



Denis Stark  
Company Secretary  
Queensland Cotton Holdings Limited  
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NEWSTEAD QLD 4006

**Olam International Limited**  
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Reg. No. 199504676-H

Copy to: Darryl McDonough, Clayton Utz

27 May 2007

Dear Denis

**Takeover bid for Queensland Cotton Holdings Limited**

We refer to the Takeover Bid Implementation Agreement between Olam International Limited and Queensland Cotton Holdings Limited, dated 6 March 2007 (**Implementation Agreement**).

Unless the context otherwise requires, words defined in the Implementation Agreement have the same meaning in this letter.

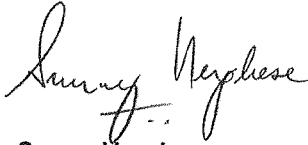
We confirm the agreement between Olam and QCH in relation to the following:

- (a) Olam will increase its offer price for QCH Shares under its Takeover Bid for QCH to \$5.65 (cash) for each QCH Share (**Increased Offer**) and, as soon as practicable following execution of this letter, announce that it will so increase its offer and that it will further increase its offer price to \$5.90 if Olam acquires a relevant interest in 75.1% of the Queensland Cotton shares;
- (b) Olam will as soon as practicable following execution of this letter waive all remaining conditions to its Takeover Bid for Queensland Cotton such that shareholders who have already accepted Olam's offer or who accept the Increased Offer will be paid within 5 days.  
  
For the avoidance of doubt, shareholders who accept the Increased Offer will also receive an additional amount if the higher price of \$5.90 becomes payable by Olam such that accepting shareholders receive in aggregate the higher price from Olam.
- (c) QCH will, promptly following Olam's announcement referred to in (a) and (b) above, announce to ASX that the Directors of QCH unanimously recommend that Shareholders accept Olam's Increased Offer for QCH Shares in the absence of a superior proposal.
- (d) the directors of Queensland Cotton will immediately accept the increased Olam offer in respect of shares which they personally own or personally control;
- (e) QCH will immediately pay to Olam \$1.34 million in full and final satisfaction of its existing obligations to pay a Break Fee under clause 5 of the Implementation Agreement;
- (f) Olam and QCH agree that an additional break fee of \$253,916 (**Additional Break Fee**) will be payable on the basis set out in schedule 1 to this letter; and
- (g) subject to the matters in this letter, the terms of the Implementation Agreement (including but not limited to the prohibitions set out in clause 8.1) remain of full force and effect.

The above proposal and this letter shall remain confidential prior to the announcement by Olam. Should QCH disclose this letter or its contents to any third party prior to execution, the proposal may be withdrawn by Olam.

Please sign a copy of this letter in the space below (and return to Sheena Loi at Freehills) to provide and confirm QCH's agreement to the matters set out in this letter.

Yours faithfully



**Sunny Verghese**  
Group Managing Director & CEO  
Olam International Limited

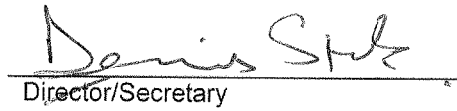
We consent and agree to the matters set out above:

Signed for  
**Queensland Cotton Holdings Limited**  
by



Director

RICHARD HARRIS.  
Print Name



Director/Secretary

DENIS STARK  
Print name

Date: 28/5/07.

## Schedule 1

### 1 Additional Break Fee

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#### 1.1 Background

- (a) Olam and QCH acknowledge that, if Olam and QCH agree to the terms of an Increased Offer, and the Increased Offer is subsequently not implemented, Olam will incur significant costs.
- (b) In these circumstances, Olam has requested that provision be made for the payments outlined in this paragraph 1, without which Olam would not have executed this letter or otherwise agreed to implement the Increased Offer.
- (c) The Board believes that the Increased Offer will provide significant benefits to QCH and the Shareholders and that it is appropriate for QCH to agree to the payments referred to in this schedule in order to secure Olam's participation in the Increased Offer.

#### 1.2 Payment of costs incurred by Olam

QCH must pay the Additional Break Fee to Olam, if at any time following Olam's announcement of the Increased Offer:

- (a) any Director fails to recommend that Shareholders accept the Increased Offer or, having made such a recommendation, makes a public statement which withdraws, revises, revokes or qualifies that recommendation (whether or not that failure, withdrawal, revocation, qualification or revision is otherwise in breach of this agreement); or
- (b) any Director recommends, promotes or otherwise endorses a Competing Proposal or any other proposal or offer which recommendation, promotion or endorsement would otherwise materially prejudice the prospects of success of the Increased Offer; or
- (c) a person other than Olam or an associate of Olam, directly or indirectly acquires a legal or beneficial interest in, or control of, 50% or more of QCH's share capital or of the share capital of any of its subsidiaries or acquires an interest in all or a substantial part of the assets of QCH and its subsidiaries; or
- (d) QCH materially breaches the Implementation Agreement or this letter,

provided that Olam is not entitled to receive the Additional Break Fee if, the Increased Offer having become unconditional, Olam becomes the owner of more than 50% of QCH's share capital.

#### 1.3 Payment

- (a) Olam may demand payment of the Additional Break Fee under paragraph 1.2 of this schedule in writing stating the circumstances which give rise to payment.
- (b) If Olam is entitled under paragraph 1.2 above to the Additional Break Fee, QCH must pay the Additional Break Fee to Olam within 5 Business Days after the earlier of:
  - (A) the close of the offer period for the Increased Offer; and
  - (B) the occurrence of an event referred to in clause 1.2(c).

#### 1.4 Basis of Additional Break Fee

The Additional Break Fee has been calculated to reimburse Olam for the following:

- (a) fees for legal and financial advice in planning and implementing the Increased Offer;

- (b) reasonable opportunity costs incurred in engaging in the Increased Offer or in not engaging in other alternative acquisitions or strategic initiatives;
  - (c) costs of management and directors' time in planning and implementing the Increased Offer;
  - (d) out of pocket expenses incurred by Olam's employees, advisers and agents in planning and implementing the Increased Offer;
  - (e) any damage to Olam's reputation associated with a failed transaction and the implications of those damages if Olam seeks to execute alternative acquisitions in the future; and
  - (f) losses associated with any damage to Olam's goodwill with its customers, suppliers or employees,
- in each case, incurred by Olam directly or indirectly as a result of pursuing the Increased Offer.

### **1.5 Quantification**

- (a) The Additional Break Fee is the amount of \$253,916.
- (b) The parties acknowledge and agree that the loss actually incurred by Olam under paragraph 1.4 of this schedule will be of such nature that it cannot accurately be ascertained. The amount of the Additional Break Fee is a genuine and reasonable pre-estimate of those fees, costs and losses.

### **1.6 Compliance with law**

If:

- (a) it is found by the Takeovers Panel or a Court that all or any part of the payment required to be made under paragraph 1.2 of this schedule is unlawful, involves a breach of director's duties or constitutes Unacceptable Circumstances and the period for lodging an application for review or a notice of appeal (as applicable) has expired without such an application or notice having been lodged; or
- (b) an application for review or a notice of appeal having been lodged with the Takeovers Panel or a Court within the prescribed period, it is found by the relevant review panel or appeal Court that all or any part of the payment required to be made under paragraph 1.2 of this schedule is unlawful, involves a breach of director's duties or constitutes Unacceptance Circumstances,

**(Challenged Amount)** then:

- (c) the undertaking under paragraph 1.2 of this schedule does not apply to the extent of the Challenged Amount; and
- (d) Olam must immediately refund any Challenged Amount paid to Olam under this agreement.

### **1.7 Refund**

If, notwithstanding the occurrence of any of the events referred to in paragraph 1.2 of this schedule, Olam ultimately declares the Offer to be unconditional and becomes the holder of not less than 50% of QCH's share capital as a result of the Increased Offer, Olam must repay the Additional Break Fee to QCH.

### **1.8 Other claims**

This schedule does not limit the rights of QCH or Olam in respect of any other claims that may arise under this letter.