



**2006 GRAIN CO-PRODUCTION PROJECT
2007 GRAIN CO-PRODUCTION PROJECT
2008 GRAIN CO-PRODUCTION PROJECT
INVESTOR UPDATE - SEPTEMBER 2008**

This report has been prepared by AACL as the Project Manager of the 2006, 2007 and 2008 Grain Co-Production Projects.

SEASONAL OUTLOOK

Above average rainfall in July has been followed by mainly below average rainfall in August throughout the Australian grain belt. Due to the generally lower than average rainfall so far experienced across much of the country, the yield outlook is approximately 80% of the expected yield at the start of the season. This is a moderate decline compared to the AACL yield estimate of 87% in August. However, average rainfall throughout September and October would lead to improved production results across most regions. The current estimate for the Australian wheat crop is approximately 21 million tonnes compared to production of 13 million tonnes in 2007.

PRICING OUTLOOK

The current indicative FOB price of wheat is in the \$360/t to \$390/t range, however we expect prices to ease over the remainder of the year. By harvest we are expecting wheat prices to be in the range of \$300/t to \$350/t FOB with the pricing outlook for malt barley being similar to wheat and feed barley being \$270/t to \$320/t FOB. Should higher than average prices remain it is expected that these higher prices will provide an offset to potentially lower than expected production.

For further information about the projects or this report please contact Robert Melville on (08) 9217 3113 or 0418 888 133.

Regards

AACL