

GOLDEN PALM GROWERS SCHEME

Introduction

On 29 April 2010 the Company announced that it was seeking regulatory approval to raise funding through the sale of interests in its oil palm plantation to the investing public.

The Company is pleased to announce that it has received approval in principle from the Companies Commission of Malaysia (the “Commission”) for this exercise.

Details of the Growers Scheme

The exercise involves the establishment of a growers’ scheme (the “Scheme”) to be called the ‘Golden Palm Growers Scheme’.

The Scheme involves the sale of an interest (a “Grower Plot”) in the plantation to the investing public. A person (a “Grower”) who buys such an interest gets a contractual right to receive a return (the “Net Yield”) for 23 years. The Net Yield essentially represents a proportionate share of profits from the plantation. At the end of the 23-year period, the plantation concession will be offered for sale and Growers will receive their proportionate share of the sale proceeds.

A Grower does not have a proprietary interest in the plantation. The Company continues to retain ownership of the plantation.

The sale of Grower Plots will be undertaken by the Company’s Malaysian subsidiary, Golden Palm Growers Berhad (formerly known as SPC Sawit Sdn Bhd). Golden Palm is the company that holds the concession to develop the oil palm plantation in Malaysia.

Under current regulations, Golden Palm is permitted to offer for sale up to 70% of Grower Plots created under the Scheme at the initial launch. The remaining 30% of Grower Plots will be retained by Golden Palm.

Details of regulatory approval

On 26 May 2010 the Company received approval in principle of the Scheme from the Commission.

The approval in principle is subject to the following conditions:

- submission of a formal application to the Malaysian Minister of Domestic Trade, Cooperative & Consumerism to appoint Amtrustee Berhad as trustee for the Scheme – Amtrustee is the trustee arm of the Arab Malaysian Banking Group, a major Malaysian financial institution in which ANZ Bank has a substantial stake;



- submission of a formal application to the Minister for an exemption from the obligation to repurchase Grower Plots during the first 6 years of the Scheme; and
- submission of a trust deed for the Scheme.

Benefits of the Scheme

The Scheme will have a development value of A\$100 million. Sales for this scheme will track the development phase of the plantation which is expected over 4 years. An accelerated sales program can also be implemented, if required.

The Scheme transforms the Company to that of a developer of the plantation whilst maintaining the benefits of a minimum of 30%. The Scheme provides the Company with attractive short-term cashflows whilst full planting-up of the plantation progresses unhindered.

The Scheme and its benefits confirm our earlier strategy of moving up the oil palm value chain given our expertise in the oil palm sector.

From a shareholder viewpoint, it must be noted that the Company will have little or no borrowings and there will be no dilution in shareholdings. Your Board will continue to focus on developing shareholder value.

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