



Australian Agricultural Company Limited

ABN 010 892 270

Half-Year Financial Report

For the period ended 30 June 2006

CONTENTS

Directors' Report.....	3
Australian Agricultural Company Limited Half-Year Financial Report	
Condensed Income Statement	6
Condensed Balance Sheet	7
Condensed Cash Flow Statement	8
Condensed Statement of Changes in Equity	9
Notes to the Half-Year Financial Report	10
Directors' Declaration.....	16
Independent Review Report to the members of Australian Agricultural Company Limited.....	17
Company Information.....	19

The Directors of Australian Agricultural Company Limited ("the company") present their report for the six months ended 30 June 2006.

DIRECTORS

The names of the company's directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

N Burton Taylor, AM (Non Executive Chairman)
D J Mackay (Chief Executive Officer/Managing Director)
C E Bright
Hon. T A Fischer, AC
C I Roberts
L P Wozniczka
P Zachert (Alternate Director for L P Wozniczka)

REVIEW AND RESULTS OF OPERATIONS

Financial Results

The net profit figure of \$8.5m was above the same period last year by 27% (2005 \$6.7m).

The results incorporate a profit on sale of Wrotham Park Station (and its associated herd) being pre tax \$4.9 million above its December 2005 valuation. This result underscores the continued capital growth in the company's underlying land assets.

Total operating overheads for the group have been contained and are less than the prior period and well within budget despite the increase in overheads resulting from the acquisition of the Chefs Partner business and rising fuel and employment costs. The good season is contributing to lower feed costs. Income tax expense was credited with the absorption of unrecognised deferred tax assets from prior periods.

Overall the consolidated entity achieved beef sales of 24.3 million kilograms in the half-year, compared to 23.0 million kilograms for the six months ended 30 June 2005.

Cattle Market

During the period the cattle market fell after the announcement of USA's re-entry to the Japanese beef market. Cattle prices stayed depressed for most of the six months. At 30 June 2006 the cattle price was approximately 3% below the start of the year (compared to only a 1% fall to 30 June 2005). This meant that under the Agriculture Accounting Standard (previously known as SGARA) the company was required to mark down the value of the trading herd and pass this through profit and loss.

At 30 June 2006, the consolidated entity had cattle inventory numbers of 528,578 compared to 506,566 at 31 December 2005.

Seasonal Conditions

Seasonal conditions for the period have been above average for most properties. In contrast to last year the majority of AAco's stations received above average rainfall in the six months to June 2006. However, this rain was quite late in the season and caused a slow down in operations thus deferring revenue generating activities for at least 2 months. Consequently the further benefit from weight gains and natural increase will flow into the second half of the year.

Accordingly, cattle market and late seasonal factors resulted in earnings before interest and tax (EBIT) of \$12.2 million, \$4.8 million less than the 2005 comparable period.

Acquisitions and Disposals

During the six months to 30 June 2006, AAco has continued its strategy of growing the business and enhancing its existing land holdings and herd.

In line with this strategy, the property portfolio was realigned with the sale of Wrotham Park Station for \$53.5m (including cattle, plant and equipment).

In May 2006, the company entered into a contract to purchase Anthony Lagoon and Eva Downs Stations for \$100m. As control passed and settlement was completed in July, this acquisition will not be reflected in the accounts until the second half of the year.

In early April 2006 the company acquired the balance of shares in its associate company Chefs Partner Pty Limited. The acquisition of Chefs Partner has provided AAco with greater control over the beef supply chain in terms of both volume and quality and is an important element in growing the company's wholesale beef business.

During the period the company also entered into a contract to buy the Westholme Wagyu business for \$10 million in two tranches. The second tranche of \$9 million was contracted and paid for in July and therefore has been booked in the second half of the year.

Dividend

Subsequent to 30 June 2006, the Board declared a dividend of 7 cents per share, totalling \$17.4m, as disclosed in Note 12 of the half yearly financial report.

ROUNDING

The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the Class Order applies.

Auditors' Independence Declaration



1 Eagle Street
Brisbane QLD 4000
Australia
PO Box 7878
Waterloo Place
Brisbane QLD 4001

Tel: 61 7 3011 3333
Fax: 61 7 3011 3300
DX: 103 Brisbane

Auditors' Independence Declaration

To the Directors of Australian Agricultural Company Limited

In relation to our review of the financial report of Australian Agricultural Company Limited for the half-year ended 30 June 2006, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

M J Hayward
Partner
Brisbane
9 August 2006

Liability limited by a scheme approved under
Professional Standards Legislation.

Signed in accordance with a resolution of the directors.

Nick Burton Taylor, AM
Chairman
Brisbane, 9 August 2006

CONDENSED INCOME STATEMENT For the Half-Year Ended 30 June 2006

	Note	Consolidated Half-Year ended 30/06/06 \$000	Half-Year ended 30/06/05 \$000
Revenue	2	85,595	85,139
Profit from disposal of non-current assets	5	4,496	336
		90,091	85,475
Cost of goods sold of value add businesses		(26,095)	(15,308)
Share of profit/(loss) of an associate		51	(193)
Employee expenses		(13,721)	(12,334)
Cattle expenses		(4,034)	(5,657)
Feedlot cattle expenses		(13,617)	(13,225)
Other station operating costs		(8,357)	(8,214)
Lease and property related costs		(3,032)	(2,957)
Business development and other non station operating costs		(790)	(1,018)
Administration and other costs		(3,750)	(5,961)
Profit before depreciation, amortisation, income tax and finance costs		16,746	20,608
Depreciation and amortisation		(4,577)	(3,685)
Profit before income tax and finance costs		12,169	16,923
Finance costs		(8,692)	(8,939)
Profit before income tax		3,477	7,984
Income tax benefit/(expense)	3	4,937	(1,216)
Net profit for the period		8,414	6,768
Net loss/(profit) attributed to minority interest		60	(102)
Net profit attributable to members of parent entity		8,474	6,666
Earnings per share (cents per share)			
- basic earnings per share		3.4	3.1
- diluted earnings per share		3.4	3.0
- dividend per share	4	0.0	0.0

	Note	Consolidated	
		30/06/06 \$000	31/12/05 \$000
ASSETS			
Current Assets			
Cash and cash equivalents		4,550	13,640
Trade and other receivables		65,144	6,716
Inventories		15,169	12,241
Livestock		117,649	101,991
Current tax asset		-	284
Other assets		4,950	905
Total Current Assets		207,462	135,777
Non-Current Assets			
Receivables		-	732
Livestock		246,530	270,438
Property, plant and equipment		473,471	487,572
Investments in associates accounted for using equity method		-	588
Deferred income tax assets		39,353	39,269
Intangible assets		14,118	10,755
Other assets		7	27
Total Non-Current Assets		773,479	809,381
TOTAL ASSETS		980,941	945,158
LIABILITIES			
Current Liabilities			
Trade and other payables		26,841	24,285
Interest bearing loans and borrowings		21,328	11,875
Interest rate swaps		289	289
Provisions		2,621	2,199
Current tax liability		49	-
Total Current Liabilities		51,128	38,648
Non-Current Liabilities			
Interest bearing loans and borrowings		261,534	242,745
Deferred income tax liabilities		100,005	104,688
Provisions		349	399
Total Non-Current Liabilities		361,888	347,832
TOTAL LIABILITIES		413,016	386,480
NET ASSETS		567,925	558,678
EQUITY			
Issued capital	9	134,796	134,220
Reserves		327,470	327,213
Retained earnings		105,528	97,054
Parent interest		567,794	558,487
Minority interest		131	191
TOTAL EQUITY		567,925	558,678

CONDENSED CASH FLOW STATEMENT For the Half-Year Ended 30 June 2006

	Consolidated	
	Half-Year ended 30/06/06 \$000	Half-Year ended 30/06/05 \$000
Cash flows from operating activities		
Receipts from customers	94,491	91,507
Payments to suppliers and employees	(103,929)	(79,745)
Payment of interest and borrowing costs	(8,444)	(8,253)
Income tax received/(paid)	503	(2,276)
Interest received	161	280
Net GST received from ATO	1,444	639
Specific items	(246)	(158)
Net cash flows from operating activities	(16,020)	1,994
Cash Flows from Investing Activities		
Payments for property, plant and equipment and other assets	(17,236)	(10,264)
Proceeds from sale of property, plant and equipment	284	482
Purchase of controlled entity net of cash acquired	(4,006)	-
Net cash flows used in investing activities	(20,958)	(9,782)
Cash Flows from Financing Activities		
Proceeds from issue of shares	288	73,197
Proceeds from/(repayment of) borrowings	27,600	(57,000)
Net cash flows from financing activities	27,888	16,197
Net (decrease)/increase in cash and cash equivalents	(9,090)	8,409
Cash and cash equivalents at the beginning of the financial period	13,640	7,692
Cash and cash equivalents at the end of the financial period	4,550	16,101

CONDENSED STATEMENT OF CHANGES IN EQUITY For the Half-Year Ended 30 June 2006

CONSOLIDATED	Attributable to equity holders of the consolidated entity				Minority interest \$'000	Total equity \$'000
	Issued capital \$'000	Reserves \$'000	Retained earnings \$'000	Total \$'000		
	At 1 January 2005	60,830	243,671	97,675		
Cost of share-based payment	-	192	-	192	-	192
Total income and expense for the period recognised directly in Equity	60,830	243,863	97,675	402,368	185	402,553
Profit for the period	-	-	6,666	6,666	102	6,768
Issue of share capital	60,830	243,863	104,341	409,034	287	409,321
Exercise of options	65,254	-	-	65,254	-	65,254
Net losses on Interest rate swaps	7,943	-	-	7,943	-	7,943
Net gains on foreign currency contracts	-	(289)	-	(289)	-	(289)
	-	10	-	10	-	10
At 30 June 2005	134,027	243,584	104,341	481,952	287	482,239
At 1 January 2006	134,220	327,213	97,054	558,487	191	558,678
Cost of share-based payment	-	257	-	257	-	257
Total income and expense for the period recognised directly in Equity	134,220	327,470	97,054	558,744	191	558,935
Profit for the period	-	-	8,474	8,474	(60)	8,414
Issue of share capital for part settlement of Chefs Partner	134,220	327,470	105,528	567,218	131	567,349
Exercise of options	288	-	-	288	-	288
	288	-	-	288	-	288
At 30 June 2006	134,796	327,470	105,528	567,794	131	567,925

1 BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Consolidated Entity as the full financial report.

The half-year financial report should be read in conjunction with the annual Financial Report of Australian Agricultural Company Limited as at 31 December 2005.

It is also recommended that the half-year financial report be considered together with any public announcements made by Australian Agricultural Company Limited and its controlled entities during the half-year ended 30 June 2006 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of accounting

The half-year financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 134 *Interim Financial Reporting* and other mandatory professional reporting requirements.

The half-year financial report has been prepared on a historical cost basis, except for land and buildings, livestock and derivative financial instruments that have been measured at fair value.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

The financial report is presented in Australian dollars and all values have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the Class Order applies.

(b) Statement of compliance

The half-year financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ("AIFRS"). Compliance with AIFRS ensures that the half-year financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ("IFRS").

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Australian Agricultural Company Limited, and its subsidiaries, referred to collectively throughout these financial statements as the "Consolidated Entity".

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Subsidiaries are consolidated from the date on which control is transferred to the Consolidated Entity and cease to be consolidated from the date on which control is transferred out of the Consolidated Entity.

Minority interests represent the interests in Rural Management Partners Pty Ltd, not held by the Consolidated Entity.

(d) Significant accounting policies

The half-year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 31 December 2005.

(e) Changes in accounting policies

Australian Accounting Standards and UIG Interpretations that have recently been amended and are effective from 1 January 2006 are outlined in the table below.

(d) Changes in accounting policies (continued)

Reference	Title	Summary	Application date of standard	Impact on Group accounting policies	Application date
AASB 2005-1	Amendments to Australian Accounting Standard	Amendment to AASB 139 to allow the foreign currency risk of a highly probable intra-group forecast transaction to qualify as the hedged item in certain circumstances.	For annual reporting periods beginning on or after 1 January 2006	For the half year ended 30 June 2006, there has been no financial impact.	1 January 2006
AASB 2005-4	Amendments to Australian Accounting Standards [AASB 139, AASB 132, AASB 1, AASB 1023 & AASB 1038]	Amendments relate to the restriction on designating financial instruments at fair value through profit and loss.	For annual reporting periods beginning on or after 1 January 2006.	For the half year ended 30 June 2006, there has been no financial impact.	1 January 2006
AASB 2005-5	Amendments to Australian Accounting Standards [AASB 1 & AASB 139]	Consequential amendments made to AASB 1 due to the issue of UIG Interpretations 4 <i>Determining whether an Arrangement contains a Lease</i> . Consequential amendments made to AASB 139 due to the issue of UIG Interpretations 5 <i>Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds</i> .	For annual reporting periods beginning on or after 1 January 2006	For the half year ended 30 June 2006, there has been no financial impact.	1 January 2006
AASB 2005-6	Amendments to Australian Accounting Standards [AASB 3]	The definition of 'contribution by owners' is removed and the AASB 3 scope exclusion for business combinations involving entities or businesses under common control is adopted.	For annual reporting periods beginning on or after 1 January 2006	For the half year ended 30 June 2006, there has been no financial impact.	1 January 2006
AASB 2005-9	Amendments to Australian Accounting Standards [AASB 4, AASB 1023, AASB 139 & AASB 132]	The amendments to all four standards provide guidance as to which standard applies to financial guarantee contracts under certain circumstances.	For annual reporting periods beginning on or after 1 January 2006	For the half year ended 30 June 2006, there has been no financial impact.	1 January 2006
AASB 2006-1	Amendments to Australian Accounting Standards [AASB 121]	The amendment clarifies the requirements relating to an entity's investment in foreign operations and assists the financial reporting of entities with investments in operations that have a different functional currency.	For annual reporting periods ending on or after 31 December 2006	For the half year ended 30 June 2006, there has been no financial impact.	1 January 2006
UIG 4	Determining whether an Arrangement contains a Lease	Specifies criteria for determining whether an arrangement is, or contains, a lease.	For annual reporting periods beginning on or after 1 January 2006	These requirements are consistent with the Group's existing accounting policies or relate to transactions that the Group has not entered into and therefore there has been no impact.	1 January 2006

2 REVENUES

Profit before income tax expense includes the following revenues whose disclosure is relevant in explaining the performance of the Consolidated Entity:

	Consolidated	
	Half-Year ended 30/06/06 \$000	Half-Year ended 30/06/05 \$000
Revenue		
Cattle revenue	52,451	63,954
Crop revenue	1,441	1,928
Revenue from sale of goods and value add business	29,422	17,352
Revenue from rendering of services	719	950
Custom feeding revenue	-	2
	84,033	84,186
Other Revenue		
Interest income – unrelated parties	161	280
Other revenue	1,401	673
	1,562	953
	85,595	85,139

3 INCOME TAX

The major components of income tax expense for the half-year ended 30 June 2006 and 30 June 2005 are:

Profit from continuing operations	3,477	7,984
At the statutory income tax rate of 30% (2005: 30%)	1,043	2,395
Recognition of deferred tax asset (a)	(6,039)	-
Share options	-	(1,331)
Other items (net)	59	152
	(4,937)	1,216

(a) Tax asset not previously recorded in the balance sheet and crystallised due to the sale of Wrotham Park.

4 DIVIDENDS PAID AND PROPOSED

No dividends have been paid during the half-years ended 30 June 2006 or 30 June 2005.

The parent entity's dividend reinvestment plan has been suspended until further notice.

5 PROPERTY, PLANT AND EQUIPMENT

Acquisitions and disposals

During the half-year ended 30 June 2006, the Consolidated Entity acquired assets with a cost of \$11,899,000 (2005: \$8,988,000).

During the half-year ended 30 June 2006, the Consolidated Entity acquired control of its former associated entity, Chefs Partner. Assets acquired in this process were an additional \$1,723,000.

Assets with a net book value of \$24,229,000 (net of livestock) were disposed of by the Consolidated Entity during the half-year ended 30 June 2006 (2005: \$146,000), resulting in a net gain on disposal of \$4,496,000 (2005: \$336,000).

6 SHARE-BASED PAYMENT PLANS

On 30 January 2006, 120,000 Middle Management Executive Options were granted in three equal tranches with a fair value per option of \$0.30, \$0.33 and \$0.35 respectively. These options will vest one third each on each 1 January commencing in 2007. No vesting conditions apply to these options. The exercise price of these options is fixed at \$1.61. Any vested options that are unexercised on 31 March 2010 will expire. Upon exercise, these options will be settled in ordinary shares of the Consolidated Entity.

The fair value of the options is estimated at the date of grant using the Binomial model. The following table gives the assumptions made in determining the fair value of the options granted in the half year to 30 June 2006.

2006	Middle Management
Dividend yield (%)	4.15
Expected volatility (%)	30.00
Risk-free interest rate (%)	5.50
Expected life of option (years)	2.00
Option exercise price (\$)	1.61
Share price at grant date (\$)	1.65

7 INTEREST-BEARING LOANS AND BORROWINGS

During the half year ended 30 June 2006, the Consolidated Entity borrowed a further \$9,000,000 of short term debt and \$18,600,000 of long term debt, resulting in a net increase in bank borrowings of \$27,600,000.

8 RELATED PARTY DISCLOSURES

The following table provides the total amount of transactions that were entered into with related parties for the half-year ended 30 June 2006 and 2005:

<i>Related party</i>		<i>Sales to related parties</i>	<i>Purchases from related parties</i>	<i>Amounts owed by related parties</i>	<i>Amounts owed to related parties</i>
		\$'000	\$'000	\$'000	\$'000
Entities with significant influence over the Group:					
Futuris Corporation	2006	8,093	12,622	88	1,321
	2005	7,507	12,330	1,476	1,467
Associate:					
Chefs Partner	2006	1,739	144	N/A	N/A
	2005	1,335	47	285	9

Terms and conditions of transactions with related parties

Sales to and purchases from related parties are made in arm's length transactions both at normal market prices and on normal commercial terms.

Outstanding balances at half-year end are unsecured, interest free and settlement occurs in cash.

For the half-year ended 30 June 2006, the Consolidated Entity has not made any allowance for doubtful debts relating to amounts owed by related parties as the payment history has been excellent (2005: \$nil).

The remaining 55% of Chefs Partner's issued capital was acquired by the Consolidated Entity on 7 April 2006. It is a wholly owned subsidiary at 30 June 2006 and was an associate at 30 June 2005.

9 ISSUED CAPITAL

	Consolidated	
	30/06/06 \$'000	31/12/05 \$'000
Ordinary shares		
Issued and fully paid	134,796	134,220
	No. of Shares	\$'000
<i>Movements in ordinary shares on issue</i>		
At 1 July 2005	248,550,408	134,027
Issued for cash on exercise of share options	40,000	40
Employee Share Plan	83,079	153
At 31 December 2005	248,673,487	134,220
Issued for cash on exercise of share options	206,666	288
Issued as part settlement for the acquisition of Chefs Partner	161,705	288
At 30 June 2006	249,041,858	134,796

10 SEGMENT REPORTING

Business segments

The following table presents the revenue and profit information regarding business segments for the half-year periods ended 30 June 2005 and 30 June 2006.

	Continuing Operations			Total
	Cattle & Farming Operations \$'000	Wholesale Beef \$'000	Other \$'000	
30 June 2006				
Segment revenue	55,451	29,422	722	85,595
Segment result	10,909	1,377	(117)	12,169
30 June 2005				
Segment revenue	66,836	17,352	951	85,139
Segment result	15,875	1,350	(302)	16,923

11 CONTINGENT ASSETS AND LIABILITIES

	Consolidated	
	30/06/06 \$000	30/06/05 \$000
Contingent liabilities at balance date, not otherwise provided for in these financial statements are categorised as follows:		

Guarantees and indemnities:

Bank guarantee in relation to the Goonoo feedlot	3,300	3,300
Bank guarantees provided in relation to premises	104	64

In addition, the Consolidated Entity has commenced legal proceedings against AMP with regard to Stanbroke. A contingent asset has not been recognised for any potential proceeds following a successful hearing. In addition, as the outcome of the case is uncertain, the Consolidated Entity has not recognised any liability for potential legal costs.

Since the last reporting date, there has been no material change of any contingent assets or liabilities.

12 EVENTS AFTER THE BALANCE SHEET DATE

On 14 July 2006 the consolidated entity paid \$92,400,000 as a balancing payment for the purchase of the Anthony Lagoon and Eva Downs properties. This brought the total cost of the acquisition to \$100,200,000. The properties adjoin the existing Brunette Downs and Rockhampton Downs stations. The purchase was not recognised at 30 June 2006.

Subsequent to 30 June 2006, an unfranked dividend of 7 cents per share totalling \$17,433,000 was declared by the Directors. The dividend has not been provided for in the 30 June 2006 accounts.

No other material events have occurred subsequent to balance date.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Australian Agricultural Company Limited, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the Consolidated Entity:
 - (i) give a true and fair view of the financial position as at 30 June 2006 and the performance for the half-year ended on that date of the Consolidated Entity; and
 - (ii) comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Nick Burton Taylor, AM
Chairman

Brisbane, 9 August 2006



1 Eagle Street
Brisbane QLD 4000
Australia
PO Box 7878
Waterfront Place
Brisbane QLD 4001

Tel: 61 7 3011 3333
Fax: 61 7 3011 3100
DX: 165 Brisbane

Independent review report to members of Australian Agricultural Company Limited

Scope

The financial report and directors' responsibility

The financial report comprises the balance sheet, income statement, cash flow statement, statement of changes in equity and accompanying notes to the financial statements for the consolidated entity comprising both Australian Agricultural Company Limited (the company) and the entities it controlled during the half-year, and the directors' declaration for the company, for the half-year ended 30 June 2006.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the consolidated entity, and that complies with Accounting Standard AASB 134 *Interim Financial Reporting*, in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review of the financial report in order to make a statement about it to the members of the company, and in order for the company to lodge the financial report with the Australian Stock Exchange and the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements, in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the *Corporations Act 2001*, Accounting Standard AASB 134 *Interim Financial Reporting* and other mandatory financial reporting requirements in Australia, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and of its performance as represented by the results of its operations and cash flows.

A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report. In addition to our review of the financial report, we were engaged to undertake other non-audit services. The provision of these services has not impaired our independence.

Liability limited by a scheme approved under Professional Standards Legislation.



Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of the consolidated entity, comprising Australian Agricultural Company Limited and the entities it controlled during the half-year is not in accordance with:

- (a) the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of the consolidated entity at 30 June 2006 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and
- (b) other mandatory financial reporting requirements in Australia.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script that reads 'M J Hayward'.

M J Hayward
Partner
Brisbane
9 August 2006

COMPANY INFORMATION

Company Secretary
Bev Booker

Registered Office
Principal Place of Business
Level 1
299 Coronation Drive
Milton QLD 4064
Ph: (07) 3368 4400
Fax: (07) 3368 4401

AAco's Website
www.aaco.com.au

Share Registry
Link Market Services Limited
300 Queen Street
Brisbane QLD 4000
Ph: (02) 8280 7454
www.linkmarketservices.com.au

AAco shares are quoted
on the Australian Stock
Exchange under listing
Code AAC.

Solicitors
Mallesons Stephen Jacques
Level 30, Waterfront Place
1 Eagle Street
Brisbane QLD 4000

Bankers
National Australia Bank
Ground Level
345 George Street
Sydney NSW 2000

Auditors
Ernst & Young
1 Eagle Street
Brisbane QLD 4000