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**NEWS RELEASE**

**OLAM INTERNATIONAL REPORTS 50.3% RISE IN H1 FY2010 NET PROFITS TO S\$177.9M, DECLARES 2.0 CENTS PER SHARE AS INTERIM DIVIDEND**

- Excluding exceptional gains, Olam’s H1 FY2010 core earnings grew 39.1% to S\$86.8 million and Q2 FY2010 core earnings grew 42.8% to S\$67.8 million registering the strongest quarterly performance since inception.

<b>H1 FY2010: Financial Highlights</b>	
▪	Sales Volumes of 3.38 million tonnes, up 20.2%
▪	Sales Revenue of S\$4.61 billion, up 19.4%
▪	Net Contribution (NC) up 28.6% to S\$361.1 million, with NC/tonne up 7.0% to S\$107
▪	All four business segments contributed to the growth in Sales Volumes and NC in both Q2 FY2010 and H1 FY2010
▪	Net Profit After Tax up 50.3% to S\$177.9 million, EPS up 29.1% to 8.92 cents
▪	Excluding exceptional gains, net profit grew 39.1% from S\$62.4 million to S\$86.8 million

<b>Consolidated Financial Results Ended December 31</b>	<b>Six Months</b>			<b>Quarter 2</b>		
	<b>FY2010</b>	<b>FY2009</b>	<b>Change (%)</b>	<b>FY2010</b>	<b>FY2009</b>	<b>Change (%)</b>
<i>Sales Volume (metric tonnes)</i>	3,376,577	2,809,456	20.2	2,102,192	1,708,417	23.0
Sales Revenue (S\$m)	4,609.7	3,859.7	19.4	2,733.1	2,146.9	27.3
Gross Contribution (GC) (S\$m)	458.7	381.8	20.1	269.9	210.6	28.1
Net Contribution (NC) (S\$m)	361.1	280.9	28.6	216.7	157.5	37.6
Net Profit After Tax (S\$m)	177.9	118.3	50.3	158.9	103.4	53.6
Earnings Per Share (cents)	8.92*	6.91	29.1	7.95**	6.04	31.6



*\* Based on weighted average number of shares of 1,995,365,419 for H1 FY2010 (compared to weighted average number of shares of 1,713,291,782 for H1 FY2009).*

*\*\* Based on weighted average number of shares of 1,999,485,205 for Q2 FY2010 (compared to weighted average number of shares of 1,713,212,824 for Q2 FY2009).*

Singapore, February 11, 2010 – Olam International Limited (“Olam” or the “Group”), a leading global, integrated supply chain manager of agricultural products and food ingredients, today reported a 50.3% rise in Net Profit After Tax to S\$177.9 million for first-half ended December 31, 2009 (“H1 FY2010”).

Net Profit after Tax for the second quarter (“Q2 FY2010”) was S\$158.9 million or 53.6% higher than the previous corresponding quarter.

The H1 FY2010 results included net exceptional gains amounting to S\$91.0 million on account of negative goodwill arising from the completion of the Purchase Price Allocation exercise for the acquisition of tomato processing assets in California. H1 FY2009 had also recorded an exceptional gain of S\$55.9 million from the partial repurchase of the convertible bonds in December 2008. Excluding these exceptional gains, the core after-tax profit in H1 FY2010 still grew by a strong 39.1% to S\$86.8 million, while Q2 FY2010 core after-tax profit grew by 42.8% to S\$67.8 million, registering the highest quarterly earnings on record.

Olam’s CFO, Krishnan Ravikumar explained the growth in operating profits: “We saw a significant increase in both volumes and margins across much of the food category, which accounts for 80% of our portfolio, particularly in the Edible Nuts, Spices & Beans segment and in the Food Staples & Packaged Foods segment, both which underpinned the NC growth from this category during this period. In the Confectionery and Beverage ingredients segment, NC margin per tonne grew by 11.6% from S\$147 to S\$164 reflecting the effectiveness of our value-added services strategy.

“We also saw a faster-than-expected recovery in sales volumes for our Industrial Raw Materials segment which registered double-digit growth, particularly in Cotton where demand returned to near normal levels earlier than expected. We were well-placed to consolidate our market position by appropriating market share from competitors who had either exited the market or were restricted by capital availability during the crisis. Margins also recovered well as the market regained pricing power. Wood Products also experienced a revival in demand in our key markets in China, India and Vietnam,” he said.



Olam's Group Managing Director and CEO, Sunny Verghese said: "Our strong results in H1 FY2010 and the strategic actions that we took during this period has put us in a good position to pursue profitable growth opportunities. During the downturn, we built a strong balance sheet, planned and invested counter cyclically in excess-return opportunities, and reshaped our portfolio to integrate selectively into upstream and midstream opportunities in the agri-business value chain. During the first half, we focused on extracting the network value from our 20 products, 60 countries, 200,000 suppliers and 10,600 customers, realising the multiplier effects this network brings to us."

### Group Financial Review

During H1 FY2010, Sales Volume improved by 20.2% to 3.38 million metric tonnes, leading to a rise in Sales Revenue to S\$4.6 billion. NC grew 28.6% to S\$361.1 million as a result of higher Sales Volume and margin per tonne which increased 7% from S\$100 to S\$107. Edible Nuts, Spices & Beans segment and Food Staples & Packaged Foods led the growth in Sales Volume and NC during this period.

Q2 FY2010 recorded a 23.0% increase in Sales Volume amid higher commodity prices for certain products, such as Edible Nuts, Cocoa, Coffee, Rice, Sugar and Cotton, resulting in Sales Revenue increasing by 27.3%. NC grew 37.6% mostly due to margin improvements as per tonne margin improved from S\$92 to S\$103.

### Segmental Review

Edible Nuts, Spices & Beans	Six Months			Quarter 2		
	FY2010	FY2009	Change (%)	FY2010	FY2009	Change (%)
Sales Volume (metric tonnes)	511,009	394,119	29.7	190,877	116,174	64.3
Sales Revenue (S\$m)	699.7	525.0	33.3	344.3	193.4	78.0
NC (S\$m)	73.6	53.4	37.8	31.0	17.1	81.4
NC Per Tonne (S\$)	144	135	6.7	162	147	10.2



The **Edible Nuts, Spices & Beans** segment recorded a Sales Volume and NC growth of 29.7% and 37.8% in H1 FY2010 and 64.3% and 81.4% in Q2 FY2010 respectively. This strong performance came largely from the Spices & Dehydrates, Sesame and Edible Nuts following the Group's recent value chain expansion initiatives and acquisitions. Olam successfully procured, processed and sold a much higher-than-expected volume of tomato paste and diced products in the US shortly after the acquisition of the tomato processing assets of SK Foods in June 2009. Olam also delivered roast-ready Cashews to customers during the quarter. Market conditions for Peanuts continued to improve during Q2 FY2010 and the peanut blanching and ingredient manufacturing operations under Universal Blanchers performed in line with expectations.

Confectionery & Beverage Ingredients	Six Months			Quarter 2		
	FY2010	FY2009	Change (%)	FY2010	FY2009	Change (%)
Sales Volume (metric tonnes)	586,822	555,547	5.6	363,567	353,027	3.0
Sales Revenue (S\$m)	1,651.2	1,445.0	14.3	990.3	852.8	16.1
NC (S\$m)	96.1	81.5	17.9	62.5	51.6	21.1
NC Per Tonne (S\$)	164	147	11.6	172	146	17.8

Sales Volume of the **Confectionery & Beverage Ingredients** segment grew 5.6% and 3.0% in H1 FY2010 and Q2 FY2010 respectively as the Cocoa market entered its fourth year of supply deficit due primarily to the short crop in Cote d'Ivoire. Combined with low stock levels at the processors, this led to prices rallying higher during the quarter. Under these circumstances, Olam's direct presence at the farm-gate in the major cocoa producing countries and its capability to reliably secure volumes and provide value added services led to improved margins. During this period, Olam commissioned the soluble Coffee plant in Vietnam and made its first shipment to various customers. NC for the segment rose 17.9% and 21.1% in H1 FY2009 and Q2 FY2010 respectively following these margin enhancing initiatives.



Food Staples & Packaged Foods	Six Months			Quarter 2		
	FY2010	FY2009	Change (%)	FY2010	FY2009	Change (%)
Sales Volume (metric tonnes)	1,645,338	1,294,889	27.1	1,133,926	882,048	28.6
Sales Revenue (S\$m)	1,363.4	1,109.6	22.9	879.8	690.2	27.5
NC (S\$m)	128.6	92.7	38.8	83.4	56.6	47.4
NC Per Tonne (S\$)	78	72	8.3	74	64	15.6

Sales Volume and NC for the **Food Staples & Packaged Foods** segment grew 27.1% and 38.8% respectively in H1 FY2010. In Q2 FY2010, Sales Volume and NC growth were 28.6 and 47.4% respectively. All products in this segment contributed to the growth, including Dairy Products which saw a revival in demand from China.

Industrial Raw Materials	Six Months			Quarter 2		
	FY2010	FY2009	Change (%)	FY2010	FY2009	Change (%)
Sales Volume (metric tonnes)	633,408	564,901	12.1	413,822	357,168	15.9
Sales Revenue (S\$m)	895.4	780.0	14.8	518.7	410.4	26.4
NC (S\$m)	62.9	53.3	17.9	39.7	32.2	23.4
NC Per Tonne (S\$)	99	94	5.3	96	90	6.7

The **Industrial Raw Materials** segment turned in double-digit growth in H1 FY2010 and Q2 FY2010. Sales Volume and NC increased 12.1% and 17.9% during the first-half. Q2 FY2010 saw Sales Volume and NC grow by 15.9% and 23.4% respectively. The improvement was mainly driven by improving demand conditions in key markets including China, India and Bangladesh which helped the Cotton business to book higher volumes and margins. Pricing power returned to the market as demand continued to pick up. There was a significant improvement in the demand for Wood Products in Q2 FY2010, particularly in the key markets in India, China and Vietnam, resulting in a partial recovery in volumes during this period.



## Recent events

Recently, Olam successfully made the following acquisitions as part of its six-year strategic growth plan to invest selectively upstream and midstream in excess-return growth opportunities in the agri-business value chain:

- 1 Olam acquired close to 12,000 hectares of planted almond orchards and 89,094 megalitres of water rights in Australia from Timbercorp and associated entities for A\$288 million (US\$259 million) between September and November 2009. The orchards are expected to yield 39,500 metric tonnes of almonds by 2013, making Olam the second largest producer of almonds globally.
- 2 Recognising the growth prospects of PureCircle and high strategic value for Olam to develop the stevia supply chain and market Reb A globally, Olam increased its interest in PureCircle from 10% to 20% with an additional investment of US\$67 million in December 2009.
- 3 In January 2010, Olam acquired 99.5% interest in Nigeria's third largest wheat miller Crown Flour Mills and accompanying assets for US\$107.6 million, as part of its wheat strategy to build a configuration of port-based wheat milling facilities in Africa. Earlier today, Olam indicated that it plans to invest US\$31.5 million in a greenfield wheat milling facility in Ghana.

## Outlook and Prospects

Given the good start achieved in the first half of FY2010 and the continued effective execution of its long term strategic growth plan, the Group is on track to achieving its growth targets for FY2010.

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### **Note:**

*This release should be read and understood only in conjunction with the full text of Olam International Limited's H1 FY2010 and Q2 FY2010 Financial Statements lodged on SGXNET on February 11, 2010.*



### **About Olam International Limited**

*Olam International 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, 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. Olam is the only Singapore firm to be named in the 2009 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. More information on Olam can be found at [www.olamonline.com](http://www.olamonline.com).*

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