



Chairman's Overview

AGM, 3 May 2011

Sustainable Water Investor and Agribusiness



Tandou

- Tandou has now established itself as a uniquely sustainable and profitable Australian water and agribusiness
- 2010 demonstrated the Company's dual strategy to maximise growth and yield from water investment and cropping cotton and cereal (soft commodities)
- The Company has an experienced management team and board

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- At 31 December 2010 the underlying asset value per share based on directors' valuation was 70 cents, up from 64 cents the previous year
- Operating profit before interest and tax from continuing operations of \$3.4 million, being a 65% improvement on 2009. The operating result was part of our year end profit after tax of \$6.0 million.
- This result includes a significant contribution from the water business, with segment earnings of \$3.5 million (EBIT)

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- Operations have now re-commissioned Tandou Farm with 4,000 hectares of cotton about to be harvested and the planting of 2,300 hectares of cereal underway
- It is anticipated the 2012 cotton crop area will increase to 6,500 hectares and subject to favourable conditions the planting of 2-3,000 hectares of cereal
- The water business was supported by almost \$9 million of new investment in entitlements during the 2010 financial year

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- Success of the Company in implementing this strategy and returning the farming operations to full production can largely be attributed to the expertise of our talented and experienced people and the Board acknowledges their patience and commitment
- During the 2010 financial year the Board farewelled Dick Warburton and David Farley as Chairman and Director respectively, and welcomed David Boyd as a Director. Both Dick and David were integral in ensuring the future success of the Company and on behalf of the Board I thank them both for their contributions

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- The Board thanks you, our shareholders, for your ongoing support. With our focus on further developing the water business and a positive outlook for soft commodity production we are confident that the Company can achieve profitable growth in the years ahead and reward shareholders with greater value