



2007 Chairman's Report to Members

Dear Members

Welcome to this the second Annual General Meeting of the Agricultural Finance Co-operative Limited (the "Co-operative").

I noted in my 2006 report that some of you had received good rain. I believe for many this respite was short lived and the ravages of drought continue, but it will end! And it is hoped grain prices manage to hold much of the recent gains which we all need to help us finally recover from the worst drought ever.

Experience gained during this drought continues to highlight the need for this Co-operative effort to be successful so as our businesses can be fully supported during tough times with the knowledge that times will change and debts serviced.

My last report mentioned the gaining of a Certificate of Compliance from the NSW Registrar of Co-operatives and Associations allowing us to apply for registration in other states. It is pleasing to be able to advise members that we are now registered in Victoria, New South Wales, Queensland and Northern Territory and registration is still pending in South Australia.

We have already started marketing into other states and have just recently accepted membership from the Northern Territory, appointed our first representative and Keith Hay and I presented the Co-operative to a group in Mataranka, 450 kilometres south of Darwin, in early October.

It will be noted in the Disclosure Statement (page 6) that the Co-operative is to be wound up if the capital required to complete the investigation work had not been raised within 24 months of inception. As that milestone is approaching, resolution number 3 provides for this period to be extended, should this be needed in March 2008. It would be unthinkable to have this effort stopped by a technicality.

With other states registration now complete, directors expect an increase in membership, especially when the drought finally breaks and we can look to the future with some optimism.

Share subscriptions and membership fees can now be paid by credit card, mainly Visa and Mastercard. Please view detail required on our website, www.afcl.biz.

I wish you all the best for the season ahead and the breaking of the drought.

R C (Bob) Yabsley
Chairman
19 November 07