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NEWS RELEASE

OLAM REPORTS STRONG INTERIM PERFORMANCE WITH 36% RISE IN NET PROFITS TO S\$30.6 MILLION

- Strong earnings driven by both volume and Net Contribution growth across all four business segments

Q2 FY2006 Key Financial Highlights:

(in S\$ million)	Q2 FY2006	Q2 FY2005	Change YoY
Revenue	1,208.4	962.7	26%
Profit From Operating Activities	56.8	36.1	58%
Profit Before Tax	26.9	21.5	26%
Net Profit After Tax	24.1	18.9	28%

- Sales volume grew by 22.5% to 0.942 million metric tons
- Sales revenue increased by 25.4% to S\$1,203.3 million
- Gross Contribution (GC) grew by 46.1% to S\$89.2 million
- Net Contribution (NC) increased by 32.1% to S\$61.5 million due to increased volumes and margin improvement initiatives
- Net Profit After Tax grew by 27.7% to S\$24.1 million

1H FY2006 Key Financial Highlights:

(in S\$ million)	1H FY2006	1H FY2005	Change YoY
Revenue	1,926.5	1,460.3	32%
Profit From Operating Activities	83.2	48.1	73%
Profit Before Tax	34.2	25.7	33%
Net Profit After Tax	30.6	22.6	36%



- **Sales volume grew by 26.4% to 1.499 million metric tons**
- **Sales revenue increased by 31.6% to S\$1,917.0 million**
- **Gross Contribution (GC) grew by 51.3% to S\$145.0 million**
- **Net Contribution (NC) increased by 34.2% to S\$99.0 million due to increased volumes and margin improvement initiatives**
- **Net Profit After Tax grew by 36% to reach S\$30.6 million**

Singapore, February 14, 2006 – Olam International Limited (“Olam” or the “Group”), a leading global, integrated supply chain manager of agricultural products and food ingredients, today announced a strong set of results for the first half-year ended December 31, 2005 (“1H FY2006”).

Olam’s Group Managing Director and CEO Sunny Verghese said: “Our consistent performance in growing volume and Net Contribution across all our four business segments confirms the strength and advantage of our business model. The relative stability and predictability in our earnings despite volatile prices in our underlying markets is a reflection of the lower risk nature of our participation in this industry, namely, as an integrated supply chain manager. This demonstrates our excellent geographic and product balance, end-to-end supply chain capability and our proven capacity to reliably execute on our growth initiatives. We will continue to be strategically focused in expanding through product, geographic and value chain adjacencies. Barring any unforeseen circumstances, we remain confident about our business outlook and prospects and are confident that our strategies will continue to yield expected results for the rest of the year.”

Consolidated Results

Revenue for the Group grew by 32% to S\$1,926.5 million in 1H FY2006 on the back of a 26.4% increase in total sales volume to 1.499 million metric tons for the same period. Strong volume growth across the Group’s four business segments, coupled with rise in sales prices of various products in three out of the four segments, contributed positively



to the Group's revenue increase. 84% of the increase in sales revenue was contributed by increase in volumes and the remaining 16% was due to increase in prices.

Gross Contribution ("GC") rose 51.3% to S\$145.0 million in 1H FY2006. Net Contribution ("NC") grew by 34.2% to S\$99.0 million. All four product segments registered an increase in both GC and NC.

On a per ton basis, GC margin increased to S\$97/ton for the portfolio in 1H FY2006 compared to S\$81/ton in 1H FY2005. Similarly, the key performance driver NC per ton rose to S\$66 in 1H FY2006 from S\$62 in 1H FY2005 for the portfolio.

Review by Product Segment

Product Segment	Sales Revenue (S\$m)			Net Contribution (S\$m)		
	1HFY06	1HFY05	Change YoY	1HFY06	1HFY05	Change YoY
Edible Nuts, Spices & Beans	236.3	247.3	(4)%	15.9	15.0	6%
Confectionery & Beverage	682.9	514.5	33%	34.9	26.1	34%
Food Staples & Packaged Foods	645.2	452.9	42%	26.2	17.8	47%
Fibre & Wood Products	352.6	241.9	46%	22.0	14.9	47%
Total Sales of Goods	1,917.0	1,456.6	32%	99.0	73.8	34%

Edible Nuts, Spices & Beans

This segment grew both underlying sales volumes and NC by 17.2% and 6.2% respectively in 1H FY2006 compared to 1H FY2005. Revenue in 1H FY2006, however, declined by 4.5% as compared to 1H FY2006 due to a significant slowdown in demand and a fall in prices for the edible nuts category in Q2 FY2006.

Commented Mr Verghese: "In our Edible Nuts, Spices and Beans segment, we continued to grow our net contribution despite sharply falling prices by growing our



sales volumes. However, revenue from the edible nut category fell, a situation that we foresaw and guided in our previous quarter. Prices have stabilised at current levels. Meanwhile, our expansion in cashew processing in key origins, sesame hulling operations in Nigeria and peanut processing in China is progressing well.”

Confectionery and Beverage Ingredients

The Group performed strongly with sales volume and NC growing by 26.7% and 34.0% respectively in 1H FY2006 compared to 1H FY2005.

Said Mr Verghese: “We have strengthened our Cocoa marketing presence in Western and Eastern Europe and the US to meet increased demand from customers in these regions. Our new processing plant in Cote d’Ivoire is already in place and it will further strengthen our leadership position in the world’s leading cocoa producing country.

For our Coffee business, as the leading supplier out of Asia and Africa, we continue to see strong growth in volumes from Cote d’Ivoire, Indonesia, India and Uganda. In addition, our planned expansion into sourcing of Arabica coffee in Brazil has exceeded our expectations.“

Food Staples and Packaged Foods

This segment registered a volume increase of 25.5% and an NC increase of 46.9% in 1H FY2006 compared to 1H FY2005.

The Rice business was the major contributing factor as two milling plants in Nigeria performed better than expected. The growth was also due to widening our distribution network in Nigeria, Ghana, Cameroon and Uganda.

The Sugar business also performed well in most markets. Added Mr Ravikumar, the Company’s CFO: “Our sugar sourcing operations in Poland made significant progress during the period. Similarly, our sourcing operations in Brazil grew in strength as we increased our direct sourcing from mills in the country”.



Mr Verghese added: “Although, we expect some negative impact from sales in Milk Powder in the second half due to the standoff between Russia and Ukraine, our branded Milk Powder has done very well in Uganda and we expect increased volume from three new markets in Africa where we are preparing for launch. We have also set up a dairy products distribution network in China which is expected to start contributing from the 4th Quarter FY2006.

Our Packaged Food business has got off to a good start in the first half-year, particularly our sales of 3-in-1 coffee in Russia, South Africa and Nigeria. Following this success, our packaging facility for manufacturing 3-in-1 coffee in Russia is expected to be operational in Q3 FY2006 to establish a stronger presence there.”

Fibre and Wood Products

Sales volume increased by 38.5% and NC by 47.5% in 1H FY2006 compared to 1H FY2005.

Mr Ravikumar commented: “In the first half, our Cotton business had an excellent season in East and West Africa, CIS and the US. Our distribution operations in China gained significant traction and we have achieved more than a doubling of volumes in this key market. A stronger marketing presence in places like Turkey will further contribute positively to our results”.

“As for Timber, growth in 1H FY2006 had been broad-based across South America and West Africa. Plans to set up processing facilities in Gabon, Nigeria, Mozambique are well underway and is in various stages of implementation. Our focus is now on marketing activities in Vietnam and China where demand continues to be very strong” he added.



Prospects for FY2006

Barring any unforeseen circumstances, the Group continues to be positive on the overall business outlook and prospects. The various initiatives to broaden and deepen its business franchise should continue to yield results in the form of both increased volumes and enhanced margins.

Note:

This release should be read and understood only in conjunction with the full text of Olam International Limited's Q2 FY2006 Financial Statements lodged on SGXNET on February 14, 2006.

About Olam International Limited

Olam is a leading global integrated supply chain manager of agricultural products and food ingredients. Today, the Company sources 14 products directly from over 40 origin countries, supplying these to over 3,300 customers in more than 50 destination markets, with over 3,000 employees worldwide. Olam has been included in MSCI Singapore Index effective 31st May 2005.

Olam was ranked 7th in the Singapore International 100 (2006 Ranking), a ranking of Singapore's top 100 exporters. It is ranked 1st for overseas revenues from Africa and among the top five companies for the markets of Europe, India, Middle East and North Asia regions. It was also noted for its good Corporate Governance as a recipient of the Most Transparent Company Award 2005 by the Securities Investors Association of Singapore (SIAS) and for Best Investor Relations (for an IPO) by IR Magazine.



DBS Bank Ltd and CLSA Asia-Pacific Markets are the Joint Global Co-ordinators, Joint Lead Managers and Joint Bookrunners for Olam's IPO.

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