



Australian Agricultural Company Limited
ABN 15 010 892 270

Dividend Reinvestment Plan ('DRP') and Key Dates for 2008 Dividend

ASX Announcement No. 55/2008

1 September 2008

Australian Agricultural Company Limited ('Company') wishes to announce the following information with respect of the dividend declared for 2008, being an unfranked dividend of 7 cents per share.

Please note that there is no CFI component in respect of this unfranked dividend.

Ex-date for declared dividend (i.e. first date on which shares are quoted ex-dividend)	11 September 2008
Record date for determining entitlements to the declared dividend	17 September 2008
Date by which Reinvestment Plan Application or Variation for DRP must be received by the Company's share registry	17 September 2008
Date the dividend is payable	1 October 2008*

* Previously advised as 16 October 2008, but brought forward to enhance the administration of the DRP.

Attached are:

1. Letter to Shareholders regarding DRP; and
2. Questions and Answers in respect of the DRP,

that will be sent to shareholders shortly.

The DRP Rules Document sets out the terms of the DRP and it is recommended that shareholders read it in its entirety before deciding whether or not to participate in the DRP.

The entire DRP Rules Document may be downloaded from the Company's website (www.aaco.com.au).

Issued by:

Bruce Bennett
Company Secretary
(07) 3368 4400

www.aaco.com.au



Dear Shareholder(s)

**Australian Agricultural Company Limited ('AAco')
Dividend Reinvestment Plan ('DRP') - No Broker Fees and a 5 % Discount**

On behalf of your Board, I have pleasure in inviting you to participate in the AAco DRP in respect of the 2008 dividend.

The DRP was introduced when AAco listed in 2001 and has been implemented in 2003 and in 2007.

The Board has decided to implement the DRP in respect of the 2008 dividend and the purpose of this letter is to advise you of your eligibility to participate. If you participate in the DRP, you will be allocated additional AAco ordinary shares instead of receiving a dividend by cheque or direct credit when any dividends are paid while the DRP is operational.

This is a convenient and cost-effective way to increase your investment in AAco without having to appoint a broker or pay fees, brokerage or other transaction costs.

Ordinary Dividend – DRP discount on offer is 5 %

AAco has recently announced a dividend of 7 cents per Ordinary Share (unfranked).

Under the DRP Rules the issue price for shares under the DRP is the weighted average market price of ordinary shares sold on the first day on which those shares are quoted ex-dividend and the following four business days, **less a 5 % discount**, as determined by the Board.

How does the DRP work?

The DRP Rules Document sets out the terms of the DRP and it is recommended that you read it in its entirety before you decide whether or not to participate, as you will be bound by the terms if you elect to participate.

The entire DRP Rules Document is available on our website (www.aaco.com.au) for you to download.

Please find enclosed a set of 'Questions and Answers' which may answer questions you have in relation to participation in the DRP.

How do I participate in the DRP?

If you wish to participate in the DRP in respect of this 2008 dividend then you **must** carefully follow the instructions below.

If you wish to participate, please complete the Reinvestment Plan Application or Variation and return it in the enclosed reply paid envelope to AAco's share registry by **17 September 2008**. Your completed Reinvestment Plan Application or Variation, or the Notice of Dividend election (if you completed one of these as a new shareholder) must be received by AAco's share registry by 5.00pm on Wednesday 17 September 2008 to be eligible to participate in the DRP.

If you have already elected to participate in the DRP by lodging a DRP election form in 2007 in respect of the 2007 dividend, please disregard the Reinvestment Plan Application or Variation Form as your previous dividend election will continue to operate with the 5% discount.

If you have any concerns about what to do, you should consult your stockbroker, accountant or professional adviser.

If you have any questions regarding the DRP once you have read the DRP Rules Document, please contact AAco's share registry on 1300 302 876.

Finally, I am pleased to advise that I and each of the other directors of AAco intend to participate in the DRP, in respect of our personal holdings. Furthermore, AAco has been informed that AAco's 42.9% shareholder, Futuris Corporation Limited, intends to participate in the DRP.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Charles Bright', with a horizontal line underneath.

Charles Bright
Chairman (Acting)



**Australian Agricultural Company Limited (“AAco”)
Questions and Answers for the Dividend Reinvestment Plan**

Please consult your stockbroker, accountant or other professional adviser if you have any concerns about what to do. If you have questions about the plan, please call the Share Registry on 1300 302 876.

Question	Answer
1 <i>What is the purpose of the DRP?</i>	The purpose of the DRP is to provide all Company ordinary shareholders with the choice of electing to receive shares in the Company rather than receiving the dividends, declared by the Company, directly in cash.
2 <i>How do I participate in the DRP?</i>	Participation in the DRP is entirely voluntary. You may choose to participate in the DRP by completing the Reinvestment Plan Application or Variation and returning it to our Share Registry. You can also obtain the form from our website www.aaco.com.au or you can contact our Share Registry on 1300 302 876.
3 <i>Who is eligible to participate in the DRP?</i>	Holders of ordinary shares who have a registered address in Australia are eligible to participate in the DRP unless they hold shares on behalf of another person who resides outside Australia.
4 <i>I was a shareholder in 2007. Is my election in respect of the implementation of the DRP in 2007 still in effect?</i>	The answer is ‘Yes’ – your 2007 DRP election is still in effect unless you subsequently varied or withdrew your election. If you wish to change your election or withdraw from the DRP then please see question 16 below.
5 <i>What is the issue price for the shares?</i>	A discount of 5 % will be applied under the DRP for the 2008 dividend. The issue price of shares under the DRP is determined by the weighted average market price of ordinary shares sold on the first day on which those shares are quoted ex-dividend and the following four business days, less the 5 % discount. The price will be rounded down to the nearest cent.
6 <i>Do all my shares have to participate in the DRP?</i>	You may elect to participate in the DRP for all or part of your shares and you may vary the level of participation or withdraw from the DRP at any time.
7 <i>Is there a minimum or maximum participation level?</i>	There is no maximum participation level. The minimum participation level is 50 shares.
8 <i>How many shares will I receive?</i>	The shares you will receive will be calculated by multiplying the number of participating securities (which will be shares in respect of which you elected to participate) that you hold at the record date of the dividend by the relevant dividend, deducting any withholding tax (if applicable) and then dividing this amount by the issue price of the DRP shares. The resulting number of shares will be rounded down to the nearest whole number.

Question	Answer
9	<p><i>How will I know how many shares I receive under the DRP?</i></p> <p>If you choose to participate, you will be sent a statement on the payment date. This statement will include:</p> <ul style="list-style-type: none"> ▪ the number of participating securities you held at the dividend record date; ▪ the dividend payment calculation (including withholding tax deductions if applicable); ▪ the issue price of DRP shares; and ▪ the number of DRP shares issued to you and the amount of any residual balance (if applicable). <p>If you are a partial participant you will also receive your cheque or direct credit payment advice in the same envelope.</p>
10	<p><i>What does it cost to participate?</i></p> <p>The issue of shares under the plan will not be subject to brokerage commissions, stamp duty or other transaction costs. All administrative costs will be met by the Company.</p>
11	<p><i>Will the DRP apply to subsequent dividend payments?</i></p> <p>Whilst the Board has decided to implement the DRP in respect of the 2008 dividend, it is the Board's intention to review the ongoing application of the DRP when dividend deliberations are undertaken each year.</p>
12	<p><i>What if I have more than one AAcco shareholding?</i></p> <p>You will need to complete a separate DRP election form (Reinvestment Plan Application or Variation) for each of your shareholdings. For example, you may have issuer sponsored holdings and chess holdings. To make it easier to manage your shareholdings, you may want to combine your shareholdings. Please contact the Share Registry for more information.</p>
13	<p><i>What will happen if I combine my separate shareholdings?</i></p> <p>If you decide to combine your shareholdings, for example by converting your issuer sponsored holding to your chess holding or vice-a-versa, your participation in the DRP may be affected by the conversion of your holdings. You should contact the Share Registry to ensure the appropriate DRP election continues to apply.</p>
14	<p><i>Ranking of DRP shares</i></p> <p>All DRP shares issued under the DRP will rank equally in every respect with the Company's existing issued shares and will participate in all dividends subsequently declared or paid.</p>
15	<p><i>Can the DRP be changed or terminated?</i></p> <p>The Company may vary the rules or suspend or terminate the DRP at any time. If this occurs the Company will make a public announcement and information will be available on the Company's website.</p>
16	<p><i>How do I change my DRP participation?</i></p> <p>You can change your participation or withdraw from the DRP by completing the Reinvestment Plan Application or Variation to vary or withdraw your participation from the DRP. A copy of the form can be obtained by either downloading it from www.aaco.com.au or by contacting the Share Registry on 1300 302 876. Your DRP election form must be received before the next record date for it to be active for the next dividend.</p>
17	<p><i>Can I sell my DRP shares?</i></p> <p>Shares acquired may be sold at any time after quotation. If you sell all of your shares between a record date and a dividend payment date, your dividend payment in respect of participating securities will still be reinvested in the DRP. However if you sell all of your shares before the record date, you will not receive shares under the DRP or any other payment on the dividend payment date.</p>

Question**Answer**

18 *What is the taxation treatment?*

Dividends reinvested into shares are usually treated as cash dividends for Australian tax purposes. Shares issued under a DRP are likely to be subject to Australia's Capital Gains Tax provisions when sold. AAco cannot advise on the taxation implications of participating in the DRP.

You should seek your own tax advice, which takes into account your personal circumstances.

If you have any questions regarding taxation implications, please consult your stockbroker, accountant or professional adviser.