



AGRICULTURAL FINANCE CO-OPERATIVE LIMITED

ABN 23 048 434 035

Explanatory Memorandum to Members

1 Purpose of Explanatory Memorandum

The purpose of this Explanatory Memorandum is to provide members of the Agricultural Finance Co-operative Limited (the “**Co-operative**”) with the information necessary to enable them to assess the merits of the resolutions to be proposed at the forthcoming annual general meeting of the Co-operative members.

2 Outline of Proposals and required resolutions

2.1 Accounts and Reports

The Co-operatives Regulation 2005 (NSW) requires:

- The reports of the directors and auditors; and
- The annual financial report, including the financial statements of the Co-operative,

to be laid before the annual general meeting. Neither the Co-operatives Act nor the Co-operative Rules requires a vote of members on the reports or statements. However, members will be given ample opportunity to raise questions or comments on the reports and statements at the meeting.

2.2 Re-election of director - Mr Andrew Jackson McLaughlin

Rule 62(a) of the Co-operative Rules provides that at the annual general meeting of the Co-operative one director shall retire in each subsequent year. Retiring directors are eligible for re-election.

Nominations for candidates to fill the vacant position were sought more than six weeks before the annual general meeting and to date no nominations have been received.

Andrew McLaughlin was elected as a Director in April 2009 and will retire in accordance with Rule 62(a). Rule 63(b) provides that Andrew can offer himself for re-election as a Director. Accordingly a resolution will be put to the members to re-elect Mr Andrew Jackson McLaughlin as a director of the Co-operative.

Details of the experience and qualifications of Andrew Jackson McLaughlin follows.

Andrew (Andy) McLaughlin began his working career as an apprentice at age 14 and then worked for the Goodrich Tyre Company for three years before joining the Australian Army National Service and Australian Army Reserve and gained Cadet Officer Rank of Captain status. When Andy left the Australian Army Reserve he gained experience in the insurance, sales and marketing areas.

Andy started an investigation and debt recovery business in 1995 until 1998 and then started his current business, Rural Mediation and Consultancy Services in 1998. He provides consultancy, advisory, mediation and negotiation services dealing directly with the major banks and rural lenders.

Since 1998 Andy has researched all areas of farming throughout Australia and has established a consultancy and mediation business available to assist farmers.

3 Directors Recommendation

The directors of the Co-operative are:

- Russell Ernest Clothier
- Robert Charles Colwell
- Andrew Jackson McLaughlin
- Robert Charles Yabsley (Chairman)

The directors unanimously recommend that members approve the election of Andrew Jackson McLaughlin and therefore recommend that members approve Ordinary Resolution 1.