



Australian Agribusiness Group

2 July 2008

MEDIA RELEASE

IMMEDIATE USE

Agri out performs the Market in 2007/08

With ASX stocks reeling from one of the worst trading years since 1987, it seems that the Agri sector is one place where investors still have confidence.

Since its inception in 2000 the AAG Agri-Index measures the growth of listed agri stocks against the All Ordinaries Index and other benchmark indices. Financial year 2008 saw the AAG Agri-Index record strong growth for the third year running, led by Incitec Pivot which has reported a massive jump in share price of 132% since June 2007.

FY08 saw the All Ordinaries drop -15.5%, whilst the AAG Agri-Index has increased by a whopping +79.5% highlighting the strong demand for Agri Listed equities.

Tim Lee, Research Director at AAG was very positive about the result. "We have again seen the Agri sector grow, and to do so in such volatile market conditions and again outperform the All Ordinaries is a fantastic result."

One of the major contributors was Incitec Pivot which doubled its market capitalisation last year to over \$9 billion and is a behemoth in the Agri sector.

The AAG Agri-Index has 3 sub categories: Manufacturers, Producers and Diversified. The Manufacturers in the index reported the strongest increase of +92% whereas the Producer Index decreased by -11.9% and the Diversified Index dropped by -16.3% (about the same as the S&P 200). Clearly manufacturers of Agri products have driven the success in the sector this year.

The top 5 success stories for 2007/08

		FY07 Close	FY08 Close	Increase
IPL	Incitec Pivot Limited	\$ 79.70	\$ 185.00	+132%
CLV	Clover Corporation Limited	\$ 0.105	\$ 0.160	+52%
AWL	Australian Wine Holdings Limited	\$ 0.012	\$ 0.016	+33%
TFC	TFS Corporation Limited	\$ 0.880	\$ 1.150	+31%
OLE	Olea Australis Limited	\$ 0.020	\$ 0.026	+30%

Regarding the top 5 success stories Mr Lee commented "the Agri sector certainly hasn't been isolated from the volatility that has affected the rest of the market. Clover Corporation's shares increased by 18% on the 30th of June after announcing a better than expected result and Olea Australia jumped by 17% on the basis of a Capital

Return to Shareholders 1 July. The market is certainly watching agriculture closely, which is not surprising considering the attention towards the soft commodity boom.”

Great Southern, one of the top performers of last year’s index has done an about-turn its share price dropping by 78% from this time last year. “GTP is suffering from the uncertainty surrounding the tax rulings on non-timber MIS, rather than it being a reflection of the quality of the underlying business” said Mr Lee.

And what about the producers? Lee believes that we haven’t yet seen the strong price in commodities work its way through the system. “There’s a lot of uncertainty in relation to the harvest in parts of Queensland and New South Wales and some analysts have downgraded predictions from Western Australia. That said, many companies are now positioning themselves to take advantage of increased commodity prices which won’t be apparent until after harvest is concluded, say early next year. By that time I would expect to see some of the Producers in the index starting to shine.”

Tim Lee is available for comment, please call James Taylor on 03 9602 6500.

--ENDS--

About the AAG Agri-Index

The AAG Agri-index is the most well known performance measurement index for listed Agri companies. Created in 2000, it tracks the share performance of listed Australian agri companies against industry benchmarks such as the All Ordinaries.

The index covers a wide range of industries from behind the farm gate, manufacturing and/or distribution of agri inputs and chemicals and manufacturing and distribution of foods or beverages from raw product.

Additional detail on the Agri-Index is available on request.

About AAG

The Australian Agribusiness Group was formed in 1997 and provides expertise in research, investment management and agribusiness consulting nationally.

AAG is the leading provider of research into the Managed Investments Sector (MIS) in Australia. Its research is read by over 9,100 financial planners and is distributed by Standard and Poors.

AAG sources and manages investments in the Australian agribusiness sector on behalf of national and international clients.

AAG undertakes research reports, feasibility studies, consulting projects and assists in facilitating funding for private and public clients. It provides the management skills, expertise, staff and office support to develop, incubate and launch new agribusinesses.

AAG focuses on agribusiness and particularly the commercial aspects of this dynamic sector. For more information about AAG, please visit our website at www.ausagrigroup.com.

