AA CO
THE ART OF AUSTRALIAN BEEF

2021 ANNUAL REPORT

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A year in

REVIEW

Positive operating results delivered despite a year that was made challenging by COVID-19 and in the face of lower red meat production.

$24.4[1] M

OPERATING PROFIT[2]

vs $15.2M pcp

$18.4[1] M

OPERATING CASHFLOW

vs $20.1M pcp

$45.5 M

STATUTORY PROFIT AFTER TAX

vs $31.3M pcp

Our strong

GLOBAL DISTRIBUTION

network has helped to deliver

+8%

AVERAGE MEAT SALES PRICE/KG INCREASE VS PRIOR YEAR

11% → 25%

WESTHOLME % OF MEAT SALES VS PRIOR YEAR

74%

OF BRANDED MEAT SALES[3] NOW WESTHOLME AND DARLING DOWNS

Strengthening of the

BALANCE SHEET

OVER $1B

NET ASSETS

$1.75 PER SHARE

NTA

vs $1.53 pcp

Continued to strengthen depth of talent and leadership capability in key functional roles across the business.

Introduced AACo's Beef Cattle Herd Management Carbon Project[4] which has commenced the journey of reducing our emissions intensity of beef cattle production.

1 JobKeeper assistance totaled $6.7M Operating Profit and Operating Cash Flow.
2 The measure of Operating Profit is a key indicator which is used to monitor and manage the Company. It eliminates the potential distraction caused by unrealised cattle valuation adjustments being recorded in the financial results and is a better reflection of actual financial performance under the control of management. Hence the Company believes that external stakeholders benefit from this metric being reported. Operating Profit is unaudited, non-IFRS financial information. Operating Profit assumes movement in Livestock and inventory volume at cost of production, while Statutory EBITDA results include revaluations based on livestock market values.

3 Branded meat sales represents total meat sales excluding trim.
4 AACo's Beef Cattle Herd Management Carbon project ("BCHM") is a program of work targeted at carbon abatement and is registered under the Australian Government Clean Energy Regulator's BCHM carbon methodology. For every tonne of carbon equivalent abatement achieved under the project, one Australian Carbon Credit Unit (ACCU) is awarded by the Clean Energy Regulator.

Contents

Our story is forged from

THE LAND

Established in 1824 with the assistance of a British Parliament Crown Grant of 1 million acres of land, we are Australia's oldest continuously operating company.

Today we are the proud custodians of around 6.4 million hectares of land in Queensland and the Northern Territory and are one of Australia's largest integrated cattle and beef producers.

We operate an integrated cattle production system across 19 owned cattle stations, 3 leased stations, 3 agisted properties, 2 owned feedlots and 2 owned farms. From these operations in Australia we export our premium branded beef around the world with tailored route-to-market models for each country.

Our Australian hard-working attitude combined with years of experience cultivating cattle on our pristine pastoral assets is unique to our country and our company; we take great pride in that.

Glentana Station

The land is our

LEGACY

It is the renowned relationship between our people, livestock, land and communities that has lasted generations and positions us internationally as the finest Australian Wagyu beef producer.

We capture the magic of Australia and craft this into remarkable dining experiences for people around the world to enjoy.

MESSAGE FROM THE CHAIRMAN

DONALD MCGAUCHIE AO
Chairman

AACo remains one of the world's finest producers of beef at scale, with enviable natural resources and some of the world's finest genetics.

Dear Fellow Shareholders,

I am pleased to report that AACo has demonstrated great resilience in a uniquely challenging year.

Global and seasonal factors have required significant adaptation within our overall branded beef strategy in Financial Year 2021. Our progress to date has helped AACo navigate the worst impacts of a global pandemic, geopolitical uncertainty and the ongoing effects of recent flood and drought events. The result has been positive financial outcomes in FY 21, building on the value of our brands, our global distribution partnerships, and the underlying value of our assets.

AACo continues to produce the highest quality beef at scale. Through our quality brands, we improve the value of every kilo of beef sold. This unique value proposition remains the cornerstone of AACo's long term shareholder value.

RESPONDING TO UNCERTAINTY IN FINANCIAL YEAR 2021

In my letter to you last year I noted that, while the early stages of the COVID-19 pandemic presented unprecedented challenges, "AACo sees this as an opportunity to examine everything we do as a company and ensure that we emerge as a stronger business." I am pleased to report that this is the case.

At the start of AACo's FY 21, every one of our 16 food service markets around the world was directly impacted by COVID-19 public health restrictions. As a company committed to both retail and fine-dining markets, this presented a significant challenge. At the same time AACo confronted geopolitical uncertainty including market access constraints in East Asia. These challenges slowed progress in the roll out of our branded beef strategy. The AACo team responding tactically, sought out new and expanded retail opportunities around the world – including direct to the consumer. Many new channels were created and expanded, with many new consumers connecting with AACo's beef and brands.

This was attributable to a number of factors. Global demand for safe, healthy, high-quality beef continues to grow among the world's middle class – including transitioning to at-home dining. AACo remains one of the world's finest producers of beef at scale, with enviable natural resources and some of the world's finest genetics. Every person at AACo maintains a relentless focus on our customers – which helped us adapt at every level over the last year and continue to deliver great dining experiences.

In addition to these underlying strengths, AACo's branded beef strategy proved invaluable in navigating uncertainty in FY 21.

Our strong brands improved the average price per kilo of beef sold. Global relationships along the value chain helped identify and connect with new customers in key markets, including North America. And a simpler and more efficient business supported ongoing cost discipline and rapid operational adjustment.

This was particularly important as AACo faced reduced meat volumes available for sale in FY 21. Flood and drought events since 2018 have impacted AACo calving rates over this period. This resulted in fewer mature animals for meat production in FY 21, with consequent impacts on revenue.

Looking forward, meat volume and revenue challenges are likely to continue into FY 22 as our herd rebuild continues and we anticipate some additional purchases of cattle will be required during the period. Uncertainty around COVID-19 and its impacts in key markets will continue. Geopolitical uncertainty, including in our region, is likely to continue also. Offsetting these challenges, global demand for safe, quality beef remains strong and AACo's growing brand value remains a key asset.

In this context the brand premium generated by AACo in FY 21 has been vitally important to our financial results – and forms a critical foundation for future shareholder value.

LAND AND HERD ASSETS

AACo's unparalleled land assets and footprint remained largely unchanged in FY 21. The value of our land assets grew over the year, consistent with longer-term improvement in the value of our pastoral assets. This has been underpinned by the underlying quality of these assets and ongoing work by the AACo team to improve them.

AACo's herd continues to improve in genetic and phenotypic quality markers. Strategic destocking in response to ongoing drought since 2018 and the Gulf flood event in 2019 has focused on protecting our breeding animals. I am pleased to report that over this period we have improved our herd genetics, providing a strong platform as we continue our herd rebuild.

Central to this investment is our whole of company commitment to sustainability. I am pleased to report that AACo's sustainability efforts progressed in FY 21 with tangible benefits to our animals, our people and the land, water and ecosystems for which we are responsible.

PEOPLE

The AACo team have been remarkable in adapting to difficult challenges in FY 21. At every level our people have confronted personal and professional uncertainty by working together, focusing on our animals and our customers, and getting the job done. This includes a number of internal changes and promotions supporting continued execution of the company's strategy. I want to thank the whole AACo team for their commitment, dedication and resilience in creating a strong platform for our future growth.

After a year of great challenges, I am pleased to report that AACo has emerged a stronger business with a clear focus and strategy for delivering long term value for shareholders.

Yours sincerely,

DONALD MCGAUCHIE AO
Chairman
Australian Agricultural Company Limited

LETTER FROM THE MD AND CEO

HUGH KILLEN
Managing Director and CEO

Dear Fellow Shareholders,

Financial Year 2021 presented a unique set of challenges for AACo that required us to draw on our almost 200 years of operational expertise to navigate. I am pleased to report that the AACo team responded quickly and effectively across all parts of the business, producing positive financial results for the year and a solid platform for future growth.

At the start of FY 21, we faced the early stages of the global COVID-19 pandemic and ongoing geopolitical uncertainty. We also felt the impact of lower mature animal numbers and meat production volumes coming off the back of the ongoing drought and devastating Gulf flood. In the face of these challenges, AACo's global brands and value chain partnerships helped the team identify new markets and new customers. This meant we were able to continue to improve our price per kilo for beef sold in the face of significant disruption to the foodservice industry around the world.

The end result has been a positive operating cashflow of $18.4M and an improved operating profit of $24.4M and statutory EBITDA outcome of $99.3M – despite a 19% decrease in meat volumes available for sale and $68.6M lower overall revenue compared to the previous year.

AACo's longer term strategy roll out was limited by the challenges in FY 21. However, the AACo team's ability to rapidly identify and access new opportunities was achieved because of the progress we have made to date against our branded beef strategy. This strategy remains the strongest pathway to future value for AACo shareholders.

LOWER MEAT VOLUMES

AACo's calving rates and the composition of our herd were impacted by the devastating Gulf Floods in early 2019 and multiple drought years from 2018 to 2020. It takes our F1 animals an average of 3.5 years to get from station to plate, which has meant that lower calving rates over this period directly impacted AACo's mature animal numbers in FY 21. This resulted in 19% lower meat volumes available for sale compared to the previous year and $68.6M lower overall revenue. These supply constraints were broadly in line with the national industry and will continue into FY 22.

The end result has been a positive operating cashflow of $18.4M and an improved operating profit of $24.4M.

Along with the wider national industry herd rebuild, AACo's calving rates grew in FY 21 by 47% compared to FY 20. This correction will take time to flow through to meat volumes and AACo will continue some supplemental cattle purchases over this period.

AACo's destocking in response to the drought focused on protecting our highest quality breeding animals. As a result, the genetic and phenotypic markers of our herd have continued to improve – ensuring we continue to strengthen the underlying genetics at the heart of our business.

In total, 74% of AACo's branded beef sales (excluding "trim"), and 80% of our highest quality "loins and rumps" cuts were sold under our Westholme and Darling Downs brands in FY 21. The combined price per kilo of these brand sales has increased 17% each year since 2019 on an annualised basis.

Our strategic stocking rates, together with improvements in our pastoral properties and infrastructure, will benefit our animals, the quality of our beef and our overall contribution to the ecosystems for which we are responsible.

RESPONDING TO COVID-19

COVID-19 disrupted the foodservice industry around the world in FY 21, with all 16 of AACo's global foodservice markets impacted by public health restrictions. In response, the AACo team rapidly identified new retail sales channels and successfully expanded existing ones. These tactical responses built on and leveraged our strategic brand investment in recent years. The presence of AACo's Darling Downs brand in South Korea was strengthened in FY 21 through a targeted brand refresh. The strength and depth of our distributor partnerships in North America supported the realisation of new retail opportunities in the region. This included new direct to consumer sales channels, underpinned by concerted investment in digital marketing to promote our Westholme brand in the USA.

Pursuit of these new retail sales opportunities in FY 21 was also important in offsetting ongoing market constraints in China.

BRANDED BEEF VALUE

The strength of AACo's brands was particularly evident in driving these retail sales, and AACo's improved price per kilo in FY 21.

In total, 74% of AACo's branded beef sales (excluding "trim"), and 80% of our highest quality "loins and rumps" cuts were sold under our Westholme and Darling Downs brands in FY 21. The combined price per kilo of these brand sales has increased 17% each year since 2019 on an annualised basis. This has been critical to securing AACo's overall 8% annualised price per kilo growth over the same period.

When quality beef is sold through these brands, the return to AACo improves. Investment in brand equity and transition of more "loins and rumps" through these brands, has been critical in generating positive financial results in a challenging FY 21 landscape. This underscores the long-term value of AACo's branded beef strategy. It demonstrates the importance of the progress made to date and it marks the pathway for AACo to realise additional value for shareholders in the future.

Through continued investment in brand equity and product innovation, there is scope for more of AACo's beef to realise improved returns through branded beef sales.

SUSTAINABILITY

A critical component of AACo's operations and our brands is our whole of company commitment to sustainability.

In FY 21 AACo managed its environmental footprint in multiple ways. We launched our Beef Cattle Herd Management Carbon Project, which is registered with the Australian Government's Clean Energy Regulator.

This work is focused on reducing the emissions intensity of our beef production. AACo continued to transition away from fossil fuels through the installation of additional solar powered bores in FY 21. We also launched our Animal Health and Welfare Committee and we continue to progress our poll breeding program. AACo's overall stocking strategy will further improve our custodianship of the ecosystems for which we are responsible.

Within the framework of these changes, the AACo team as a whole is driving continuous improvement in our sustainability and helping prepare AACo for our next 200 years.

OPERATIONS AND COSTS

Each of the measures and achievements referred to above was made possible by our ongoing commitment to a simpler and more efficient AACo. Overall expenditure was $76M lower in FY 21 compared to the previous year. This was substantially driven by more favourable seasonal conditions and reduced costs associated with lower meat production volumes. FY 21 consolidated important efforts in recent years to minimise operating expenditure – including a disciplined approach during the uncertainty of COVID-19.

Through these changes, our focus has been to build operating systems which support clarity and consistency in meat production. This has been critical in our planning and to help our marketing and sales teams rapidly adjust to new challenges and opportunities in FY 21.

OUR AACO TEAM

Like all Australians, the AACo team was personally and professionally impacted by the uncertainty of the global pandemic in FY 21. Our staff have shown great resilience and their work has made it possible for AACo to navigate the unique challenges of the year just gone.

Over the year, AACo continued to invest in the wellbeing, diversity, careers and leadership of our team. We launched our "1AA" safety culture and our "Switch On" safe work practices program. Alongside our ongoing leadership development efforts, these programs have helped improve safety markers across the business. We also refocused the AACo graduate program in FY 21. We currently have five fantastic young women working across AACo as part of the next generation of high-performance leaders in our industry.

AACo continued to strengthen the depth of our talent and leadership capability in key functional roles across the business. This included a number of internal promotions within our operations team over the year, reflecting the quality of our leaders and our investment in their development.

I want to thank each and every one of my team for their absolute commitment to AACo – to our animals, our operations, to each other and to our customers.

LOOKING FORWARD

Global demand for high quality beef – backed by provenance, safety and traceability – remains strong. AACo's unparalleled ability to produce the highest quality beef at scale and the growing strength of our global brands position us well to meet this growing demand.

Along with the national industry, our herd rebuild has commenced – and the quality of our herd and genetics continues to improve. Meat volume constraints in FY 21 are likely to continue in FY 22 and we will carry on managing this challenge. Geopolitical uncertainty is likely to remain with us in the future and recent events have underscored the ongoing uncertainty and challenge of COVID-19. AACo continues to monitor the global response to COVID-19 and new market opportunities as they emerge.

Following a year of rapid adaptation, the leadership team remains focused on progressing AACo's branded beef strategy as a primary driver of value for AACo shareholders.

Yours sincerely,

HUGH KILLEN
Managing Director and CEO
Australian Agricultural Company Limited

Delivering on our

STRATEGY

We continued to make progress with our branded beef strategy despite the challenges of the COVID-19 pandemic and lower meat production during the year.

Dealing with adversity is ingrained in the DNA of this business and this tenacity, supported by the progress that we have made against our strategy, enabled our team to rapidly adapt to these challenges, using the strength of our global distribution network to identify and access new opportunities in retail channels.

We were able to adapt to changing consumer trends and the rise of at home dining with a commercial focus on gourmet e-marketplaces and enhanced digital marketing campaigns.

We further rationalised our brand portfolio and grew our Westholme and Darling Downs brands throughout the period, which contributed to an overall price per kilo increase for the year.

Our commitment to a simpler and more efficient AACo has also supported us through these uncertain times with the consolidation of important efforts in recent years to optimise operating expenditure.

The flexibility and resilience shown by our strategy in this uncertain year demonstrates that it remains the strongest pathway to future value for AACo shareholders, and we remain committed to delivering on this going forward.

Progress against our strategy in FY21

CONSUMER + CUSTOMER CENTRICITY

Strategic Revenue Management

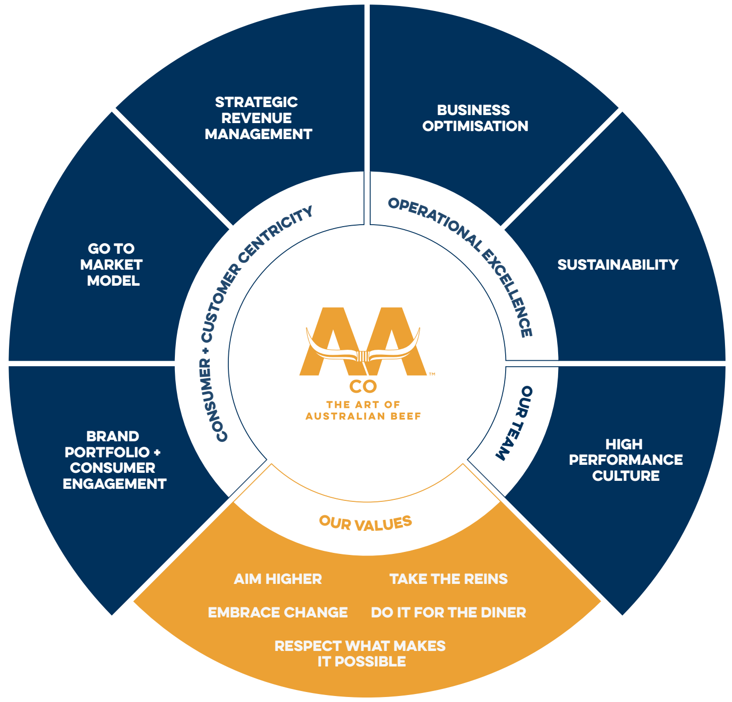
- Optimisation of market mix helped drive an overall increase of 8% in average meat sales price per kg.

Go to Market Model

- The strength of our global distribution network and partnerships enabled us to move into new retail channels to negate the impact on global foodservice by COVID-19.
- Our focus on gourmet e-marketplaces addressed the needs of home chefs, which grew during COVID-19.

Brand Portfolio and Consumer Engagement

- Further rationalised brand portfolio with Westholme and Darling Downs now representing 74% of AACo's branded meat sales*.
- Chef partnerships enhanced our digital campaigns across the USA and Australia.



OPERATIONAL EXCELLENCE

Business Optimisation

- We were able to deliver ~$76M savings vs prior year through a disciplined focus on cost management across the supply chain.

Sustainability

- We introduced AACo's Beef Cattle Herd Management Carbon Project** which has commenced the journey of reducing our emissions intensity of beef cattle production.
- July 2021 we will release our second Sustainability Benchmarking Report.

OUR TEAM

High Performance Culture

- We continue to strengthen our depth of talent and leadership capability in key functional roles across the business.
- Over the last 12 months we have seen numerous internal promotions within our operations team recognising our bench strength.

* Branded meat sales represents total meat sales excluding trim.
** AACo's Beef Cattle Herd Management Carbon project ("BCHM") is a program of work targeted at carbon abatement and is registered under the Australian Government Clean Energy Regulator's BCHM carbon methodology. For every tonne of carbon equivalent abatement achieved under the project, one Australian Carbon Credit Unit (ACCU) is awarded by the Clean Energy Regulator.

Pride in

OUR PEOPLE

It's that ingrained dedication and commitment to our craft that our passionate team possess. It's what it takes to manage more than 300,000 head of the highest quality cattle the world has to offer. As the custodians of nearly 1% of Australia's land mass, we see the 6.4 million hectares of land that our people work to nurture our animals, maximise returns and continue our legacy as a big responsibility.

PUTTING PEOPLE FIRST

Our people are our greatest asset.

They work across our stations, feedlots and farms in Queensland and the Northern Territory as well as our head office in Brisbane and commercial offices around the world. They deliver on our high-performance culture by living our values: aim higher, embrace change, take the reins, respect what makes it possible and do it for the diner.

We identify and promote career growth opportunities for all of our employees. One example is our successful graduate program to discover and nurture new talent whom we mentor to become the future custodians of AACo.

AACo's commitment to safety continues to evolve and advance as we refine our work health and safety strategy, including the introduction of three new programs: IAA, Switch On and Leadership Development.

These initiatives have supported improved performance across our key safety metrics including increasing Near Miss reporting and reducing serious injuries.

It's because of our dedicated team that our beef feeds people throughout the world, every single day.

WOMEN OF AACO: OUR WOMEN ON THE LAND

Australian women have always been a vital part of the success of AACo.

We strive for strong female representation at all levels and to be an employer of choice for women, particularly in the agriculture sector.

With female representation across our workforce at 39%, including 38% of people on our stations and farms and 32% of those working in feedlots, our numbers are higher than the broader agriculture industry, but we know there's more to do.

In addition to the fact that 25% of all leaders are female and two of our seven member Executive Leadership Team are female, we aspire to grow our female representation across our workforce and increase the proportion of female leaders, based on merit.

Workforce statistics for the company's FY21 financial year shows females make up around 43% of new appointments and two out of every five promotions. 100% of our graduates were also female.

We're also proud to remain a part of the National Farmers' Federation's Diversity in Agriculture Leadership Program.

AACo will continue to build on the solid foundation that we have established and will work towards ensuring our workplace provides for a culture of inclusion and belonging for all employees.

HEALTH, SAFETY & WELLBEING

One of the areas of focus we are proud of at AACo is investing in our team's health and wellbeing. We are focused on ensuring everyone remains safe and healthy, day-in, day-out both physically and mentally.

A key commitment we've made is to help prevent male suicide, particularly in rural and regional communities. It's a very sad fact that men in remote areas are more likely to end their life by suicide than their urban counterparts. The toll of suicide in any community is catastrophic, yet in smaller, isolated towns like where our families hail from, it can be even more brutal.

We have recently run a number of awareness sessions on mental health for our people and we also ensure that each station has a mental health trained officer on hand to support our workforce.

AACo promotes a strong community based culture because we know that being part of a community is critical to creating a safe and healthy workplace.

LaBelle Station

Indulging

THE SENSES

Crafting the magic of Australia into remarkable dining experiences.

Drawing on our rich Australian heritage and crafted by many hands in an ardent pursuit of perfection, our portfolio of brands reflects our dedication to producing premium Wagyu of unmatched integrity, flavour and tenderness.

Nothing compares to the passion and respect our people have for our land and our animals to create extraordinary dining experiences in some of the most recognised and awarded restaurants around the world.

It's how we share the magic of Australia.

WYLARAH

Exclusive, rare, masterful. Wylarah is like no other.

Crafted from Fullblood or Purebred animals which have been derived from some of the world's most revered breeding bulls and cows, Wylarah is a decadent experience of silky, finely textured slices specially curated to deliver an exquisite moment.

As the pinnacle brand in the portfolio, it is the perfect balance of marbling and lean, delighting the palate with a sense of pure luxury that is creamy and perfectly buttery.

Wylarah is a rare piece of art, designed to last only a fraction of time, yet leaving the whispers of an everlasting memory; and the murmur of a profound savoury depth.

WESTHOLME

There's a story in every mouthful of Westholme.

A story of Australian craftsmanship and ingenuity, and an unyielding dedication to perfection and care from station to plate. A story of a country so vast, that we've sustained for almost two centuries, providing our unmatched herd clean air, pure water and infinite freedom to roam and graze.

Westholme builds on our strong heritage of breeding, pairing a Wagyu herd of unrivalled provenance with our own northern Australian breed, the Mitchell, to craft a signature eating experience that is enjoyed around the world.

With every bite of Westholme, diners will experience the layering of rich, complex, buttery flavours that are consistent to every cut. A flavour that only northern Australia can produce, and only Westholme can perfect.

DARLING DOWNS

Darling Downs isn't just a product, it's a way of life.

Crafted by our cattleman who love what they do and take enormous pride in caring for the land, their dedication ensures that Darling Downs provides home chefs with high quality goodness they can count on.

By honing our craft and building on our experience, Darling Downs delivers the most flavoursome, tender and versatile Wagyu, with strong consumer demand in the Korean market.

Regional

PERFORMANCE

Leveraging our long-term existing partnerships, optimising sales mix and lifting price per kilo remained AACo's priorities during FY21.

$200M
TOTAL MEAT SALES

REGIONAL/MARKET PROPORTION OF TOTAL SALES

19%	13%	7%
NORTH AMERICA	AUSTRALIA	EUROPE/ MIDDLE EAST
7% FY20	15% FY20	12% FY20
61%	**6%**	**55%**
ASIA	CHINA	ASIA EX CHINA
66% FY20	15% FY20	51% FY20

AACo distributes quality product to more than 30 countries around the world and in spite of the challenges the global pandemic had on the foodservice industry in FY21, we delivered a solid commercial performance. This is testament to the dedication and resilience of our team who had to rapidly adapt to these challenges, enabled by the strength of our global distribution network.

We are constantly looking to optimise our market allocation and sales mix, which means we focus on strategic market allocation and adapting our channel strategies to changing consumer trends. This year was no different as we flexed our approach to address the rising growth of at home consumption and the home chef through gourmet e-marketplaces and premium retail specialists.

We also continued to support the roll out of our branded beef strategy with targeted digital marketing campaigns and improved branding of our products on menu and in-store.

NORTH AMERICA

Branded Meat Sales
$/Kg* 14% inc vs pcp

Increase driven by successful shift to in-home dining shopping channels, strength of partnerships with key gourmet e-marketplaces, focused brand awareness marketing campaigns and profiling of restaurant meal kits with customers.

ASIA

Branded Meat Sales
$/Kg* 5% inc vs pcp

Increase off the back of strong relationships with distributors who have retail exposure and the refresh of Darling Downs in South Korea.

China trade tensions combined with lower volume available for sale, saw a shift in commodity-based sales previously sold in China to North America.

AUSTRALIA

Branded Meat Sales
$/Kg* 5% inc vs pcp

Further optimisation of our market allocation and product mix combined with higher pricing due to lower market supply drove increase.

EUROPE / MIDDLE EAST

Branded Meat Sales
$/Kg* 2% dec vs pcp

COVID-19 restrictions adversely impacted the high value foodservice channels in this region in FY21.

* Represents branded meat sales $/Kg excluding trim.


Avon Downs Station

Our
OPERATIONS

At AACo, we operate a strategic balance of world class assets comprising around 6.4 million hectares of Australian land which underpins the value of our business.

Our property portfolio is core to our production system and comprises a strategic mix of cattle stations, feedlots and farms throughout Queensland and the Northern Territory. The strength of these assets enables us to produce the highest quality beef at scale and this is key to supporting our branded beef strategy. Leveraging our generational experience with these properties, we are constantly looking to evolve and improve the efficiency of our operations. The value of our pastoral assets grew over the year, consistent with a long-term trend in our business. These assets are now worth $916 million supporting our net tangible assets value of over $1 billion.

The quality of our herd is also core to delivering on our strategy and this is managed through our dedicated Breeding and Genetics team. This team measure and track the performance metrics of our breeding herd and use this information as well as the latest technology to improve genomic selections. This means we are constantly refining our joining and selection strategy to improve our underlying genetics and this is paying off. This year we continued to improve the genetic and phenotypic quality markers of our herd meaning we have not only increased the quantity of calves in our supply chain, but the underlying quality of these animals has also improved.

SUSTAINABILITY

We are embedding a whole of company commitment and culture focused on Sustainability.

AACo is committed to embedding a culture of sustainability in our business and we have made progress against this commitment in FY21.

We introduced AACo's Beef Cattle Herd Management Carbon Project* this year which has commenced our journey of reducing our emissions intensity of beef cattle production. The core activities identified under this project to drive carbon abatement include improving our animal selection through genomic selection, increasing grazing areas through improved water access points, better pasture control through fencing infrastructure and reduced cattle handling through improved yard infrastructure.

We further reduced our reliance on fossil fuels this year, by more than doubling the number of solar bores on our properties.

We also continued our focus on the health and welfare of our animals with the establishment of our Animal Health and Welfare Committee as well as continued progress with our poll breeding program.

Our second sustainability benchmarking report will be released in July 2021 and will provide further context to our sustainability journey.

* AACo's Beef Cattle Herd Management Carbon project ("BCHM") is a program of work targeted at carbon abatement and is registered under the Australian Government Clean Energy Regulator's BCHM carbon methodology. For every tonne of carbon equivalent abatement achieved under the project, one Australian Carbon Credit Unit (ACCU) is awarded by the Clean Energy Regulator.


Wylarah Station

DIRECTORS' REPORT

Your Directors submit their report for the year ended 31 March 2021.

Directors

The names and details of the Company's Directors in office during the financial period and until the date of this report are set out in the following section. All Directors were in office for the entire period unless otherwise stated.

Donald McGauchie

AO, FAICD (NON-EXECUTIVE CHAIRMAN)

Mr McGauchie was appointed a Director on 19 May 2010 and subsequently Chairman on 24 August 2010. Mr McGauchie is the Chairman of the Nomination Committee and a member of the Staff and Remuneration Committee and Brand, Marketing & Sales Committee.

Mr McGauchie is currently a Director of GrainCorp Limited. His previous roles with public companies include Chairman of Nufarm Limited, Chairman of Telstra Corporation Limited, Deputy Chairman of Ridley Corporation Limited, Director of National Foods Limited, Chairman of Woolstock, Chairman of the Victorian Rural Finance Corporation (statutory corporation), Director of James Hardie Industries plc, and also President of the National Farmers Federation.

During 2011 he retired as a member of the Reserve Bank Board. In 2001 Mr McGauchie was named the Rabobank Agribusiness Leader of the Year, was later awarded the Centenary Medal for services to Australian society through agriculture and business, and in 2004 was appointed an Officer of the Order of Australia.

During the past three years, Mr McGauchie has served as a Director of the following listed companies:

- GrainCorp Limited* – appointed December 2009
- Nufarm Limited – retired September 2020

*Denotes current Directorship.

Hugh Killen

GMP (HARVARD BUSINESS SCHOOL)

Mr Killen was appointed Managing Director and Chief Executive Officer in February 2018. Prior to this, he held the position of Chief Commercial Officer in a consulting capacity assisting AACo's operations and finance functions.

Mr Killen is a highly experienced senior executive with over 25 years' experience in global financial markets and has worked in London, New York and Sydney.

Before joining AACo, Mr Killen spent 15 years at Westpac Institutional Bank. He held several senior executive roles which included managing Westpac Banking Corporation's North American business throughout the global financial crisis, and finally as the Managing Director of Fixed Income, Currency and Commodities.

Mr Killen has also served as a board member of the Association for Financial Markets Global Foreign Exchange Division, sat on the Reserve Bank of Australia's (RBA) Australian Foreign Exchange Committee, and has represented Australia internationally as the RBA appointed member of the BIS Working Group developing the Global Code of Conduct for foreign exchange markets.

Mr Killen is an alumni of the Kings School, Parramatta and Harvard Business School, and a Member of the Australian Institute of Company Directors. Mr Killen has a lifelong association with agriculture, having being raised on pastoral properties in northern NSW and south-west Queensland, and has retained strong personal involvement in the industry through private investments in farming.

Stuart Black

AM, FCA, FAICD, BA (ACCOUNTING)

Mr Black was appointed a Director on 5 October 2011. Mr Black is Chairman of the Audit and Risk Management Committee and a member of the Nomination Committee.

Mr Black has extensive experience in agribusiness. He is a current non-executive director of Palla Pharma Limited and Freedom Foods Group Limited, a former director of NetComm Wireless Limited, Coffey International Limited, Country Education Foundation of Australia Limited, former Chairman of the Chartered Accountants Benevolent Fund Limited, and a past President of the Institute of Chartered Accountants of Australia. He was the inaugural Chair and is a past Board Member of the Australian Accounting Professional and Ethical Standards Board.

In 2012 he was appointed a Member of the Order of Australia for services to the profession of accounting, to ethical standards, as a contributor to professional organisations and to the community.

During the past three years Mr Black has served as a Director of the following listed companies:

- NetComm Wireless Limited – resigned June 2019
- Palla Pharma Limited* – appointed June 2016
- Freedom Foods Group Limited* – appointed March 2021

*Denotes current Directorship

Tom Keene

BEC, FAICD

Mr Keene was appointed a Director on 5 October 2011. Mr Keene is Chairman of the Staff and Remuneration Committee and a member of the Nomination Committee.

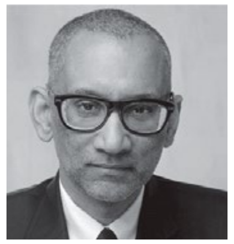
Mr Keene has had an extensive career in agriculture; he is the former Managing Director of GrainCorp Limited, and is currently a Director of the leading Australian wood fibre exporter, Midway Limited. He is also the former Chairman of Grain Trade Australia Limited and a former Director of Cotton Seed Distributors Limited.

In 2007, Mr Keene was named the NAB Agribusiness Leader of the Year.

During the past three years Mr Keene has served as a Director of the following listed companies:

- Midway Limited* – appointed August 2008

*Denotes current Directorship



Dr Shehan Dissanayake

PHD

Dr Shehan Dissanayake was appointed as a Director on 27 April 2012, and was an Executive Director from 11 April 2017 to 20 November 2019. Dr Dissanayake is a senior Managing Director of the Tavistock Group.

Before joining Tavistock Group in 2002, Dr Dissanayake was a Managing Partner of Arthur Anderson.

He holds a Ph. D in Pharmacological and Physiological Sciences from The University of Chicago.

During the past three years Dr Dissanayake has not served as a Director of any other listed company.

DIRECTORS' REPORT

Directors (continued)

Jessica Rudd

BCOM LLB (HONS)

Ms Rudd was appointed a director on 15 November 2017. Ms Rudd is a member of the Staff and Remuneration Committee, Nomination Committee and Brand, Marketing & Sales Committee.In 2015, Ms Rudd founded Jessica's Suitcase, an e-commerce retail platform which offers high quality Australian products direct to Chinese consumers through online cross-border channels. In 2018, Ms Rudd announced the sale of Jessica's Suitcase to eCargo Holdings (ASX:ECG), on whose board she served as a non-executive director until 2020.

Ms Rudd has served on the Griffith University Council since January 2020 and was appointed co-chair of the National Apology Foundation in 2021.

Beginning her career as a media and intellectual property lawyer, Ms Rudd later worked in London as a crisis management consultant for a global communications firm before moving to Beijing, where she lived and worked for five years.

Ms Rudd served as Australia and New Zealand Lifestyle Ambassador for the Alibaba Group from 2016 until 2020. She holds a Bachelor of Laws (Hons)/Bachelor of Commerce from Griffith University and was admitted to the Supreme Court of Queensland as a solicitor in 2007. She was awarded the Griffith University Arts, Education and Law Alumnus of the Year in 2013.

During the past three years Ms Rudd has served as a Director of the following listed companies:

– eCargo Holdings – resigned 22 January 2020

Marc Blazer

MSC (LSE), BA (UMD)

Mr Blazer was appointed a director on 31 July 2019. Mr Blazer is Chairman of the Brand, Marketing & Sales Committee.

Mr Blazer is a leader in the international tourism and hospitality sector. Mr Blazer is currently the Chairman and CEO of Overture Holdings, a consumer, food & beverage, and hospitality investment group. From 2013 until 2020, he was the co-owner and Chairman of the Board of Noma Holdings, the parent company of world-renowned restaurant noma based in Copenhagen; co-founder and Executive Chairman of New York based PRIOR, a global hospitality and travel company; and Co-founder and Director of Ahimsa Partners, a venture that invests in, licenses, owns, and operates hospitality ventures in India.

In addition to his consumer and hospitality business activities, Mr Blazer has also had an extensive career in capital markets. Before becoming Chairman of Overture Holdings, he was a partner and the global head of investment banking at Cantor Fitzgerald. During his tenure, he was named one of Investment Dealer's Digests 40-under-40 in 2006. While at Cantor, he was on the advisory board of Enertech, a clean energy venture fund. Prior to joining Cantor Fitzgerald, Mr. Blazer spent six years at ChaseMellon Financial Corp. (now Bank of New York Mellon), a joint venture between Chase Manhattan Corporation and Mellon Financial Group LLC.

Earlier in his career, Mr Blazer was an advisor to members of Congress in both the US House of Representatives and Senate on tax matters, banking and securities legislation, international trade policy, and foreign relations.

Mr Blazer earned a graduate degree from the London School of Economics in 1992, and a BA from the University of Maryland in 1990.

During the past three years Mr Blazer has not served as a Director of any other listed company.

Anthony Abraham

BEC LLB (ACCOUNTANCY AND LAW)

Mr Abraham was appointed a Director on 7 September 2014. Mr Abraham is a member of the Audit and Risk Management Committee and Nomination Committee.

Mr Abraham has over 30 years' experience in banking, finance and investment management including 18 years specifically in food and agriculture. Mr Abraham established Macquarie Group's agricultural funds management business and is currently a member of ROC Partners' food and agricultural investment team.

Mr Abraham consults to the Clean Energy Finance Corporation's food and agricultural team who seek investments aimed at facilitating the reduction of carbon intensity in the Australian agricultural sector.

During the past three years Mr Abraham has not served as a Director of any other listed company.

Neil Reisman

JD

Mr Reisman was appointed a Director on 10 May 2016. He is a member of the Audit and Risk Management Committee and the Nomination Committee.

Neil has more than 30 years of business experience with emphasis on operations, legal, tax, investments and finance. He has worked at various multinational companies, including Tavistock Group, Arthur Andersen and Amoco Corporation.

He received his juris doctor in 1986 from the University of Pennsylvania Law School and his Bachelor of Science in Accountancy in 1983 from the University of Illinois.

During the past three years Mr Reisman has served as a Director of the following listed companies:

– Mirati Therapeutics – resigned December 2018

Company secretary

Bruce Bennett

BCOM, LLB, AGIA ACG (CS, CGP)

Mr Bennett was appointed Company Secretary and General Counsel in November 2006. Before joining the Company, he held positions including partner and special counsel in leading law firms, where he specialised in company and property law, mergers and acquisitions, and other commercial contracts.

He has over 25 years' experience in legal practice, having practised in both Queensland and New South Wales. Bruce has been a Chartered Secretary since 2005 and is a member of the Chartered Governance Institute and is also an Associate of the Governance Institute of Australia.

DIRECTORS' REPORT

Interests in the shares and options of the company and related bodies corporate

As at the date of this report, the interests of the Directors in the shares, options and performance rights of the Company were:

Current Directors	Ordinary shares	Options over ordinary shares	Performance rights
D. McGauchie	1,120,774	Nil	Nil
H. Killen	282,922	Nil	169,120
S. Black	40,000	Nil	Nil
T. Keene	75,000	Nil	Nil
Dr. S Dissanayake	2,025,000	Nil	Nil
A. Abraham	30,000	Nil	Nil
N. Reisman	45,000	Nil	Nil
J. Rudd	Nil	Nil	Nil
M. Blazer	Nil	Nil	Nil

DIVIDENDS AND EARNINGS PER SHARE

Earnings per share	31 March 2021 Cents	31 March 2020 Cents
Basic earnings per share	7.62	5.25
Diluted earnings per share	7.62	5.23

No final or interim dividends were declared or paid during the current and prior financial periods.

Operating and financial review

ABOUT AACO

The Australian Agricultural Company (AACo) is an Australian beef company with a heritage dating back to 1824. AACo is one of Australia's largest, integrated cattle and beef producers, and is the oldest continuously operating company in Australia.

AACO'S BUSINESS ACTIVITIES

AACo controls a strategic balance of properties, feedlots, farms and a processing facility comprising around 6.4 million hectares of land and specialises in high-quality beef production.

Operating and financial review (continued)

AACO'S BUSINESS MODEL

AACo is a fully integrated branded beef business with three principal activities:

- Sales and marketing of high-quality branded beef into global markets;
- Production of beef including breeding, backgrounding and feedlotting; and
- Ownership, operation and development of pastoral properties.

AACo operates an integrated cattle production system across 19 owned cattle stations, 3 leased stations, 3 agisted properties, 2 owned feedlots, and 2 owned farms located throughout Queensland and the Northern Territory.

AACo distributes branded beef to a range of customers across the world, tailoring its route-to-market model by country to capitalise on regional opportunities. The Company is large enough to obtain scale efficiencies but small enough to ensure the highest of production standards and produce the finest quality beef in the world.

KEY FINANCIAL INDICATORS USED BY MANAGEMENT

The following table summarises financial indicators used by management to monitor and manage the Company. Operating Profit is one of the key performance metrics of the Company, as Management believe it is a better reflection of actual financial performance under the control of management. It assumes all livestock inventory is valued on a $/kg live-weight (LW) basis and is derived by adjusting statutory EBITDA to substitute the movement in livestock at market value with the movement at cost of production. Management therefore believe that external stakeholders benefit from this metric being reported. Operating Profit, Statutory EBIT and Statutory EBITDA are unaudited, non-IFRS financial information. Discussion on drivers of movements in key financial indicators are included in the Sales & Marketing, Production and Statutory Financial Results sections below.

	31 March 2021 $000	31 March 2020 $000	Movements $000
Meat sales	199,974	229,607	(29,633)
Cattle sales	65,548	104,539	(38,991)
Administration and selling costs	(33,483)	(37,572)	4,089
Statutory EBITDA profit	99,326	80,129	19,197
Statutory EBIT profit	80,322	62,063	18,259
Net profit after tax	45,474	31,317	14,157
Net cash inflow from operating activities	18,423	20,120	(1,697)
Operating Profit	24,360	15,194	9,166

Statutory EBITDA was a profit of $99.3 million in FY21 ($80.1 million profit in FY20), while Operating Profit was $24.4 million ($15.2 million profit in FY20). Operating Profit includes JobKeeper wage subsidy payments of $6.7 million but does not include unrealised livestock gains or losses, while Statutory EBITDA does include these.

Statutory EBITDA is earnings before interest, tax, depreciation and amortisation, and gain/loss on equity investments.

DIRECTORS' REPORT

Operating and financial review (continued)

KEY FINANCIAL INDICATORS USED BY MANAGEMENT (CONTINUED)

Sales and Marketing

In line with the historical low herd levels seen in the Australian national cattle herd, AACo experienced lower calving in prior periods due to drought and the Gulf flood event.

These headwinds are still being felt through the supply chain due to the average F1 Wagyu lifecycle length being 3.5 years from conception through to backgrounding, feedlots, and processing. Lower calving in prior impacted periods have translated into lower meat production volume.

In FY21, Wagyu beef revenues declined with production volume, however sales $/kg increased on FY20, consistent with the Company's branded beef strategy.

Drought conditions stretching over FY19 and FY20 resulted in elevated cattle sales in prior years, as the Company strategically destocked herd levels. The number of head sold in FY21 has decreased from the elevated sales volume seen in FY20; however, FY21 cattle sales have yielded higher prices.

	31 March 2021	31 March 2020
Wagyu beef revenue – $ mil	196.9	225.4
Wagyu beef kgs sold – mil kg CW[(1)]	12.7	15.7
Wagyu beef sold – $/kg CW	$15.50	$14.36
Cattle sales – mil kg LW[(1)]	19.4	34.2
Cattle revenue – $mil	65.5	104.5

(1) CW – carton weight containing saleable boxed meat, LW – Live animal weight.

Production

Kilograms produced is a measure of the number of kilograms of live weight of cattle grown throughout the breeding, backgrounding and feedlot operations of the Company during the period, excluding the offsetting impact of attrition kilograms. Kilograms produced has reduced 23% on the previous corresponding period, resulting from lower calving in prior periods due to drought and the Gulf flood event.

Cost of production is a measure of the operating costs incurred to produce a kilogram of live weight of cattle throughout the breeding, backgrounding and feedlot operations of the Company during the period. Lower production volumes have had an adverse impact on cost of production; however, the Company has still realised a 12% reduction on the previous corresponding period, due to a disciplined focus on costs across the business, and improved seasonal conditions.

	31 March 2021	31 March 2020
Kilograms produced – mil Kg LW	41.6	54.1
Cost of production – $/kg LW	$2.99	$3.38

Operating and financial review (continued)

OPERATING REVIEW

FY21 and the global pandemic brought widespread challenges to individuals, families, and businesses everywhere. The Company continues to navigate this dynamic landscape as new challenges with the pandemic present themselves. Despite challenging circumstances in FY21, the Company's investment in strategic relationships and global distribution reach allowed for an agile response.

As restaurant closures and partial re-openings have cycled in waves around the world, the Company has been able to respond to shifting demand by rapidly re-balancing product across markets and channels. The Company's strategic relationships with its customer base nurtured over several years, its global distribution reach, and in-market presence enabled this rapid re-balancing of product distribution. Further, the strength of our brand premium continued to grow, and an extra $1.14/kg was added to average meat selling price (up 8%).

Management's disciplined focus on expenditures across the entire business, along with improved seasonal conditions has resulted in material reductions in operating expenditures.

Livestock Movements

Livestock values as recorded on the Balance Sheet have improved from the prior year due to price improvements on Non-Wagyu and Wagyu livestock, offset by headcount reductions.

As the Company has suspended its 1824 product line, there continues to be a lower reliance on Non-Wagyu herd numbers, which has led to a decline in the Non-Wagyu headcount. Further, the 2019 Gulf flood losses and drought conditions impacted brandings during FY20, resulting in a decline in Wagyu headcount.

Market values of Non-Wagyu and Wagyu animals have however improved over the past year, leading to a significant increase in the value of cattle held at year end.

Property

Property values continue to see growth, and during FY21 the Company recorded a net $105.2 million increase in the fair value of the Company's pastoral property and improvements, bringing the value of this portfolio to $915.8 million as at 31 March 2021. This increase is a reflection of Management's active investment in improving these properties, and also due to market increases seen in comparable property sales.

Consistent with prior years, the Company reflects potential risks and impacts of climate change as part of the valuation methodology, by ensuring the pastoral property values are based on a long-term view of sustainable carrying capacity and rates applied that reflect sustainable management practices.

Impacts of Coronavirus (COVID-19)

The Company continues to monitor the developments in the COVID-19 pandemic and the measures being implemented to control and slow further outbreaks of the virus and the impacts on global markets, supply chains and customers.

STATUTORY FINANCIAL RESULTS

The FY21 results include a Statutory EBITDA profit of $99.3 million, driven by improvements in both cattle and meat sales per kg on lower volumes, $76.2 million in overall expenditure reduction from the prior year, and a $91.4 million positive market value increase in the value of the closing herd.

In summary:

- Total sales revenue of $265.5 million, compared with $334.1 million in FY20, with lower cattle sales and meat production volumes resulting in decreased revenues, offset by higher average prices in both revenue streams
- Statutory EBITDA profit of $99.3 million, compared with an EBITDA profit of $80.1 million for FY20
- Operating Profit of $24.4 million, compared with a profit of $15.2 million in FY20
- Cost of production $/kg Live Weight decreased by 12% in FY21, which is due to a disciplined focus on costs held across the business, as well as improved seasonal conditions
- Net tangible assets per share was $1.75 as at 31 March 2021, compared to $1.53 as at 31 March 2020, driven by improvements in the livestock market values and in the property portfolio
- The Company maintains a robust balance sheet, with comfortable headroom under existing bank covenants
- Positive net operating cash flows of $18.4 million, compared with $20.1 million in FY20

DIRECTORS' REPORT

Operating and financial review (continued)

RISK MANAGEMENT

The Company is committed to the identification, measurement and management of material business risks. The Company's breeding and sales programs to date have produced a herd with the right genetic and age profile capable of thriving in a diverse set of geographic locations and climatic conditions. Day-to-day production risks are managed by management at stations and overseen by relevant Regional Managers. Appropriate insurance coverage is maintained in respect of the business, properties and assets.

Price and currency risks are managed, where possible, through forward sales of branded beef and over-the-counter foreign exchange derivatives.

NET TANGIBLE ASSETS

The Company's net tangible assets per share was $1.75 as at 31 March 2021, compared to $1.53 as at 31 March 2020. Net tangible assets of the Company include leasehold land assets.

WAGE SUBSIDY – JOBKEEPER

The Company received $6.7 million of wage subsidy payments under the JobKeeper Payment scheme due to the financial impact of COVID-19. The payments received have been presented as Other Income in the Consolidated Income Statement and as Cash Flows from operating activities in the Consolidated Statements of Cash Flows.

The Company did not apply for the Job Keeper extension programs which came into effect on 28 September 2020.

BUSINESS STRATEGIES, LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Board has reiterated its commitment to increasing shareholder value through incremental improvements to Return on Capital Employed (ROCE) over time. The goal is to improve the quantity and quality of the Company's earnings by increasing the Company's exposure to premium branded beef prices which are underpinned by rising incomes in both the developed and developing world. The medium-term strategy will focus on optimising our supply chains, implementing a differentiated branding strategy, and investing in innovation and technology.

The ongoing impact of COVID-19 on the Company's go forward consolidated results of operations and cash flows cannot be reasonably estimated at this stage.

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Company during the financial year.

Significant events after balance date

There have been no significant events after the balance date which require disclosure in the financial report.

Environmental regulation and performance

Some regulated areas of operation are:

- The operations of Goonoo and Aronui Feedlots are regulated by licences issued under the Environmental Protection Act 1994 (Qld) and administered by the Queensland Department of Agriculture and Fisheries (DAFF). Each feedlot is required to report to the National Pollution Inventory each year with respect to water, air and soil quality. DAFF conducts audits of compliance with licence requirements at regular intervals.

  The Company recorded no breaches of licence requirements in the year to 31 March 2021.
- The pumping of water from the Comet River for irrigation and feedlot use at Goonoo Station is subject to licensing under the Sustainable Planning Act 1997 (Qld) and the Water Act 2000 (Qld). Regulations specify minimum water flows and heights in the river to allow sufficient environmental flows. Goonoo Station and Wylarah Station have licences to harvest water for irrigation purposes. The pumping of underground water for the prescribed purpose of 'Livestock Intensive' requires licensing, and regular reporting and monitoring. The Company has several licences allowing this pumping subject to these regulations and conditions being met.
- The Company holds other water access rights in the Gulf region of Queensland that currently remain unused; however, should the Company begin to access water under these licenses, the pumping of water under these licenses would be subject to regulations under the Sustainable Planning Acct 2009 (QLD) and the Water Act 2000 (QLD).
- Stock watering facilities which utilise bores, require licensing in Queensland and registration in the Northern Territory.
- Stock water facilities shared with Queensland Stock Routes are administered by local governments, guided by legislation and framework developed by the Queensland Government. Shared water facilities need to comply with registered Stock Route water agreement requirements. A Permit to Occupy is also required if this facility is unfenced within a station grazing area.
- Vegetation Clearing Permits are sought under the Vegetation Management Act 1999 (Qld) for any clearing required for ongoing operations including but not limited to the development of areas for land use change and the installation of infrastructure such as fence lines and water development.
- The Company continues to be involved in consultation processes; for example, in the areas of Water Resource Planning, Wild Rivers legislation and the conversion of land titles in relevant areas.
- The Company must abide by environmental and other obligations contained in Queensland's State Rural Leasehold Land Strategy in respect of the Company's pastoral leasehold interests in Queensland. The State Rural Leasehold Land Strategy is a framework of legislation, policies and guidelines supporting the environmentally sustainable, productive use of rural leasehold land for agribusiness.
- Northern Australian Beef Limited (NABL), a wholly owned subsidiary of the Company, owns the Livingstone Beef Processing Facility and land at Livingstone Farm, Noonamah, Stuart Highway, Northern Territory. NABL holds, and must comply with an Environmental Protection Licence (EPL) under the Waste Management and Pollution Control Act (NT) for the storage, treatment, recycling and disposal of waste in connection with the facility.

  The EPL contains stringent and detailed environmental requirements overseen by the Northern Territory Environment Protection Authority (NT EPA). NABL and the NT EPA continue to work together constructively to monitor compliance with the EPL.

There have been no breaches of compliance with environmental regulations during the year ended 31 March 2021.

DIRECTORS' REPORT

Share options

UNISSUED SHARES

As at the date of this report, there were 523,795 unissued ordinary shares under performance rights.

An Executive Option Plan previously existed, for which no further grants will be made. The last options under this plan expired on 1 January 2019.

Option holders did not, and performance rights do not, have any right, by virtue of the option or performance right, to participate in any share issue of the Company or any related body corporate or in the interest issue of any other registered scheme.

SHARES ISSUED AS A RESULT OF THE EXERCISE OF OPTIONS

During and since the end of the financial period, there were no options exercised to acquire shares in the Company.

The Company's Performance Rights Plan has been in place since 2011 and has taken the place of the option plan for future incentive awards comprising performance rights. The performance rights will remain until such time as they are either exercised or the rights lapse.

There were 269,251 shares issued on exercise of performance rights under the AACo Performance Rights Plan during the year.

Indemnification and insurance of directors and officers

Under the Company's Constitution, each of the Company's Directors, the Company Secretary and every other person who is an officer is indemnified for any liability to the full extent permitted by law.

The Company's Constitution also provides for the Company to indemnify each of the Company's Directors, the Company Secretary and every other person who is an officer to the maximum extent permitted by law, for legal costs and expenses incurred in defending civil or criminal proceedings.

Each Director has entered into a Deed of Access, Insurance and Indemnity, which provides for indemnity against liability as a Director, except to the extent of indemnity under an insurance policy or where prohibited by statute. The Deed also entitles the Director to access Company documents and records, subject to confidentiality undertakings.

The Company maintains Director's and Officer's insurance policies, to insure the Company's Directors, Company Secretary and those Directors and officers of its subsidiaries. The Company has paid or has agreed to pay the premium for these policies.

The terms of the insurance contracts prohibit the Company from disclosing the level of premium paid and the nature of the liabilities insured.

Corporate governance statement

The Company's Corporate Governance Statement sets out the corporate governance framework adopted by the Board of Australian Agricultural Company Limited. This statement is publicly available on the Company's external website: www.aaco.com.au/investors-media/corporate- governance.

Corporate governance statement (continued)

BOARD SKILLS MATRIX

The aim of the Board Skills Matrix is to set out the mix of skills that the Board currently has and is looking to achieve. It is a summary of the Company's internal assessments of the Board. Information is obtained from a Director review of skills and competencies completed for each Director. This information is summarised into the Board Skills Matrix.

The Board recognises that each Director will not necessarily possess experience in all areas relevant to the Company's operations and therefore seeks to ensure that its membership includes an appropriate mix of directors with skills, knowledge and experience in agriculture, other relevant industry sectors, general management and finance. A summary of the Board's skills, knowledge and experience is set out in the table below:

Skill/knowledge/experience	Out of 9 directors
Leadership and Governance	
Organisational Governance	9
Strategy	9
Government Relations	8
Previous ASX NED Experience	5
Previous ASX CEO Experience	1
Operations	
Environment, Health and Safety	7
Work Health and Safety Committee Experience	6
Agribusiness	6
Farmer or Producer	2
Innovation	7
Information Technology	5
Sectoral Experience	
Livestock	5
Beef Manufacturing	2
Sales	5
Branding and Marketing	6
Finance, Capital Management and Risk	
Formal Accounting and Finance Qualifications (CPA or CA)	3
Capital Restructuring	6
Audit Committee Experience	7
Legal	4
People	
People and Culture	9
Remuneration Committee Experience	5
Geographic Experience	
International Markets	8
Asian Markets	7
USA Markets	7

DIRECTORS' REPORT

Remuneration Report (audited)

This remuneration report for the year ended 31 March 2021 outlines the remuneration arrangements of the Company in accordance with the requirements of the *Corporations Act 2001* (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report details the remuneration arrangements for key management personnel (KMP) of the Company, who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

For the purposes of this report, the term 'executive' encompasses the Managing Director/Chief Executive Officer (MD/CEO), senior executives and Company Secretary of the Company and the Group.

The remuneration report is presented under the following sections:

1. Individual Key Management Personnel (KMP) disclosures
2. Executive remuneration framework (overview)
3. Executive contractual arrangements
4. Remuneration of Key Management Personnel – Other KMP
5. Link between remuneration and performance
6. Board oversight of remuneration
7. Non-Executive Director (NED) remuneration arrangements
8. Equity instruments disclosures
9. Shareholdings and other mandatory disclosures

1. INDIVIDUAL KEY MANAGEMENT PERSONNEL

Details of KMP of the Company are set out in the following sections.

(i) Directors

D. McGauchie	Chairman, Non-executive Director	Independent	Appointed 19 May 2010
H. Killen	Managing Director and Chief Executive Officer	Non-Independent(1)	Appointed 1 February 2018
Dr S. Dissanayake	Non-executive Director	Non-Independent(1)	Appointed 27 April 2012
N. Reisman	Non-executive Director	Non-Independent(1)	Appointed 10 May 2016
A. Abraham	Non-executive Director	Independent	Appointed 7 September 2014
S. Black	Non-executive Director	Independent	Appointed 5 October 2011
T. Keene	Non-executive Director	Independent	Appointed 5 October 2011
J. Rudd	Non-executive Director	Independent	Appointed 15 November 2017
M. Blazer	Non-executive Director	Independent	Appointed 31 July 2019

(1) These directors of the Company were determined to be non-independent.

(ii) Non-independent Directors

H. Killen	Mr H. Killen is not considered independent by virtue of his executive office as Managing Director and Chief Executive Officer.
Dr S. Dissanayake	Dr S. Dissanayake is not considered independent as he is an officer of Tavistock Group which controls the AA Trust, a major 48.06% shareholder of the Company
N. Reisman	Mr N. Reisman is not considered independent as he was an officer of Tavistock Group within the last 3 years which controls the AA Trust, a major 48.06% shareholder of the Company.

Remuneration Report (audited) (continued)

(iii) Executives

B. Bennett	Company Secretary/General Counsel	Appointed 20 November 2006
A. Speer	Chief Operating Officer - Pastoral	Appointed 30 July 2018
N. Simonsz	Chief Financial Officer	Appointed 1 August 2018
A. O'Brien	Chief Commercial Officer	Appointed 17 December 2018
D. Harris	Chief Operating Officer – Supply Chain	Appointed 1 April 2020
R. Scott	Chief Marketing Officer	Appointed 6 July 2020

(iv) Executives who resigned, retired or otherwise ceased employment during the period

S. Grant	Head of People & Culture	Until 14 July 2020

A. Speer resigned from AACo and concludes her employment on 31st May 2021.

2. EXECUTIVE REMUNERATION FRAMEWORK (OVERVIEW)

Remuneration strategy and policy

CEO and Key Management Personnel (KMP)

Consistent with contemporary Corporate Governance standards, the Company's remuneration strategy and policies aim to set employee and executive remuneration that is fair, competitive and appropriate for the markets in which it operates whilst being mindful of internal relativities. The Company aims to ensure that the mix and balance of remuneration is appropriate to reward fairly, attract, motivate and retain senior executives and other key employees.

Appropriate remuneration policy settings will be achieved by consistently applying a clear remuneration strategy directed at supporting the Board approved business strategy with appropriate and flexible processes, policies and procedures established by the Board from time to time.

Specific objectives of the Company's remuneration policies include the following:

- Provide competitive total rewards to attract and retain high calibre employees and executives
- Provide fair and competitive fixed remuneration for all positions, under transparent policies and review procedures
- Have a meaningful portion of remuneration "at risk", dependent upon meeting pre-determined performance benchmarks
- Link MD/CEO and senior executive rewards to achieving short, medium and long term key performance criteria
- Establish appropriate and demanding performance hurdles for any executive incentive remuneration
- Payment of cash bonus short term incentives (STI), which is at the discretion of the Board after assessing the performance of the Company and the MD/CEO and other senior executives against agreed performance hurdles
- Offer participation in the long term incentives (LTI) plan to the MD/CEO and other senior executives
- Provide Deferred Equity Awards (DEA), in the form of grants of performance rights to the MD/CEO and other senior executives with deferred vesting of two years (50%) and three years (50%)
- The actual DEA awarded to an executive is generally set at 50% of the amount of any STI actually paid to the executive

DIRECTORS' REPORT

Remuneration Report (audited) (continued)

2. EXECUTIVE REMUNERATION FRAMEWORK (OVERVIEW) (CONTINUED)

The following table illustrates the structure of the Company's executive remuneration arrangements for the year ended 31 March 2021:

	Objective			
	Attract and retain high calibre employees	Motivate and reward outstanding performance		Align to Shareholder returns
Remuneration Component	Total Fixed Remuneration	At risk remuneration		
		Short-term incentive STI		Long-term incentive LTI
Mechanism	Base salary, superannuation and any 'packaged' benefits including FBT grossed-up on a Total Employment Cost (TEC) basis	Cash	Deferred Equity (Performance Rights)	Deferred Equity (Performance Rights)
Purpose	Reward for role size and complexity and external and internal relativities	Reward for contribution to achievement of business outcomes and individual KPIs	Reward for contribution to achievement of business outcomes and individual KPIs	Aligns remuneration of the Company's senior executives with the long-term strategic goals of the company, as well as retention
Link to performance	No link to Company performance although reviewed annually with consideration given to the performance of the Company and business unit in the remuneration review	STI for executives is calculated with a balance across financial, non-financial and individual performance metrics	Generally, 50% of the STI cash bonus earned and subject to two- year (50%) and three-year (50%) service vesting conditions	Linked to achievement of the Company's targeted market capitalisation as well as meeting individual service conditions

The current executive remuneration strategy can be represented broadly, as follows:

	Total Fixed Remuneration %	Short Term Incentives %	DEA Incentive[(1)] %	Long Term Incentive %	Total Targeted Reward %
MD/CEO	53	26	13	8	100
Key Management	50-63	25-29	13-15	0-12	100

(1) 50% of cash bonus paid

Remuneration Report (audited) (continued)

2. EXECUTIVE REMUNERATION FRAMEWORK (OVERVIEW) (CONTINUED)

Structure

Remuneration is determined as part of an annual performance review process, having regard to market factors, relevant comparative data, a performance evaluation process and independent remuneration advice, where necessary.

Total Fixed Remuneration (TFR)

Executives may receive their fixed remuneration as cash, or cash with non-monetary benefits such as health insurance, car allowances and tax advisory services. Total fixed remuneration comprises cash and other benefits and entitlements to provide a base level of remuneration which is both appropriate to the role and responsibilities, reflects current market conditions, the individual's seniority and overall performance of the Company and the relevant business units.

For all Australian based executives, superannuation is included in TFR.

Executive contracts of employment do not include any guaranteed base pay increases.

Senior executives are given the opportunity to receive a portion of their fixed remuneration in forms other than cash, such as motor vehicles, under a framework that ensures the Company does not incur additional cost.

The fixed component of the executives' and MD/CEO's base remuneration is detailed in the tables on pages 48 and 53.

Short-term incentives

The Company operates an annual STI program that is available to executives and employees and awards a cash bonus subject to the attainment of Company, business unit and individual measures which are set at the commencement of the performance period.

The aim of the STI is to link the achievement of the Company's annual and/or immediate financial and broader operational targets with the remuneration received by the executives and senior employees responsible for achieving those targets.

The total potential STI is set at a level so as to provide sufficient incentive to executives to achieve the operational targets and at a cost to the Company that is reasonable in the circumstances.

Actual STI payments awarded to each executive depend on the extent to which specific targets prescribed in the performance agreement for a financial year are met. The targets consist of a number of key performance indicators covering financial and non-financial, corporate and individual measures of performance.

These measures were chosen as they represent the key drivers for the short-term success of the business and provide a framework for delivering long-term value.

Under the arrangements approved by the Board the general principles that will apply are that the executive will receive an STI in the form of a cash bonus that is generally set at a maximum of 50% of the executive's total fixed remuneration.

The STI will be paid within three months of the financial year end in which the executive's performance is being measured.

In addition, Executives who are paid an STI cash bonus will receive a Deferred Equity Award (DEA) which is generally equal to 50% of the amount of the STI cash bonus actually earned. The DEA is in the form of a grant of performance rights under the performance rights plan and is subject to two-year (50%) and three-year (50%) service vesting conditions i.e. vesting of the DEA is subject to the executive still being employed by the Company at the relevant vesting date.

The Company has a Good Leaver and a Bad Leaver Policy. If an executive ceases employment with the Company, then any unvested DEA will be automatically forfeited. If the executive was a Good Leaver, then the Board will consider the circumstances of the cessation of employment and may exercise its discretion to allow some or all of the unvested DEA to vest (and be exercised).

The Board assesses the performance of the MD/CEO against targets and determines actual STI payment based upon the recommendation of the Staff and Remuneration Committee.

The MD/CEO assesses the performance of other senior executives against their targets and determines the actual STI with oversight by the Board through the Chairman and the Staff and Remuneration Committee.

DIRECTORS' REPORT

Remuneration Report (audited) (continued)

2. EXECUTIVE REMUNERATION FRAMEWORK (OVERVIEW) (CONTINUED)

The structure of the short-term incentive plan is as follows:

Feature	Description
Maximum opportunity	**Short-term incentives (STI)** CEO: 50% of fixed remuneration Other executives: 50% of fixed remuneration **Deferred equity award (DEA)** CEO: 50% of short-term incentive cash bonus Other executives: generally 50% of short-term incentive cash bonus
Minimum opportunity	**Short-term incentives (STI)** CEO: 0% of fixed remuneration Other executives: 0% of fixed remuneration **Deferred equity award (DEA)** CEO: 0% of short-term incentive cash bonus Other executives: 0% of short-term incentive cash bonus
Performance metrics	The STI metrics align with the strategic priorities at both a Company and business unit level. The general performance metrics for the KMP are as follows: **Metric** Primary metrics are Financial, Strategic, Customer, Operational and People.
Delivery of STI	The STI is paid in cash generally in the next financial year. The DEA is subject to two-year (50%) and three-year (50%) service vesting conditions. This encourages retention and shareholder alignment.
Board discretion	The Board has discretion to adjust remuneration outcomes up or down to prevent any inappropriate reward outcomes, including reducing (down to zero, if appropriate) any deferred STI award.

DEAs are provided to the MD/CEO and Senior Executives based on the level of STI earned each year. The last offer under this plan was made on 3 July 2017 and subject to two (50%) and three (50%) year service vesting conditions.

There is also a tax exempt share plan that may be utilised at the discretion of the Board for general employee equity participation. An Executive Option Plan, for which no further grants were made, had a series of grants outstanding, the last of which expired on 1 January 2019.

Long-term incentives

Following an extensive review of its remuneration practises for employees and executives, the Board approved the Company's adoption of a Long Term Incentive (LTI) Plan on 9 May 2017 (LTI Plan Implementation Date). The LTI Plan attempts to align remuneration of the Company's senior executives with the long-term strategic goals of the Company.

The introduction of an LTI Plan is consistent with the Company's objectives for remuneration, which include providing competitive total rewards to attract and retain high calibre senior executives, having a meaningful portion of remuneration "at risk" and, above all, creating value for shareholders.

Remuneration Report (audited) (continued)

2. EXECUTIVE REMUNERATION FRAMEWORK (OVERVIEW) (CONTINUED)

Long-term incentives (continued)

Performance rights under the LTI Plan will be granted in a number of rounds. The number of performance rights granted to eligible persons in each grant round and the performance conditions applying to the vesting of those performance rights will be determined at the discretion of the Board.

It was determined by the Board that there will be four grant rounds in total. The following summary reflects the key features of the four grant rounds:

Feature	Description
Timing of grant	Grants of performance rights in a grant round will not be made unless and until the specific 'commencing' market capitalisation of the Company for that grant round is achieved. The commencing market capitalisation of the Company for the first grant round was the market capitalisation of the Company on the LTI Plan Implementation Date.
Performance condition	The performance condition which applies to the vesting of performance rights in a grant round is the achievement of the specific 'target' market capitalisation of the Company during the performance period for that grant round. The performance condition for the first grant round was satisfied on 5 June 2017.
Performance period	The performance period for each grant round is calculated by reference to the target market capitalisation of the Company for that grant round and an assumed annualised growth rate of 20%.
Determination of market capitalisation of the Company for the purposes of the LTI Plan	For the purposes of calculating the market capitalisation of the Company in order to determine if the commencing market capitalisation of the Company or the target market capitalisation of the Company for each grant round has been achieved, the twenty day volume weighted average price (VWAP) of ordinary shares in the capital of the Company will be used.
Vesting period	In respect of each grant round, there is a four-year staggered vesting period for performance rights in that grant round which commences on satisfaction of the performance condition for that grant round.
Number of available performance rights	In each grant round, eligible persons may be offered a percentage of the "Total Available Performance Rights" for that grant round (rounded down to the nearest whole number). In respect of each grant round, the number of "Baseline Shares" will be the number of ordinary shares in the Company acquired on market by the AACo Employee Share Trust in respect of that grant round having an aggregate share acquisition price of $5 million. In respect of each grant round, the number of "Total Available Performance Rights" will be (a) the number of Baseline Shares for that grant round; plus (b) the number of any Total Available Performance Rights for previous grant rounds which, at the time of completion of acquisition of all of the Baseline Shares for that grant round and all previous grant rounds, are not notionally allocated to a previous grant round.
Lapsing conditions	Holders of performance rights will be entitled to exercise those performance rights if they have vested and have not otherwise lapsed. The circumstances in which performance rights may lapse include non-satisfaction of performance conditions or ceasing employment with the Company group. If the holder of performance rights ceases to be an employee as a result of an "Uncontrollable Event" (e.g. death, permanent disablement, retirement, retrenchment, or such other circumstances which the Board determines is an Uncontrollable Event), any unvested performance rights held by that person are expected to continue to be subject to the requirements for vesting and exercise applying to those performance rights, unless the Board determines that the vesting conditions applying to some or all of those performance rights will be waived or that some or all of those performance rights will lapse.

DIRECTORS' REPORT

Remuneration Report (audited) (continued)

2. EXECUTIVE REMUNERATION FRAMEWORK (OVERVIEW) (CONTINUED)

Long-term incentives (continued)

Feature	Description
Change of control event	If a change of control event for the Company occurs, the treatment of any unvested performance rights will be within the discretion of the Board to determine.
On market acquisition of shares	The requirement to deliver shares in the Company upon the vesting and exercise of performance rights under the LTI Plan must be satisfied by way of on market acquisition of shares in the Company.

The applicable commencing market capitalisation of the Company, performance condition and performance period for each contemplated grant round are as set out in the following table:

	Commencing market capitalisation of the company	Performance condition (targeted market capitalisation of the company)	Performance period (calculated using an assumed annualised growth rate of 20%)
First grant round	The market capitalisation of the Company on the LTI Plan Implementation Date	$1 billion	Within 2 quarters of the LTI Plan Implementation Date (i.e. performance period ends 30 September 2017)
Second grant round	$1 billion	$1.5 billion	Within 9 quarters of the LTI Plan Implementation Date (i.e. performance period ends 30 June 2019)
Third grant round	$1.5 billion	$2 billion	Within 16 quarters of the LTI Plan Implementation Date (i.e. performance period ends 31 March 2021)
Fourth grant round	$2 billion	$2.5 billion	Within 22 quarters of the LTI Plan Implementation Date (i.e. performance period ends 30 September 2022)

The performance condition for the first grant round of targeted market capitalisation of $1 billion was achieved on 5 June 2017. The rights associated with the first grant round have been granted to the relevant senior executives at a fair value per right of $1.07. The second grant round, offered during FY19, was forfeited in FY20 by all recipients as the performance condition of target market capitalisation was not met by 30 June 2019. The third grant round, offered during FY20, was forfeited in FY21 by all recipients as the performance condition of target market capitalisation was not met by 31 March 2021.

3. EXECUTIVE CONTRACTUAL ARRANGEMENTS

Remuneration arrangements for KMP are formalised in employment agreements. Details of these contracts are provided below. Company employees are employed by the subsidiary company A.A. Company Pty Ltd, AACo Singapore Holdings Pty Ltd Singapore Branch and AACo Operations (US) LLC.

Remuneration Report (audited) (continued)

3. EXECUTIVE CONTRACTUAL ARRANGEMENTS (CONTINUED)

	CEO description	Senior executive description
Total fixed remuneration	$600,000 including superannuation (subject to annual review by Board)	Range between $353,100 and $550,000
Short Term Incentive (STI) Cash Bonus	Maximum opportunity of $300,000 (50% of TFR)	Maximum opportunity 50% of TFR
Deferred Equity Award	Generally 50% of the actual amount of the STI cash bonus earned	Generally 50% of the actual amount of the STI cash bonus earned
Long Term Incentive	Subject to Company performance conditions being satisfied and the service conditions being met	Subject to Company performance conditions being satisfied and the service conditions being met
Contract duration	Ongoing	Ongoing

The MD/CEO's termination provisions are as follows:

	Notice period	Payment in lieu of notice	Treatment of STI on termination	Treatment of performance rights on termination-
Employer-initiated termination	6 months	Part or all of 6 months	Not eligible	Unvested performance rights lapse unless Good Leaver and Board exercises discretion to allow
Termination for serious misconduct	Nil	Nil	Not eligible	Unvested performance rights lapse
Employee-initiated termination	6 months	Part or all of 6 months	Not eligible	Unvested performance rights lapse unless Good Leaver and Board exercises discretion to allow

Upon termination, the MD/CEO is subject to 12 months' restriction for competition, employee inducement and client solicitation.

Other Key Management Personnel

The executive service agreements for other senior executives generally reflect that of the MD/CEO.

Standard Key Management Personnel termination provisions are as follows:

	Notice period	Payment in lieu of notice	Treatment of STI on termination	Treatment of performance rights on termination
Employer-initiated termination	3 to 6 months	Part or all of 3 to 6 months	Not eligible	Unvested performance rights lapse unless Good Leaver and Board exercises discretion to allow
Termination for serious misconduct	Nil	Nil	Not eligible	Unvested performance rights lapse
Employee-initiated termination	3 to 6 months	Part or all of 3 to 6 months	Not eligible	Unvested performance rights lapse unless Good Leaver and Board exercises discretion to allow

COVID-19 salary variations for the MD/CEO and Executives

As a result of the uncertainty generated by the COVID-19 pandemic at the commencement of FY21, the MD/CEO and Executives collectively accepted a temporary salary variation which reduced their individual base salaries to 80% for the three-month period from May 2020 to July 2020. Utilisation of annual leave balances during this period was paid at full base salary. This variation was not extended beyond the initial 3-month period, and all parties resumed their full base salaries from 1 August 2020.

DIRECTORS' REPORT

Remuneration Report (audited) (continued)

4. REMUNERATION OF KEY MANAGEMENT PERSONNEL – OTHER KMP

	Short Term			Post-Employment	Long-Term Benefit	Termination	Share Based Payment		
Executives	Salary & Fees $	Other Payments $	Non-Monetary Benefits $	Super-annuation $	Long Service Leave[1] $	Benefits $	Short Term Incentive (DEA)[2] $	Performance Rights (LTI)[3] $	Total $
Current Other KMP									
B. Bennett									
31/03/2021	338,862	158,895	–	21,521	9,469	–	672	51,599	581,018
31/03/2020	359,194	–	–	20,828	3,136	–	7,162	85,603	475,923
N. Simonsz									
31/03/2021	580,280	247,500	4,200	21,521	–	–	–	–	853,501
31/03/2020	594,013	–	4,200	21,434	–	–	–	–	619,647
A. Speer									
31/03/2021	489,283	25,000[4]	12,435	21,521	–	–	–	–	548,239
31/03/2020	532,223	25,000[4]	12,435	20,764	–	–	–	–	590,422
A. O'Brien									
31/03/2021	665,276	247,182	–	–	–	–	–	–	912,458
31/03/2020	676,201	70,000[5]	–	–	–	–	–	–	746,201
D. Harris[6]									
31/03/2021	365,828	168,750	–	21,521	–	–	–	–	556,099
31/03/2020	–	–	–	–	–	–	–	–	–
R. Scott[7]									
31/03/2021	347,472	151,230	–	16,271	–	–	–	–	514,973
31/03/2020	–	–	–	–	–	–	–	–	–
Former KMP									
S. Grant									
31/03/2021	117,856	–	1,400	17,906	–	362,917	–	–	500,079
31/03/2020	405,664	–	4,200	18,483	–	–	–	–	428,347
Total Remuneration: Other KMP									
31/03/2021	2,904,857	998,557	18,035	120,261	9,469	362,917	672	51,599	4,466,367
31/03/2020	2,567,295	95,000	20,835	81,509	3,136	–	7,162	85,603	2,860,540

(1) Long service leave balances are only accrued from 5 years' service onwards
(2) The STI expense amounts to the value expensed by the Company for the period
(3) The LTI expense is based on estimates of the expected value of rights to be granted under the LTI plan at that point in time
(4) Other payments to A. Speer during FY20 and FY21 relate to anniversary payments
(5) Other payments to A. O'Brien during FY20 relates to a relocation assistance package
(6) Dave Harris became a KMP on 1 April 2020 upon appointment as the Chief Operations Officer, Supply Chain
(7) Rose Scott became a KMP on 6 July 2020 upon appointment as the Chief Marketing Officer

Remuneration Report (audited) (continued)

5. LINK BETWEEN REMUNERATION AND PERFORMANCE

Statutory performance indicators

The table below shows measures of the Company's financial performance over the last five years. However, these are not necessarily consistent with the measures used in determining the variable amounts of remuneration to be awarded to KMPs. As a consequence, there may not always be a direct correlation between the statutory key performance measures and the variable remuneration awarded.

Measure	2021	2020	2019	2018	2017
Profit/(loss) for the year attributable to owners ($000)	45,474	31,317	(148,396)	(102,559)	71,586
Basic earnings/(loss) per share (cents)	7.62	5.25	(24.9)	(17.4)	13.2
Dividend payments ($000)	–	–	–	–	–
Dividend payout ratio (%)	–	–	–	–	–
Increase/(decrease) in share price (%)	5%	10%	(14%)	(31%)	28%
Operating cash flow ($000)	18,423	20,120	12,990	(39,864)	29,260

Additional statutory information

The table below shows the relative proportions of remuneration that were linked to performance and those that were fixed, based on the amounts disclosed as statutory remuneration expense (refer to tables on page 48 and 53).

	Fixed Remuneration		At Risk – STI – Cash		At Risk – STI – DEA[1]		At Risk – LTI	
	2021	2020	2021	2020	2021	2020	2021	2020[2]
Directors								
H. Killen	73%	89%	22%	0%	0%	0%	5%	11%
Executives								
B. Bennett	64%	80%	27%	0%	0%	2%	9%	18%
N. Simonsz	71%	100%	29%	0%	0%	0%	0%	0%
A. Speer	95%	100%	5%	0%	0%	0%	0%	0%
A. O'Brien	73%	100%	27%	0%	0%	0%	0%	0%
D. Harris	70%	–	30%	–	0%	–	0%	–
R. Scott	71%	–	29%	–	0%	–	0%	–
Former Executives								
S. Grant	100%	100%	0%	0%	0%	0%	0%	0%

(1) Based on the share-based payment expense incurred by the Company in relation to a prior year award.
(2) Percentages disclosed are the fair value of rights to be granted under the LTI plan.

DIRECTORS' REPORT

Remuneration Report (audited) (continued)

5. LINK BETWEEN REMUNERATION AND PERFORMANCE (CONTINUED)

Performance based remuneration granted during the year

The commencement of the FY21 performance year coincided with the increase in uncertainty generated by the COVID-19 pandemic. Due to this uncertainty, the Board agreed to assess the performance of Management in two halves based on KPIs set for each half, of Financial, Strategic, Customer, Operational and People.

The Board have exercised their discretion to award, on average, 88% of the target STI bonus and DEA entitlement in relation to FY21 performance. As a result the total amount of STI cash bonus paid or accrued for the MD/CEO or any other executive in respect of performance during the year to 31 March 2021 amounts to $1,183,722 (31 March 2020: $nil). The DEA has not yet been formally offered to the MD/CEO or any other executives in respect of performance during the year to 31 March 2021 and will be granted upon acceptance of letters of offer. Letters of offer will be transmitted to participants once the Board approves the opening of the first trading window under the AACo trading policy, which is typically immediately following the AACo full-year announcement. The DEA is awarded based on FY21 performance and will be expensed over the 3-year vesting period commencing on grant date. No expense has been recorded for the FY21 performance year DEA in the 31 March 2021 results.

The FY20 STI targets for the MD/CEO and key executives were largely achieved however due to the uncertain and unprecedented environment created by COVID-19, the Board exercised their discretion to not offer any STI bonus or DEA entitlement in relation to FY20 performance. The STI cash bonus for the MD/CEO and any other executives in respect of performance during the year to 31 March 2020 was therefore nil. No DEA was offered to the MD/CEO or other executives in respect of performance during the year to 31 March 2020.

As outlined above, for each STI cash bonus and grant of rights to deferred shares (refer to tables on pages 54 to 55), the percentage of the available bonus or grant that was paid, or that vested, in the financial year, and the percentage that was forfeited as a result of the Board's discretionary decision is set out below.

Current Year STI Entitlement (Cash Bonus and DEA)

	Total Opportunity ($)	Awarded %(1)	Forfeited %
Directors			
H. Killen	450,000	70%	30%
Executives			
B. Bennett	261,771	90%	10%
N. Simonsz	412,500	90%	10%
A. Speer	371,287	0%(2)	100%(2)
A. O'Brien	372,712	95%	5%
D. Harris	281,250	90%	10%
R. Scott	342,002	90%	10%

(1) The DEA is awarded based on FY21 performance, yet will be granted in FY22 and expensed over the subsequent 3-year vesting period
(2) A. Speer resigned her employment with AACo effective 31 May 2021 and therefore has forfeited any STI entitlement

Remuneration Report (audited) (continued)

6. BOARD OVERSIGHT OF REMUNERATION

Staff and Remuneration Committee

The Staff and Remuneration Committee currently comprises three independent non-executive Directors (Ms J. Rudd, Mr D. McGauchie and Mr T. Keene (Committee Chairman)).

The Staff and Remuneration Committee is responsible for making recommendations to the Board on the remuneration arrangements of non- executive directors (NEDs) and executives. The Staff and Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of NEDs and executives on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of high performing Directors and an executive team. In determining the level and composition of executive remuneration, the Staff and Remuneration Committee may also seek external advice as set out above.

Mr H. Killen (MD/CEO) attends certain Staff and Remuneration Committee meetings by invitation but is not present during any discussions relating to his own remuneration arrangements.

Remuneration approval process

The Board is responsible for and approves the remuneration arrangements for the MD/CEO and executives, and all awards made under any deferred equity award (DEA) and long-term incentive (LTI) plan. The Staff and Remuneration Committee provide recommendations for these remuneration arrangements and obtain independent remuneration advice as necessary. In the case of the MD/CEO, these arrangements are then subject to shareholder approval.

The Board also sets the aggregate remuneration of NEDs, which is then subject to shareholder approval.

The Board oversees the MD/CEO's recommendations for remuneration of senior executives with the assistance of the Staff and Remuneration Committee and independent remuneration advice, where necessary.

The Board approves, having regard to the recommendations made by the Staff and Remuneration Committee, the level of any Company short-term incentive (STI) payments to employees, including KMP's and therefore the amount of any DEA entitlement. The level of STI payments to the MD/CEO are determined separately by the Board. Any DEA entitlement resulting in an issue of securities for the MD/CEO must be approved by shareholders.

Voting and comments made at the company's 29 July 2020 Annual General Meeting ('AGM')

The Company received 98.87% of 'for' votes in relation to its remuneration report for the year-ended 31 March 2020.

7. NON-EXECUTIVE DIRECTOR (NED) REMUNERATION ARRANGEMENTS

Remuneration policy

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The amount of aggregate remuneration sought to be approved by shareholders and the fee structure is reviewed annually against fees paid to NEDs of comparable companies. The Board considers advice from external consultants when undertaking the annual review process.

The Company's Constitution and the ASX Listing Rules specify that the aggregate remuneration of NEDs shall be determined, from time to time, by general meeting. An amount not exceeding the amount determined is then divided between the Directors as agreed. The latest determination was at the AGM held on 23 August 2017, when shareholders approved an aggregate remuneration of $1,250,000 per year.

Structure

The remuneration of NEDs consists of Directors' fees and committee fees. NED's do not receive retirement benefits other than superannuation, nor do they participate in any incentive programs.

Each NED receives a base fee for being a Director of the Company. An additional fee is also paid for each Board committee on which a Director sits, with a higher fee paid if the Director is a Chairman of a Board committee. The payment of additional fees for serving on a committee recognises the additional time commitment required by NEDs who serve on one or more committees.

The Board may also establish specialist subcommittees from time to time, comprised of Directors, to oversee and report back to the Board on any Board identified large or otherwise important projects. Generally, Directors are not separately remunerated for membership in such subcommittees.

DIRECTORS' REPORT

Remuneration Report (audited) (continued)

7. NON-EXECUTIVE DIRECTOR (NED) REMUNERATION ARRANGEMENTS (CONTINUED)

Structure (continued)

NED's are encouraged to hold shares in the Company. Any shares purchased by the Directors are purchased on market, which is in line with the Company's overall remuneration philosophy and aligns NEDs with shareholder interests.

The remuneration of NEDs for the years ended 31 March 2021 and 31 March 2020 is detailed in the table on page 53.

COVID-19 salary variations for Non-Executive Directors

As a result of the uncertainty generated by the COVID-19 pandemic at the commencement of FY21, the NEDs collectively accepted a temporary salary variation which reduced their individual base salaries to 80% for the three-month period from May 2020 to July 2020. This variation was not extended beyond the initial 3-month period, and all parties resumed their full base salaries from 01 August 2020.

Payment of amounts equivalent to superannuation for US based Directors

During the period the Board determined that US based Directors of the Company should receive a monetary amount in lieu of post-employment benefits, with the amount being equivalent to superannuation as if Australia's superannuation laws applied to them, subject to the following qualifications:

(a) Dr Shehan Dissanayake, a US based director, will not receive an amount in lieu of post-employment benefits as he is an officer of Tavistock Group which controls the AA Trust which is a major 48.061% shareholder of the Company;

(b) Neil Reisman, a US based director, will receive an amount in lieu of post-employment benefits from April 2020; and

(c) Marc Blazer, a US based director, will receive an amount in lieu of post-employment benefits from the date of his appointment at the AGM in July 2019.

Use of Remuneration Consultants

During the year ended 31 March 2021 no consultants were engaged for remuneration matters (31 March 2020: $43,302).

Remuneration Report (audited) (continued)

7. NON-EXECUTIVE DIRECTOR (NED) REMUNERATION ARRANGEMENTS (CONTINUED)

	Short Term			Post-Employment	Long-Term Benefit	Termination	Share Based Payment		
Directors	Salary & Fees $	Other Payments $	Non-Monetary Benefits $	Super-annuation $	Long Service Leave (1) $	Benefits $	Short Term Incentive (DEA) (2) $	Performance Rights (LTI) (3) $	Total $
Non-executive Directors									
D. McGauchie									
31/03/2021	237,397	–	–	22,553	N/A	–	N/A	N/A	259,950
31/03/2020	250,000	–	–	23,750	N/A	–	N/A	N/A	273,750
S. Black									
31/03/2021	118,699	–	–	11,276	N/A	–	N/A	N/A	129,975
31/03/2020	125,000	–	–	11,875	N/A	–	N/A	N/A	136,875
A. Abraham									
31/03/2021	109,203	–	–	10,374	N/A	–	N/A	N/A	119,577
31/03/2020	105,753	–	–	10,047	N/A	–	N/A	N/A	115,800
T. Keene									
31/03/2021	118,699	–	–	11,276	N/A	–	N/A	N/A	129,975
31/03/2020	134,247	–	–	12,753	N/A	–	N/A	N/A	147,000
Dr S. Dissanayake									
31/03/2021	94,959	–	–	–	N/A	–	N/A	N/A	94,959
31/03/2020	189,625	–	–	–	N/A	–	N/A	N/A	189,625
N. Reisman									
31/03/2021	109,203	10,374 (4)	–	–	N/A	–	N/A	N/A	119,577
31/03/2020	115,000	–	–	–	N/A	–	N/A	N/A	115,000
J. Rudd									
31/03/2021	123,447	–	–	11,727	N/A	–	N/A	N/A	135,174
31/03/2020	105,507	–	–	10,023	N/A	–	N/A	N/A	115,530
M. Blazer									
31/03/2021	118,699	19,215 (5)	–	–	N/A	–	N/A	N/A	137,914
31/03/2020	83,562	–	–	–	N/A	–	N/A	N/A	83,562
Executive Directors									
H. Killen									
31/03/2021	647,829	210,164	19,445	19,494	–	–	–	51,599	948,531
31/03/2020	643,498	-	19,445	25,664	–	–	–	85,603	774,210
Total Remuneration: Directors									
31/03/2021	1,678,135	239,753	19,445	86,700	–	–	–	51,599	2,075,632
31/03/2020	1,752,192	-	19,445	94,112	–	–	–	85,603	1,951,352

(1) Other payments relate to STI payments for the MD/CEO and payments in lieu of post-employment benefits for US based Directors
(2) Long service leave balances are only accrued from 5 years' service onwards, and this is not applicable to Non-Executive Directors
(3) The LTI expense is based on estimates of the expected value of rights to be granted under the LTI plan at that point in time
(4) N. Reisman received an amount in lieu of post-employment benefits from 01 April 2020
(5) M. Blazer received an amount lieu of post-employment benefits from 31 July 2019

DIRECTORS' REPORT

Remuneration Report (audited) (continued)

8. EQUITY INSTRUMENTS DISCLOSURES

Nil performance rights under the LTI plan and Nil DEA performance rights were granted during the twelve months to 31 March 2021 (31 March 2020: nil performance rights under the LTI plan and nil DEA performance rights).

178,833 shares were distributed to key management personnel during the year-ended 31 March 2021, as a result of exercising vested performance rights granted during 2018 (31 March 2020: 178,834).

Rights to shares

The fair value of rights is determined based on the market price of the Company's shares at the grant date, with an adjustment made to take into account the two and three year vesting period (where applicable, i.e. on the issue of DEA) and expected dividends during that period that will not be received by the employees. Although the approved STI calculation relates to the year ended 31 March 2021, the DEA is not granted to participants until the Board approves the opening of the first trading window under the AACo trading policy, which is typically immediately following the AACo full-year announcement.

A summary of the outstanding performance rights relating to key management personnel is provided below, with a full listing provided in note F8 Share-based Payments.

Details on rights over ordinary shares in the Company that were granted as compensation or vested during the reporting period to each key management person during the reporting period are as follows:

	Fiscal year granted	Award	Balance at beginning of period	Granted as remuner-ation	Exercised during the year	Net change other	Balance at end of period	Not vested and not exercisable	Vested and exercisable	Value yet to vest[2]
			Number	Number	Number	Number	Number	Number	Number	$
Executives										
H. Killen	2022[1]	DEA	–	–	–	–	–	–	–	105,082
	2018	LTIP	253,681	–	(84,561)	–	169,120	169,120	–	180,960
B. Bennett	2022[1]	DEA	–	–	–	–	–	-	–	79,448
	2018	LTIP	253,681	–	(84,561)	–	169,120	169,120	–	180,960
	2018	DEA	9,712	–	(9,712)	–	–	–	–	–
N. Simonsz	2022[1]	DEA	–	–	–	–	–	–	–	123,750
A. Speer	–		–	–	–	–	–	–	–	–
A. O'Brien	2022[1]	DEA	–	–	–	–	–	–	–	123,591
D. Harris	2022[1]	DEA	–	–	–	–	–	–	–	84,375
R. Scott	2022[1]	DEA	–	–	–	–	–	–	–	75,615
Former Executives										
S. Grant	–		–	–	–	–	–	–	–	–

(1) Shares for the Deferred Equity Award will be granted once the Board approves the opening of the first trading window under AACo trading policy, which is usually immediately following the AACo full-year announcement. The number of performance rights granted will depend on the Company's share price at the grant date. The 2022 DEA is awarded based on FY21 performance and will be expensed over the 3-year vesting period commencing once grant dated has occurred.

(2) The maximum value of the deferred rights over shares granted in the 2018 fiscal year and yet to vest has been determined as the amount of the grant date fair value of the rights that are yet to be expensed. The maximum value for the deferred shares awarded in respect of performance in the 2021 fiscal year is 50% of the short-term incentive cash bonus for fiscal year 2021, with the number of rights to be granted subject to the share price on grant date. The minimum value of deferred shares yet to vest is nil, as the shares will be forfeited if the vesting conditions are not met.

No other Directors or executives held options or performance rights during the period.

Remuneration Report (audited) (continued)

9. SHAREHOLDINGS AND OTHER MANDATORY DISCLOSURES

Shareholdings

The table below summarises the movements during the period in the shareholdings of key management personnel, including their personally related parties, in the Company for the period.

	Balance at beginning of period	Granted as remuneration	Exercise of options/rights	Net change other	Balance at end of period
2021	Number	Number	Number	Number	Number
Directors					
D. McGauchie	1,120,774	–	–	–	1,120,774
H. Killen	198,361	–	84,561	–	282,922
S. Black	40,000	–	–	–	40,000
T. Keene	75,000	–	–	–	75,000
A. Abraham	30,000	–	–	–	30,000
Dr S. Dissanayake	2,025,000	–	–	–	2,025,000
N. Reisman	45,000	–	–	–	45,000
J. Rudd	–	–	–	–	–
M. Blazer	–	–	–	–	–
Executives					
B. Bennett	191,415	–	94,272	–	285,687
N. Simonsz	–	–	–	–	–
A. Speer	–	–	–	–	–
A. O'Brien	50,000	–	–	–	50,000
D. Harris	–	–	–	–	–
R. Scott	–	–	–	–	–
Former Executives					
S. Grant	–	–	–	–	–
Total	**3,775,550**	**–**	**178,833**	**–**	**3,954,383**

All equity transactions with Directors and executives other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the entity would have adopted if dealing at arm's length.

Loans to key management personnel and their related parties

There are no loans outstanding with the key management personnel at 31 March 2021 (31 March 2020: nil), nor have there been any transactions that would be considered a loan throughout the period.

Other transactions and balances with key management personnel and their related parties

There have been no other transactions with key management personnel or their related parties during the financial year to 31 March 2021 (31 March 2020: nil).

DIRECTORS' REPORT

Directors' Meetings

The number of Meetings of Directors (including meetings of Committees of Directors) held during the year and the number of meetings attended by each Director is as follows:

	Directors' Meetings		Audit & Risk Management Committee		Staff & Remuneration Committee		Nomination Committee		Brand, Marketing & Sales Committee	
	A	B	A	B	A	B	A	B	A	B
D. McGauchie	10	10	9	9*	6	6	1	1	9	9
H. Killen¥	10	10	9	9*	6	6*	1	1*	9	9*
T. Keene	10	10	9	9*	6	6	1	1	9	5*
S. Black	10	10	9	9	6	5*	1	1	9	5*
Dr S. Dissanayake	10	9	9	5*	6	3*	1	1	9	0*
A. Abraham	10	9	9	9	6	4*	1	1	9	5*
N. Reisman	10	10	9	9	6	5*	1	1	9	4*
J. Rudd	10	10	9	9*	6	6	1	1	9	9
M. Blazer	10	10	9	6*	6	3*	1	1	9	9

A = Number of meetings held during the time the Director held office
B = Number of meetings attended
* Not a member of the relevant committee
¥ Mr. Killen is invited to all Committee meetings but as an executive is not a member of those Committees

COMMITTEE MEMBERSHIP

As at the date of this report, the Company had an Audit and Risk Management Committee, Staff and Remuneration Committee, Nomination Committee and a Brand, Marketing & Sales Committee.

ROUNDING

Amounts contained in this report and in the financial report have been rounded to the nearest thousand dollars for presentation where noted ($000). This has been completed under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which this legislative instrument applies.

Auditor Independence

We have obtained the following independence declaration from our auditors KPMG.

KPMG

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Australian Agricultural Company Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Australian Agricultural Company Limited for the financial year ended 31 March 2021 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Scott Guse
Partner

Brisbane
20 May 2021

DIRECTORS' REPORT

Non Audit Services

The following non-audit services were provided by the entity's lead auditor, KPMG. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised. The lead auditor received or are due to receive the following amounts for the provision of non-audit services:

Metrics	31 Mar 2021 $	31 Mar 2020 $
Review of draft sustainability report	–	19,600
	–	19,600

Signed in accordance with a resolution of the Directors

Donald McGauchie
Chairman

Brisbane
20 May 2021

Hugh Killen
Managing Director

Brisbane
20 May 2021

FINANCIAL STATEMENTS

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CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2021

	Note	31 March 2021 $000	31 March 2020 $000
Meat sales		199,974	229,607
Cattle sales		65,548	104,539
		265,522	334,146
Cattle fair value adjustments	A3	218,037	285,810
		483,559	**619,956**
Cost of meat sold		(150,045)	(199,779)
Cost of live cattle sold		(63,257)	(99,428)
Cattle and feedlot expenses		(76,674)	(130,001)
Gross margin	A2	**193,583**	**190,748**
Other income	F4	9,700	4,174
Employee expenses	F4	(46,660)	(47,903)
Administration and selling costs		(33,483)	(37,572)
Other operating costs		(21,101)	(25,756)
Property costs		(2,713)	(3,562)
Loss on equity investments		(385)	(172)
Depreciation and amortisation		(18,619)	(17,894)
Profit before finance costs and income tax		**80,322**	**62,063**
Finance costs	F4	(14,275)	(14,935)
Profit before income tax		**66,047**	**47,128**
Income tax expense	F3	(20,573)	(15,811)
Net profit after tax		**45,474**	**31,317**

Profit per share attributable to the ordinary equity holders of the parent	Note	Cents	Cents
Basic profit per share	C5	7.62	5.25
Diluted profit per share	C5	7.62	5.23

The above Consolidated Income Statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2021

	31 March 2021 $000	31 March 2020 $000
Profit for the year	45,474	31,317
Other Comprehensive Income		
Items not to be reclassified to profit or loss:		
Fair value revaluation of land and buildings, net of tax	76,095	44,528
Items to be reclassified subsequently to profit or loss:		
Changes in the fair value of cash flow hedges, net of tax	8,845	(6,305)
Other comprehensive income for the year, net of tax	**84,940**	**38,223**
Total comprehensive profit for the year, net of tax	**130,414**	**69,540**

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	Note	As at 31 Mar 2021 $000	As at 31 Mar 2020 $000
Current Assets			
Cash	B1	8,875	18,125
Trade and other receivables	B4	7,202	9,907
Inventories and consumables	B3	26,543	26,571
Livestock	A3	202,730	186,995
Other assets		4,084	2,895
Total Current Assets		**249,434**	**244,493**
Non-Current Assets			
Livestock	A3	334,641	285,974
Property, plant and equipment	A4	975,916	870,652
Intangible assets		2,896	1,995
Right-of-use assets	F2	21,612	28,159
Investments	F6	288	3,402
Other receivables		777	867
Total Non-Current Assets		**1,336,130**	**1,191,049**
Total Assets		**1,585,564**	**1,435,542**
Current Liabilities			
Trade and other payables	B5	16,457	22,358
Provisions		3,562	2,962
Interest-bearing liabilities	C1	1,856	1,824
Lease liabilities	F2	4,171	5,776
Derivatives	C2	5,362	8,941
Total Current Liabilities		**31,408**	**41,861**
Non-Current Liabilities			
Provisions		2,881	2,891
Interest-bearing liabilities	C1	367,173	382,858
Lease liabilities	F2	18,035	22,701
Derivatives	C2	2,675	7,324
Deferred tax liabilities	F3	118,767	64,518
Total Non-Current Liabilities		**509,531**	**480,292**
Total Liabilities		**540,939**	**522,153**
Net Assets		**1,044,625**	**913,389**
Equity			
Contributed equity	C3	528,822	528,822
Reserves	F5	558,847	473,085
Retained losses		(43,044)	(88,518)
Total Equity		**1,044,625**	**913,389**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2021

	Contributed Equity (Note C3) $000	Reserves (Note F5) $000	Retained Earnings/(Losses) $000	Total Equity $000
At 1 April 2019	528,822	435,369	(119,835)	844,356
Profit for the year	–	–	31,317	31,317
Other comprehensive income	–	38,223	–	38,223
Total comprehensive income for the year	–	**38,223**	**31,317**	**69,540**
Transactions with owners in their capacity as owners:				
Issue of share capital, net of transaction costs	–	–	–	–
Treasury shares acquired	–	–	–	–
Revaluation of foreign currency operations	–	(762)	–	(762)
Cost of share-based payment	–	255	–	255
At 31 March 2020	**528,822**	**473,085**	**(88,518)**	**913,389**
At 1 April 2020	**528,822**	**473,085**	**(88,518)**	**913,389**
Profit for the year	–	–	45,474	45,474
Other comprehensive income	–	84,940	–	84,940
Total comprehensive income for the year	–	**84,940**	**45,474**	**130,414**
Transactions with owners in their capacity as owners:				
Issue of share capital, net of transaction costs	–	–	–	–
Treasury shares acquired	–	–	–	–
Revaluation of foreign currency operations	–	674	–	674
Cost of share-based payment	–	148	–	148
At 31 March 2021	**528,822**	**558,847**	**(43,044)**	**1,044,625**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2021

	Note	31 Mar 2021 $000	31 Mar 2020 $000
Cash Flows from Operating Activities			
Receipts from customers		285,899	359,182
Payments to suppliers, employees, and others		(253,591)	(324,339)
Interest received		10	68
Net operating cash inflow before interest and finance costs		32,318	34,911
Payment of interest and finance costs		(13,895)	(14,791)
Net cash inflow/(outflow) from operating activities	B2	**18,423**	**20,120**
Cash Flows from Investing Activities			
Payments for property, plant and equipment and other assets		(9,421)	(22,666)
Proceeds from sale of property, plant, and equipment		415	748
Investments in associates		2,653	(148)
Net cash inflow/(outflow) from investing activities		**(6,353)**	**(22,066)**
Cash Flows from Financing Activities			
Proceeds from interest-bearing liabilities, net of transaction costs		15,000	37,000
Repayment of interest-bearing liabilities, net of transaction costs		(31,139)	(20,876)
Acquisition of treasury shares		–	–
Principal repayments of leases		(5,181)	(3,618)
Net cash inflow/(outflow) from financing activities		**(21,320)**	**12,506**
Net increase/(decrease) in cash		**(9,250)**	**10,560**
Cash at the beginning of the year		18,125	7,565
Cash at the end of the year	B1	8,875	18,125

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

INDEX – NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

INDEX – NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the twelve months to 31 March 2021

A FINANCIAL PERFORMANCE

A1 SIGNIFICANT MATTERS

Property Revaluation

The Company recorded a net $105.2 million increase in the value of the Company's pastoral property and improvements, following a Directors' assessment of fair value at 31 March 2021. In assessing fair value, the Directors utilised information provided by an independent valuation performed by LAWD during FY21. The revaluation reflects value increases resulting from capital investments made to our properties, and increased prices for recent comparable property sales.

See note A4 for further details.

Herd Numbers

The closing herd head count is 1.8% lower than prior year. This decline is a result of the Company experiencing lower calving in prior periods due to the drought and the Gulf flood event.

Herd Valuation

Improvements in wagyu and Non-Wagyu liveweight market prices since 31 March 2020 have resulted in an unrealised gain in the fair value of the herd of $91.4 million.

Livingstone Beef

At 31 March 2021, consideration was given to internal and external factors that may impact the recoverable value of the Cash-Generating Unit, noting no indications of a material change to the recoverable value of Livingstone Beef at year-end.

Regular upkeep and maintenance of the facility and its supporting assets continues, whilst the Board and Management continue to monitor and review various strategic options for Livingstone Beef.

Impacts of Coronavirus (COVID-19)

Valuations included in the financial report such as the valuation of Pastoral property and improvements and Livestock are based on information available and relevant as at 31 March 2021, which is the Company's balance date. No significant impacts on operating results or balance sheet valuations materialised as a result of COVID-19.

The Company continues to monitor the developments in the COVID-19 pandemic and the measures being implemented to control and slow further outbreaks of the virus and the impacts on global markets, supply chains and customers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the twelve months to 31 March 2021

A2 OPERATING MARGIN

Operating margin represents value added through the production chain. Margin is achieved through sales of meat products and cattle, as well as cattle production (pastoral and feedlot).

	Note	31 Mar 2021 $000	31 Mar 2020 $000
Meat Sales			
Sales		199,974	229,607
Cost of meat sold[1]		(150,045)	(199,779)
Operating margin		49,929	29,828
Cattle Sales			
Sales		65,548	104,539
Cost of cattle sold[2]		(63,257)	(99,428)
Operating margin		2,291	5,111
Cattle Production			
Fair value adjustments	A3	218,037	285,810
Cattle expenses		(32,489)	(62,145)
Feedlot expenses		(44,185)	(67,856)
Operating margin		141,363	155,809
Total Operating Margin		**193,583**	190,748

(1) Includes the transfer of cattle at the applicable fair value at the time they leave the property gate en route to a processing plant.
(2) Represents the fair value of the cattle at the time of live sale. At that time, the cost of cattle sold equates to the recorded fair value less costs to sell.

Refer to note A3 for financial information and accounting policies related to Livestock.

A3 LIVESTOCK

Cattle at fair value	31 Mar 2021 $000	31 Mar 2021 Head	31 Mar 2020 $000	31 Mar 2020 Head
Current	202,730	87,814	186,995	104,197
Non-Current	334,641	252,032	285,974	241,888
Total livestock	537,371	339,846	472,969	346,085

Livestock movement	31 Mar 2021 $000	31 Mar 2020 $000
Opening carrying amount	472,969	423,337
Changes in fair value	218,037	285,810
Purchases of livestock	33,239	22,345
External sale of livestock less selling expenses	(63,257)	(99,428)
Transfers for meat sales	(123,617)	(159,095)
Closing carrying amount	**537,371**	**472,969**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the twelve months to 31 March 2021

A3 LIVESTOCK (CONTINUED)

Cattle fair value adjustments	31 Mar 2021 $000	31 Mar 2020 $000
Market value movements[1]	91,401	104,144
Biological transformation[2]	86,860	150,752
Natural increase	65,690	42,436
Attrition	(25,611)	(11,250)
Other	(303)	(272)
Total cattle fair value adjustments	**218,037**	**285,810**

(1) As a biological asset, AASB 141 *Agriculture* requires the livestock to be valued at fair value less costs to sell at all times prior to sale or harvest. As such, value increases occur through changes in fair value rather than sales margin.
(2) Biological transformation in accordance with Australian Accounting Standard AASB 141 *Agriculture*, includes reclassification of an animal as it moves from being a branded calf, grows, ages, and progresses through the various stages to become a trading or production animal.

Accounting Policies – Livestock

Livestock is measured at fair value less costs to sell, with any change recognised in the profit or loss. Costs to sell include all costs that would be necessary to sell the assets, including freight and direct selling costs.

The fair value of livestock is based on its present location and condition. If an active or other effective market exists for livestock in its present location and condition, the quoted price in that market is the appropriate basis for determining the fair value of that asset. Where the Company has access to different markets, then the most relevant market is used to determine fair value. The relevant market is defined as the market "that access is available to the entity" to be used at the time the fair value is established.

If an active market does not exist, then one of the following is used in determining fair value in the below order:

- the most recent market transaction price, provided that there has not been a significant change in economic circumstances between the date of that transaction and the end of the reporting period
- market prices, in markets accessible to us, for similar assets with adjustments to reflect differences
- sector benchmarks

In the event that market determined prices or values are not available for livestock in its present condition, the present value of the expected net cash flows from the asset discounted at a current market determined rate may be used in determining fair value.

Livestock fair value

At the end of each reporting period, livestock is measured at fair value less costs to sell. The fair value is determined through price movements and movements in the weight of the herd due to growth, attrition, natural increase, beef transfers or sale.

The net increments or decrements in the market value of livestock are recognised as either gains or losses in the profit or loss, determined as:

- The difference between the total fair value of livestock recognised at the beginning of the financial year and the total fair value of livestock recognised as at the reporting date; less
- Costs expected to be incurred in realising the market value (including freight and selling costs).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the twelve months to 31 March 2021

A3 LIVESTOCK (CONTINUED)

Fair Value Inputs are summarised as follows:

Level 1 Price Inputs – are quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2 Price Inputs – are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 Price Inputs – are inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value input	Cattle type	31 Mar 2021 $000	31 Mar 2021 Head	31 Mar 2020 $000	31 Mar 2020 Head
Level 1	None	–	–	–	–
Level 2	Commercial & stud breeding herd	295,122	188,822	262,150	197,463
Level 2	Trading cattle	92,489	56,649	80,912	70,740
Level 2	Unbranded calves	37,831	62,636	18,474	42,721
Level 3	Feedlot cattle	111,929	31,739	111,433	35,161
		537,371	**339,846**	**472,969**	**346,085**
Average value per head			$1,581		$1,367

Type	Level	Valuation method
Commercial & Stud Breeding Herd	2	The value of these cattle (comprising principally females and breeding bulls) is determined by independent valuations with reference to prices received from representative sales of breeding cattle similar to the Company's herd. Prices for these cattle generally reflect a longer-term view of the cattle market. Independent valuations were undertaken by Elders Limited. In performing the valuation, consideration is given to the class, age, quality and location of the herd. Direct comparisons are made to recent sales evidence in relevant cattle markets.
Trading Cattle	2	Relevant market indicators used include Roma store cattle prices, MLA over-the hook market indicators, and cattle prices received/quoted for the Company's cattle at the reporting date. Prices for these cattle generally reflect the shorter-term spot prices available in the market place and vary based on the weight and condition of the animal. Live export cattle (Victoria River Group, Anthony Lagoon & Darwin Group) are valued based on market quotes available at each reporting date. Wagyu trading cattle are valued on the basis of an independent valuation by Elders Limited. In performing the valuation, consideration is given to class, age, quality, genetics, recent comparable sales evidence and current market conditions for Crossbred Wagyu cattle.
Unbranded Calves	2	The value of unbranded calves is determined with reference to Roma store calf prices at the Company's reporting date. The number of calves is determined by applying the percentage of branding assessed each year to the number of productive cows and the results of pregnancy testing.
Feedlot Cattle	3	Feedlot cattle are valued internally by the Company as there is no observable market for them. The value is based on the estimated entry price per kilogram and the value changes for the weight of each animal as it progresses through the feedlot program. The key factors affecting the value of each animal are price/kg and average daily gain of weight. The average daily gain of weight is in the range of 0.7kgs to 1.9kgs. The value is determined by applying the average weight gain per day by the number of days on feed from induction to exit at which point the cattle are delivered to market. The value per animal is based on the breed and specifications of the animal and the market it is destined for. Significant increases (decreases) in any of the significant unobservable valuation inputs for feedlot cattle in isolation would result in a significantly higher (lower) fair value measurement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the twelve months to 31 March 2021

A3 LIVESTOCK (CONTINUED)

Unbranded calves	31 Mar 2021 $000	31 Mar 2021 Head	31 Mar 2020 $000	31 Mar 2020 Head
Calf accrual opening	18,474	42,721	13,835	58,956
Movement[(1)]	19,357	19,915	4,639	(16,235)
Calf accrual closing	**37,831**	**62,636**	**18,474**	**42,721**
Average value per head		$604		$432

(1) Unbranded calves are assessed at each reporting date based on information available at the time. The Company does not track individual calves until such time as they have been branded and recorded in the livestock management system.

Feedlot Cattle	31 Mar 2021 $000	31 Mar 2021 Head	31 Mar 2020 $000	31 Mar 2020 Head
Opening values	111,433	35,161	87,709	38,708
Inductions	73,288	36,760	99,613	54,044
Sales	(124,473)	(39,963)	(134,249)	(57,035)
Attrition and rations	(693)	(219)	(1,381)	(556)
Fair value adjustments recognised	52,374	–	59,741	–
Closing values	**111,929**	**31,739**	**111,433**	**35,161**
Average value per head		$3,527		$3,169

A4 PROPERTY

	Note	31 Mar 2021 $000	31 Mar 2020 $000
Pastoral property and improvements at fair value		915,800	810,560
Industrial property and improvements at cost	F1	32,950	30,998
Plant and equipment at cost	F1	25,684	26,084
Capital work in progress	F1	1,482	3,010
Total property, plant and equipment		**975,916**	**870,652**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the twelve months to 31 March 2021

A4 PROPERTY (CONTINUED)

Pastoral property and improvements at fair value

31 Mar 2021	Total $000
Opening balance	810,560
Additions	2,375
Disposals	(34)
Net revaluation increment/(decrement) recognised in asset revaluation reserve (Note F5)	108,707
Depreciation	(5,808)
Closing balance	**915,800**

31 Mar 2020	Total $000
Opening balance	738,462
Additions	14,199
Disposals	(243)
Net revaluation increment/(decrement) recognised in asset revaluation reserve (Note F5)	63,611
Depreciation	(5,469)
Closing balance	**810,560**

Accounting policies – Pastoral property and improvements at fair value

Freehold pastoral property and improvements, and pastoral property and improvements held under statutory leases with government bodies, are carried at fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and accumulated impairment losses.

Fair value is determined by the Directors with reference to work performed by external independent valuers and performed on an annual basis with reference to market-based evidence, which is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

Any revaluation increment is credited to the asset revaluation reserve included in the equity section of the statement of financial position, unless it reverses a revaluation decrement of the same asset previously recognised in the profit or loss. Any revaluation decrement is recognised in the profit or loss unless it directly offsets a previous increment of the same asset in the asset revaluation reserve.

In addition, any accumulated depreciation as at revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal of property and improvements, any revaluation reserve relating to the particular asset being sold is transferred to the capital profits reserve.

All initial lump sum payments in respect of pastoral and perpetual property leases have been classified as land. The remaining lease payments are nominal and are therefore expensed to the profit or loss as incurred.

Pastoral landholdings are generally held under a leasehold agreement with the Crown. Leasehold properties in Queensland are mainly pastoral holdings which are rolling term leases. In the Northern Territory, the pastoral leases held have been granted on a perpetual basis by the Northern Territory Government. We treat statutory leases held with government bodies as perpetual leases. Perpetual leases are specifically excluded from measurement under AASB 16 *Leases*.

This accounting policy excludes Right-of-use Assets disclosed in note F2. Refer to note F1 and note G3 for the financial information and accounting policies as they relate to property, plant and equipment at cost respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the twelve months to 31 March 2021

A4 PROPERTY (CONTINUED)

Fair value

In determining the fair value of pastoral property and improvements, the Directors initiate periodic independent valuations through registered property valuers. Once these valuations have been considered and reviewed by the Directors they are then adopted as Directors' valuations.

The following valuation techniques and key inputs are used for the level 3 (there are no level 1 and level 2) property and improvement valuations:

31 Mar 2021 $000	31 Mar 2020 $000	Valuation technique	Significant Unobservable Inputs	31 Mar 2021 Range/ (Average)	31 Mar 2020 Range/ (Average)
790,100	692,460	Direct Comparison (Productive Unit Approach)	Number of adult equivalents	5,350 – 89,200 25,568	5,350 – 89,200 25,553
			Dollar per adult equivalents	$1,050 - $5,500 $2,099	$1,050 - $5,500 $1,856
			Number of properties	18	18
53,700	48,000	Direct Comparison (Hectare Rate Approach)	Dollar per hectare	$1,578 $1,578	$1,410 $1,410
			Number of properties	1	1
72,000	70,100	Direct Comparison (Hectare Rate and Standard Cattle Unit Approach)	Dollar per hectare	$3,611 - $3,771 $3,691	$3,611 - $3,771 $3,691
			Standard cattle units	16,000 – 45,000 30,500	16,000 – 45,000 30,500
			Number of properties	2	2

An independent valuation of the pastoral properties was performed by valuers LAWD to determine the fair value using the market based direct comparison method. One of three direct comparison method techniques were utilised, being either a Productive Unit Approach, Hectare Rate Approach or a Summation Approach using Standard Cattle Units and Hectare Rate. Valuation of the assets was determined by analysing comparable sales and allowing for size, location, rainfall, water supply, seasonal conditions, structural capital works and other relevant factors specific to the property and improvements being valued. From the sales analysed, an appropriate rate per adult equivalent or hectare has been applied to the subject property and improvements. The effective date of the valuation is 31 March 2021.

Under the Productive Unit Approach, a dollar per Adult Equivalent is adopted inclusive of all structures. This method takes into consideration the type and mix of land types, rainfall, extent of water, fencing and structural improvements, current carrying capacity and potential, and location relative to markets and services. An external expert, Dr Steve Petty of Spektrum, was engaged during FY21 as part of the valuation process to perform an independent assessment of adult equivalent carrying capacity using a consistent methodology based on scientific analysis of grazing distribution, land system analysis, station and paddock stocking history and published data for the relevant regions.

Under the Hectare Rate Approach, a range of dollar per hectare rates are applied to land components exclusive of all structures. This method takes into consideration the land type composition of the property and therefore the proportion of land that lies outside the watered area and its potential or lack thereof. The basis of assessment is direct comparison with sales evidence on an analysed hectare rate, excluding structures. The improved market value is determined from the summation of land with the added value of structures, such as residences, sheds and yards.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the twelve months to 31 March 2021

A4 PROPERTY (CONTINUED)

Fair value (continued)

The Hectare Rate and Standard Cattle Unit Approach applies the same principles as the Hectare Rate Approach but includes a dollar per Standard Cattle Unit rate which is applied to feedlot infrastructure. The basis of assessment is direct comparison with sales evidence on an analysed Standard Cattle Unit rate. The improved market value is determined from the summation of land and feedlot infrastructure with the added value of structures, such as residences, sheds and yards. The derived valuation amount for the buildings and yards is obtained from analysis of comparable sales evidence.

Significant increases (decreases) in any of the significant unobservable valuation inputs under the Productive Unit Approach, Hectare Rate Approach or Hectare Rate and Standard Cattle Units Approach in isolation would result in a significantly higher (lower) fair value measurement. Permanent shifts in long-term climate and weather conditions could result in a lower or higher carrying capacity, dollar per adult equivalent and dollar per hectare.

Deemed Cost

If freehold land, pastoral leases, buildings and improvements were measured using the deemed cost model (the fair value of the assets in 2005 plus subsequent acquisitions at cost) the carrying amounts would be as follows:

	31 Mar 2021 $000	31 Mar 2020 $000
Deemed cost	360,296	357,921
Accumulated depreciation	(68,787)	(62,979)
Net carrying amount	**291,509**	**294,942**

A5 SEGMENT INFORMATION

Identification of reportable segments

AASB 8 *Operating Segments* requires operating segments to be identified on the basis of internal reports about components of the Company, that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The Group has identified its operating segments based on the internal reports that are reviewed and used by the Managing Director/Chief Executive Officer (the chief operating decision maker) in assessing performance and in determining the allocation of resources. The operating segments are identified by management based on the nature of the product produced and the reporting structure within the Group. Discrete financial information for each of the operating segments is reported to the Managing Director/Chief Executive Officer (MD/CEO) on at least a monthly basis.

Reportable segments

Following the suspension of Livingstone Beef processing plant in prior years, management no longer view the business as two distinct operating segments of Livingstone Beef and AACo excluding Livingstone Beef as Livingstone has not been in operation during this financial year or the comparative. The internal reporting to the Board and executive team (chief operating decision makers) is viewed as one segment for all of the Company until such a time as the Livingstone Beef processing plant is unsuspended.

The prior period comparative information has been restated to reflect the revised operating segment on the following pages.

Accounting policies and inter-segment transactions

The accounting policies used in reporting segments are the same as those contained in note G3 to the financial statements and in the prior period, except as follows:

– Inter-entity sales

Inter-entity sales are recognised based on arm's length market prices.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the twelve months to 31 March 2021

A5 SEGMENT INFORMATION (CONTINUED)

Accounting policies and inter-segment transactions (continued)

Operating Profit is the key indicator used to monitor and manage the Company. It eliminates the potential distraction caused by unrealised livestock and inventory valuation adjustments being recorded in the financial results, and is a better reflection of actual financial performance under the control of management. Operating Profit assumes movement in livestock and inventory volume at cost of production, whilst Statutory EBITDA results include revaluations based on market prices for livestock movements.

The following table presents the revenue and profit information regarding operating segments (incorporating a reconciliation of Operating Profit/(Loss) to Statutory NPAT) for the twelve months to 31 March 2021 and 31 March 2020. Segment assets and liabilities are not reported to the MD/CEO and therefore segment assets and liabilities are not separately disclosed.

	31 Mar 2021 $000	31 Mar 2020 $000
Segment revenue	265,522	334,146
Inter-segment revenue	–	–
Revenue from external customers	265,522	334,146
Operating Profit/(Loss)	**24,360**	**15,194**
Reverse: Movement in inventory at cost of production	14,630	17,067
Other income/expenses	(4,060)	(1,764)
Change in livestock value	64,396	49,632
Statutory EBITDA profit/(loss)	**99,326**	**80,129**
Depreciation and amortisation	(18,619)	(17,894)
Loss on equity investments	(385)	(172)
Statutory EBIT profit/(loss)	**80,322**	**62,063**
Net finance costs	(14,275)	(14,935)
Income tax expense	(20,573)	(15,811)
Net profit after tax	**45,474**	**31,317**

Revenues from external customers

Meat sales revenues	31 Mar 2021 $000	31 Mar 2020 $000
South Korea	68,842	68,873
Australia	26,183	33,476
USA	23,805	14,177
Canada	14,060	2,413
China	11,790	34,005
Other countries	55,294	76,663
Total meat sales revenue per Income Statement	**199,974**	**229,607**

Meat sales revenues of $62.7 million were derived from one of the Company's major external customers (31 March 2020: $63.9 million from this customer). No other customer contributed to more than 10% of the Company's revenue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the twelve months to 31 March 2021

A5 SEGMENT INFORMATION (CONTINUED)

Revenues from external customers (continued)

Cattle sales revenues	31 Mar 2021 $000	31 Mar 2020 $000
Australia	65,548	104,539
Total cattle sales revenue per Income Statement	**65,548**	**104,539**

B WORKING CAPITAL

B1 NET WORKING CAPITAL

	Note	31 Mar 2021 $000	31 Mar 2020 $000
Cash		8,875	18,125
Inventory and consumables	B3	26,543	26,571
Trade and other receivables	B4	7,202	9,907
Trade and other payables	B5	(16,457)	(22,358)
Net working capital		**26,163**	**32,245**

B2 CASH

Reconciliation of net profit/(loss) after tax to net cash flows from operations	31 Mar 2021 $000	31 Mar 2020 $000
Net profit/(loss) after income tax	45,474	31,317
Adjustments for:		
Depreciation and amortisation	18,619	17,894
(Increment)/decrement in fair value of livestock	(64,402)	(49,632)
Income tax expense reported in equity	(33,676)	(17,677)
Derivative movement reported in equity	9,909	(7,238)
Other non-cash adjustments	77	(638)
Changes in assets and liabilities:		
(Increase)/decrease in inventories	28	7,113
(Increase)/decrease in trade and other receivables	2,872	8,629
(Increase)/decrease in prepayments and other assets	1,009	(1,797)
(Decrease)/increase in deferred tax liabilities	54,249	33,786
(Decrease)/increase in trade and other payables	(5,901)	(7,460)
(Decrease)/increase in derivatives	(10,426)	7,946
(Decrease)/increase in provisions	591	(2,123)
Net cash inflow from operating activities	**18,423**	**20,120**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the twelve months to 31 March 2021

B3 INVENTORY AND CONSUMABLES

	31 Mar 2021 $000	31 Mar 2020 $000
Meat inventory	8,164	8,304
Feedlot commodities	10,303	10,632
Bulk stores	6,699	6,088
Other inventory	1,377	1,547
	26,543	**26,571**

B4 TRADE AND OTHER RECEIVABLES

	31 Mar 2021 $000	31 Mar 2020 $000
Trade receivables	5,693	9,402
Provision for impairment of receivables	(185)	(896)
	5,508	8,506
Other receivables	1,694	1,401
	7,202	**9,907**

Trade receivables are non-interest bearing. Provision for impairment of receivables is the loss allowance for trade receivables and is measured at an amount equal to lifetime expected credit losses. The ageing of trade receivables and the provision for impairment of receivables is outlined below:

Trade receivables aging	31 Mar 2021 $000	31 Mar 2020 $000
Current or past due under 30 days	5,572	9,041
Past due 31-60 days	15	14
Past due 61+ days	106	347
Total trade receivables	**5,693**	**9,402**

Provision for impairment of receivables aging	31 Mar 2021 $000	31 Mar 2020 $000
Current or past due under 30 days	(89)	(717)
Past due 31-60 days	(1)	(7)
Past due 61+ days	(95)	(172)
Total provision for impairment of receivables	**(185)**	**(896)**

Our maximum exposure to credit risk is the net carrying value of receivables. We do not hold collateral as security, nor is it our policy to transfer (on-sell) receivables to special purpose entities. Refer to section D for more information on the risk management policy of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the twelve months to 31 March 2021

B5 TRADE AND OTHER PAYABLES

	31 Mar 2021 $000	31 Mar 2020 $000
Trade payables	8,800	15,380
Other payables	7,174	6,265
Deferred revenue	483	713
	16,457	**22,358**

Trade payables are non-interest bearing and are normally settled on agreed terms which are generally up to 30 days. Other payables are non- interest bearing. Deferred revenue relates to payments received in advance on sales.

Trade payables includes amounts due to entities previously considered associates, as shown below. During FY 21, the Company fully disposed of its investments in these associates. Refer to note F7 for further details.

Trade payables	31 Mar 2021 $000	31 Mar 2020 $000
Trade payables to others	16,457	22,300
Trade payables to associate – Pyxle (Private) Limited	–	46
Trade payables to other individually not material associates	–	12
	16,457	**22,358**

C FUNDING AND CAPITAL MANAGEMENT

C1 INTEREST-BEARING LIABILITIES

	31 Mar 2021 $000	31 Mar 2020 $000
Current		
Other interest-bearing liabilities	1,856	1,824
Non-Current		
Secured bank loan facility	364,448	379,768
Other interest-bearing liabilities	2,725	3,090
	367,173	**382,858**

Other interest-bearing liabilities are chattel mortgages over vehicles, plant and equipment. Liabilities relating to chattel mortgages are discounted using the interest rate implicit in the financing arrangements. The average rate is 3.36%.

Secured bank loan facility

Facility A and Facility B loans are repayable on 8 September 2022. The interest on these facilities is charged at the applicable BBSY rate + Margin. The facility is currently drawn down by $365 million (31 March 2020: $380.7 million) and is offset in the Statement of Financial Position by a prepaid facility participation fee of $0.6 million (31 March 2020: $0.9 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the twelve months to 31 March 2021

C1 INTEREST-BEARING LIABILITIES (CONTINUED)

Secured bank loan facility (continued)

Financing facilities are provided on a secured basis, with security given over all fixed and floating assets. Financial covenants are in place over the Company's Loan to Value Ratio (LVR). We have the following financing facilities available:

	31 Mar 2021 $000	31 Mar 2020 $000
Borrowing Capacity under Facility A and Facility B	550,000	550,000
Guarantee Facility Capacity	3,000	3,000
Facility A and B Drawn-down	(365,000)	(380,700)
Bank guarantee utilised	(1,454)	(1,454)
Unused	**186,546**	**170,846**

C2 DERIVATIVES

	31 Mar 2021 $000	31 Mar 2020 $000
Current Assets		
Foreign currency contracts	2,196	–
Current Liabilities		
Interest rate swap contracts	5,351	4,629
Foreign currency contracts	11	4,312
	5,362	**8,941**
Non-Current Liabilities		
Interest rate swap contracts	2,675	6,943
Foreign currency contracts	–	381
	2,675	**7,324**

Foreign currency contract

Sell FX/Buy AUD	Notional Amounts (AUD) 31 Mar 2021 $000	Notional Amounts (AUD) 31 Mar 2020 $000	Average Exchange Rate 31 Mar 2021 $000	Average Exchange Rate 31 Mar 2020 $000
Sell USD Maturity 0-12 months	37,799	42,709	0.7143	0.6790
Sell USD Maturity 12-24 months	–	2,894	–	0.6912
	37,799	**45,603**		

Foreign currency contracts are attributed to forecast meat sales. As these contracts are hedge accounted, effectiveness was assessed under the requirements of AASB 9 *Financial Instruments*. The effective portion of the movement has been accounted for in Other Comprehensive Income and the ineffective portion posted to the income statement. Forward currency contracts can have maturities of up to 36 months. These contracts are in US dollars. The total notional value of these contracts at 31 March 2021 was AUD $37.8 million (31 March 2020: AUD $45.6 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the twelve months to 31 March 2021

C2 DERIVATIVES (CONTINUED)

Foreign currency contract (continued)

The net fair value gain on foreign currency derivatives during the twelve months to 31 March 2021 was $2,185,000 with $1,981,600 effective and $203,400 ineffective (12 months to 31 March 2020: $4,693,000 loss with $4,381,000 effective and $311,000 ineffective).

Interest rate swap contracts

The Company has entered into interest rate swaps which are economic hedges. The Company fair values these contracts by comparing the contracted rate to the market rates for contracts with the same length of maturity. Interest rate swaps are entered in order to manage the mix of borrowings between fixed and floating rates as per our Treasury Policy. The $235 million of swaps (swap floating rate debt for fixed) and have been designated as effective and therefore satisfy the accounting standard requirements for hedge accounting. The swaps expire on 8 September 2022 in line with the expiry date of the bank facility.

As at the reporting date, the notional principal amounts and period of expiry of the interest rate swap contracts were as follows:

	31 Mar 2021 $000	31 Mar 2020 $000
0-1 years	–	–
1-5 years	235,000	235,000

The gain or loss from remeasuring the interest rate swaps at fair value is recognised in other comprehensive income and deferred in the hedging reserve component of equity, to the extent that the hedge is effective. It is reclassified into profit or loss when the hedged interest expense is recognised. In the twelve months to 31 March 2021 the related loss recognised in profit or loss was $5.1 million (twelve months to 31 March 2020: $2.7 million). There was no hedge ineffectiveness in the current or prior year.

C3 EQUITY

	31 Mar 2021 Shares	31 Mar 2020 Shares	31 Mar 2021 $000	31 Mar 2020 $000
Opening balance	596,361,472	595,963,611	528,822	528,822
Treasury shares issued on exercise of performance rights	257,043	397,861	–	–
Total contributed equity	**596,618,515**	**596,361,472**	**528,822**	**528,822**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the twelve months to 31 March 2021

C4 CAPITAL MANAGEMENT

When managing capital, our objective is to safeguard our ability to continue as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. We also aim to maintain a capital structure that ensures the lowest cost of capital.

We monitor capital using the gearing ratio (net debt divided by total capital plus net debt), and our target gearing ratio remains between 20.0% to 35.0%, excluding any impacts of the adoption of AASB 16 Leases. We include within net debt, interest-bearing loans and borrowings. For the Company's financial risk management objectives and policies refer to section D.

Assets and capital structure	31 Mar 2021 $000	31 Mar 2020 $000
Current debt		
Interest-bearing liabilities	1,856	1,824
Lease liabilities	4,171	5,776
Non-current debt		
Interest-bearing liabilities	2,725	3,090
Lease liabilities	18,035	22,701
Bank loan facility (1)	365,000	380,700
Bank guarantees	1,454	1,454
Cash	(8,875)	(18,125)
Net debt	**384,366**	**397,420**
Net equity	**1,044,625**	**913,389**
Total capital employed	**1,428,991**	**1,310,809**
Gearing (net debt/net debt+equity)	**26.90%**	**30.32%**
Gearing (net debt/net debt+equity) pre-AASB 16 adoption	**25.74%**	**28.79%**

(1) The gearing ratio is calculated utilising the drawn-down balance of the bank loan facility. This is not offset for $0.6 million of prepaid borrowing costs.

C5 EARNINGS PER SHARE

The following reflects the income used in the basic and diluted earnings per share computations:

	31 Mar 2021 $000	31 Mar 2020 $000
Net profit/(loss) attributable to ordinary equity holders of the parent (basic)	45,474	31,317
Net profit/(loss) attributable to ordinary equity holders of the parent (diluted)	45,474	31,317

The following reflects the weighted average number of ordinary shares used in the basic and diluted earnings per share computations:

	31 Mar 2021 Shares	31 Mar 2020 Shares
Weighted average number of ordinary shares (basic)	596,519,923	596,208,818
Adjustments for calculation of diluted earnings per share:		
Weighted average options and rights	625,230	2,183,354
Weighted average number of ordinary shares (diluted) as at 31 March	**597,145,153**	**598,392,172**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the twelve months to 31 March 2021

C6 DIVIDENDS

No final or interim dividends were declared and/or paid during the twelve months to 31 March 2021 (twelve months to 31 March 2020: nil). There are no franking credits available for the subsequent financial years (31 March 2020: nil).

D FINANCIAL RISK MANAGEMENT

Exposure to key financial risks are managed in accordance with our financial risk management policy. The objective of the policy is to support the delivery of the Company's financial targets while protecting future financial security. The Audit and Risk Management Committee under the authority of the Board hold primary responsibility for identification and control of financial risks. The Board reviews and agrees policies for managing each of the risks identified. Different methods are used to measure and manage the different types of risks to which the Company is exposed. The main risks arising from financial instruments are interest rate, foreign currency, commodity, credit and liquidity risk.

As at 31 March 2021 and 31 March 2020, the only financial instruments recognised at fair value were interest rate swaps and forward foreign currency contracts. These are valued using a level 2 method (refer to note C2) which estimates fair value using inputs that are observable either directly (as prices) or indirectly (derived from prices). The carrying amount of all other financial assets and liabilities approximates the fair value.

D1 INTEREST RATE RISK

Our policy is to manage our finance costs using a mix of fixed and variable rate debt. In accordance with our Treasury Policy, we maintain at least 50% of our borrowings at fixed rates which are carried at amortised cost. It is acknowledged that fair value exposure is a by-product of our attempt to manage our cash flow volatility arising from interest rate changes. To manage this mix in a cost-efficient manner, we enter into interest rate swaps, in which we agree to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. We regularly analyse our interest rate exposure taking into consideration potential renewals of existing positions, alternative financing and the mix of fixed and variable interest rates.

In 2018 the Company entered into interest rate swaps totalling $235 million. These swaps expire on 8 September 2022 in line with the expiry date of the bank facility. The swaps have been designated as effective interest rate swaps and therefore satisfy the accounting standard requirements for hedge accounting. The net unrealised fair value loss on interest rate swaps during the twelve months to 31 March 2021 was $8.0 million (31 March 2020: $11.6 million). The Company fair values these contracts by comparing the contracted rate to the future market rates for contracts with the same length of maturity. At 31 March 2021, after taking into account the effect of interest rate swaps, approximately 64.4% (31 March 2020: 61.7%) of our borrowings are at a fixed rate of interest.

At the reporting date, we had the following mix of financial assets and liabilities exposed to Australian variable interest rate risk:

	31 Mar 2021 Shares	31 Mar 2020 Shares
Financial assets:		
Cash assets	8,875	18,125
Financial liabilities:		
Bank loan	(130,000)	(145,700)
Interest rate swaps	(8,026)	(11,572)
Net exposure	**(129,151)**	**(139,147)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the twelve months to 31 March 2021

D1 INTEREST RATE RISK (CONTINUED)

The following sensitivity analysis is based on reasonably possible changes in interest rates applied to the interest rate risk exposures in existence at the reporting date. Such a reasonably possible change is determined using historical interest rate movements for the preceding two-year period.

Judgements of reasonably possible movements:	Effects on profit before tax $000	Effects on other Components of equity[(1)] $000
31 Mar 2021		
+1% (100 basis points)	(1,300)	3,525
–1% (100 basis points)	1,300	(3,525)
31 Mar 2020		
+1% (100 basis points)	(1,457)	5,875
–1% (100 basis points)	1,457	(5,875)

(1) Figures represent an increase/(decrease) in other components of equity.

D2 FOREIGN CURRENCY RISK

A significant portion of our revenue is received in US dollars and the prices received are influenced by movements in exchange rates, particularly that of the US dollar relative to the Australian dollar.

We have transactional currency exposures (refer note C2) arising from sales of meat in currencies other than in Australian dollars. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity. The risk is measured through a forecast of highly probable US dollar sales. The risk is hedged with the objective of minimising the volatility of the Australian currency revenue of highly probable forecast US dollar denominated sales.

In compliance with our Treasury Policy we have hedged our foreign exchange exposure arising from forecasted cash flows from sales less the forecast cash outflows from purchases, through forward currency contracts or foreign exchange contracts. These foreign exchange contracts have been designated as effective hedges and therefore satisfy the accounting standard requirements for hedge accounting. This resulted in a $2,185,000 movement in other comprehensive income and a $203,400 movement in profit and loss in the twelve months to 31 March 2021 (31 March 2020: $4,693,000 movement in other comprehensive income and a $311,000 movement in profit and loss).

Our Treasury Policy is to hedge between 50% and 90% of net US dollar cash flows up to one quarter in advance, and between 25% and 75% of net cash inflows for the period three months to 12 months in advance. It also allows us to hedge between 0% and 50% of net cash inflows for period 13 months to 24 months in advance. For the year ended 31 March 2021, approximately 58% and 33% of highly probable net cash inflows were hedged for the periods 0-3 months in advance and 3-12 months in advance, respectively.

At reporting date, we had the following mix of financial assets and liabilities exposed to foreign exchange risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the twelve months to 31 March 2021

D2 FOREIGN CURRENCY RISK (CONTINUED)

	31 Mar 2021 USD $000	31 Mar 2020 USD $000
Financial assets		
Derivatives	2,196	–
Trade receivables	1,552	3,033
Financial liabilities		
Derivatives	(11)	(4,693)
Net exposure	**3,737**	**(1,660)**

At 31 March 2021, had the Australian Dollar moved and all other variables held constant, profit before tax and equity would have been affected as illustrated in the table below. The sensitivity analysis is based on a reasonably possible movement using observations of historical spot rates for the preceding two-year period.

Judgements of reasonably possible movements:	Effects on profit before tax $000	Effects on equity $000
31 Mar 2021		
AUD/USD +10%	301	2,936
AUD/USD -10%	(368)	(3,589)
31 Mar 2020		
AUD/USD +10%	304	4,269
AUD/USD -10%	(371)	(5,217)

D3 COMMODITY PRICE RISK

We have transactional commodity price risk primarily in the sale of cattle and beef. Other commodity price exposures include feed inputs for our feedlot operations and diesel. Purchases of commodities may be for a period of up to 12 months and partial hedging of these inputs may be for periods of up to 24 months.

Our exposure to derivative commodity price risk is minimal. We do not currently apply hedge accounting to our beef commodity price exposures as the derivatives do not meet the accounting standard requirements for hedge accounting. However, we have a policy whereby we will forward sell a significant proportion of our feedlot cattle sales for a period of up to 6 months. These contracts are entered into and continue to be held for the purpose of delivery of feedlot cattle arising from our expected sale requirements; they are classified as non-derivative and are not required to be fair valued.

We mitigate the price risk for the Company through internal production, on-site storage & entering into forward purchase contracts for grain & roughage commodities. As at 31 March 2021, stock on hand was approximately 33% (31 March 2020: 31%) of our expected grain & roughage usage for the coming 12 months. We had forward purchased approximately 63% (31 March 2020: 55%) of our expected grain & roughage purchases for the coming 12 months. These forward purchases include expected Internal Supply. Without the Internal Supply, we had forward purchased approximately 21% (31 March 2020: 25%) of our expected grain & roughage purchases for the coming 12 months. These contracts are entered into and continue to be held for the purpose of grain purchase requirements; they are classified as non-derivative and are not required to be fair valued. At the reporting date we had no commodity price exposures on forward sales and purchase contracts that are not designated as cash flow hedges.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the twelve months to 31 March 2021

D4 CREDIT RISK

Credit risk arises from our financial assets, which comprise cash, trade and other receivables and derivative instruments. Our exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of the financial assets (as outlined in each applicable note). We do not hold any credit derivatives to offset our credit exposure.

We manage our credit risk by maintaining strong relationships with a limited number of quality customers. The risk is also mitigated by paying an annual insurance premium in relation to certain sales overseas. In addition, receivable balances are monitored on an ongoing basis with the result that our experience of bad debts has not been significant. We have no significant concentrations of credit risk. Credit risk and expected credit loss relating to trade receivables is disclosed in note B4.

D5 LIQUIDITY RISK

Liquidity risk arises from our financial liabilities and our subsequent ability to repay the financial liabilities as and when they fall due. Our objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and leases.

We manage our liquidity risk by monitoring the total cash inflows and outflows expected on a monthly basis. We have established comprehensive risk reporting covering our business units that reflect expectations of management of the expected settlement of financial assets and liabilities.

The Company is exposed to counterparty credit risk from its operating activities (primarily from trade receivables) and from its financing activities. As at 31 March 2021, the mark-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk. The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognised at fair value.

The following liquidity risk disclosures reflect all contractually fixed repayments and interest resulting from recognised financial liabilities and derivatives as of 31 March 2021. The timing of cash flows for liabilities is based on the contractual terms of the underlying contract. However, where the counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which we can be required to pay. When we are committed to make amounts available in instalments, each instalment is allocated to the earliest period in which we are required to pay.

The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and outflows of financial instruments. Leasing obligations, trade payables and other financial liabilities mainly originate from the financing of assets used in our ongoing operations such as property, plant and equipment and investments in working capital (e.g. inventories and trade receivables). These assets are considered in the Company's overall liquidity risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the twelve months to 31 March 2021

D5 LIQUIDITY RISK (CONTINUED)

	Less than 6 months $000	6-12 months $000	1-2 years $000	2-5 years $000	Total $000	Carrying amount $000
31 Mar 2021						
Financial assets						
Cash	8,875	–	–	–	8,875	8,875
Trade and other receivables	7,202	–	–	–	7,202	7,202
Derivatives	–	–	–	–	–	–
Financial liabilities						
Trade and other payables	(16,457)	–	–	–	(16,457)	(16,457)
Lease liabilities	(2,656)	(2,236)	(3,945)	(15,227)	(24,064)	(22,206)
Interest-bearing liabilities	(4,727)	(4,206)	(373,473)	(11,230)	(393,636)	(369,029)
Derivatives	(2,748)	(2,748)	(2,748)	–	(8,244)	(8,037)
Net maturity	**(10,511)**	**(9,190)**	**(380,166)**	**(26,457)**	**(426,324)**	**(399,652)**
31 Mar 2020						
Financial assets						
Cash	18,125	–	–	–	18,125	18,125
Trade and other receivables	9,907	–	–	–	9,907	9,907
Derivatives	–	–	–	–	–	–
Financial liabilities						
Trade and other payables	(22,358)	–	–	–	(22,358)	(22,358)
Lease liabilities	(3,071)	(3,081)	(4,892)	(19,172)	(30,216)	(28,477)
Interest-bearing liabilities	(5,458)	(5,307)	(165,935)	(241,300)	(418,000)	(384,682)
Derivatives	(2,136)	(2,136)	(4,272)	(6,407)	(14,951)	(16,265)
Net maturity	**(4,991)**	**(10,524)**	**(175,099)**	**(266,879)**	**(457,493)**	**(423,750)**

E UNRECOGNISED ITEMS

E1 COMMITMENTS

We have entered into forward purchase contracts for $7.8 million worth of grain commodities as at 31 March 2021 (31 March 2020: $7.3 million) and forward purchase contracts for $12 million worth of cattle as at 31 March 2021 (31 March 2020: $39.5 million). The contracts are expected to be settled within 12 months from balance date.

Capital expenditure of $0.7 million has been contracted in respect of property, plant and equipment as at 31 March 2021 (31 March 2020: $nil).

E2 CONTINGENCIES

At 31 March 2021, there are a number of long standing native title claims over our pastoral holdings. Settlement negotiations between the Government, claimants and pastoral interests are ongoing, and we do not expect any material impact on our operations to result from this.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the twelve months to 31 March 2021

F OTHER

F1 PROPERTY, PLANT AND EQUIPMENT AT COST

31 Mar 2021	Industrial property and improvement $000	Plant and equipment $000	Capital work in progress $000	Total $000
Opening balance	30,998	26,084	3,010	60,092
Additions and transfers	2,361	6,296	(1,528)	7,129
Disposals	–	(394)	–	(394)
Depreciation	(409)	(6,302)	–	(6,711)
Closing balance	**32,950**	**25,684**	**1,482**	**60,116**
Cost	80,374	165,452	1,482	247,308
Accumulated depreciation and impairment	(47,424)	(139,768)	–	(187,192)

31 Mar 2020	Industrial property and improvement $000	Plant and equipment $000	Capital work in progress $000	Total $000
Opening balance	31,278	24,380	1,221	56,879
Additions and transfers	120	8,313	1,789	10,222
Disposals	–	(206)	–	(206)
Depreciation	(400)	(6,403)	–	(6,803)
Closing balance	**30,998**	**26,084**	**3,010**	**60,092**
Cost	78,013	159,550	3,010	240,573
Accumulated depreciation and impairment	(47,015)	(133,466)	–	(180,481)

Impairment of property, plant and equipment at cost

The Livingstone Beef Cash-Generating Unit (CGU) is the only location with property and improvements measured under the cost model by the Company per AASB 116 *Property, Plant and Equipment*. Under the requirements of AASB 136 *Impairment of Assets*, at each reporting period an assessment of internal and external factors must be made to determine whether there are indicators of impairment. Where indicators exist, a formal estimate of the recoverable amount of these assets is undertaken.

During FY21 operations continue to be suspended at Livingstone Beef. Management have not noted any indicators of impairment as at 31 March 2021.

The calculation of the recoverable amount for Livingstone Beef requires management to make key estimates with relation to a number of assumptions that are inherently uncertain. The recoverable amount is sensitive to changes in these key assumptions and accordingly the estimate of the recoverable amount could change in future reporting periods.

F2 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

	31 Mar 2021 $000	31 Mar 2020 $000
Right-of-use assets		
Non-current	21,612	28,159
Lease liabilities		
Current	(4,171)	(5,776)
Non-current	(18,035)	(22,701)
	(22,206)	**(28,477)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the twelve months to 31 March 2021

F2 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

When measuring lease liabilities for Property the Company discounts payments using the incremental borrowing rate as at the commencement date of the lease. When measuring lease liabilities for Property leases previously classified as operating leases, the Company discounted lease payments using its incremental borrowing rate at 1 April 2019. The average rate applied is 3.85%.

Reconciliations of movements in Right-of-use assets and amounts recognised in the Income Statement relating to leases are shown below.

Right of use assets	$000
Balance at 30 March 2020	28,159
Depreciation charge for the year	(5,725)
Derecognition of terminated lease	(822)
	21,612

Right-of-use assets relate to buildings, property and vehicles leased by the Company excluding Pastoral property held under perpetual leases. During the period the Company chose to not exercise a lease option for Airlie, a central QLD pastoral property, and the lease agreement therefore terminated. The right of use asset relating to this lease was derecognised.

Amounts recognised in the income statement relating to leases	$000
Interest on lease liabilities	941
Expenses relating to short term and low-value leases	1,175

The Company has elected to expense short-term and low value leases on a straight-line basis over the lease term, as permitted under the recognition exemptions of AASB 16. The amount expensed during the period relating to short-term and low value lease assets was $1.2 million.

Amounts recognised in the statement of cash flows relating to leases	31 Mar 2021 $000	31 Mar 2020 $000
Payment of interest and finance costs	(924)	(763)
Principal repayments of leases	(5,181)	(3,618)
Total cash outflow relating to leases	**(6,105)**	**(4,381)**

Refer to note D5 for contractual cashflows and maturity analysis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the twelve months to 31 March 2021

F3 TAX

The major components of tax are:	31 Mar 2021 $000	31 Mar 2020 $000
Income statement		
Current income tax		
Current income tax charge/(benefit)	–	–
Deferred income tax		
Relating to origination and reversal of temporary differences	20,573	15,837
Under/(over) provision in prior years	–	(26)
Research and development claims from prior years	–	-
Income tax expense/(benefit) in the income statement	**20,573**	**15,811**
Statement of changes in equity		
Deferred income tax		
Net gain/(loss) on cash flow hedges	(217)	677
Net gain on revaluation of land and buildings	32,612	19,083
Income tax expense reported in equity	**32,395**	**19,760**
Tax reconciliation		
Accounting profit/(loss) before tax	66,047	47,128
At the statutory income tax rate of 30%	19,814	14,138
Research and development offsets	–	–
Other items (net)	759	1,673
Income tax expense/(benefit) in the income statement	**20,573**	**15,811**
Deferred income tax in the balance sheet relates to:		
Deferred tax liabilities		
Adjustments to land, buildings and improvements	(123,028)	(90,387)
Revaluations of trading stock for tax purposes	(32,577)	(9,098)
Other	(2,499)	(7,212)
Offsetting deferred tax asset	39,337	42,179
	(118,767)	**(64,518)**

Table continued overleaf

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the twelve months to 31 March 2021

F3 TAX (CONTINUED)

The major components of tax are:	31 Mar 2021 $000	31 Mar 2020 $000
Deferred tax assets		
Accruals and other	84	288
Capitalised expenses accelerated for book purposes	33	65
Interest rate swaps	1,605	1,389
Leave entitlements and other provisions	3,332	3,080
Franking deficit tax	1,012	1,012
Research and development offsets	4,610	4,610
Carried forward losses	28,395	29,434
Deferred income	145	214
Individually insignificant balances	121	2,087
Total deferred tax asset (offset against deferred tax liability)	**39,337**	**42,179**
Deferred income tax in the income statement relates to:		
Revaluations of trading stock for tax purposes	24,518	15,456
Accruals and other	204	–
Capitalised expenses accelerated for book purposes	32	38
Other	(4,181)	343
Total deferred tax expense/(benefit)	**20,573**	**15,837**

F4 OTHER EARNINGS DISCLOSURES

	31 Mar 2021 $000	31 Mar 2020 $000
Other income[1]	9,700	4,174
Total other income	**9,700**	**4,174**
Interest expense	13,776	14,556
Other finance costs	499	379
Total finance costs	**14,275**	**14,935**
Remuneration and on-costs	40,578	40,745
Superannuation and post-employment benefits	2,921	2,976
Other employment benefits	3,013	3,927
Share-based payments expense	148	255
Total employee expenses	**46,660**	**47,903**
Other earnings information:		
Lease payments – short term and low value leases	1,175	2,122
Commodity and foreign currency expense/(benefit)	1,825	2,295

(1) Other income includes the JobKeeper Wage Subsidy payments ($6.7 million) and the recognition of 78,243 Australian Carbon Credit Units (ACCUs) awarded during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the twelve months to 31 March 2021

F5 RESERVES

	Asset revaluation reserve $000	Capital profits reserve $000	Cash flow hedge reserve $000	Foreign currency translation reserve $000	Employee equity Benefits reserve $000	Total $000
At 1 April 2019	**350,257**	**84,762**	**(6,177)**	**(10)**	**6,537**	**435,369**
Revaluation of land and buildings	63,611	–	–	–	–	63,611
Tax effect on revaluation of land and buildings	(19,083)	–	–	–	–	(19,083)
Net movement in cash flow hedges, net of tax	–	–	(6,305)	–	–	(6,305)
Revaluation of foreign currency operations	–	–	–	(762)	–	(762)
Share based payment	–	–	–	–	255	255
At 31 March 2020	**394,785**	**84,762**	**(12,482)**	**(772)**	**6,792**	**473,085**
At 1 April 2020	**394,785**	**84,762**	**(12,482)**	**(772)**	**6,792**	**473,085**
Revaluation of land and buildings	108,707	–	–	–	–	108,707
Tax effect on revaluation of land and buildings	(32,612)	–	–	–	–	(32,612)
Net movement in cash flow hedges, net of tax	–	–	8,845	–	–	8,845
Revaluation of foreign currency operations	–	–	–	674	–	674
Share based payment	–	–	–	–	148	148
At 31 March 2021	**470,880**	**84,762**	**(3,637)**	**(98)**	**6,940**	**558,847**

The asset revaluation reserve is used to record increments and decrements in the fair value of property and improvements to the extent that they offset one another. The reserve can only be used to pay dividends in limited circumstances.

The capital profits reserve is used to accumulate realised capital profits. The reserve can be used to pay dividends.

The cash flow hedge reserve is used to record the portion of movements in fair value of a hedging instrument in a cash flow hedge that is recognised in other comprehensive income.

The foreign currency translation reserve is used to accumulate the net impact of translating our US denominated foreign currency balances and transactions into our functional currency, Australian dollars. The employee equity benefits reserve is used to record the value of equity benefits provided to employees as part of their remuneration. Refer to note F8 for further details of these plans.

F6 INVESTMENTS

	31 Mar 2021 $000	31 Mar 2020 $000
Equity accounted investments in associate – Pyxle (Private) Limited	–	1,765
Other equity accounted investments in individually not material associates	50	1,271
Other investments	238	366
	288	**3,402**

Disposal of Investments in Associates

At 31 March 2020, The Company held a 31.82% interest in Pyxle (Private) Limited, an IT support services entity considered to be an associate due to the Company having held significant but not controlling influence over the entity. Additionally, a number of other investments were held in individually not material associates as at 31 March 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the twelve months to 31 March 2021

F6 INVESTMENTS (CONTINUED)

Disposal of Investments in Associates (continued)

In September 2020, the Company fully disposed of its interest in this entity, and other individually not material associates as part of a bundle sale. Cash proceeds from this sale amounted to $2.6 million and a corresponding loss on disposal of $0.4 million has been recorded in the statement of profit and loss.

F7 RELATED PARTIES

Compensation for key management personnel	31 Mar 2021 $000	31 Mar 2020 $000
Short-term employee benefits	5,859	4,498
Post-employment benefits	207	180
Share-based payment	104	178
Termination benefits	363	–
Long-term benefits	9	3
Total compensation	**6,542**	**4,859**

Transactions with other related parties

During the year, the Company transacted with associates and other related parties. Associates are entities considered to be related parties, due to the Company having significant but not controlling influence over the entity.

Transactions with associates for the year ended 31 March	31 Mar 2021 $000	31 Mar 2020 $000
Purchase of goods or services from associates – Pyxle (Private) Limited	(125)(1)	(1,572)
Other transactions with individually not material associates	(3)	(299)
	(128)	**(1,871)**

Transactions with individually not material associates for the year ended 31 March	31 Mar 2021 $000	31 Mar 2020 $000
Sales of goods or services to associates	–	–
Purchase of goods or services from other associates	(52)(1)	(486)
Dividends received from associates	–	187
Other transactions with associates	49	-
	(3)	**(299)**

(1) During the year ended 31 March 2021, AACo fully disposed of its interest in these associates

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the twelve months to 31 March 2021

F8 SHARE-BASED PAYMENTS

The share-based payment plans are described below. During 2021, expenses arising from equity settled share-based payment transactions were $148,000 (31 March 2020: $255,000).

Executive Option Plan (EOP)

The Company has one Executive Option Plan (EOP) for the granting of non-transferable options to the Managing Director/ Chief Executive Officer, senior executives and middle management with more than twelve months' service at the grant date. There will be no further grants under this Plan, including none for 2020 and 2021.

Performance rights plan (PRP)

The Company's Performance Rights Plan has been in place since 2011 and has taken the place of the option plan for future incentive awards comprising performance rights. The performance rights will remain until such time as they are either exercised or the rights lapse. The performance rights have a nil exercise price. Vesting of the performance rights is dependent on the satisfaction of a service vesting condition and/or a performance condition. Any performance rights which fail to meet the service condition on the vesting date will lapse immediately. Performance rights issued are subject to: external performance conditions (TSR outperformance of S&P/ASX Small Ordinaries Accumulated Index; ASX Code: AXSOA); internal performance conditions (EPS performance based on compound % growth rates over 3 financial years following issue of the performance rights); and termination/change of control provisions. Once the performance rights have vested, they are automatically exercised and shares in AACo issued to either the AACo Employee Share Scheme Trust (EST) or acquired on-market by the EST Trustee on behalf of the participant.

Long-term incentives

Following an extensive review of its remuneration practises for employees and executives, the Board approved the Company's adoption of a Long Term Incentive (LTI) Plan on 9 May 2017 (LTI plan implementation date). The LTI Plan better aligns remuneration of the Company's senior executives with the long-term strategic goals of the Company.

The introduction of an LTI Plan is consistent with the Company's objectives for remuneration, which include providing competitive total rewards to attract and retain high calibre senior executives, having a meaningful portion of remuneration "at risk" and, above all, creating value for shareholders.

It is anticipated that performance rights under the LTI Plan will be granted in a number of rounds. The number of performance rights (if any) granted to eligible persons in each grant round and the performance conditions applying to the vesting of those performance rights will be determined at the discretion of the Board.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the twelve months to 31 March 2021

F8 SHARE-BASED PAYMENTS (CONTINUED)

Performance rights plan (PRP) (continued)

Long-term incentives (continued)

It was determined by the Board that there will be four grant rounds in total. The following summary reflects the key features of the first grant round and what is currently contemplated by the Board with respect to subsequent grant rounds:

Feature	Description
Timing of grant	Grants of performance rights in a grant round will not be made unless and until the specific 'commencing' market capitalisation of the Company for that grant round is achieved. The commencing market capitalisation of the Company for the first grant round was the market capitalisation of the Company on the LTI Plan Implementation Date.
Performance condition	The performance condition which applies to the vesting of performance rights in a grant round is the achievement of the specific 'target' market capitalisation of the Company during the performance period for that grant round. The performance condition for the first grant round was satisfied on 5 June 2017.
Performance period	The performance period for each grant round is calculated by reference to the target market capitalisation of the Company for that grant round and an assumed annualised growth rate of 20%.
Determination of market capitalisation of the Company for the purposes of the LTI Plan	For the purposes of calculating the market capitalisation of the Company in order to determine if the commencing market capitalisation of the Company or the target market capitalisation of the Company for each grant round has been achieved, the twenty day volume weighted average price (VWAP) of ordinary shares in the capital of the Company will be used.
Vesting period	In respect of each grant round, there is a four-year staggered vesting period for performance rights in that grant round which commences on satisfaction of the performance condition for that grant round.
Number of available performance rights	In each grant round, eligible persons may be offered a percentage of the "Total Available Performance Rights" for that grant round (rounded down to the nearest whole number). In respect of each grant round, the number of "Baseline Shares" will be the number of ordinary shares in the Company acquired on market by the AACo Employee Share Trust in respect of that grant round having an aggregate share acquisition price of $5 million. In respect of each grant round, the number of "Total Available Performance Rights" will be (a) the number of Baseline Shares for that grant round; plus (b) the number of any Total Available Performance Rights for previous grant rounds which, at the time of completion of acquisition of all of the Baseline Shares for that grant round and all previous grant rounds, are not notionally allocated to a previous grant round

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the twelve months to 31 March 2021

F8 SHARE-BASED PAYMENTS (CONTINUED)

Performance rights plan (PRP) (continued)

Long-term incentives (continued)

Feature	Description
Lapsing conditions	Holders of performance rights will be entitled to exercise those performance rights if they have vested and have not otherwise lapsed. The circumstances in which performance rights may lapse include non-satisfaction of performance conditions or ceasing employment with the Company group. If the holder of performance rights ceases to be an employee as a result of an "Uncontrollable Event" (e.g. death, permanent disablement, retirement, retrenchment, or such other circumstances which the Board determines is an Uncontrollable Event), any unvested performance rights held by that person are expected to continue to be subject to the requirements for vesting and exercise applying to those performance rights, unless the Board determines that the vesting conditions applying to some or all of those performance rights will be waived or that some or all of those performance rights will lapse.
Change of control event	If a change of control event for the Company occurs, the treatment of any unvested performance rights will be within the discretion of the Board to determine
On market acquisition of shares	The requirement to deliver shares in the Company upon the vesting and exercise of performance rights under the LTI Plan must be satisfied by way of on market acquisition of shares in the Company.

The applicable commencing market capitalisation of the Company, performance condition and performance period for each contemplated grant round are as set out in the following table:

	Commencing market capitalisation of the company	Performance condition (targeted market capitalisation of the company)	Performance period (calculated using an assumed annualised growth rate of 20%)
First grant round	The market capitalisation of the Company on the LTI Plan Implementation Date	$1 billion	Within 2 quarters of the LTI Plan Implementation Date (i.e. performance period ends 30 September 2017)
Second grant round	$1 billion	$1.5 billion	Within 9 quarters of the LTI Plan Implementation Date (i.e. performance period ends 30 June 2019)
Third grant round	$1.5 billion	$2 billion	Within 16 quarters of the LTI Plan Implementation Date (i.e. performance period ends 31 March 2021)
Fourth grant round	$2 billion	$2.5 billion	Within 22 quarters of the LTI Plan Implementation Date (i.e. performance period ends 30 September 2022)

The total number of shares purchased for the LTI Plan grant rounds one and two was 6,764,848 at an average price per share of $1.478.

The performance condition for the first grant round of targeted market capitalisation of $1 billion was achieved on 5 June 2017. The rights associated to the first grant round have been granted to the relevant senior executives at a fair value per right of $1.07. The second grant round was forfeited on 30 June 2019 as the performance condition of target market capitalisation of $1.5 billion was not met. The third grant round it was forfeited on 31 March 2021 as the performance condition of target market capitalisation of $2 billion was not met.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the twelve months to 31 March 2021

F8 SHARE-BASED PAYMENTS (CONTINUED)

Equity settled awards outstanding:

The table below shows the number (No.) and weighted average exercise prices (WAEP) of options under the Executive Option Plan (EOP) and performance rights outstanding under the Performance Right Plans (PRP). There have been no cancellations or modifications to any of the plans during the twelve months to 31 March 2021.

31 Mar 2021	EOP No.	EOP WAEP $	PRP No.
Outstanding at the beginning of the period	–	–	793,046
Granted during the period	–	–	–
Forfeited during the period	–	–	–
Exercised during the period	–	–	(269,251)
Outstanding at the end of the period	–	–	523,795
Exercisable at the end of the period	–		–
Weighted average remaining contractual life (days)	–		69
Weighted average fair value at grant date	–		1.07
Range of exercise prices ($)	–		–

31 Mar 2020	EOP No.	EOP WAEP $	PRP No.
Outstanding at the beginning of the period	–	–	6,127,573
Granted during the period	–	–	–
Forfeited during the period	–	–	(4,936,666)
Exercised during the period	–	–	(397,861)
Outstanding at the end of the period	–	–	793,046
Exercisable at the end of the period	–		–
Weighted average remaining contractual life (days)	–		305
Weighted average fair value at grant date	–		1.07
Range of exercise prices ($)	–		–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the twelve months to 31 March 2021

F9 CONTROLLED ENTITIES

The consolidated financial statements include the following controlled entities:

Name of entity	Notes	Country of incorporation	31 Mar 2021 % of shares held	31 Mar 2020 % of shares held
Parent Entity				
Australian Agricultural Company Limited	(a)			
Controlled Entities				
A. A. Company Pty Ltd	(a)	Australia	100	100
Austcattle Holdings Pty Ltd	(a)	Australia	100	100
A. A. & P. Joint Holdings Pty Ltd	(a)	Australia	100	100
Shillong Pty Ltd	(a)	Australia	100	100
James McLeish Estates Pty Limited	(a)	Australia	100	100
Wondoola Pty Ltd	(a)	Australia	100	100
Waxahachie Pty Ltd	(a)	Australia	100	100
Naroo Pastoral Company Pty Limited	(a)	Australia	100	100
AACo Nominees Pty Limited	(a)	Australia	100	100
Chefs Partner Pty Ltd	(a)	Australia	100	100
Polkinghornes Stores Pty Limited		Australia	100	100
Northern Australian Beef Limited	(a)	Australia	100	100
AACo Innovation Pty Ltd		Australia	100	100
AACo Innovation (US) Pty Ltd		Australia	100	100
AACo Innovation (US) LLC		United States of America	100	100
AACo Operations (US) LLC		United States of America	100	100
AACo Singapore Holdings Pty Ltd		Australia	100	100

(a) These companies have entered into a deed of cross guarantee dated 22 November 2006 (amended 1 April 2015) with Australian Agricultural Company Limited which provides that all parties to the deed will guarantee to each creditor payment in full of any debt of each company participating in the deed on winding-up of that company. As a result of a Class Order issued by the Australian Securities and Investments Commission, these companies are relieved from the requirement to prepare financial statements. The Consolidated Income Statement and consolidated Statement of Financial Position of all entities included in the class order "closed Group" are set out in (b).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the twelve months to 31 March 2021

F9 CONTROLLED ENTITIES (CONTINUED)

(b) Financial information for class order Closed Group:

	31 Mar 2021 $000	31 Mar 2020 $000
Current Assets		
Cash	8,087	17,505
Trade and other receivables	7,201	9,907
Inventories and consumables	26,543	26,571
Livestock	202,730	186,995
Other assets	4,084	2,895
Total Current Assets	248,645	243,873
Non-Current Assets		
Livestock	334,641	285,974
Property, plant and equipment	975,916	870,652
Intangible assets	2,895	1,995
Right-of-use assets	21,612	28,159
Investments	283	127
Intercompany receivable	3,376	6,689
Total Non-Current Assets	1,338,723	1,193,596
Total Assets	**1,587,368**	**1,437,469**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the twelve months to 31 March 2021

F9 CONTROLLED ENTITIES (CONTINUED)

(b) Financial information for class order Closed Group (continued):

	31 Mar 2021 $000	31 Mar 2020 $000
Current Liabilities		
Trade and other payables	6,888	14,536
Provisions	3,562	2,962
Interest Bearing Liabilities	1,856	1,824
Lease liabilities	4,171	5,776
Derivatives	5,362	8,941
Total Current Liabilities	**21,839**	**34,039**
Non-Current Liabilities		
Provisions	2,881	2,891
Interest Bearing Liabilities	367,173	382,858
Lease liabilities	18,035	22,701
Derivatives	2,675	7,324
Deferred tax liabilities	118,767	64,518
Total Non-Current Liabilities	**509,531**	**480,292**
Total Liabilities	**531,370**	**514,331**
Net Assets	**1,055,998**	**923,138**
Equity:		
Contributed equity	526,964	526,964
Reserves	558,940	473,859
Retained earnings/(losses)	(29,906)	(77,685)
Total Equity	**1,055,998**	**923,138**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the twelve months to 31 March 2021

F9 CONTROLLED ENTITIES (CONTINUED)

(b) Financial information for class order Closed Group (continued):

Income Statement of the Closed Group	31 Mar 2021 $000	31 Mar 2020 $000
Meat sales	199,974	229,607
Cattle sales	65,548	104,539
	265,522	334,146
Cattle fair value adjustments	218,037	285,810
	483,559	619,956
Cost of meat sold	(150,045)	(199,779)
Deemed cost of cattle sold	(63,257)	(99,428)
Cattle and feedlot expenses	(76,674)	(130,001)
Gross operating margin	**193,583**	**190,748**
Other income	9,697	4,174
Employee expenses	(45,449)	(45,044)
Administration and selling costs	(32,913)	(35,807)
Other operating costs	(21,039)	(25,756)
Property costs	(2,638)	(3,258)
Depreciation and amortisation	(18,619)	(17,894)
Profit/(Loss) before finance costs and income tax expense	**82,622**	**67,163**
Net finance costs	(14,270)	(14,928)
Profit/(Loss) before income tax	**68,352**	**52,235**
Income tax benefit	(20,573)	(15,811)
Net Profit/(Loss) after tax	**47,779**	**36,424**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the twelve months to 31 March 2021

F10 PARENT ENTITY

	31 Mar 2021 $000	31 Mar 2020 $000
Current assets	4,167	15,710
Non-Current assets	661,395	739,219
Total Assets	665,562	754,929
Current liabilities	8,038	16,291
Non-Current liabilities	364,448	379,768
Total Liabilities	372,486	396,059
Net Assets	**293,076**	**358,870**
Contributed equity	538,822	538,822
Reserves	27,376	18,391
Accumulated losses	(273,122)	(198,343)
Total Equity	**293,076**	**358,870**
Profit/(Loss) of the parent entity	**(74,779)**	**(12,118)**
Total comprehensive profit/(loss) of the parent entity	**(66,074)**	**(20,053)**

Australian Agricultural Company Limited and the wholly owned entities listed in note F9 are parties to a deed of cross guarantee as described in F9. The nature of the deed of cross guarantee is such that each Company which is party to the deed guarantees, to each creditor, payment in full of any debt in accordance with the deed of cross guarantee. No deficiency of net assets existed for the Company as at 31 March 2021. No liability was recognised by Australian Agricultural Company Limited in relation to these guarantees, as the fair value of the guarantees is immaterial.

The accounting policies of the parent entity, which have been applied in determining the financial information shown above, are the same as those applied in the consolidated financial statements except for investments in subsidiaries are accounted for at cost in the financial statements of Australian Agricultural Company Limited.

F11 AUDITOR'S REMUNERATION

	31 Mar 2021 $	31 Mar 2020 $
Remuneration received, or due and receivable, by KPMG for:		
An audit or review of the financial report of the entity and any other entity in the consolidated Group	365,000	380,000
Review of draft sustainability report	–	19,600
Total	**365,000**	**399,600**

F12 SIGNIFICANT EVENTS AFTER BALANCE DATE

There have been no other significant events after the balance date which require disclosure in the financial report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the twelve months to 31 March 2021

G POLICY DISCLOSURES

G1 CORPORATE INFORMATION

Australian Agricultural Company Limited is a company limited by shares, incorporated and domiciled in Australia. The Company's shares are publicly traded on the Australian Securities Exchange (ASX).

The consolidated financial statements of Australian Agricultural Company Limited (AACo, the Company or parent Company) for the year ended 31 March 2021 were authorised for issue in accordance with a resolution of the Directors on 20 May 2021.

We recommend the financial statements be considered together with any public announcements made by the Company during the year ended 31 March 2021 in accordance with the Company's continuous disclosure obligations arising under the *Corporations Act 2001* and ASX listing rules.

The nature of the operations and principal activities of Australian Agricultural Company Limited are described in the Directors' Report.

G2 BASIS OF PREPARATION

The financial statements are general purpose financial statements, prepared by a for-profit entity, in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

(a) Terminology used in the financial statements

In these financial statements, any references to we, us, our, AACo, the Company and consolidated, all refer to Australian Agricultural Company Limited and the entities it controlled at the financial year end or from time to time during the financial year. Any references to subsidiaries or controlled entities in these financial statements refer to those entities that are controlled and consolidated by Australian Agricultural Company Limited.

(b) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for land and buildings (with the exception of industrial land), livestock and derivative financial instruments, which have been measured at fair value. Under the historical cost basis, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation, or in some circumstances, at the amounts of cash expected to be paid to satisfy the liability in the normal course of business.

(c) Compliance with IFRS

The financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(d) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the relevant notes.

(e) Rounding amounts in the financial statements have been rounded to the nearest thousand dollars for presentation where noted ($000)

This has been completed under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which this legislative instrument applies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the twelve months to 31 March 2021

G3 ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) New accounting standards and interpretations

The Company adopted no new and amended Australian Accounting Standards and AASB Interpretations during the year ended 31 March 2021.

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of Australian Agricultural Company Limited, and its subsidiaries (as outlined in note F9) as at 31 March each year or from time to time during the year. All intra-group balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are all those entities which we control as a result of us being exposed, or have rights, to variable returns from our involvement with the subsidiary and we have the ability to affect those returns through our power over the subsidiary. Such control generally accompanies a shareholding of more than one-half of the subsidiaries voting rights. We currently hold 100% of the voting rights of all our subsidiaries. We consolidate subsidiaries from the date on which control commences and up until the date on which there is a loss of control.

We account for the acquisition of our subsidiaries using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values. Any excess of the fair value of consideration over our interest in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities is recognised as goodwill.

(c) Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires us to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. We continually evaluate our judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. We base our judgements and estimates on historical experience and on other various factors we believe are reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

We have identified the following accounting policies for which significant judgements, estimates and assumptions have been made:

- Fair value determination of pastoral property and improvements, refer to note A4
- Fair value determination of livestock, refer to note A3
- Impairment of non-financial and financial assets, refer to note F1

Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods. Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

(d) Foreign currency translation

(i) Functional and presentation currency

The consolidated financial statements are presented in Australian dollars, which is the functional and presentation currency of Australian Agricultural Company Limited and all its subsidiaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the twelve months to 31 March 2021

G3 ACCOUNTING POLICIES (CONTINUED)

(d) Foreign currency translation (continued)

(ii) Transactions and balances

Transactions in foreign currencies are converted into Australian dollars by applying the exchange rates applicable at the date of the transactions. Amounts payable and receivable in foreign currencies are converted into Australian dollars at the exchange rate ruling at the reporting date.

All differences arising on settlement or translation of amounts payable and receivable in foreign currencies are taken to the statement of profit and loss.

(e) Cash

Cash in the Statement of Financial Position comprise cash at bank and in hand which are subject to an insignificant risk of changes in value. For the purposes of the Statement of Cash Flows, cash is as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within interest-bearing loans and borrowings in current liabilities on the Statement of Financial Position.

(f) Trade and other receivables

Trade and other receivables are considered financial assets. They are recognised initially at the fair value of the amounts to be received and are subsequently measured at amortised cost using the effective interest method, less an allowance for doubtful debts. These financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and we have transferred substantially all the risks and rewards of ownership.

We review the collectability of trade receivables on an ongoing basis at the Company level. Individual debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is recognised to reduce the carrying amount of trade receivables when there is objective evidence that we will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts significantly overdue are considered indicators that the trade receivable may not be recoverable. The amount of the allowance for doubtful debts is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The allowance for doubtful debts is recognised in the income statement within administration costs. When a trade receivable for which an allowance for doubtful debts had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against administration costs.

(g) Inventories and consumables

Inventories and consumables held for use in our operations are valued at the lower of cost and net realisable value. Cost is determined on the average cost basis and comprises the cost of purchase including transport cost.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. The quality of inventories is taken into account in the assessment of net realisable value.

(h) Derivative financial instruments and hedge accounting

We use derivative financial instruments, such as forward currency contracts, interest rate swaps and forward commodity contracts, to hedge our foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the twelve months to 31 March 2021

G3 ACCOUNTING POLICIES (CONTINUED)

(h) Derivative financial instruments and hedge accounting (continued)

Any gains or losses arising from changes in the fair value of derivatives are taken directly to the income statement, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income.

For the purpose of hedge accounting, hedges are classified as:

(a) Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment.

(b) Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, we formally designate and document the hedge relationship to which we wish to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how we will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated. Hedges that meet the strict criteria for hedge accounting are accounted for as described below:

Cash flow hedges

AASB 9 *Financial Instruments* addresses classification, measurement, and derecognition of financial assets and financial liabilities, sets out new rules for hedge accounting, and introduces a new expected-loss impairment model.

All derivatives are recognised in the balance sheet at fair value and are classified as FVTPL except where they are designated as part of an effective hedge relationship and classified as hedging derivatives. The carrying value of a derivative is remeasured at fair value throughout the life of the contract. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The method of recognising the resulting fair value gain or loss on a derivative depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged.

The Company designates its derivatives as hedges of highly probable future cash flows attributable to a recognised foreign currency asset or liability or a highly probably foreign currency forecast transaction (cash flow hedges).

The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, the risk being hedged and the Company's risk management objective and strategy for undertaking these hedge transactions. The effectiveness of the cash flow hedge is measured throughout the life of the hedging relationship. Ineffectiveness arises in the event of over hedging, whereby the notional amount of the designated hedge instrument exceeds the notional amount of the hedged item attributable to the hedged risk, or timing mismatches. Where ineffectiveness is identified, any revaluation gains or loss on the ineffective portion of the hedging instrument are immediately recognised in the statement of profit or loss in foreign exchange gains or foreign exchange losses.

The effective portion of changes in the fair value of derivatives that are designated as cash flow hedges are recognised in the cash flow hedge reserve within equity. Upon recognition of the forecast transaction ("hedged item") the carrying value is not adjusted. Amounts accumulated in equity are transferred to the statement of profit or loss in the period(s) in which the hedged item affects the statement of profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the twelve months to 31 March 2021

G3 ACCOUNTING POLICIES (CONTINUED)

(i) Plant and equipment

(i) Recognition and measurement

Refer to note A4 for the accounting policy note for Pastoral property and improvements held at fair value. Plant and equipment and industrial land and buildings are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. Directly attributable costs for the acquisition and construction of an asset are capitalised if the relevant recognition criteria are met. All other repairs and maintenance are recognised in the income statement as incurred.

We review and adjust, if appropriate, the residual values, useful lives and amortisation methods of all property, plant and equipment at the end of each financial year.

(ii) Depreciation

Depreciation is calculated on a straight line basis over the estimated useful life of the asset as follows:

Property, plant and equipment	Average useful life
Land (freehold lease, pastoral/perpetual lease, industrial)	Not depreciated
Buildings	30 years
Fixed improvements	30 years
Owned plant and equipment	3-10 years
Plant and equipment under lease	2-5 years

(j) Leases

(i) AACo as a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. When a right-of-use asset meets the definition of investment property, it is presented in investment property.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group's incremental borrowing rate is used as the discount rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Judgement has been used to determine the lease term for some lease contracts in which it is a lessee, that include renewal options. The assessment of whether it is reasonably certain the Company will exercise such options impacts the lease term, which can significantly affect the amount of lease liabilities and right-of-use assets recognised.

(ii) Pastoral and perpetual property leases

Freehold pastoral property and improvements and pastoral property and improvements held under statutory leases with government bodies have been included in Property, Plant and Equipment (Refer note A4).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the twelve months to 31 March 2021

G3 ACCOUNTING POLICIES (CONTINUED)

(k) Trade and other payables

Trade and other payables are carried at amortised cost and due to their short-term nature they are not discounted. They represent liabilities for goods and services provided to us prior to the end of the financial year that are unpaid and arise when we become obliged to make future payments in respect of the purchase of these goods and services. Trade payables are unsecured and are usually paid within 30 days of recognition. Other payables are unsecured and are usually paid within 90 days of recognition.

(l) Borrowings

Borrowings are included as non-current liabilities except for those with maturities less than 12 months from the reporting date, which are classified as current liabilities.

We recognise borrowings initially on the trade date, which is the date we become a party to the contractual provisions of the instrument. We derecognise borrowings when our contractual obligations are discharged or cancelled or expire.

All borrowings are initially recognised at fair value plus any transaction costs that are directly attributable to the issue of the instruments and are subsequently measured at amortised cost. Any difference between the final amount paid to discharge the borrowing and the initial borrowing proceeds (including transaction costs) is recognised in the income statement over the borrowing period using the effective interest method.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the income statement. Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that we incur in connection with the borrowing of funds.

(m) Share-based payment transactions

We provide benefits to our employees (including key management personnel) in the form of share based payments, whereby employees render services in exchange for shares or rights over shares (equity settled transactions).

We recognise an expense for all share based remuneration determined with reference to the fair value at the grant date of the equity instruments. We calculate the fair value using the Black Scholes model or other applicable models. The fair value is charged to the income statement over the relevant vesting periods, adjusted to reflect actual and expected levels of vesting. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Australian Agricultural Company Limited (market conditions).

(n) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(o) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

(i) Livestock and meat sales

Revenue is recognised to the extent that the Company has satisfied a performance obligation and the transaction price can be readily identified. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the twelve months to 31 March 2021

G3 ACCOUNTING POLICIES (CONTINUED)

(o) Revenue recognition (continued)

(i) Livestock and meat sales (continued)

Revenue from the sale of livestock and meat is recognised when:

- the performance obligation of passing control of meat or livestock at an agreed upon delivery point to the customer has been satisfied

(ii) Interest revenue

We record interest revenue on an accruals basis. For financial assets, interest revenue is determined by the effective yield on the instrument.

(p) Income tax and other taxes

The Company and its wholly-owned Australian resident entities are part of a tax-consolidated group. As a consequence, all members of the tax- consolidated group are taxed as a single entity. The Company is the head entity within the tax-consolidated group. Foreign entities are taxed individually within their respective tax jurisdictions. Income tax expense represents the sum of current tax and deferred tax.

Current tax

Current tax is calculated on accounting profit after allowing for non-taxable and non-deductible items based on the amount expected to be paid to taxation authorities on taxable profit for the period. Our current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Deferred tax

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- When the taxable temporary difference is associated with investments in subsidiaries and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- When the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the twelve months to 31 March 2021

G3 ACCOUNTING POLICIES (CONTINUED)

(p) Income tax and other taxes (continued)

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(q) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated as net profit attributable to ordinary shareholders divided by the weighted average number of ordinary shares outstanding during the period.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- The after tax effect of interest and other financing costs associated with dilutive potential ordinary shares that have been recognised as expenses
- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares

(r) Other income - government grants

Revenue from government grants, including Australian Carbon Credit Units (ACCUs) received, is recognised at fair value when there is a reasonable assurance that the grants or carbon credits will be received and all attaching conditions will be complied with.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of the Australian Agricultural Company Limited, we state that:

1. In the opinion of the Directors:

    a. The financial statements, notes and remuneration report of Australian Agricultural Company Limited for the year ended 31 March 2021 are in accordance with the *Corporations Act 2001*, including:

        i. Giving a true and fair view of its financial position as at 31 March 2021 and of its performance for the year ended on that date.

        ii. Complying with Australian Accounting Standards and Corporations Regulations 2001.

    b. The financial statements and notes also comply with International Financial Reporting Standards as disclosed in note G2.

    c. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the year to 31 March 2021.

3. In the opinion of the Directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in note F9 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.

On behalf of the Board

Donald McGauchie
Chairman

Brisbane
20 May 2021

INDEPENDENT AUDIT REPORT

KPMG

Independent Auditor's Report

To the shareholders of Australian Agricultural Company Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Australian Agricultural Company Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group's*** financial position as at 31 March 2021 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 31 March 2021;
- Consolidated income statement, Consolidated statement of comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

INDEPENDENT AUDIT REPORT

KPMG

Key Audit Matters

The ***Key Audit Matters*** we identified are:

- quantity and valuation of livestock; and
- valuation of pastoral property and improvements.

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Quantity and valuation of livestock $537,371,000

Refer to Note *A3 Livestock* to the Financial Report

The key audit matter	How the matter was addressed in our audit
The quantity and valuation of livestock is considered a key audit matter due to: • the size of the balance (being 33.9% of total assets); • the significant audit effort as a result of the risk of error associated with quantifying livestock at year end. In quantifying livestock the Group uses estimates of birth rates, animal growth rates and rates of attrition; and • the level of judgement required by us in evaluating the market prices for livestock used by the Group where there is no readily observable market price. The judgements made by the Group in assessing the quantity and value of livestock have a significant impact on the Group's financial performance and financial position. In assessing this key audit matter, we involved senior audit team members who understand the industry and the complexities involved in quantifying and valuing livestock.	Our procedures included: • visiting five of the Group's cattle properties to understand and observe key controls in the livestock accounting process; • testing the Group's reconciliation of the number of livestock at the beginning of the year to the number recorded at the end of the year, including checking a sample of cattle purchases and sales transactions, and natural increase in the herd to various sources of evidence, for example, purchase invoices and sales documentation; • comparing estimates of birth rates, animal growth rates and rate of attrition to historical data and our industry understanding; • comparing a sample of livestock market prices adopted by the Group to a range of recent observable market prices, such as from the Meat and Livestock Australia Market Information reports; • evaluating the competence, experience and objectivity of the external valuer used by the Group; and • evaluating the report of the external valuer for consistency with our understanding of the business, industry and environmental conditions, trends in historical livestock prices and other information available to us.

INDEPENDENT AUDIT REPORT

KPMG

Valuation of pastoral property and improvements $915,800,000

Refer to Note A4 *Property* in the Financial Report.

The key audit matter	How the matter was addressed in our audit
The valuation of pastoral property and improvements is considered a key audit matter due to: • the size of the balance (being 57.8% of total assets); and • the level of judgement required by us in evaluating the Group's assessment of the fair value of pastoral property and improvements. The Group's assessment of the fair value of pastoral property and improvements involves significant judgements, including determination of: • the valuation methodology applied to each property; • the Adult Equivalent carrying capacity of each property; and • the corresponding dollar per Adult Equivalent, Standard Cattle Unit or hectare. The Group has appointed external valuers and other external experts to assist in the determination of these key valuation inputs. The judgements made by the Group in assessing the fair value of property and improvements have a significant impact on the Group's financial position. In assessing this key audit matter, in particular the complex inputs involved, we involved senior audit team members, including valuation specialists, who understand the nature of the Group's properties and recent comparable market transactions.	Our procedures included: • evaluating the competence, experience and objectivity of external valuers and other external experts used by the Group; • working with our valuation specialists, reading the reports of the external valuers and other external experts and evaluating their work regarding Adult Equivalent carrying capacity of each property and the dollar per Adult Equivalent, Standard Cattle Unit or hectare for consistency with our understanding of the properties, environmental conditions, recent comparable market transactions and other information available to us; and • using our valuation specialist to assess the valuation report and compare the valuation methodology for each property to accepted market practices, industry norms, and criteria in the accounting standards.

INDEPENDENT AUDIT REPORT

KPMG

Other Information

Other Information is financial and non-financial information in Australian Agricultural Company Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors' Report, including the Remuneration Report, ASX Additional Information and Company Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf
This description forms part of our Auditor's Report.

INDEPENDENT AUDIT REPORT

KPMG

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Australian Agricultural Company Limited for the year ended 31 March 2021, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 40 to 55 of the Directors' report for the year ended 31 March 2021.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

KPMG

Scott Guse
Partner

Brisbane
20 May 2021

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in the Financial Report is as follows. The information is current as at 2 June 2021.

(a) Distribution of equity securities

Ordinary share capital

602,766,747 fully paid ordinary shares are held by 8,338 individual Shareholders. All ordinary shares carry one vote per share and carry the rights to dividends. The number of shareholders, by size of holding is:

Number of Shares	Number of Shareholders
1 to 1,000	2,185
1,001 to 5,000	3,089
5,001 to 10,000	1,206
10,001 to 100,000	1,613
100,001 and Over	163
Total	8,256

Unquoted equity securities

As at 2 June 2021, there were 523,795 unlisted performance rights granted over unissued ordinary shares in the Company.

(b) Twenty largest holders of quoted equity securities

The names of the twenty largest holders of quoted shares as shown in the Company's Share Register are:

	Number	Percentage
CITICORP NOMINEES PTY LIMITED	176,481,025	29.28%
BNP PARIBAS NOMINEES PTY LTD SIX SIS LTD <DRP A/C>	156,840,020	26.02%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	64,160,534	10.64%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	29,582,074	4.91%
BELL POTTER NOMINEES LTD <BB NOMINEES A/C>	14,279,048	2.37%
BBRC INTERNATIONAL PTE LTD <THE BB FAM INTERNATIONAL A/C>	13,697,000	2.27%
MEDICH CAPITAL PTY LTD <ROY MEDICH INVESTMENT A/C>	11,253,416	1.87%
BNP PARIBAS NOMS PTY LTD <DRP>	6,369,326	1.06%
AACO NOMINEES PTY LIMITED <AACO LTIP A/C>	6,148,232	1.02%
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	5,060,347	0.84%
CUSTODIAL SERVICES LIMITED <BENEFICIARIES HOLDING A/C>	4,047,596	0.67%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,833,117	0.64%
QUALITY LIFE PTY LTD <THE NEILL FAMILY A/C>	3,175,000	0.53%
MR JOHN QIANE HE	1,422,113	0.24%
NEASHAM HOLDINGS PTY LTD <THE NEASHAM A/C>	1,220,735	0.20%
MR BARRY MARTIN LAMBERT	1,177,660	0.20%
TASMAN SUPER PTY LIMITED <ROBINSON FAMILY S/F A/C>	1,155,960	0.19%
NATIONAL NOMINEES LIMITED	1,126,163	0.19%
NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>	1,066,627	0.18%
TIGER INVESTMENT CORPORATION PTY LTD <KENNEDY SUPER FUND A/C>	965,000	0.16%

(c) Substantial shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the *Corporations Act 2001* are:

Ordinary Shareholders	Number
Bryan Glinton as trustee of The AA Trust	289,694,453

(d) Marketable Shares

The number of security investors holding less than a marketable parcel of 397 securities ($1.260 on 2 June 2021) is 655 and they hold 76,919 securities.

COMPANY INFORMATION

Name of Entity

Australian Agricultural Company Limited

ABN

15 010 892 270

Registered Office

Principal Place of Business

Level 1, Tower A
Gasworks Plaza
76 Skyring Terrace
Newstead QLD 4006

Ph: (07) 3368 4400
Fax: (07) 3368 4401
www.aaco.com.au

Share Registry

Link Market Services Limited

Level 21, 10 Eagle Street
Brisbane QLD 4000

Ph: 1300 554 474
www.linkmarketservices.com.au

AACo shares are quoted on the Australian Securities Exchange under listing Code AAC.

Solicitors

Allens Linklaters

Level 26, 480 Queen Street
Brisbane QLD 4000

Auditors

KPMG

Level 16, 71 Eagle Street
Brisbane QLD 4000

Annual General Meeting

The Annual General Meeting of Shareholders of the Australian Agricultural Company Limited will be held on Thursday 29th July 2021.

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