



ABN 81 001 014 562

Appendix 4D

**Financial Report for the Half-Year Ended
30 June 2009**

**Tandou Limited
and its controlled entities
Results for Announcement to the Market**

<i>In thousands of AUD</i>		
Revenue from ordinary activities	Up	409% to 9,977
Profit from ordinary activities after tax for the period attributable to members	Up	122% to 853
Net profit for the period attributable to members	Up	122% to 853
Dividends (distributions)		
The Directors have not declared a dividend in respect of the six months ended 30 June 2009 (year ended 31 December 2008: nil).		
NTA backing	Half-year ended 30 June 2009	Half-year ended 30 June 2008
Net tangible asset backing per ordinary security	\$ 0.38	\$ 0.20
NA backing (using directors' valuation)*	Half-year ended 30 June 2009	Half-year ended 30 June 2008
Net asset backing based on directors' valuation of non-current assets (including water shares) per ordinary security	\$ 0.73	\$ 0.54
* Independent valuations of non-current assets as at 31 December 2008 were performed by Peter J Spackman A.A.P.I (Val) for Tandou Farm and RGC Barnden FAPI ALArb.A. for Tandou Orchard & Vineyards.		
<i>The material difference using directors' valuation relates to the market value of water shares being significantly above book value.</i>		

Tandou Limited and its controlled entities Directors' Report

The Directors of Tandou Limited (The Company) present their report together with the consolidated financial report for the half-year ended 30 June 2009 and the review report thereon.

Directors

The names of the Directors of the company during or since the end of the half-year are:

R.F. Warburton, AO (Appointed 6 April 2004)	Chairman, Non-Executive Director
G. S. Kingwill (Appointed 15 March 2006)	Chief Executive Officer / Managing Director
R.G. Woolley (Appointed 28 February 2007)	Non-Executive Director
G.A.Hunt (Appointed 21 November 2007)	Non-Executive Director
D.D. Farley (Appointed 29 November 2007)	Non-Executive Director

Review of operations

A review of the operations of the group during the half-year and the results of those operations is disclosed in the 'Directors' Review of Operations' attached to this Report.

Lead auditor's independence declaration under Section 307C of the *Corporations Act 2001*

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 3.

Rounding off of amounts

The company is of a kind referred to in ASIC Class Order 98/100, dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the directors:




G. S. Kingwill
Chief Executive Officer / Managing Director
Mildura, 28 August 2009

Auditor's Independence Declaration

As lead auditor for the review of Tandou Limited for the half year ended 30 June 2009, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Tandou Limited and the entities it controlled during the period.


Andrew Mill
Partner
PricewaterhouseCoopers

Melbourne
28 August 2009

Independent auditor's review report to the members of Tandou Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial statements of Tandou Limited, which comprise the statement of financial position as at 30 June 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration for the Tandou Limited Group (the consolidated entity). The consolidated entity comprises both Tandou Limited (the company) and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Tandou Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

**Independent auditor's review report to the members of
Tandou Limited (continued)**

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Tandou Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.


PricewaterhouseCoopers


Andrew Mill
Partner

Melbourne
28 August 2009

Tandou Limited and its controlled entities

Directors' Declaration

In the opinion of the directors of Tandou Limited ("the Company"):

1. the attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
 - a. giving a true and fair view of the financial position of the group as at 30 June 2009 and of its performance for the half-year ended on that date; and
 - b. complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:



G. S. Kingwill
Chief Executive Officer / Managing Director
Mildura, 28 August 2009

Tandou Limited and its controlled entities
Consolidated Statement of Comprehensive Income
for the Half-Year Ended 30 June 2009

<i>In thousands of AUD</i>	Note	30 June 2009	30 June 2008
Continuing Operations			
Revenue		9,977	1,959
Net operating income derived from biological assets		218	459
Cost of sales		(4,872)	(2,305)
Gross Profit		5,323	113
Other income		311	71
Administrative expenses		(1,103)	(1,234)
Marketing expenses		(168)	-
Farm care and maintenance expenses		(2,302)	(1,869)
Earnings before interest and tax		2,061	(2,919)
Financial income		111	174
Financial expenses		(426)	(1,323)
Net Financing Costs		(315)	(1,149)
Profit / (loss) before Income Tax		1,746	(4,068)
Income tax benefit		-	-
Profit / (loss) from Continuing Operations		1,746	(4,068)
Discontinued Operation			
Profit / (loss) from Discontinued Operation (net of income tax)	4	(893)	169
Profit / (loss) for the Period attributable to members of Tandou Limited		853	(3,899)
Earnings per Share			
- Basic (cents per share)		0.9	(4.4)
- Diluted (cents per share)		0.9	(4.4)
Continuing Operations			
- Basic (cents per share)		1.9	(4.6)
- Diluted (cents per share)		1.9	(4.6)

Notes to the financial statements are included on pages 11 to 16.

Tandou Limited and its controlled entities

Consolidated Statement of Financial Position as at 30 June 2009

<i>In thousands of AUD</i>	Note	30 June 2009	31 Dec 2008
<i>Current Assets</i>			
Cash and cash equivalents		6,559	637
Trade and other receivables		998	34,885
Inventories		791	877
Biological assets		348	169
Other assets		138	228
Assets classified as held for sale		1,500	1,167
<i>Total Current Assets</i>		10,334	37,963
<i>Non-Current Assets</i>			
Property, plant and equipment		25,890	28,230
Biological assets		1,645	1,752
Intangible assets		4,635	4,472
<i>Total Non-Current Assets</i>		32,170	34,454
<i>Total Assets</i>		42,504	72,417
<i>Current Liabilities</i>			
Trade and other payables, including derivatives		1,729	2,400
Interest-bearing loans and borrowings	8	251	563
Employee benefits		674	418
Provisions		351	579
Liabilities classified as held for sale		881	241
<i>Total Current Liabilities</i>		3,886	4,201
<i>Non-Current Liabilities</i>			
Interest-bearing loans and borrowings	8	469	30,934
Employee benefits		25	19
<i>Total Non-Current Liabilities</i>		494	30,953
<i>Total Liabilities</i>		4,380	35,154
<i>Net Assets</i>		38,124	37,263
<i>Equity</i>			
Share capital		52,271	52,271
Share Options Reserve		15	7
Accumulated losses		(14,162)	(15,015)
<i>Total Equity</i>	7	38,124	37,263

Notes to the financial statements are included on pages 11 to 16.

Tandou Limited and its controlled entities

Consolidated Statement of Changes in Equity for the Half-Year Ended 30 June 2009

<i>In thousands of AUD</i>	30 June 2009	30 June 2008
<i>Total Equity at the beginning of the period</i>	37,263	25,717
Profit / (loss) for the period	853	(3,899)
Options issued	8	2
<i>Total Equity at the end of the period</i>	<u>38,124</u>	<u>21,820</u>

The amounts above are recognised net of tax.

Notes to the financial statements are included on pages 11 to 16.

Tandou Limited and its controlled entities

Consolidated Statement of cash flows for the Half-Year Ended 30 June 2009

<i>In thousands of AUD</i>	30 June 2009	30 June 2008
<i>Cash flows from Operating Activities</i>		
Cash receipts from customers	11,316	8,138
Cash payments to suppliers and employees	(8,058)	(9,668)
Cash provided by/(used in) operations	3,258	(1,530)
Interest and other costs of finance paid	(426)	(1,575)
Net cash used in operating activities	2,832	(3,105)
<i>Cash flows from Investing Activities</i>		
Payments for property, plant and equipment	(44)	(436)
Payments for intangible assets	(163)	-
Proceeds from sale of property, plant and equipment	63	249
Proceeds from sale of intangible assets	33,900	-
Interest received	111	162
Net cash provided by / (used in) investing activities	33,867	(25)
<i>Cash flows from Financing Activities</i>		
Proceeds from borrowings	-	2,180
Repayment of borrowings	(30,777)	(447)
Net cash provided by / (used in) financing activities	(30,777)	1,733
<i>Net increase (decrease) in Cash and Cash equivalents</i>	5,922	(1,397)
<i>Cash and Cash equivalents at 1 January</i>	637	780
<i>Cash and Cash equivalents at 30 June</i>	6,559	(617)

Notes to the financial statements are included on pages 11 to 16.

Tandou Limited and its controlled entities

Notes to the Consolidated Financial Statements for the Half-Year Ended 30 June 2009

1. Reporting Entity

Tandou Limited (the “Company”) is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the six months ended 30 June 2009 comprises the Company and its subsidiaries (together referred to as the “Group”).

The consolidated annual financial report of the Group as at and for the year ended 31 December 2008 is available upon request from the Company’s registered office at 31 Alan Mathews Drive, Mildura Airport, Victoria, 3500 or at www.tandou.com.au.

2. Statement of Compliance

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the group as at and for the year ended 31 December 2008. This consolidated interim financial report was approved by the Board of Directors on 27 August 2009.

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the Class Order, amounts in the financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

3. Basis of Preparation

Significant accounting policies

The accounting policies applied by the Group in this consolidated financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 31 December 2008. The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. The adoption of these standards and amendments has not had a material effect on the financial report.

Estimates

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 31 December 2008.

Tandou Limited and its controlled entities

Notes to the Financial Statements for the Half Year Ended 30 June 2009

4. Discontinued Operations

On 30 June 2009, the operations of the Millewa Vineyard managed on behalf Great Southern Managers Australia Limited (GSMAL) were classified as discontinued due to GSMAL being placed in administration on 16 May 2009 and subsequently into receivership on 18 May 2009.

The assets and liabilities related to the Millewa Vineyard have been reclassified in accordance with the accounting standards.

During the six months ended 30 June 2009, the Millewa Vineyard and Nexteq (NET) plant segment had net cash inflows from operating activities of \$540k, net cash outflows from investing activities of \$Nil and net cash inflows from financing activities of \$Nil.

During the six months ended 30 June 2008, the Millewa Vineyard and Nexteq (NET) plant segment had net cash outflows from operating activities of \$670k, net cash outflows from investing activities of \$150k and net cash inflows from financing activities of \$Nil.

Profit/(Losses) attributable to discontinued operations for six months ended 30 June 2009 were as follows:

<i>In thousands of AUD</i>	30 June 2009	30 June 2008
Results of discontinued operations		
Revenue and income	1,041	4,664
Expenses	(1,934)	(4,495)
Results from operating activities	(893)	169
Income tax expense	-	-
Loss after tax but before gain on sale of discontinued operations	(893)	169
Gain on sale of discontinued operation	-	-
Tax on gain on sale of discontinued operation	-	-
Profit/(Loss) for the period	(893)	169

Tandou Limited and its controlled entities

Notes to the Consolidated Financial Statements for the Half-Year Ended 30 June 2009

5. Segment Reporting (cont'd)

Segment information is presented in respect of the Group's primary format, business segments, based on the Group's management and internal reporting structure.

Comparatives have been reclassified to achieve consistency with the current period disclosure.

Segment results, include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly financing and head office expenses.

The Group comprises the following main business segments:

- Crops – the plantation and processing of upland and pima cotton for sale in Australian and international markets and the plantation of cereal crops for sale in the Australian market.
- Horticulture – the growing of fruit and grapes for sale in the Australian market.
- Agricultural services – The provision of vineyard establishment and management services in the Australian market, the operations of the Nexteq (NET) plant (discontinued), and the carrying out of activities under contract to third parties. This segment also includes the trading of temporary water entitlements. Any minor ancillary activities are also included in this segment.

6. Capital and Reserves

Reconciliation of movements in capital and reserves

	Note	Share capital	Share options reserve	Accumulated losses	Total
<i>In thousands of AUD</i>					
Balance at 1 January 2008		52,271	-	(26,554)	25,717
Total recognised income and expense		-	-	(3,899)	(3,899)
Options issued		-	2	-	2
Balance at 30 June 2008		52,271	2	(30,453)	21,820
Balance at 1 January 2009		52,271	7	(15,015)	37,263
Total recognised income and expense		-	-	853	853
Options issued		-	8	-	8
Balance at 30 June 2009		52,271	15	(14,162)	38,124

(i) Movements in issued shares during the financial year are set out below:

	Ordinary shares	Partly paid ordinary shares to 20 cents	Partly paid ordinary shares to 1 cent
<i>In thousands of shares</i>			
On issue at 1 January 2008	88,101	125	40
New shares issued	-	-	-
On issue at 30 June 2008	88,101	125	40
On issue at 1 January 2009	88,101	125	40
New shares issued	-	-	-
On issue at 30 June 2009	88,101	125	40

Tandou Limited and its controlled entities

Notes to the Financial Statements for the Half Year Ended 30 June 2009

7. Capital and Reserves (cont'd)

Employee share option plan

The Group has an ownership-based compensation scheme for executives and senior employees of the Group. In accordance with the provisions of the scheme, as approved by shareholders at a previous annual general meeting, executives and senior employees may be granted options to purchase parcels of ordinary shares.

Tranche vesting date	Number	Grant Date	Expiry date	Exercise price \$	Fair value at grant date \$
31 December 2009	83,333	30 April 2008	31 December 2009	\$0.26	\$0.0987
31 December 2010	83,333	30 April 2008	31 December 2010	\$0.26	\$0.1194
31 December 2011	83,334	30 April 2008	31 December 2011	\$0.26	\$0.1275

Inputs into the model	Tranche 1	Tranche 2	Tranche 3
Exercise price	\$0.26	\$0.26	\$0.26
Dividend rate	Nil	Nil	Nil
Expected volatility	65.73%	62.71%	55.77%
Risk-free interest rate	6.50%	6.50%	6.27%
Expiration period (years)	1.671	2.671	3.671

Options were priced using a binomial option pricing model.
Volatility was estimated from the Company's historical trading volatility.
No dividends are expected to be paid over the life of the Options.

8. Loans and Borrowings

In thousands of AUD

	30 June 2009	31 Dec 2008
Current liabilities		
Secured bank loans	-	-
Finance lease liabilities	246	551
Hire purchase liabilities	5	12
	<u>251</u>	<u>563</u>
Non-current liabilities		
Secured bank loans	-	29,908
Finance lease liabilities	469	1,026
Hire purchase liabilities	-	-
	<u>469</u>	<u>30,934</u>

All borrowings are denominated in Australian dollars.

9. Related parties

During the six months to 30 June 2009, arrangements with related parties continue to be in place. For details on these arrangements, refer to the consolidated annual financial report of the Group as at and for the year ended 31 December 2008.

Tandou Limited and its controlled entities

Notes to the Financial Statements for the Half Year Ended 30 June 2009

10. Water Share Information

The Company currently records the value of Water Shares intangible assets at historical cost in accordance with the Accounting Standards.

The Group's entitlements and market values as per Directors' valuations at 30 June 2009, based upon valuations performed at 31 December 2008, were as follows:

<i>Valley</i>	<i>Licence Category</i>	<i>Entitlement (Megalitres)</i>
<i>Lower Darling</i>	<i>High Security</i>	<i>438</i>
<i>Lower Darling</i>	<i>General Security</i>	<i>19,133</i>
<i>Murrumbidgee</i>	<i>General Security</i>	<i>9,735</i>
<i>Murray</i>	<i>General Security</i>	<i><u>2,401</u></i>
<i>Total</i>		<i>31,707</i>

Directors' valuation at 31 December 2008 \$30.5m

The Directors' valuation at 31 December 2008 of the Group's Water Shares intangible assets was \$30.5m which in the Directors' view is a reasonable estimate of the current market value of the Group's entitlements at 30 June 2009.

The book value of the same Water Shares intangible assets at 30 June 2009 is \$4.6m. The revaluation adjustment to determine directors' valuation of non-current assets, net of water shares, land and land improvements (at deemed cost) adjustments is \$25.9m.

Tandou Limited and its controlled entities

Directors' Review of Operations

Attaching to and forming part of the report to the ASX for the six months ended 30 June 2009

Directors are pleased to report a post tax profit of \$853,000 for the half year ended 30 June 2009, representing a 122% improvement on the previous half year loss of \$3.9 million. Net operating cashflow was approximately \$2.8 million excluding proceeds from the sale of supplementary water entitlements.

The improved earnings have primarily resulted from continuing revenue from temporary trading of available water allocations and have contributed to increasing the Company's Net Asset Backing at valuation to 73 cents per share.

During the six months period the Company also finalised settlement of the \$34 million supplementary water sale to the NSW government, which was used to retire all bank debt. The Company also continues to hold approximately \$5.3 million on deposit.

Temporary Water Trading

With the ongoing dry conditions and limited water allocations across all river systems, temporary water trading continues to deliver significantly higher returns per megalitre than can be achieved from using these allocations for crop production.

During the six months period to 30 June 2009 net proceeds from the sale of allocations totalled \$4.8 million. This is in addition to the \$4.3 million net proceeds received during the six months to 31 December 2008. The Company has also carried over 1,500 megalitres into the 2009/10 water year and will continue the strategy of trading these, and any further allocations, while strong market conditions prevail.

It should also be noted that the temporary trade of annual allocations out of the Lower Darling river system remains dependent upon the NSW government again relaxing water trading rules to allow this to happen, as occurred in 2008/09.

Water Entitlements

Following the sale of the supplementary licence, Tandou's remaining water assets total 31,707 megalitres and have recently been independently valued at \$30.7 million, representing almost 35 cents per share.

Directors again note that as a result of the "intangible" nature of these water entitlements for accounting and reporting purposes, the Company is unable to fully recognise the significant and increasing market value of these assets in the half year balance sheet accounts.

Book value of these assets is currently reported as \$4.5 million, approximately \$25 million below independent valuation on a stand alone basis after tax. A pro-forma balance sheet has been included below for the purpose of illustrating the impact of valuing the Company's water entitlements ("water shares") at director's valuation.

Tandou Limited and its controlled entities

Directors' Review of Operations (continued)

Pro-forma Balance Sheet as at 30 June 2009:

<i>In thousands of AUD</i>		Water shares uplift as per Directors' valuations (net of tax adj)	Pro-forma Consolidated 2009
	As per balance sheet		
Assets			
Total current assets	10,334	-	10,334
Total non-current assets	32,170	25,052**	57,222
Total assets	42,504	25,052	67,556
Liabilities			
Total current liabilities	3,886	-	3,886
Total non-current liabilities	494	-	494
Net assets	38,124	25,052	63,176
Total Shares on Issue (thousands of shares)			88,101
			\$
**Net asset backing based on directors' valuation of non-current assets (including water shares, deferred tax liabilities on water shares uplift and deferred tax assets not brought to account relating to tax losses) per ordinary security			0.73
*Independent valuations of non-current assets as at 31 December 2008 were performed by Peter J Spackman A.A.P.I (Val) for Tandou Farm and RGC Barnden FAPI AL.Arb.A. for Tandou Orchard & Vineyards.			

Crops

Tandou Farm is maintained in a condition ready to re-commence cropping operations. However, as reported earlier, available water allocations have been traded into the temporary water market. As previously advised Directors' continue to assess the viability of maintaining the farming operations during this extended dry period.

Permanent Plantings

The 2009 wine grape harvest at Menindee was completed in January producing 1,888 tonnes (2008: 2,040 tonnes) and total revenue of \$0.995 million (2008: \$1.078 million).

Next season's chardonnay crop is also 70% contracted on favourable terms, with an average price of more than \$575 per tonne. This has insulated the business from the current softening of market prices across the wine grape industry as a whole.

The Orchard is currently well positioned to achieve budget yield projections for the 2009 stonefruit harvest, expected to commence in early October. As new plantings of nectarine and peach varieties also reach maturity this will further improve production levels and the balance of varieties across the Orchard.

The Company's 12.5 hectares of young Navel trees continue to develop and produced a small crop this year slightly above budget.

Agricultural Services

The Company continues to develop its agronomic consultancy services business utilising the experience and expertise of its staff in agronomy, irrigation and environmental systems.

The Company recently was successful in its tender for a state government sub-contract project to pump water near Goolwa, in South Australia. This project will involve installing and operating large scale pumping equipment from Tandou Farm and the extensive experience and working knowledge of our staff in pumping large volumes of water.

Tandou Limited and its controlled entities

Directors' Review of Operations (continued)

Agricultural Services (continued)

The Company has recently been appointed to provide consultancy services on a sub-contract basis to the Victorian government funded Northern Victorian Irrigation Renewal Project. This is a large scale irrigation infrastructure modernisation project for the Goulburn-Murray Irrigation District and will involve Tandou agronomy and irrigation staff providing farm irrigation assessment and environmental auditing services.

With the appointment of receivers to Great Southern Limited during May 2009 the Company's contract vineyard management services at Millewa Vineyard was effectively terminated. The Company will continue to explore opportunities to utilise Tandou's resources to provide contract vineyard services to the receivers of Great Southern and other interested parties.

Nexteq

The process of selling the Nexteq assets remains ongoing and these assets continue to be classified as "held for sale" in the half year accounts. The carrying values of these assets are in line with projected disposal values.

Environmental, Health & Safety

The safety and well being of employees and contractors is of the highest importance to the Company and the Board and management remains committed to continuously developing and improving safe working practices and procedures.

Directors are confident that the Company's environmental management systems remain sound and are not aware of any material breach in regard to its environmental obligations.

Outlook

With a significant part of our income being derived from trading temporary water and with the continuing uncertainty of water allocations it remains difficult to forecast the Company's earnings and cashflow position. However taking account of the present situation on the Murray Darling system the Company forecasts at least a neutral net operating cashflow result for the 2009 financial year.

Following the 2008 year end profit result of \$11.5 million, which included the one-off sale of supplementary water entitlements, Director's also forecast an earnings result in the range of \$1 million profit to \$3 million loss (pre-tax) for the year ended 31 December 2009.

It should be noted that on a net operating results basis, excluding the sale of supplementary water, the Company's forecast has improved from a prior year loss of \$22.4 million to approximately breakeven.

Directors continue to explore opportunities to maximise shareholder value and believe our water assets are significantly undervalued. Our focus is on leveraging our water and land assets and the expertise that exist in the Company. We are at present in the early stages of reviewing a number of agri based opportunities utilising the strengths of the Company. The Board will of course inform shareholders of substantial developments as they arise.

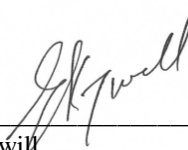
The Board would also like to thank the Company's loyal, experienced and hard working staff for their ongoing support.

On behalf of the Board of Directors,



R.F.E. Warburton AO
Chairman

Friday, 28 August 2009



G.S. Kingwill
Chief Executive Officer/
Managing Director