



Australian Agricultural Company Limited
ABN 15 010 892 270

Temporary suspension of live animal exports to Indonesia

ASX Announcement No. 41/2011

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The Board of Australian Agricultural Company ("AAco") welcomes the commitment by the Hon Senator and Minister for Agriculture, Fisheries and Forestry, Mr. Joe Ludwig, to work with the industry to ensure the important live cattle trade is humane and sustainable in the immediate and longer term. AAco also notes and supports the Hon Sen Ludwig's decision to temporarily suspend the live animal trade with Indonesia.

The Board, management and staff of AAco were equally disturbed, along with all Australians, to view the graphic and horrific footage recently shown on Four Corners of animals being mistreated in some Indonesian abattoirs. The Company does not condone the mistreatment of animals in any form.

Indonesia has been a destination market for AAco cattle, however AAco will not resume sales to Indonesian importers until a full cycle of humane, proper and correct processing can be demonstrated and secured by the importer.

The temporary suspension is forecast to have an adverse financial impact on AAco's 2011 result.

The previously advised forecast outcomes have been reviewed and the Company anticipates the 2011 EBITDA (after deducting significant items) to be in the range of \$50-60 million for 2011. This estimate assumes that the recent market prices for cattle in Australia and the Company's markets do not change materially throughout the rest of the 2011 delivery period.

The forecast impact of the suspension has been partially mitigated through the:

- excellent seasonal conditions being experienced;
- AAco livestock management systems and processes; and
- favorable results arising from completion of the 2011 cotton harvest and other cropping programs.

Cattle previously designated for live export can be potentially redeployed to AAco's properties for other sales programs. Appropriate reductions can then be made to the previously forecast cattle purchases that would no longer be required.

AAco's current immediate exposure is limited to 976 head of cattle sold to an exporter and held by them in quarantine facilities ready for export to Indonesia in Darwin. AAco has shipped approximately 50% of its previously forecast 2011 cattle consignments.

Further, the Company's plan is well advanced for the construction of its own abattoir near Darwin, due for commissioning in the second half of 2012. Engineering considerations are being studied to increase the designed processing capacity of the current proposed operating model. The Company will be seeking Northern Territory and Federal Government assistance in expediting this process.

AAco will continue its work with industry, Australian Government and the Indonesian Government to find a speedy and appropriate resolution to the problems identified.

We urge all parties to proceed with urgency in this matter, mindful of objectives of immediate improvements in animal welfare, cattle flow in Northern Australia, and the viability of livelihoods on Northern Australian stations, within townships and indigenous communities. The current uncertainty will create unprecedented social and financial consequences in northern Australia. It may also create longer term food and protein supply issues for the people of Indonesia,” Mr. Farley said.

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For further information contact:

Analyst/ investors

David Farley
CEO
AAco
(07) 3368 4400

Media

Stuart Carson
0403 527 755