



ASX / Media Release

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FarmWorks Welcomes Strategic Investor

FarmWorks Australia Limited (**ASX:FWA**), a specialist provider of rural services, today announced that it has undertaken a placement of 7,628,210 shares to Mr Qunhui Xu who is the Managing Director of Zhejiang XinNong Chemical Co., Ltd., a leading agricultural chemical manufacturer.

Based in Hangzhou, China, Zhejiang XinNong Chemical has three manufacturing plants and one sales center, with a total area of 500,000 square meters and has over 600 employees. Zhejiang XinNong Chemical has been a supplier of agricultural technical chemical product to FarmWorks for a number of years.

The placement to Mr Xu was undertaken at a price of 10 cents per share which represents an investment of \$762,821. The placement gives Mr Xu a 13% stake in the expanded capital of the company.

Mr Xu, said: I am delighted to be working with FarmWorks. Australia is a strong agricultural market in which to invest. I believe FarmWorks has a very good model to be a successful agricultural chemical provider given they participate in the full end to end supply chain. Rising population, declining arable land and a shift to higher value food consumption in developing countries all lead to a global drive for higher production farming. I am delighted to be working with a company like FarmWorks that has a clean footprint to expand and capitalise on the growth in the agricultural sector.”

FarmWorks’ Chief Executive Officer Rick Moody said: “Getting the capital base right for FarmWorks is a key priority, so that we can optimise the position of our company in the high growth ag-chemical sector in Australia.”

“FarmWorks has been working diligently on the future strategic direction of the company. The strategic relationship with Mr Xu is a strong example of the calibre of partners the business is looking to work with in the future whilst also focussing on being the best customer to existing international and domestic supply partners.”

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FarmWorks: A well established business in key markets

FarmWorks is a specialist provider of rural services that has developed an integrated service network of rural services including agricultural chemical and rural merchandise. Its peers include Elders, RuralCo and Landmark.

Since its inception in Western Australia in 2001, FarmWorks has experienced strong growth and performance, with operations across Western Australia, South Australia, Victoria, New South Wales and Queensland.

FarmWorks generates revenues of more than \$100 million per annum and it has a total customer base of approximately 4700 growers. FarmWorks employs over 60 staff across Australia.

The FarmWorks brand name is well recognised in rural circles in Western Australia and South Australia particularly. Over the medium term the business will be strengthening and expanding its position in the New South Wales, Queensland and Northern Territory markets.

Mr Qunhui Xu - Managing Director

Zhejiang XinNong Chemical Co., Ltd.

Zhejiang XinNong Chemical Co., Ltd. is a high & new technical enterprise, specially engaged in scientific research, development, manufacturing and commercial operation. Since its foundation, it has been focused on the development of new types of pesticide with high efficiency, broad spectrum, low toxicity and low residues and a series of hi-tech fine chemical products.

Innovation is a driving force of XinNong. Among its 40 products, seven main products are among the top rank in China in terms of production scale, quality and technical aspects. 13 products have been listed in the National Major Project of the New Product & Industrialization Technique and have been carried out successfully.

XinNong was awarded the 2nd prize of the National Science and Technology Progress in 2005 and was awarded the Top-Ten Enterprises on Self-Innovation Capability in the industry in 2006.