Australian Agricultural Company Limited

2007 Half Year Results

Company Information

Registered Office
Principal Place of Business
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Website
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Directors
N Burton Taylor, AM
D J Mackay
C E Bright
Hon. T A Fischer, AC
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G J Paramor
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Company Secretary
B M Bennett

Share Register
Link Market Services Limited
300 Queen Street
Brisbane QLD 4000
Ph: 1300 554 474
www.linkmarketservices.com.au

Australian Agricultural Company Limited shares are listed on the Australian Stock Exchange under listing code AAC.

Solicitors
Mallesons Stephen Jacques
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Brisbane QLD 4000

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

Auditors
Ernst & Young
Level 5, Waterfront Place
1 Eagle Street
Brisbane QLD 4000

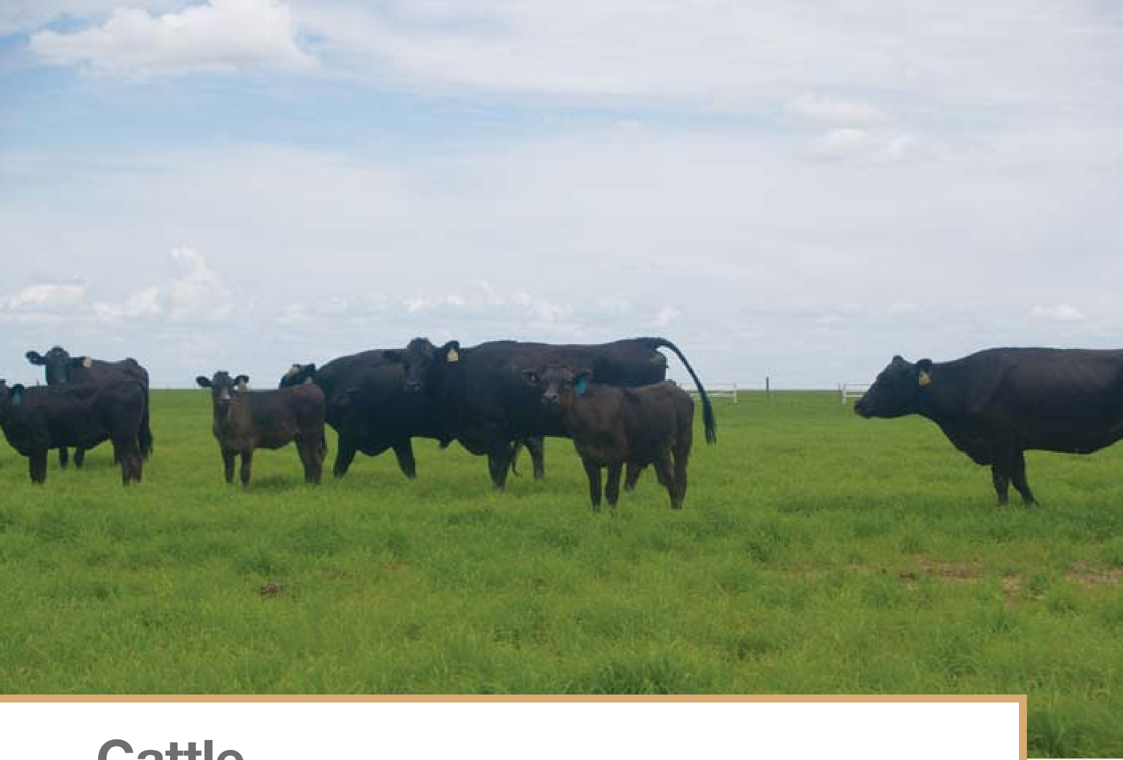
Australian Agricultural Company Limited
ABN 15 010 892 270

Major achievements

in the past six months to 30 June 2007

Financial Results

- Increase in cattle revenue 11%
- Increase in wholesale beef revenues of 64%
- Earnings before interest and tax of $21.3 million, an increase of $9.1 million over the comparable period
- Settled AMP litigation with receipt of $10 million
- Net profit after tax of $5.9 million, a decrease of $2.6 million over the comparable period (due to a one off $6 million tax credit in the prior period)
- Converted the Goonoo station and feedlot back from lease to freehold crystallising a capital gain of $21 million after tax (which was booked directly to the Balance Sheet through the Asset Revaluation Reserve)
- Payment of special dividend of 2 cents per share in April 2007
- Increased total shareholder return by 62% over the six months



Cattle

Cattle numbers as at 30 June 2007 were 630,515, an increase of 12% on 31 December 2006 cattle numbers and an increase over the comparable period of 19%.

Cattle production (kilograms of beef) was 1% higher than the comparative prior period.

In addition, there was consolidation of the two new breeding properties Anthony Lagoon and Eva Downs.

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.

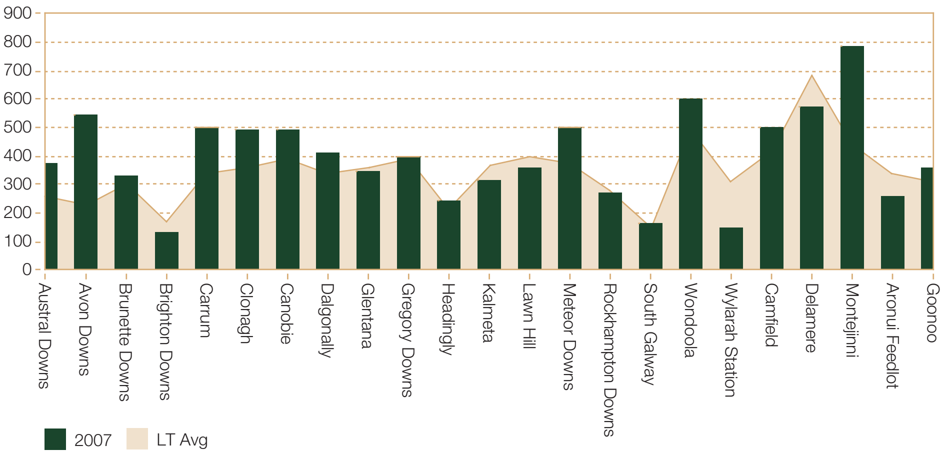
Seasonal Conditions

Seasonal conditions for the period were average or above average on most of the company's properties. However, 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 of the year, particularly supplementary feed costs.

Rainfall 6 months to June 2007 (mm)



Acquisitions and Disposals

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 focused 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.

The company's 51% interest in Rural Management Partners was also sold during the period.

Darling Downs Wagyu™

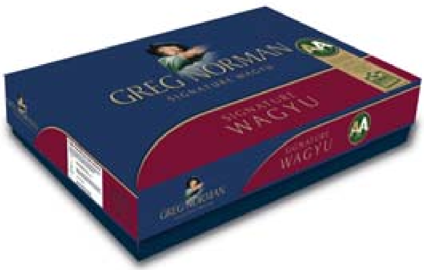
Branded Beef Business

Operational Factors

- AAco's wholesale beef business revenues have grown strongly in the past six months, however, marketing and new factory set up costs which were expensed during the period impacted profits for the first half
- Completed relocation to new processing and warehouse distribution centre for Chefs Partner
- Commenced sales of "1824 Premium Beef" into Woolworths (58 stores)

Demand for Wagyu has been strong in the last six months, however, a higher Australian dollar has had a negative impact on results. Fixed overheads increased in the build up for the company's export marketing drive and the expansion of "1824 Premium Beef" into Woolworths supermarkets, as well as the new processing plant for Chefs Partner.

MASTER KOBE.



Investment Profile

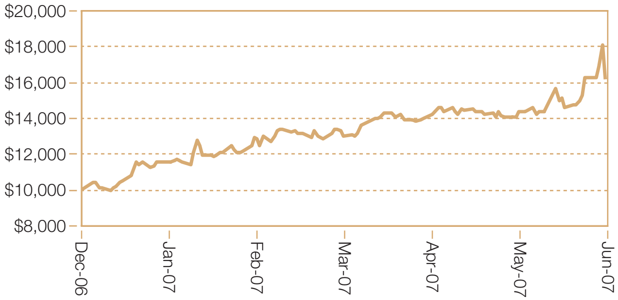
In addition to the special dividend of 2 cents per share paid in April 2007, the company announced a dividend of 7 cents per share unfranked consistent with last year. The dividend was paid to shareholders in October.

This is in line with the company's current practice of paying a single annual dividend.

The Dividend Reinvestment Plan was recommenced this year and was fully underwritten.

Below is a table showing the company's Total Shareholder Return in the last six months.

Value of $10,000 investment for the six months ended 30 June 2007



The way forward

> Maximise revenue for shareholders by improving productivity:

- through breed development initiatives
- by utilising market intelligence and improving channel management
- by increasing sustainable carrying capacity through best practice land management and development, and
- by controlling costs

> Maintain the drive to produce traceable, quality assured and source verified products

> Continue to grow wholesale beef through brand penetration and expansion

> Continue growth in the portion control business to achieve better economies of scale

> As reflected in the company's maintenance of its "A" rating by independent research firm Reputex Pty Ltd. achieve continuous improvement in:

- safety
- environmental management, and
- risk management and governance systems

Summarised Financial Reports

Summarised Balance Sheet

as at 30 June 2007

	Consolidated		
	30/06/07 $000	**31/12/06 $000**	**30/06/06 $000**
Current Assets			
Cash & cash equivalents	5,001	10,825	4,550
Receivables & other	18,848	14,535	70,094
Inventories	21,239	21,635	15,169
Biological assets – livestock	157,900	129,525	117,649
Total Current Assets	**202,988**	**176,520**	**207,462**
Non-current Assets			
Receivables & other	269	-	7
Biological assets - livestock	277,443	276,802	246,530
Property, plant & equipment	636,565	586,504	473,471
Deferred income tax assets	35,695	35,529	39,353
Intangible assets	11,399	13,711	14,118
Total Non-current Assets	**961,371**	**912,546**	**773,479**
TOTAL ASSETS	**1,164,359**	**1,089,066**	**980,941**
Current Liabilities			
Trade & other payables	30,486	28,161	27,179
Interest bearing loans & borrowings	70,134	57,495	21,328
Provisions	2,724	2,804	2,621
Total Current Liabilities	**103,344**	**88,460**	**51,128**
Non-current Liabilities			
Interest bearing loans & borrowings	336,762	310,213	261,534
Deferred income tax liabilities	118,813	107,651	100,005
Provisions	362	374	349
Total Non-current Liabilities	**455,937**	**418,238**	**361,888**
TOTAL LIABILITIES	**559,281**	**506,698**	**413,016**
NET ASSETS	**605,078**	**582,368**	**567,925**
EQUITY			
Issued capital	136,174	135,400	134,796
Reserves	378,314	357,134	327,470
Retained earnings	90,590	89,710	105,528
Parent interest	**605,078**	**582,244**	**567,794**
Minority interest	-	124	131
TOTAL EQUITY	**605,078**	**582,368**	**567,925**

Summarised Income Statement

for the Half Year ended 30 June 2007

	Consolidated Half-Year ended 30/06/07 $000	Consolidated Half-Year ended 30/06/06 $000
Revenue from ordinary activities	124,203	85,595
Profit before income tax and finance costs	**21,317**	**12,169**
Finance costs	(13,080)	(8,692)
Profit before income tax	**8,237**	**3,477**
Income tax benefit/(expense)	(2,424)	4,937
Net profit for the period	**5,813**	**8,414**
Net loss/(profit) attributed to minority interest	59	60
Net profit attributable to members of parent entity	**5,872**	**8,474**

Summarised Cash Flow Statement

For the Half Year ended 30 June 2007

	Consolidated Half-Year ended 30/06/07 $000	Consolidated Half-Year ended 30/06/06 $000
Receipts from customers	107,566	94,491
Payments to suppliers and employees	(127,529)	(103,929)
Payment of interest and finance costs	(12,451)	(8,444)
Income tax received/(paid)	-	503
Interest received	112	161
Net GST received from ATO	3,516	1,444
Proceeds from AMP settlement	10,000	-
Stanbroke legal costs	(1,245)	(246)
Net cash flows from operating activities	**(20,031)**	**(16,020)**
Net cash flows from investing activities	**(20,931)**	**(20,958)**
Net cash flows from financing activities	**35,138**	**27,888**
Net (decrease)/increase in cash and cash equivalents	(5,824)	(9,090)
Cash and cash equivalents at the beginning of the financial period	10,825	13,640
Cash and cash equivalents at the end of the financial period	**5,001**	**4,550**