

Bill Kuser

Thank you very much. Welcome everyone to the second quarter 2008 American Vanguard earnings review. Our principal speaker today will be Mr. Eric Wintemute, President and CEO of the Company, and Mr. David Johnson, our CFO, will contribute on financial matters.

Before beginning we should touch on the usual cautionary reminder. In today's call the Company may discuss forward looking information. Such information and statements are estimates by the Company's management and are subject to various risks and uncertainties that may cause the results to differ from managements current expectations. Such factors can include weather conditions, changes in regulatory policy and other risks as detailed in the Company's SEC report and filing. All forward looking statements represent the Company's best judgment as of the date of this call.

With that said we will turn this call over to Eric.

Eric Wintemute

Thank you, Bill.

Good morning and good afternoon to everyone. Thank you for joining us to discuss American Vanguard's second quarter performance. In today's call, in addition to covering financial matters, we want to highlight the following points:

First: Our second quarter results reflect the balance that our business model possesses with international sales, new product performance, and non-crop specialty expansion joining our mainstream crop business lines to generate improved year-over-year results.

Secondly: While our initiatives in the U.S. corn market have yet to deliver step-change results we are highly confident that our efforts to promote the use of IMPACT herbicide and the beneficial uses of our corn soil insecticide / SmartBox system will in fact succeed, and be a significant part of our business in the years ahead.

And finally, I want to talk about some exciting projects we are working on to better exploit our North American manufacturing capability, producing products that are complex to manufacture and in which we have a demonstrated track record.

Let me begin with the first two of these topics then our Chief Financial Officer, David Johnson will review the key financial measures of the quarter and first half of 2008 then I will conclude with

comments about our manufacturing, pricing and organizational efforts.

As I mentioned, this quarter is an excellent example of the diversity of our business model where international sales, new product sales and non-crop applications boosted the steady performance in most of our main agricultural product lines.

International sales have increased over the last several years from roughly 7% of the Company's revenue totals to slightly over 15% for the full year 2007. While we do not explicitly break out international sales performance on a quarterly basis, I can tell you that the year-over-year improvement was significant and we expect this trend to continue throughout 2008.

Our international sales and marketing team is doing an excellent job of securing business throughout the Americas in Mexican corn with our insecticides Thimet® and Counter®; in Central American banana crops with Counter; and in Canada with Avenge primarily on wheat.

We are reaffirming our commitment to this effort with the establishment of a new subsidiary in Costa Rica and I believe this action will enhance the growth potential and success in the region over the next several years.

Recent product acquisitions are proving to be highly successful. Our purchase of Chemtura's PCNB fungicide business late last year and our purchase of the Orthene insecticide line from Valent earlier this year are both turning out well. We have managed to expand our penetration of market segments where we previously held only small positions. We have found opportunities where we have gained product differentiation benefits. Both of these product lines contributed meaningfully to quarterly results.

Our non-crop business has tended to receive limited attention in our earnings reviews with most of our past comments placed on Dibrom for its use as a mosquito adulticide. Importantly, this portion of our business also includes the turf & ornamental segment as well as our products for the professional and home pest management sector.

Dibrom, which has significant technical superiority to other adulticides, is being market aggressively this year however, of our product lines Dibrom's performance depends on weather in the Southeast United States.

In turf & ornamental applications we are benefiting from the Chemtura PCNB acquisition in the entire NAFTA region.

Finally, the introduction of an EPA approved new product containing the active ingredient DDVP, allows us to provide a new offering in the professional pest management category that should be significantly incremental to prior year sales. Our Nuvan® ProStrips will provide pest control operators with an effective, economical residual pest deterrent as a follow-up procedure to their primary treatment of commercial buildings. We also have applied for registration of a "bed bug" label which will allow hotel operators to address a growing difficulty in the hospitality business. We will keep you updated on these developments.

Now let's talk CORN.

As you know, we believe that American Vanguard has an excellent opportunity to expand its scope in corn through a series of initiatives that we have discussed over the last several quarters.

In the effort to inhibit the development of soil insect resistance, we offer a ready-made solution for the management of "refuge acres".

In areas of moderate-to-high soil insect pressure, we have demonstrated that applying granular insecticides with efficient SmartBox equipment in conjunction with genetically modified seeds, can result in substantially enhanced yields.

And to combat glyphosate resistant weeds and grasses, we have an outstanding solution with our IMPACT herbicide.

In our first quarter call, we indicated that unfavorable weather interfered with the normal corn planting regime and that with a compressed planting timeframe farmers may not have the opportunity to try our yield enhancement approach to improve insect control or to apply a pre-emergent herbicide. Our feeling at that time was that lighter pre-emergent usage would give rise to greater post-emergent demand and that our IMPACT sales in the second quarter could benefit.

As the spring and summer have unfolded, we have seen that despite the heavy rainfall and flooding in many Midwest areas, pre-emergent products (where applied) performed relatively well, some pre-emergent glyphosate use was deferred to become an early post-emergent treatment and that the

demand for supplemental herbicides while somewhat higher, was not significantly accentuated.

Consequently, while actual application demand (number of acres treated) on the farm for IMPACT was greater than the prior year, sales did not meet our internal targets. We continue to witness superior in-field performance and growing product recognition however, we still have a ways to go to fulfill what we believe to be the full product potential.

Now let me turn the call over to David for a summary of the financials and then I will return with more on other efforts we are making to improve our performance.

David Johnson

Thank you, Eric.

Good morning and good afternoon to everyone.

As detailed in our press announcement – net sales for the three months to June 30, 2008 were \$57.9m which is a 16% increase compared to the same period last year. Eric has already briefed you on some of the drivers of our sales performance in the period.

Our Gross Margin ended at 41% for Q2 2008 this compares with 44% for the same period last year. There are two main factors driving this performance:

1. Sales for the quarter included strong seasonal performances from some product lines that have lower gross profit levels driving an reduced reported gross profit percentage, although this benefits our absolute gross profit level.
2. Secondly, we have seen significant cost increases in our key volume raw materials. Where possible we have made savings in house to offset these rising costs, but we have also had to make selective price increases where appropriate.

This Gross Profit performance is in line with our historical results, which demonstrates, over the long haul, that our quarterly performance swings between 40% and 50% depending on specific mix.

Operating expenses (which include distribution costs) for Q2 2008 ended at \$15.4m which is a 6% increase compared to Q2 of 2007.

In comparison to sales, this represents 27% of sales for 2008 compared to 29% for the same period of the prior year.

1. Selling expenses increased by \$287,000 to end at \$4.8m for the 3-months to June 2008. There are two main drivers:
 - We have increased our advertizing and promotional spending to support our new product lines and our corn initiatives.
 - We have spent more this year improving the service we offer in the field in support of our proprietary delivery systems (SmartBox & Lock 'n Load)
2. Our General and Administrative costs have increased by \$99,000 to end at \$4.6m. This is driven by increased intangible amortization following product line acquisitions. Offsetting this cost increase we have lower tax, legal and general consulting costs.
3. Our research, product development and regulatory costs have increased by \$403,000 to end at \$2m for the three months ended June 30, 2008. The main driver is increased regulatory/defense costs in the US and Europe.
4. Freight, delivery & warehousing costs have increased in absolute terms by \$170,000 ending at \$4.1m for Q2 2008. In proportion to sales, our costs have improved from 7.8% in 2007 to 7% for 2008. There are two main factors:
 - Our warehouse network across the US is a relatively fixed expense in the short term. In fact, the costs between the two comparative quarters are almost identical. This is the result of efforts to control or reduce costs in this area. Accordingly, more sales this quarter equals a 0.3% reduction in ratio to sales.
 - Finally, we have freight/delivery costs from the warehouse network to our customers. This is driven by mix and the relative efficiency of the distribution of our inventory in the network. This is a further example of the cost savings and efficiency gains mentioned earlier in this statement. The result is a year-over-year reduction in the ratio to 0.4%.

As also detailed in our press announcement, net sales for the first six months of the year ended at \$98.8m, which is a 9% increase compared to the same period last year.

Eric has covered the main sales performance drivers in his comments.

Year-to-date gross profit is at 42% compared to 45% for the same period of last year. Again this is impacted, as with the quarter, by strong seasonal sales of some lower gross profit products and by increases in some of our key raw materials.

Year-to-date our manufacturing costs overall have been well controlled. Although direct labor costs increased by 4.9%, total manufacturing costs are only up 1.6%.

Operating costs for the six months ended June 2008 ended at \$29.4m which is a \$1.9m or 7% increase compared to the same period in 2007. In proportion to sales these costs are flat at 30%

1. Selling expenses increased by 6% driven by high promotional and advertizing activity plus improving our service to growers using our proprietary delivery systems.
2. Our General and Administrative costs were essentially flat.
3. Our research, product development and regulatory costs increased 20% compared to the same period in 2007. This was mainly product defense costs in US and Europe.
4. Freight, delivery and warehousing costs ended the first six months at 7.7% of sales compared to 7.5% for the comparative period. This is mainly driven by the mix of products sold.

Interest charge and indebtedness

The Company's financial performance for the second quarter of 2008 has been improved as a result of lower interest costs. This has been caused by:

1. A lower effective interest rate of 5% in Q2 2008 vs. 7.4% in 2007, as a result of Federal Reserve action to bring down the US prime interest rate.
2. A good performance on cash forecasting enabling us to minimize our indebtedness.

Indebtedness ended at \$88m which is an increase of \$27m compared to June 2007. This is driven by product line acquisitions, higher capital spending and increased inventory.

Despite the higher ending position, our average indebtedness did not change. It is only up \$1m year over year Interest charge for Q2 2008 was \$1.2m as compared to \$1.8m. This results from:

1. A lower interest rate, a saving of \$600,000
2. An increased average debt, a cost of \$24,000

The Company's financial performance for the first half of 2008 has similarly been improved as a result

of lower interest costs and good cash management performance. The lower effective rate has resulted in a saving of \$1.1m and the lower average indebtedness has saved \$315,000.

Summary of net income

Accordingly net income ended at:

1. \$4.3m (16c per diluted share) for Q2 2008 vs \$3.6m (\$0.13 per diluted share) for 2007. This is an increase of 21% year-over-year.
2. \$6.1m (22c per diluted share) for the first six months of 2008 vs. \$5.7m (\$0.21 per diluted share) for 2007. This is an increase of 7% year-over-year.

Hedging and financial instruments

We plan to release the 10Q on Friday. In the document you will see new disclosures related to the use of derivative instruments. This is because, for the first time, the Company has decided to utilize financial derivatives to further stabilize one relatively small aspect of our trading performance.

Because of the nature of the raw materials we use, we purchase from suppliers across the globe, as much as possible, we negotiate purchasing in our own functional currency. However, occasionally we reach agreement to trade in a foreign currency. In order to reduce the risk inherent in any transaction involving foreign currency, we have implemented a foreign currency hedging program.

In June, we took out our first hedging contract. At the end of June we have recorded the change in rate on the contract to other comprehensive income. We will watch how this contract winds to a conclusion before expanding the practice.

Balance sheet commentary

During the first six months of 2008 we have spent a total of \$15.7m on investing activities. This includes spending on fixed assets of \$6.6m and \$9.1m on product line acquisitions.

Working capital

Since December 2007 our working capital has increased by \$21.4m to end at \$96m. At June 30, 2007 our working capital was at approx. \$74m.

As reported in Q1, inventory increased by \$27.5m and is the driver of our working capital position. Some of the increase relates to taking on new product lines. Another part of the increase relates to strategically putting in place larger inventories because our market position has broadened. However,

following our sales performance in corn at the start of the year we do have some increased inventory in affected product lines. Finally, raw material cost increases have impacted the carrying value of some of our higher volume products. Despite this increase, our trailing 12-month inventory turns remains flat with Q2 of 2007.

With that I now hand back to Eric Wintemute. Thank you.

ERIC WINTEMUTE

Thank you David,

In light of our corn market potential, and the challenges experienced in the 2008 campaign, as I discussed earlier, we are increasing our efforts to promote our corn initiatives to further encourage the use of our insecticides and IMPACT herbicide.

We are engaged in another round of university and field trials to substantiate / validate the very positive yield enhancement data we saw in 2007 season. We expect this will further support our advocacy of using granular insecticides to boost the benefits of genetically modified seeds, particularly in medium-to-high pest pressure acres.

In addition, we will intensify our 2009 promotions through broadcast advertising, incentive programs and an aggressive sales campaign targeting both our distributors and their retail channels.

As you know from recent comments by many chemical, agricultural and general manufacturing companies in the United States, rising commodity raw materials prices, utility rates and fuel costs have taken a toll on profit margins. In response, we have focused first on internal cost savings and efficiency improvements across various parts of our business. Additionally, we have, where necessary applied selective price increases.

One of the most exciting things I want to talk about is our North American manufacturing capability. We now have in place a range of different facilities that both complement each other and provide excellent security of production across a complex range of chemical processes.

We are identifying more opportunities to extend our in-house manufacturing to cover a greater proportion of our own product lines. In the last 12 months we have expanded the percentage of our

products manufactured in house to 60%

We have been approached by a number of agricultural companies who want to reduce logistical risk by engaging with a North American based supplier who can offer high quality and reliable delivery as a second source to their current, often overseas, supplier.

Finally, we are seeing rapid increases in environmental compliance costs being incurred in some of the traditionally low cost economies and as long distance transportation costs continue to rise, the positioning of our North American manufacturing capability is looking very appealing.

In conclusion, I would like to make a closing comment on a concern expressed at our Annual Shareholders Meeting in June regarding the perception that equity selling by some of the management or directors suggests a lack of commitment or confidence in the future of American Vanguard. I can assure you from my own perspective and in discussion with all of our managers and directors, that hypothesis is false. Individually and collectively our view of this Company's future is positive.

Additionally, I would add that a very high percentage of our employees, approximately 50%, have chosen to own and continue to purchase shares in American Vanguard expressing their belief in the Company's products, services and financial success.

At this point, I would be happy to answer any questions.

Caller Jay Harris (Goldsmith & Harris)

<Q – Jay>: Good morning Eric. Can you share with us where you would like to see your inventory levels by the end of the year?

<Eric>: As you know, quarter to quarter we have different flows. I think most importantly we are looking to increase our turnover. I think we would target to go north of a 2 turnover. We are currently ranging from 1.4 to 1.8. This is the target that we have internally.

<Q – Jay>: Your inventories of 63 million dollars at the end of last year and roughly the same level of inventories at June 30th last year. Are you going to come down significantly from the current level of inventory?

<Eric>: We acquired inventories during the last couple of purchases and we seem to be moving through those at a pretty good factor. Our hope would be to decrease inventories by the end of the year. That being said we are at a very unique period of time in the chemical world. We are seeing price increases that are scheduled out: we are not talking about 10-15%, but 100% type price

increases. So we are also aware that if we have the opportunity to buy right and manufacture ahead of the curve that is a positive thing for us.

<Q – Jay>: Thank you.

Caller Sal Kamalodine (B. Riley & Company)

<Q – Sal>: Good morning Eric. Can you clarify if the cotton business benefitted from the acquisition of Orthene and when you talk about the cotton business being up year-over-year, but still possibly being down for the year, does that comparison include the incremental revenue from Orthene, or is that just for Bidrin on a stand along basis?

<Eric>: We have three products used on cotton: Bidrin, Folex and Orthene. Overall, obviously acres are down, but one of the main insecticides and our defoliant Folex were up year over year.

<Q – Sal>: So is that a yes or a no? Is that on a combined basis or just for the Bidrin product line?

<Eric>: On a combined basis.

<Q – Sal>: Moving onto the soil fumigant product line. I had in my notes that the metam product line was more of a back half or second half of the year product for you guys. I'm a little surprised because it looks as if you benefited from that in Q2. Can you just talk about what the drivers for that were and if your expectations have changed for the second half of the year.

<Eric>: No, you're correct, the majority of it is particularly driven by potatoes in the 3rd and 4th quarter. We are also pleased that we finally, at the end of the quarter, saw price increases that we were able to put through on this product. As I think you are aware in our discussions, raw materials on that product line have increased dramatically and have continued to increase. The potassium version is tied to potassium; the sodium has increased in caustic, sulfur and the fuel costs relating to methanol. So we have had fairly significant increases in costs which we feel we were able to pass through a good portion of those at the tail end of June. So going forward, part of what our projection is that volumes should be strong and with increased sales price we should see an increase in sales revenue.

<Q – Sal>: Understood. So you are saying that Q2 had the benefit of price increases, but the volume shipments will still take place in Q3 and Q4. There was not any metam volume that was pulled into Q2 that won't happen in Q3.

<Eric>: Yes, except that the price increases were just in the last week of the last quarter, so it really did not reflect to any large degree

<Q – Sal>: Ok. Finally, can you share with us what kind of early indications you may have gotten from the corn soil insecticide business whether it is from anticipated root worm pressure for next year or just antidotal evidence of what kind of interest there is in your corn soil insecticide business and how it is shaping up for the 2009 planting season?

<Eric>: Sure. In 2006, I think we talked about some of our SmartBox users that were doing this

practice and launched the studies 2007, which substantiated a significant increase. We have moved forward and promoted this activity, but again we are AMVAC in a world of giants. Part of it is, that the strong results we saw in these trials we should see a second year before we really are successful in promoting this. We are repeating the trials and what we do know is that a great number of our current SmartBox users were doing small plots this year in the 2-5 acre range. We are monitoring those and hope to have, although it will not be absolute scientific data, because they are not necessarily done under complete controlled conditions as the university trials, is basically a process of winning over our current customers that are utilizing our corn soil insecticides. I think that as soon as we see university results, which last year were at the tail end of the year, that show similar results, I believe the step up for 2009 will be much more dramatic than we saw in 2008.

<Q – Sal>: In the event where those studies would come back favorably and if on the field there was demand for those products, when would it start to show in your P/L? Are these insecticides that go into the channel in Q3 and Q4 or do they really start to show early next year?

<Eric>: Well, making the assumption that we have not moved the market needle in a great fashion for 2008, other than our existing people who see their results in harvest time and may place orders in fourth quarter, we are probably looking more at 1Q 2009 sales as we substantiate university trials with a second year of strong results. We do know that there are other tests being done, not just by us, but other testing being done. The seed companies and growers themselves are certainly looking for the ease that is offered with traits and that convenience is a big factor, but ultimately they are looking to drive yields. If there is a practice that can increase yields they are going to use it.

<Q – Sal>: Ok. Thanks helpful, thanks. One last question on the corn business; with respect to IMPACT can you share with us what the growth rate was in that product line in the second quarter. What are your expectations of what kind of revenue you can generate from this product, in light of the other product lines out on the market and various other factors.

<Eric>: Rather than be specific on numbers, which I know you would like. What I would say is that IMPACT is the best herbicide in its class. Is a superior performer with superior safety and as such we believe it should be dominate in the market share. That being said we are going up against large companies, even though we have put a lot more resources, promotion and advertising on IMPACT than we ever have on any product, we have to recognize the fact that we have big companies that we are going up against and they have probably more significant pull through effort than we do. Certainly over time the best product wins out. We are experiencing virtually no complaints and we have the ability to spray this product aerially, which many other products do not, and we have the ability to utilize this product late in the season, it has superior performance and safety and as such we should gain more and more strength each year. We increased in sales, we did not meet the target we wanted, part of the reason why I am hedging on quantifying the number is this is a moving target market. This

market of glyphosate ready traits is basically taking complete control of the corn market. A big portion of this market is going to be a complement to that chemistry and that technology, as such, then it will be a function of any hard to control weeds that develop. Each year there seems to be a couple of new varieties, and it becomes a bigger and bigger issue. That will be growing at essentially the same time as glyphosate resistance trait will be virtually on all corn products.

<Q – Sal>: Thank you.

Caller Jim Bartlett (Bartlett Investors)

<Q – Jim>: Can you share with us the organic growth for the second quarter and for the half?

<Eric>: Do you have a follow up question while David calculates that so we do not have a long dead air space?

<Q – Jim>: With respect to IMPACT with the fact that the growth was less than your expectation, was that because you had increased your expectations because you thought since there was less pre and therefore there would be more post or was that versus your official expectations? I remember at one point you had some pretty high, in some cases 40% market share, estimate numbers for AMVAC.

<Eric>: To answer the first part we had expectations going into the year where we thought we would wind up. As we got into the season we did expect that we would have significant sales in the 2Q that did not occur. As far as the 40% market share, we have a system that tracks retail sales quarter to quarter. In one of the quarters, I forget which one, we had hit 40%, but we are a long way away from that kind of percentages in the market place. As I mentioned, we will focus, although I will have to translate it into volume, on market share because that is probably a more measurable goal, than trying to forecast, which of course we still have to do, where we think the market will be. The market each year is moving for a variety of reasons.

<Q – Jim>: What do you think the total market was this year?

<Eric>: We do not have all of the calculations. Part of this is we have to see what the returns from the retailers are. There is material that comes back and once that occurs than you can kind of measure what actually got moved onto the ground. So we are probably 30-60 days away from that information. Then there will be reports that we will have to read. We will know within our own product IMPACT, but we will have to look at some reports to see what they think the actual post emergence market was for the 2008 year.

<Q – Jim>: Your estimate was for more significant sales in the second quarter, that was not met. Was it not met totally because of the pre and post emergence issue, or were there other factors?

<Eric>: The pre emergence market that did go down that people expected to completely fail, did not. So the weed pressure was not as strong. I also think that at some point farmers looked at it and said, "Ok, this is enough". So there were probably fields that were not as clean as maybe they could have been, but overall I think the crop looks reasonably healthy. There have been a lot of concerns that it

would be a very poor crop, but it does seem to be holding up reasonably well. I think we are looking at what we expected, and a number of people thought, was just going to be a huge post emergence market that just did not materialize, again for the reasons I said.

<Q – Jim>: Is there any sales of IMPACT in the third quarter?

<Eric>: We have had sales of IMPACT, I think last year we talked about corn growers looking to buy inputs for the next year. We did have a little bit of that last year and we will probably have some this year as well. David are you there yet?

<David>: It was 3.5% organic growth for the quarter.

<Q – Jim>: What was it for the year?

<David>: Just give me a few more minutes.

<Q – Jim>: Basically that is Orthene, Chemtura and then there is a little of the phorate insecticide line.

<Eric>: Well, I don't know whether we can call that organic or not, because that was acquiring a label of someone's and I don't know if we experienced sales of that otherwise.

<Q – Jim>: Ok, I understand.

<Eric>: Let me move onto another question, if David does not get the number before we end we will put it on the transcript.

<Q – Jim>: Ok, great, thank you.

<Eric>: Thanks

Caller Bruce Winter (Private Investor)

<Q – Bruce>: Yes, thank you. Did I hear you right that you are seeking approval from the government for pest strips with Nuvan as the active ingredient for bed bugs?

<Eric>: That is correct. What we have on the basic use is there, but we submitted and have some efficacy to show with adding bed bugs. We have our historical pest strip label which has been questioned by companies building product lines or uses around this in an aggressive manner while EPA was going through its review. I mentioned earlier this review turned out to be an eighteen year process. So, when it finally concluded, we then have been out promoting this use and we have identified an interest in the market for professional pest management by pest control operators (PCO's). As they go through their buildings and are spraying the advantage of pest strips is that they leave behind that can offer 4 additional months of control. Bed bugs has been a strong interest of the pest control operators. PCO's have had a very difficult time trying to deal with this, it is becoming a much bigger issue for hotel, hospital and residential beds across the US and really the world. From the US stand point, there is not an easy way to deal with it. With the pest strip they can actually remove the bed, or if the room is not inhabited they can just put the pest strip with the bed for 3-4 days and they have got a bed bug free bed. This is a specific use that the PCO's have asked us to add to the label that we already had approved last month. So this is a supplement to the existing label. One of

the things that we had envisioned before, is a pest strip that would mount on your trash can lid that would have a perfume or a scent in the cage along with the pest strip. We are hopeful over the 2009 year to commercial up that usage. So again, if you mount on the trash can lids, you get approximately 4 months of control and a 4 month fragrance as well.

<Q – Bruce>: Didn't you have a pest strip product that was sold at Home Depot that used a different active ingredient?

<Eric>: No, all of the pest strips have been DDVP. There is really no other active ingredient that has the volatility that DDVP, which enables it to gradually release over 4 month release effective ultra, ultra low air concentrations.

<Q – Bruce>: So these pest strips in the hotel and even private residences, are they going to hang there for a month at a time?

<Eric>: The pest strip is approved for use in non living areas; places where people would not spend more than 4 hours a day on a long term basis. For bed bug use it would be with the bed for a period of time and then removed. For PCO's they can spray attics, underneath structures and then they can put the pest strips there as a leave behind, so that it provides long term results after they have come in and sprayed. Utility boxes are another area where you can leave a pest strip to prevent any spiders. Spiders like the warmth and they come in and clog up the connections in the boxes. So there are a myriad of uses that I think people are more excited about developing after receiving EPA's final decision. I think we have another line that is going to be used in hunting blinds that are vacant for 3-4 months out of the year. They put a pest strip in and then when they come back they are free from all those creepy crawlers and flying insects.

<Q – Bruce>: Ok. Your Alabama plant, is that to save money on manufacturing and transportation costs, or is it about market growth? How is the plant coming along?

<Eric>: You are talking about the metam manufacturing there at Axis. We are to start October 1, 2008. There are a couple of reasons: one, we see the market growing in that sector, we have a fairly strong percentage of that market and secondly, you are correct about logistics. It will be our lowest cost of raw materials of the three plants where we manufacture. Largely because one of the key raw material suppliers is about 4 miles away, another is about 100 miles away and then our caustic can come from the gulf. The idea of shipping the raws out to Los Angeles, making it and shipping it all the way back, when we are talking about millions of gallons, we can easily justify the costs of putting this facility together.

<Q – Bruce>: Are you going to have increased market penetration, say in Florida for winter grown vegetables and fruit?

<Eric>: Of the metam market, we have a significant share. Where there is increase potential for the fruits and veggies that you are talking about is with the decrease of methyl bromide. There are a

couple of compounds that we will be competing with for those markets, but I think from a cost position we will probably be at the lower end, so that should give us some advantage.

<Q – Bruce>: Sounds good. Great presentations so far this year, I have enjoyed them.

<Eric>: Ok.

Caller Jay Harris (Goldsmith & Harris)

<Q – Jay>: Sorry to bring up IMPACT again. If I remember correctly, last year your shipping season started almost at the beginning of May and ended after the annual meeting. This year you indicated at the annual meeting that your shipping season had started at the beginning of June. Was it compressed all in one month, the month of June or is there farmer use of IMPACT in July of this year?

<Eric>: You are talking about our sales or use?

<Q – Jay>: Answer it both ways.

<Eric>: Our sales, we had enough material in the channels to service the market. So our sales in the quarter were minimal. As far as use I read reports yesterday saying there was still some limited spraying going on. Where IMPACT has the advantage is that you can actually spray up to 45 days prior to harvest. There was an outbreak of sunflower weeds and there really was nothing else to spray, but again overall my thought is that we did not get the market share penetration that we wanted. When we know where the actual market wound up, which we should know in the next 30-60 days we will know what our percentage was, but I am fairly certain we did not have the penetration that we expected.

<Q – Jay>: If the weather is normal in the corn belt, when would it be reasonable to expect the shipping season to start?

<Eric>: Well shipping is different. That is a function of a variety of factors with farmers of how much they want to pay in advance, what programs you or other competitors offer as far as stocking fees or anything along those lines. From a use stand point, use is really a second quarter position. You are talking from a few days after corn is planted and then if you really want to talk post emergence, once that corn is up. In our case they can spray up to 45 days before harvest. Most herbicides have a 36 inch to maybe 48 inch restriction, but we do not have that restriction. Glyphosate does not have that restriction, as well in fact they can spray up to 7 days before harvest. Predominate post emergence market is second quarter usage and on normal basis you are talking maybe late April / May to mid June.

<Q – Jay>: Switch over to international sales. I have the impression from your comments, of last year and this year, that they will continue to grow much faster than the Company. Can you share with us some idea of how large the international business could be relative to the total size of company, looking out a number of years?

<Eric>: It will also be a function of what we acquire. You know Jay, we have got this model where we

say, do nothing else where does it go, and then what you buy. Knowing that we will continue to make acquisitions it is hard to forecast. I will say that some of our products that we have continue to be increasing market share such as Counter in the Central and South American market. We have some generic competition in these international markets, our costs because of the manufacturing in the US are improving versus the world market. As I have mentioned, some of the raw material increases, due to environmental restricting, the far east are seeing are much higher cost increases than what we are seeing. I think because of our investment in North America manufacturing we have not traditionally been involved in that. For a position internationally the benefit of the weakened dollar, and other factors that we mentioned, give us a stronger position in the international market.

<Q – Jay>: I guess I'm not going to get a number or a percentage out of you today?

<Eric>: That's correct.

<Q – Jay>: Thank you.

Caller Sal Kamalodine (B. Riley & Company)

<Q – Sal>: Could we get some guidance on what you expect your capital expenditure to be in Q3 and Q4 directionally?

<Eric>: Let me just mention them and then we can quantify. SmartBox will be similar to last year, I think we committed to a volume similar to what we did last year. The metam capital expenditure which we began some in the second quarter, hopefully that will come close to finishing up in the third quarter. We have talked about a couple of expansions, the expansion of the lab, but I don't think that happened in the second quarter, maybe the third quarter or fourth quarter. I'm trying to list anything unusual that would be different than last year. You are referring to second half capital expenditures versus last years second half?

<Q – Sal>: Yes, or if you want to count that against what it was in the first half of the year. Either way would be helpful, you had almost 4 million of capital expenditures in Q4 of 2007 so that might skew the analysis.

<Eric>: In Q3 and Q4 of last year, you said we had what 4.5?

<Q – Sal>: In Q4 of 2007 you had 4 million in capital expenditures that were booked in Q4 so that might skew the analysis, so if you want to count that against what it was in the first half of this year or what a normalized number might be, that would be helpful.

<Eric>: David is quickly calculating.

<David>: We had 4.6 million in the second half of last year.

<Eric>: David what did we have for the first half of 2008? Just ball park and we will make a correction on the transcript if it is different. Maybe within a million of last year's second half. That is what I am going to say right now. We will look at it later this afternoon and put on the transcript any needed correction. NOTE: Currently forecasting 5.3 million in second half of 2008.

<Q – Sal>: Ok, and that is relative to the first half of this year, or second half of last year?

<Eric>: Second half of last year.

<Q – Sal>: Ok, thanks. Final question, relating to Dibrom, do you expect there to be any boost to that business from the floods in the Midwest?

<Eric>: We have had some spraying, but we have not seen FEMA come in and do massive aerial spraying. They have talk about it, but part of it is that they do not seem that concerned about nuisance mosquitoes. They are saying we are tee'd up, if we see disease outbreak then we will spray, but of course we try to push a more proactive approach. Currently what they have seen so far is nuisance mosquitoes, as opposed to an outbreak of disease. As such they are reluctant to spend the money on nuisance mosquitoes.

<Q – Sal>: Got it thanks.

I would like to thank everybody for joining us today and I look forward to addressing you next quarter and as always, if we have any interim news that we would like to share with you, we will arrange another conference call. Thank you very much for holding our Company and good day to you.