



## ASX / Media Release

28 February 2011

### **CHAIRMAN'S ADDRESS**

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Dear Shareholders,

As you know, FarmWorks is a specialist provider of rural services to a broad range of agricultural producers around Australia. With an established presence in WA and elsewhere in Australia, it is a business that we believe is well positioned at a time when the fundamentals for the agribusiness sector continue to improve. Your board believes the business has bright prospects.

Most of us have been directly affected by both the recent flooding and cyclones in Queensland and Northern NSW. These were tragic events and many families have suffered serious financial and personal losses. This has put stress on Australia's rural sector as a whole.

Furthermore, Western Australia has been hampered by recent bushfires and two years of drought. In all, recent conditions in the agribusiness sector have been tough. Although this has affected our overall margins it has not affected our balance sheet, capital base or inventory.

For the 6 months to September 2010, FarmWorks financial performance was in line with previous periods, with the group generating revenues of \$62 million. FarmWorks performance was impacted by legacy issues concerning high cost inventory and the worst drought on record in Western Australia. I am pleased to report that the inventory issues have been addressed, and weather conditions in WA are improving.

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FarmWorks remains well positioned for growth. The fundamentals of the agribusiness sector in Australia remain strong. Demand for clean food produce continues to increase as the global population increases. This is driving food prices up, with the World Bank reporting earlier this month that its food price index rose by 15% in the last quarter of 2010 and is now 29% higher than what it was a year ago. For companies like FarmWorks, these developments represent real opportunities to work closely with agricultural producers in Australia to overcome such challenges.

Since we last met, we have also welcomed Rick Moody as our Chief Executive Officer. Rick is the former CFO of Elders. His career spans senior executive roles at Codan Ltd, Adelaide Brighton and Coopers & Lybrnad.

Rick has an impressive track-record in developing and implementing strategy and high performance teams, acquiring and integrating large organisations and divesting and restructuring business units. We are fortunate to have Rick onboard as our CEO.

**For more information, contact:**

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