

Dear Shareholders

The 2012 financial year result reflects the change of operations of the Group from a diversified retail and wholesale supplier of agricultural products and services to the core business of a supplier of crop protection products through its subsidiary, Conquest Crop Protection Pty Ltd, and its highly regarded portfolio of branded Conquest products.

The company completed the divestment of its non-core divisions with the sale of its retail branch and agency network in Western Australia to Ruralco Holdings Limited (RHL) for \$5.5 million which settled on 3 May 2012. As part of the transaction RHL entered into a \$60 million off-take agreement over 4 years (from 1 October 2011) with Conquest Crop Protection Pty Ltd to supply Conquest products to the RHL distribution network.

The consolidated entity showed a loss of \$10,048,312 for the year ended 30 September 2012 compared with a loss of \$4,032,714 for previous year. The increase in losses in the 2012 year is due to the impairment of intangible assets of \$4,895,207, the deferred tax assets of \$2,096,314 following the appointment of a Voluntary Administrator to the consolidated entity's wholly owned subsidiaries, FarmWorks Merchandise Services Pty Ltd, FarmWorks Australia Livestock Pty Ltd and Conquest Crop Protection Pty Ltd together with one off costs incurred to complete the closure and divestment of the non-core divisions during the 2012 financial year.

It was a major setback for the Group when on 5 October 2012 the Group's banker, GE Capital appointed a Voluntary Administrator to the consolidated entity's wholly owned subsidiaries, FarmWorks Merchandise Services Pty Ltd, FarmWorks Australia Livestock Pty Ltd and Conquest Crop Protection Pty Ltd. At this time the Board was in discussions with an overseas group to become a cornerstone investor to recapitalise the Company and its business operations. This process included the retirement of GE Capital as Group banker, the appointment of one of Australia's major banks as the Group's new banker and the revitalisation and expansion of the Conquest Crop Protection business. As a direct result of the appointment of the Voluntary Administrator to Conquest Crop Protection Pty Ltd by GE Capital, Ruralco Holdings Limited (RHL) terminated the \$60 million off-take agreement with Conquest Crop Protection Pty Ltd to supply Conquest products to the RHL distribution network. Consequently the Board was unable to complete its restructure plans following the appointment of the Voluntary Administrator.

A meeting of creditors for the subsidiaries under Voluntary Administration was held on 28 November 2012 to consider proposals for each of the subsidiaries. Creditors of FarmWorks Merchandise Services Pty Ltd and Conquest Crop Protection Pty Ltd voted in favour of the companies executing Deeds of Company Arrangement (DOCA) and that the companies be dealt with in terms of the DOCAs. The single creditor of FarmWorks Australia Livestock Pty Ltd, GE Capital, voted in favour of liquidating the company which has been dormant since its business was sold in 2011 and a liquidator was subsequently appointed.

The Company had a registered charge over the assets of Conquest Crop Protection Pty Ltd and as a condition precedent under the DOCA the Company was required to release its security. The Company instituted proceedings in the Supreme Court of New South Wales to determine the validity of its security and claim against the assets of Conquest Crop Protection Pty Ltd which was rejected by the Voluntary Administrator of Conquest Crop Protection Pty Ltd. The matter was heard in the Supreme Court of New South Wales on 12 December 2012 and on 14 December 2012 the Supreme Court of New South Wales upheld the validity of a Deed of Charge held by the Company over Conquest Crop Protection Pty Ltd (in Administration) and declared that the indebtedness of Conquest Crop Protection Pty Ltd to the Company secured by the Deed of Charge is a total of \$5,100,000.

Following the Supreme Court of New South Wales decision the Directors considered external advice and examined the options available that would provide a commercial outcome and preserve the ability for the Company to move forward. Subsequently the proponents of the DOCA and the Company negotiated an agreement to release the Company's security over Crop Protection in consideration for the payment of \$2,000,000. Settlement of this agreement was effected on 22 January 2013 following approval by creditors of FarmWorks Merchandise Services Pty Ltd and Conquest Crop Protection Pty Ltd of an amended DOCA on 21 January 2013.

As part of the DOCA, Crop Protection has been acquired by Contai Agrosea Pty Ltd together with operational assets of Merchandise Services and the Administrator will settle with all creditors of Crop Protection and Merchandise Services as set out in the DOCAs. It should be noted that the successful proponent of the DOCA, Contai Agrosea Pty Ltd, who is the new owner of Conquest Crop Protection Pty Ltd, is the same group that the Board was discussing the opportunity to become a cornerstone investor of the Company before the appointment of the Voluntary Administrator by GE Capital on 5 October 2012.

In closing what has been a hectic 2012 year, with a disappointing outcome for a concerted two year restructuring program for the business operations of the Group, I would like to acknowledge the commitment of my fellow directors and executives during this difficult period. I also confirm that the Board is actively seeking a new business enterprise to take the company forward. Whilst the current economic climate is experiencing some volatility the Board is optimistic that the Company will be successful in identifying and acquiring a cash flow positive business enterprise in the near future. Details of any proposed transaction will be advised to shareholders and the market under the ASX continuous disclosure regime.

Larry Shutes
Chairman