



26th August, 2011

The Manager
Company Announcements
Australian Securities Exchange – ASX Limited
Exchange Centre
Level 6, 20 Bridge Street
Sydney NSW 2000

Via E-Lodgement

Dear Sir / Madam,

PrimeAg Australia Limited

Attached for the market's information is an announcement.

PRIMEAG AUSTRALIA PRELIMINARY FINAL RESULT FOR THE PERIOD TO 30 JUNE 2011.

Samantha Macansh

Company Secretary



2010-11 Financial Results

PrimeAg announces \$10.1 million net profit before tax

- **Net Profit Before Tax \$10.1 million, consistent with previous guidance; Net Profit After Tax \$7.0 million**
- **Maiden dividend of 1c per share declared (on post-rights issue share numbers)**
- **\$125 million capital successfully raised for investment - with co-investor the Future Fund - in unlisted PrimeAg Agricultural Fund, allowing property evaluations to commence**
- **Outlook for FY2102 positive – with the best water availability since formation and sound commodity prices**

PrimeAg Australia Ltd (ASX:PAG) today announced an increase in net profit before tax to \$10.1 million for the 2011 financial year, within previous guidance. Net profit after tax was \$7.0 million.

Directors have declared a maiden dividend of 1c per share, to be paid on the expanded post-rights issue share holding of the company.

PrimeAg chairman Roger Corbett said the successful \$125 million capital raising completed this month to establish the PrimeAg Agricultural Fund marked an exciting strategic shift in PrimeAg's operations.

"This creates an opportunity to invest further in the sector at a time when there are a number of large cropping aggregations available for purchase," Mr Corbett said.

"The Board maintains its confidence that attractive returns, both profit and capital growth, can be earned by farming prime agricultural land and water entitlements at scale across a dispersed geography, managed by a highly competent team applying leading-edge technology.

"Earnings in FY2011 were much better than in the previous year, when there was a net loss before tax of \$8.2 million, including a \$3.5 million impairment charge to some property values. Most of these land values have now rebounded and, overall, the capital growth of PrimeAg's asset portfolio – both land and water entitlements – has been encouraging.

"Nevertheless, earnings remain disappointing, albeit caused by factors largely beyond the company's control – either too little water or, as in the 2011 financial year, too much water.

"The Board has spent the past two years assessing ways both to boost returns and reduce earnings volatility. We believe the PrimeAg Agricultural Fund will be a mechanism to do this.



“PrimeAg will invest in and manage the PrimeAg Agricultural Fund, which is planned to grow over time to \$600 million. We are delighted that the Future Fund is our initial co-investor and we look forward to maintaining a close and constructive working relationship with the Future Fund.

Mr Corbett said the board was particularly encouraged by shareholder support for the recent capital raising, despite an uncertain capital market environment.

“We have already commenced the task of identifying and assessing suitable assets for the PrimeAg Agricultural Fund to acquire,” he said.

FY2011 Review

PrimeAg managing director and CEO Peter Corish said the 2011 results were heavily affected by the extensive Queensland floods in December and January.

“Direct infrastructure damage was estimated at \$2.4 million. The company’s insurers have so far committed to pay \$1.1 million, with additional recoveries, for which we believe we have strong claims, pending.

“Fortunately, PrimeAg’s farms on the border near Goondiwindi, and south to Moree and Gunnedah, outperformed expectations.

“To place this result in perspective, we estimate lost cotton production due to floods and subsequent above average rainfall in March and April at Emerald, Condamine (where 100% of the crop was lost) and the Darling Downs, relative to our post-planting forecast in November, exceeded 25,000 bales.

“This is equivalent to at least \$9 million in pre-tax profit terms. This estimate ignores additional losses via weather-induced quality downgrades.

“The company’s balance sheet remains strong with no long-term debt. The company held \$10.6 million in cash at June 30, 2011.”

FY2012 Outlook

At this point in the season, the 2012 financial year outlook is for improved returns relative to FY2011.

“We have good irrigation water supplies, with an estimated 76,000 ml of irrigation water available, which is sufficient to plant a full area of summer crop on most farms,” Mr Corbett said.

“This is the best position the company has been in since its formation.

“Cotton will be the primary summer crop, with 7,000 irrigated hectares and 4,000 dryland hectares planned. 6,200 hectares of winter crop, principally wheat, is well established.

“Commodity prices are solid, even if cotton prices have retreated from the extreme levels reached briefly in early 2011.

“Taking into account uncertainty in financial markets, the current seasonal outlook from the Bureau of Meteorology and continued strength in commodity prices, the board is targeting a pre-tax profit in FY2012 from its existing assets of greater than \$20 million.



“In addition, the company’s investment in, and management of, the PrimeAg Agricultural Fund will generate revenue in FY2011, although the pattern and extent of that revenue will depend on investment timings yet to be established.

“It is difficult in this transition year to be definitive, except to emphasise that we will endeavour to acquire assets at attractive prices and to expand the Fund progressively, in conjunction with new investors, so that it reaches its maximum size of \$600 million within the foreseeable future.”

---end---

For all media enquiries, please contact

Matthew Horan

Phone: +61 (0)403 934 958