



## **Tandou shareholders urged to reject takeover: Directors plan water led recovery**

**26 February 2010:** Shareholders in agribusiness and water company Tandou Limited (ASX:TAN) are being urged to continue rejecting a second takeover offer from Guinness Peat Group (Australia) Pty Ltd (**GPG**), with directors warning the offer price remains at a significant discount to the Company's underlying fundamental value per share.

In the preliminary year end results released today the Company reported a net profit after tax (NPAT) result of \$1.35 million for the year to December 2009, which included profit from water trading of \$5 million. NPAT for continuing operations was \$2.1 million, after excluding losses from the Company's Orchard and Nexteq business operations.

The Company also cited an independent valuation of its total water assets as equal to 34 cents per share on 31 December 2009. Along with the purchase last month of an additional 3,091 megalitres of Victorian Murray High Reliability entitlements, the water value alone per share has since risen to approximately 41 cents.

Given recent focus from State and Commonwealth Governments to secure additional water for environmental and urban requirements, the strategic location of Tandou's Lower Darling entitlements and Tandou Farm's 110,000 megalitre "carry-over provision" and on-farm storage has the potential to further enhance the value of the Company's land and water assets.

CEO and Managing Director Mr Guy Kingwill said "Recent rainfalls throughout northern New South Wales and southern Queensland have been welcomed, along with the strong flows into the Menindee Lakes system that followed."

"The subsequent announcement of a 100% allocation for the Lower Darling general security water entitlements again demonstrates the under rated value of this river valley. It is currently the only general security water in the Murray connected system to have 100% allocation," he said.

Tandou plans to continue its strategy of building a portfolio of water assets to be used for trading and/or crop production, based on the availability and pricing of water.

Mr Kingwill said Tandou's future strategy would focus on a new water business model aimed at delivering consistent returns from its valuable and diversified water portfolio.

“In recent times water has substantially increased its profile as a stand alone investment class and the Tandou strategy is based on using our vast experience and expertise in water management, along with our flexibility to utilise the scale and diversity of our water holdings for either trading and/or crop production,” he said.

Ends.

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**About Tandou Limited:**

*Tandou Limited (ASX:TAN) is a modern Australian agribusiness and water company that owns and operates large scale irrigated cropping, horticultural and pastoral operations. Established in 1972 Tandou's land holdings cover nearly 85,000 hectares near Menindee NSW, 250 km north of its Mildura corporate office. Over time Tandou has invested in water entitlements and currently owns over 36 gigalitres strategically held across various river systems in the Murray Darling Basin. In addition to trading water entitlements and allocations Tandou combines traditional knowledge with the latest technological advancements throughout its enterprises to minimise risk and produce high value returns. It is a major producer of irrigated cotton and durum wheat, along with stone fruit, wine grapes, citrus and organic lamb. Tandou also provides management and development services.*