



Olam International Limited and Queensland Cotton Holdings Limited
JOINT ASX / SGX-ST AND MEDIA RELEASE

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QUEENSLAND COTTON RECOMMENDS TAKEOVER OFFER BY OLAM

Olam International Limited (*Olam*) today announced an off-market takeover offer to acquire all of the shares in Queensland Cotton Holdings Limited (*Queensland Cotton*) (the *Offer*).

The Offer

Under the Offer, Queensland Cotton shareholders will receive A\$4.75 cash per share (*First Tier Price*). If Olam obtains acceptances in respect of 90% of the Queensland Cotton shares and is entitled to compulsorily acquire the outstanding shares, it will increase its offer by a further 30 cents to total A\$5.05 cash per share (*Second Tier Price*).

The First Tier Price values Queensland Cotton's equity at A\$134 million and represents a premium of:

- 42% to the closing price of Queensland Cotton shares on ASX on 6 March 2007 of A\$3.35;
- 43% to the 1 month volume weighted average price (*VWAP*) of Queensland Cotton shares on ASX prior to this announcement of A\$3.33;
- 41% to the 6 month *VWAP* of Queensland Cotton shares on ASX prior to this announcement of A\$3.37; and
- 31% to the 12 month *VWAP* of Queensland Cotton shares on ASX prior to this announcement of A\$3.62.

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The Second Tier Price values Queensland Cotton's equity at A\$142 million and represents a premium of 52% to the 1 month VWAP and 39% to the 12 month VWAP of Queensland Cotton shares.

The First Tier Price and the Second Tier Price exceed the net tangible assets of Queensland Cotton as at 31 August 2006 of A\$4.66 per share. Queensland Cotton shares last traded in this range (between A\$4.75, the first tier price and A\$5.05, the second tier price) on ASX in May 2005.

The First Tier Price and the Second Tier Price imply trailing Price Earnings Ratios of 10.2 times and 10.9 times respectively, based on Queensland Cotton's earnings of A\$13.05 million for the year ended February 2006.

Recommended by Queensland Cotton Board

The Offer is unanimously recommended by the directors of Queensland Cotton, each of whom intends to accept the Offer in respect of all shares they control, in the absence of a superior proposal.

Queensland Cotton Chairman, Mr John Reynolds said the Queensland Cotton Board believed the takeover offer from Olam properly reflected the longer term value of Queensland Cotton to its shareholders.

"While the company is well positioned to benefit from expected improved weather conditions in Australia in the 2008 season and beyond, the Olam offer recognises the longer term value of Queensland Cotton today.

"The Board unanimously recommends shareholders accept the Offer, to receive this value today in cash.

"A fundamental element of this proposal has been the preparedness of Olam to launch the Offer with a 50% minimum acceptance condition. This enables all shareholders to participate in the Offer notwithstanding that Queensland Cotton's major shareholder, Louis Dreyfus, recently increased its shareholding from 14.9% to 19.9%.

"The two tier pricing structure is innovative and will ensure that Queensland Cotton shareholders are appropriately compensated for the additional value which Olam will realise if it is successful in achieving its ambition of owning 100% of Queensland Cotton. Any acceptance should be on the basis of receiving A\$4.75 per share as there is no assurance that Olam will obtain acceptances in respect of 90% of the Queensland Cotton shares.

"Olam and Queensland Cotton's global strategies are virtually identical in pursuit of scale, reach and diversity," said Mr Reynolds.

Creates third largest global cotton company

The benefits of the combined group are expected to be substantial, with ongoing advantages created for Australian cotton growers and existing Queensland Cotton customers. Key highlights include:

- The combination of the cotton business of Olam and Queensland Cotton will create the third largest and most diversified global cotton company with substantial sourcing operations in Africa, Australia, Brazil, Commonwealth of Independent States (CIS), India, China and the United States and a strong presence in all major world markets;
- Olam's recent domestic cotton joint venture with Chinatex, China's largest and the world's seventh largest cotton player will further strengthen the competitive position of this combination;

- The merged group will have an enhanced ability to meet customer requirements in terms of specifications, volumes and delivery reliability;
- There is strong alignment between the existing strategies of Olam and Queensland Cotton, with a focus on managing product flows from the grower level and developing and maintaining strong and sustained grower relationships;
- Olam has market leading risk management and financial product solutions which have the potential to add value to Queensland Cotton and Australian growers; and
- Olam does not have a presence in Australia currently and Olam intends to retain Queensland Cotton's existing Brisbane head office and to explore avenues for expanding its Australian operations into other commodities which are traded by the Olam group. For example, Olam sees specific opportunities to expand the pulse business of Queensland Cotton, Mt Tyson Seeds, as a new product line for Olam and to explore entry into related attractive product adjacencies in the Grains, Edible nuts and Dairy businesses in Australia.

Queensland Cotton Chief Executive Officer, Mr Richard Haire stated that the acquisition would create substantial opportunities for Queensland Cotton's employees, growers and customers.

"Olam is a fast growing company which has captured a top five position in the global cotton market through a grower based model similar to that of Queensland Cotton," Mr Haire said.

"Olam has leading positions in a number of other commodities and the benefits of its global reach, strong balance sheet and diversified commodity exposure will substantially enhance the business of Queensland Cotton in all geographies and markets in which we operate.

"Grower interests are of paramount importance to Olam. Olam's focus on trading in agricultural commodities and strong "farm-gate" presence provides expertise to create value added opportunities for growers.

"Importantly, Olam does not have any current Australian operations and over time I can see the company expanding into a number of other product areas in Australia, creating exciting opportunities for our Australian workforce.

"The senior management of Queensland Cotton is supportive of the transaction and we look forward to talking to growers and customers over the coming weeks about the benefits of the combination," he said.

While announcing the offer, Mr Sunny Verghese, Group Managing Director and CEO of Olam remarked: "I am excited by the prospect of bringing together two of the top 10 global cotton companies. This combination together with our recent partnership with Chinatex, China's largest and world's 7th largest cotton company further enhances our competitive position in this business. The integrated business will have a much larger and stable marketing base and efficiencies of scale, as well as the presence and global reach to become a "universal supplier" meeting the most diverse of customer requirements".

Mr Verghese added: "We see this as representing significant long term value to Australian growers, as well as to suppliers of Queensland Cotton. We are pleased that the Board and senior management of Queensland Cotton have chosen to unanimously support our bid. We are working closely with them to successfully and expeditiously complete the offer."

Investment Rationale and Strategic fit

Olam today ranks amongst the top five global cotton companies. It is present in all key cotton exporting countries except Australia, the world's fifth largest cotton exporter. As part of its strategic plan, Olam had identified Australia as a key origin for cotton, in particular, the fine/long staple segment. The proposed transaction is in line with this strategic plan.

Australia's position as a premier origin for many other agricultural products including pulses and beans, edible nuts, wheat and dairy products, would allow Olam to cross-source multiple products, using a common origination platform.

Olam and Queensland Cotton complement each other in terms of their product range and origin presence. Queensland Cotton is one of the world's foremost suppliers of premium cotton. It has a significant 25 per cent crop share in Australia, a leading position in California and Arizona in the US, and a growing presence in Texas and Brazil. The acquisition of Queensland Cotton will provide Olam accelerated access to the high/medium cotton segment, thereby enabling it to become a "universal" supplier of the full range of qualities to its textile customers. Further, Queensland Cotton's ginning and logistics capability is in line with Olam's strategy to have an integrated supply chain presence in the major cotton supplying geographies.

Queensland Cotton's strong management team led by Mr Richard Haire with a long standing experience in the global cotton industry would be a valuable addition to Olam's global talent pool.

In summary, the Olam-Queensland Cotton combination with its comprehensive product range and unmatched origin presence across Africa, CIS, North and South America and Australia, would have a unique competitive position in the global cotton industry.

Other Information

Olam and Queensland Cotton have entered into a Takeover Bid Implementation Agreement (*TBIA*) under which the parties have agreed to certain undertakings and arrangements to facilitate the making of the Offer, including the provision of exclusivity subject to standard fiduciary carve-outs and break fee commitments to Olam.

The Offer is subject to certain conditions including a 50% minimum acceptance condition, Foreign Investment Review Board (*FIRB*) and US Hart-Scott-Rodino (*HSR*) approvals and other regulatory approvals, and a no material adverse change condition. The full conditions of the Offer are set out in the *TBIA* filed on ASX/SGX-ST with this announcement.

Olam has also made a number of other commitments to shareholders in the terms of the Offer including:

- Within 5 business days of the minimum acceptance, FIRB approval and HSR conditions to the Offer being satisfied, Olam must waive all other conditions to the Offer or announce that it will be relying on one of the other conditions to lapse the Offer;
- Olam will extend its offer so that it remains open for at least 2 weeks after it has received the required regulatory approvals;
- Olam must notify shareholders if it receives an acceptance from Louis Dreyfus and if it is permitted to do so must extend its offer so that it remains open for at least the following 2 weeks; and
- Olam will not enter into any arrangements with Louis Dreyfus in respect of Queensland Cotton and will not make another takeover offer for Queensland Cotton until at least 6 months after the close of the Offer except with the approval of the independent directors.

The Board of Queensland Cotton intends to investigate the potential for a special fully franked dividend payment and such a dividend if paid would result in a commensurate reduction in the cash paid to Queensland Cotton shareholders by Olam. A special dividend payment would only be made with Olam's consent and only if Olam becomes entitled to initiate compulsory acquisition.

Funding

Olam would fund the all cash offer through internal accruals and borrowings.

Next Steps and Timetable

The Board of Queensland Cotton will engage an independent expert to provide shareholders with an independent assessment of the Offer.

Olam expects to lodge its bidder's statement with ASIC and ASX by end March 2007 with despatch to shareholders to be completed shortly thereafter. Queensland Cotton's target statement will be released shortly thereafter, subject to the availability of the Independent Expert Report. The scheduled closing date of the Offer is expected to be around mid May 2007 (unless extended).

Queensland Cotton is being advised on the transaction by Gresham Advisory Partners and Clayton Utz. Olam is being advised by Macquarie and Freehills.

About Olam International

Olam is a leading global integrated supply chain manager of agricultural products and food ingredients, sourcing 14 products with a direct presence in over 52 countries and supplying them to over 3,800 customers in more than 55 destination markets. 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 and teak wood.

Headquartered in Singapore and listed on the SGX-ST on 11 February, 2005, it currently ranks among the top 40 largest listed companies in Singapore in terms of market capitalisation and is now a component stock in the benchmark Straits Times Index (STI).

About Queensland Cotton Holdings

Established in 1921, Queensland Cotton is one of Australia's largest and oldest cotton companies. It is ranked as one of the top 10 cotton companies globally with extensive operations in Australia and the US. Queensland Cotton accounts for approximately 25 per cent of Australia's cotton exports and is the largest non-government owned cotton processor in the world.

Australia is one of the few cotton producing countries where growers do not receive direct government subsidies. Queensland Cotton prides itself of being one of Australia's pioneer agribusinesses, operating 11 cotton gins throughout Queensland and New South Wales in Australia and 12 cotton gins in California and Arizona in the US. Queensland Cotton also has operations in Texas and Brazil.

Queensland Cotton is publicly listed on the ASX since 1992 with its head office based in Brisbane, Queensland, Australia. For the year ending February 2006, Queensland Cotton recorded sales revenues of A\$632 million and generated a net profit after tax of A\$13.05 million. It has provided consistent and reliable returns to shareholders since its listing.

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