

This report has been prepared by AACL as the Project Manager of the 2006, 2007 and 2008 Grain Co-Production (GCP) Projects. The Projects are comprised as follows:

- 2006 Project – wheat only produced in Western Australia only
- 2007 Project – wheat only produced nationally
- 2008 Project – wheat and barley produced nationally

2008 HARVEST REPORT

Key summary points

Harvest was completed in late January for all contracted paddocks involved in the Projects. The 2008 season harvest proved to be one of the most difficult experienced by the grain industry in many years in terms of harvest delays and grain quality issues due to unseasonal harvest rainfall.

The total production from the Projects' contracted areas was 92% of the pre-harvest estimate, which is in line with our expectations during harvest.

Overall, production results relative to our expected estimates were better in Western Australia than in the eastern states. A below average finish to the season in the eastern states resulted in crop production from this region being below our pre-harvest estimate.

Grain quality results overall were good considering the amount of rain received during the course of harvest. The effects of harvest rainfall on quality were felt most strongly in the Albany and Esperance port zones of Western Australia with significant volumes of wheat being downgraded to general purpose and feed grades.

Price Management

In general, grain prices came under pressure through 2008. A huge year-on-year increase in production around the world resulted in stocks of wheat and barley being rebuilt to adequate levels, with a corresponding easing of prices seen through 2008 from the record highs experienced in 2007. However, prices achieved for wheat and barley were still well above the long term average.

Wheat prices

The Projects' marketing program is expected to result in an average price for APW wheat of approximately \$330/tonne FOB which is at the higher end of industry benchmarks.

Barley prices

Our management of barley prices has achieved results that are well above prevailing prices in the spot market today. Specifically, the average malt barley price will be approximately \$280/tonne FOB, which is well above the current spot values of approximately \$230/tonne. The average price received for feed barley will be approximately \$240/tonne FOB, compared with current spot prices of approximately \$230/tonne.

RECONCILIATION OF SALES

We are currently completing the sales program and reconciling every load of grain to ensure that the Projects receive the correct payments from grain buyers. This process is expected to be completed in approximately two weeks time. Once completed, an estimated return and distribution can be reported to investors.

DISTRIBUTIONS

Pending the completion of the sales program, a distribution is expected to be paid to investors by the end of April. For 2006 Project investors it is expected that the majority of your initial investment and distributions will be made at that time. For 2007 and 2008 Project investors, you are expected to receive a distribution net of any funds required to be retained for planting the 2009 season crop.

NEXT REPORT

By the end of April a further report will be provided to investors and advisers, which will advise the:

- Estimated after tax return
- Distribution to be paid; and
- Estimated 30 June 2009 tax position for investors.

A further report on the Projects will be provided in July 2009 after seeding, along with a breakdown of the 2008 season performance and taxation statements.

ABC LANDLINE

On Sunday 22 February, AACL featured on ABC's Landline TV program in a story titled "Farming for Profit".

Landline: Farming for Profit - In the world of high finance it is fair to say that agriculture is rarely regarded as glamour stock, 'all sausage no sizzle.' However with the slide in share markets and talk of worldwide recession, returns from farming now do not look so bad after all. And while corporate investment is still only a relatively small part of Australian agriculture, there are signs that might be changing.

[To view the program online please click here](#)

2009 GRAIN CO-PRODUCTION PROJECT

AACL is pleased to advise that a 2009 Grain Co-Production Project offer will be made to investors. The 2009 Project will operate across the Australian Grain-belt to grow wheat, barley and for the first time canola. The investment is again for 3 years and is expected to be 100% tax deductible. To register your interest in the 2009 Project please contact your financial adviser.

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Yours sincerely



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