Consolidated Pastoral Company Pty Ltd

Half Year Statement June 2011

Overview

Following the publication in June 2011 of the Annual Report for the year ended 31 December 2010, CPC is pleased to provide an update on the performance of its business for the first six months of the 2011 financial year.

CPC sold close to 29,000 head of cattle in the first half of 2011. This represents a 40% increase on prior year volumes, with just over half of those cattle being exported live into South East Asia.

The group continues to grow its herd size, with over 363,000 head run on 5.8 million hectares of country across Western Australia, Northern Territory and Queensland, consolidating its position as Australia's second largest beef producer.

Key highlights

- Sales volumes and revenues increasing by almost 50% over the prior year.
- Brandings of new born calves increasing by 20% over the prior year.
- Avoiding material losses despite the tragic flooding that occurred in many areas of Queensland during late December 2010 and early January 2011, with three quarters of the state declared a disaster zone.
- Pastures benefiting from a record wet season in northern and central Australia, with the calendar year 2010 ranking as Australia's second wettest year on record, resulting in above average bodies of feed being available across the group's properties in 2011.
- The acquisition of 41,000 hectares of prime beef cattle finishing and backgrounding country in Southwest Queensland, comprising Gowan station which was acquired in April 2011, as well as Comely station which was completed in September 2011.

Market Outlook

Key market drivers for the first half of 2011 have been a strong Australian $; weaker demand from the key Japanese market; stronger competition from the United States producers; and above average seasonal conditions in eastern and northern Australia.

Domestic prices for heavier cattle categories steadily increased from the start of the year through to March 2011, before dropping and ending up below opening 2011 levels. Prices were impacted by a 4% appreciation in the value of the Australian $ against the United States $, as well as reduced demand from Japan following natural disasters in March this year. Domestic prices for younger cattle have performed better, and although they have also declined since the start of 2011, they still remain comparatively high compared to prior years. Despite these price reductions, domestic revenues have been strong due to increased sale and growth weights resulting from improved seasonal conditions.

Cattle prices have continued to improve during the second half of 2011 as a consequence of strong local and overseas demand, reduced available beef stocks, and supportive seasonal conditions.

Export volumes to the key market of Indonesia increased during the first five months of 2011, recovering from the weight and volume restrictions placed on the trade by the Indonesian Government in July 2010.

In June 2011, the Australian Government suspended the trade of live cattle between Australia and Indonesia until new animal welfare safeguards were established. In August 2011 limited volumes of live cattle exports from Australia to Indonesia recommenced. Since that time export volumes have continued to increase. The price for live cattle exports to Indonesia has been unstable as a result, dropping in August before returning to levels approaching prices received during the first half of 2011.

The outlook for Indonesia is volatile however the market is recovering rapidly.

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CPC has performed well during the first half of 2011, maximising returns from domestic markets due to favourable seasonal conditions and optimum timing of sales, whilst at the same time increasing export volumes prior to the downturn in the Indonesian market. The outlook for the upcoming wet season remains positive, boding well for the condition of the group's properties and cattle.

CPC remains well positioned to withstand on-going market volatility, and the acquisition of additional backgrounding and finishing property in Queensland has increased the group's ability to adapt to and capitalise on market shifts. With the support of our majority shareholder, we are well placed to take advantage of growth opportunities that arise from time to time.

30 September 2011