTER 10 OF THE LISTING MANUAL

7.1 Based on the unaudited consolidated financial statements for the Group for the first quarter ended 30 September 2014 ("**1QFY2015**") (being the latest announced consolidated accounts of the Group), the relative figures computed on the bases set out in Rule 1006 of the Listing Manual of the SGX-ST (the "**Listing Manual**") are as follows[(1)]:

Basis under Rule 1006 [(1)]		**Relative Figure**
Rule 1006(b)	The net profits attributable to the ADM Cocoa Business assets, compared with the Group's net profits for 1QFY2015 [(2)]	9.6%
Rule 1006 (c)	The aggregate value of the Consideration, compared with the Company's market capitalisation [(3)]	34.5%

Notes:

(1) For the avoidance of doubt, Rule 1006(a), (d) and (e) of the Listing Manual are not applicable to the Proposed Acquisition. Rule 1006(a) does not apply to an acquisition of assets. Rule 1006(d) does not apply as the Company will not be issuing Shares as consideration for the Proposed Acquisition. Rule 1006(e) does not apply because the Company is not a mineral, oil and gas company.

(2) The relative figure for Rule 1006(b) was computed based on (a) the Group's net profits for the first quarter ended 30 September 2014 of approximately S$36 million; and (b) the net profits attributable to the ADM Cocoa Business, which is the subject of the Proposed Acquisition, for the three months ended 30 June 2014, of approximately US$2.6 million (S$3.4 million). It should be noted that the net profits figure attributable to the ADM Cocoa Business was not the subject of a separate audit by ADM or the Company, and was based on the Business Proforma Financial Statements. The Business Proforma Financial Statements do not extend to the three months ended 30 September 2014 and the Company has therefore used the latest available figures in respect of the three months ended 30 June 2014.

(3) The relative figure for Rule 1006(c) was computed based on (a) the Company's market capitalisation of approximately S$4,939.8 million, which was based on the weighted average price of S$2.0239 per Share as at 15 December 2014, being the market day immediately preceding the date of the MPA; and (b) assumes the Consideration is equal to the Base Purchase Price (without any Adjustments) of US$1,300 million (S$1,706 million).

7.2 Under Chapter 10 of the Listing Manual, where any of the Rule 1006 relative figures exceeds 20%, the transaction will be considered a "major transaction" and must be made conditional upon approval by shareholders of the issuer in general meeting. In view of the relative figure for Rule 1006(c) being in excess of 20%, the Proposed Acquisition will constitute a "major transaction" under Chapter 10 of the Listing Manual. The Company has sought and the SGX-ST has granted to the Company a waiver of the said shareholders' approval requirement.

5 Based on the weighted average number of Shares outstanding (excluding treasury shares) as at 30 June 2014, being 2,395,390,505 Shares. The EPS impact is calculated on the basis of the Group's operational profit for FY2014 of S$325.4 million and the Business Proforma Financial Statements for the same period

Please see the Company's announcement also released today entitled "Grant of Waiver from compliance with Rule 1014 of the Listing Manual".

8. DIRECTORS AND CONTROLLING SHAREHOLDERS

8.1 No person is proposed to be appointed to the board of the Company in connection with the Proposed Acquisition, and no director's service contract is proposed to be entered into by the Company with any person in connection with the Proposed Acquisition.

8.2 None of the Directors or the controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition.

9. DOCUMENTS FOR INSPECTION

A copy of the MPA will be made available for inspection by the shareholders of the Company at the registered office of the Company at 9 Temasek Boulevard, #11-02 Suntec Tower Two, Singapore 038989, during normal business hours for a period of three (3) months from the date of this Announcement.

BY ORDER OF THE BOARD

Shekhar Anantharaman
Executive Director

16 December 2014