



Australian Agricultural Company (ASX code: AAC)
ACN 010 892 270

Announcement of 2006 Half-Yearly Results

ASX Announcement No. 34/06

10 August 2006

Australian Agricultural Company ("AAco"), today announced its financial results for the six months ended 30 June 2006.

The highlights were:

- *Net profit of \$8.5 million, an increase of 27% over the comparable period.*
- *Earnings before interest and tax of \$12.2 million, a decrease of \$4.8 million over the comparable period.*
- *Cattle inventory numbers of 528,578, an increase of 4% on 31 December 2005 cattle numbers.*
- *Full acquisition of associate company, Chefs Partner Pty Limited.*
- *Purchase of Westholme Wagyu Herd for \$10 million (\$9 million to be booked in second-half 2006).*
- *Sale of Wrotham Park Station, resulting in a pre-tax profit of \$4.9 million above the December 2005 valuation.*
- *Entered into contract to purchase Anthony Lagoon and Eva Downs for \$100 million (inclusive of purchasing costs), including approximately 60,000 head of cattle.*
- *Dividend declared of 7 cents per share (unfranked).*

Managing Director/CEO. Don Mackay said "AAco is well placed for a solid full year's performance on the back of good seasonal conditions and the current improved cattle market. The excellent rainfall during the season extended two months longer than normal and this has delayed revenue generating activities into the second half". The company's AASI (Adjusted Average Seasonal Index) currently stands at 61 in comparison to 40 at the same time last year.

The company was able to increase profit over the same period last year on the back of the sale of Wrotham Park Station which sold for \$4.9 million in excess of its valuation in December 2005. The sale proceeds of \$53.5 million, which included approximately 30,000 branded cattle, were received in July and consequently do not appear in the statement of cash flows at 30 June 2006.

During the period the company announced its intention to acquire Eva Downs and Anthony Lagoon for \$100 million (inclusive of purchasing costs). This purchase included some 60,000 cattle and settled in July 2006.

Don Mackay said “the above transactions flowed from a realignment of AAco’s land portfolio in line with strategy. Anthony Lagoon and Eva Downs are exceptional properties contiguous to Brunette Downs and provide an environment well suited to AAco’s softer Barkly composite cattle”.

“Whilst cattle prices had a dampening effect on first half performance it should be noted that the cattle market has rallied with the Eastern States Young Cattle indicator price lifting by 5% since 30 June 2006. Should cattle prices remain at these levels then the second half should provide a solid result”.

In July 2006 AAco completed the purchase of the Westholme Wagyu stud breeding herd.

Don Mackay said “AAco’s wholesale beef business was given a boost with the acquisition of the balance of the Chefs Partner business in April 2006. The company expects the combined branded beef and Chefs Partner business to grow during the next 6 months. With Chefs now being an accredited exporter of beef, strong growth is expected from expansion into Asian and US markets”.

Chairman Nick Burton Taylor said “these acquisitions add a powerful new dimension to the company’s focus on premium branded beef and will also provide added leverage to allow expansion of AAco’s 1824 and Wagyu product overseas”.

The company has announced a dividend of 7 cents per share consistent with last year. There will be zero franking compared to 20% for last year. The dividend will be paid to shareholders in October. This is in line with the company’s current practice of paying a single annual dividend.

Results at a glance

	Six months ended 30 June 2006 \$ million (unless stated)	Six months ended 30 June 2005 \$ million (unless stated)
Revenue	85.6	85.1
Earnings before interest and Tax	12.2	16.9
Net profit after tax	8.5	6.7
Dividend per share	7 cents	7 cents
Net tangible asset per share	\$2.22	\$1.90

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