



INTRODUCTION

Kempsey Shire's local government area is also known as the Macleay Valley Coast. The Shire is strategically located midway between two of Australia's fastest growing capital cities, Sydney and Brisbane. Kempsey, the largest town, enjoys a tactical location on the major east coast transport corridor.

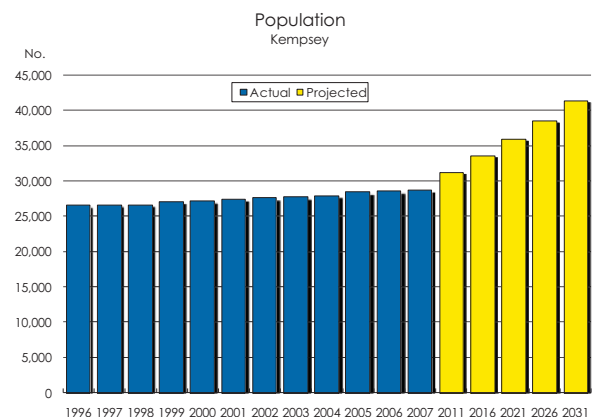
With pristine beaches and beautiful mountain ranges the Macleay Valley Coast offers a real lifestyle choice and a cost effective business location.

The area has a multi skilled and stable workforce that supports a range of industries including manufacturing, retail, agribusiness and tourism. Skills in trades and professional services also support our growing area.



POPULATION

The population of Kempsey Shire in 2007 was 28,660, representing an annual increase of 0.7% from the level recorded in 2006. Over the past five years, the population of Kempsey Shire has increased at an average annual rate of 0.8%, which was the same as the growth rate for New South Wales over the same period.



Source: ABS 3218.0 & Kempsey Shire Council

Population projections to the year 2031 show that Kempsey Shire's average population growth is expected to increase by 1.5% per annum, to a population of approximately 41,363 persons.

Population					
	Level 2006	Ann % chg	Ann % chg (2002-07)	Level 2031	Avg ann % chg (2007-31)
Kempsey	28,660	0.7	0.8%	41,363	1.5
Mid-North Coast	299,848	1.0	1.1%	373,488	0.7
New South Wales	6,888,014	1.0	0.8%	8,259,181	0.8

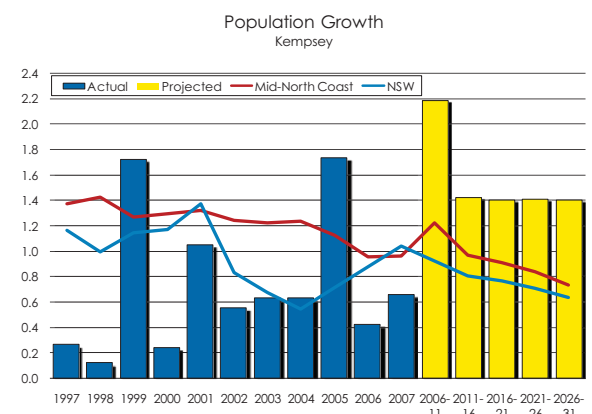
Source: ABS 3218.0, NSW Dept of Planning & Kempsey Shire Council

Kempsey Shire Council established the Macleay Development & Promotion Office to enhance business development and promote employment opportunities within the Kempsey local government area.

The Macleay Development & Promotion Office:

- Provides economic information and data to business clients both existing and new.
- Offers business people a central point of contact regarding economic development activities.
- Has established partnerships with other government agencies and regional organisations to assist with business development.
- Is centrally located in Kempsey Central Business District

In 2007, Kempsey Shire accounted for 9.6% of the population of the Mid-North Coast region. By 2031, this share of regional population is expected to increase to 11.1%.

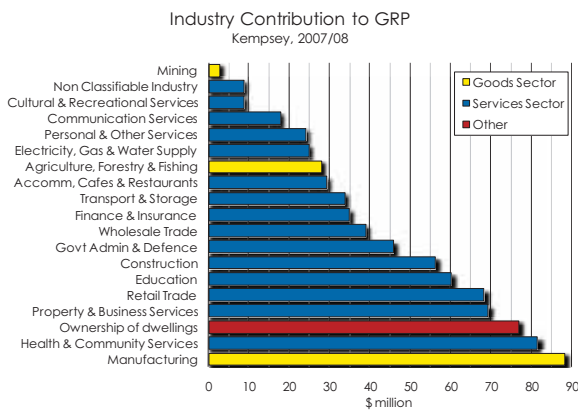


Note: changes are average annual % changes for 2007-2031
Source: ABS 3218.0, NSW Dept of Planning & Kempsey Shire Council

GROSS REGIONAL PRODUCT

The Gross Regional Product (GRP) for Kempsey increased by 7.7% to \$892.4 million in 2007/08. The annual growth in GRP in Kempsey was higher than the average increase for New South Wales (7.2%).

Kempsey contributed 9.2% and 0.2%, respectively, to the gross regional / state products of the Mid-North Coast region (\$9.7 billion) and New South Wales (\$359.9 billion) in 2007/08.

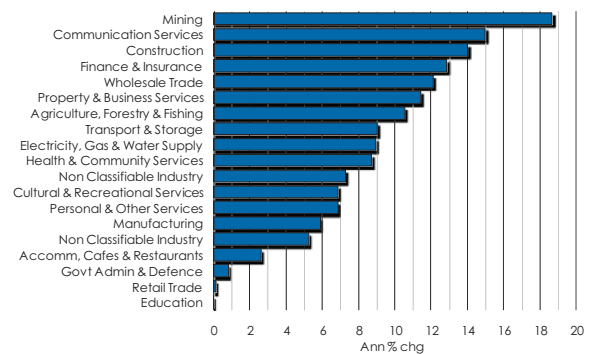


Source: Lawrence Consulting

With regard to industry, the largest contribution was made by the Manufacturing industry, with approximately \$88.1 million, or 9.9% of the total GRP for Kempsey Shire. The Health & Community Services (9.1%), Property & Business Services (7.8%) and Retail Trade (7.6%) sectors were the next highest contributors to the GRP of Kempsey Shire.

The Mining industry experienced the highest annual increase in industry value added in 2007/08, rising by 18.7% from the level recorded in 2006/07. Other sectors that experienced high levels of annual growth included Communication Services (up 15.0%), Construction (up 14.0%), Finance & Insurance (up 12.9%) and Wholesale Trade (up 12.1%).

Gross Regional Product, Annual Industry Growth
Kempsey, 2007/08



Source: Lawrence Consulting

Kempsey Shire received a relatively higher industry contribution to total GRP from the Agriculture, Forestry & Fishing; Manufacturing; Electricity, Gas & Water Supply; Retail Trade; Accommodation, Cafes & Restaurants; Government Administration & Defence; Education; Health & Community Services; and Personal & Other Services sectors than New South Wales in 2007/08.

Gross Regional Product (\$m), 2007/08

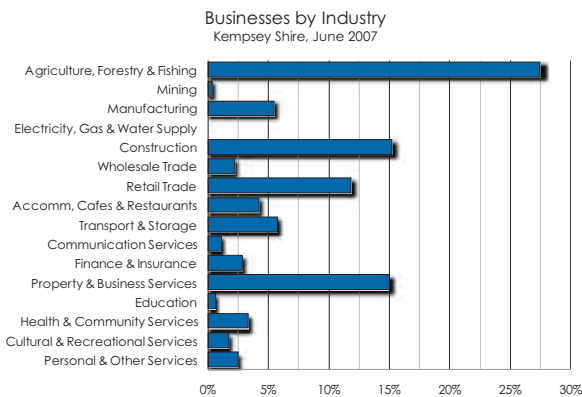
Industry	Level	Kempsey		Mid-North Coast		NSW
		% of total	Ann % chg	Level	Ann % chg	Level
Agriculture	28.0	3.1	10.5	246.4	10.5	4,343
Mining	2.7	0.3	18.7	62.8	18.7	10,785
Manufacturing	88.1	9.9	5.9	896.1	5.9	34,009
Electricity, Gas & Water Supply	24.9	2.8	8.9	414.5	8.9	6,601
Construction	56.2	6.3	14.0	560.0	14.0	24,644
Wholesale Trade	39.0	4.4	12.1	404.2	12.1	15,901
Retail Trade	68.3	7.6	0.1	734.6	0.1	18,124
Accommodation, Cafes & Restaurants	29.3	3.3	2.6	331.9	2.6	7,422
Transport & Storage	33.7	3.8	9.0	343.2	9.0	16,955
Communication Services	17.8	2.0	15.0	146.6	15.0	8,027
Finance & Insurance	34.9	3.9	12.9	499.4	12.9	34,824
Property & Business Services	69.2	7.8	11.4	933.3	11.4	50,650
Government Administration & Defence	45.8	5.1	0.8	464.0	0.8	11,795
Education	60.1	6.7	-2.2	555.4	-2.2	13,894
Health & Community Services	81.5	9.1	8.7	899.7	8.7	20,928
Cultural & Recreational Services	8.9	1.0	6.9	124.1	6.9	5,575
Personal & Other Services	24.2	2.7	6.8	191.9	6.8	6,528
Non Classifiable Industry	8.8	1.0	7.3	71.3	7.3	2,813
Total Industry Income	721.5	80.8	6.9	7,879.5	6.9	291,005
Ownership of Dwellings	76.9	8.6	13.3	839.7	13.3	31,010
GRP at Factor Cost / Total Factor Income (\$m)	798.4	89.5	7.5	8,719.2	7.5	322,015
Taxes less subsidies on production and imports	93.8	10.5	9.3	1,024.4	9.3	37,831
Statistical discrepancy	0.2	0.0		2.6		96
Gross Regional Product (\$m)	892.4	100.0	7.7	9,746.2	7.7	359,942

Note: All values are in current prices.
Source: Lawrence Consulting



BUSINESS NUMBERS

The most recent ABS Australian Business Register indicated there were an estimated 2,400 businesses (i.e. registered for GST and actively trading) in Kempsey Shire in June 2007. Agriculture, Forestry & Fishing is the largest industry in terms of business numbers in Kempsey, accounting for 27.5% of the total number of businesses, followed by the Construction (15.3%), Property & Business Services (15.0%) and Retail Trade (11.9%) sectors.

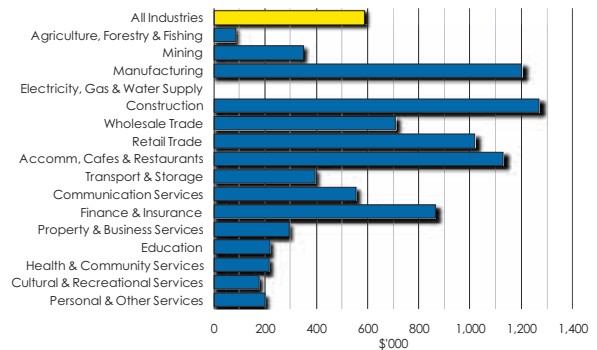


Source: ABS Australian Business Register – June 2007

The estimated total turnover of all industry in Kempsey Shire was \$1.4 billion in 2006/07, with the largest contributions made by the Construction (\$464.5 million), Retail Trade (\$290.7 million), Manufacturing (\$158.7 million) and Accommodation, Cafes & Restaurants (\$115.3 million) sectors.

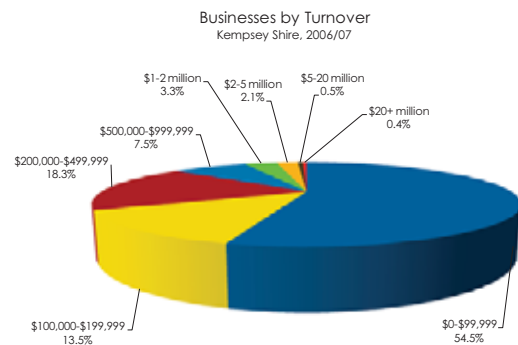
The average turnover of all businesses in Kempsey Shire was approximately \$584,700 in 2006/07, with the Construction sector recording the highest average industry turnover (\$1.3 million), followed by Manufacturing (\$1.2 million), Accommodation, Cafes & Restaurants (\$1.1 million) and Retail Trade (\$1.0 million).

Average Business Turnover
Kempsey Shire, 2006/07



Source: ABS Australian Business Register – June 2007

The largest proportion of businesses recorded annual turnover in the \$0-\$99,999 range (54.5%), followed by the \$200,000-\$499,999 (18.3%) and \$100,000-\$199,999 (13.5%) turnover ranges. Approximately 6.3% of business in Kempsey Shire recorded annual turnover in excess of \$1 million in 2006/07.



Source: ABS Australian Business Register – June 2007

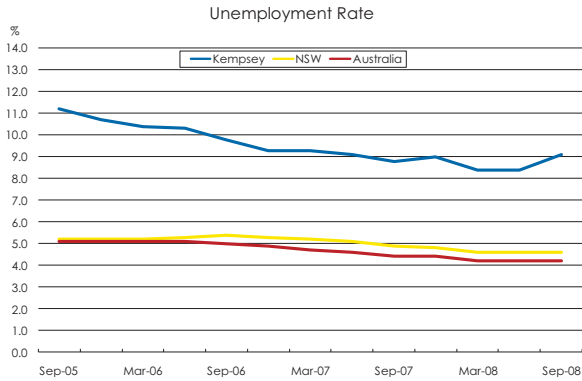
Businesses by Industry, June 2007

Industry	No.	% of total	Total industry turnover (\$m)	% of total	Avg business turnover (\$'000)
Agriculture, Forestry & Fishing	660	27.5	56.9	4.1	86.2
Mining	9	0.4	3.2	0.2	350.0
Manufacturing	132	5.5	158.7	11.3	1,202.3
Electricity, Gas & Water Supply	0	0.0	0.0	0.0	0.0
Construction	366	15.3	464.5	33.1	1,269.2
Wholesale Trade	54	2.3	38.4	2.7	710.4
Retail Trade	285	11.9	290.7	20.7	1,020.0
Accommodation, Cafes & Restaurants	102	4.3	115.3	8.2	1,130.1
Transport & Storage	138	5.8	54.8	3.9	397.0
Communication Services	27	1.1	15.0	1.1	555.6
Finance & Insurance	69	2.9	59.7	4.3	865.2
Property & Business Services	360	15.0	105.8	7.5	293.8
Education	15	0.6	3.3	0.2	220.0
Health & Community Services	81	3.4	17.6	1.3	217.6
Cultural & Recreational Services	42	1.8	7.5	0.5	178.6
Personal & Other Services	60	2.5	12.1	0.9	201.3
Total	2,400	100.0	1,403.3	100.0	584.7

Note: The number of businesses in the Government Administration & Defence industry division was not available for separate publication.
Source: ABS Australian Business Register – June 2007

LABOUR MARKET

The estimated number of employed persons in Kempsey Shire was 10,732 in the September Quarter 2008, representing an annual decrease of 5.7% from the level recorded in the September Quarter 2007. The average annual increase for the past three years, however, was 2.3% or a total of 721 additional employed persons over the period.

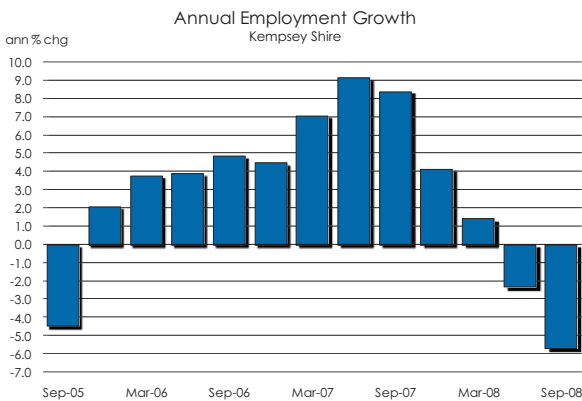


Source: DEWR

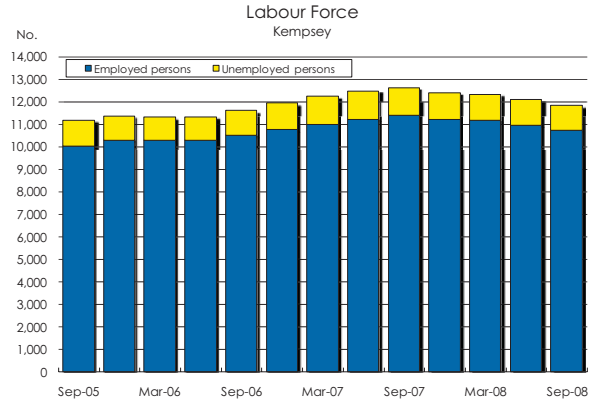
The unemployment rate in Kempsey Shire had a small annual increase of 0.3 percentage points to 9.1% in the September Quarter 2008. This level was, however, 2.1 percentage points lower than the peak of 11.5% recorded in the June Quarter 2005.

Labour Market			
	Level		Ann % chg
	Sep Qtr 2008		
Employed persons (no.)	10,732		-5.7
Unemployed persons (no.)	1,078		-1.4
Unemployment rate (%) ^(a)	9.1		0.3
Labour force (no.)	11,810		-5.3

Note: (a) Unemployment rate changes are percentage point changes.
Source: DEWR



Source: DEWR

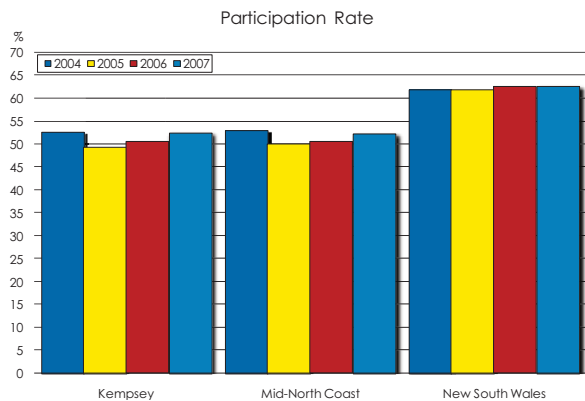


Source: DEWR

The annual decrease in the number of employed persons in Kempsey Shire contributed to a 5.3% decline in the size of the labour force over the year to the September Quarter 2008, to a level of 11,810 persons. The number of unemployed persons increased marginally by 0.3% over the year to the September Quarter 2008.

PARTICIPATION RATE

The participation rate (i.e. the proportion of the resident population aged 15 and over in the labour force) in Kempsey Shire was 52.4% in 2007, which was 1.8 percentage points higher than the rate in 2006. The workforce participation rate in Kempsey Shire in 2007 was higher than the average for the Mid-North Coast SD (50.5%), but lower than the rate for New South Wales (62.5%).



Source: ABS 3218.0, DEWR & Lawrence Consulting

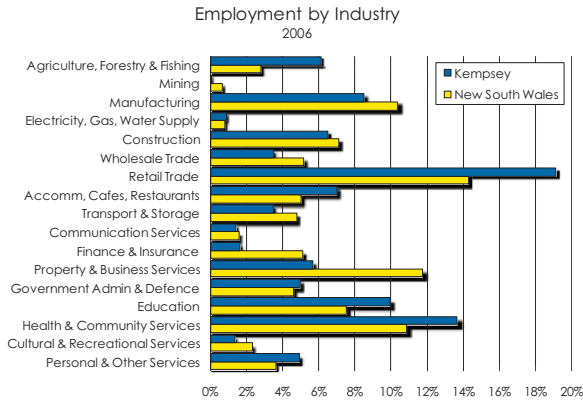
Participation Rate			
	Level 2007	Level 2006	Ann % chg ^(a)
Kempsey	52.4	50.6	1.8
Mid-North Coast	52.2	50.5	1.7
New South Wales	62.6	62.5	0.1

Note: (a) Changes are percentage point changes.
Source: ABS 3218.0, DEWR & Lawrence Consulting



EMPLOYMENT BY INDUSTRY

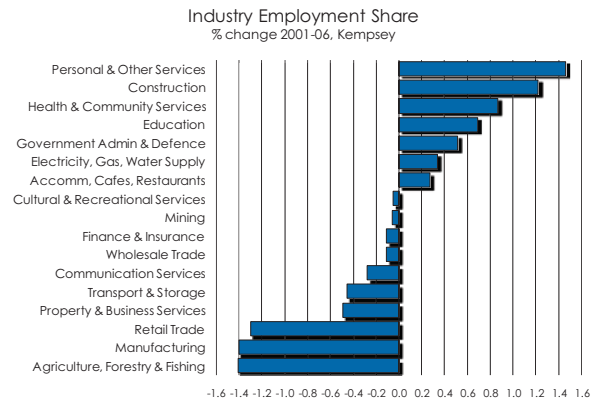
The total working population of Kempsey Shire (i.e. the number of persons whose place of employment is in the region), as at the 2006 Census, was approximately 8,188 persons, which represented an increase of 440 persons since the 2001 Census.



Source: ABS 2006 Census

In 2006, the largest industry employer in Kempsey Shire was the Retail Trade sector with 1,569 persons, or 19.2% of the total workforce. The Health & Community Services (13.7%); Education (10.0%); Manufacturing (8.5%); and Accommodation, Cafes & Restaurants (7.0%) sectors were also significant employers.

Between 2001 and 2006, there was an increase in total industry employment share in the Personal & Other Services (up 1.5 percentage points); Construction (up 1.2 percentage points); Health & Community Services (up 0.9 percentage points); Education (up 0.7 percentage points); Government Administration & Defence (up 0.5 percentage points); Electricity, Gas & Water Supply (up 0.3 percentage points); and Accommodation, Cafes & Restaurants (up 0.3 percentage points) sectors in Kempsey Shire.



Source: ABS 2006 Census

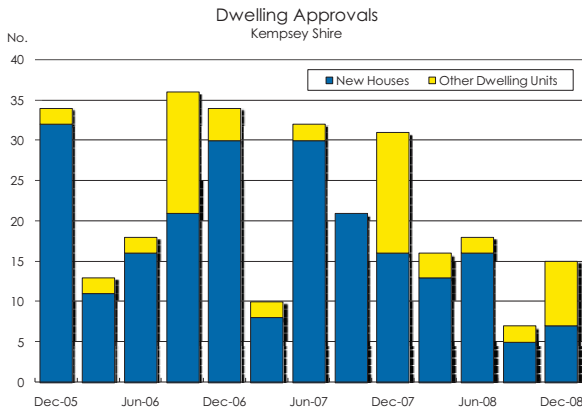
Kempsey Shire has a greater proportion of persons employed in the Agriculture, Forestry & Fishing; Electricity, Gas & Water Supply; Retail Trade; Accommodation, Cafes & Restaurants, Government Administration & Defence; Education; Health & Community Services; and Personal & Other Services sectors than New South Wales.

Industry	Kempsey				New South Wales			
	Total 2006	% of total	Actual chg 2001-06	% chg 2001-06	Total 2006	% of total	Actual chg 2001-06	% chg 2001-06
Agriculture	503	6.1	-82	-1.4	77,469	2.8	-12,781	-0.6
Mining	5	0.1	-4	-0.1	18,924	0.7	4,636	0.1
Manufacturing	697	8.5	-71	-1.4	285,400	10.4	-20,455	-1.3
Electricity, Gas & Water Supply	73	0.9	30	0.3	22,537	0.8	2,456	0.1
Construction	533	6.5	123	1.2	195,698	7.1	17,259	0.3
Wholesale Trade	286	3.5	7	-0.1	142,824	5.2	-6,501	-0.5
Retail Trade	1,569	19.2	-16	-1.3	393,004	14.3	13,157	-0.2
Accommodation, Cafes & Restaurants	574	7.0	52	0.3	138,865	5.1	1,287	-0.2
Transport & Storage	285	3.5	-20	-0.5	131,735	4.8	10,028	0.2
Communication Services	117	1.4	-15	-0.3	44,397	1.6	-8,902	-0.4
Finance & Insurance	136	1.7	-1	-0.1	141,223	5.1	11,458	0.2
Property & Business Services	466	5.7	-13	-0.5	323,224	11.8	-1,246	-0.6
Government Administration & Defence	410	5.0	62	0.5	127,299	4.6	26,362	0.8
Education	815	10.0	97	0.7	207,866	7.6	24,475	0.6
Health & Community Services	1,119	13.7	127	0.9	299,158	10.9	47,081	1.3
Cultural & Recreational Services	113	1.4	2	-0.1	64,609	2.4	-960	-0.1
Personal & Other Services	404	4.9	135	1.5	100,184	3.6	4,691	0.0
Non-Classified Economic Units	54	0.7	24	0.3	29,501	1.1	18,630	0.7
Not stated	29	0.4	3	0.0	4,426	0.2	-10,340	-0.4
Total	8,188	100.0	440	0.0	2,748,343	100.0	120,335	0.0

Source: ABS 2006 Census

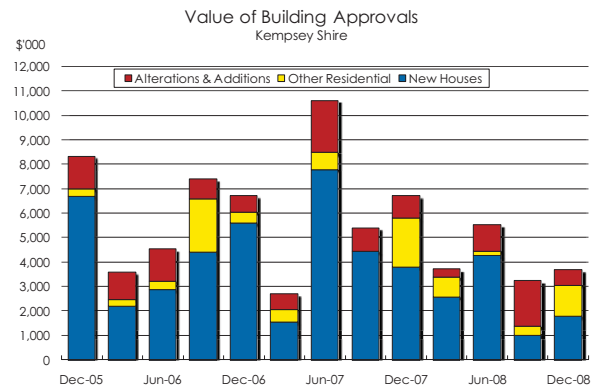
DWELLING APPROVALS

The number of dwellings approved in Kempsey Shire was 56 in the year to the December Quarter 2008, a decrease of 40.4% from the level recorded in the year to the December Quarter 2007. The number of dwelling approvals across the Mid-North Coast SD also fell annually by 12.0%.



Source: ABS 8731.1

The total value of residential buildings approved in Kempsey Shire was \$16.2 million in the year to the December Quarter 2008, a decrease of 37.3% from the level recorded in the year to the December Quarter 2007.



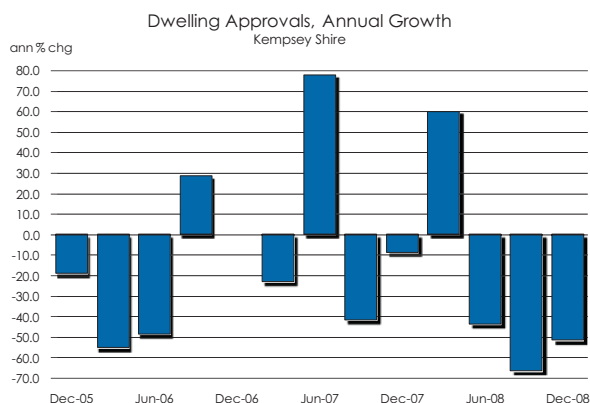
Source: ABS 8731.1

Building Approvals

	Kempsey		Mid-North Coast	
	Level Yr to Dec Qtr 2008	Ann % chg	Level Yr to Dec Qtr 2008	Ann % chg
Number				
Dwellings:	56	-40.4	1,410	-12.0
New houses	41	-45.3	1,048	-4.5
Other dwellings	15	-21.1	362	-28.3
Value (\$'000)				
Dwellings:	16,221	-37.3	366,366	-5.3
New houses	9,643	-45.2	242,052	-0.8
Other dwellings	2,598	-18.8	77,369	-10.6
Alts & adds	3,969	-15.0	46,945	-16.6
Non-dwelling	25,426	181.0	189,050	-27.4
Total building	41,647	19.3	555,415	-14.2

Source: ABS 8731.1

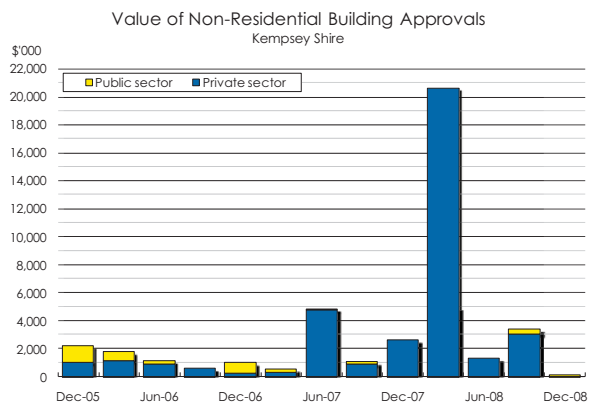
The number of new houses and other residential approvals (i.e. flats / units) in Kempsey Shire decreased by 45.3% and 21.1%, respectively, in the year to the December Quarter 2008.



Source: ABS 8731.1

CONSTRUCTION

The value of non-residential building approvals in Kempsey Shire increased annually by 181.0% to \$25.0 million in the year to the December Quarter 2008. By comparison, the value of non-residential building approvals in the Mid-North Coast SD decreased by 27.4% over the same period.



Source: ABS 8731.1

Of the total value of non-residential approvals, private sector approvals contributed \$25.0 million (or 96.7%) in the year to the December Quarter 2008, whilst public sector approvals contributed 3.3%.

Non-Residential Building Approvals

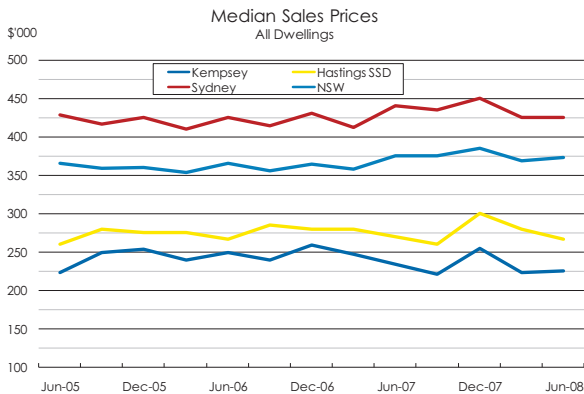
Sector type	Kempsey		Mid-North Coast	
	Level Yr to Dec Qtr 2008	Ann % chg	Level Yr to Dec Qtr 2008	Ann % chg
Private sector	24,951	191.0	177,705	-10.7
Public sector	475	0.6	11,346	-81.5
Total	25,426	181.0	189,050	-27.4

Source: ABS 8731.1



MEDIAN SALES PRICES

The median sales price for all dwellings in Kempsey Shire was \$225,000 in the June Quarter 2008, representing a decrease of 3.9% over the level recorded in the June Quarter 2007 (\$234,000).



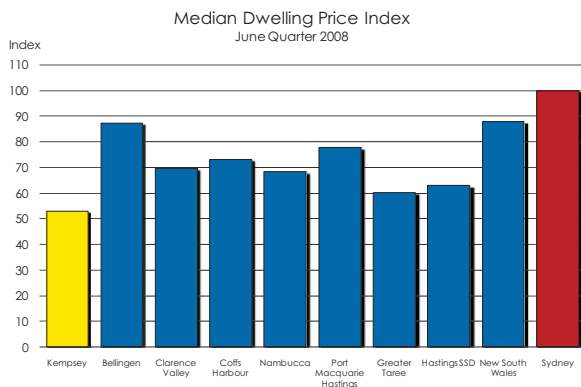
Source: NSW Department of Housing

The median sales price for all dwellings in Kempsey Shire in the June Quarter 2008 was below the averages for the Hastings Statistical Subdivision (\$267,000), Sydney Region (\$425,000) and New South Wales (\$373,000).

Median Sale Prices, All Dwellings			
	Level (\$) Jun Qtr 2008	Qtrly % chg	Ann % chg
Kempsey	225,000	0.9	-3.9
Hastings SSD	267,000	-4.6	-1.1
Sydney Region	425,000	0.0	-3.4
New South Wales	373,000	1.4	-0.5

Source: NSW Department of Housing

The median dwelling price index for Kempsey Shire in the June Quarter 2008 was 52.9 when compared to Sydney (index of 100), lower than the index values for the Hastings (62.8) and New South Wales (87.8).

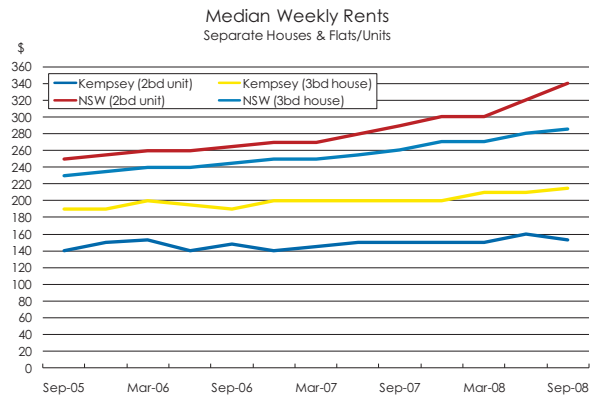


Note: Sydney = 100

Source: NSW Department of Housing, Lawrence Consulting

MEDIAN WEEKLY RENTS

Median weekly rents for three bedroom separate houses and two bedroom flats / units in Kempsey Shire increased by 7.5% and 1.7%, respectively, over the year to the September Quarter 2008.



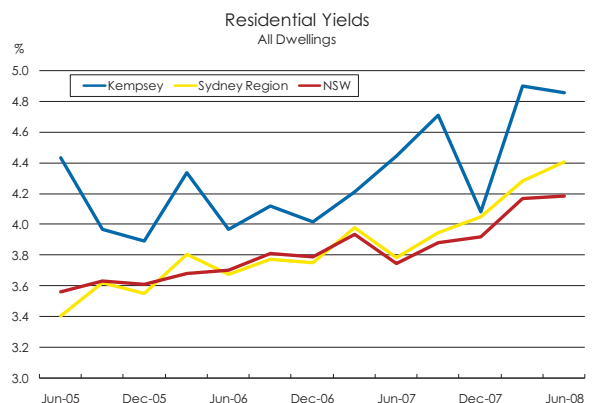
Source: NSW Department of Housing

	Kempsey		New South Wales	
	Level (\$) Sep Qtr 2008	Ann% change	Level (\$) Sep Qtr 2008	Ann% change
All Dwellings				
One bedroom	123	n.a.	310	10.7
Two bedroom	165	0.0	320	14.3
Three bedroom	210	5.0	310	10.7
Four+ bedroom	270	n.a.	400	14.3
Separate Houses				
Two bedroom	180	0.0	245	11.4
Three bedroom	215	7.5	285	9.6
Flats and Units				
One bedroom	n.a.	n.a.	330	11.9
Two bedroom	153	1.7	340	17.2

Source: NSW Department of Housing

Rental Yields

The rental yield in Kempsey Shire was 4.9% in the June Quarter 2008, which was higher than the averages for the Sydney Region (4.4%) and New South Wales (4.2%).



Source: NSW Department of Housing, Lawrence Consulting



AKUBRA HATS

In 1874 Benjamin Dunkerley arrived in Tasmania from England and decided to start a hat making business in Hobart. His skills as a hatter were backed by his ability to invent machinery, and soon after his arrival he had developed a mechanical method of removing the hair tip from rabbit fur so the under-fur could be used in felt hat making. Previously this task had to be done by hand.

In the 1880's Dunkerley moved the business to Crown Street, Surry Hills, an inner suburb of Sydney, setting up a small hat making factory.

In 1902 Stephen Keir I, who had also migrated from England, joined Dunkerley. Keir had hat making experience from England, and was seen as a valuable acquisition for the business. In 1905 he married Ada Dunkerley, Benjamin's daughter and soon after was made General Manager. Since that time the hat making firm has been in the hands of succeeding generations of the Keir family. In 1911, the business became Dunkerley Hat Mills Ltd, and had a mere nineteen employees.

The trade name "Akubra" came into use in 1912. The increasing popularity resulted in the move to larger premises in Bourke Street, Waterloo and expanded production, especially of Slouch hats during World War I. Soon after all hats were branded Akubra. When Dunkerley died in 1925, ownership of the business transferred to Stephen Keir I. The business continued to flourish and when Stephen Keir retired in 1952 he was succeeded as Managing Director by his eldest son, Herbert. His second son, Stephen Keir II, served as General Manager and became Managing Director in 1972. His son, Stephen Keir III, became Managing Director in 1980. Another son, Graham, joined the firm in 1972, first as sales representative for Northern NSW and later as National Sales Manager. Unfortunately, Graham died prematurely in 1987. The fifth generation of the Keir family continues the succession, and Stephen Keir IV, son of Stephen Keir III, was appointed Managing Director in 2008.

Akubra Hats relocated to Kempsey in 1974, principally because the cost of real estate in Sydney was becoming too expensive. At this time the management of Akubra needed to find a location that was close to a main railway line, have air access and be on a main road. Kempsey also had a large pool of people available for employment along with a pleasant climate and was a short distance from some beautiful beaches. The Department of Decentralisation was approached for advice and Akubra received state government assistance to encourage it to relocate. Akubra currently has 2 plants on a 2.4 Hectare site.



www.akubra.com.au

NESTLE AUSTRALIA LTD

Nestlé's quality products have been available in Australia and New Zealand since the 1880s and today, Nestlé Oceania spans Australia, New Zealand and the Pacific Islands, with 5,700 employees, 20 factories and four distribution centres, owned and operated by the company. Nestlé Oceania, a wholly owned subsidiary of Swiss-based Nestlé S.A., has its regional head office in Sydney. However, the company's production is spread out, providing employment in manufacturing and distribution across all of Oceania and boosting the economies of regional communities.

Australian manufacturing stretches from Gympie in Queensland, through New South Wales and down to Western Victoria. This is where some of our famous products are made:

Victoria

- Echuca – yogurt
- Tongala – liquid milks
- Mulgrave (Melbourne) – PETERS ice cream
- Pakenham (Melbourne) – frozen foods like LEAN CUISINE
- Brunswick (Melbourne) – CDS Gourmet Foods
- Campbellfield (Melbourne) – chocolates such as KIT KAT
- Broadford – ALLEN'S lollies
- Wahgunyah – UNCLE TOBYS
- Notting Hill (Melbourne) – MUSASHI

New South Wales

- Blacktown – lozenges like Butter Menthols
- Smithtown – MILO
- Blayney and Inverell – PURINA pet food

Queensland

- Carole Park (Brisbane) – CHALET PATISSERIE cakes
- Gympie – NESCAFÉ BLEND 43

Nestlé Australia Limited acquired its Smithtown factory in 1921 and created the iconic MILO brand in 1934. The factory also manufactures NESQUIK, MALTED MILK and malt extract. It produces 14,000 tonnes of MILO per annum and employs approximately 140 local employees to work across production, logistics, quality, safety, product applications, finance and human resources. In 2003, Nestlé established a Community Environment Program at Smithtown. One of their recent projects includes extensive riverbank restoration there.



www.nestle.com.au



AUSTRALIAN SOLAR TIMBERS

Family owned since 1919 Australian Solar Timbers (AST) as it is now known has operated continuously in the NSW hardwood industry, which over the decades has seen it pioneer, innovate and adapt to today emerge as the nations most modern, innovative and environmentally sound hardwood flooring manufacturer.

Australian Solar Timbers roots started as an idea in the trenches of Gallipoli where two ANZAC soldiers, Stan Ball and Douglas Oakley dreamt about opening a sawmill on their return to Australia. The dream did in fact come true. In 1919, after their eventual safe return the two men established a sawmill on the NSW north coast where over the next twenty years they established a succession of small sawmills, which concentrated on cutting brushwood timbers.

A significant shift in production came in 1940 when in response to a government request for large amounts of plywood veneer for the war effort production relocated from Comboyne to Wauchope. Despite burning down during its construction the mill was still operational in 1940. Rapidly and successfully the focus of the mill had changed from sawing timber to veneer production, a skill, which endured over two generations until 1991.

Our commitment to the environment started many years ago, with the efficiency veneer production gave in maximizing use of the timber resource. This commitment gained a renewed focus with the relocation to Kempsey in 1991 – returning to sawing and processing eucalypt hardwoods through environmentally sound production techniques, pioneering natural greenhouse friendly solar kiln drying and developing products that achieve maximum utilization of the harvested renewable resource.

Today, we remain as innovative as ever. Perhaps the most significant innovation has been the introduction of greenhouse friendly solar drying kilns in 1994. We pioneered the use of these kilns and are now recognised as the leading solar kiln dried hardwood timber producer in the world.

Australian Solar Timbers currently employs over 90 people in regional Australia and remains proudly Australian owned. Many of our employees have been with the company for years and have been instrumental in shaping AST into the industry pioneers we are today.

Our products undergo strict, independent auditing to achieve certification through the Australian Timber Industry Certification (ATIC) scheme. Indeed AST has twice in the past four years been awarded ATIC recognition as being the best quality producer in NSW, a fact of which we are very proud as it confirms our efforts to be the best at what we do.



www.astfloors.com.au

MACLEAY REGIONAL COOPERATIVE

The MACLEAY REGIONAL CO-OPERATIVE LTD (MRCL) was incorporated on 19 October 1905, as the Macleay River Co-operative Dairying Company Limited. The Co-operative is now a retail Co-operative wholly owned and operated by Macleay Valley shareholders, who each hold an equitable and common interest in the Kempsey Supa IGA Supermarket, the Kempsey Centrepoint Arcade and the 5 Star Fitness Centre. These properties represent assets that the Co-operative has developed successfully over its 103 year history.

Since the early days many residents of the valley have been employed in various Co-operative enterprises that included the manufacturing of cheese, ice creams, yoghurts and flavoured milk. Over time the Co-operative moved towards retail and operated outlets such as a general store, ladies and men's store, music shop, Darrell Lea shop and Supermarket in the Co-operative Centrepoint Arcade. The association with IGA began in 1990 and today the Co-operative successfully operates the Kempsey Supa IGA Supermarket.

The Co-operative supports and sponsors many community local projects, including – major sponsor of the Kempsey Shire Council Medical Scholarships for local students; the Kempsey West Rotary Club; the Macleay Valley Mustangs Ball boys; the Macleay Valley Vocational College; the Kempsey Science Challenge, (a partnership between 3 Valleys – Macleay, Hastings and Nambucca schools, the Kempsey Shire Council, the Newcastle University, the Rotary Club of Kempsey West, Coastline Credit Union and other sponsors); and also many more one off donations and vouchers to local worthy causes including Schools, Age Care Facilities, Sporting groups and needed citizens.

The Co-operative has also contributed to the local community through the IGA Community Chest program. The 2008/2009 Community Chest year the Co-operative presented cheques, in excess of \$5,000 to Macleay Options and Macleay Valley Aspergers Autism Support Group. Both organisations very thankful for the generous donation. This year, 2009/2010 the recipients will be Parklands Cottage Inc Kempsey and Kempsey District Hospital

This year the Co-operative and the Kempsey IGA Supermarket help to raise a total of \$50,000 towards the NRMA Careflight Helicopter in partnership with other regional IGA Stores.

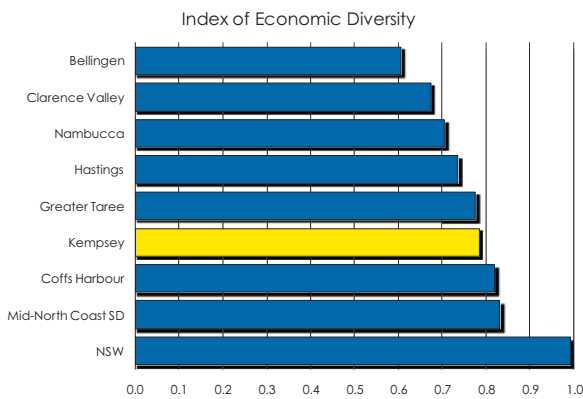
The Co-operative has stood the test of time due to the continued support and loyalty from the shareholders, employees, customers and local community partners. The Kempsey Supa IGA Supermarket and other Co-operative businesses will continue on the tradition of "excellent service", the Co-operative has provided over the past 103 years.



ECONOMIC DIVERSITY

The Index of Economic Diversity measures economic or industrial diversity within a region by determining the degree to which the region's industry mix differs from that of the national economy. When the index value is close to one, the industrial profile of a region mirrors that of the national economy and is considered more diverse.

The index value for Kempsey Shire when compared to the national economy is 0.784, which ranks second of the LGAs comprising the Mid-North Coast region, behind Coffs Harbour (0.819). By comparison, the index values for New South Wales and the Mid-North Coast are 0.975 and 0.852, respectively.



Source: Lawrence Consulting

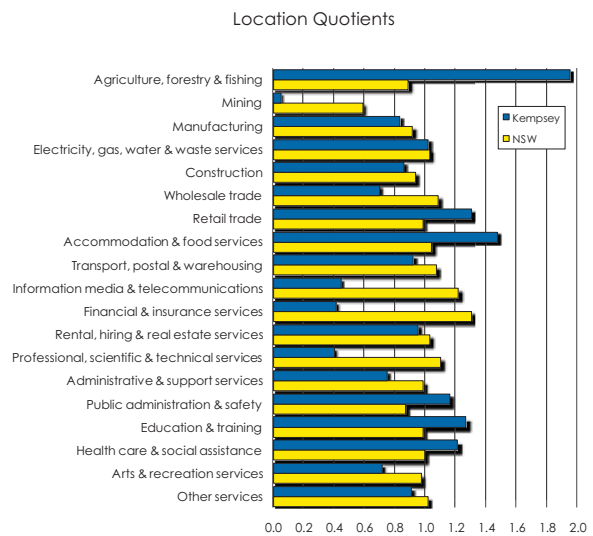
When the index is calculated using the New South Wales economy as the comparative benchmark, Kempsey Shire has an index value of 0.756, which is again the second highest average of the LGAs comprising the Mid-North Coast region, behind Coffs Harbour (0.804). The index value for the Mid-North Coast region when compared with the State is 0.804.

LGA	Diversity Index (Australia)	Rank	Diversity Index (New South Wales)	Rank
Kempsey	0.784	2	0.756	2
Bellingen	0.606	7	0.574	7
Clarence Valley	0.674	6	0.626	6
Coffs Harbour	0.819	1	0.804	1
Greater Taree	0.776	3	0.695	4
Hastings	0.736	4	0.733	3
Nambucca	0.705	5	0.663	5
Mid-North Coast SD	0.831		0.804	
NSW	0.992		-	

Source: Lawrence Consulting

LOCATION QUOTIENTS

Kempsey Shire has a greater industry concentration (i.e. location quotient greater than 1) than the national economy – and therefore has net exports from the region – in the Agriculture, Forestry & Fishing (1.95), Accommodation & Food Services (1.48), Retail Trade (1.30), Education & Training (1.27), Health Care & Social Assistance (1.21), Public Administration & Safety (1.16) and Electricity, Gas, Water & Waste Services (1.02) sectors.



Source: ABS 2006 Census, Lawrence Consulting

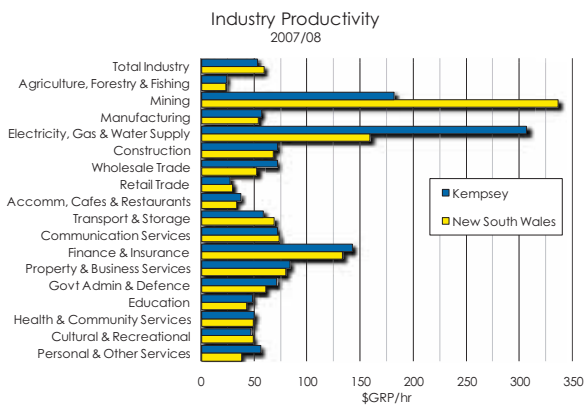
Industry	Kempsey	New South Wales
Agriculture, forestry & fishing	1.9537	0.8896
Mining	0.0521	0.5903
Manufacturing	0.8342	0.9161
Electricity, gas, water & waste services	1.0201	1.0278
Construction	0.8583	0.9355
Wholesale trade	0.6978	1.0851
Retail trade	1.3047	0.9845
Accommodation & food services	1.4757	1.0435
Transport, postal & warehousing	0.9221	1.0728
Information media & telecommunications	0.4469	1.2168
Financial & insurance services	0.4141	1.3065
Rental, hiring & real estate services	0.9530	1.0298
Professional, scientific & technical services	0.4029	1.1012
Administrative & support services	0.7485	0.9883
Public administration & safety	1.1599	0.8728
Education & training	1.2683	0.9861
Health care & social assistance	1.2127	0.9967
Arts & recreation services	0.7145	0.9735
Other services	0.9072	1.0173
Total	1.0000	1.0000

Source: ABS 2006 Census, Lawrence Consulting

PRODUCTIVITY

Productivity is a key component of economic growth and is a measure of the efficiency of production within a region. Dividing the GRP of a region by total hours worked will measure the labour productivity within that region, i.e. the average amount of output produced by an hour worked by a person within that region.

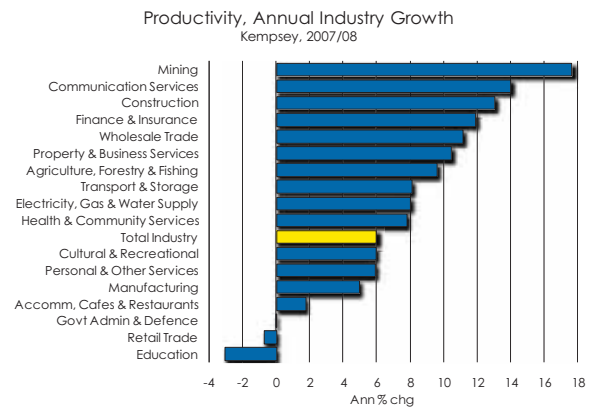
Kempsey Shire recorded total industry productivity (or industry value added per hour worked) of \$53.00 in 2007/08, which represented an increase of 5.9% from the average productivity for 2006/07 (\$50.03). Kempsey recorded a slightly lower total industry productivity average than New South Wales (\$58.90) in 2007/08, although the annual increase in productivity was higher than the State.



Source: Lawrence Consulting

The Electricity, Gas & Water Supply sector recorded the highest industry productivity level (\$306.28) in Kempsey Shire in 2007/08, followed by Mining (\$181.56), Finance & Insurance (\$141.99) and Property & Business Services (\$83.40).

The Mining sector recorded the highest industry productivity growth rate of 17.6% in 2007/08, followed by Communication Services (up 14.0%), Construction (up 13.0%) and Finance & Insurance (11.9%).



Source: Lawrence Consulting

Kempsey Shire recorded higher industry productivity in the Agriculture, Forestry & Fishing; Manufacturing; Electricity, Gas & Water Supply; Construction; Wholesale Trade; Accommodation, Cafes & Restaurants; Finance & Insurance; Property & Business Services; Government Administration & Defence; Education; Health & Community Services; and Personal & Other Services sectors than New South Wales in 2007/08.

Industry	Productivity (\$value added/hr)			New South Wales		
	Level 2007/08	Kempsey Level 2006/07	Ann % chg	Level 2007/08	Level 2006/07	Ann % chg
Agriculture, Forestry & Fishing	23.96	21.87	9.6	22.91	22.42	2.2
Mining	181.56	154.34	17.6	335.81	304.17	10.4
Manufacturing	56.48	53.82	5.0	53.85	51.23	5.1
Electricity, Gas & Water Supply	306.28	283.60	8.0	159.22	147.53	7.9
Construction	71.52	63.28	13.0	67.85	61.72	9.9
Wholesale Trade	71.42	64.28	11.1	51.79	51.97	-0.3
Retail Trade	26.82	27.02	-0.7	29.15	27.43	6.3
Accommodation, Cafes & Restaurants	37.28	36.64	1.7	33.08	32.87	0.6
Transport & Storage	58.63	54.25	8.1	68.90	57.96	18.9
Communication Services	71.50	62.73	14.0	73.50	74.47	-1.3
Finance & Insurance	141.99	126.91	11.9	133.35	126.00	5.8
Property & Business Services	83.40	75.51	10.4	79.70	75.60	5.4
Government Administration & Defence	71.34	71.38	0.0	60.50	59.87	1.0
Education	48.24	49.76	-3.1	42.80	43.05	-0.6
Health & Community Services	50.09	46.48	7.8	48.93	45.80	6.8
Cultural & Recreational Services	46.99	44.36	5.9	49.07	49.16	-0.2
Personal & Other Services	55.97	52.85	5.9	37.76	34.77	8.6
Total Industry	53.00	50.03	5.9	58.90	55.75	5.6

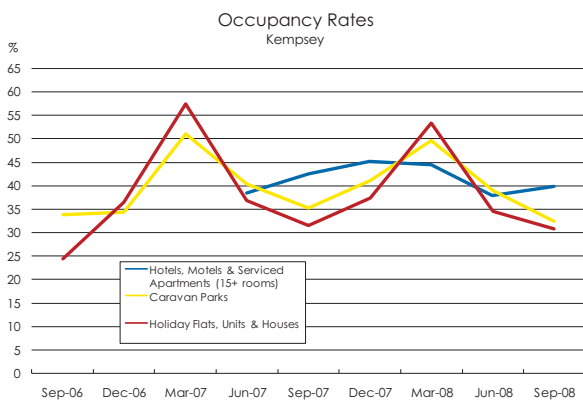
Note: All values are in current prices.
Source: Lawrence Consulting



TOURIST ACCOMMODATION

The room occupancy rate for all hotels, motels & serviced apartments with 5 or more rooms in Kempsey Shire was 39.8% in the September Quarter 2008, which represented a decrease of 2.6 percentage points from the occupancy rate recorded in the September Quarter 2007 (42.4%).

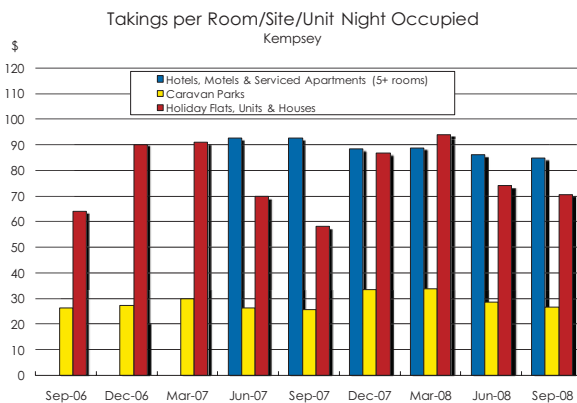
By comparison, the unit occupancy rate for holiday flats, units & houses in Kempsey Shire experienced an annual decrease of 0.7 percentage points to 30.8% in the September Quarter 2008, whilst the site occupancy rate for caravan parks fell by 2.8 percentage points to 32.4%.



Source: ABS Survey of Tourist Accommodation

The average length of stay in Kempsey Shire in the September Quarter 2008 was 1.4 nights in hotels, motels & serviced apartments and 8.4 nights in holiday flats, units & houses. The average length of stay in the North Coast Tourism Region were 1.9 nights hotels, motels & serviced apartments and 5.0 nights in holiday flats, units & houses.

There was a small annual decrease of 2.4% in total takings from accommodation in Kempsey Shire in the September Quarter 2008 (\$3.4 million) from the level recorded in the September Quarter 2007 (\$3.5 million).



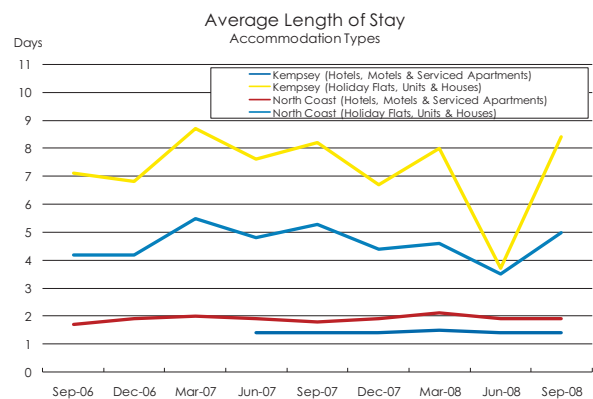
Source: ABS Survey of Tourist Accommodation

Key tourism supply indicators largely consolidated in the September Quarter 2008 when compared to the previous twelve months, with no change to the number of hotels, motels & serviced apartments and caravan parks, but an increase in the number of holiday flats, units & houses (up 1.1%).

Tourism capacity in the region fluctuated, with growth in the number of bed spaces available in hotels, motels & serviced apartments (up 1.3%) offset by small declines in the number of bed spaces in holiday flats, units & houses (down 5.4%) and the total capacity of caravan parks (down 0.7%).

Tourist Accommodation				
	Kempsey		North Coast TR	
	Level	Ann	Level	Ann
	Sep Qtr	% chg	Sep Qtr	% chg
	2008		2008	
Hotels, Motels & Serviced Apartments (15+ rooms)				
Establishments	18	0.0	252	2.0
Guest Rooms	406	1.5	7,054	11.1
Bed Spaces	1,176	1.3	21,466	6.8
Employment	120	-10.4	2,699	-0.1
Room occupancy (%)	39.8	-2.6	47.3	-2.0
Guest arrivals	19,045	-6.7	334,050	3.0
Average stay (nights)	1.4	0.0	1.9	5.6
Takings from accomm (\$'000)	1,259	-12.8	35,952	14.3
Takings per room night occupied (\$)	84.64	-8.6	117.38	7.6
Caravan Parks				
Establishments	10	0.0	104	-1.9
Total Capacity	1,516	-0.7	16,183	-1.6
Employment	67	0.0	806	0.2
Site occupancy (%)	32.4	-2.8	53.6	-0.7
Takings from accomm (\$'000)	1,201	-4.5	17,009	4.1
Takings per site night occupied (\$)	26.59	4.6	21.30	7.2
Holiday Flats, Units & Houses				
Establishments	471	1.1	3,409	-7.5
Bed Spaces	2,370	-5.4	18,741	-8.3
Unit occupancy (%)	30.8	-0.7	32.1	1.1
Average stay (nights)	8.4	2.4	5.0	-5.7
Takings from accomm (\$'000)	941	20.1	9,301	5.1
Takings per unit night occupied (\$)	70.51	21.6	92.59	9.1

Source: ABS Survey of Tourist Accommodation

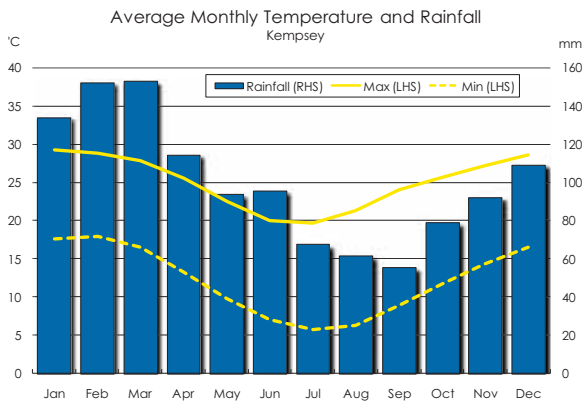


Source: ABS Survey of Tourist Accommodation



CLIMATE

The average mean maximum temperature for Kempsey ranges from 19.7°C in July to 29.2°C in January, whilst the mean minimum temperature ranges from 5.7°C in July to 17.9°C in February. Average annual rainfall in Kempsey is 1,205.9mm, with March typically being the wettest month (152.7mm).



Source: Bureau of Meteorology

RETAIL SPENDING

Average retail expenditure per capita in Kempsey Shire was approximately \$6,946 in 2007, whilst total annual retail expenditure in Kempsey Shire in 2007 was estimated at \$203.5 million.

	Kempsey Shire	New South Wales
Avg wkly household income (\$)	898.28	1,338.03
Ann household retail exp (\$)	19,764	29,440
Avg retail exp per capita (\$)	6,946	10,039
Total retail expenditure (\$m)	203.5	69,769.9

Source: ABS 2003/2004 Household Expenditure Survey, ABS 2006 Census and Lawrence Consulting

TRANSPORT

Average Daily Traffic

Daily traffic on the Pacific Highway south of Angus McNeil Crescent averaged 20,556 vehicles in 2004, representing an average annual increase of 7.0% higher from the level of 16,799 vehicles recorded in 2001.

	2004	2001	Avg ann % chg
Pacific Highway, south of Angus McNeil Cres	20,556	16,799	7.0
Smith St, south of First Lane	16,202	13,225	7.0
Elbow St, east of River St	6,011	7,239	-6.0

Source: Roads and Traffic Authority

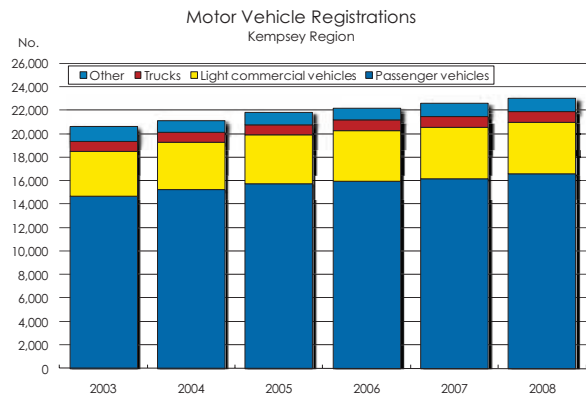
Motor Vehicle Registrations

There were 23,093 registered motor vehicles in the Kempsey region as at 31 March 2008, an increase of 468 vehicles, or 2.1% from the total recorded as at 31 March 2007.

	Level 2008	Ann % chg
Passenger vehicles	16,582	2.2
Light commercial vehicles	4,418	0.8
Trucks	893	1.6
Other	1,200	5.3
Total	23,093	2.1

Note: Includes vehicles in all postcodes contained within Kempsey Shire, i.e. 2431, 2440 & 2441.

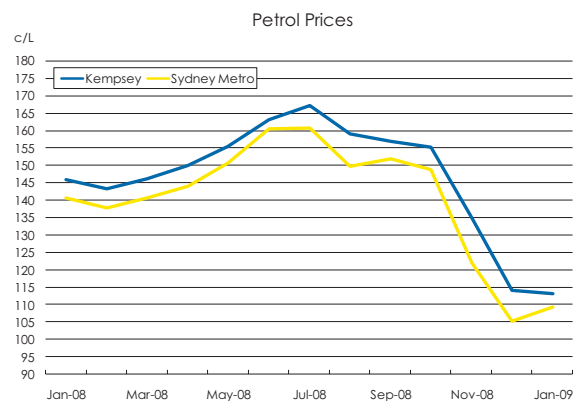
Source: ABS Motor Vehicle Census, 31 March 2008



Source: ABS Motor Vehicle Census, 31 March 2006

PETROL PRICES

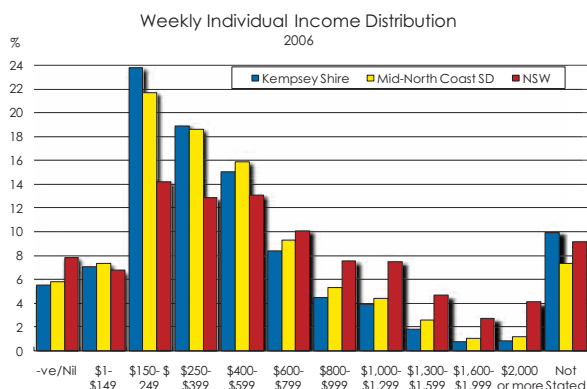
The average price of petrol in Kempsey during January 2009 was 113.2c/L, which was slightly higher than the Sydney Metropolitan price of 109.2c/L. The average petrol price in Kempsey decreased by 22.4% over the year to January 2009.



Source: FuelTrac

WEEKLY INCOME

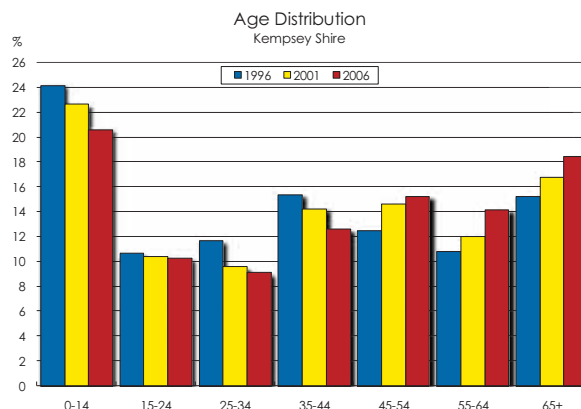
The average individual weekly income for Kempsey Shire in 2006 was \$427.05 per week, below the averages for the Mid-North Coast SD (\$460.13) and New South Wales (\$621.80). By comparison, the average household weekly income for Kempsey Shire was \$797.85, whilst the average family weekly income was \$920.12.



Source: ABS 2006 Census

AGE DISTRIBUTION

The average age of residents in Kempsey Shire was 40.3 years in 2006, which was younger than the average for the Mid-North Coast region (41.4 years), but lower than the figure for New South Wales (37.5 years). The average age in Kempsey Shire increased by 1.8 years between 2001 and 2006.



Source: ABS 2006 Census

Key Demographic Indicators, 2006 Census

	Kempsey Shire		Mid-North Coast SD		New South Wales	
	No.	% of total	No.	% of total	No.	% of total
Person Characteristics						
Total persons (excluding overseas visitors)	27,387	-	284,676	-	6,549,177	-
Males	13,783	50.3	139,226	48.9	3,228,451	49.3
Females	13,604	49.7	145,450	51.1	3,320,726	50.7
Average age	40.3	-	41.4	-	37.5	-
Selected Characteristics						
Australian citizenship	24,613	89.9	260,766	91.6	5,615,961	85.8
Persons born overseas	1,897	6.9	26,389	9.3	1,555,841	23.8
Overseas visitors	48	0.2	1,186	0.4	57,045	0.9
Country of Birth – Australia	23,669	86.4	241,869	85.0	4,521,152	69.0
Language spoken at home – English only	25,281	92.3	266,053	93.5	4,846,672	74.0
Income (Population aged 15 years and over):						
Average individual income (\$/weekly)	427.05	-	460.13	-	621.80	-
Average household income (\$/weekly)	797.85	-	859.50	-	1246.81	-
Average family income (\$/weekly)	920.12	-	994.27	-	1410.93	-
Family Characteristics						
Total families	7,451	-	78,989	-	1,716,220	-
Couple families with children	2,565	34.4	28,388	35.9	792,685	46.2
Couple families without children	3,191	42.8	35,546	45.0	618,583	36.0
One parent families	1,586	21.3	14,200	18.0	275,799	16.1
Other families	109	1.5	855	1.1	29,153	1.7
Dwelling Characteristics						
Total private dwellings (includes unoccupied private dwellings)	12,918	-	130,901	-	2,728,719	-
Occupied private dwellings:	11,033	-	115,740	-	2,470,451	-
Fully owned	4,697	42.6	48,407	41.8	820,540	33.2
Being purchased	2,771	25.1	29,933	25.9	745,336	30.2
Rented	2,831	25.7	30,048	26.0	700,654	28.4
Other tenure type	71	0.6	1,383	1.2	20,070	0.8
Not stated	665	6.0	5,970	5.2	183,850	7.4

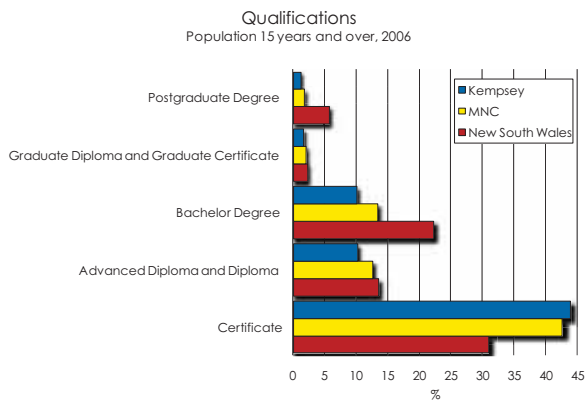
Source: ABS 2006 Census



QUALIFICATIONS

In 2006, 46.6% of persons 15 years and over in Kempsey Shire had attained some form of qualification, lower than the averages for the Mid-North Coast SD (48.8%) and New South Wales (54.5%). The most common form of qualification in Kempsey Shire was a certificate, with 43.8% of the total population having attained a qualification, higher than the proportion for the Mid-North Coast region (42.6%) and the State (30.9%).

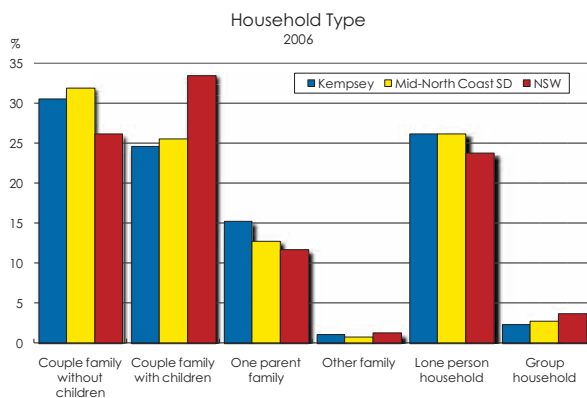
The proportion of the population of Kempsey Shire having attained a qualification who held a bachelor degree or higher was 12.9%, lower than the averages for the Mid-North Coast SD (17.3%) and New South Wales (30.2%).



Source: ABS 2006 Census

HOUSEHOLD TYPE

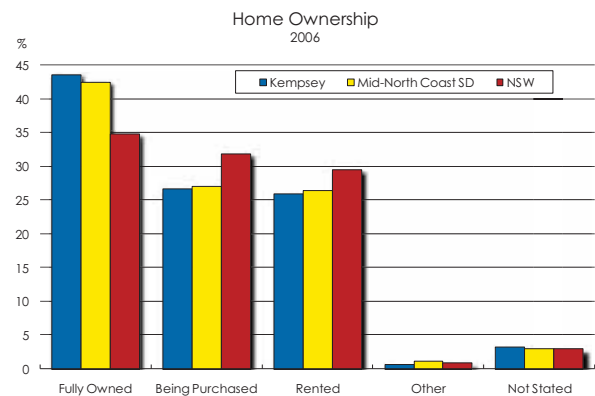
The most common household type in Kempsey Shire in 2006 was Couple family without children, representing 30.6% of all households, followed by Lone person (26.2%) and Couple family with children (24.6%) households. Kempsey Shire had a higher proportion of family households (71.5%) than the Mid-North Coast SD (71.1%), but marginally less than New South Wales (72.5%).



Source: ABS 2006 Census

HOME OWNERSHIP

In 2006, 43.6% of all dwellings in Kempsey Shire were fully owned, higher than the averages for both the Mid-North Coast region (42.5%) and New South Wales (34.8%). A further 26.6% of dwellings in Kempsey Shire were being purchased in 2006, whilst 25.9% were being rented, lower proportions than those recorded in the Mid-North Coast SD and New South Wales.

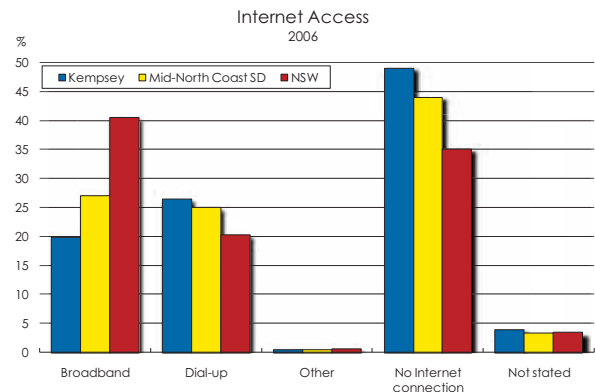


Source: ABS 2006 Census

INTERNET ACCESS

At the 2006 Census, 46.9% of households in Kempsey Shire indicated they had access to the Internet, which was lower than the proportion of dwellings connected in the Mid-North Coast SD and New South Wales (52.6% and 61.5%, respectively). Dial-up access was the most common type of Internet connection, with 26.5% of households in Kempsey Shire indicating this connection type, followed by Broadband access (19.9%).

Approximately 49.1% of households had no Internet connection in 2006, higher than the averages for the Mid-North Coast region (44.0%) and New South Wales (35.1%).



Source: ABS 2006 Census

Summary of Economic Indicators

Key Economic Indicators

	Period	Level	Level – 12 mths ago	Change	Annual % change
Population					
Estimated Resident Population	2007	28,660	28,474	+186	0.7%
Projected Population	2031	41,363	n.a.	+12,703	1.5%
Employment					
Employed persons (no.)	Sep Qtr 2008	10,732	11,380	-648	-5.7%
Unemployment rate (%) ^(a)	Sep Qtr 2008	9.1	8.8	+0.3	0.3%
Labour force (persons)	Sep Qtr 2008	11,810	12,473	-663	-5.3%
Participation rate (%) ^(a)	2007	52.4	50.6	+1.8	1.8%
Business Investment					
Gross Regional Product (\$m)	2007/08	892.4	828.7	+63.7	7.7%
Productivity (\$GRP/hr)	2007/08	53.0	50.0	+3.0	5.9%
Number of businesses	Jun 2007	2,400	n.a.	n.a.	n.a.
Total industry turnover (\$m)	2006/07	1,403.3	n.a.	n.a.	n.a.
Average business turnover (\$'000)	2006/07	584.7	n.a.	n.a.	n.a.
Value of non-dwelling approvals / construction (\$'000)	Yr to Dec Qtr 2008	25,426.0	9,047.3	+16,378.7	181.0%
Private Consumption					
No. of dwelling approvals	Yr to Dec Qtr 2008	56	94	-38	-40.4%
Value of dwelling approvals (\$'000)	Yr to Dec Qtr 2008	16,221.0	25,851.4	-9,630.4	-37.3%
Motor vehicle registrations	2008	23,093	22,625	+468	2.1%
Property Market					
Median sales price – all dwellings (\$)	Jun Qtr 2008	225,000	243,000	-9,000	-3.9%
Median weekly rent – 2bd unit (\$)	Sep Qtr 2008	153	150	+3	2.0%
Median weekly rent – 3bd house (\$)	Sep Qtr 2008	215	200	+15	7.5%
Rental yield – all dwellings (%)	Jun Qtr 2008	4.9	4.4	+0.4	0.4%
Tourism					
Establishments:					
Hotels, motels & serviced apartments	Sep Qtr 2008	18	18	0	0.0%
Caravan parks	Sep Qtr 2008	10	10	0	0.0%
Holiday flats, units & houses	Sep Qtr 2008	471	466	+5	1.1%
Room occupancy (%): ^(a)					
Hotels, motels & serviced apartments	Sep Qtr 2008	39.8	42.4	-2.6	-2.6%
Caravan parks	Sep Qtr 2008	32.4	35.2	-2.8	-2.8%
Holiday flats, units & houses	Sep Qtr 2008	30.8	31.5	-0.7	-0.7%
Takings from accomm (\$'000)	Sep Qtr 2008	3,401.5	3,484.8	-83.3	-2.4%
Average Daily Traffic^(b)					
Pacific Highway, south of Angus McNeil Cres	2004	20,556	16,799	+3,757	7.0%
Smith St, south of First Lane	2004	16,202	13,225	+2,977	7.0%
Elbow St, east of River St	2004	6,011	7,239	-1,228	-6.0%
Petrol Prices					
Average price of petrol (c/kL)	Jan 2009	113.2	145.8	-32.6	-22.4%

Note: (a) Changes are percentage point changes. (b) Changes are total changes from 2001 to 2004. Average daily traffic changes are % change from 2001.

FOR MORE INFORMATION

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