Australian Agricultural Company Limited
ABN 15 010 892 270

AACo 2022 Annual Report

24 June 2022

Manager
ASX Market Announcements
Australian Securities Exchange

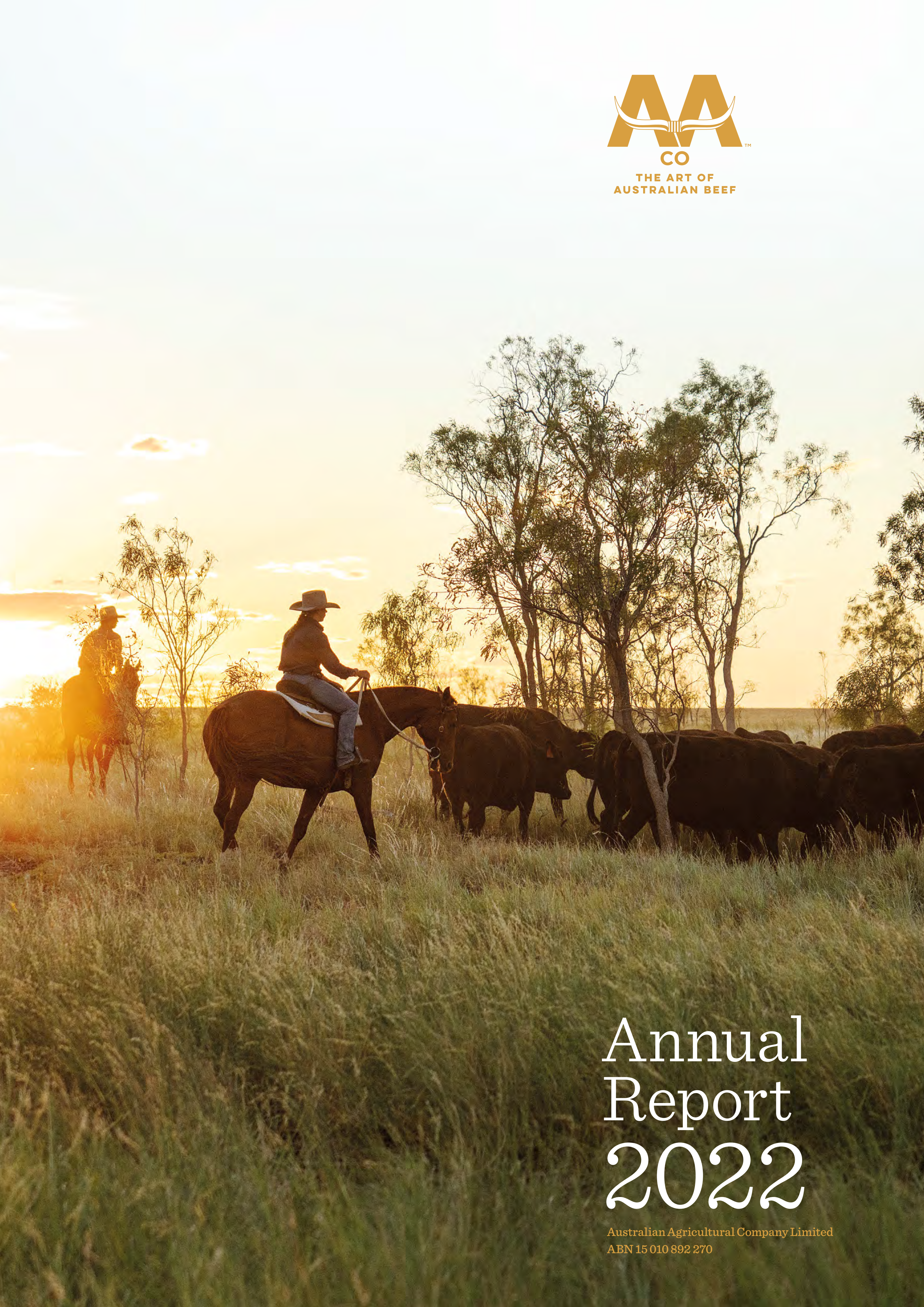
Attached is the Company's Annual Report for the 12 month period ended 31 March 2022 in the form in which it will be distributed to shareholders of the Company.

This version will be mailed to those shareholders who have elected to receive a printed copy of the Annual Report as at 24 June 2022.

Shareholders who have elected to receive the Annual Report electronically will receive an email on or about 24 June 2022 providing a link to the report on the Company's website.

This announcement is authorised to be given to the ASX by the AACo Board.

Issued by:
Bruce Bennett
Company Secretary and General Counsel



AACO
THE ART OF AUSTRALIAN BEEF

Annual Report 2022

Australian Agricultural Company Limited
ABN 15 010 892 270

Our Purpose

Our purpose is to evolve together to benefit future generations.

CONTENTS

01 About AACo
07 At a Glance
08 Chairman and MD's Message
10 Strategic Roadmap for Growth
11 Driving our Future Success
12 Regional Beef Market Overview
18 Financial & Operational Performance Highlights
19 Stewards of great endeavours in the agriculture industry
20 Our Crew
22 Health Safety and Wellbeing
24 Our Craftmanship
26 Our sustainable future: The key to our success
32 Directors' Report

Established in

1824

"To do what we do best we must continuously adapt and change. This is why we've been around for nearly 200 years and is how we will continue to adapt to meet the challenges of the future."

~6.4m

hectares of land

"The land we nurture, the people we grow, the animals we care for and the exceptional product we create are the hallmarks of our success.

But, we are only today's custodians and it's our business to leave our world in better shape for the generations to follow.

This is our legacy."

Our Vision

Our Vision is to be trusted globally as the producers of the finest quality Australian beef.

Our History

Established in 1824, the Australian Agricultural Company Limited (AACo) is one of Australia's largest integrated cattle and beef producers and is the oldest continuously operating company in Australia.

Today, AACo owns and operates a strategic balance of properties, feedlots and farms comprising around 6.4 million hectares of land across Queensland and the Northern Territory.

Our long, proud history is what has made us a world-leading producer of beef.

Our Values

At AACo, our core values and behaviours unite and motivate us to work with each other, across every unique part of our organisation.

Our values influence our culture, our brand reputation, reflect the pride we have in our rich heritage and provide clear expectations in how we work with each other, our customers and stakeholders.

The integration of our values and behaviours into our everyday helps make AACo a great place to work and is a critical driver in helping us to reach our vision, to be trusted globally as producers of the finest quality Australian beef.

Respect what makes it *possible*

- The future of AACo depends on our people, our animals and our environment. We raise our cattle with attention and care. We keep our lands productive. We treat each other with respect. For nearly 200 years these resources have made our work possible.
- This is our heritage and also our future.

Aim *higher*

- We embrace change and adapt.
- We exchange ideas and share knowledge to solve challenges and capture opportunities.
- We encourage new approaches to moving forward and respect the diverse experience of our people.

Our Business Model

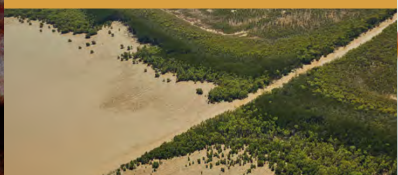
AACo is an integrated branded beef business with three principal activities:

- Distribution of high-quality branded beef into global markets;
- Breeding, growing feedlotting and trading of our animals; and
- Ownership, operation and development of pastoral properties.

We operate a cattle production system across 19 owned cattle stations, 3 leased stations, 1 leased farm, 2 owned feedlots and 2 owned farms 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.

Embrace *change*



- Excellence is an attitude, not an outcome.
- We take pride in everything we do – as individuals and as teams working toward shared goals.
- There's no such thing as good enough, we have to be better than the best.

Take the *reins*

- We all own the success of our business. When opportunities arise and challenges emerge, it's up to every person at AACo to take the reins.
- This means performing in our own roles and working together to achieve success as a team.

Do it for the *diner*

Whether in the paddock, feedlot or the office, everyone at AACo is here to serve the same person, the diner experiencing our beef.

- Each of us have an essential role in creating an exceptional product.
- Our commitment to diners is at the core of everything we do, but never at the expense of our people, our animals or the environment.

$49.9m

OPERATING PROFIT[1] VS $24.4m PCP[2]

A Year in Review.

Strong operating results delivered despite considerable global uncertainty.

$24.2m

OPERATING CASH FLOW VS $18.4m PCP[2]

(1) Key financial indicators are defined on page 36 of the Directors' Report.

(2) Pcp represents prior comparative period.

Continuation of our branded beef strategy with a focus on price premiumisation has helped to deliver:

↑ 4%

MEAT SALES $208.5m
AN INCREASE OF 4%
VS PCP[2]

↑ 21%

WAGYU MEAT SALES
PRICE $18.74/KG, AN
INCREASE OF 21% VS PCP[2]

83%

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

$136.9m

STATUTORY NET PROFIT AFTER TAX
VS $45.5m PCP[2]

Strengthening of our balance sheet continues.

$1.36b

OF NET ASSETS

NTA per share

$2.27

VS $1.75 PCP[2] A
30% INCREASE

(3) Branded meat sales represents total meat sales excluding trim & by-products.

Responsible Stewards

We are proud custodians of the land we nurture.

Our Australian hard-working attitude, spirit and craftmanship, 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.

We are custodians of a special relationship between our people, livestock, land and communities that has lasted generations and positions us internationally as the finest Australian Wagyu beef producer. We will continue to be responsible stewards to benefit future generations.

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

Progress against strategy in FY22.

Delivering full potential from our brands

+21%
WAGYU MEAT SALES $/KG CW INCREASE

83%
BRANDED SALES[1] WESTHOLME AND DARLING DOWNS

+56%
BRANDED SALES[1] GROWTH NORTH AMERICA

Executing on our sustainability strategy

Developed sustainability framework and commitments

74k
AUSTRALIAN CARBON CREDIT UNIT GENERATION

Making AACo a great place to work

+10%
IMPROVED LTIFR

Created and launched our Purpose and Vision Statements

Gold level recognition Mental Health First Aid Australia

>35%
WOMEN IN LEADERSHIP

A simpler and more efficient AACo

(6%)
REDUCTION IN COST OF PRODUCTION VS PCP[2]

(1) Branded meat sales represents total meat sales excluding trim & by-products.
(2) Pcp represents prior comparative period.

Positive results shaped by discipline and ingenuity.

This was a year of considerable achievement for AACo. Our ability to deliver a quality financial result and continue to make progress against our strategy has been excellent and is testament to the commitment and strength of our team, partners, and customers operating in a challenging global environment.

Dear shareholders,

We are pleased to present the 2022 Annual Report for the Australian Agricultural Company Limited.

The 2022 financial year presented many challenges to our way of life and our ways of working, as we responded to the continuing COVID-19 pandemic. Our strategy was tested and served us well.

Our strong financial result this year is testament to our dedicated teams who have found new ways to meet our customers' needs, despite trading headwinds.

We are very proud of the determination, discipline and ingenuity that helped shape our positive results. It is a well-earned outcome, but there is always more to do.

STRATEGY DRIVING OPERATING RESULTS

In FY22 we delivered a Statutory EBITDA[1] profit of $228.6 million, compared with a Statutory EBITDA[1] profit of $99.3 million for FY21. Ongoing progress across our strategy is highlighted by a strong Operating Profit[1] off the back of a 21% increase in average Wagyu meat sales price per kilogram. It marks three consecutive years of positive operating profit[1] growth and a 22% increase in our Operating Profit Margin since FY18.

The positive operating cash flow result is the fourth consecutive year of growth and a $64 million improvement since FY18. We have also had a further reduction in the cost of production in FY22.

This success is significant when considering the challenging seasonal conditions that we have experienced over multiple years including the 2019 Gulf floods combined with several years of drought, and more recently the COVID-19 global pandemic. Notwithstanding these difficulties, we've been able to make the necessary changes to now be in a strong position.

These achievements can be directly attributed to our strategy and progress made across the business and the supply chain over that time, along with our commitment to invest in our brands and properties.

Continued investment back into the business will remain important moving forward.

STRENGTH OF ASSETS

Our land assets include stations, farms and feedlots spread over 6.4 million hectares of pristine country in Queensland and the Northern Territory.

The increasing value of our properties supported our positive results with a material uplift in pastoral property and improvements valuations.

There was also strong growth in the value of AACo's unique herd as we continue to rebuild after the losses incurred during the floods and drought. In FY22 we increased the headcount by an additional 43,000 animals.

The assets we manage, including our land and cattle, are amongst the best in the world and the foundation of our ability to produce the highest quality beef at scale.

PROGRESS IN KEY MARKETS

Our strategy includes a relentless focus on maximizing returns from every cut of meat we produce and allocating volume through our global distribution networks to get the right cuts to the markets that will deliver the best value at the right time. This approach has been particularly important during the everchanging landscape that COVID-19 presented.

In our messages to you last year, we spoke about the impacts of the global COVID-19 pandemic. The food service industry was effectively closed overnight across all our major markets. We were forced to adapt. We did so swiftly and successfully.

Conditions improved in the food service sector in FY22 across multiple major markets, becoming a key enabler of AACo's strategy and focus on price premiumisation through brand.

Overall, this resulted in a further 21% increase in average Wagyu meat sales price per kilogram and resulted in key brands Westholme and Darling Downs growing to 83% of branded meat sales.

Growth of AACo's brands was evidenced in key markets including North America which realised an increase in branded meat sales revenue, volume and average meat sales price per kilo. The price and volume increases were driven by increased brand awareness, strategic allocation of product and the easing of COVID-19 restrictions.

We were able to leverage our relationships and distribution network to take advantage of the improved market conditions in FY22. Further expanding Westholme in the US market is a key initiative that will deliver the full potential from our brands in the future.

(1) Key financial indicators are defined on page 36 of the Directors' Report.

Donald McGauchie

Hugh Killen

AACo's overall global strategy in FY22 included reallocating higher value cuts to higher paying food service markets. This resulted in reduced sales value in Asia and Australia. Despite this, it was impressive to see increases in price in both markets.

In Asia this was largely driven by the strength of the Darling Downs brand in South Korea, while in Australia, our spiritual home, Westholme sales increased in the order of 80% as we grew pricing off the back of improved brand awareness amongst consumers and as key menu placements were achieved.

Both markets remain key for AACo.

SUSTAINABILITY FOCUS

We will be sharing AACo's FY22 Sustainability Report with you later this year. This will be the third accounting of AACo's sustainability activities. It is an important tool for monitoring and assessing ourselves internally while also measuring our progress against industry benchmarks.

FY22 marked a significant milestone for AACo with the release of our sustainability framework and five major commitments.

This framework, which is a first of its kind for the Australian beef industry, has helped guide our climate and sustainability activities since its November 2021 launch.

We have begun work on each of the commitments: landscape carbon, natural capital, methane emissions reduction, animal health and welfare certification and the Wylarah Institute.

This is an important area for AACo and will remain an ongoing focus in FY23.

POSITIONING FOR GROWTH IN THE YEARS AHEAD

The AACo supply chain includes three principal activities: distribution of high-quality branded beef into global markets; breeding, growing feedlotting and trading of our animals; and ownership, operation and development of pastoral properties.

Increased geopolitical risk will continue to impact global supply chains in FY23. This, along with rising inflationary pressures will impact the cost of key inputs across the beef supply chain.

We will continue to be guided by our Purpose and Vision, which were both developed in FY22. Our Purpose, we're evolving together to benefit future generations, speaks to why we exist, while our Vision is to be trusted globally as the producers of the finest quality Australian beef. Together these statements sit at the centre of our plans for growth along with our five strategic pillars:

- A simpler and more efficient AACo;
- Delivering full potential from our brands;
- Executing on our sustainability framework;
- Developing our natural resources and assets; and
- Making AACo a great place to work.

OUR PEOPLE

The success of FY22 and our plans for the future would not be possible without our dedicated team bringing our strategy to life. Our team has adapted to the challenges and changing operating environment with professionalism and tenacity

We are proud of our station crews and teams across our head office and in markets around the world. Their dedication to their craft, care for the animals and land under our stewardship, and desire to live our purpose and vision makes AACo a truly remarkable organisation. It's one we are very proud of.

We are confident that our strategic agenda will continue to deliver value and position us for a very bright future. Looking ahead, we will invest our profit directly back into the business and our people and continue to build on our strong FY22 results and further grow the company as we look to celebrate our 200th anniversary in 2024.

Yours sincerely,

Donald McGauchie

AO Chairman

Hugh Killen

Managing Director and CEO

The future is ours to build.

Our purpose and vision statements sit at the centre of our plans for growth, leveraging the foundations put in place to continue delivering under our strategic pillars.

We will continue to invest back into the business under these strategic pillars, and in doing so, we will be able to build on our strong FY22 results and further grow the company as we look to our 200th anniversary in 2024.

OUR VALUES

- Aim Higher
- Take the Reins
- Embrace Change
- Do it for the Diner
- Respect what makes it possible

OUR PURPOSE
We're evolving together to benefit future generations

AA CO THE ART OF AUSTRALIAN BEEF

OUR VISION
To be trusted globally as the producers of the finest quality Australian beef

Our five strategic pillars	KEY FOCUS AREAS
A simpler and more efficient AACo	· Improving operational efficiency · Continuous improvement with a focus on test and learn · Embedding our S&OP processes · Developing a data strategy focussed on value creation
Delivering full potential from our brands	· Drive further growth of Westholme · Continuing to support and grow Darling Downs in Korea · Full carcass optimisation through new product development and value add innovation
Executing on our sustainability framework	· Develop efficient landscape carbon measurement methodology · Creating a framework for valuing natural capital including biodiversity · Establishing the Wylarah Institute · Animal Health and Welfare certification standard development · Developing authentic First Nations partnerships
Developing our natural resources and assets	· Extending our Gulf farming trials · Exploring the potential for alternate asset uses · Optimising our asset mix to boost supply chain efficiencies
Making AACo a great place to work	· Connecting our people to Our Purpose and enabling great leaders · Ensuring care is at the forefront when it comes to our people, animals and the environment in which we work · Defining our Employee Value Proposition

1AA SAFETY

Our brands in the spotlight.

Today, AACo is known around the world for its portfolio of wagyu brands. Brands that consistently deliver 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.

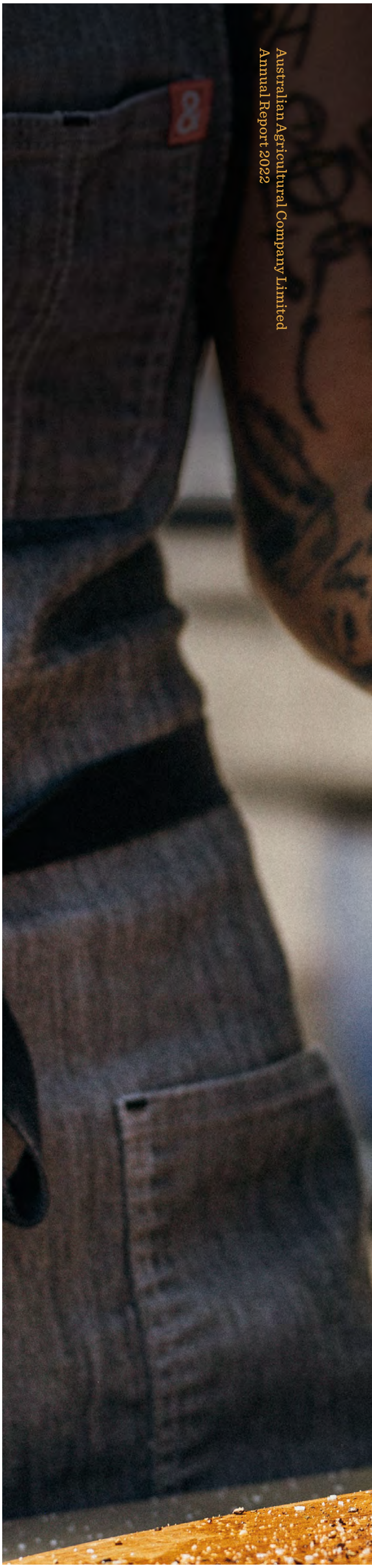
With every bite of Westholme, diners will experience the layering of rich, complex, buttery flavours that are consistent to every cut. A flavour that only northern Australia can produce, and only Westholme can perfect.

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.



Adapting to meet changing market trends.

AACo distributes quality product to more than 20 countries around the world. In spite of the challenges the global pandemic continued to have on the food service industry in FY22, we delivered a strong commercial performance. Our $/Kg has been boosted by price premiumisation through brand, as economies and food service recovers.

We continue to optimise our market allocation and sales mix, focussing on strategic market allocation and adapting our channel strategies to changing consumer and market trends. For a second year, in an uncertain operating environment, 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 reinforce our successful branded beef strategy with targeted digital marketing campaigns and improved branding of our products on menu and in-store.

Our $/Kg has been boosted by premiumisation through brand and optimised market allocation of product.

North America

Realising USA potential.

WESTHOLME
– QUEENSLAND –
AUSTRALIA

Our focus in the USA has been a key driver of our improved results, with targeted allocation of product increasing Westholme's brand awareness and helping us to optimise sales across the entirety of the carcass:

- Food service recovery has been a key enabler to growing Westholme sales.
- Combination of highly engaging branded content, digital paid and earned media, as well as using the right chef engagement is delivering new food service customer leads and commercial results.

Great Australian Ambassadors Abroad

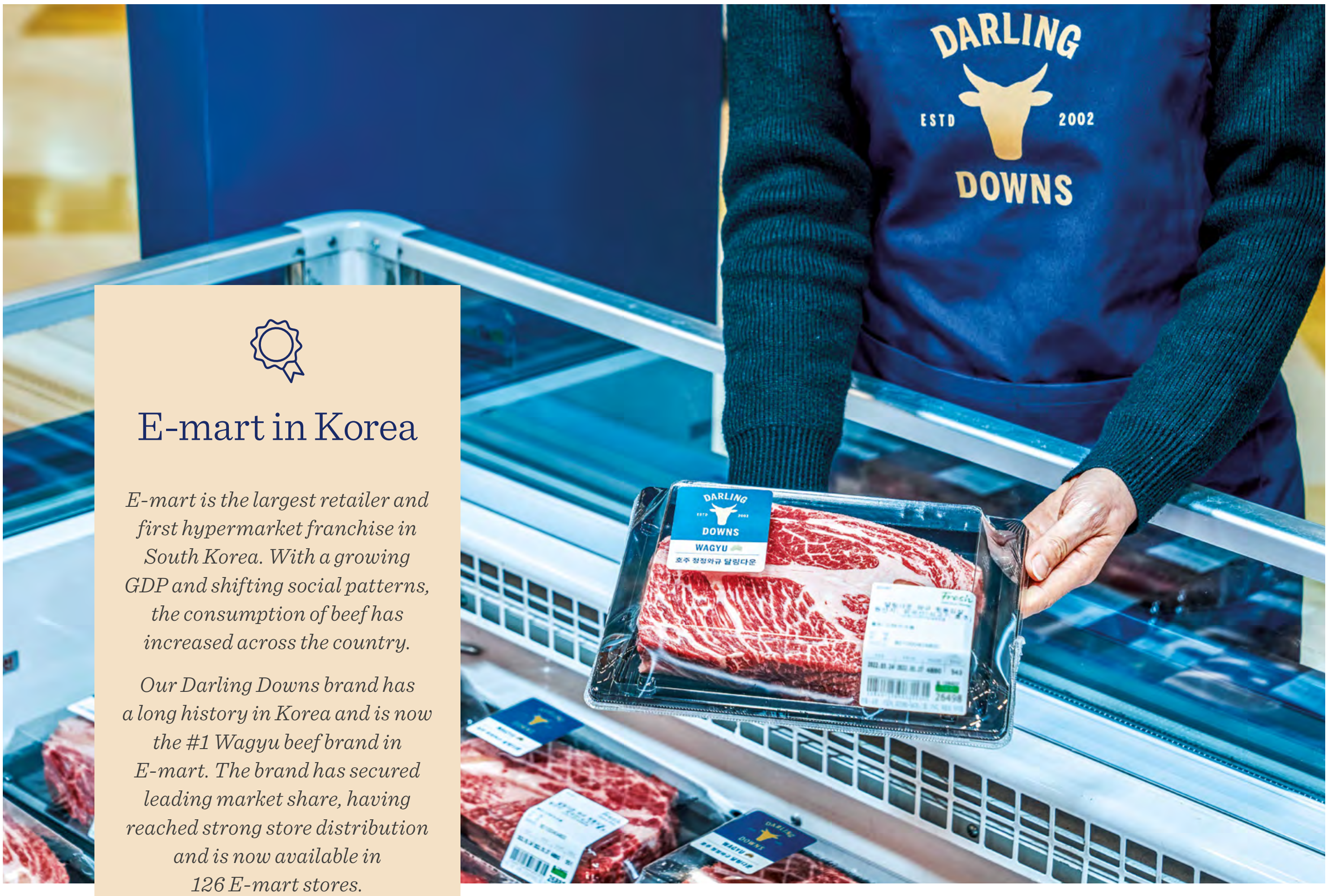
Meet Monty Koludrovic, who along with his wife Jaci, is a successful Australian award-winning chef, capturing the hearts of Americans with their Australian inspired cuisine at Grandmaster Recorders in Los Angeles. Monty was already very familiar with AACo from his long history in our esteemed local industry and the relationship has developed over time.

Monty is a very proud flag bearer for quality Australian products. "The Westholme flavour is what I hold as a benchmark for marbled beef flavour. Often marbled beef has a luxurious mouthfeel, but the dominant flavour is feed. With Westholme you get the same luxurious mouthfeel, but the dominant flavour is beef and caramelisation." When next in LA we recommend you visit Monty and his team to experience Westholme Wagyu Denver steak or slow cooked braised cheek.

North America Branded Meat Sales[1]

REVENUE	PRICE/MIX	VOLUME
↑ 56%	↑ 35%	↑ 21%

(1) Branded meat sales represents total meat sales excluding trim & by-products.



E-mart in Korea

E-mart is the largest retailer and first hypermarket franchise in South Korea. With a growing GDP and shifting social patterns, the consumption of beef has increased across the country.

Our Darling Downs brand has a long history in Korea and is now the #1 Wagyu beef brand in E-mart. The brand has secured leading market share, having reached strong store distribution and is now available in 126 E-mart stores.

Asia

Product reallocation and improved price realisation.

Reduced volumes as higher valued cuts were reallocated away from retail into food service markets around the world as part of our overall global strategy. Solid price increases were achieved in this region:

- Darling Downs' leading Wagyu market share within E-mart in South Korea supported by improved online and offline brand experience focusing on building education and trial.
- Improved in store navigation and brand visibility enabled a better shopping experience, helping to deliver price premiums with Darling Downs in South Korea.
- Brand refresh implemented in Hong Kong retail following the success of new branding in South Korea.

Asia Branded Meat Sales[1]

REVENUE	PRICE/MIX	VOLUME
↓ 15%	↑ 6%	↓ 21%

Australia

Premiumisation through brand.

Focus has been on price premiumisation through brand as we optimise supply across the carcass to enhance returns globally in line with our overall strategy:

- Westholme sales growth of ~80% vs pcp[2] off the back of improved brand awareness amongst consumers and as key menu placements were achieved.
- Supported and collaborated with influential Australian chefs to help build visibility of our brands.

Great Australian Ambassadors

Scott Pickett leads the renowned Scott Pickett Group, and a growing list of award-winning Melbourne restaurants and establishments including Chancery Lane, Longrain, Matilda and Audrey's in Sorrento.

As one of Australia's leading chefs and restaurateurs, he pairs his vast experience with his deep understanding of seasonality and respect for Australian growers and producers. Scott lends his respected reputation to Westholme Wagyu, representing the brand at Beef Australia in the 2021 celebrity chef line-up. Scott recently showcased Westholme at the Melbourne Food and Wine Festival Chef Series dinner, cooking alongside Julien Royer from Odette Singapore. He also features in our digital marketing campaign "Kitchen Tales".

Australia Branded Meat Sales[1]

REVENUE	PRICE/MIX	VOLUME
↓ 17%	↑ 7%	↓ 24%

(1) Branded meat sales represents total meat sales excluding trim & by-products.
(2) Pcp represents prior comparative period.

Europe/Middle East

Robust volume increases.

WESTHOLME
– QUEENSLAND –
AUSTRALIA

Predominantly food service focussed, this region saw robust volume increases in FY22 as part of the post COVID-19 recovery:

- Execution of in-market chef focussed events and product sampling programs leading to Westholme listings with some of the EU/UK's most discerning chefs.
- Training and education a key initiative to improve brand awareness and to share the Westholme story.

Europe/Middle East Branded Meat Sales[1]

REVENUE	PRICE/MIX	VOLUME
↑ 41%	↑ 23%	↑ 18%

Strong result despite global uncertainty.

$136.9m

STATUTORY NET PROFIT AFTER TAX VERSUS $45.5m IN FY21.

In the face of continuing global volatility and uncertainty, we have been able to deliver a strong result. The success of our global brands and value chain partnerships have continued to strengthen and prosper. This has been galvanised by our ability to adapt to ongoing disruption, apply fiscal discipline and lead a committed team.

We delivered operating cash flow of $24.2 million, an improved operating profit[1] of $49.9 million and a statutory EBITDA[1] of $228.6 million.

Our operating profit margin was 18.1%, an increase of 9 ppt[2] versus pcp[3]. The company delivered meat sales of $208.5 million up 4.3% from the previous year. Net profit after tax was $136.9 million versus $45.5 million in FY21.

FY22 revenue has been driven by an improvement in price realisation for meat sales. However, this was offset by lower meat sales volume of 14% due to the impact of historic lower calving affected by drought and Gulf flood event in FY19.

Branded sales growth in key markets has helped drive this operating performance, as margins improved, and the strategy was further reinforced with growing brand awareness and demand.

Cost of production decreased by 6% versus pcp[3], driven by improved seasonal conditions and productivity. Key initiatives implemented across the operations have been effective in achieving greater efficiencies.

(1) Key financial indicators are defined on page 36 of the Directors' Report.
(2) Ppt represents percentage points.
(3) Pcp represents prior comparative period.

Fleet Management

AACo manages an impressive mobile fleet of assets, including more than 500 machines. This includes around six aircraft, 150 earth moving equipment assets, 180 passenger vehicles, seven road trains, 80 trucks, 90 motorbikes and many more.

FY22 saw a focus on Asset Management and Tier-1 Fleet Management Principles, with particular focus on two predominant areas, earth moving equipment assets and passenger vehicles.

The earth moving equipment project (called Yellow Bull – a partnership between Caterpillar/Hastings Deering and AACo) saw AACo reduce its fleet size by ~30%, reduce total cost of ownership ("TCO") by ~30% and optimised the fleet to produce a reduced carbon footprint with 375 less cars on the road.

The passenger vehicle project (called White Horse – a partnership between Custom Fleet and AACo), saw the fleet size drop by about 15%, reduce TCO by ~10% and optimised the fleet to produce a reduced carbon footprint with 30 less cars on the road.

Both projects are still ongoing and AACo anticipates benefits to continue into the future.

Our Operations

At AACo, we operate a strategic balance of world class assets including 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 across 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 Property and Improvements grew over the year, consistent with a long-term trend in our business.

These assets are now worth $1.2 billion, supporting our net assets value of over $1.3 billion.

The quality of our herd is also key to delivering on our strategy and this is supported by 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 continues to pay off.

Feature

Meet Michael Johnson

Michael Johnson, affectionately known as MJ, was appointed Head of Pastoral Operations in March 2021 and currently manages the Barkly Group and Brunette Downs station. He joined AACo in 2010 as Manager of Avon and Austral Downs.

"I've been lucky enough to live almost a quarter of my life at Brunette Downs and have been able to raise my children in one of the most beautiful parts of the world.

Hundreds of thousands of cattle have come through the station over the last decade and I've been able to mentor many young people who have and will go on to be future industry leaders.

A lot has changed over the last decade and that change is only going to accelerate over the next 10 years. Station managers were once able to focus only on managing cattle and people, but at companies like AACo they need to have as much understanding of the rest of the supply chain, as well as our customers in market."

MJ is passionate about northern beef production systems and the development of people within it. He is active in the local community donating time to various community organisations and events.

"It is a very special family here and we have generations that continue to share their knowledge and experience."

Our crew, our greatest asset.

Living our values

Respect what makes it possible, aim higher, embrace change, take the reins, and do it for the diner.

At AACo, we are an equal opportunity employer committed to building a team from a range of backgrounds, skills, talents, and aspirations with strong work ethics.

We promote an inclusive workplace that embraces diversity as part of our culture. This involves providing supportive and inclusive diversity-related workplace policies, programs and practices within our business.

Our team experienced many challenges relating to the COVID-19 pandemic for a second year in a row. But they continued to take the reins, do things differently and worked hard towards producing the world's finest beef.

Our crew are our greatest asset. And we want to take care of them. We have deployed a new strategy around behaviour and health and safety, critical risk control and smart decision making. We have also introduced a hazard profile across the business and are training

It's our dedicated team that enables us to feed our beef to people throughout the world, every single day.

team members as mental health first responders, introducing the Mental Health First Aid Accreditation system. We continue to build a real connection with safety.

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

AACo's commitment to safety continues to evolve and advance as we refine our work health and safety strategy and continue to embed three key initiatives: 1AA, 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.

Investing in Health, Safety and Wellbeing.

We recognise that agriculture can be a dangerous industry to work in. And we take this seriously.

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

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.

We recognise that agriculture can be a dangerous industry to work in. And we take this seriously.

Near miss reporting has been a key focus in building a strong reporting and learning culture, a key element of our safety discipline. Over the past 12 months we saw an increase in reporting of 170%.

Developed a hazard profile of our operations to understand our key hazards, where they are located and how we are to control them to minimise harm to our workforce.

Focussed on developing our frontline leaders as we recognise how important this role is in leading and developing our safety culture.

We trained a large cohort of mental health first aiders and achieved mental health first aid accreditation as a Skilled Workplace (Gold level).

Continued our behavioural safety program rollout "Switch On" to build safer habits and improve situational awareness of our workforce.

Partnered with Sober in the Country (SITC) to deliver the message that it's ok to say no to booze in the bush. SITC's leader spoke at our Frontline Leaders conference, and we also made a large donation to her charity.

1AA.

Our 1AA. brand was developed to define our culture of care and also set boundaries for us to work within.

Delivered several health and wellbeing programs within the business on topics such as ergonomics, nutrition, alcohol and men's and women's health.

Introduced a new employee support program. We achieved an increase in utilisation from 1.5% with our previous employee assistance program provider to 8.3% over six months.

10%

improvement in LTIFR

A 25% reduction in LTIFR (Lost Time Injury Frequency Rates) in FY21 was a very pleasing result, and we have continued this progress with a further 10% reduction in FY22.

FY23 Plans

In 2023, we will invest in a greater focus on psychological and social safety hazards and management plans. We will implement hazard profile assessments at all our sites to ensure we have effective and adequate controls in place and will continue to streamline our HSW management systems.

Feature

Jo Tulloch: The next generation

Johanna Tulloch is a great example of leadership in action at AACo. Originally from Gippsland in Victoria, she studied for a Bachelor of Commerce and Bachelor of Agriculture at LaTrobe University. A regular visitor to Wagga Wagga in the Riverina region of New South Wales, Jo was introduced to AACo. Since then, she successfully applied to the company's Graduate Program and has not looked back. The two-year program has introduced her to wide range of activities. Experiencing three rotations, including placements at head office in assets and procurement, Jo is now a rangelands officer at Brunette Downs.

Jo said: "There is a huge focus on sustainability right across the business, so to have this opportunity to play a role in the management of land and pastures makes me very proud. When I started here, I never expected to be surrounded by so many highly skilled mentors, make great friends and know that everyone has my back."

Jo represents the industry's next generation. She has been accepted to participate the Northern Territory Cattleman's Association Future Leaders Program, established in 2014 to foster and develop leadership skills in the beef industry. It is an opportunity to capture new ideas and network for future leaders in the cattle industry.

Some of the most credentialed Black Wagyu outside of Japan.

How We Feed

On average, our cattle are raised on grass for 15 months, then finished on grain for around 300 days.

Our native pastures are one of the most intact natural environments in the agricultural sector.

Our grains are prepared fresh each day by rolling or steam flaking, and are blended with roughage like hay and silage, plus minerals and molasses for energy.

How We Breed

We run one of the world's largest Wagyu herds.

Our three major Wagyu bloodlines ensure diversity of our herd.

How We Care

Our herd of 382,010 cattle have the freedom to graze in expansive areas, moving naturally together.

We breed the vast majority of our animals internally, caring for them throughout the supply chain, to guarantee the best care and nutrition for each and every one.

Our feedlots allow our cattle enough space to exhibit natural behaviour movement, and access to plentiful clean water and feed.

AACo's herd has some of the most highly credentialed full blood Japanese Black Wagyu sires and breeding females to ever leave Japan.

Our three major Wagyu bloodlines ensure the diversity of our herd, and produce a reliably balanced outstanding quality carcass every time.

Our cattle are raised and grown on native pastures in one of the most intact natural environments in the agricultural sector and finished on custom designed blends of grains.

Grains are prepared fresh each day by rolling or steam flaking and are blended with roughage like hay and silage, plus minerals and molasses for energy.

This grain finishing achieves our signature flavour and marbling. *It takes craft.*

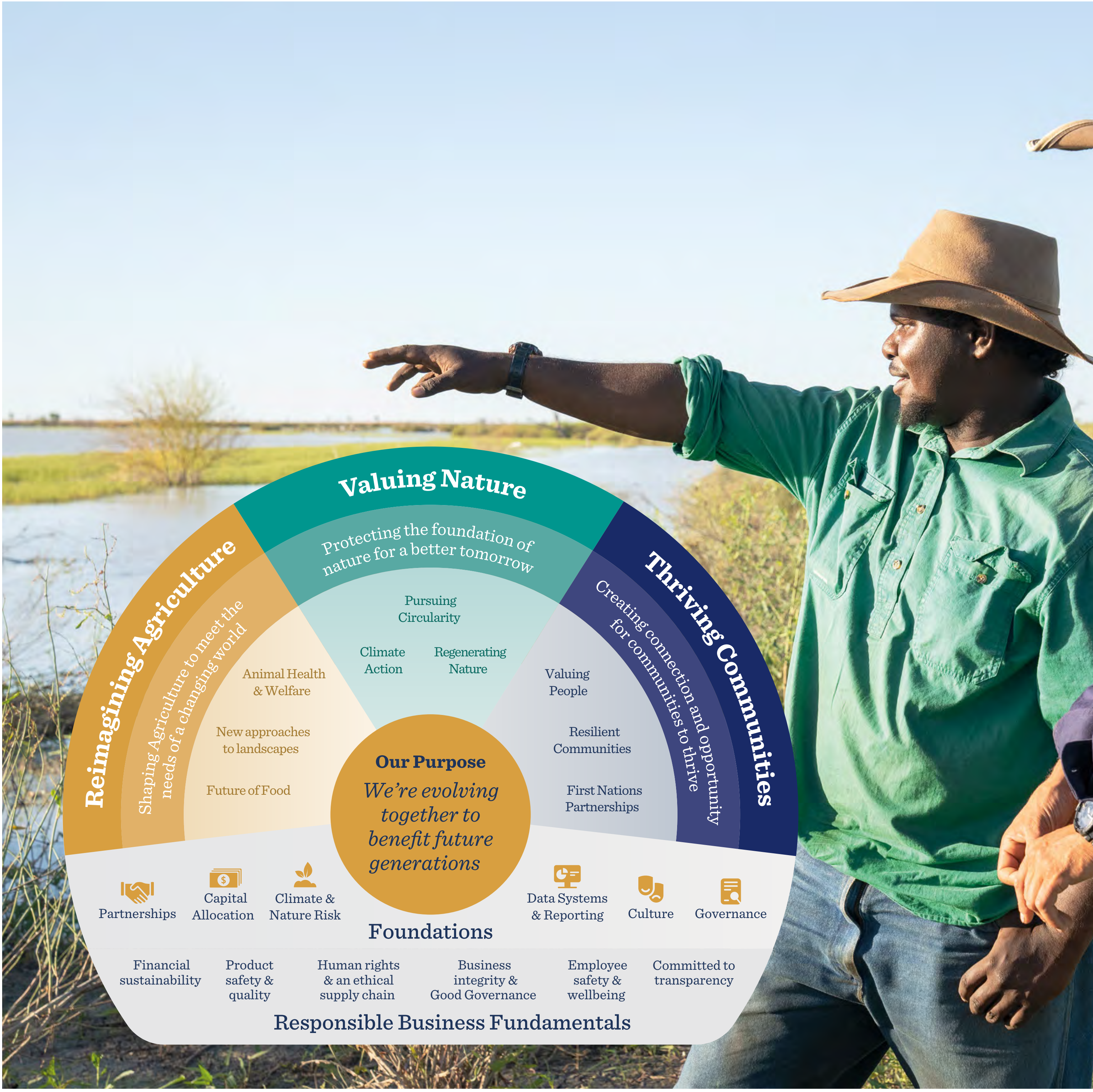
Feature

Matt Kelly: Driving innovation (AACo Genetics and Breeding Program)

Matt Kelly has a PhD in animal breeding and years of experience in academic research and designing and implementing animal breeding programs. He can also be described as a geneticist or an agricultural scientist. Either way, he has a very important role leading the cattle breeding program at AACo. In his role with the company, Matt and his team dedicate their work to fully realise natural genetic improvements to achieve increased marbling, carcass quality, growth, feed efficiency and healthier cattle. Animal welfare is always at the heart of their program and these genetic innovations are achieved through natural breeding techniques. As recognised leaders in this field of work, Matt is currently collaborating with Meat and Livestock Australia to bring this expertise to the wider industry.

Sustainability underpins our success.

Sustainability fundamentally underpins the success of our business and the Australian agriculture sector. Unveiled in November 2021, our Sustainability Framework is the blueprint for our future, guiding our decisions and committing us to action. It serves to future proof our business and our environment.



"We recognise our responsibility to mitigate our climate impact and to produce food in a way that benefits future generations."

~ CEO Hugh Killen

Feature

Russell O'Keefe: Grader Driver, Headingly

Proud Wambaya and Mangarayi man Russell O'Keefe grew up at Corella Creek on Brunette Downs Station in the Northern Territory.

In 2004, Russell joined AACo and not long after, commenced with a contracting camp on Brunette. He spent five years in the camp learning about his culture and developing his station hand skills with trusted mentor and friend, the late Tony Green.

Over a period of around 18 years Russell has worked with us as a bore runner, leading hand, run a stock camp and most recently taken up the position as Grader Driver on Headingly, AACo's second largest station, with an area of 1 million hectares.

"Russell loves all aspects of station life, he's great for crew morale and can turn his hand to just about anything," said Headingly Station Manager, Chris Keane.

"He's skilled at all aspects of station work – horse and motor bike riding, cattle handling, bore running and repairs, heavy vehicle and machinery operation. Russell can even take on the role of station cook, creating delicious meals for the crew."

Over the next few years Russell will mentor young First Nations people starting with AACo, a job he's really looking forward to.

"Being with AACo is a better opportunity than being at home for a lot of young Aboriginals," said Russell.

Feature

Sarah Marsden: Living the dream

Sarah Marsden, currently lives and works at Brunette Downs Station, located in the middle of the Barkly Tableland and 350km northeast of the nearest town, Tennant Creek and 660km northwest of Mount Isa in Queensland, the station's main service town. The property comprises of mostly open downs country and is involved in the breeding and backgrounding of the company's Composite animals.

With roots in Australian agriculture, Sarah previously studied and trained as a solicitor, working in Family Law but has always been drawn to the land.

"I realised my dream in 2018 when I rolled up to the AACo stand at Beef Week in Rockhampton, to work on station in the agriculture industry, I have not looked back."

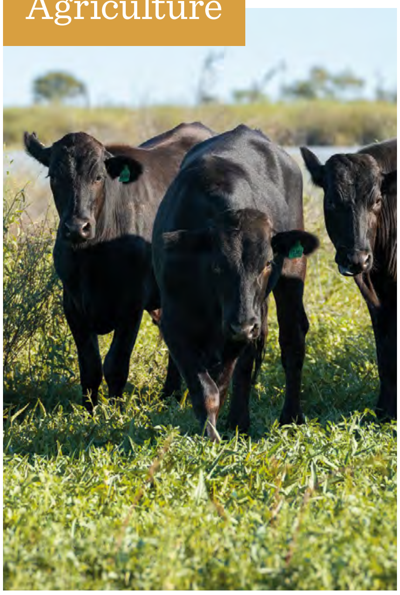
Sarah commenced in AACo's stock camp at Dalgonally in 2019 where she worked for two years. She then stepped into a finance support role in the Goonoo station office, and is currently working in the sustainability team, developing a strategy to collaborate with First Nations People and Native Title. And she still gets to go mustering on the weekend.

Our Approach

Tackling the big issues.

We are aiming high, with bold ambitions that shape agriculture to meet the needs of a changing world, protect and respect the foundation of nature and help our communities thrive.

Reimagining Agriculture



By virtue of our size and integrated supply chain we are uniquely placed to realise the opportunity to meet increasing consumer demand for sustainably produced food from finite resources.

Valuing Nature

Because nature is fundamental to everything we do, we are taking concerted climate action, pursuing circularity across our operations and, critically, working to regenerate nature to protect and enhance key ecosystem services in our care.

Thriving Communities

Thriving communities are critical for the health, resilience, and fundamental future of our business. This ambition will be realised through the creation of connection and opportunity for our people, the communities we touch and critically, in active, co-developed partnerships with the First Nations Communities that we are connected with.

Our Commitments

Meeting the needs of a changing world.

We have set five priority commitments in climate action, regenerating nature and animal health and welfare as a first step in bringing our strategy to life.

These priority commitments along with our extended commitments signal a broader program to come for tackling the material issues for our business and our ambition for sustainability at AACo.

1. LANDSCAPE CARBON

Carbon sequestration in the landscape presents one of our most significant opportunities to contribute to the solution for global warming, participate in carbon markets as an alternate revenue stream, increase our productivity, and improve our resilience to drought and climate change.

2. NATURAL CAPITAL

We are stewards of vast tracts of land in the northern Australian landscape. Enhancing natural capital makes sense commercially as well as being a key opportunity to play our part in addressing the global biodiversity decline.

3. METHANE EMISSIONS

We recognise our responsibility to mitigate our climate impact and to produce food in a way that benefits future generations. Methane emissions represent a significant component of our current operational footprint – addressing them is a key component of our Climate Action. We have been focussed on reducing our emissions intensity for several years and are now working towards tackling our methane emissions head on.

4. FIVE DOMAINS AHW CERTIFICATION

Certification opens markets and provides a framework to drive improvement in performance. There is a gap in certification for Animal Health and Welfare in northern Australian rangelands.

5. THE WYLARAH INSTITUTE

Developing and nurturing agricultural innovation is vital to the long-term sustainability of our industry. Faced with multiple challenges including drought, climate variability, biosecurity, global competition and consumer preferences our industry needs new practices that can be implemented at speed and scale more than ever.

Financial Report

CONTENTS

32
Directors' Report

42
Remuneration Report (Audited)

58
Lead Auditor's Independence Declaration

60
Consolidated Financial Statements

105
Directors' Declaration

106
Independent Auditor's Report

111
ASX Additional Information

113
Company Information

Directors' Report

Your Directors submit their report for the year ended 31 March 2022.

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 an Independent Director of Australian Agricultural Company Limited on 19 May 2010 and subsequently Chairman on 24 August 2010.

Mr McGauchie is also the current Chairman of the Australian Wool Testing Authority.

His previous roles with public companies include Chairman of Telstra Corporation Limited, Chairman of NuFarm, Deputy Chairman of James Hardie and Director of GrainCorp, Deputy Chairman of Ridley Corporation Limited, Director of National Foods Limited, Chairman of Woolstock, Chairman of the Victorian Rural Finance Corporation, President of the National Farmers Federation from 1994 to 1998 and Director of Reserve Bank of Australia from 2000 to 2011.

In 2001, Mr McGauchie was named Rabobank Agribusiness Leader of the year and awarded the Centenary Medal for services to Australian society through agriculture and business.

In 2004 Mr McGauchie was appointed an Officer of the Order of Australia for services to the wool and grain industries.

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 that included managing Westpac Banking Corporation's North American business throughout the global financial crisis, and serving 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 alumnus of the Harvard Business School, and a Member of the Australian Institute of Company Directors. Raised on pastoral properties in northern NSW and south-west Queensland, Mr Killen has a lifelong association with agriculture 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 Non-Executive Director of Noumi Limited, a former Non-Executive Director of Palla Pharma Limited, NetComm Wireless Limited, Coffey International Limited, and 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 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 – resigned April 2022; and
- Noumi Limited* – appointed March 2021.

* Denotes current Directorship.

Directors cont.

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 Ph.D.

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.

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 fund's 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, which seeks 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.

Directors' Report cont.

Directors cont.

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 that 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.

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 not served as a Director of any other listed company.

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 an Associate of the Governance Institute of Australia.

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	–	–
H. Killen	452,042	–	86,845
S. Black	40,000	–	–
T. Keene	75,000	–	–
Dr. S Dissanayake	2,025,000	–	–
A. Abraham	30,000	–	–
N. Reisman	45,000	–	–
J. Rudd	32,258	–	–
M. Blazer	–	–	–

Dividends and earnings per share

EARNINGS PER SHARE	31 MAR 2022 CENTS	31 MAR 2021 CENTS
Basic earnings per share	22.94	7.62
Diluted earnings per share	22.92	7.62

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

Directors' Report cont.

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.

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, 2 owned feedlots, 2 owned farms and 1 leased farm, 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 some of 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 MAR 2022 $000	31 MAR 2021 $000	MOVEMENTS $000
Meat sales	208,529	199,974	8,555
Cattle sales	67,538	65,548	1,990
Operating Profit	49,886	24,360	25,526
Statutory EBITDA	228,611	99,326	129,285
Statutory EBIT	208,770	80,322	128,448
Net profit after tax	136,930	45,474	91,456
Net cash inflow from operating activities	24,248	18,423	5,825

Statutory EBITDA was a profit of $228.6 million in FY22 ($99.3 million profit in FY21), while Operating Profit was $49.9 million ($24.4 million profit in FY21). Operating Profit 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.

Operating and financial review cont.

Key Financial Indicators Used by Management cont.

SALES AND MARKETING

In FY22, Wagyu beef revenues improved despite lower volumes sold, driven by significant average sales $/kg increases on FY21, consistent with the Company's branded beef strategy and market conditions.

In line with the historical low herd levels seen in the Australian national cattle herd, AACo experienced lower than usual 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 volumes processed in the FY22 financial year.

	31 MAR 2022	31 MAR 2021
Wagyu beef revenue – $ mil	203.8	196.9
Wagyu beef kgs sold – mil kg CW(1)	10.9	12.7
Wagyu beef sold – $/kg CW	$18.74	$15.50
Cattle revenue – $ mil	67.5	65.5
Cattle sales – mil kg LW(1)	17.3	19.4

(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 increased 28.1% on the previous corresponding period, resulting from higher calving rates in the current year due to improved seasonal conditions and herd growth on the prior year.

Cost of production is a measure of the operating costs to produce a kilogram of live weight of cattle throughout the breeding, backgrounding and feedlot operations of the Company during the period. This calculation is the sum of all annual production costs incurred at each of the Company's productive properties, divided by the number of total live weight kilograms produced. Higher kilograms produced have had a favourable impact on cost of production, with the company realising a 5.7% reduction on the previous corresponding period, due to a disciplined focus on costs across the business, and improved seasonal conditions.

	31 MAR 2022	31 MAR 2021
Kilograms produced – mil Kg LW	53.3	41.6
Cost of production – $/kg LW	$2.82	$2.99

Operating Review

During FY22, the Company continued to execute its branded beef strategy. Strategic management of market and channel optimisation, as well as market price increases, resulted in a 3.5% increase in Wagyu beef sales revenue despite a 14.2% decrease in carton weight kilograms sold. The strength of our brand premium continued to grow, with an extra $3.24/kg added to the average meat selling price, up 20.9% on the prior comparative period notwithstanding continued challenges of COVID-19 on global food service and distribution channels.

Operational expenditures have normalised, with business activities more heavily restricted during the prior year due to COVID-19. Investments continue to be made in line with the Company's strategy, improving brand performance whilst maintaining a disciplined focus on expenditures across the entire business.

Directors' Report cont.

Operating and financial review cont.

Operating Review cont.

LIVESTOCK MOVEMENTS

Livestock carrying values have improved from the prior year due to market price improvements on both Non-Wagyu and Wagyu livestock, and overall headcount increases.

The herd headcount has improved due to increased brandings following investment in the supply chain as required and the company's internal breeding program, recovering from the impact of droughts and floods in previous years. The Company continues to benefit from its integrated supply chain, with a predominantly self-sustaining herd.

Market values of Non-Wagyu and Wagyu animals have improved significantly over the past year, leading to a $129.6 million market value improvement of cattle held at the FY22 year-end.

PROPERTY

Property values continue to see growth, and during FY22 the Company recorded a net $254.5 million increase in the fair value of the Company's Pastoral Property and Improvements, bringing the value of this portfolio to $1.2 billion as at 31 March 2022. This significant increase is a reflection of management practices and investment in these properties, as well as substantial 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.

Statutory Financial Results

The FY22 results include a Statutory EBITDA profit of $228.6 million, driven by improvements in both average cattle and meat sales prices on lower volumes, and a $129.6 million positive market value increase in the value of the herd.

In summary:

- Total sales revenue of $276.1 million, compared with $265.5 million in FY21, with a lower volume of cattle sold and meat produced more than offset by higher average prices achieved in both revenue streams;
- Statutory EBITDA profit of $228.6 million, compared with a Statutory EBITDA profit of $99.3 million for FY21;
- Operating Profit of $49.9 million, compared with an Operating Profit of $24.4 million in FY21;
- Positive net operating cash flows of $24.2 million, compared with $18.4 million in FY21;
- Cost of production $/kg Live Weight decreased by 5.7% in FY22, which is due to higher kilograms produced, a disciplined focus on costs held across the business, as well as improved seasonal conditions;
- Average Wagyu meat sales price per kilogram has increased by 20.9% in FY22;
- Net tangible assets per share was $2.27 as at 31 March 2022, compared to $1.75 as at 31 March 2021, driven by increases in the market value of Pastoral Property and Improvements and livestock; and
- The Company maintains a robust balance sheet, with comfortable headroom under existing bank covenants.

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 $2.27 as at 31 March 2022, compared to $1.75 as at 31 March 2021.

Operating and financial review cont.

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 continue to optimise our supply chains, implement a differentiated branding strategy, and invest 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 31 March 2022 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 2022.
- 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 Act 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.

Directors' Report cont.

Environmental regulation and performance cont.

- 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 2022.

Share options

Unissued Shares

As at the date of this report, there were 541,753 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 523,796 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.

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	6
Previous ASX CEO Experience	2
Operations	
Environment, Health and Safety	8
Work Health and Safety Committee Experience	6
Sustainability	5
Agribusiness	6
Farmer or Producer	3
Innovation	8
Information Technology	5
Sectoral Experience	
Livestock	5
Beef Manufacturing	3
Sales	6
Branding and Marketing	7
Finance, Capital Management and Risk	
Formal Accounting and Finance Qualifications (CPA or CA)	4
Capital Restructuring	7
Audit Committee Experience	7
Legal	6
People	
People and Culture	9
Remuneration Committee Experience	5
Geographic Experience	
International Markets	8
Asian Markets	7
USA Markets	7

Remuneration Report (Audited)

This remuneration report for the year ended 31 March 2022 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; and
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.

1. Individual Key Management Personnel cont.

(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.

(iii) Executives

B. Bennett	Company Secretary/General Counsel	Appointed 20 November 2006
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

A. Speer	Chief Operating Officer – Pastoral	Resigned 31 May 2021

R. Scott resigned from AACo and concluded her employment on 29th April 2022.

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%); and
- The actual DEA awarded to an executive is generally set at 50% of the amount of any STI actually paid to the executive.

Remuneration Report (Audited) cont.

2. Executive Remuneration Framework (Overview) cont.

Remuneration strategy and policy cont.

CEO AND KEY MANAGEMENT PERSONNEL (KMP) CONT.

The following table illustrates the structure of the Company's executive remuneration arrangements for the year ended 31 March 2022:

	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	57	29	14	–	100
Key Management	57	29	14	–	100

(1) 50% of cash bonus paid.

2. Executive Remuneration Framework (Overview) cont.

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)

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.

The fixed component of the executives' and MD/CEO's base remuneration is detailed in the tables on pages 50 and 54.

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.

Remuneration Report (Audited) cont.

2. Executive Remuneration Framework (Overview) cont.

Short-term incentives cont.

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 Efficiency, People and Safety.
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 16 Sep 2021 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 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.

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.

2. Executive Remuneration Framework (Overview) cont.

Long-term incentives cont.

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.
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.

Remuneration Report (Audited) cont.

2. Executive Remuneration Framework (Overview) cont.

Long-term incentives cont.

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 ended 30 September 2017)
Second Grant Round	$1 billion	$1.5 billion	Within 9 quarters of the LTI Plan Implementation Date (i.e. performance period ended 30 June 2019)
Third Grant Round	$1.5 billion	$2 billion	Within 16 quarters of the LTI Plan Implementation Date (i.e. performance period ended 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.

	CEO DESCRIPTION	SENIOR EXECUTIVE DESCRIPTION
Total fixed remuneration	$600,000 including superannuation (subject to annual review by Board)	Range between $356,100 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

3. Executive Contractual Arrangements cont.

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

Remuneration Report (Audited) cont.

4. Remuneration of Key Management Personnel – Other KMP

EXECUTIVES	SHORT-TERM			POST-EMPLOYMENT	LONG-TERM BENEFIT	TERMINATION	SHARE-BASED PAYMENT		
	Salary & Fees $	Other Payments $	Non-Monetary Benefits $	Superannuation $	Long Service Leave(1) $	Benefits $	Short-Term Incentive (DEA)(2) $	Performance Rights (LTI)(3) $	Total $
Current Other KMP									
B. Bennett									
31/03/2022	358,811	178,068	–	23,100	6,387	–	21,403	8,208	595,977
31/03/2021	338,862	158,895	–	21,521	9,469	–	672	51,599	581,018
N. Simonsz									
31/03/2022	601,158	275,000	4,200	23,100	–	–	33,337	–	936,795
31/03/2021	580,280	247,500	4,200	21,521	–	–	–	–	853,501
A. O'Brien									
31/03/2022	674,075	254,088	9,491	–	–	–	31,528	–	969,182
31/03/2021	665,276	247,182	–	–	–	–	–	–	912,458
D. Harris									
31/03/2022	449,664	235,500	–	23,100	–	–	22,730	–	730,994
31/03/2021	365,828	168,750	–	21,521	–	–	–	–	556,099
R. Scott									
31/03/2022	467,496	–	–	23,100	–	–	20,370	–	510,966
31/03/2021	347,472	151,230	–	16,271	–	–	–	–	514,973
Former KMP									
A. Speer									
31/03/2022	80,929	–	2,487	7,231	–	–	–	–	90,647
31/03/2021	489,283	25,000(4)	12,435	21,521	–	–	–	–	548,239
Total Remuneration: Other KMP									
31/03/2022	2,632,133	942,656	16,178	99,631	6,387	–	129,368	8,208	3,834,561
31/03/2021	2,787,001	998,557	16,635	102,355	9,469	–	672	51,599	3,966,288

(1) Long service leave balances are only accrued from 5 years' service onwards.
(2) The STI expense in the current year relates to the DEA granted in 2022, based on FY21 performance.
(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 FY21 relate to anniversary payments.

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	2022	2021	2020	2019	2018
Profit/(loss) for the year attributable to owners ($000)	136,930	45,474	31,317	(148,396)	(102,559)
Basic earnings/(loss) per share (cents)	22.85	7.62	5.25	(24.9)	(17.4)
Dividend payments ($000)	–	–	–	–	–
Dividend payout ratio (%)	–	–	–	–	–
Increase/(decrease) in share price (%)	36%	5%	10%	(14%)	(31%)
Operating cash flow ($000)	24,248	18,423	20,120	12,990	(39,864)

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 50 and 54).

	FIXED REMUNERATION		AT RISK – STI – CASH		AT RISK – STI – DEA(1)		AT RISK – LTI	
	2022	2021	2022	2021	2022	2021	2022	2021
Directors								
H. Killen	66%	73%	25%	22%	8%	0%	1%	5%
Executives								
B. Bennett	65%	64%	30%	27%	4%	0%	1%	9%
N. Simonsz	67%	71%	29%	29%	4%	0%	0%	0%
A. O'Brien	71%	73%	26%	27%	3%	0%	0%	0%
D. Harris	65%	70%	32%	30%	3%	0%	0%	0%
R. Scott	96%	71%	0%	29%	4%	0%	0%	0%
Former Executives								
A. Speer	100%	95%	0%	5%	0%	0%	0%	0%

(1) Based on the share-based payment expense incurred by the Company in relation to a prior year award.

Performance based remuneration granted during the year

The Board have exercised their discretion to 98% of the target STI bonus and DEA entitlement in relation to FY22 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 2022 amounts to $1,212,657 (31 March 2021: $1,183,722). 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 2022 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 FY22 performance and will be expensed over the 3-year vesting period commencing on grant date. No expense has been recorded for the FY22 performance year DEA in the 31 March 2022 results.

The STI cash bonus for the MD/CEO and any other executives in respect of performance during the year to 31 March 2021 was $1,183,722. The DEA was awarded based on FY21 performance and will be expensed over the 3-year vesting period commencing from grant date of 16 September 2021. The expense recorded for the FY21 performance year DEA in the 31 March 2022 results for the MD/CEO and any other executive is $176,592.

Remuneration Report (Audited) cont.

5. Link between Remuneration and Performance cont.

Performance based remuneration granted during the year cont.

As outlined above, for each STI cash bonus and grant of rights to deferred shares (refer to tables on pages 55 to 56), 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	90%	10%
Executives			
B. Bennett	264,750	100%	0%
N. Simonsz	412,500	100%	0%
A. O'Brien	382,500	100%	0%
D. Harris	323,723	100%	0%
R. Scott	343,926	0%(2)	100%(2)

(1) The DEA is awarded based on FY22 performance, and will be granted in FY23 and expensed over the subsequent 3-year vesting period.

(2) R. Scott resigned her employment with AACo effective 29 April 2022 and therefore has forfeited any STI entitlement.

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 KMPs 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.

6. Board Oversight of Remuneration cont.

Voting and comments made at the company's 29 July 2021 Annual General Meeting ('AGM')

The Company received 83.82% of 'for' votes in relation to its remuneration report for the year-ended 31 March 2021.

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. NEDs 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.

NEDs 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 2022 and 31 March 2021 is detailed in the table on page 54.

Payment of amounts equivalent to superannuation for US based Directors

US based Directors of the Company 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.

Use of Remuneration Consultants

During the year ended 31 March 2022 the following external parties provided assistance to the Company covering remuneration matters:

(a) Crichton & Associates, invitations and participant guide for the 2022 DEA; and

(b) Korn Ferry, external benchmarking of executive remuneration.

Assistance from external parties covering remuneration was limited to the above matters.

In the year ended 31 March 2022, remuneration consultants were engaged for remuneration matters for the value of $40,848 (31 March 2021: $nil).

Remuneration Report (Audited) cont.

7. Non-Executive Director (NED) Remuneration Arrangements cont.

Use of Remuneration Consultants cont.

DIRECTORS			SHORT-TERM	POST-EMPLOYMENT	LONG-TERM BENEFIT	TERMINATION		SHARE-BASED PAYMENT	
	Salary & Fees $	Other Payments[1] $	Non-Monetary Benefits $	Superannuation $	Long Service Leave[2] $	Benefits $	Short-Term Incentive (DEA) $	Performance Rights (LTI)[3] $	Total $
Non-Executive Directors									
D. McGauchie									
31/03/2022	250,000	–	–	24,688	N/A	–	N/A	N/A	274,688
31/03/2021	237,397	–	–	22,553	N/A	–	N/A	N/A	259,950
S. Black									
31/03/2022	125,000	–	–	12,344	N/A	–	N/A	N/A	137,344
31/03/2021	118,699	–	–	11,276	N/A	–	N/A	N/A	129,975
A. Abraham									
31/03/2022	115,000	–	–	11,357	N/A	–	N/A	N/A	126,357
31/03/2021	109,203	–	–	10,374	N/A	–	N/A	N/A	119,577
T. Keene									
31/03/2022	125,000	–	–	12,344	N/A	–	N/A	N/A	137,344
31/03/2021	118,699	–	–	11,276	N/A	–	N/A	N/A	129,975
Dr S. Dissanayake									
31/03/2022	100,164	–	–	–	N/A	–	N/A	N/A	100,164
31/03/2021	94,959	–	–	–	N/A	–	N/A	N/A	94,959
N. Reisman									
31/03/2022	115,189	11,375[4]	–	–	N/A	–	N/A	N/A	126,564
31/03/2021	109,203	10,374	–	–	N/A	–	N/A	N/A	119,577
J. Rudd									
31/03/2022	130,000	–	–	12,838	N/A	–	N/A	N/A	142,838
31/03/2021	123,447	–	–	11,727	N/A	–	N/A	N/A	135,174
M. Blazer									
31/03/2022	125,000	12,344[5]	–	–	N/A	–	N/A	N/A	137,344
31/03/2021	118,699	19,215	–	–	N/A	–	N/A	N/A	137,914
Executive Directors									
H. Killen									
31/03/2022	674,648	270,000	15,245	23,100	–	–	86,845	8,208	1,078,046
31/03/2021	647,829	210,164	19,445	19,494	–	–	–	51,599	948,531
Total Remuneration: Directors									
31/03/2022	1,760,001	293,719	15,245	96,671	–	–	86,845	8,208	2,260,689
31/03/2021	1,678,135	239,753	19,445	86,700	–	–	–	51,599	2,075,632

(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.
(5) M. Blazer received an amount in lieu of post-employment benefits.

8. Equity Instruments Disclosures

Nil performance rights under the LTI plan and 541,753 DEA performance rights were granted during the twelve months to 31 March 2022 (31 March 2021: nil performance rights under the LTI plan and nil DEA performance rights).

338,240 shares were distributed to key management personnel during the year-ended 31 March 2022, as a result of exercising vested performance rights granted during 2018 (31 March 2021: 178,833).

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 2022, 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 BEGIN-NING OF PERIOD	GRANTED AS REMUN-ERATION	EXECISED DURING THE YEAR	NET CHANGE OTHER	BALANCE AT END OF PERIOD	NOT VESTED AND NOT EXERC-ISABLE	VESTED AND EXERC-ISABLE	VALUE YET TO VEST $
			Number	Number	Number	Number	Number	Number	Number	$
Executives										
H. Killen	2023(1)	DEA	–	–	–	–	–	–	–	135,000
	2022(2)	DEA	–	86,845	–	–	–	86,845	–	125,925
	2018	LTIP	169,120	–	(169,120)	–	–	–	–	–
B. Bennett	2023(1)	DEA	–	–	–	–	–	–	–	89,034
	2022(2)	DEA	–	65,659	–	–	–	65,659	–	95,206
	2018	LTIP	169,120	–	(169,120)	–	–	–	–	–
N. Simonsz	2023(1)	DEA	–	–	–	–	–	–	–	137,500
	2022(2)	DEA	–	102,273	–	–	–	102,273	–	148,296
A. O'Brien	2023(1)	DEA	–	–	–	–	–	–	–	127,044
	2022	DEA	–	96,723	–	–	–	96,723	–	140,248
D. Harris	2023(1)	DEA	–	–	–	–	–	–	–	117,750
	2022(2)	DEA	–	69,731	–	–	–	69,731	–	101,110
R. Scott	2022(3)	DEA	–	62,492	–	–	–	62,492	–	90,613
Former Executives										
A. Speer	–		–	–	–	–	–	–	–	–

(1) Performance rights 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 2023 DEA is awarded based on FY22 performance and will be expensed over the 3-year vesting period commencing once grant dated has occurred.

The maximum value for the 2023 DEA is 50% of the short-term incentive cash bonus earned for the same performance period, with the number of rights to be granted subject to the share price on grant date. The minimum value of performance rights yet to vest is nil, as the rights will be forfeited if the vesting conditions are not met.

(2) The 2022 DEA was granted during FY22 based on FY21 performance. The value is based on the Company's share price at the grant date.

(3) R. Scott resigned her employment with AACo effective 29 April 2022, forfeiting the 2022 DEA performance rights on the date of her resignation, as well as any entitlements to the 2023 DEA grant round.

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

Remuneration Report (Audited) cont.

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.

2022	BALANCE AT BEGINNING OF PERIOD	GRANTED AS REMUNERATION	EXERCISE OF OPTIONS/ RIGHTS	NET CHANGE OTHER	BALANCE AT END OF PERIOD
	Number	Number	Number	Number	Number
Directors					
D. McGauchie	1,120,774	–	–	–	1,120,774
H. Killen	282,922	–	169,120	–	452,042
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	–	–	–	32,258	32,258
M. Blazer	–	–	–	–	–
Executives					
B. Bennett	285,687	–	167,120	–	452,807
N. Simonsz	–	–	–	–	–
A. O'Brien	50,000	–	–	–	50,000
D. Harris	–	–	–	–	–
R. Scott	–	–	–	–	–
Former Executives					
A. Speer	–	–	–	–	–
Total	**3,954,383**	**–**	**336,240**	**32,258**	**4,322,881**

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 2022 (31 March 2021: 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 2022 (31 March 2021: nil).

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	9	9	9	9*	6	6	1	1	3	2
H. Killen¥	9	9	9	9*	6	6*	1	1*	3	3*
T. Keene	9	9	9	8*	6	6	1	1	3	3*
S. Black	9	9	9	9	6	6*	1	1	3	3*
Dr S. Dissanayake	9	7	9	2*	6	1*	1	1	3	0*
A. Abraham	9	9	9	9	6	6*	1	1	3	3*
N. Reisman	9	8	9	8	6	5*	1	1	3	3*
J. Rudd	9	9	9	5*	6	6	1	1	3	2
M. Blazer	9	9	9	8*	6	5*	1	1	3	3

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.

Lead Auditor's Independence Declaration

We have obtained the following independence declaration from our auditors 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 2022 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

KPMG

Scott Guse
Partner

Brisbane
19 May 2022

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:

	31 MAR 2022 $	31 MAR 2021 $
Review of draft sustainability report	21,500	–
Other non-audit services	20,400	–
	41,900	–

Signed in accordance with a resolution of the Directors

Donald McGauchie
Chairman

Brisbane
19 May 2022

Hugh Killen
Managing Director

Brisbane
19 May 2022

Consolidated Financial Statements

CONTENTS

61
Consolidated Income Statement

62
Consolidated Statement of Comprehensive Income

63
Consolidated Statement of Financial Position

64
Consolidated Statement of Changes in Equity

65
Consolidated Statement of Cash Flows

67
Notes to the Consolidated Financial Statements

105
Directors' Declaration

106
Independent Auditor's Report

111
ASX Additional Information

113
Company Information

Consolidated Income Statement

For the year ended 31 March 2022

	NOTE	31 MAR 2022 $000	31 MAR 2021 $000
Meat sales		208,529	199,974
Cattle sales		67,538	65,548
		276,067	265,522
Cattle fair value adjustments	A3	385,912	218,037
		661,979	**483,559**
Cost of meat sold		(168,148)	(150,045)
Cost of live cattle sold		(65,769)	(63,257)
Cattle and feedlot expenses		(84,805)	(76,674)
Gross margin	A2	**343,257**	**193,583**
Other income	F4	5,454	9,700
Employee expenses	F4	(49,558)	(46,660)
Administration and selling costs		(40,827)	(33,483)
Other operating costs		(25,271)	(21,101)
Property costs		(4,444)	(2,713)
Loss on equity investments		–	(385)
Depreciation and amortisation		(19,841)	(18,619)
Profit before finance costs and income tax		**208,770**	**80,322**
Finance costs	F4	(14,041)	(14,275)
Profit before income tax		**194,729**	**66,047**
Income tax expense	F3	(57,799)	(20,573)
Net profit after tax		**136,930**	**45,474**

PROFIT PER SHARE ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE PARENT		CENTS	CENTS
Basic profit per share	C5	22.94	7.62
Diluted profit per share	C5	22.92	7.62

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 2022

	31 MAR 2022 $000	31 MAR 2021 $000
Profit for the year	136,930	45,474
Other Comprehensive Income		
Items not to be reclassified subsequently to profit or loss:		
Movement in property revaluations, net of tax	177,014	76,095
Revaluation of intangible assets, net of tax	663	–
Items to be reclassified subsequently to profit or loss:		
Changes in the fair value of cash flow hedges, net of tax	3,281	8,845
Other comprehensive income for the year, net of tax	**180,958**	**84,940**
Total comprehensive profit for the year, net of tax	**317,888**	**130,414**

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 2022

	NOTE	AS AT 31 MAR 2022 $000	AS AT 31 MAR 2021 $000
Current Assets			
Cash	B1	9,269	8,875
Trade and other receivables	B4	7,548	7,202
Inventories and consumables	B3	22,204	26,543
Livestock	A3	334,047	202,730
Other assets		12,140	4,084
Total Current Assets		**385,208**	**249,434**
Non-Current Assets			
Livestock	A3	402,143	334,641
Property, plant and equipment	A4	1,239,061	975,916
Intangible assets		6,290	2,896
Right-of-use assets	F2	21,873	21,612
Investments	F6	238	288
Other receivables		78	777
Total Non-Current Assets		**1,669,683**	**1,336,130**
Total Assets		**2,054,891**	**1,585,564**
Current Liabilities			
Trade and other payables	B5	27,610	16,457
Provisions		3,997	3,562
Interest-bearing liabilities	C1	4,631	1,856
Lease liabilities	F2	5,239	4,171
Derivatives	C2	2,301	5,362
Total Current Liabilities		**43,778**	**31,408**
Non-Current Liabilities			
Provisions		1,623	2,881
Interest-bearing liabilities	C1	375,946	367,173
Lease liabilities	F2	16,565	18,035
Derivatives	C2	–	2,675
Deferred tax liabilities	F3	254,409	118,767
Total Non-Current Liabilities		**648,543**	**509,531**
Total Liabilities		**692,321**	**540,939**
Net Assets		**1,362,570**	**1,044,625**
Equity			
Contributed equity	C3	528,822	528,822
Reserves	F5	739,862	558,847
Retained earnings/(losses)		93,886	(43,044)
Total Equity		**1,362,570**	**1,044,625**

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 2022

	CONTRIBUTED EQUITY (NOTE C3) $000	RESERVES (NOTE F5) $000	RETAINED EARNINGS/ (LOSSES) $000	TOTAL EQUITY $000
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:				
Revaluation of foreign currency operations	–	674	–	674
Cost of share-based payments	–	148	–	148
At 31 March 2021	**528,822**	**558,847**	**(43,044)**	**1,044,625**
At 1 April 2021	**528,822**	**558,847**	**(43,044)**	**1,044,625**
Profit for the year	–	–	136,930	136,930
Other comprehensive income	–	180,958	–	180,958
Total comprehensive income for the year	**–**	**180,958**	**136,930**	**317,888**
Transactions with owners in their capacity as owners:				
Revaluation of foreign currency operations	–	(142)	–	(142)
Cost of share-based payments	–	199	–	199
At 31 March 2022	**528,822**	**739,862**	**93,886**	**1,362,570**

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

Consolidated Statement of Cash Flows

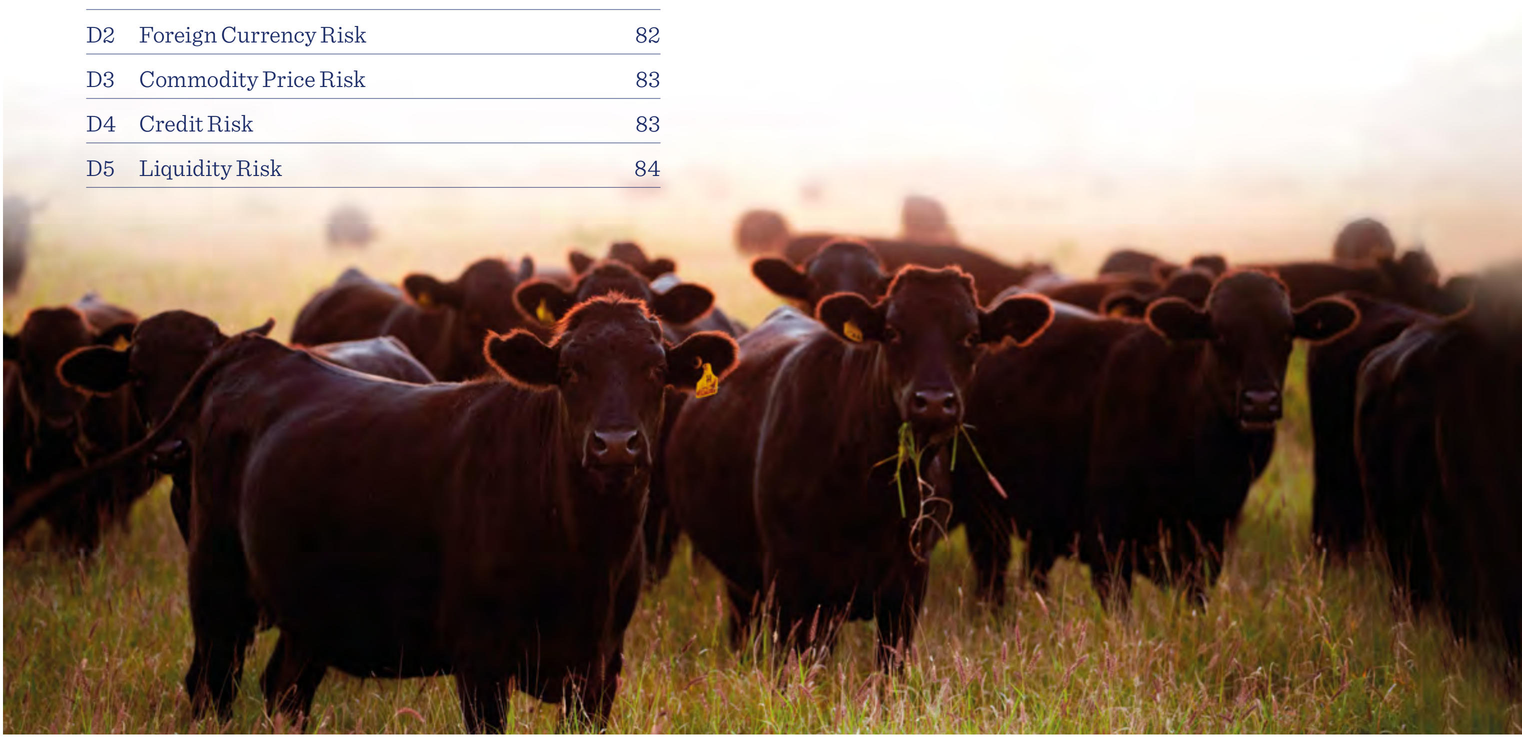
For the year ended 31 March 2022

	NOTE	31 MAR 2022 $000	31 MAR 2021 $000
Cash Flows from Operating Activities			
Receipts from customers		297,327	285,899
Payments to suppliers, employees, and others		(257,825)	(253,591)
Interest received		71	10
Net operating cash inflow before interest and finance costs		39,573	32,318
Payment of interest and finance costs		(15,325)	(13,895)
Net cash inflow/(outflow) from operating activities	B2	**24,248**	**18,423**
Cash Flows from Investing Activities			
Payments for property, plant and equipment and other assets		(15,178)	(9,421)
Proceeds from sale of property, plant, and equipment		1,566	415
Investments in associates		–	2,653
Net cash inflow/(outflow) from investing activities		**(13,612)**	**(6,353)**
Cash Flows from Financing Activities			
Proceeds from interest-bearing liabilities, net of transaction costs		35,000	15,000
Repayment of interest-bearing liabilities, net of transaction costs		(40,024)	(31,139)
Principal repayments of leases		(5,218)	(5,181)
Net cash inflow/(outflow) from financing activities		**(10,242)**	**(21,320)**
Net increase/(decrease) in cash		**394**	**(9,250)**
Cash at the beginning of the year		8,875	18,125
Cash at the end of the year	B1	**9,269**	**8,875**

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

Notes to the Consolidated Financial Statements
Contents

A	**Financial Performance**	**67**
A1	Significant Matters	67
A2	Gross Margin	67
A3	Livestock	68
A4	Property	71
A5	Segment Information	74
B	**Working Capital**	**75**
B1	Net Working Capital	75
B2	Cash	76
B3	Inventory and Consumables	76
B4	Trade and Other Receivables	76
B5	Trade and Other Payables	77
C	**Funding and Capital Management**	**78**
C1	Interest-bearing Liabilities	78
C2	Derivatives	78
C3	Equity	79
C4	Capital Management	80
C5	Earnings Per Share	80
C6	Dividends	81
D	**Financial Risk Management**	**81**
D1	Interest Rate Risk	81
D2	Foreign Currency Risk	82
D3	Commodity Price Risk	83
D4	Credit Risk	83
D5	Liquidity Risk	84
E	**Unrecognised Items**	**85**
E1	Commitments	85
E2	Contingencies	85
F	**Other**	**85**
F1	Property, Plant and Equipment at Cost	85
F2	Right-of-use Assets and Lease Liabilities	86
F3	Tax	88
F4	Other Earnings Disclosures	89
F5	Reserves	89
F6	Investments	90
F7	Related Parties	90
F8	Share-based Payments	91
F9	Controlled Entities	94
F10	Parent Entity	97
F11	Auditor's Remuneration	97
F12	Significant Events After Balance Date	97
G	**Policy Disclosures**	**98**
G1	Corporate Information	98
G2	Basis of Preparation	98
G3	Accounting Policies	99



Notes to the Consolidated Financial Statements

For the twelve months to 31 March 2022

A Financial Performance

A1 Significant Matters

PROPERTY REVALUATION

The Company recorded a net $254.5 million increase in the value of the Company's pastoral property and improvements, following a Directors' assessment of fair value at 31 March 2022. In assessing fair value, the Directors utilised information provided by an independent valuation performed by LAWD Pty Ltd. The revaluation reflects value increases resulting from management practices and active investment in these properties, as well as substantial market increases seen in comparable property sales.

See note A4 for further details.

HERD NUMBERS

The closing herd headcount is 12.4% higher than the prior year, with approximately 382k head on hand at 31 March 2022. This increase is a result of the Company's internal breeding program, and rebuilding of the herd following prior year drought and flood impacts.

HERD VALUATION

Improvements in Wagyu and Non-Wagyu liveweight market prices since 31 March 2021 have resulted in an unrealised gain in the fair value of the herd of $129.6 million.

LIVINGSTONE BEEF CGU

At 31 March 2022, consideration was given to internal and external factors that may impact the recoverable value of the Livingstone 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.

A2 Gross Margin

Gross 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 2022 $000	31 MAR 2021 $000
Meat Sales			
Sales		208,529	199,974
Cost of meat sold(1)		(168,148)	(150,045)
Meat sales gross margin		40,381	49,929
Cattle Sales			
Sales		67,538	65,548
Cost of cattle sold(2)		(65,769)	(63,257)
Cattle sales gross margin		1,769	2,291
Cattle Production			
Fair value adjustments	A3	385,912	218,037
Cattle expenses		(45,723)	(32,489)
Feedlot expenses		(39,082)	(44,185)
Cattle production gross margin		301,107	141,363
Total Gross Margin		**343,257**	**193,583**

(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.

Notes to the Consolidated Financial Statements cont.

A Financial Performance cont.

A3 Livestock

CATTLE AT FAIR VALUE	31 MAR 2022 $000	31 MAR 2022 HEAD	31 MAR 2021 $000	31 MAR 2021 HEAD
Current	334,047	117,636	202,730	87,814
Non-Current	402,143	264,374	334,641	252,032
Total livestock	**736,190**	**382,010**	**537,371**	**339,846**

LIVESTOCK MOVEMENT	31 MAR 2022 $000	31 MAR 2021 $000
Opening carrying amount	537,371	472,969
Changes in fair value	385,912	218,037
Purchases of livestock	25,991	33,239
External sale of livestock less selling expenses	(65,769)	(63,257)
Transfers for meat sales	(147,315)	(123,617)
Closing carrying amount	**736,190**	**537,371**

CATTLE FAIR VALUE ADJUSTMENTS	31 MAR 2022 $000	31 MAR 2021 $000
Market value movements(1)	129,647	91,401
Biological transformation(2)	151,570	86,860
Natural increase	117,669	65,690
Attrition	(12,653)	(25,611)
Other	(321)	(303)
Total cattle fair value adjustments	**385,912**	**218,037**

(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.

A Financial Performance cont.

A3 Livestock cont.

ACCOUNTING POLICIES – LIVESTOCK CONT.

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; and
- 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 are classified as Current and Non-Current. Current livestock are trading cattle and feedlot cattle with less than a year remaining in the feedlot at the end of the financial year, as these animals are due to be sold or processed within the next 12 months. Non-Current livestock are the commercial and stud breeding herd, calves and feedlot cattle with over a year remaining in the feedlot at end of financial year.

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).

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 2022 $000	31 MAR 2022 HEAD	31 MAR 2021 $000	31 MAR 2021 HEAD
Level 1	None	–	–	–	–
Level 2	Commercial & stud breeding herd	350,418	194,987	295,122	188,822
Level 2	Trading cattle	194,702	87,394	92,489	56,649
Level 2	Unbranded calves	48,566	68,537	37,831	62,636
Level 3	Feedlot cattle	142,504	31,092	111,929	31,739
		736,190	**382,010**	**537,371**	**339,846**
Average value per head			$1,927		$1,581

Notes to the Consolidated Financial Statements cont.

A Financial Performance cont.

A3 Livestock cont.

LIVESTOCK FAIR VALUE CONT.

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.

UNBRANDED CALVES	31 MAR 2022 $000	31 MAR 2022 HEAD	31 MAR 2021 $000	31 MAR 2021 HEAD
Calf accrual opening	37,831	62,636	18,474	42,721
Movement(1)	10,735	5,901	19,357	19,915
Calf accrual closing	**48,566**	**68,537**	**37,831**	**62,636**
Average value per head		$709		$604

(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.

A Financial Performance cont.

A3 Livestock cont.

LIVESTOCK FAIR VALUE CONT.

FEEDLOT CATTLE	31 MAR 2022 $000	31 MAR 2022 HEAD	31 MAR 2021 $000	31 MAR 2021 HEAD
Opening values	111,928	31,739	111,433	35,161
Inductions	143,795	36,134	73,288	36,760
Sales	(144,211)	(36,613)	(124,473)	(39,963)
Attrition and rations	(664)	(168)	(693)	(219)
Fair value adjustments recognised	31,656	–	52,374	–
Closing values	**142,504**	**31,092**	**111,929**	**31,739**
Average value per head		$4,583		$3,527

A4 Property

PROPERTY PLANT AND EQUIPMENT	NOTE	31 MAR 2022 $000	31 MAR 2021 $000
Pastoral property and improvements at fair value		1,170,300	915,800
Industrial property and improvements at cost	F1	33,401	32,950
Plant and equipment at cost	F1	31,758	25,684
Capital work in progress	F1	3,602	1,482
Total property, plant and equipment		**1,239,061**	**975,916**

PASTORAL PROPERTY AND IMPROVEMENTS AT FAIR VALUE

31 MAR 2022	TOTAL $000
Opening balance	915,800
Additions	7,455
Disposals	(49)
Net revaluation increment/(decrement) recognised in asset revaluation reserve (Note F5)	252,877
Depreciation	(5,783)
Closing balance	**1,170,300**

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**

Notes to the Consolidated Financial Statements cont.

A Financial Performance cont.

A4 Property cont.

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.

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 2022 $000	31 MAR 2021 $000	VALUATION TECHNIQUE	SIGNIFICANT UNOBSERVABLE INPUTS	31 MAR 2022 RANGE/ (AVERAGE)	31 MAR 2021 RANGE/ (AVERAGE)
1,009,200	790,100	Direct Comparison (Productive Unit Approach)	Number of adult equivalents	5,350 – 89,200 25,568	5,350 – 89,200 25,568
			Dollar per adult equivalents	$1,200 – $10,252 $2,818	$1,050 – $5,500 $2,099
			Number of properties	18	18
73,400	53,700	Direct Comparison (Hectare Rate Approach)	Dollar per hectare	$2,251 $2,251	$1,578 $1,578
			Number of properties	1	1
87,700	72,000	Direct Comparison (Hectare Rate and Standard Cattle Unit Approach)	Dollar per hectare	$5,125 – $7,528 $6,326	$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

A Financial Performance cont.

A4 Property cont.

FAIR VALUE CONT.

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 2022.

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 FY22 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.

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 an 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.

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.

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 2022 $000	31 MAR 2021 $000
Deemed cost	368,148	360,296
Accumulated depreciation	(74,570)	(68,787)
Net carrying amount	**293,578**	**291,509**

Notes to the Consolidated Financial Statements cont.

A Financial Performance cont.

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 views 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.

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.

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 2022 and 31 March 2021. Segment assets and liabilities are not reported to the MD/CEO and therefore segment assets and liabilities are not separately disclosed.

	31 MAR 2022 $000	31 MAR 2021 $000
Segment revenue	276,067	265,522
Inter-segment revenue	–	–
Revenue from external customers	276,067	265,522
Operating Profit/(Loss)	**49,886**	**24,360**
Unrealised mark-to-market of herd	129,647	64,396
Cost versus Fair Value: Kgs sold or produced	46,189	14,630
Other income/expenses	2,889	(4,060)
Statutory EBITDA profit/(loss)	**228,611**	**99,326**
Depreciation and amortisation	(19,841)	(18,619)
Loss on equity investments	–	(385)
Statutory EBIT profit/(loss)	**208,770**	**80,322**
Net finance costs	(14,041)	(14,275)
Income tax expense	(57,799)	(20,573)
Net profit after tax	**136,930**	**45,474**

A Financial Performance cont.

A5 Segment Information cont.

REVENUES FROM EXTERNAL CUSTOMERS

MEAT SALES REVENUES	31 MAR 2022 $000	31 MAR 2021 $000
South Korea	57,734	68,842
USA	40,740	23,805
Australia	23,718	26,183
China	21,397	22,635
Canada	13,621	14,060
Other countries	51,319	44,449
Total meat sales revenue per Income Statement	**208,529**	**199,974**

Meat sales revenues of $85.2 million were derived from two of the Company's major external customers (31 March 2021: $62.7 million from one of the Company's major external customers). No other customers contributed to more than 10% of the Company's revenue.

CATTLE SALES REVENUES	31 MAR 2022 $000	31 MAR 2021 $000
Australia	67,538	65,548
Total cattle sales revenue per Income Statement	**67,538**	**65,548**

B Working Capital

B1 Net Working Capital

	NOTE	31 MAR 2022 $000	31 MAR 2021 $000
Cash		9,269	8,875
Inventory and consumables	B3	22,204	26,543
Trade and other receivables	B4	7,548	7,202
Trade and other payables	B5	(27,610)	(16,457)
Net working capital		**11,411**	**26,163**

Notes to the Consolidated Financial Statements cont.

B Working Capital cont.

B2 Cash

RECONCILIATION OF NET PROFIT/(LOSS) AFTER TAX TO NET CASH FLOWS FROM OPERATIONS	31 MAR 2022 $000	31 MAR 2021 $000
Net profit/(loss) after income tax	136,930	45,474
Adjustments for:		
Depreciation and amortisation	19,841	18,619
(Increment)/decrement in fair value of livestock	(198,819)	(64,402)
Income tax expense reported in equity	(76,778)	(33,676)
Derivative movement reported in equity	4,998	9,909
Other non-cash adjustments	1,203	77
Changes in assets and liabilities:		
(Increase)/decrease in inventories	4,339	28
(Increase)/decrease in trade and other receivables	354	2,872
(Increase)/decrease in prepayments and other assets	(8,984)	1,009
(Decrease)/increase in deferred tax liabilities	135,642	54,249
(Decrease)/increase in trade and other payables	11,153	(5,901)
(Decrease)/increase in derivatives	(4,808)	(10,426)
(Decrease)/increase in provisions	(823)	591
Net cash inflow from operating activities	**24,248**	**18,423**

B3 Inventory and Consumables

	31 MAR 2022 $000	31 MAR 2021 $000
Meat inventory	9,285	8,164
Feedlot commodities	5,677	10,303
Bulk stores	5,687	6,699
Other inventory	1,555	1,377
	22,204	**26,543**

B4 Trade and Other Receivables

	31 MAR 2022 $000	31 MAR 2021 $000
Trade receivables	5,193	5,693
Provision for impairment of receivables	(109)	(185)
	5,084	5,508
Other receivables	2,464	1,694
	7,548	**7,202**

B Working Capital cont.

B4 Trade and Other Receivables cont.

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 2022 $000	31 MAR 2021 $000
Current or past due under 30 days	5,066	5,572
Past due 31-60 days	96	15
Past due 61+ days	31	106
Total trade receivables	**5,193**	**5,693**

PROVISION FOR IMPAIRMENT OF RECEIVABLES AGING	31 MAR 2022 $000	31 MAR 2021 $000
Current or past due under 30 days	(79)	(89)
Past due 31-60 days	(12)	(1)
Past due 61+ days	(18)	(95)
Total provision for impairment of receivables	**(109)**	**(185)**

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.

B5 Trade and Other Payables

	31 MAR 2022 $000	31 MAR 2021 $000
Trade payables	21,443	8,800
Other payables	4,834	7,174
Deferred revenue	1,333	483
	27,610	**16,457**

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.

Notes to the Consolidated Financial Statements cont.

C Funding and Capital Management

C1 Interest-bearing Liabilities

	31 MAR 2022 $000	31 MAR 2021 $000
Current		
Other interest-bearing liabilities	4,631	1,856
Non-Current		
Secured bank loan facility	367,249	364,448
Other interest-bearing liabilities	8,697	2,725
	375,946	**367,173**

Other interest-bearing liabilities are lease over vehicles, plant and equipment. These liabilities are discounted using the interest rate implicit in the financing arrangements. The average rate is 2.60%.

SECURED BANK LOAN FACILITY

AACo have secured the refinance of its existing Club Debt Facilities, extending expiry until 8 October 2026. Total committed facility capacity increased from $550 million to $600 million. The interest on these facilities is charged at the applicable BBSY rate + Margin. The facility is currently drawn down by $368.8 million (31 March 2021: $365 million) and is offset in the Statement of Financial Position by a prepaid facility participation fee of $1.6 million (31 March 2021: $0.6 million).

The Facility A limit increased from $390 million to $410 million, repayable on 8 October 2026. The Facility B limit increased from $160 million to $190 million repayable on 8 April 2023, with a rolling 18 month tenor.

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). The following financing facilities are available:

	31 MAR 2022 $000	31 MAR 2021 $000
Borrowing Capacity under Facility A and Facility B	600,000	550,000
Guarantee Facility Capacity	3,000	3,000
Facility A and B Drawn-down	(368,834)	(365,000)
Bank guarantee utilised	(1,454)	(1,454)
Unused	**232,712**	**186,546**

C2 Derivatives

	31 MAR 2022 $000	31 MAR 2021 $000
Current Assets		
Foreign currency contracts	1,269	2,196
Current Liabilities		
Interest rate swap contracts	2,301	5,351
Foreign currency contracts	–	11
	2,301	**5,362**
Non-Current Liabilities		
Interest rate swap contracts	–	2,675
Foreign currency contracts	–	–
	–	**2,675**

C Funding and Capital Management cont.

C2 Derivatives cont.

FOREIGN CURRENCY CONTRACT

SELL FX/BUY AUD	NOTIONAL AMOUNTS (AUD) 31 MAR 2022 $000	NOTIONAL AMOUNTS (AUD) 31 MAR 2021 $000	AVERAGE EXCHANGE RATE 31 MAR 2022	AVERAGE EXCHANGE RATE 31 MAR 2021
Sell USD Maturity 0-12 months	32,580	37,799	0.7213	0.7143

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 2022 was AUD $32.6 million (31 March 2021: AUD $37.8 million).

The net fair value gain on foreign currency derivatives during the twelve months to 31 March 2022 was $1,269,300 with $1,254,600 effective and $14,700 ineffective (12 months to 31 March 2021: $2,185,000 with $1,981,600 effective and $203,400 ineffective).

INTEREST RATE SWAP CONTRACTS

The Company has entered into interest rate swaps which are economic hedges. Interest rate swaps are entered in order to manage the mix of borrowings between fixed and floating rates as per our Treasury Policy. The fair value of interest rate swaps at the reporting date is determined by discounting the future cash flows using the forward interest rate curves at reporting date. The $235 million of swaps (swap floating rate debt for fixed) have been designated as effective and therefore satisfy the accounting standard requirements for hedge accounting. The swaps expire on 8 September 2022.

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

	31 MAR 2022 $000	31 MAR 2021 $000
0-1 years	235,000	–
1-5 years	–	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 2022 the related loss recognised in profit or loss was $5.4 million (twelve months to 31 March 2021: $5.1 million). There was no hedge ineffectiveness in the current or prior year.

C3 Equity

	31 MAR 2022 SHARES	31 MAR 2021 SHARES	31 MAR 2022 $000	31 MAR 2021 $000
Opening balance	596,618,515	596,361,472	528,822	528,822
Treasury shares issued on exercise of performance rights	514,085	257,043	–	–
Total contributed equity	**597,132,600**	**596,618,515**	**528,822**	**528,822**

Notes to the Consolidated Financial Statements cont.

C Funding and Capital Management cont.

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 2022 $000	31 MAR 2021 $000
Current debt		
Interest-bearing liabilities	4,631	1,856
Lease liabilities	5,239	4,171
Non-Current debt		
Interest-bearing liabilities	8,697	2,725
Lease liabilities	16,565	18,035
Bank loan facility(1)	368,834	365,000
Bank guarantees	1,454	1,454
Cash	(9,269)	(8,875)
Net debt	**396,151**	**384,366**
Net equity	**1,362,570**	**1,044,625**
Total capital employed	**1,758,721**	**1,428,991**
Gearing (net debt/net debt+equity)	**22.5%**	**26.9%**
Gearing (net debt/net debt+equity) pre-AASB 16 adoption	**21.6%**	**25.7%**

(1) The gearing ratio is calculated utilising the drawn-down balance of the bank loan facility. This is not offset for $1.6 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 2022 $000	31 MAR 2021 $000
Net profit/(loss) attributable to ordinary equity holders of the parent (basic)	136,930	45,474
Net profit/(loss) attributable to ordinary equity holders of the parent (diluted)	136,930	45,474

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

	31 MAR 2022 SHARES	31 MAR 2021 SHARES
Weighted average number of ordinary shares (basic)	596,942,459	596,519,923
Adjustments for calculation of diluted earnings per share:		
Weighted average options and rights	481,401	625,230
Weighted average number of ordinary shares (diluted) as at 31 March	**597,423,860**	**597,145,153**

C Funding and Capital Management cont.

C6 Dividends

No final or interim dividends were declared and/or paid during the twelve months to 31 March 2022 (twelve months to 31 March 2021: nil). There are no franking credits available for the subsequent financial years (31 March 2021: 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 the 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 2022 and 31 March 2021, 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. 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 2022 was $5.4 million (31 March 2021: $8.0 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 2022, after taking into account the effect of interest rate swaps, approximately 61.5% (31 March 2021: 64.4%) 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 2022 $000	31 MAR 2021 $000
Financial assets:		
Cash assets	9,269	8,875
Financial liabilities:		
Bank loan	(133,834)	(130,000)
Interest rate swaps	(2,301)	(8,026)
Net exposure	**(126,866)**	**(129,151)**

Notes to the Consolidated Financial Statements cont.

D Financial Risk Management cont.

D1 Interest Rate Risk cont.

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 2022		
+1% (100 basis points)	(1,338)	1,175
–1% (100 basis points)	1,338	(1,175)
31 MAR 2021		
+1% (100 basis points)	(1,300)	3,525
–1% (100 basis points)	1,300	(3,525)

(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 therefore 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 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 $1,269,300 movement in other comprehensive income and a $14,700 movement in profit and loss in the twelve months to 31 March 2022 (31 March 2021: $2,185,000 movement in other comprehensive income and a $203,400 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 2022, approximately 52% and 25% 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.

	31 MAR 2022 US $000	31 MAR 2021 US $000
Financial assets		
Derivatives	1,269	2,196
Trade receivables	504	1,552
Financial liabilities		
Derivatives	–	(11)
Net exposure	**1,773**	**3,737**

D Financial Risk Management cont.

D2 Foreign Currency Risk cont.

At 31 March 2022, 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 2022		
AUD/USD +10%	33	2,814
AUD/USD –10%	(40)	(3,439)
31 MAR 2021		
AUD/USD +10%	301	2,936
AUD/USD –10%	(368)	(3,589)

D3 Commodity Price Risk

We have transactional commodity price risk 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.

Price risks are managed, where possible, through forward sales of boxed beef for a period of up to 6 months. Forward sales contracts for boxed beef are classified as non-derivative and are not required to be fair valued. Revenues derived from these forward sales are recognised in accordance with the Company's revenue recognition policy for meat sales disclosed at note G3 (o).

We mitigate the price risk for the Company through internal production, on-site storage and entering into forward purchase contracts for grain and roughage commodities. As at 31 March 2022, stock on hand was approximately 18% (31 March 2021: 33%) of our expected grain and roughage usage for the coming 12 months. We had forward purchased approximately 65% (31 March 2021: 63%) of our expected grain and roughage purchases for the coming 12 months. These forward purchases include expected Internal Supply. Without the Internal Supply, we had forward purchased approximately 34% (31 March 2021: 21%) of our expected grain and 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.

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.

Notes to the Consolidated Financial Statements cont.

D Financial Risk Management cont.

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 2022, 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 2022. 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.

31 MAR 2022	LESS THAN 6 MONTHS $000	6-12 MONTHS $000	1-2 YEARS $000	2-5 YEARS $000	MORE THAN 5 YEARS $000	TOTAL $000	CARRYING AMOUNT $000
Financial assets							
Cash	9,269	–	–	–	–	9,269	9,269
Trade and other receivables	7,548	–	–	–	–	7,548	7,548
Derivatives	–	–	–	–	–	–	–
Financial liabilities							
Trade and other payables	(27,610)	–	–	–	–	(27,610)	(27,610)
Lease liabilities	(3,084)	(2,846)	(4,677)	(7,656)	(6,010)	(24,273)	(21,804)
Interest-bearing liabilities	(5,026)	(5,128)	(9,299)	(390,390)	–	(409,843)	(380,577)
Derivatives	(2,627)	–	–	–	–	(2,627)	(2,301)
Net maturity	**(21,530)**	**(7,974)**	**(13,976)**	**(398,046)**	**(6,010)**	**(447,536)**	**(415,475)**

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)	(7,177)	(8,050)	(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)**	**(18,407)**	**(8,050)**	**(426,324)**	**(399,652)**

E Unrecognised Items

E1 Commitments

We have entered into forward purchase contracts for $13.7 million worth of grain commodities as at 31 March 2022 (31 March 2021: $7.8 million). There are no forward purchase contracts for cattle as at 31 March 2022 (31 March 2021: $12.0 million). The contracts are expected to be settled within 12 months from the balance date.

Capital expenditure of $2.1 million has been contracted in respect of property, plant and equipment as at 31 March 2022 (31 March 2021: $0.7 million).

During the period, the Company entered into a separate Comanche Aggregation Lease agreement for 10 years of the Comanche and Homehill properties, which will commence on 1 May 2022 with an expected present value of net cash flows of $18.4 million.

E2 Contingencies

At 31 March 2022, 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.

F Other

F1 Property, Plant and Equipment at Cost

31 MAR 2022	INDUSTRIAL PROPERTY AND IMPROVEMENT $000	PLANT AND EQUIPMENT $000	CAPITAL WORK IN PROGRESS $000	TOTAL $000
Opening balance	**32,950**	**25,684**	**1,482**	**60,116**
Additions and transfers	860	13,800	2,120	16,780
Disposals	–	(495)	–	(495)
Depreciation	(409)	(7,231)	–	(7,640)
Closing balance	**33,401**	**31,758**	**3,602**	**68,761**
Cost	81,234	178,757	3,602	263,593
Accumulated depreciation and impairment	**(47,833)**	**(146,999)**	**–**	**(194,832)**

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)**

Notes to the Consolidated Financial Statements cont.

F Other cont.

F1 Property, Plant and Equipment at Cost cont.

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 FY22 operations continue to be suspended at Livingstone Beef. Management have not noted any indicators of impairment as at 31 March 2022.

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 2022 $000	31 MAR 2021 $000
Right-of-use assets		
Non-Current	21,873	21,612
Lease liabilities		
Current	(5,239)	(4,171)
Non-Current	(16,565)	(18,035)
	(21,804)	**(22,206)**

When measuring lease liabilities for property, the Company discounts payments using the incremental borrowing rate as at the commencement date of the lease. The average rate applied is 3.60%.

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	31 MAR 2022 $000
Opening balance	21,612
Depreciation charge for the year	(5,961)
Recognition of right-of-use asset additions	6,574
Derecognition of terminated lease	(352)
	21,873

F Other cont.

F2 Right-of-use Assets and Lease Liabilities cont.

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 terminate a lease agreement and the right-of-use asset relating to this lease was therefore derecognised. The Company chose to renew the lease of Comet Downs and sublease of Collie Blue, resulting in the recognition of additional right-of-use assets.

AMOUNTS RECOGNISED IN THE INCOME STATEMENT RELATING TO LEASES	31 MAR 2022 $000
Interest on lease liabilities	1,210
Expenses relating to short-term and low-value leases	559

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 $0.6 million.

AMOUNTS RECOGNISED IN THE STATEMENT OF CASH FLOWS RELATING TO LEASES	31 MAR 2022 $000	31 MAR 2021 $000
Payment of interest and finance costs	(983)	(924)
Principal repayments of leases	(5,218)	(5,181)
Total cash outflow relating to leases	**(6,201)**	**(6,105)**

Refer to note D5 for contractual cashflows and maturity analysis.

Notes to the Consolidated Financial Statements cont.

F Other cont.

F3 Tax

THE MAJOR COMPONENTS OF TAX ARE:	31 MAR 2022 $000	31 MAR 2021 $000
Income statement		
Current income tax		
Current income tax charge/(benefit)	–	–
Deferred income tax		
Relating to origination and reversal of temporary differences	57,851	20,573
Under/(over) provision in prior years	(52)	–
Research and development claims from prior years	–	–
Income tax expense/(benefit) in the income statement	**57,799**	**20,573**
Statement of changes in equity		
Deferred income tax		
Net gain/(loss) on cash flow hedges	915	(217)
Net gain on revaluation of land and buildings	75,863	32,612
Income tax expense reported in equity	**76,778**	**32,395**
Tax reconciliation		
Accounting profit/(loss) before tax	194,729	66,047
At the statutory income tax rate of 30%	58,419	19,814
Other items (net)	(620)	759
Income tax expense/(benefit) in the income statement	**57,799**	**20,573**
Deferred income tax in the balance sheet relates to:		
Deferred tax liabilities		
Adjustments to land, buildings and improvements	(198,875)	(123,028)
Revaluations of trading stock for tax purposes	(92,679)	(32,577)
Other	(2,064)	(2,499)
Offsetting deferred tax asset	39,209	39,337
Total net deferred tax liability	**(254,409)**	**(118,767)**
Deferred tax assets		
Accruals and other	88	84
Capitalised expenses accelerated for book purposes	22	33
Interest rate swaps	690	1,605
Leave entitlements and other provisions	2,837	3,332
Franking deficit tax	1,012	1,012
Research and development offsets	4,610	4,610
Carried forward losses	29,450	28,395
Deferred income	400	145
Individually insignificant balances	100	121
Total deferred tax asset (offset against deferred tax liability)	**39,209**	**39,337**
Deferred income tax in the income statement relates to:		
Revaluations of trading stock for tax purposes	59,586	24,518
Accruals and other	(4)	204
Capitalised expenses accelerated for book purposes	14	32
Other	(1,797)	(4,181)
Total deferred tax expense/(benefit)	**57,799**	**20,573**

F Other cont.

F4 Other Earnings Disclosures

	31 MAR 2022 $000	31 MAR 2021 $000
Other income[1]	5,454	9,700
Total other income	**5,454**	**9,700**
Interest expense	13,223	13,776
Other finance costs	818	499
Total finance costs	**14,041**	**14,275**
Remuneration and on-costs	42,645	40,578
Superannuation and post-employment benefits	3,336	2,921
Other employment benefits	3,377	3,013
Share-based payments expense	200	148
Total employee expenses	**49,558**	**46,660**
Other earnings information:		
Lease payments – short-term and low value leases	559	1,175
Commodity and foreign currency expense/(benefit)	(552)	1,825

(1) Other income includes disposals of fixed assets ($1.1 million) and the recognition of 74,313 Australian Carbon Credit Units (ACCUs) generated during the year ($2.3 million).

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 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**
At 1 April 2021	**470,880**	**84,762**	**(3,637)**	**(98)**	**6,940**	**558,847**
Revaluation of land and buildings	252,877	–	–	–	–	252,877
Tax effect on revaluation of land and buildings	(75,863)	–	–	–	–	(75,863)
Revaluation of carbon credits, net of tax	663	–	–	–	–	663
Net movement in cash flow hedges, net of tax	–	–	3,281	–	–	3,281
Revaluation of foreign currency operations	–	–	–	(142)	–	(142)
Share-based payment	–	–	–	–	199	199
At 31 March 2022	**648,557**	**84,762**	**(356)**	**(240)**	**7,139**	**739,862**

Notes to the Consolidated Financial Statements cont.

F Other cont.

F5 Reserves cont.

The asset revaluation reserve is used to record increments and decrements in the fair value of property and improvements and the fair value of Australian Carbon Credit Units (ACCUs) recognised as intangible assets, 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 2022 $000	31 MAR 2021 $000
Equity accounted investments in individually not material associates	–	50
Other investments with associates	238	238
	238	**288**

F7 Related Parties

COMPENSATION FOR KEY MANAGEMENT PERSONNEL	31 MAR 2022 $000	31 MAR 2021 $000
Short-term employee benefits	5,660	5,859
Post-employment benefits	196	207
Share-based payment	233	104
Termination benefits	–	363
Long-term benefits	6	9
Total compensation	**6,095**	**6,542**

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 2022 $000	31 MAR 2021 $000
Purchase of goods or services from associates – Pyxle (Private) Limited	–	(125)(1)
Other transactions with individually not material associates	–	(3)
	–	**(128)**

F Other cont.

F7 Related Parties cont.

TRANSACTIONS WITH OTHER RELATED PARTIES CONT.

TRANSACTIONS WITH INDIVIDUALLY NOT MATERIAL ASSOCIATES FOR THE YEAR ENDED 31 MARCH	31 MAR 2022 $000	31 MAR 2021 $000
Sales of goods or services to associates	–	–
Purchase of goods or services from other associates	–	(52)(1)
Dividends received from associates	–	–
Other transactions with associates	788(2)	49
	788	(3)

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

(2) During the year ended 31 March 2022, a loan receivable was repaid in full by an associate, inclusive of accrued interest.

F8 Share-based Payments

The share-based payment plans are described below. During 2022, expenses arising from equity settled share-based payment transactions were $200,000 (31 March 2021: $148,000).

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 2021 and 2022.

PERFORMANCE RIGHTS PLAN (PRP)

The Company's Performance Rights Plan (PRP) 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 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 was anticipated that performance rights under the LTI Plan would 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.

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:

F Other cont.

F8 Share-based Payments cont.

PERFORMANCE RIGHTS PLAN (PRP) CONT.

LONG-TERM INCENTIVES CONT.

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.
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.

F Other cont.

F8 Share-based Payments cont.

PERFORMANCE RIGHTS PLAN (PRP) CONT.

LONG-TERM INCENTIVES CONT.

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 ended 30 September 2017)
SECOND GRANT ROUND	$1 billion	$1.5 billion	Within 9 quarters of the LTI Plan Implementation Date (i.e. performance period ended 30 June 2019)
THIRD GRANT ROUND	$1.5 billion	$2 billion	Within 16 quarters of the LTI Plan Implementation Date (i.e. performance period ended 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.

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 2022.

31 MAR 2022	EOP NO.	EOP WAEP $	PRP NO.
Outstanding at the beginning of the period	–	–	523,795
Granted during the period	–	–	541,753
Forfeited during the period	–	–	–
Exercised during the period	–	–	(523,795)
Outstanding at the end of the period	–	–	541,753
Exercisable at the end of the period	–	–	–
Weighted average remaining contractual life (days)	–	–	721
Weighted average fair value at grant date	–	–	1.450
Range of exercise prices ($)	–	–	–

Notes to the Consolidated Financial Statements cont.

F Other cont.

F8 Share-based Payments cont.

EQUITY SETTLED AWARDS OUTSTANDING CONT.

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 ($)	–	–	–

F9 Controlled Entities

The consolidated financial statements include the following controlled entities:

NAME OF ENTITY	NOTES	COUNTRY OF INCORPORATION	31 MAR 2022 % OF SHARES HELD	31 MAR 2021 % OF SHARES HELD
Parent Entity				
Australian Agricultural Company Limited	(a)	Australia		
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).

F Other cont.

F9 Controlled Entities cont.

(b) Financial information for class order Closed Group:

	31 MAR 2022 $000	31 MAR 2021 $000
Current Assets		
Cash	8,907	8,087
Trade and other receivables	7,548	7,201
Inventories and consumables	22,204	26,543
Livestock	334,047	202,730
Other assets	12,140	4,084
Total Current Assets	**384,846**	**248,645**
Non-Current Assets		
Livestock	402,143	334,641
Property, plant and equipment	1,239,004	975,916
Intangible assets	6,290	2,895
Right-of-use assets	21,873	21,612
Investments	238	283
Intercompany Receivable	9,022	13,030
Total Non-Current Assets	**1,678,570**	**1,348,377**
Total Assets	**2,063,416**	**1,597,022**
Current Liabilities		
Trade and other payables	26,893	14,684
Provisions	3,998	3,562
Interest Bearing Liabilities	4,631	1,856
Lease liabilities	5,239	4,171
Derivatives	2,301	5,362
Total Current Liabilities	**43,062**	**29,635**
Non-Current Liabilities		
Provisions	1,623	2,881
Interest Bearing Liabilities	375,946	367,173
Lease liabilities	16,565	18,035
Derivatives	–	2,675
Deferred tax liabilities	254,409	118,767
Total Non-Current Liabilities	**648,543**	**509,531**
Total Liabilities	**691,605**	**539,166**
Net Assets	**1,371,811**	**1,057,856**
Equity:		
Contributed equity	528,822	528,822
Reserves	740,102	558,940
Retained earnings/(losses)	102,887	(29,906)
Total Equity	**1,371,811**	**1,057,856**

Notes to the Consolidated Financial Statements cont.

F Other cont.

F9 Controlled Entities cont.

INCOME STATEMENT OF THE CLOSED GROUP	31 MAR 2022 $000	31 MAR 2021 $000
Meat sales	208,529	199,974
Cattle sales	67,538	65,548
	276,067	265,522
Cattle fair value adjustments	385,912	218,037
	661,979	483,559
Cost of meat sold	(168,148)	(150,045)
Deemed cost of cattle sold	(65,769)	(63,257)
Cattle and feedlot expenses	(84,805)	(76,674)
Gross margin	**343,257**	**193,583**
Other income	5,454	9,697
Employee expenses	(46,998)	(45,449)
Administration and selling costs	(43,675)	(32,913)
Other operating costs	(25,252)	(21,039)
Property costs	(3,911)	(2,638)
Depreciation and amortisation	(19,841)	(18,619)
Profit/(Loss) before finance costs and income tax expense	**209,034**	**82,622**
Net finance costs	(14,033)	(14,270)
Profit/(Loss) before income tax	**195,001**	**68,352**
Income tax benefit	(57,777)	(20,573)
Net Profit/(Loss) after tax	**137,224**	**47,779**

F Other cont.

F10 Parent Entity

	31 MAR 2022 $000	31 MAR 2021 $000
Current assets	7,194	4,167
Non-Current assets	523,463	661,395
Total Assets	**530,657**	**665,562**
Current liabilities	2,301	8,038
Non-Current liabilities	375,946	364,448
Total Liabilities	**378,247**	**372,486**
Net Assets	**152,410**	**293,076**
Contributed equity	538,822	538,822
Reserves	48,496	27,376
Accumulated losses	(434,908)	(273,122)
Total Equity	**152,410**	**293,076**
Profit/(Loss) of the parent entity	**(161,786)**	**(74,779)**
Total comprehensive profit/(loss) of the parent entity	**(176,343)**	**(66,074)**

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. In accordance with the deed of cross guarantee, each Company which is party to the deed guarantee, to each creditor, payment in full of any debt. No deficiency of net assets existed for the Company as at 31 March 2022. 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 which are accounted for at cost in the financial statements of Australian Agricultural Company Limited.

F11 Auditor's Remuneration

	31 MAR 2022 $	31 MAR 2021 $
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	378,500	365,000
Review of draft sustainability report	21,500	–
Other non-audit services	20,400	–
Total	**420,400**	**365,000**

F12 Significant Events After Balance Date

There have been no other significant events after the 31 March 2022 balance date which require disclosure in the financial report.

Notes to the Consolidated Financial Statements cont.

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 2022 were authorised for issue in accordance with a resolution of the Directors on 19 May 2022.

We recommend the financial statements be considered together with any public announcements made by the Company during the year ended 31 March 2022 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), Australian Carbon Credit Units (ACCUs) included in intangibles, and 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.

G Policy Disclosures cont.

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 2022.

(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 livestock, refer to note A3;
- Fair value determination of pastoral property and improvements, refer to note A4; and
- 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.

(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.

Notes to the Consolidated Financial Statements cont.

G Policy Disclosures cont.

G3 Accounting Policies cont.

(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.

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.

G Policy Disclosures cont.

G3 Accounting Policies cont.

(h) DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING CONT.

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:

(i) CASH FLOW HEDGES

AASB 9 *Financial Instruments* addresses classification, measurement, and derecognition of financial assets and financial liabilities, sets out rules for hedge accounting, and requires impairment models based on expected credit losses.

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.

(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.

Notes to the Consolidated Financial Statements cont.

G Policy Disclosures cont.

G3 Accounting Policies cont.

(i) PLANT AND EQUIPMENT CONT.

(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).

(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.

G Policy Disclosures cont.

G3 Accounting Policies cont.

(l) BORROWINGS CONT.

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 profit or loss 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 profit or loss. 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.

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.

Notes to the Consolidated Financial Statements cont.

G Policy Disclosures cont.

G3 Accounting Policies cont.

(p) INCOME TAX AND OTHER TAXES CONT.

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; and
- 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; and
- 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.

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; and
- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

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 2022 are in accordance with the *Corporations Act 2001*, including:

        i. Giving a true and fair view of its financial position as at 31 March 2022 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 2022.

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 AO
Chairman

Brisbane
19 May 2022

Independent Auditor's 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 2022 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 2022;
- 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 these requirements.

Independent Auditor's Report cont.

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 $736,190,000

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 35.8% 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 Auditor's Report cont.

KPMG

Valuation of pastoral property and improvements $1,170,300,000	
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 57.0% 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 a valuation specialist, 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 specialist, 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.

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 Auditor's Report cont.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Australian Agricultural Company Limited for the year ended 31 March 2022, 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 42 to 56 of the Directors' report for the year ended 31 March 2022.

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
19 May 2022

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 23 May 2022.

(a) Distribution of equity securities

Ordinary share capital

602,766,747 fully paid ordinary shares are held by 8,122 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	2,365
1,001 to 5,000	2,986
5,001 to 10,000	1,161
10,001 to 100,000	1,477
100,001 and Over	133
Total	**8,122**

Unquoted equity securities

As at 23 May 2022, there were 541,753 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	169,815,569	28.17%
BNP PARIBAS NOMINEES PTY LTD	163,496,935	27.13%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	72,045,380	11.94%
BELL POTTER NOMINEES LTD <BB NOMINEES A/C>	45,481,657	7.55%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	18,041,620	2.99%
ACCBELL NOMINEES PTY LTD	13,724,500	2.28%
MEDICH CAPITAL PTY LTD <ROY MEDICH INVESTMENT A/C>	11,253,416	1.87%
CUSTODIAL SERVICES LIMITED <BENEFICIARIES HOLDING A/C>	5,789,920	0.96%
AACO NOMINEES PTY LIMITED <AACO LTIP A/C>	5,634,147	0.93%
QUALITY LIFE PTY LTD <THE NEILL FAMILY A/C>	3,175,000	0.53%
NATIONAL NOMINEES LIMITED	2,272,481	0.38%
NEASHAM HOLDINGS PTY LTD <THE NEASHAM A/C>	1,220,735	0.20%
MR BARRY MARTIN LAMBERT	1,177,660	0.20%
NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>	1,108,806	0.18%
TIGER INVESTMENT CORPORATION PTY LTD <KENNEDY SUPER FUND A/C>	965,000	0.16%
MRS JOY WILMA LILLIAN LAMBERT	921,702	0.15%
MCGAUCHIE SUPER PTY LTD <MCGAUCHIE S/F A/C>	771,416	0.13%
DICK SMITH INVESTMENTS PTY LTD	760,563	0.13%
CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	725,949	0.12%
NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	647,039	0.11%

ASX Additional Information cont.

(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
Tattarang Pty Ltd as the trustee of The Peepingee Trust and John Andrew Henry Forrest	47,596,569
Heytesbury Pty Ltd	42,552,426

(d) Marketable Shares

The number of security investors holding less than a marketable parcel of 242 securities ($2.070 on 23 May 2021) is 506 and they hold 18,771 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 28th July 2022.

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