Australian Agricultural

Company Limited

Results Presentation for Half Year ended 30 June 2008

Stephen Toms – CEO

12 August 2008

Result in Summary

- Positive Operating Cash Flow of $5.9 million (-$20m pcp)
- NTA improvement to $2.79 per share
- Operating EBIT $16 million ($21.3 million pcp)
  - Up 28% after adjusting for AMP settlement of $8.8 m in 2007
- Wholesale beef segment profit $1.5m (loss $0.3m pcp)
- Overall a small loss of $2.2 million ($5.9m profit pcp)
  - Half year earnings not a reliable guide to AAco's annual performance due to significant cattle market movements
- Gearing remains low at 36% (40% pcp)
  - No short term refinancing and operating comfortably within covenants
- The AACo "system" proves its worth in testing seasonal conditions
  - Geographic spread and pathways management has mitigated a poor season in the Barkly region of the Northern Territory
- Board and Management restructure is being progressed

Agenda

- Operational Update
- Financial Analysis
- Review of Business by Segment
  - Cattle and Farming
  - Branded Beef
- Seasonal Conditions
- Market Conditions and Outlook
- Board and Management
- Priorities for 2008
- Summary

Key Operational Drivers

- Sale of 121,559 Head of cattle releasing $76.7m in cash
- Rainfall patterns returned to normal
  - Barkly Region the exception
- Management capacity to deal with logistics of significant cattle movement to mitigate herd risk.
- Property values continue to increase in North Australia
- Cattle prices subdued (315-340c/kg cwt) during the half
  - Rallied in recent weeks to 353c/kg
- Export revenues impacted by strong A$
- Record costs for grain and fuel

Financial Analysis

Profit and Loss

$M	Jun 08	Jun 07	%Ch
Total Operating Revenue	123.6	124.2 [1]	-0.5
Operating Costs	101.7	98.5	+3.2
EBITDA	21.8	26.3	-17.1
Tax Expense	1.2 [2]	2.4	
NPAT	(2.2)	5.9	
Cattle Herd (head)	609,014	630,515	-3.4
EPS (cents)	(0.8)	2.4	
DPS declared (cents)	7.0	7.0 [3]	

[1] Includes $10m settlement from AMP

Operating costs rose due to higher cropping activity, agistment, fuel and grain costs.

[2] Includes $1.1m reversal due to potential change in tax legislation

The carry over breeding herd from 2007 has mostly been sold down

[3] In 2007 an additional 2 cps special dividend was paid out of AMP proceeds

Financial Analysis

Cash Flow

Comment		Jun 08	Jun 07	%Ch
Retained cattle in 2007 – now sold	Operating Cash flow $m	5.9	(20.0)	n/a
2007 included payout of Goonoo lease $16m	Capex ($m)	3.6	23.5	-85
Sold 2007 overflow + young cattle due to dry conditions	Cattle Sold (head)	121,559	65,587	+85
	Kg sold (D.W)	27.0m	16.6m	+63
Higher percentage of grass fed sales	Avg selling Price/ Hd	$758	$1,072	-29
Subdued prices for most of the last six months	Avg Selling Price / Kg	$3.41	$3.92	-13
Higher percentage of grass fed sales	Avg Kg/ DW sold	222	273	-19

Financial Analysis

Balance Sheet – Key Assets

Livestock benefited slightly from mark to market uplift of net $9m

A portion of the portfolio was revalued upward by $21m, based on recent neighbouring property sales

	Jun 08	Dec 07	%Ch
Total Livestock ($m)	431.6	426.5	+1.2
Property & Equip ($m)	829.2	810.4	+2.3
Other Assets	72.6	61.2	+18.6
Total Assets	1,333.4	1,298.1	+2.7

Financial Analysis

Balance Sheet – Key Liabilities

Nil short term net debt position

Net Debt/(Net Debt + Equity)

Main increase arose from proposed retrospective change in tax law

	Jun 08	Dec 07	%Ch
Total Net Debt ($m)	407.7	410.7	-0.7
Gearing (%)	35.9	36.1	
Deferred income tax liabilities ($m)	151.9	131.9	+15.2
NTA ($ per share)	2.79	2.78	+0.4

Financial Analysis

– The 2008 dividend of 7 cps is consistent with prior years and remains un-franked

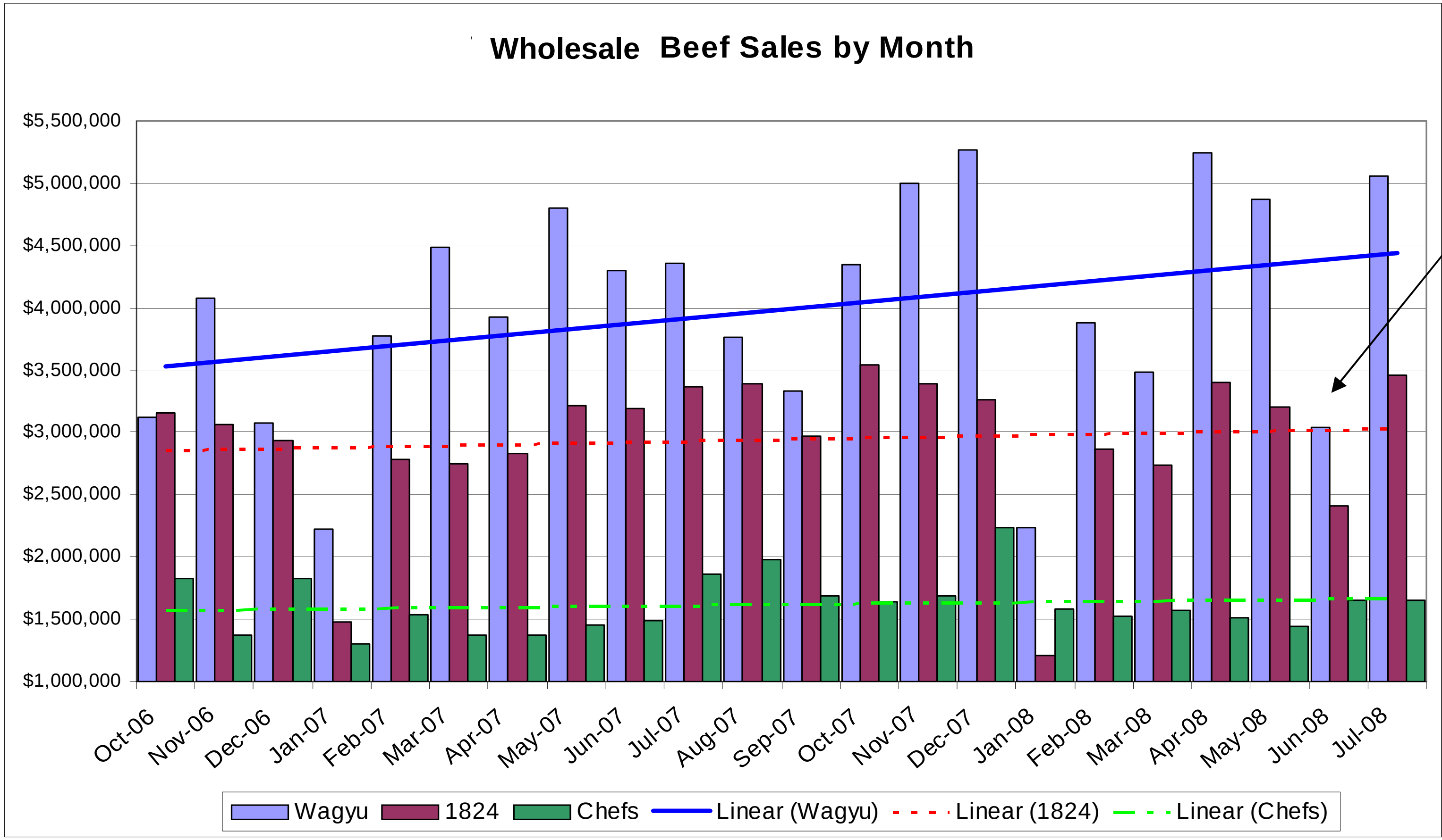
– DRP remains in place and will be underwritten

Dividend Type	Cents per Share	Franked %	Ex- Dividend Date	Payable Date	Status
Final	**7**	**0**	**TBA Sep 08**	**TBA Oct 08**	**Declared**
Final	7	0	20-Sep-07	16-Oct-07	Paid
Special	2	0	14-Mar-07	12-Apr-07	Paid
Final	7	0	14-Sep-06	16-Oct-06	Paid
Final	7	20	16-Sep-05	14-Oct-05	Paid
Final	6	70	16-Sep-04	13-Oct-04	Paid

Financials by Segment

Analysis of Profit and Loss by Segment	$'000	$'000	COMMENT
Half Year ended 30 June	2008	2007	
Cattle and Crop Revenue	76,497	64,284	19% increase due mainly to Mark to market valuation and crop revenues
Cattle and Crop Costs	(62,040)	(54,555)	14% increase related to increased crop activity as well as cattle agistment costs, fuel and grain (Cattle agistment $2.6m due to dry conditions in 2008)
Cattle and Crop Contribution	**14,457**	**9,729**	
Wholesale Beef Revenue	45,703	46,170	Throughput flattened with less domestic demand
Wholesale Beef Costs	(44,188)	(46,476)	Priced in higher AUD so better margins in export now
Wholesale Beef Contribution	**1,515**	**(306)**	
Other Non Cattle or Beef Items			
AMP Settlement in 2007		10,000	Gross proceeds of AMP settlement
Other Income	1,404	3,139	Settlement of MIS scheme and other sundry items
AMP Costs in 2007		(1,245)	Legal and Experts costs
One off Costs in 2008	(1,327)		Exec Termination, legals and adviser costs related to FCL transaction
Net Other Items	**77**	**11,894**	
EBIT	**16,049**	**21,317**	

Branded Beef



Meatworks breakdown in June pushed sales out into July/Aug

Branded Beef

Operating Highlights

- Wagyu Sales continue to climb
- First half revenue and earnings were delayed in June due to contractor plant breakdown
  - Costs associated with the breakdown have been recovered
- The restaurant / food service trade has flattened off in Australia
- Domestic supermarkets are trying to contain meat prices
- Offshore demand for branded beef is good, constrained mainly by the strong AUD which has weakened in recent days.

Cattle and Farming

Operating Highlights – a mix of seasons across our portfolio

- Excellent seasonal conditions in southern Qld and northern NSW
  - substantial number of cattle relocated from the drier Barkly Tableland properties
  - restocking in the south saw highly sought after AAco cattle being on-sold at above market prices.
- Excellent Seasonal conditions in central Queensland
  - substantially increased cropping output as well as throughput of backgrounding cattle.
- Good season in the Victoria River Group (NT)
  - maintained weight gain from existing Brahman stock as well as accommodating Brahman relocated from the Barkly region

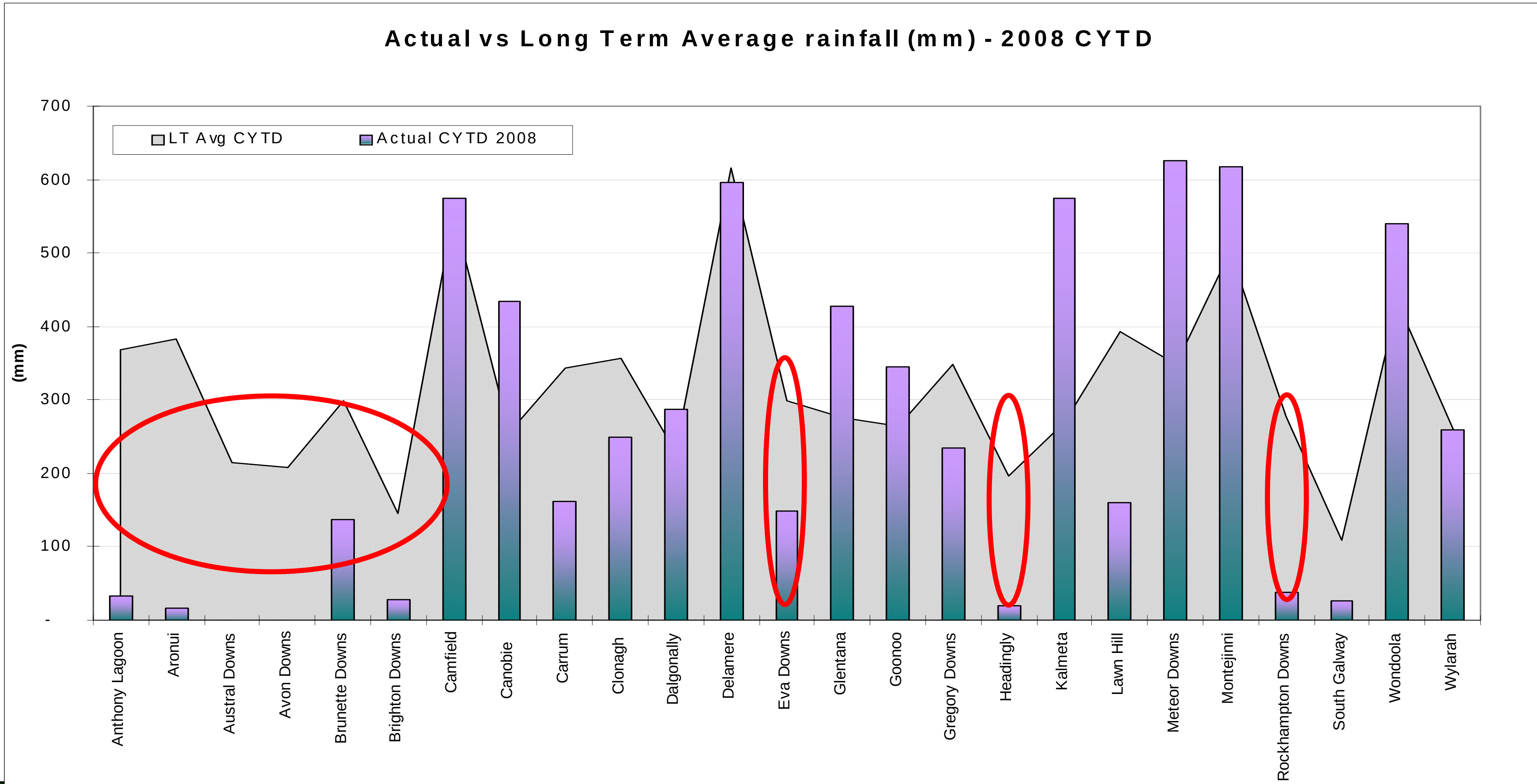
Cattle and Farming

Operating Highlights (continued)

- A good season in the lower Gulf breeding and growing stations
  - 30,000 Barkly breeders transferred this year, facilitating the re-stocking of the Barkly in 2008/9
- A poor season on the Barkly tableland
  - cattle transferred to other regions resulting in one off costs of agistment and earlier expensing of transport to market
- Higher levels of activity resulted in labour, freight and handling costs all increasing significantly in the first half.
- Farming activity has increased significantly
  - all farms in southern and central Queensland received good rains and were fully utilized.
  - crop production was valued at $5.6m compared to $0.6m pcp
  - enabled intensive feeding programs to allow weaner cattle ex the Barkly to put on weight and improve condition.

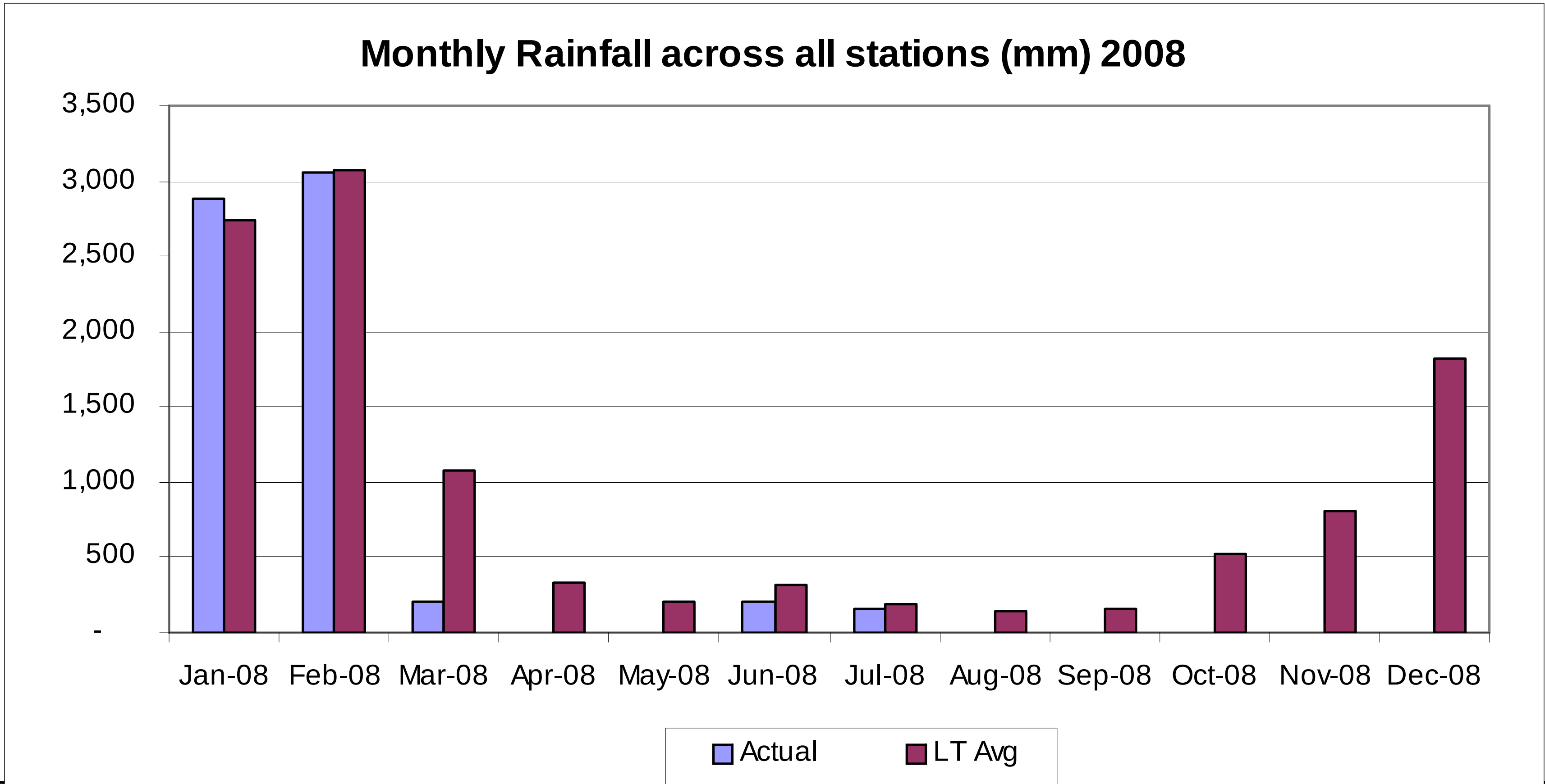
Seasonal Conditions

Rainfall by Property in 7 months to July 2008 - the Barkly properties well below average



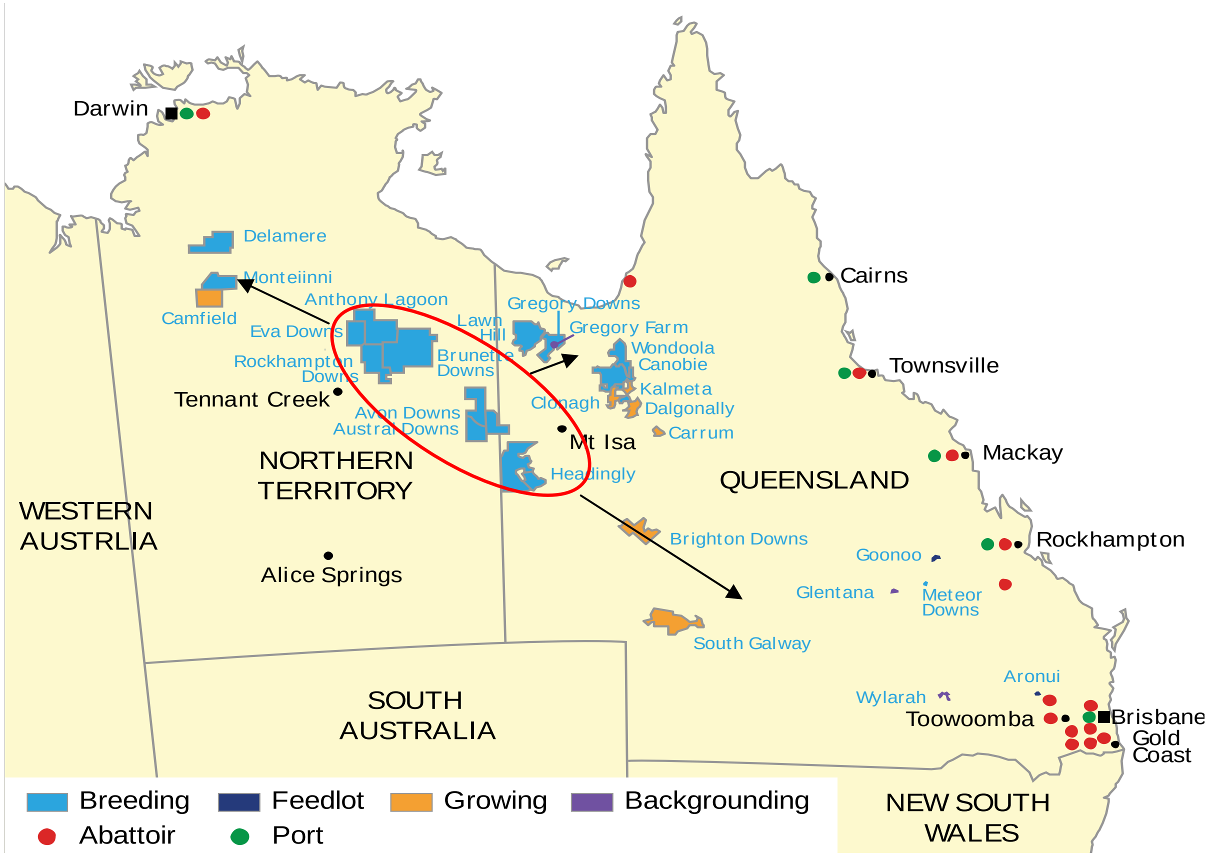
Seasonal Conditions

Return to more normal rainfall patterns – March to May actuals impacted by drought conditions in the Barkly



Seasonal Conditions

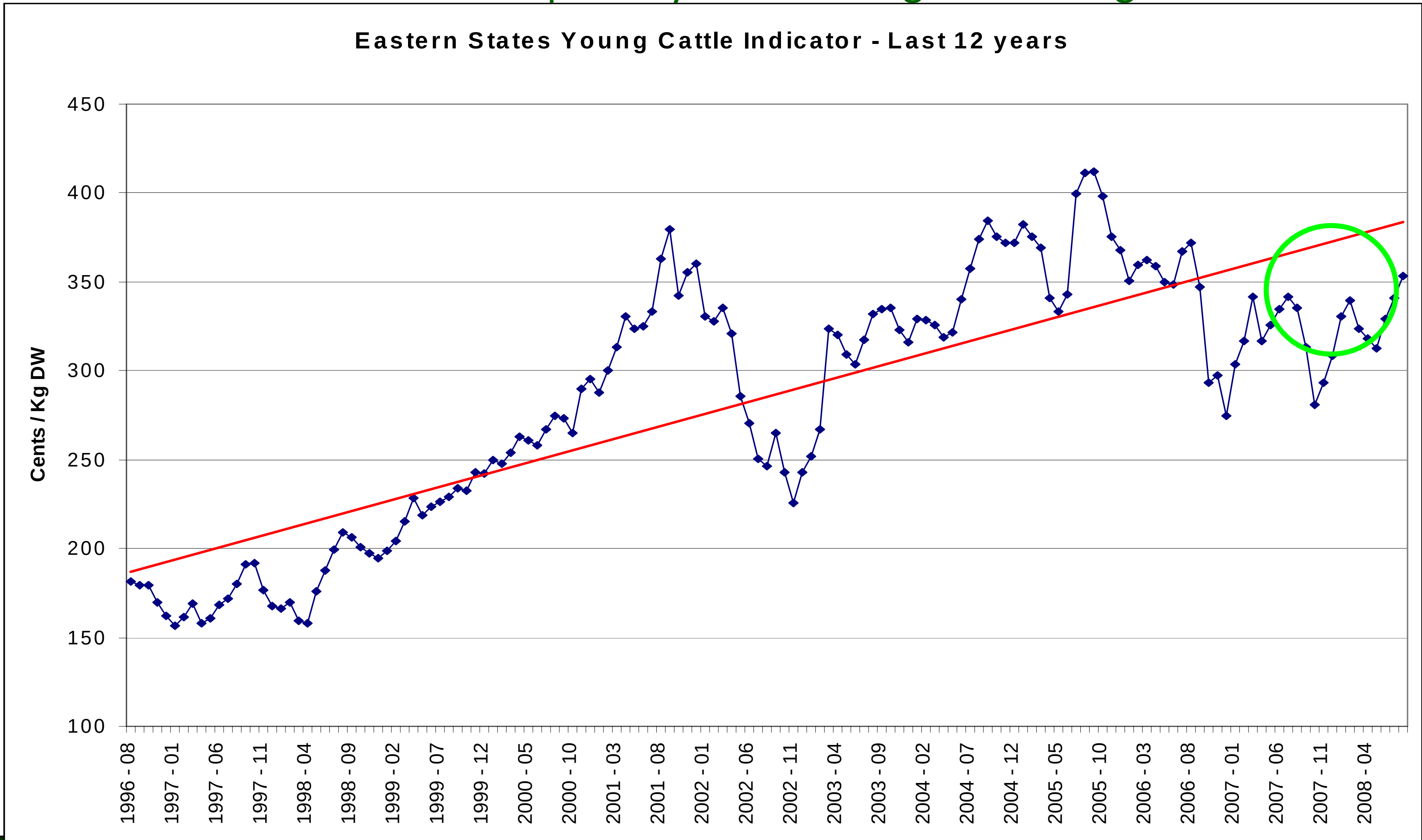
Dry conditions on the Barkly Tableland



Source: AAco website , AAco prospectus

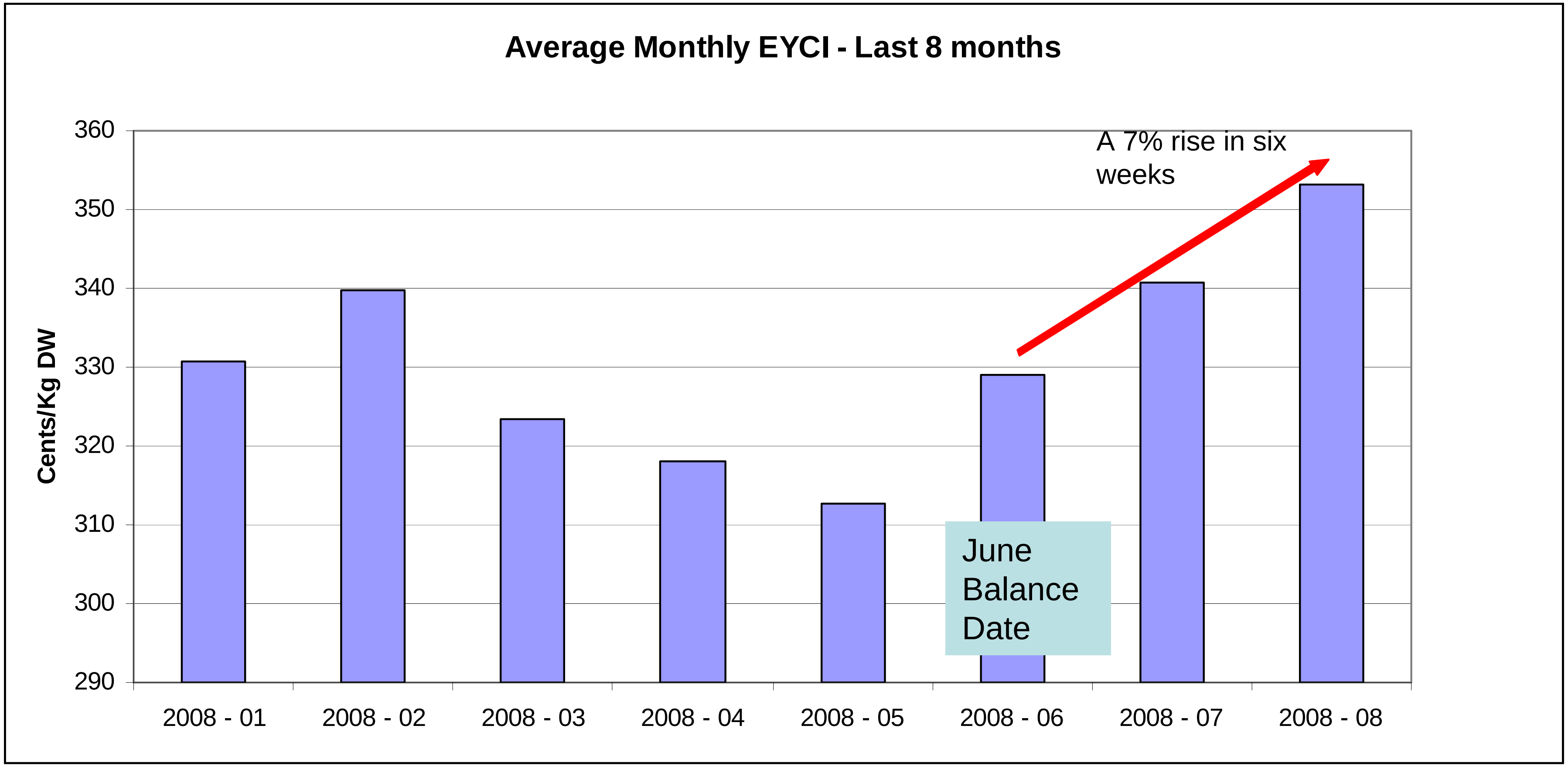
Cattle Prices – Long term trend

Prices over past 2 years tracking below long term trend line



Cattle Prices - 2008

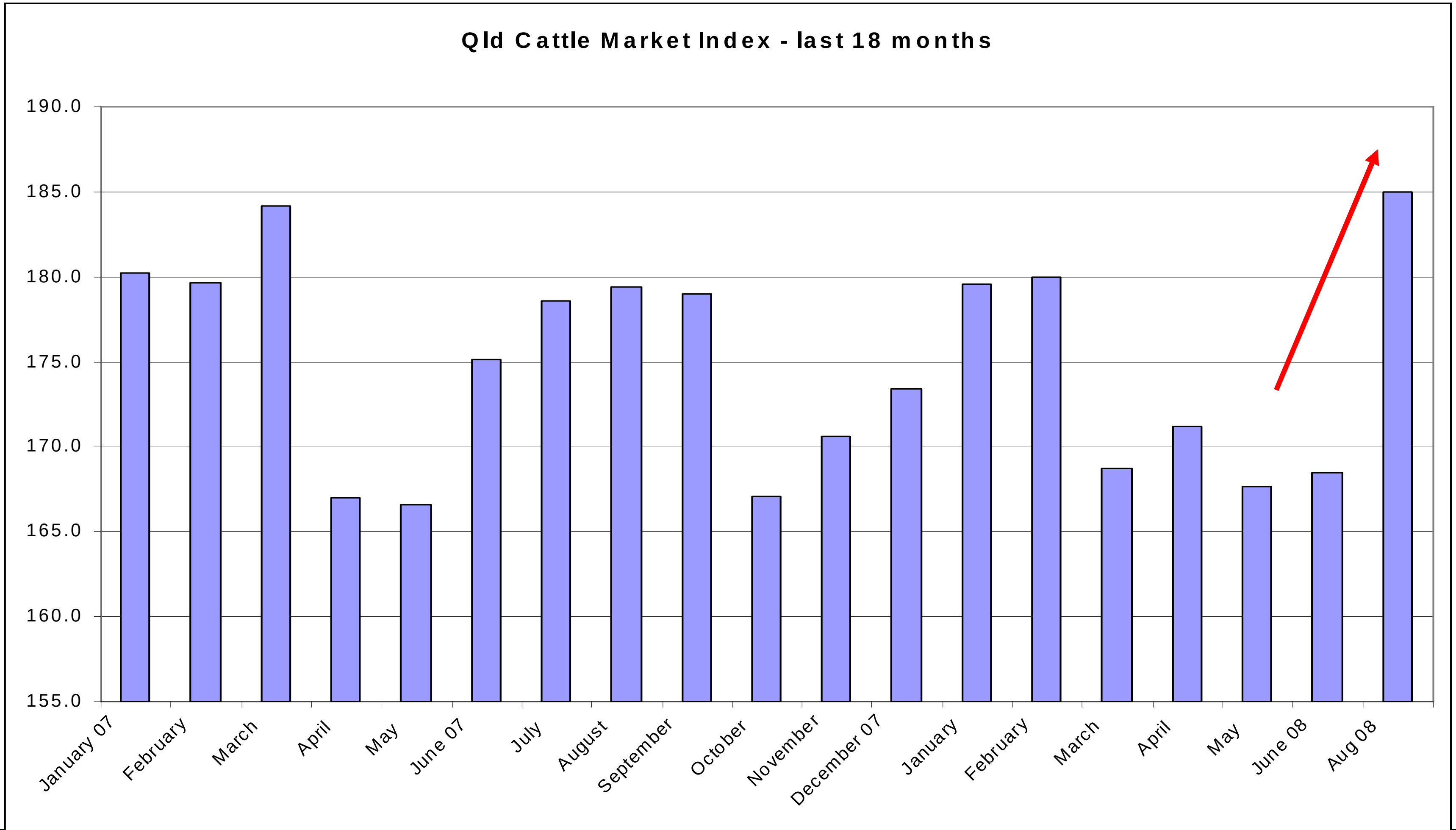
Strong recovery in prices since June



A 7% mark to market adjustment against the AACo trading herd would generate a pre tax profit of $12M

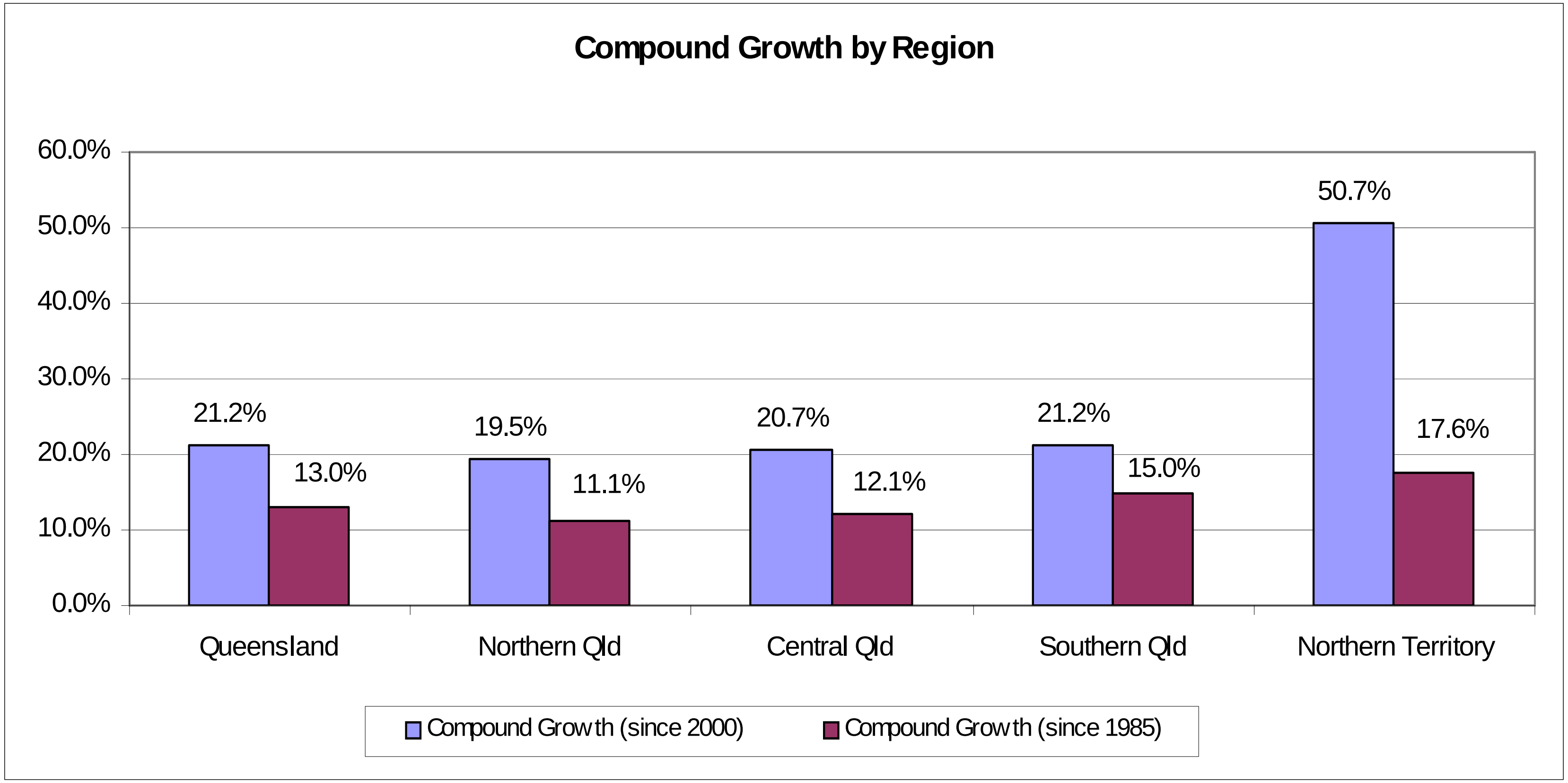
Cattle Prices – Queensland Market

Recovery particularly pronounced in Queensland



Market Conditions

Rural property values continue to rise in the North



Source: RMP – Herron Todd White : Australian Grazing Property Index

Market Outlook for 2008 - Australia

- Higher cattle prices anticipated as evidenced in recent weeks
- Fuel prices expected to stay at current high levels
  - An energy efficiency study commenced to examine reduction of diesel use though better electricity management, solar, and bio-fuel solutions.
- 50,000 head of cattle transferred out of the Barkly region, accelerating sales to both the live export and domestic markets
  - Good feed and water in southern Queensland and NSW
- Average AU$/US$ exchange rate for 2008 assumed at 88 to 90 cents
  - Increased likelihood of meeting this in the second half
- Forward purchasing of grain has limited the immediate impact of higher grain prices during the half
  - Company has forward bought feed out about 10 months.
  - Excellent cropping results in AAco's central Qld properties will supplement feed and keep a lid on grain input costs next year.

Market Outlook for 2008 - Global

- World supply of **quality** beef remains constrained as demand rises and global herd size declines
  - Herd health issues in South America impacting the supply of quality beef
  - US herd and calf production are forecast to decline in 2008.
- Further easing of protocols restricting access of US beef into Japan and Korea expected
  - Japanese and Korean wholesalers, retailers and consumers increasingly regard Australian beef as high quality, reliable alternative to US beef
- Emerging markets
  - Australia's traditional grain fed markets have been to USA, Japan and Korea,
  - Focus will be on emerging opportunities in EU/Russia and the Middle East.

Market Outlook for 2008 - Global

- Attention to cost and price dynamics
  - Significant changes in farm input costs around the world and rising rural land values will generate upward pressure on beef prices
- World demand for clean, exportable beef remains strong
  - Consumers increasingly focused on traceable, quality assured and source verified products
  - Australia's electronic identification scheme (NLIS), a world leader in this regard

Market Outlook for 2008 - Global

Snap shot of international beef dynamics by country

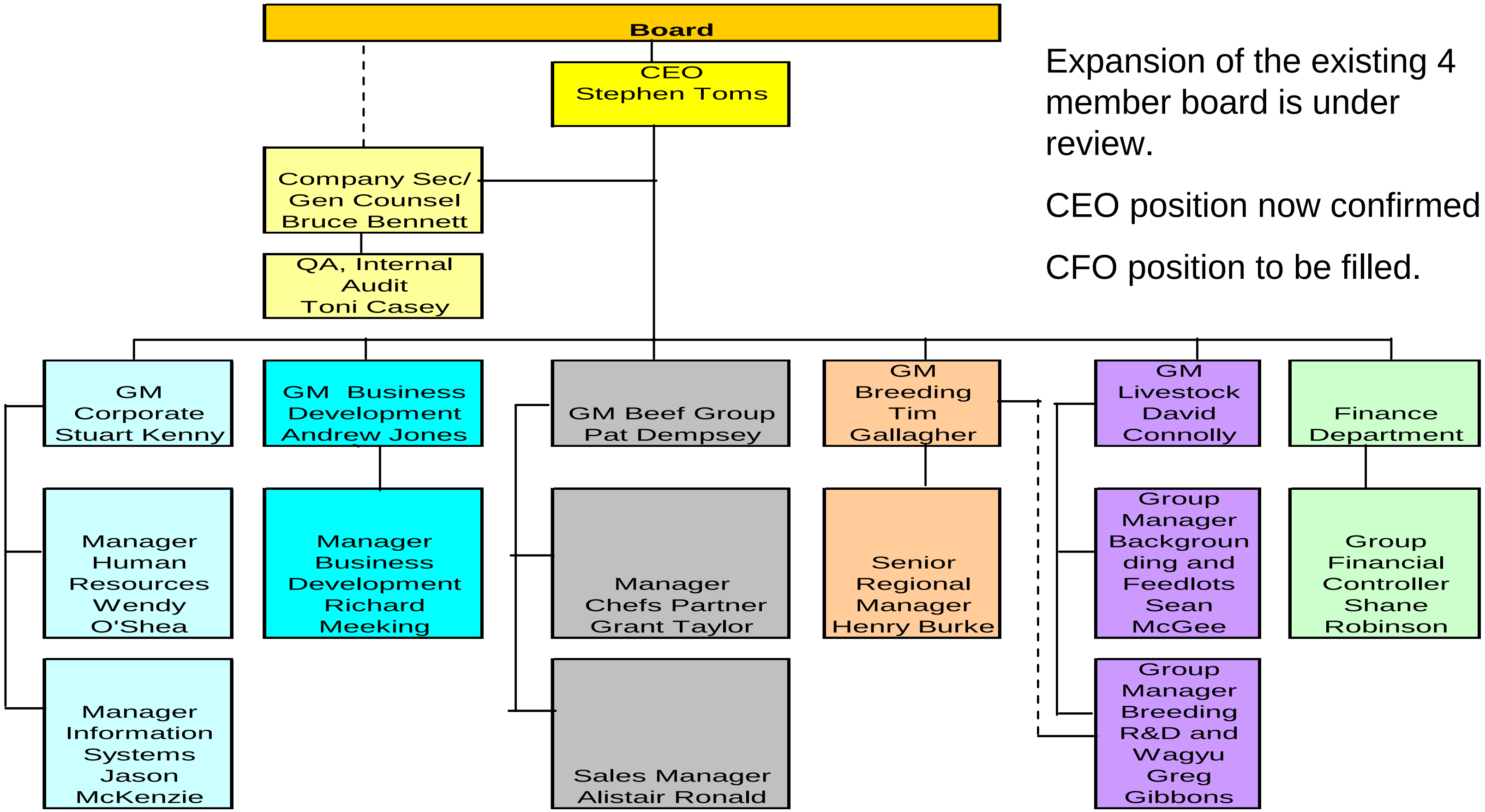
- **Brazil**
  - Herd health issues - some restrictions in entering the EU have resulted in flat export forecasts
  - Strong currency, increasing inflation and rising costs and interest rates are making exports less competitive
  - Domestic prices in Brazil under downward pressure resulting in increased consumption (up 3.1%)
- **USA**
  - Rising grain costs and competition for grain for ethanol
  - Herd is slightly lower in 2008 and calf production forecast to drop 0.6%
  - Restricted re-entry to Japan and Korea but is meeting significant consumer resistance

Market Outlook for 2008 - Global

Snap shot of international beef dynamics (contin)

- **Russia**
  - Economic growth and prosperity - consumption forecast to grow 2.9%
  - Imports from Australia increasing
  - Russian herd to decline by 3.3%
- **China**
  - Increasing prosperity
  - Consumption forecast to increase by 3.8%
  - Herd numbers are static
- **Other**
  - EU consumption to decline 1.1%
  - India consumption to increase 5.1%

Board and Management



Expansion of the existing 4 member board is under review.

CEO position now confirmed

CFO position to be filled.

Strategic Position

10 Year plan set in 2005

- Focus on cattle/beef production and associated cropping
- Doubling of the herd to exceed 1million head
- Three equity injections over 10 years of $100m each
- Property development programme to increase the herd by 20% on the same land area under fully sustainable rangeland protocols.
- Three key outcomes:
  - increased economies of scale (more cattle for same level of fixed overhead)
  - beneficial increase in land values
  - longer term potential benefits of alternate agriculture.

Strategic Priorities for 2008

- Ensure continued positive cash flow delivery for 2008
- Re - balance the breeding herd for 2009
  - Ensure herd is managed to take advantage of anticipated rising prices
- Fine tune property portfolio
- Reduce climate impact on operational earnings
  - Complete Wholesale Fund structure
- Undertake a review of the long term strategic plan
- Take into consideration:
  - Sustainable land use and emissions trading opportunities
  - Leveraging our significant array of assets and to drive productivity improvements

Summary Position

- Board and management are aligned
- The Company has a sound financial base enabling it to pursue its objectives
- AACo has enjoys strong stakeholder support from Shareholders, Lenders, Staff and the Community
  - Total shareholder returns are exceeding benchmarks
  - Debt positions have been managed to the satisfaction of its bankers, securing extended facilities at very competitive rates
  - The executive and staff are committed to delivering outcomes linked to corporate goals
  - The company is considered a market leader, investing in the development of its local communities, operating within a sustainable farming regime and focused on managing risk.
- AACo is well positioned to take advantage of its significant asset base to become the agricultural production powerhouse of Australia.