



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

## **Announcement of 2007 Half-Yearly Results**

**ASX Announcement No. 32/2007**

**7 August 2007**

Australian Agricultural Company ("AAco") today announced its financial results for the six months ended 30 June 2007.

The highlights were:

- *Earnings before interest and tax of \$21.3 million, an increase of \$9.1 million over the comparable period.*
- *Net profit after tax of \$5.9 million, a decrease of \$2.6m over the comparable period.*
- *The settlement of the AMP litigation for \$10 million (before costs).*
- *Cattle inventory numbers of 630,515, an increase of 12% on 31 December 2006 cattle numbers and an increase over the comparable period of 19%.*
- *Increase in wholesale beef revenues of 64%.*
- *The conversion of the Goonoo Station and Feedlot from an operating lease to freehold and the subsequent booking of an increment of \$29 million (pre tax) to the balance sheet following an independent valuation of the asset..*
- *Payment of a special dividend of 2 cents per share in April 2007.*
- *Dividend declared of 7 cents per share (unfranked).*
- *Re-commencement of the dividend re-investment plan (underwritten.)*

Managing Director/CEO. Don Mackay said "Seasonal conditions were average or above on most of AAco's properties however the late rains on some northern properties delayed mustering and some cattle sales in the lead up to June. In addition the company held back from selling some grass-fed cattle into the current soft market.

This unseasonal winter rainfall will assist production and lower some costs in the second half, particularly supplementary feed costs.

The company was able to increase Earnings before tax over the same period last year. Whilst there has been an underlying improvement in operating profit the overall result was supported by the proceeds of the settlement with AMP.

Don Mackay said "AAco's wholesale beef business revenues have grown strongly however marketing and new factory set up costs which were expensed during the period impacted profits for the first half."

The six months to the end of June was a period of consolidation for the company. Investors will recall that last year the company was very active in the property and cattle market having sold Wrotham Park Station, negotiated the acquisition of Anthony Lagoon and Eva Downs, purchased the Westholme Wagyu stud and acquired the

balance of Equity in the Chefs Partner business. The last six months has seen the company focussed on integrating these acquisitions into the AAcO system. In particular the Anthony Lagoon and Eva Downs stations are now fully integrated into the broader Brunette Downs aggregation. In addition a number of operational initiatives have been finalised including the introduction of Wagyu cattle onto two additional northern stations. AAcO's 51% interest in Rural Management Partners was also sold during the period.

The company has announced a dividend of 7 cents per share unfranked consistent with 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. The Dividend re-investment plan will be recommenced this year and will be underwritten.

There are competing influences that will determine short term cattle prices and hence inventory values and earnings through to December 2007. These influences include the beneficial impact of a return to normal seasons in southern Australia thereby tightening beef supply and mitigating grain price increases, the continuing strong world demand for quality beef negatively affected by the stronger Australian dollar and the ongoing uncertainty over the volume and pricing of US beef entering Korean and Japanese markets. These issues along with other market forces may affect the company's full year earnings.

## Results at a glance

|                                  | Six months ended 30 June<br>2007<br>\$ million (unless stated) | Six months ended 30 June<br>2006<br>\$ million (unless stated) |
|----------------------------------|--|--|
| Revenue                          | 124.2  | 85.6   |
| Earnings before interest and Tax | 21.3   | 12.2   |
| Net profit after tax             | 5.9  | 8.5  |
| Special Dividend per share paid  | 2 cents  | -  |
| Dividend per share payable       | 7 cents  | 7 cents  |
| Net tangible asset per share     | \$2.38   | \$2.22   |

For further information contact

Don Mackay  
Chief Executive Officer  
Tel 07-3368-4400  
[www.aaco.com.au](http://www.aaco.com.au)