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Financial Year Highlights 2014

- Total Comprehensive Income up 45% to \$8.7 million. Net Profit After Tax \$0.2 million.
- Normalised Net Profit After Tax \$1.1 million excluding start-up and finance costs relating to Bundygoola acquisition (\$0.7 million after tax), and impairment loss adjustments during the period (\$0.2 million after tax).
- Increased water entitlements holdings by 148% to \$78.0 million (at valuation). Year on year valuation gains of \$8.7 million.
- Land and property valuation gains of \$8.5 million (net of tax and excluding water entitlements). Total value of farming land, improvements and related assets is now \$64.8 million.

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Financial Year Highlights 2014

- Expansion of the Riverina (Hay) operations with the acquisition of “Bundygoola” irrigation property and water entitlements. Company land holdings now total approximately 142,000 hectares including 19,500 hectares developed for row crop irrigation.
- Investment base of income producing assets increased 76% from \$81.2 million to \$142.8 million (at market value). Core debt levels maintained at \$12.1 million.
- Successful completion of Entitlement Offer raising \$23.8 million net of costs.
- Announces interim dividend payment of 1 cent per share payable 26 September 2014.

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Income Statement

(\$m)	2014	2013	
Revenue	68.7	65.7	
EBITDA	4.9	11.7	Cotton Yield Downgrade
Depreciation & Amortisation	2.6	2.1	Hay expansion- increased depreciation
EBIT	2.3	9.5	
Interest	2.0	0.9	
Profit Before Tax	0.3	8.6	
Tax	0.1	2.6	
Net Profit After Tax	0.2	6.0	
Earnings per Share (cents)	0.1	4.2	
Dividend per Share (cents)	1.0	1.0	

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Balance Sheet

(\$m)	2014	2013	
Cash	0.5	1.9	
Water Inventory	58.7	20.0	Assets •Significant increase in water entitlements.
Farming Inventory	27.0	36.4	•Change to valuation method for Land, Land Improvements, Buildings, Gin Assets.
Property, Plant and Equipment	64.8	41.9	•Acquisition Bundygoola property.
Other Assets	16.0	18.0	
Total Assets	167.0	118.2	
Borrowings	41.1	23.8	Net Debt & Gearing •Net Debt \$40.6 million (2013:\$22.1 million).
Other Liabilities	14.0	14.0	•Gearing (Net Debt/Equity) 36.3% (2013: 27.6%).
Total Liabilities	55.1	37.8	
Net Assets	111.9	80.2	Equity •Capital raising received in May of \$23.8 million.
Share Capital	98.8	74.4	•Valuation uplifts \$8.5 million on property.
Reserves	8.5	0.0	
Retained Earnings	4.6	5.8	
Total Equity	111.9	80.2	

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Balance Sheet - Directors Valuations

(\$m)	30 June 2014	Water uplift @ Directors Valuation	30 June 2014 @ Directors Valuation
Total Assets	167.0	20.8	187.8
Total Liabilities	55.2	6.2	61.4
Net Assets	111.9	14.6	126.4
Shares on issue			196.9M
Net Assets per share			\$0.64

The Group's water assets are held at Directors' valuation after taking into consideration of Independent valuations.

These assets are recorded in inventory at cost.

Portfolio value uplift was \$12.0 million in 2013 increased to \$20.8 million in 2014.

\$6.2 million is the tax effect of the water valuation uplift.

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Cash Flow

(\$ m)	2014	2013
Receipts	67.9	71.1
Payments	(91.1)	(69.4)
Interest received & paid	(2.1)	(0.9)
Operating Cash Flows	(25.3)	0.8
Payments for PP&E	(13.9)	(11.6)
Other Investments	(1.9)	0.0
Investing Cash Flows	(15.8)	(11.6)
Other Financing	17.2	13.2
Dividends paid	(1.4)	(1.4)
Proceeds from capital raising	23.8	0
Financing Cash Flows	39.6	11.8
Net Cash Movement	(1.5)	1.0

Operating cash flow

•Positive cash inflows from operations (excl water transactions) of \$8.7 million.

•Water net cash outflow of \$36.0 million included in payments.

Investing cash flow

•Bundygoola \$9.3 million.

•Operational CAPEX \$2.1 million.

•Establishment CAPEX \$2.5 million.

Financing cash flow

•Capital raising \$23.8 million.

•Dividends paid \$1.4 million.

•Loan drawdown \$17.6 million.

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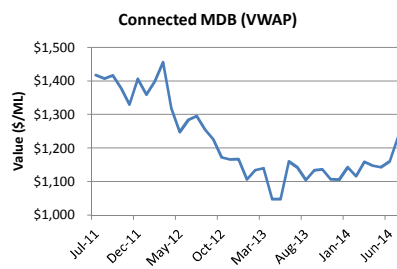
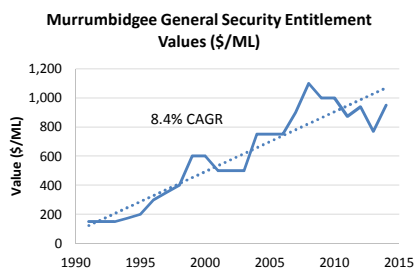
Water Business

- The water business reported a segment EBIT of \$3.9 million (30 June 2013: \$7.3 million).
- Total water entitlement holdings of 80,935 megalitres (30 June 2013: 33,859 megalitres) at Directors' valuation of \$78.0 million, representing approximately 40 cents per share.
- The book value of these assets as reported in the accounts is \$57.2 million.
- Water entitlement markets has continued to improve since balance date.
- Having increased water entitlements to current levels the Company now holds one of the largest, most diverse, actively managed water portfolios in the southern connected Murray Darling Basin.

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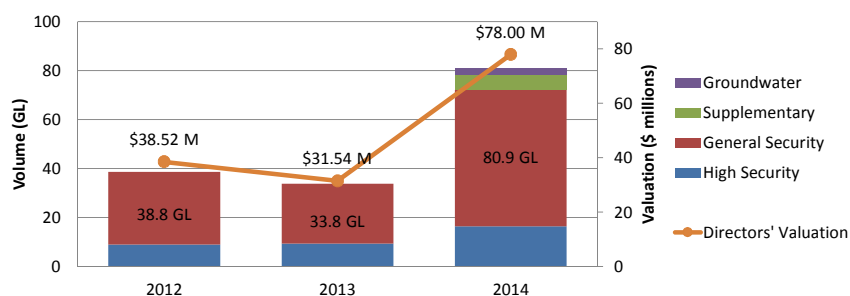
Water Entitlement Capital Growth

- Tandou's water investments show attractive long term growth of 8.4% since 1991.
- Across the Connected MDB values are currently below historical highs.
- Current market dynamics are supportive of this trend.
- The Company is growing its significant and diverse investment in water entitlements in the region using its scale and intellectual property as a competitive advantage.



Water – Investment in Entitlements

- Water values based on Tandou's portfolio have grown 13% year on year
 - Trend expected to continue
 - In FY14 further diversification in portfolio
- During FY14 capital growth was driven by
- Irrigator demand resulting from lower allocations
 - Commonwealth holdings now at 17%
 - Return to more normal seasonal conditions, from La Nina



Tandou will continue to manage its water assets to maximise capital growth of the portfolio and income yield from allocations, through cropping or external sales.

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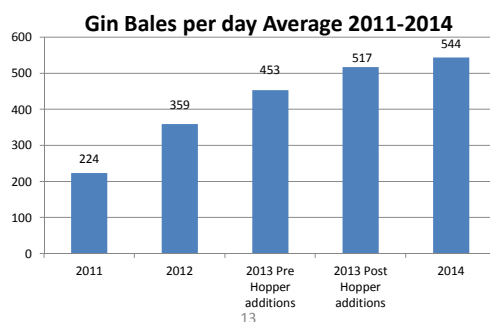
Farming - Cropping

- Cropping operations completed the 8,700 hectare cotton crop harvest during June 2014, with average yields of approximately 7.5 bales per hectare (2013 crop: 10.2 bales per hectare).
- Disappointing cotton yields were a result of fluctuating weather conditions at critical stages of the crop cycle.
 - The impact of prolonged extreme heat in summer was exacerbated by cold conditions and rain events during the final growing period in late March and early April resulted in boll weights being down 15-20%
- Cotton quality across both operations has again been excellent relative to the broader industry and we have not experienced the colour and fibre quality discounts.
- Hay operations are of a scale that enables an established local management structure, we now have key management and agronomy staff in place.
- Cropping operations included the harvest of 4,960 hectares of durum wheat at average yields of 5.8 tonnes per hectare (approximately 28,500 tonnes).
- Farming segment EBIT for the year ended 30 June 2014 was \$0.5 million (30 June 2013: \$4.2 million).

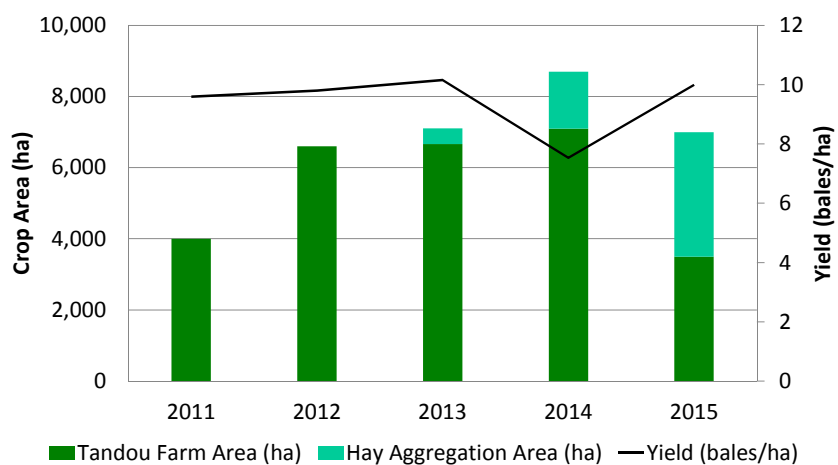
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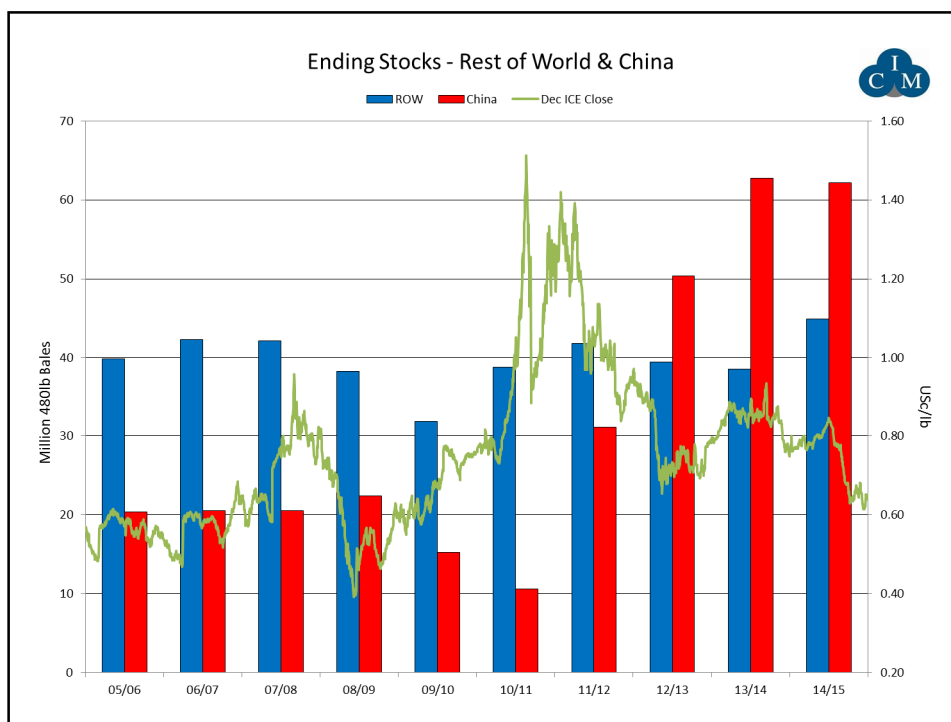
Ginning Tandou Farm

- Press upgrade in 2013
- Extensive maintenance program 2014
- New gin management 2014
- Daily production increased by 59% from 2011
- Costs per bale down over 20% from 2011



Cotton Area and Yield





Outlook - Cropping

- **Cotton** - With the addition of the "Bundygoola" property, the Company's total cotton area in 2015 is 7,000 hectares with 3,500ha at Tandou Farm down 50% due to water availability in the Menindee Lakes and Hay area doubling from 2014 to 3,500ha.
- **Planting** – 7,000ha has been planted over the last 4 weeks with good early establishment.
- **Cotton Price** – Current price around \$430 per bale.
- **Cotton Sales** - Forward sold approximately 58% of the 2015 crop at an average price of \$488 per bale.

Farming - Pastoral

- Livestock numbers have been reduced to approximately 7,500 organic Dorper breeding ewes following the exit of the leasehold properties near Ivanhoe.
- Stronger lamb prices and continued genetic improvements are expected to provide improved trading and earnings growth for the Company's pastoral operations during 2014/15.
- Pastoral earnings are included in the Farming segment EBIT results.

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Strategy

- Tandou is focused on investing in and managing water and land assets in the connected Murray-Darling Basin.
- The Company is growing its significant and diverse investment in water entitlements in the region using its scale and intellectual property.
- All funds from the Company's capital raising have been applied and Tandou will continue to review and manage its water assets to maximise water entitlement capital growth and income yield from allocations, either through cropping or external sales.
- Optimise the returns from the two farming locations.
 - Maximise production from the available water in the Menindee system.
 - Settle down team at Hay operations and deliver expected yields from cotton area.

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Outlook

- Water allocation markets have opened at higher levels with new season prices at or around \$80-\$115 per megalitre on the back of seasonal conditions and the predictions of an El Nino event throughout South Eastern Australia.
- Post balance date as water allocation prices have firmed. Tandou has seen strong growth in its water entitlements value and will continue to manage its portfolio to take advantage of future market opportunities.
- Surplus water allocations following recent Murrumbidgee supplementary flows have enabled the sale of approximately 10,000 megalitres.
- Lower cotton prices and a firming water allocation market have capped the cotton area at Hay at a conservative production level of 3,500 hectares. Company is focused on returning to more normal yields for the 2015 crop of 10 bales per hectare.
- Menindee Lakes storage levels are currently at approximately 17% and the Company has reduced the anticipated cotton area at Tandou Farm to approximately 3,500 hectares in line with known water availability.

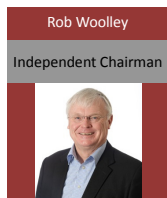
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Tandou Board of Directors



- Current Chairman of Tasmanian Forests & Forest Ind. Council and Tasmanian Pure Foods Ltd.
- Formerly Managing Director of Webster's Ltd.
- Over 20 years corporate finance experience as a partner of Deloitte.



- Appointed CEO of Tandou in March 2006, after commencing with the Company as CFO in June 2005.
- Extensive management experience through senior executive roles in Australia & with Bayer in the United States.



- Rodger is the Deputy Chairman of Rural Equities Limited, which is currently a 12.66% shareholder of Tandou.
- Rodger is also an Independent Director of New Zealand Oil and Gas Ltd, Public Trust, Mundane Asset Management and Moeraki Limited.



- David has spent more than 50 years in the Australian agricultural industry and is a former Chairman and CEO of Clyde Agriculture.
- Has served on the Boards of Cotton Australia, the Australian Wool Exchange, Wool International, and Australian Wool Innovation Limited.

Corporate Management Team



- **Guy Kingwill – CEO & Managing Director**
- Joined Tandou as CFO in 2005 and appointed CEO in 2006
- Extensive management experience through senior executive roles in Australia & with Bayer in the United States



- **Brendan Barry – Water Manager**
- Joined Tandou in 2001 as farm agronomist experienced cereal and oilseed cropping
- Developed significant trading expertise in the water entitlement and allocation markets since



- **Bernie Woollard – Company Secretary**
- Management Accountant and Company Secretary since 2001
- Over 15 years experience in accounting and finance primarily within the agribusiness sector



- **Shane Rees – Financial Controller**
- Joined Tandou in April 2012
- Has a rural background as well as over 9 years accounting experience, primarily in public practice and auditing and CPA qualified

Farming Management Team



• **Pat Sullivan – Cropping Manager**

- Joined Tandou in 1991 and Farm Manager since 2003
- Extensive experience in agricultural management, livestock production and irrigation management



• **Paul Martin – Pastoral Manager**

- 15 years pastoral industry experience and qualified Merino wool classer
- Moved to Dorper sheep in 2002 as livestock Manager with one of Australia's leading organic lamb producers before joining Tandou



• **Robert Lowe - Tandou Farm Manager**

- Started with Tandou in 1992
- 19 years experience in managing large, high yielding irrigated crops, using targeted inputs, latest technologies and production techniques



• **Wayne Reeves- Hay Operations Manager**

- Over 20 years experience in irrigated crop production, specialising in cotton
- Successful Farm Manager both interstate and overseas

Segment Summary

(\$m)	2014	2013
Farming Revenue	53.0	48.2
Farming Contribution	0.5	4.2
Water Operations Revenue	20.3	37.5
Water Operations Contribution	3.9	7.3
Corporate Office Overheads	2.1	2.0
EBIT	2.3	9.5

Cropping

- Cereals and cotton harvested.
- Yield's down on previous years.
- Increase livestock sales due to sell down.

Water

- Fewer entitlement sales as building water portfolio.
- Increasing costs of allocations.

Water Segment

(\$m)	2014	2013	
Entitlement Revenue	11.8	30.0	
Entitlement Contribution	1.5	2.8	
			Reduced revenue due to significant investment into entitlements
			<ul style="list-style-type: none"> Sales of 11 GL (FY13 25 GL) Purchases of 58 GL (FY13 20GL) Growth in value invested of 148%
Allocation Revenue External	1.1	1.7	
Allocation Contribution External	0.6	1.1	
Fixed expenses	0.4	0.3	
Contribution External	1.7	3.5	
Allocation Revenue Internal	6.9	5.9	
Allocation Contribution Internal	2.2	3.8	Increased 10 GL internal allocation requirements at a price 54% higher than FY13
Total Water Contribution	3.9	7.3	

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Farming Segment

(\$m)	2014	2013	
Cotton Revenue	44.3	38.0	
Cotton Contribution	7.1	9.2	<ul style="list-style-type: none"> 8,700ha cotton crop harvested with approximately 64,600 bales produced.
Cereal Revenue	8.1	9.1	<ul style="list-style-type: none"> 28,500 tonnes of cereal harvested.
Cereal Contribution	0.6	1.9	
Pastoral Revenue	3.1	1.1	<ul style="list-style-type: none"> 17,000 lambs produced and 30,700 sheep sold.
Pastoral Contribution	0.5	0.2	<ul style="list-style-type: none"> Livestock sale prices and valuations fell during a dry year.
Farming Depreciation	2.5	2.1	
Farming Indirect Costs	5.2	5.0	
Farming contribution	0.5	4.2	

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2014 Stats

Year ended 30 June	2014	2013
Cotton Lint (bales)	64,600	72,000
Cotton Seed (tonnes)	17,225	18,845
Cotton Yield (lint/ha)	7.43	10.13
Cotton Yield (seed/ha)	1.98	2.65
Cotton Area	8,700	7,105
Cereal Volume (tonnes)	28,500	29,500
Cereal Area (ha)	4,960	4,120
Cereal Yield (tonnes/ha)	5.70	7.20

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Balance Sheet

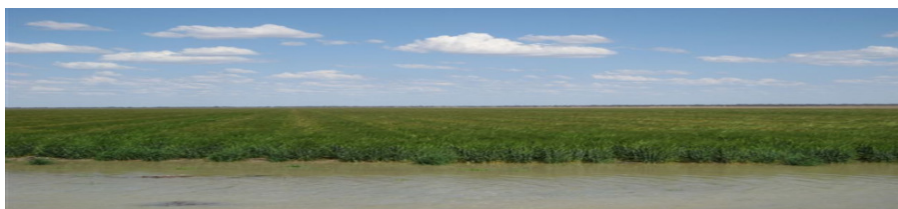
(\$m)	2014	2013
Income Producing assets at Valuation		
Fixed assets	64.8	49.7
Water Entitlements	78.0	31.5
Total	142.8	81.2
Year-on-year increment in assets	76%	
Core Debt		
Borrowings	41.1	
Less: 2014 cropping inventory to sell	(25.8)	
Less: 2015 cropping investment	(3.2)	
Total	12.1	
Core Debt / Income producing Assets	8.5%	

- Income producing assets increased by 76%.
- Bundygoola Acquisition.
- Property value increase.
- 47.1 GL water acquired.
- Water valuation increase of 8.7 million.
- \$29 million of seasonal debt.
- \$12 million of core debt.

Tandou

*- Listed investment vehicle of choice for water investment and cropping in Australia.
- Maximising yield from water investment and cropping assets.*

- Well positioned in the **water investment** sector
 - A large portfolio of entitlements and a number of years of profitable returns from the water business.
 - Active management of portfolio delivering incremental returns to cropping assets.
- Successful cropping of cotton and wheat.
 - Provides the **option of profitable cropping** when returns from selling water allocations become less than those available from soft commodity production
 - Growth in cotton and wheat production
- Exposure to both **water** assets and **soft commodities**



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