



Australian Agricultural
Company Limited

Results Presentation for Half Year Ended 30 June 2009



First Half 2009 – Key Financials

- Net loss of \$30m for first half 2009
- Property and related herd sales generated \$181m cash
- NTA per share of \$2.55 (within previous guidance)
- Positive net cash flow of \$135m enabled debt repayments of \$109m (net) reducing gearing from 36% to 27% (net debt/debt plus equity)
- Wholesale Beef EBIT increased to \$2.7m (\$1.5m pcp)
- Operational cost savings of \$8.3m achieved in the first half
- Unrealised gain on interest rate swaps of \$7.9m (2008: \$0.7m)



First Half 2009 – Key Events

- Sustained flooding, particularly in Gulf region, followed on from 2008 drought
- GFC continued to impact consumer demand and credit markets
- Exit of Elders Limited from the share register
- Introduction of IFFCO/Felda JV as 19.99% shareholder
- Several new institutional shareholders
- New board appointed including new independent chair



Seasonal Extremes

Brunette Downs on the Barkly



June 2008, before rain



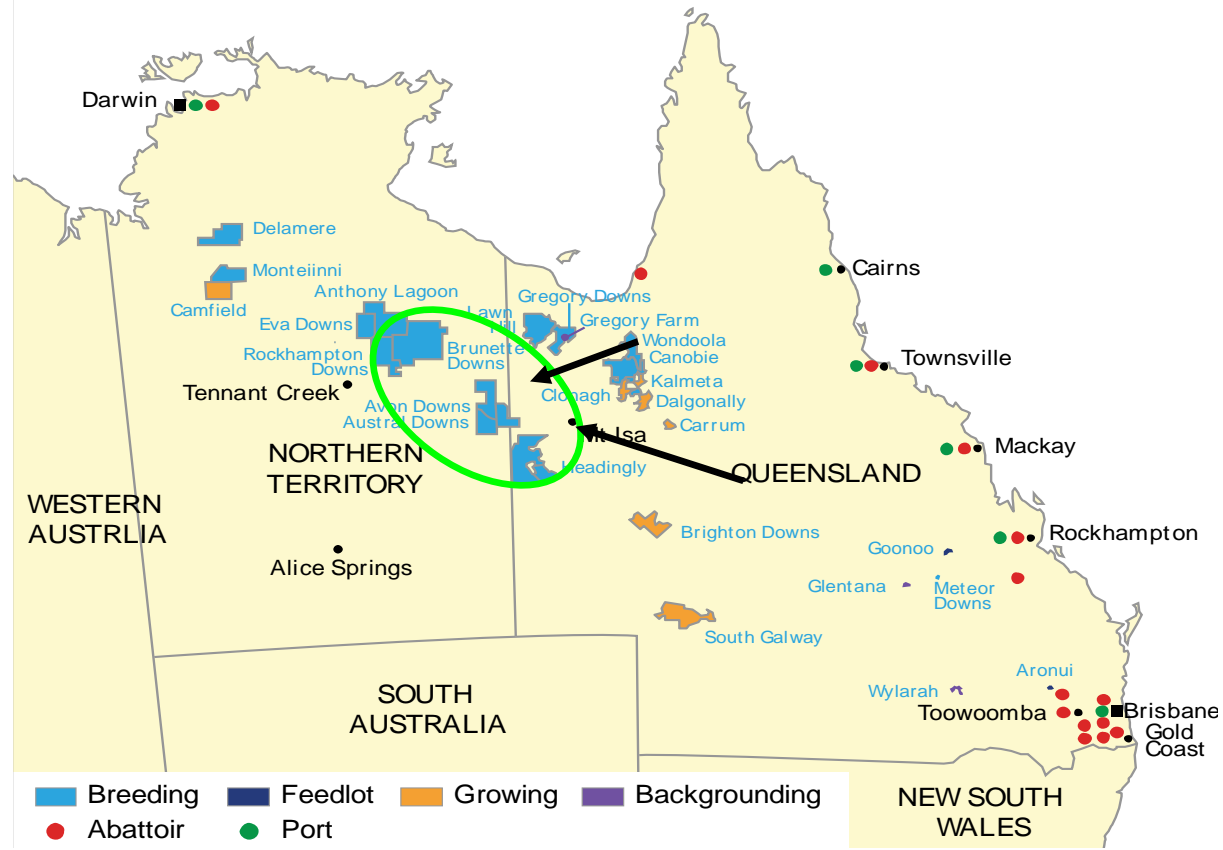
January 2009,
wet season rainfall to date 462mm



Seasonal Extremes

Purchase/Transfer of breeders back to the Barkly Region

Approximately 40k breeding cattle returned to the Barkly

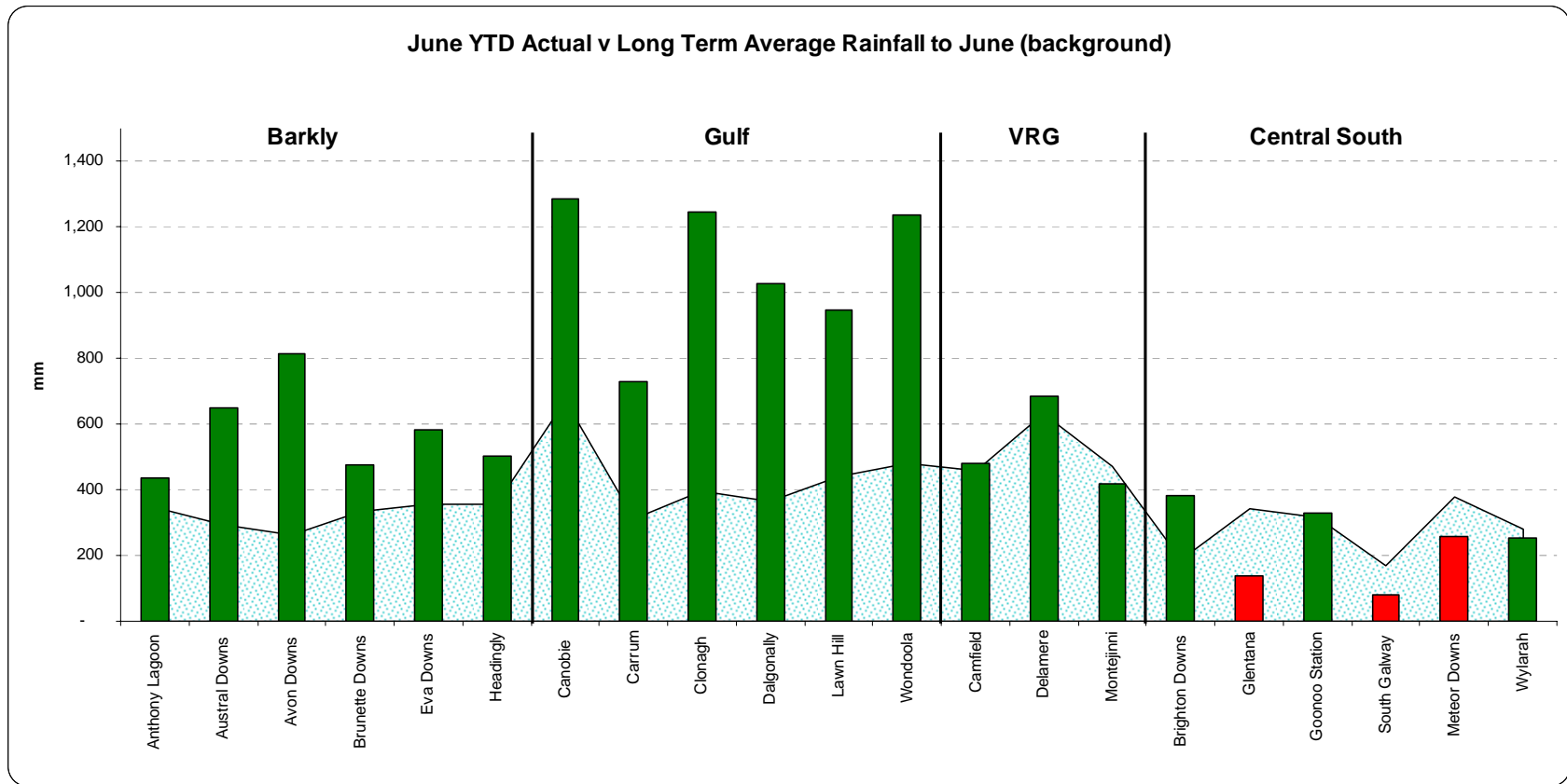


Source: AAco website, AAco prospectus



Seasonal Extremes

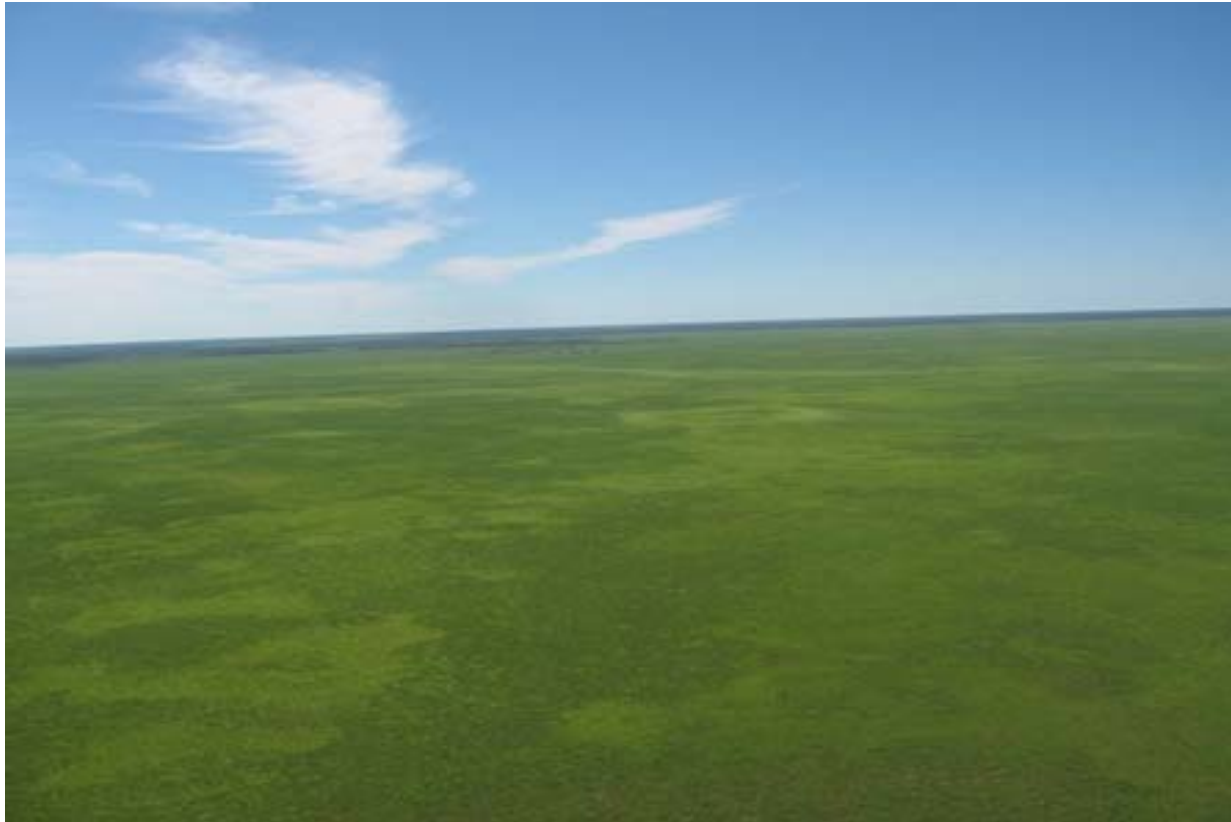
2009 – Good rainfall received YTD although severe flooding in the Gulf





Seasonal Extremes

Flooding did break the drought though, providing substantial feed reserves...

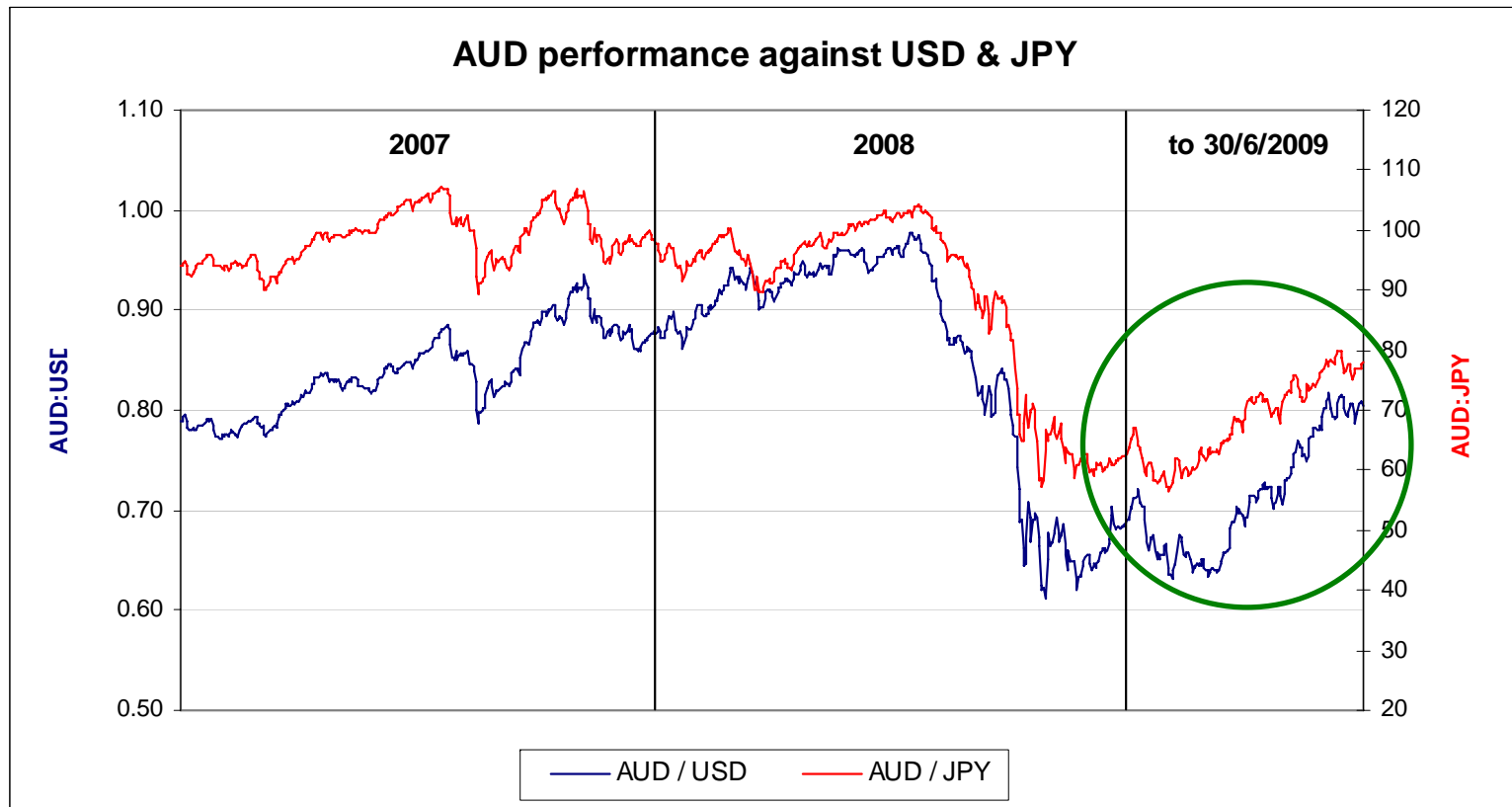


Headingly – Jan 2009



GFC Impacts

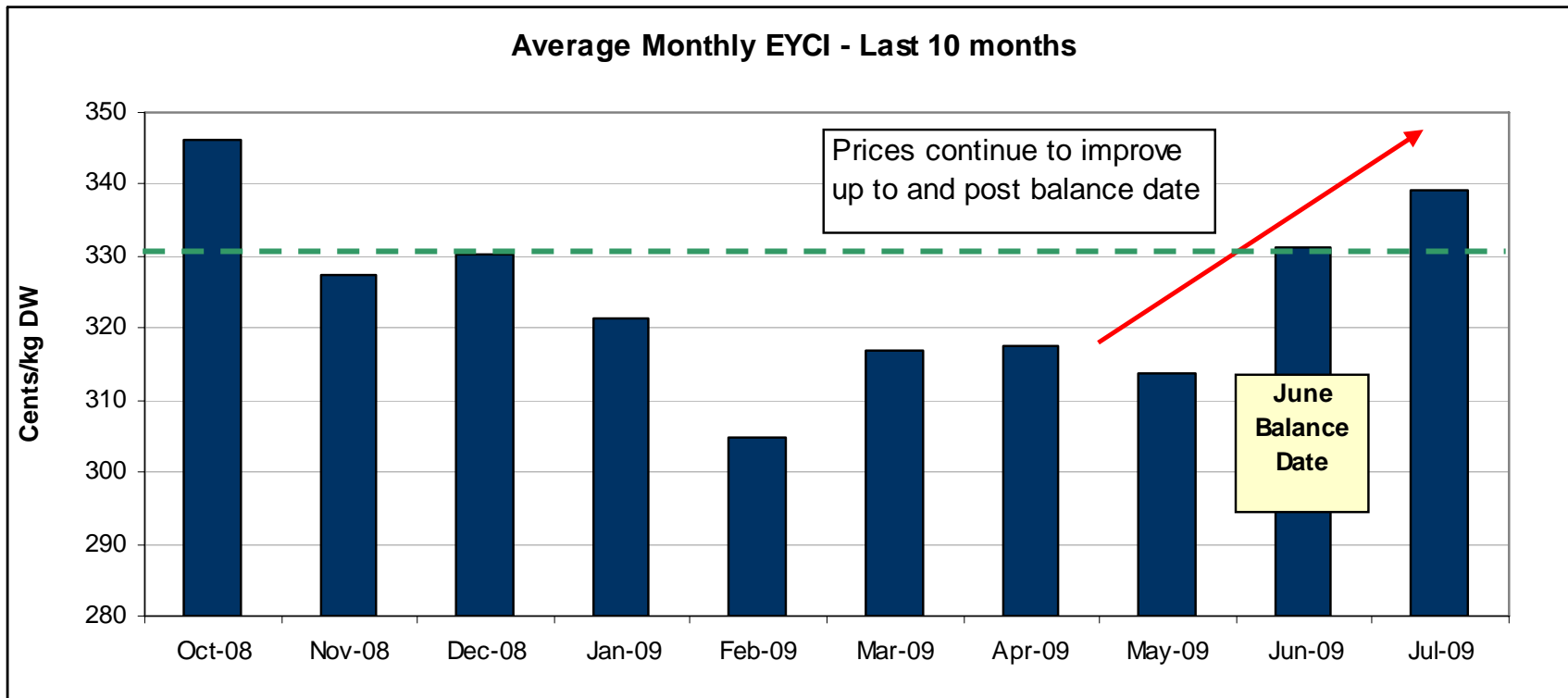
Volatility in USD affects cattle prices and sales for Branded beef product





Cattle Prices – 2008/2009

Prices continue to recover post June 2009





Cattle Movements – Last 3 Half Years

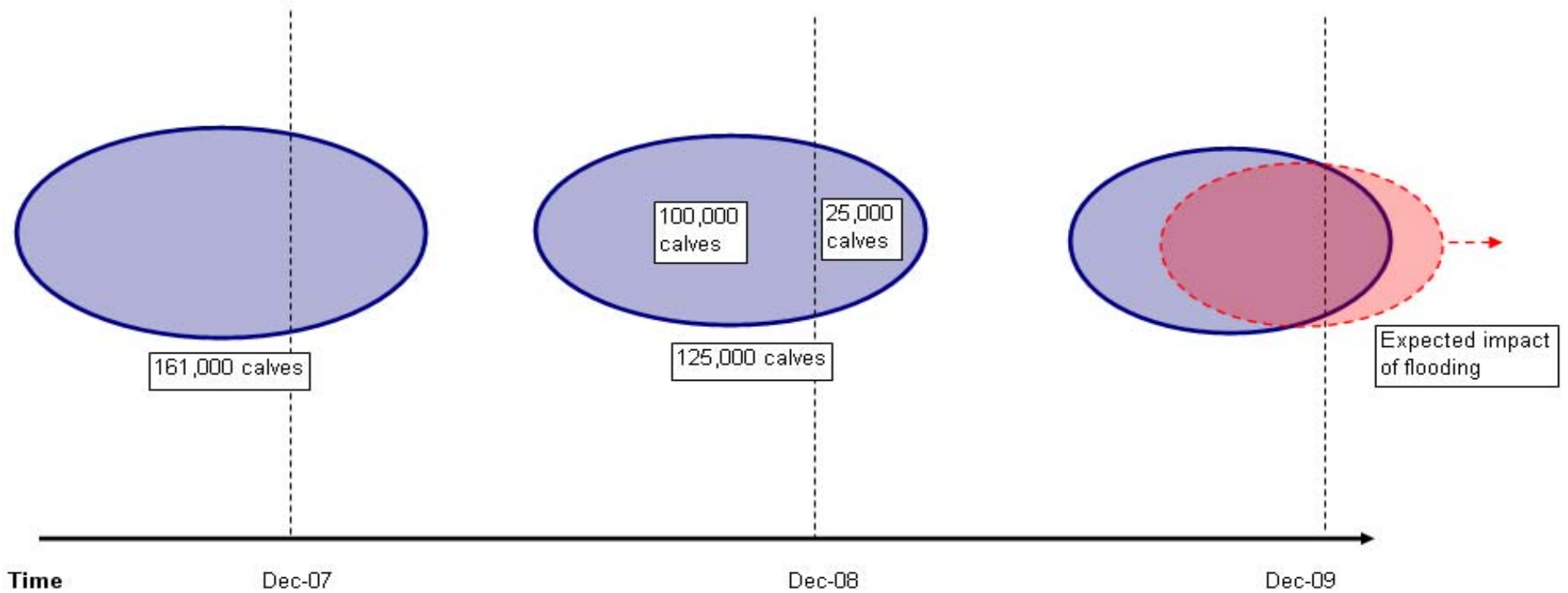
	Cattle Numbers ('000 Head)		
	6 mths Jun-09	6 mths Dec-08	6 mths Jun-08
Opening herd	590	609	588
Opening calf accrual	- 100	- 38	- 21
Opening branded cattle	490	571	567
Sales	- 105	- 131	- 121
Mortality / rations	- 22	- 10	- 10
Purchases	32	16	18
Brandings ¹	70	44	117
Closing branded cattle	465	490	571
Closing calf accrual	32	100	38
Closing herd	497	590	609

¹ Brandings in period fell short of opening accrual due to combined impacts inclusion of calves with herd sales, flood deaths and delayed mustering

Total herd size decreased 112k head (18%) since 30 June 2008, mainly due to property sales and flood losses.



Seasonality – Calving vs Financial Year Ends





Summary Balance Sheet

	30-Jun	
	2009 \$'m	2008 \$'m
Cash	46.3	20.0
Livestock	379.3	421.8
Property	703.2	847.3
Other assets	46.7	53.2
Total assets	1,175.5	1,342.3
Debt	- 318.9	- 428.7
DTL	- 127.4	- 145.4
Other liabilities	- 49.3	- 63.0
Total liabilities	- 495.6	- 637.1
Net Assets	679.9	705.2

Bank facilities

- 8m due October 2009
- \$58m due 31 January 2010
- \$250m due 31 January 2011



Property Valuations

- Carrying value of properties held at December 2008 levels
- AAco's own property sales in 2009 to Paraway at fair value validate carrying value of property portfolio
- Activity in 2009 dominated by large corporate transactions including CPC (Terra Firma) and Georgina Pastoral (Paraway)
- Market sentiment indicates that the rising markets have slowed, however, "*most premium properties not losing value*" (Mr Kerry Herron, HTW Feb 2009)
- Supported by prices for quality properties (sale of Alroy, Ucharonidge, Welltree & La Belle)



Positive Cash Flow (adjusted)

	First half 2009 \$'m	First half 2008 \$'m
Operating cash flow	(36.1)	5.9
Proceeds from sale of livestock herd	32.1	-
Retention monies due at completion of muster of sold livestock herd ¹	8.0	-
Add back: Franking deficit tax	5.4	-
Adjusted cash flow	9.4	5.9

¹ Due to be received on or before 16 October 2009 following completion of muster, subject to price adjustment for any shortfall in final cattle numbers



Capital Management

- No intent to raise capital in near term
- Strategy to refinance existing bank facilities with new 3 year term facility well advanced
- Board confident of refinancing based on discussions to date and given level of available security



Strategic Review

- Focus on 3 distinct supply chains
 - 100 day Grainfed Beef ('1824' brand) domestic and export
 - Wagyu Grainfed Beef (various brands) mainly to US and Korea
 - Live export of cattle, mainly to Indonesia
- Increased asset productivity and cash returns
- Grow the total number of cattle under management supported by core breeding properties
- Short term, continue restocking utilising internally generated cash flow



Outlook for H2 2009 and 2010

- Better business conditions
- Improved financial performance expected with:
 - Increased cattle prices (impacts sales and MTM)
 - Improved asset utilisation following restocking
 - Full period effect of cost reductions
- Forecasting a profit in H2

