



Bean Growers Australia Limited trading as

Bean Growers Australia

A.B.N. 52 092 429 984 A.C.N. 092 429 984

Dear Shareholder,

Most of you will be aware that recently Bean Growers Australia Limited (BGA) sold its controlling interest in BGA AgriServices (Agri) to Ruralco. The Board decided on this action because of the quality of the Ruralco offer and its view that to further grow the Agri subsidiary required more capital than could reasonably be provided by BGA.

Because BGA held almost 65% of the shares of Agri it has received in excess of \$6.5m for its holding. A portion of this amount will be subject to capital gains tax however, BGA will still book a significant profit on its investment. A consequence of this is that the net tangible asset value of a share in BGA has increased by about \$3.00 per share.

One of the challenges for the board in coming months is to decide how best to employ the additional cash within the business. Some decisions which were in the pipeline will benefit.

Over the next twelve months about \$1.2m will be directed to improving BGA's grain storage and processing abilities. Those of you familiar with the Kingaroy site will realise that some of the shed storages built for navy beans in years gone by are unsuitable for the more diverse grain business now conducted. Accordingly, 3,500 tonnes of sealed, aerated, and segregated storage is being developed. This budget also provides funding to proceed with the completion of the new grain cleaning plant through addition of further colour sorting and polishing equipment.

Given the tenuous nature of world business activity at the moment the Board considers it prudent to direct some additional funds to reducing BGA's dependence on bank finance for its working capital needs.

In spite of the above mentioned initiatives, BGA is in the fortunate position of being able to embrace some further programs. During the next few months the board will be giving attention to various options. These options include embracing new investment initiatives, paying a special dividend to shareholders or perhaps, engaging in a share buy back program to assist shareholders wishing to retire their shareholding do so at a reasonable value.

The question of reasonable share value is complex. The extent of net tangible assets is often taken as some sort of guide but it is always uncertain if book values can actually be achieved or if future trading operations of any business will be profitable. Prior to the recent trading halt, BGA shares were trading at \$2.15 per share and as a consequence of the receipt of the Agri sales proceeds the net asset backing of a share has increased by approximately \$3.00. A new market price for BGA shares must be decided between buyers and sellers.

The previously implemented trading halt on BGA shares has now been lifted and any share transactions entered into during the trading halt have been declared null and void by the Board. I urge you to consider the above or take professional advice if you are considering trading shares.

If you would like to express a view about the information raised in this letter please contact one of the directors of BGA whose details are listed below. They welcome any input you care to offer.

Yours faithfully

Mark Adamson
Chairman

Directors phone contact numbers:

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