



Plains Producer

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STAR OF THE NORTH

Balco Grain sold



PART of the Balco Grains Services site at Bowmans and Canadian Murad Al-Katib outside his company headquarters in Regina, Saskatchewan.

20 extra jobs in \$10 million project by Canadian company

EXCLUSIVE by Editor
TERRY WILLIAMS

BALCO Grain Services will sell its Bowmans plant, storage facilities and land to Horsham-based lentils processor Australia Milling Group (AMG).

AMG is a subsidiary of Alliance Grain Traders, a Canadian company which is the largest lentil and pea splitting company in the world.

Alliance is located in Regina, Saskatchewan, the heart of Canada's largest area for pulse crops, operating 20 production facilities in the centre of pulse growing regions in Canada, the United States, Australia and Turkey.



The acquisition is a \$10 million capital investment for AMG, with about \$5 million to be spent initially on the land purchase, upgrading existing plant and equipment and building a processing facility.

The sale does not affect the Bowmans plant of BalcoHay or any other

Balco assets. Balco will continue to export hay from Bowmans as one of Australia's major exporters.

More local jobs will be created when AMG brings the processing plant to full production, expected to be for the 2011 cropping season.

■ Continued Page 2



‘This will be our main processing facility’

— MURAD AL-KATIB



‘The deal is a ‘win-win’ for Balco and the local community’

— MALCOLM MAY



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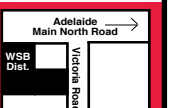
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THE SON OF TURKISH IMMIGRANTS BUILDS A GLOBAL EMPIRE:

Finger on the pulse

MURAD Al-Katib couldn't believe his eyes when he saw the big sheds and silos at Bowmans.

Then he saw the sign "for development, please call ..."

So on that warm November day last year he drove up to Balco's office and before long was meeting the management team in Balaklava.

"Because of our Horsham operations I was of course aware of Balco – and I had been in South Australia looking at various sites for expansion," Murad said.

It seems right to call him Murad here. Chatting over the phone he's affable and outgoing. Likeable.

"I like to get to know the areas I might invest in, so I took a drive and that's when I discovered Bowmans.

Terry Williams reports:

"It was perfect, with the railway an important link to Adelaide and Victoria."

Then he met Balco management, Malcolm May, Murray Smith and Rob Lawson.

Followed by the people of Balaklava, whom he described as easy-going country folk. A good impression, Team Balaklava – because you didn't realise at the time how important this man might be to our town!

"These guys at Balco and me are cut from the same cloth," Murad says in his Canadian drawl.

"They have the same feeling for their community and contribute to their region. Their passion for their local community

was part of the attraction for me."

It's easy to see how the stars align.

Murad, 38 next month, was born and raised in a small town of Davidson, in the Canadian province of Saskatchewan.

It's home to about 1250 people, with another 5,000 surrounding the town – and it's smack in the middle of one of Canada's biggest lentil growing areas.

Murad is the son of Turkish immigrants, his mother Feyhan became mayor of the town and his father Dr Al-Katib has been a doctor in the rural province for 45 years.

"We always talked about the community at our dinner table," he explains.

"It was things like how to create value in the local community. How to get more jobs. Economic

activity – how to get better prices for growers.

And the vision for Alliance – which began in the basement of the family home nine years ago – came from his mother.

Now the company has grown to become the largest processor of lentils and pulses in the world and is listed on the Toronto stock exchange as a public company, with sales in excess of \$350 million over the past three months.

And it's also a major sponsor of the Saskatchewan Rough Riders, a competitor in the Canadian Football League, as well as supporting various other communities around the world.

That surely must be good news for local sport and other organisations. Welcome to Balaklava, Murad and cobbles.



Export processing plant for Bowmans

• From Page 1

It is expected at least 20 people will be employed with potential for more as the company develops.

AMG, which started in Horsham in 2007, employs 25 staff and processes 300 tonnes of lentils per day.

Executives from AMG tomorrow will meet with the region's farmers at Balaklava Golf Club to explain what opportunities will arise from the purchase.

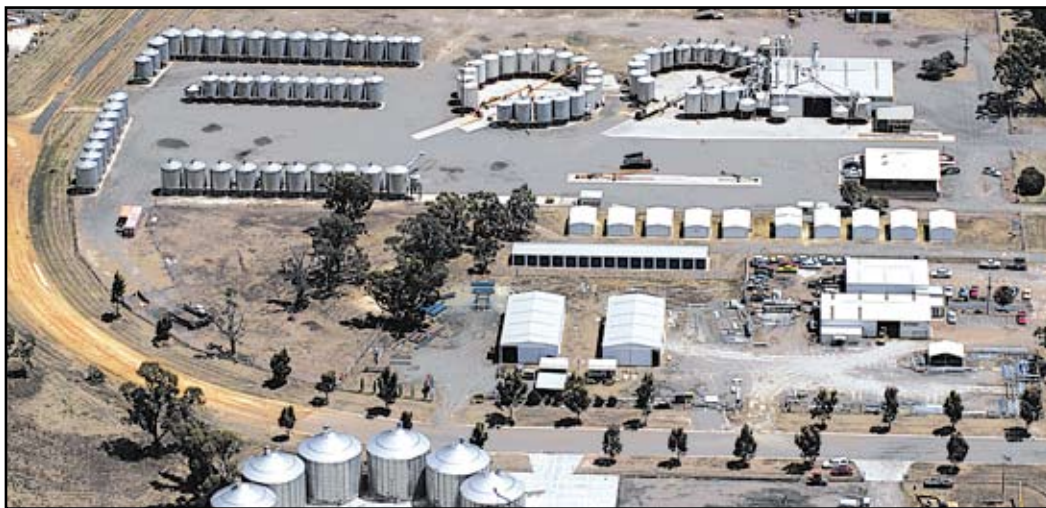
Canadian president and CEO of Alliance Grain Traders, Murad Al-Katib, said the companies had entered into a letter of intent and construction was expected to start at Bowmans in October.

"This will be our main processing facility for our company in South Australia," said Mr Al-Katib, who spoke exclusively to the Plains Producer from Canada.

"The acquisition is an excellent platform for our expansion in South Australia."

The Bowmans processing plant also will be a dedicated storage and handling facility for pulses.

Importantly, it will clean and process product for packaging and transportation from Bowmans for export around the world.



Balco managing director, Malcolm May, said the deal was a "win-win" for Balco and the local community.

"Most employees from Balco Grain will continue and it is an ongoing bonus for rail operators Patrick Port Link SA," Mr May said.

"Balco's export park at Bowmans will become very important for the future of regional development in South Australia."

Mr May said he would also per-

sonally thank farmers for their past support. at the meeting tomorrow.

Local farmers would be encouraged to grow lentils, faba beans and chick peas as part of their normal crop rotations, said Mr Al-Katib.

Durum wheat would also be sought, with Alliance's Arbel Group one of Turkey's leading producers of pasta and semolina under its Arbella brand.

Purchased last year, production facilities are in Mersin, Turkey. The company is the largest exporter in

Turkey for pulses, exporting to all geographic regions and servicing a network of customers in the Americas, Europe, Africa and Asia. Alliance has made a huge global impact since it was founded in 2007 with the acquisition of of Saskan Pulse Trading by Agtech Income Fund.

Alliance currently employs 400 full time staff and is actively exporting to 85 countries.

Its core business is premium quality Red Split and Football lentils,

Kabuli chick peas and other varieties, Laird/eston/Richlea lentils, yellow split and whole peas, navy, faba and other beans and other crops, such as canary seed and flax.

Mr Al-Katib said AMG currently was actively looking at further acquisitions in South Australia.

"We were attracted to South Australia – the Mid North and Yorke Peninsula – because generally it is a reliable region for cropping. Yields hold up better," Mr Al-Katib said.

"The area consistently produces high quality crops. And with the Bowmans site and container rail terminal ... how could we ask for anything more?"

"We are the buyer, processor and exporter to 85 countries around the world – and we will also store grain to get maximum value for producers."

"Food demand around the world goes in cycles throughout the year."

"We want to help farmers capture maximum return. It is not always necessary to sell at harvest."

Product from Bowmans will be offered as mix of bulk grain, sized and bagged.

It will be offered for export in 50kg, 20kg and 15kg tamper-proof bags and exported in containers.

■ The Australia Milling Group plant in Horsham, Victoria.

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