



Australian Agricultural Company Limited
ABN 15 010 892 270

AAco to Appoint David Farley as CEO and Offers Earnings Guidance as \$A Climbs

ASX Announcement 96/2009

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- **AAco to appoint David Farley as CEO and Managing Director**
- **Strongly rising \$AUD to impact second half profit**

AAco to Appoint Managing Director and CEO

The Board of Australian Agricultural Company Limited (AAco) today announced that David Farley will be appointed Managing Director and Chief Executive Officer. Mr Farley will commence on 1 December 2009.

Mr Farley has extensive senior leadership experience in Australian and international agribusiness. He began his career in 1975 as a jackeroo and has held a range of managerial and leadership roles in a wide variety of agricultural commodities. He was formerly Managing Director of Colly Cotton Limited, where he was instrumental in improving the company's asset base, debt structure and profitability. Mr Farley was also formerly CEO of a US cotton growing and marketing co-operative Calcot.

Stephen Lonie, Chairman of AAco, said the Board was pleased to have attracted a man of Mr Farley's talent to lead and manage the Company into the future.

"On behalf of the Board, I am pleased to welcome David to the AAco family. David's well rounded agribusiness background makes him the right man to lead AAco. We are confident that David will relate to and enjoy meeting and leading the many AAco people who are based on the Company's properties across Queensland and the Northern Territory.

"David brings a wealth of experience in high level risk management and international marketing. His focus, leadership and agribusiness expertise will be of great benefit to AAco.

"The Board looks forward to working closely with David, particularly in regard to the development of the Company's business plan and budget for the 2010 financial year and the completion of the Board's strategic review."

David Farley, the incoming Managing Director and CEO of AAco, said he looked forward to building on the core strengths of the AAco business.

"I welcome the fantastic opportunity this role presents. AAco is truly an iconic Australian company and a mainstay of Australian agribusiness. While the past few years have clearly presented some significant challenges for the business, with droughts, floods and a volatile Australian dollar, this business is built on solid foundations. I look forward to working with the Board and management team at AAco to take this business forward.

"I appreciate that the core of the AAco business is built around its vertically integrated beef product chains, which are critical to the Company's current position and future profitability. I also consider that a strong focus on asset utilisation and productivity will be key drivers in increasing positive cash flow, which will be an important objective of mine.

"I look forward to meeting the AAco team over the coming months and working closely with them to write the next chapter in this great Australian company.

"My immediate priority is to assist the Board and management team to complete the business plan and budget for the 2010 year and to finalise the strategic review currently underway and I am looking forward to joining in December," Mr Farley said.

Mr Lonie said that the final details of Mr Farley's employment contract were currently being completed, given the need to consider recent Federal Government legislative changes that impact on the application of performance incentives.

Guidance on 2009 Results

As noted in AAco's Half-Year Results announcement dated 11 August 2009, AAco forecast a profit after tax, for the second half ending 31 December 2009, assuming that cattle prices as at August 2009 remained steady through to year end.

The Board of AAco has reviewed its second half earnings forecast in the light of a strongly appreciating Australian / US dollar position and guidance is now given that the Company does not expect any significant earnings before interest and tax contribution in the second half of the financial year on the Company's year end results.

Since August 2009, the major Australian cattle price indices have fallen in the order of 9 to 11 per cent. Cattle prices are influenced by many factors, but the recent falls are widely attributed to the historic high level of the Australian dollar, which has risen from \$0.805 AUD:US as at 30 June 2009 to around \$0.915 AUD:US on Friday 30 October 2009.

AAco's reported earnings are extremely sensitive to year-end cattle price assumptions, under the Agriculture Accounting Standard. For every 1% change in AAco's total herd valuation, AAco's EBIT is potentially impacted by \$4 million.

The cattle market is unpredictable and significant mark to market adjustments can occur in the period leading up to 31 December 2009, depending on rainfall leading into the wet season and other factors. The actual earnings adjustments will not be known until the end of January 2010 on completion of a full herd analysis and valuation.

The Board will continue to closely monitor the position and will provide further guidance to the market as required, and when the likely year end profit position becomes clearer.

AAco

Australian Agricultural Company Limited – AAco (ASX:AAC) – is the largest beef cattle company in Australia. AAco was established in 1824 and is the oldest continuously operating company in Australia.

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