

Half Year Results

ended 31 March 2009



Table of Contents

Progress during 1H09	3
Financial Summary	3
Significant Items	4
Operational Summary	5
AWB Group and Business Streams Review	6
Commodity Management	7
Australian Commodity Management (ACM)	7
Grain Marketing	8
Pool Management Services & Harvest Finance	9
Logistics & Other Investments	10
International Commodity Management (ICM)	11
Landmark Rural Services	14
Landmark Financial Services	17
Finance Review	19
Statement of Cash Flows	20
Balance Sheet	21
Overheads/Other Expenses	23
Borrowing and Interest	24
Funding & Liquidity	25
AWB Group Risk Overview	32
Legal Issues	35

Progress during 1H09

- AWB Limited (AWB) finalised the reform of its constitution on 10th October 2008 when the A class shares were redeemed and the new constitution was adopted. At that time the A class directors resigned from the Board; however, 2 of the directors were invited back onto the Board on an interim basis until the Annual General Meeting on 10 February 2009 when they stood down. The new Board and management are completely aligned, with the Board fully engaged in determining the strategic future of the company and maximising shareholder value.
- In the first year of deregulation of the wheat export market AWB's two accredited subsidiaries, AWB Australia Limited and AWB Harvest Finance Limited have acquired over 25% of the 2008/09 wheat crop in the period to 31 March 2009. Wheat has been accumulated via pooling and cash origination mechanisms and is being marketed to a combination of domestic and international customers.
- During 1H09, AWB has made good progress on its target to reduce net corporate debt by \$200 million by 30 September 2009. Lower working capital balances in Landmark Rural Services and International Commodity Management have contributed to the \$155m reduction achieved by 31 March 2009.
- AWB has refinanced approximately \$1.8 billion of debt since 30 September 2008.
 - In May 2009, AWB refinanced the May tranche of Rural Loan CP Warehouse Trust (CP Trust) debt with the majority now maturing in May 2010.
 - Concurrently the Rural Warehouse Trust (RWT) was refinanced until May 2010.
 - The Rural Trade Receivables Trust, which has total limits of \$280 million and forms part of the net corporate debt, has been extended until October 2009.
 - Inventory Financing facilities for AWB Australia were refinanced in late 2008 to provide facilities for the 2008/09 season. These facilities have total limits of \$255 million with \$75 million due to mature in June 2009 and the remainder in December 2009.

Financial Summary

- Revenue increased 9% to \$3,495.3 million (vs. \$3,199.3 million in the prior comparative period (pcp)) principally due to increased activity in Grain Marketing
- Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) pre significant items decreased 32% to \$73.6 million (vs. \$108.2 million in the (pcp)).
- Interest charge increased slightly due to marginally higher average working capital balances during the period offsetting reduced interest rates.
- Profit Before Tax (PBT) and significant items decreased 53% to \$28.9 million (vs. \$62.1 million in the pcp).
- Tax expense before significant items and Minority Interest reduced by 58% to \$6.3 million (vs. \$14.9 million in the pcp) due to the reduction in PBT, relative make up of overseas income and non taxation of fully franked dividends of associates.
- Significant items post tax includes costs associated with legacy issues (\$5.6 million), unrealised mark to market on equity positions (\$6.2 million) and a fair value adjustment to the employee share plan (\$1.7 million).
- Net Profit After Tax (NPAT) and significant items was down 62% to \$8.5 million (vs. \$22.3 million in the pcp).
- Earnings per share were 2.4 cents, down 63% (vs. 6.4 cents in the pcp).
- The AWB Limited Board has decided that due to the significant reduction in NPAT and significant items, there will be no interim dividend paid. This decision enables the company to retain capital in the current environment. The company envisages paying a full year dividend, however will make a final decision at the end of the financial year (after 30th September 2009).

AWB Group Summary (\$m)	Half Year ended 31 March	
	2008	2009
Revenue	3,199.3	3,495.3
EBITDA	108.2	73.6
Depreciation and amortisation	(18.9)	(15.0)
Earnings before interest and tax (EBIT)	89.3	58.6
Interest	(27.2)	(29.7)
PBT	62.1	28.9
Tax	(14.9)	(6.3)
Outside equity interest	(0.3)	(0.6)
Significant items after tax	(24.6)	(13.5)
Net profit after tax and significant items (NPAT)	22.3	8.5
Earnings per share (cents)	6.4	2.4
Dividend per share (cents)	4.0	0.0

Significant Items

The following table outlines significant items and reconciliation of reported earnings to underlying earnings:

Calculation of reported earnings (\$m)	Half Year ended 31 March 2009			
	Profit before Tax		NPAT and Minority Interest	
	1H 2008	1H 2009	1H 2008	1H 2009
Earnings before significant items	62.1	28.9	46.9	22.0
Sale of CME shares and KCBT membership	6.6	-	4.6	-
Provision for Standard Chartered Bank litigation	(26.4)	-	(26.4)*	-
Costs associated with legacy issues	(6.5)	(8.0)	(4.6)	(5.6)
Unrealised mark to market on equity positions	2.5	(8.8)	1.8	(6.2)
Employee share plan loan fair value adjustment	-	(1.7)	-	(1.7)
Total adjustments to underlying profit	(23.8)	(18.5)	(24.6)	(13.5)
Earnings after significant items	38.3	10.4	22.3	8.5

*AWB has not recognised a tax benefit arising from this provision because it is not expected that AWB (USA) will have sufficient income against which the cost of the provision could be offset

- There were three significant items during 1H09:
 - Legal costs associated with the Oil-for-Food inquiry and class actions. Due to the number of actions that remain open, the expectation for the full year is that this will be at least at 2008 levels
 - An unrealised mark to market on equity positions. A significant portion of the equity positions have been subsequently exited since 31 March 2009, substantially reversing the mark to market loss
 - A fair value adjustment was made on the employee share plan loan which is carried on the AWB balance sheet, due to the reduction in the AWB Limited share price in 1H09.

Operational Summary

- Australian Commodity Management achieved a strong first half in the initial year of deregulation of the wheat export market. The combined cash and pooling business has acquired over 25% of the total wheat produced in the 2008/09 season, benefiting from strong relationships with growers and customers. The logistics result improved significantly on pcp due to increased volumes through GrainFlow sites, as well as the good performance of the Chartering business. During 1H09, AWB moved to address the shortage of rail capacity in eastern Australia, with 84 newly-constructed grain wagons starting operation. The ability to provide a more seamless customer proposition has now been enhanced due to the Group's expanded logistics capability.
- International Commodity Management had mixed earnings. AWB Geneva performed well with strong results in its freight, grain and oilseed businesses. AWB Brazil's performance was impacted by poor trading results and increased counterparty provisioning. The business in Brazil is being restructured and will likely become a smaller, more focused business. India remains a small, niche business.
- Landmark Rural Services experienced a continuation of dry conditions in south east Australia as well as falling input and commodity prices delaying farmers purchasing decisions. Reduced volumes and prices in fertiliser and merchandise impacted on the result, as did reduced contributions from investments, particularly Hi Fert. Expectations for 2H09 are stronger in Landmark Rural Services as the level of agricultural activity across Australia increases.
- Landmark Financial Services posted a higher 1H09 result than pcp due to a strong net interest margin on the loan book as well as an increased contribution from the insurance business. The business has moderately increased the provision levels in the business as a higher specific provision was required following more active credit management of higher risk clients. Expectations are that there will be a reduction in the net interest margin for 2H09 following an increase in funding costs as part of the refinancing of the tranche of debt due to mature in May 2009.

AWB Group and Business Streams Review

	Half Year Ended 31 March				
\$m	1H 2005	1H 2006	1H 2007	1H 2008	1H 2009
Revenue					
Rural Services	706.4	726.0	654.5	828.5	790.8
Landmark Financial Services *	9.1	57.8	99.5	115.0	118.3
Commodity Management *	1,818.7	1,807.6	1,601.2	2,223.1	2,575.1
Grain Marketing	576.7	466.3	362.2	504.1	1,064.5
Pool Management Services & Harvest Finance	480.0	650.4	116.1	181.2	184.8
Logistics	291.6	151.6	141.6	121.6	175.6
<i>Australian Commodity Management</i>	<i>1,348.3</i>	<i>1,268.3</i>	<i>619.9</i>	<i>806.9</i>	<i>1,424.9</i>
International Commodity Management	470.4	539.3	981.3	1,416.2	1,150.2
Corporate	88.4	26.8	7.8	32.7	11.1
Total Revenue	2,622.6	2,618.2	2,363.0	3,199.3	3,495.3
EBITDA					
Rural Services	34.2	24.5	20.7	32.3	9.0
Landmark Financial Services *	8.5	9.9	11.5	12.8	16.1
Commodity Management *	69.0	74.8	35.3	54.6	54.6
Grain Marketing	14.9	(1.7)	2.9	22.8	29.9
Pool Management Services & Harvest Finance	20.5	29.2	15.7	23.9	5.9
Logistics & Other Investments	21.2	28.7	1.3	0.5	14.3
<i>Australian Commodity Management</i>	<i>56.6</i>	<i>56.2</i>	<i>19.9</i>	<i>47.2</i>	<i>50.1</i>
International Commodity Management	12.4	18.6	15.4	7.4	4.5
Corporate	8.6	6.8	4.9	8.5	(6.1)
Total EBITDA	120.3	116.0	72.4	108.2	73.6
EBIT					
Rural Services	25.5	19.6	16.2	28.2	4.9
Landmark Financial Services *	8.1	9.8	10.9	12.2	15.4
Commodity Management *	63.9	69.5	30.8	50.0	49.3
Grain Marketing	14.9	(1.7)	2.9	22.8	29.9
Pool Management Services & Harvest Finance	20.5	29.2	15.7	23.9	5.9
Logistics & Other Investments	16.2	23.5	(3.1)	(3.7)	10.2
<i>Australian Commodity Management</i>	<i>51.6</i>	<i>51.0</i>	<i>15.5</i>	<i>43.0</i>	<i>46.0</i>
International Commodity Management	12.3	18.5	15.3	7.0	3.3
Corporate	(3.4)	(4.6)	(7.3)	(1.1)	(10.9)
Total EBIT	94.1	94.3	50.6	89.3	58.6

* - Harvest Finance is now included in Commodity Management and therefore prior year results have been adjusted accordingly

Commodity Management

Commodity Management activities focus on the provision of services and products required to market agricultural commodities from farm gate to first stage processors. These activities range from grain and oilseed origination from farmers, inland transport, storage and handling from point of origin through to domestic and export facilities, bulk sea freight chartering and containerisation management as well as the provision of trade finance services to facilitate these trade flows.

Commodity Management is represented in markets that provide opportunities to apply AWB's farm gate origination capabilities and generate trade flows of agricultural commodities to customers around the world.

Commodity Management incorporates the following segments:

- Australian Commodity Management, including:
 - Grain Marketing, comprising the acquisition and sale of grains, pulses and oilseeds for cash
 - Pool Management Services & Harvest Finance, comprising wheat pool products and associated finance products for growers
 - Logistics & Other Investments, comprising bulk ocean freight chartering and container management, AWB GrainFlow (22 regional storage and handling facilities across Australia's eastern states), a 50% share of Melbourne Port Terminal (MPT), a 51% share in AZL (located in Japan), a 23.7% share in Five Star Flour Mills and a 30% share of Five Star Feed Mills (both located in Egypt) and a 7% share in Shenzhen Southseas Grain Industries Limited (located in Southern China).
- International Commodity Management, comprising all activities undertaken in AWB Geneva, AWB India and AWB Brazil

Australian Commodity Management (ACM)

	Half Year ended 31 March (\$m)		
	1H 2008	1H 2009	Change (%)
Revenue	806.9	1,424.9	77
EBITDA	47.2	50.1	6
Depreciation and amortization	(4.2)	(4.1)	(2)
EBIT	43.0	46.0	7

- An increased contribution from ACM has been recorded as a result of good performances in Grain Marketing and Logistics, offsetting a lower Pool Management Services and Harvest Finance contribution
- ACM has acquired over 25% of the 2008/09 wheat crop in the first year of deregulation of the wheat export market. Pooling attracted 2.7 million tonnes, whilst the Grain Marketing business acquired a further 3.2 million tonnes in the period to 31 March 2009.

Grain Marketing

	Half Year ended 31 March (\$m)		
	1H 2008	1H 2009	Change (%)
Revenue	504.1	1,064.5	>100
EBITDA	22.8	29.9	31
Depreciation and amortisation	-	-	-
EBIT	22.8	29.9	31

Business Summary

- The Grain Marketing business consists of the cash grain acquisition and sale activities as well as the RiskAssist business, which continues to be wound down. The returns from the strategic offshore investments are also included in Grain Marketing.
- Grain Marketing EBITDA was \$29.9 million, up 31% compared to pcp. This reflected a solid performance across an increasingly diversified portfolio of grains marketed.
- During 1H09 the business acquired 3.2 million tonnes of wheat for cash operating in the newly deregulated wheat export market.
- Despite some reduction in margins, the business increased its gross profit by increasing the volumes of wheat sold to 2.5 million tonnes (1.3 million tonnes in pcp) and non-wheat grains to 1.0 million tonnes (0.2 million tonnes in pcp).
- Customers have continued to purchase wheat from AWB to take advantage of the differentiated quality specifications and supply chain capabilities AWB is able to provide. This ability remains despite the reduced level of service from some Bulk Handling Companies since deregulation.

Business Strategy

- AWB has acquired 3.2 million tonnes of wheat (to 31 March 2009) in the first year of deregulation of the wheat export market. Tonnes are accumulated for cash from growers and trade counterparties by the grain marketing business and are sold to domestic and international customers meeting specific customer requirements.
- The first year of deregulation has provided a number of challenges for the industry, including the export execution environment, in particular freight capacity and inconsistent approaches to port access. During 1H09, AWB moved to address the shortage of grain trains in eastern Australia, with the commissioning of 84 newly-constructed grain wagons. The ability to offer a seamless proposition in grain origination has been enhanced due to the Group's expanded logistics capability.
- The volumes of non-wheat grains sold during 1H09 increased to 1.0 million (up from 0.2 million in pcp) reflecting the continued focus on diversifying the business into non-wheat grains including barley, sorghum, canola and pulses.
- A review of grain acquisition methods is underway with the view to enhance the integration with Landmark Rural Services network.
- The grain marketing business has recently commenced a project to further reduce costs and improve productivity within the business through the re-engineering of processes and IT systems upgrades.

Pool Management Services & Harvest Finance

	Half Year ended 31 March (\$m)		
	1H 2008	1H 2009	Change (%)
Revenue	181.2	184.8	2
EBITDA	23.9	5.9	(75)
Depreciation and amortization	-	-	-
EBIT	23.9	5.9	(75)

Business Summary

- In the first year of deregulation, the AWB Eastern and AWB Western pools attracted a combined total of 2.7 million tonnes of wheat. Pool receipts were impacted by:
 - Lower production volumes in southern NSW, Victoria and South Australia
 - Increased levels of grain sold for cash due to cash prices achieving relatively high prices at harvest and the requirement by many growers for cash.
- Pool incentives offered for early commitment were attractive to many growers and contributed to significant share of the tonnage received.
- Harvest Finance products maintained historical take up rates of approximately 65%; however, lower volumes into the pool adversely impacted the loan balances compared with pcp. Harvest Finance's average loan book was 58% lower than the prior year at \$294.9 million.
- The decrease in Pool Management Services & Harvest Finance EBITDA of 75% to \$5.9 million was due to several factors:
 - Reduced pool volumes adversely impacted the pool management fees; the Harvest Finance loan balance and related interest revenue, as well as the Harvest Finance underwriting fee
 - In the pcp there was a non-recurring amount of \$9.8 million in fees relating to the finalisation of the base fee and outperformance incentive fee from the 2006/07 National Pool.
- Harvest Finance maintained its a short term credit rating of A-1 and a long term credit rating of A from Standard & Poor's.
- AWB will earn a management fee from the 2008/09 AWB Pools of 1.75% of the final gross pool return.
- Harvest Finance earns an underwriting fee of \$1.90 per tonne delivered into financing products as well as an interest margin.

Business Strategy

- AWB will continue to provide wheat pools in the coming 2009/10 season as well as Harvest Finance products. A review of pooling products is currently underway, with a view to enhancing the pool products offered in future seasons to ensure they remain relevant to growers and appropriately tailored to the deregulated market. AWB aims to share the strategic benefit of the pools with growers by maximising the returns achieved by the pool within clear risk parameters.

Logistics & Other Investments

	Half Year ended 31 March (\$m)		
	1H 2008	1H 2009	Change (%)
Revenue	121.6	175.6	44
EBITDA	0.5	14.3	>100
Depreciation and amortization	(4.2)	(4.1)	(2)
EBIT	(3.7)	10.2	>100

Business Summary

- Logistics & Other Investments recorded an EBITDA of \$14.3 million, up from \$0.5 million in the pcp. The EBITDA has improved due to various factors including:
 - Chartering experienced a strong start to the financial year, benefiting from higher margins made during a time of volatility in the freight market
 - GrainFlow benefited from a larger crop this year receiving 1.1 million tonnes during 1H09 (compared to 0.7 million in the pcp), mostly in Queensland and northern NSW. Southern NSW, South Australia and Victoria had another poor season impacting on receival levels at sites in those locations. An early 2009 summer crop has resulted in GrainFlow receiving significant inflows of sorghum in Queensland during the first half of the financial year
 - MPT continued to suffer from low volumes in the south east of Australia.
- Chartering in Australia has had no counterparty defaults to date this year. Counterparty exposures continue to be monitored closely, particularly in times of volatility where the risk of default increases.

Business Strategy

- The Chartering business generates returns from three main activities. The first is providing vessels to the AWB businesses. Secondly, it provides freight services to third parties who value the proposition and experience that comes from over 60 years experience in chartering. Finally, the business enhances margins by taking arbitrage positions, within predefined risk limits, when opportunities arise in the market.
- The GrainFlow business has recently introduced a product that provides grain buyers with a bundled logistics package. A more integrated freight and storage customer offering is expected to increase the attractiveness of utilising GrainFlow. This product will utilise rail capacity from AWB's newly introduced rail wagons.

International Commodity Management (ICM)

	Half Year ended 31 March (\$m)		
	1H 2008	1H 2009	Change (%)
Revenue	1,416.2	1,150.2	(19)
EBITDA	7.4	4.5	(39)
Depreciation and amortization	(0.4)	(1.2)	>(100)
EBIT	7.0	3.3	(53)

Business Summary

- The ICM business unit consists of AWB Geneva (AWBG), AWB Brazil (AWBB) and AWB India (AWBI).
- Earnings across the division were mixed. AWBG performed particularly well, however, AWBB continued to underperform against expectations. AWBI incurred a modest loss from low levels of activity.

AWB Geneva

	Half Year ended 31 March (\$m)		
	1H 2008	1H 2009	Change (%)
EBITDA	2.6	27.5	>100

Business Summary

- AWBG's activity can be grouped into the following businesses:
 - Oilseeds – marketing of oilseeds and vegetable oils with a specific focus on Eastern Europe and Middle Eastern destinations.
 - Grain – grain trading activity predominantly in European origin grains (wheat, barley and corn), including the Black Sea origination business to meet customer demands
 - Structured transactions – back to back transactional activity leveraging off chartering and trade finance capabilities to provide a complete service to customers. Where credit is provided, the goods are placed under Collateral Management Agreements which are overseen by independent third parties
 - Trade Finance – provision of finance solutions to suppliers and customers
 - Freight – a combination of being a service provider to the AWB Group and third parties on a voyage or time charter basis.
- Strong performances by the oilseed, grain and freight businesses in AWB Geneva (AWBG) have resulted in a 1H09 EBITDA significantly higher than pcp.
- The Black Sea trading business commenced trading during 1H09. The origination of grain is executed from an office in Kiev (Ukraine). However, the trading and risk management functions are undertaken by AWBG. Approximately 135,000 tonnes of wheat, barley, rapeseed and peas have been executed in 1H09. The opening of the Black Sea trading office provides an opportunity for AWB to further diversify its grain marketing and offer commodities from a broader range of origins.
- Due to an increase in market volatility there has been a requirement for closer monitoring of credit risk exposures within the AWBG business. During 1H09 there has been an increase in the level of provisioning in AWBG mainly due to volatility in the freight market.

Business Strategy

- AWBG focuses on servicing customers based in Europe, the Middle East, Africa and Asia and works collaboratively with the Australian Grain Marketing business to meet customers' specific requirements.
- Transactional margins are generated by sourcing commodities and hedging or forward selling the inventory with the objective of locking in a margin.
- Transactional margins may be enhanced when AWBG manages the freight component of transactions with customers. In these instances, the commodity may be purchased on a "Free on Board" (FOB) basis and sold to a customer "Cost, Insurance, Freight" (CIF) basis with AWBG responsible for contracting the freight requirements.
- Where opportunities arise, the oilseeds, grain and freight businesses may also take arbitrage positions within predefined risk limits.

AWB Brazil

	Half Year ended 31 March (\$m)		
	1H 2008	1H 2009	Change (%)
EBITDA	3.5	(22.3)	>(100)

Business Summary

- AWBB's EBITDA reduced substantially in 1H09, down to a loss of \$(22.3) million. The results of AWBB were impacted by:
 - Increased doubtful debt provisioning due to the deteriorating credit environment in Brazil
 - Growers' unwillingness to commit future volumes during pre-harvest financing period, given market conditions when origination margins are normally attractive (i.e. declining grain prices following a period of record high prices)
 - Poor trading performance in a challenging market environment
 - The lack of available truck and rail capacity limited volumes during early harvest when origination margins were strong.

Business Strategy

- Due to ongoing underperformance, AWBB is currently undergoing a full review of its business model. The operation will likely be refocussed into areas that provide a better strategic fit with the global commodities group activities. It is likely that the business model will primarily focus on:
 - Origination of soybeans direct from growers utilising a strong branch network in key locations
 - Managing logistics using strategic partnerships through to preferred points
 - Utilising AWB's strength in chartering and financial skills to structure transactions from Brazilian port of origin to international customers.

AWB India

	Half Year ended 31 March (\$m)		
	1H 2008	1H 2009	Change (%)
EBITDA	1.3	(0.7)	>(100)

Business Summary

- AWBI maintained a modest grain position during 1H09. The market activity within India has been limited due to domestic grain policies. Controls over wheat stocks remain a constraint for this market.
- AWBI facilitated a small amount of pulse imports from Australia during the half as well as exporting some modest levels of soybean meal.

Business Strategy

- AWBI continues to develop relationships with farmers and domestic processors to expand domestic grain marketing and associated warehousing infrastructure and toll processing activities.
- Modest strategic investments have been made in warehousing and storage and handling infrastructure and there are plans to selectively expand this network to meet the significant demand for improved storage infrastructure in India.
- AWBI continues to be customer focussed with the business reviewing supply opportunities in flour milling, pulse processing and toll crushing to derive increased value from the distribution chain and provide customers with enhanced products.

Landmark Rural Services

Landmark Rural Services incorporates the Landmark distribution network and investments in Australian Wool Handlers (50%), Hi Fert (50%) and RD1 (50%).

The Landmark distribution network comprises more than 420 touch points across Australia and New Zealand providing a diverse range of rural services including crop chemicals, rural merchandise, fertiliser, livestock, wool marketing, agronomy and real estate.

Australian Wool Handlers (AWH) was created to provide economies in warehousing and export services for Australia's wool industry. As a specialist in wool logistics, AWH is Australia's only complete end-to-end service provider from farm gate to ship, handling approximately two-thirds of Australia's annual wool clip.

Hi Fert supplies more than 600 outlets on the east coast of Australia with high analysis, high performance fertiliser. Farmers' specific fertiliser requirements are met through dealers' sales specialists and agronomists. With efficient distribution and storage centres and manufacturing and dispatch facilities Hi Fert's supply chain is one of the most efficient in the country.

RD1 is New Zealand's leading retailer of agricultural and animal health products and services to the dairy sector with a nationwide network of over 50 branches including two large format "lifestyle" stores.

	Half Year ended 31 March (\$m)		
	1H 2008	1H 2009	Change (%)
Revenue	828.5	790.8	(5)
EBITDA	32.3	9.0	(72)
Depreciation and amortisation	(4.1)	(4.1)	-
EBIT	28.2	4.9	(83)

Business Summary

- Landmark Rural Services 1H09 EBITDA has been adversely impacted by lower demand, decreasing prices of fertiliser and crop chemicals as well as reduced contributions from investments, in particular Hi Fert.
- Delayed customer purchasing due to dry conditions, expected continued lower input prices and reduced availability of credit has impacted on the level of activity in 1H09.
- Improving conditions were experienced in Queensland, northern NSW and Western Australia, however, drought continued to affect south eastern Australia impacting on the overall level of activity. To 31 March 2009, fertiliser and crop chemical volumes were down.
 - At this stage, ABARE and NAB are both forecasting crop production levels for the 2009/10 season of 21–22 million tonnes, in line with the output of the 2008/09 season.

Merchandise gross profit was \$66.9 million down 8%

- The merchandise business maintained its margins in 1H09. However, gross profit was impacted by lower sales prices and reduced volumes, in particular in pre-emergent chemicals due to a lack of rain in south eastern Australia and delayed purchasing patterns.

Fertiliser gross profit was \$11.6 million down 24%

- The fertiliser business (excluding the equity accounted Hi Fert) suffered from a reduction in prices and volumes compared to pcp. Sales were impacted by the lack of breaking rains in south eastern Australia and falling fertiliser prices delaying the farmer's purchasing decisions.

Livestock gross profit was \$35.8 million up 23%

- Improving controls around livestock commission rates increased the gross profit for the livestock business. Whilst volumes were relatively stable, gross profit increased due to higher cattle and sheep prices. Prices rose as international demand for livestock lifted due to the depreciating Australian dollar. Additionally, the commencement of Landmark Global Exports has added to the business' profitability.
- During 1H09 the livestock business has been actively exploring extensions to its business model.
 - Landmark has taken a 51% share in Landmark Global Exports (LGE) – a livestock exporting business. LGE has focused on the Chinese market to date, servicing a strong customer base with specific livestock requirements. Strong customer relationships and knowledge of the protocols within the market have led to the successful commencement of this business. To date, 6 plane loads of dairy cattle have been exported to China, with a number of ships booked for loading during 2H09. The experience gained in China is being used to expand this business into other Asian destinations.
 - In May 2009, Landmark acquired a 50% share in Regional Infrastructure Pty Limited (RIPL) – a business development and asset management company which currently operates three livestock saleyards. RIPL is committed to creating an improved environment for both clients and employees with modern, safer saleyards. Saleyards remain a core part of Australia's livestock industry and the investment in RIPL will play a central role in Landmark's future livestock strategy.

Wool gross profit was \$5.0 million down 22%

- Total bales sold during the period were marginally lower than pcp. However, a 15% reduction in gross profit per tonne, driven by lower wool prices, lead to a 22% fall in gross profit for the business compared to pcp. The national wool clip continues to decline as growers exit this activity.

Real estate gross profit was \$8.9 million down 33%

- The real estate business suffered from a 43% reduction in the number of properties sold during 1H09 as the rural property sector slowed. The business generated an increase in the gross profit per property, skewed by a small number of large property sales, partially offsetting the reduction in volumes. Additionally, property values have decreased particularly in more marginal rural areas.

Other investments contribution to net profit was \$(1.8) million down 121% from \$8.4 million in pcp

- Landmark Rural Services' share of the Profit After Tax (PAT) for Hi Fert was \$(4.7) million vs. \$3.9 million in the pcp. Lower demand due to delayed customer purchasing has lead to lower sales tonnages and margins for Hi Fert.
- Landmark Rural Services' share of the PAT for RD1 was \$1.1 million vs. \$2.3 million in the pcp. A lower milk price has led to lower in store demand for RD1.
- Landmark Rural Services' share of AWH's PAT was \$1.8 million vs. \$2.5 million. The continued decline in sheep flock and wool production has led to lower wool volumes through AWH, which is the highest margin handling product. Growers have continued to exit the wool industry.

Business Strategy

Addressing 2009 under-performance

- Profit improvement program to reduce earnings gap
 - Targeted cost reductions and improved processes reducing commission leakage
- Exceeding working capital reduction target of 20%
 - Reduction in inventory holdings and tighter credit management
- Accelerate “house in order” projects to pull forward value
 - Completion of POS rollout and system design of SAP operating platform
 - Rollout of pricing management systems across all merchandise categories
 - Commencement of Network Optimisation using principles developed in the Model to Market project (i.e. potential reduction and conversion of current locations)
 - Rollout of Safety Health & Environment audit recommendations.

Improving operating performance

- Address lack of flexibility in current cost to serve
 - Underpinned by Landscape (SAP) investment
 - Simplify and increase efficiency of business processes
 - Develop lower cost channels
 - Continue to invest in ‘client first’ initiatives following completion of customer segmentation analysis
- Continued business activity reviews to improve performance through the cycle and deliver sustainable growth
- Development of products and services that meet the increasing needs of our client base for information. This includes transition from a transactional relationship business to become a business partner of choice for clients.

Sustainable Landmark

- Drought proofing the business to become a sustainable & attractive rural services business with a strong competitive position across all major activities.

Landmark Financial Services

	Half Year ended 31 March (\$m)		
	1H 2008	1H 2009	Change (%)
Net lending interest income	20.9	27.7	33
Insurance income	8.8	9.7	10
Other operating income	4.0	2.9	(28)
Costs	(18.3)	(18.8)	3
Provisions	(2.6)	(5.4)	108
EBITDA	12.8	16.1	26
Depreciation and amortisation	(0.6)	(0.7)	17
EBIT	12.2	15.4	26

Business Summary

- EBIT increased 26% to \$15.4 million, driven by increased income from both the lending and insurance businesses.
- The net interest margin on the loan portfolio increased 40 basis points from pcp to 2.40%. This was due to the combined effect active customer margin management and an increase in the level of capital contributed by AWB. In 2H09, the net interest margin may reduce moderately due to further increases in the funding cost following the recent successful refinancing.
 - AWB's capital contribution, as at 31 March 2009 was \$148.6 million (6.6% of loan book) up from \$138.0 million at 30 September 2008 (5.9% of loan book).
- Asset growth of 9% (compared to pcp) was achieved with loan balances at 31 March 2009 reaching \$2.3 billion. A reduction of 2% in loan balances since 30 September 2008 largely reflects seasonal reductions.
- Net non-accrual loans increased to 1.56% of gross loans at 31 March 2009 vs. 0.87% at 30 September 2008 for the following reasons:
 - During the six months to 31 March 2009, following an active credit management review, there were a small number of higher value accounts which were downgraded to non-accrual
 - Accounts downgraded to non accrual have typically been weather affected for several years but only recently considered unviable.
- The level of security held for the loan portfolio remains strong:
 - The average loan to valuation ratio remained low at 39% at 31 March 2009
 - 94% of the portfolio is secured by rural property and the remainder by livestock, crop or unsecured
- The overall level of credit provisioning increased at 31 March 2009 to 1.72% of the total loan portfolio, up from 1.47% at 30 September 2008, principally due to an increase in the level of specific provisions.
 - Following the increase in non-accrual loans during the period, the level of specific provisioning has been increased to 0.81% of the total loan portfolio up from 0.58% at 30 September 2008.
 - Landmark Financial Services maintains a solid collective provision for expected but not yet identified losses which increased slightly to 0.91% of the total loan portfolio (0.88% at 30 September 2008).

- In May 2009, the tranche of debt in the CP Trust due to expire in May 2009 was refinanced with the majority extended to May 2010. As part of this refinancing, the overall limit of the CP Trust was reduced by \$120 million to \$2.225 billion.
- In addition, the RWT funding was also refinanced to May 2010, however the limit was reduced to \$165 million. A portion of balances which are currently funded within RWT will be transferred to the CP Trust by 31 May 2009 to ensure balances are under the new limit.
- The Transaction, Savings and Investment accounts balance was \$360 million at 31 March 2009 down from \$410 million at 30 September 2008 (\$441 million at 31 March 2008), impacted by:
 - Farmers maintaining higher debt levels from previous seasons resulting in excess cash flows being applied against debt rather than being deposited into savings
 - Lower cashflows from wheat growers as a result of delayed delivery of grain (increased on farm storage)
 - Higher competition for retail funding
 - The introduction of the government guarantee for banks.
- Insurance commission was up 10% from pcp as a result of increased premiums written, predominantly crop insurance off the back of the larger crop in the 2008/09 season.
- Operating costs increased slightly (up 3% from the pcp).

Business Strategy

- Landmark Financial Services maintains an active credit management process which involves reviewing all clients on a periodic basis, at a minimum annually, to ensure that they continue to be viable and sustainable. Where clients no longer meet such criteria, appropriate action is taken to ensure the recovery of outstanding balances in the most efficient manner.
- Over the past 12 months the credit process has been strengthened by further process improvement and training. During this period a new risk grading system was introduced which applied more definition to the credit grading model. Credit training of all front line and credit staff has been completed by a specialist external provider which focused on the credit process. Finally, post approval reviews have been performed by external consultants to hindsight files which have been through the credit process. Further improvements to the process are planned for the coming year including the introduction of a more automated credit grading model.
- Insurance remains a strong performer within the Landmark Financial Services business, achieving growth rates in gross premiums written of approximately 10-15% year on year.
- An ongoing review of alternative funding models being undertaken for the lending business is well advanced.

Finance Review

Segment Report for the Half Year Ended 31 March 2009

	Y/E 30 September 2005			Y/E 30 September 2006			Y/E 30 September 2007			Y/E 30 September 2008			2009
	1H Mar-05	2H Sep-05	FY Sep-05	1H Mar-06	2H Sep-06	FY Sep-06	1H Mar-07	2H Sep-07	FY Sep-07	1H Mar-08	2H Sep-08	FY Sep-08	1H Mar-09
Revenue (\$ million)													
Landmark Rural Services	706.4	944.9	1,651.3	726.0	842.2	1,565.7	654.5	875.5	1,530.0	828.5	1,087.1	1,915.6	790.8
Landmark Financial Services	9.1	8.6	17.7	57.8	87.4	147.6	99.5	114.4	213.9	115.0	127.0	242.0	118.3
Commodity Management	1,818.7	1,396.4	3,215.1	1,807.6	1,273.4	3,081.0	1,601.2	1,288.0	2,889.2	2,223.1	2,447.0	4,670.1	2,575.1
Grain Marketing	576.7	248.3	825.0	466.3	241.7	708.0	362.2	216.0	578.3	504.1	485.9	989.9	1,064.5
Pool Management Services & Harvest Finance	480.0	295.6	775.6	650.4	58.5	708.9	116.1	11.9	128.0	181.2	40.6	221.8	184.8
Logistics & Other Investments	291.6	180.6	472.2	151.6	207.0	358.6	141.6	89.3	230.8	121.6	142.3	264.0	175.6
International Commodity Management	470.4	671.9	1,142.3	539.3	766.2	1,305.5	981.3	970.8	1,952.1	1,416.2	1,778.2	3,194.4	1,150.2
Corporate	88.4	19.5	107.9	26.9	45.4	72.3	7.8	31.2	39.0	32.7	(15.7)	17.0	11.1
TOTAL REVENUE	2,622.6	2,369.4	4,992.0	2,618.2	2,248.4	4,866.6	2,363.0	2,309.1	4,672.1	3,199.3	3,645.4	6,844.7	3,495.3
EBITDA (\$ million)													
Landmark Rural Services	34.2	41.5	75.7	24.5	29.2	53.7	20.7	34.0	54.7	32.3	57.7	90.0	9.0
Landmark Financial Services	8.5	8.5	17.0	9.9	8.0	17.9	11.5	15.5	27.0	12.8	14.8	27.6	16.1
Commodity Management	69.0	81.9	150.9	74.8	45.6	120.4	35.3	58.6	93.9	54.6	54.7	109.3	54.6
Grain Marketing	14.9	10.8	25.7	(1.7)	(1.4)	(3.1)	2.9	(0.1)	2.8	22.8	32.5	55.3	29.9
Pool Management Services & Harvest Finance	20.5	30.6	51.1	29.2	21.8	51.0	15.7	(0.7)	15.0	23.9	10.3	34.2	5.9
Logistics & Other Investments	21.2	22.1	43.3	28.7	14.0	42.7	1.3	4.3	5.6	0.5	1.4	1.9	14.3
International Commodity Management	12.4	18.4	30.8	18.6	11.2	29.8	15.4	55.1	70.5	7.4	10.5	17.9	4.5
Corporate	8.6	3.3	11.9	6.8	11.2	18.0	4.9	(7.3)	(2.4)	8.5	(11.5)	(3.0)	(6.1)
TOTAL EBITDA	120.3	135.2	255.5	116.0	94.0	210.0	72.4	100.8	173.2	108.2	115.7	223.9	73.6
EBIT (\$ million)													
Landmark Rural Services	25.5	35.7	61.2	19.6	24.8	44.4	16.2	29.5	45.7	28.2	53.5	81.7	4.9
Landmark Financial Services	8.1	8.4	16.5	9.8	8.0	17.8	10.9	14.8	25.7	12.2	14.1	26.3	15.4
Commodity Management	63.9	76.4	140.3	69.5	40.1	109.6	30.8	53.7	84.5	50.0	50.4	100.4	49.3
Grain Marketing	14.9	10.7	25.7	(1.7)	(1.4)	(3.1)	2.9	(0.1)	2.8	22.8	32.5	55.3	29.9
Pool Management Services & Harvest Finance	20.5	30.6	51.1	29.2	21.8	51.0	15.7	(0.7)	15.0	23.9	10.3	34.2	5.9
Logistics & Other Investments	16.2	16.7	32.8	23.5	8.6	32.1	(3.1)	(0.3)	(3.4)	(3.7)	(2.7)	(6.5)	10.2
International Commodity Management	12.3	18.4	30.7	18.5	11.1	29.6	15.3	54.8	70.1	7.0	10.3	17.3	3.3
Corporate	(3.4)	(8.5)	(11.9)	(4.6)	(0.4)	(5.0)	(7.3)	(17.4)	(24.7)	(1.1)	(20.7)	(21.8)	(10.9)
TOTAL EBIT	94.1	112.0	206.1	94.3	72.5	166.8	50.6	80.6	131.2	89.3	97.3	186.6	58.6

Statement of Cash Flows

Half Year ended 31 March (\$ million)	1H 2008	1H 2009
Reported profit before tax (post significant items)	38.3	10.4
Add: depreciation and amortisation	18.9	15.0
Less: profit on sale of non-current assets	(6.9)	(0.2)
Add: other non-cash items	20.5	63.0
	70.7	88.2
(Increase) in working capital balances	(361.4)	126.7
Income taxes paid (net)	(8.1)	(24.1)
Cash flows used in operating activities	(298.8)	190.8
Payments for property plant and equipment (net)	0.4	(22.9)
Proceeds from sale of / (purchases of) investments (net)	6.3	-
Payments for intangible assets (net)	(1.2)	(2.5)
Cash flows used in investing activities	5.5	(25.4)
Proceeds from issues of shares	-	11.2
Net increase / (decrease) in interest-bearing liabilities	632.9	(522.2)
Dividends paid	(13.9)	(11.2)
Grower loans	(494.5)	73.6
Grower advanced and deferred payments	(100.0)	(43.4)
Customer loans	15.4	42.8
Cash flows from financing activities	39.9	(449.2)
Net increase in cash held	(253.4)	(283.9)
Cash at the beginning of the half year	546.4	551.7
Cash and cash equivalents	293.0	267.8

Note: movements described below are from 30 September 2008 to 31 March 2009.

Operating Activities

- The major components of non cash activities are movements in the deferred tax and on mark to market on foreign exchange and commodity open positions.
- The reduction in working capital balances has largely contributed to the positive cash flows in operating activities. Landmark Rural Services and International Commodity Management both reduced their working capital requirements during 1H09. These reductions were partly offset by an increase in the Australian Commodity Management working capital at it was their seasonal peak in inventory levels.

Investing Activities

- The cash outflow on property plant & equipment mainly represents AWB's purchase of rail wagons as well as the cost of SAP implementation in Landmark.

Financing Activities

- Deposits from the National Pool reduced by \$388.7 million during 1H09 due to payments to pool participants. This accounts for a large part of the decrease in interest bearing liabilities. In addition, the reduction in working capital has further enabled AWB to repay interest bearing liabilities.
- A final dividend for FY08 of 5 cents per share was paid in January 2009 which was fully underwritten, with a dividend reinvestment plan offered at a 2.5% discount. As such, the overall result for the company was cash neutral.

Balance Sheet

\$ million	31 March 2008	30 September 2008	31 March 2009	Landmark Rural Services	Landmark Financial Services	Harvest Finance	Australian Commodity Management	International Commodity Management	Logistics & other investments	Corporate and Other / Eliminations
Working capital and other current balances	1,161.0	1,187.8	1,061.1	216.5	14.9	(1.5)	335.2	510.2	18.0	(32.0)
Investments and Available for Sale assets	119.3	129.9	122.6	97.7	0.1	-	-	0.6	-	24.2
Intangible assets	542.0	538.2	535.8	306.2	220.4	-	-	1.5	-	7.7
Property, plant, and equipment	148.4	144.0	170.3	34.5	0.1	-	-	17.9	85.8	32.0
<i>Funds employed (excluding finance)</i>	<i>1,970.7</i>	<i>1,999.9</i>	<i>1,889.8</i>	<i>654.9</i>	<i>235.5</i>	<i>(1.5)</i>	<i>335.2</i>	<i>530.2</i>	<i>103.8</i>	<i>31.9</i>
Landmark loans (incl Rural Trust)	2,106.1	2,333.4	2,288.7	14.4	2,266.3	-	-	-	-	8.0
Grower loan receivables	530.9	275.8	202.3	-	-	202.0	0.3	-	-	-
Advanced and deferred payment products	149.7	66.6	102.4	-	-	102.4	-	-	-	-
<i>Total loans and grower receivables</i>	<i>2,786.7</i>	<i>2,675.8</i>	<i>2,593.4</i>	<i>14.4</i>	<i>2,266.3</i>	<i>304.4</i>	<i>0.3</i>	<i>-</i>	<i>-</i>	<i>8.0</i>
Other assets and liabilities	50.9	97.2	76.4	19.6	5.3	0.1	6.7	32.5	12.3	(0.2)
Total funds employed	4,808.3	4,772.9	4,559.6	688.9	2,507.1	303.0	342.1	562.7	116.1	39.7
Unsecured deposit notes	(440.8)	(410.5)	(359.6)	-	(359.6)	-	-	-	-	-
Deposits - AWB National Pools	(722.3)	(675.9)	(333.6)	-	-	(333.6)	-	-	-	-
Net interest-bearing debt	(2,545.6)	(2,515.3)	(2,670.2)	(157.1)	(2,141.8)	-	(254.7)	(288.5)	(2.3)	174.1
Net intercompany balances	-	-	-	(60.7)	220.4	35.2	(74.9)	(96.6)	(191.2)	167.7
<i>Total debt (net of cash)</i>	<i>(3,708.7)</i>	<i>(3,601.7)</i>	<i>(3,363.4)</i>	<i>(217.8)</i>	<i>(2,281.1)</i>	<i>(298.4)</i>	<i>(329.6)</i>	<i>(385.1)</i>	<i>(193.5)</i>	<i>341.8</i>
Shareholders' equity	(1,099.6)	(1,171.2)	(1,196.2)	(471.1)	(226.1)	(4.6)	(12.5)	(177.6)	77.4	(381.7)
Total sources of funds	(4,808.3)	(4,772.9)	(4,559.6)	(688.9)	(2,507.1)	(303.0)	(342.1)	(562.7)	(116.1)	(39.7)

Balance Sheet Summary

Note: movements described below are from 31 March 2008 to 31 March 2009.

Working capital decreased by \$99.9 million or 8.6% from 31 March 2008 (\$126.7 million or 10.7% reduction from 30 September 2008)

- Despite a traditional seasonal peak in working capital for the business historically occurring at 31 March, the working capital balance has reduced when compared to pcp and more importantly since 30 September 2008. This reflects a decrease in commodity and input prices as well as a strong focus on reducing and more efficiently using working capital.
 - Landmark Rural Services working capital balance remains in line with pcp. Since 30 September 2008 the balance has reduced by 35%, reflecting improved working capital management and the impact of lower input prices on receivables and inventory balances.
 - In ACM working capital balances are similar to the pcp. This reflects the reduction in commodity prices offset by higher volumes. Since 30 September 2008 the balance has increased 28% reflecting the businesses seasonal peak in inventory levels.

- International Commodity Management has reduced their working capital balance 15% from pcp due to declining commodity prices and more efficient use of working capital. Since 30 September 2008 the balance has reduced 17%.

Property, Plant & Equipment increased by \$26.3 million or 18.3% from 30 September 2008:

- The purchase of rail wagons by the Australian Commodity Management business as well as the capitalisation of the Landmark SAP implementation costs increased the property, plant & equipment balance 14.8% compared to pcp. The SAP implementation costs will be depreciated over a period of 5 years.

Loan and grower receivables decreased by \$193.4 million or 6.9% compared to pcp:

- An increase in the Landmark Financial Services loan book has been more than offset by a reduction in the Harvest Finance loan book. The Harvest Finance loan book was adversely impacted by lower volumes in the AWB Pools.

Total debt (net of cash) decreased by \$345.2 million or 9.3% compared to pcp:

- The combination of lower working capital requirements and the reduced loan and grower receivables balance led to a reduction in the overall level of net debt compared to pcp.
- The net corporate debt balance, which broadly funds the working capital requirements of the Group, was \$981.1 million which is a reduction of \$107.4 million (9.9%) compared to 31 March 2008. Since 30 September 2008, there has been a reduction of \$154.9 million (13.6%).
- Management have set an objective to reduce net corporate debt by at least \$200 million by 30 September 2009 (compared to 30 September 2008).

Overheads/Other Expenses

Half Year ending 31 March 2008	\$ million
Overheads/other expenses (excluding significant items)	201.4
Significant expense items	32.9
Total overheads /other expenses (including significant items)	234.3
Movement in overheads/other expenses from March 2008	
Salaries & personnel	0.9
Occupancy	1.1
Communication & IT	(0.9)
Consultancy	2.4
Motor vehicles	0.8
Other (including depreciation & amortisation)	(2.3)
Costs incurred in offshore investments	5.9
Net increase in overheads/other expenses	7.9
Half Year ending 31 March 2009	
Overheads/other expenses (excluding significant items)	209.3
Significant expense items	8.1
Total overheads/other expenses (including significant items)	217.4

- Underlying overheads/other expenses (excluding significant items) for 1H09 of \$209.3 million were 3.9% above the pcp. This was mainly due to increases in:
 - salaries & personnel – redundancies and OH&S costs arising in Landmark
 - occupancy – CPI rent increases and deferred subleasing receipts
 - consultancy – business development including costs relating to merger discussions in late 2008
 - offshore – largely relating to Brazil (Nova-Agri), and Geneva (increased FTEs) and the effect of foreign exchange translation.

These increases were offset by reductions in other costs (including depreciation and amortisation) and Communication and IT. There was no material change in legal fees from pcp.

- Management has set a target to reduce overheads/other expenses (excluding significant items) by 5% by 30 September 2009 (compared to 30 September 2008). The cost reduction program was implemented in March 2009 and it is expected there will be significant cost reductions in 2H09 achieved by the following actions:
 - Reduced employee expenses
 - Review of all external contracts
 - Reduction in travel costs
 - Reduction in consultancy costs
 - Focus on reducing leave balances
 - Reduction in motor vehicle fleet costs

Borrowing and Interest

Finance Income and Costs (\$m)	Half Year ended 31 March	
	2008	2009
<u>Statutory accounts</u>		
Finance income /(costs)		
<u>Other persons/corporations</u>		
Finance income	136.2	139.6
Finance costs	(105.0)	(102.7)
Other finance costs	(14.3)	(15.1)
Net finance income – other persons /corporations	16.9	21.8
<u>Related party (AWB National Pools)</u>		
Net finance costs – related party (AWB National Pools)	(12.7)	(5.1)
Net finance income /(costs) per statutory accounts	4.2	16.7
<u>Segment reporting – reconciliation to statutory disclosure</u>		
Finance income amounts included in		
EBIT for segment reporting purposes	31.4	46.4
Corporate interest expense	(27.2)	(29.7)
Net finance income /(costs) per segment reporting	4.2	16.7

- Net Finance Income – Other persons/corporations: the higher net interest margin achieved in Landmark Financial Services led to an increase of 29% compared to pcp.
- Net Finance Costs – Related party (AWB National Pools): reduction of 60% due to reduced pool deposits placed with AWB Harvest Finance as a result of lower pool tonnes.
- Corporate interest expense increased 9% due to a marginally higher average working capital balance offsetting reduced interest rates.

AWB holds material amounts in short term deposits from time to time and accordingly interest expense should be considered in conjunction with interest revenue. Also, certain amounts that are characterised as interest in the statement of financial performance are included in EBIT for the purpose of discussing business unit performance. These amounts include the net interest margin earned on financial services products and other interest revenue amounts that are not related to funding.

Funding & Liquidity

Group Financing Activities

- AWB Group's overall position regarding financing can be summarised as follows: non-current assets, excluding Landmark Financial Services term loans, are largely funded by equity while current assets are largely funded by debt facilities
- AWB has two broad forms of financing activity – working capital financing (including seasonal financing, inventory financing and receivables securitisation) and funding farmer loans (Landmark Financial Services)
- AWB's strategy is to diversify funding sources to minimise costs and enhance funding and liquidity flexibility
- In light of the diverse businesses mix in the Group, AWB borrows for specific purposes to minimise its cost and maximise effectiveness.

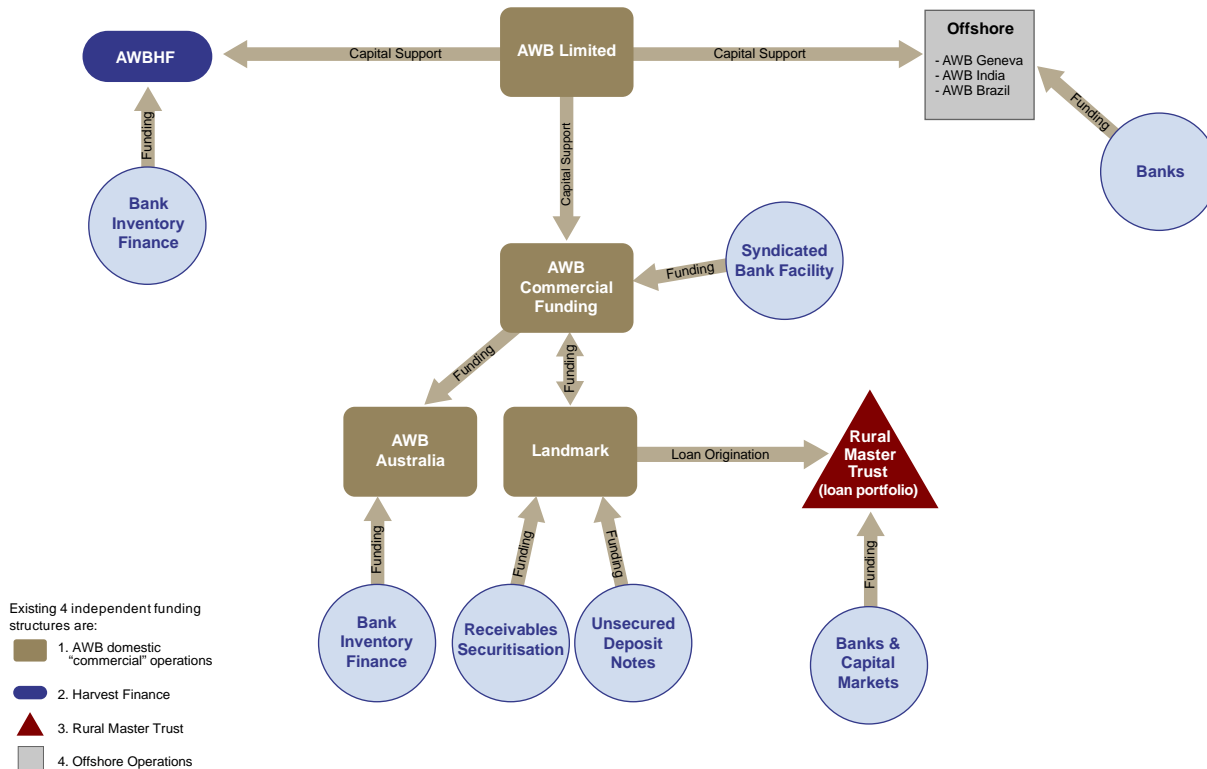
Capital Structure

AWB Group's borrowings are primarily driven by three core activities being the provision of:

- Finance and payments to growers delivering wheat to the AWB Pools through AWB Harvest Finance
- Working capital to AWB Group companies encompassing Landmark, domestic and offshore operations
- Finance for Landmark-originated finance facilities provided to Australian rural businesses and individuals through the Rural Master Trust financing program.

The AWB Group has four major funding structures*:

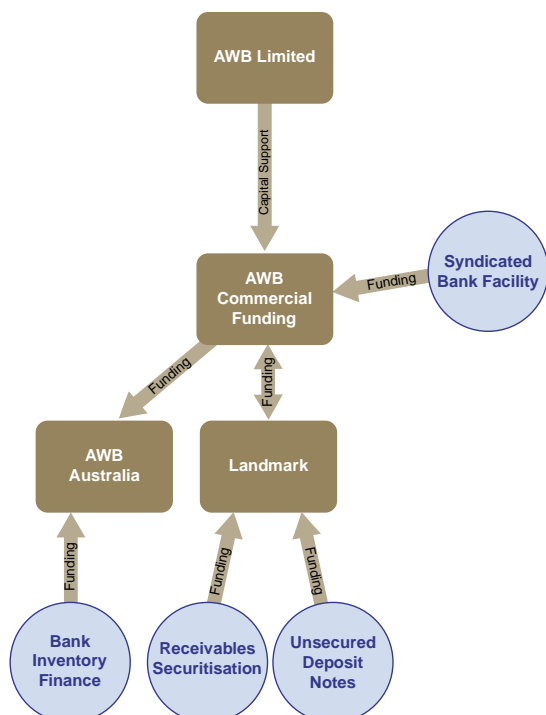
1. AWB Commercial Funding
2. AWB Harvest Finance (AWBHF)
3. Rural Master Trust
4. Offshore



* Reflects funding structure not legal ownership.

1. AWB Commercial Funding

Funding for domestic operations and general corporate purposes excluding financial services



Syndicated Bank Facility

AWB Commercial Funding (AWBCF) has a general purpose syndicated corporate bank facility. This facility is partly used to provide liquidity support for the unsecured deposit notes (with less than 90 days to maturity), and also to partly fund working capital requirements of AWB's domestic operations. As at 31 March 2009, a total of \$285.6 million was used for liquidity support for the unsecured deposit notes (for those deposits that have less than 90 days to maturity). Unsecured deposit notes raised under prospectus by Landmark totalled \$359.6 million as at 31 March 2009 (refer below for further details).

Inventory Financing

Inventory financing is a financing mechanism by which grain is sold and then repurchased at a future date. These funds are used to finance part of the grain positions held by ACM. As at 31 March 2009, AWB Australia has access to net inventory finance lines of \$255 million with \$75 million maturing in June 2009 and the remainder in December 2009.

Receivables Securitisation

The Receivables Securitisation facility forms part of the funding for working capital requirements of AWB's domestic operations. This is a 12 month renewable facility with a limit of \$280 million which has been created under the Rural Trade Receivables Trust. Landmark Rural Services' receivables are sold to a trust at a discounted price. These funds are then utilised for domestic working capital requirements of the Group. This facility was recently extended to October 2009.

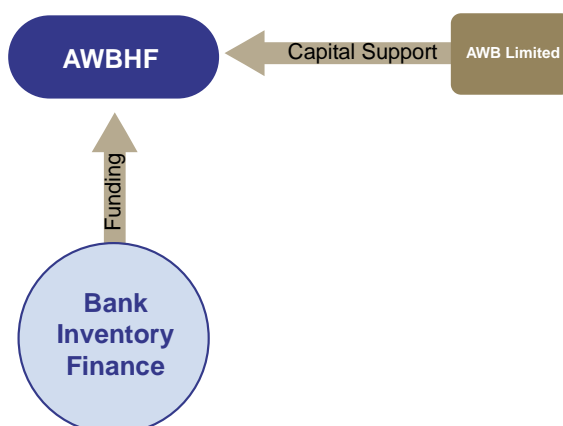
Unsecured Deposit Notes

Landmark Operations Limited offers rural and other investors unsecured deposit notes either at call or for fixed terms. AWB Limited guarantees repayment of monies owing by Landmark in respect of these deposits. The money received by Landmark Operations Limited from the issue of deposits is used to fund Landmark Rural Services' working capital requirements, with surplus funds on-lent to AWBCF. These unsecured deposit notes are rated by Standard & Poor's with a short term rating of A3 and a long term rating of BBB-.

Investment and transaction account balances totalled \$359.6 million on 31 March 2009 (down 12% from 30 September 2008). The maturity profile of these deposits is detailed below.

Landmark Operations Limited – Unsecured Deposit Notes Transaction, Savings and Investment Accounts	
Maturity Profile	31 March 2009 (\$m)
At Call accounts (Savings and Transaction Accounts)	134.9
Term Investment accounts (<90 days to maturity)	150.7
Term Investment accounts (>90 days to maturity)	74.0
	359.6

2. AWB Harvest Finance (AWBHF)

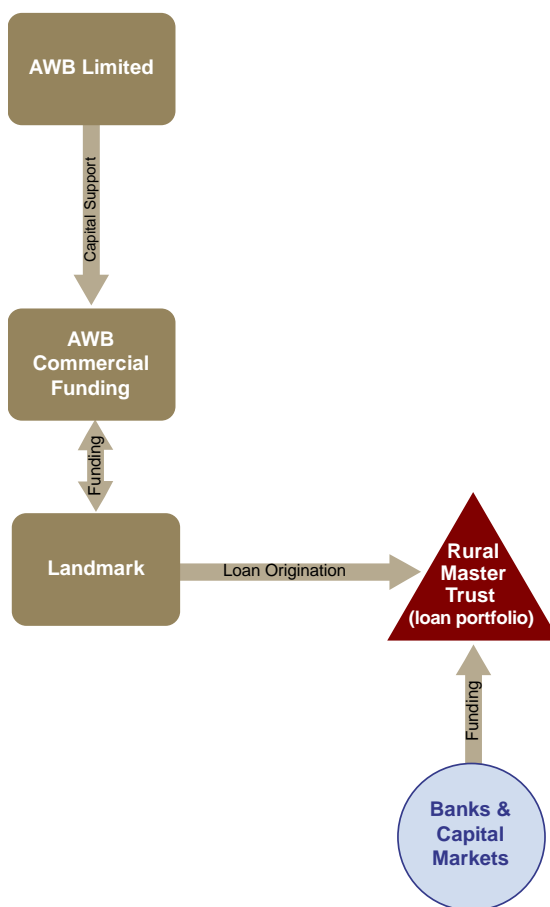


AWBHF provides funding to AWB’s wheat pools which are created under a master trust structure.

AWBHF has established inventory financing facilities to fund the pools and loan and payment products offered to pool participants. Inventory financing ensures access to liquidity at competitive margins. To support these facilities, as at 31 March 2009, AWB Limited had contributed equity of \$50 million to AWBHF.

In the last quarter of 2008, AWBHF established three inventory financing facilities which had available limits of \$562.5 million. Since the establishment of these facilities, management have reduced the committed limits progressively to match reductions in the utilisation and minimise costs. The facilities now have total limits of \$292.5 million with maturities between October 2009 and December 2009.

3. Rural Master Trust



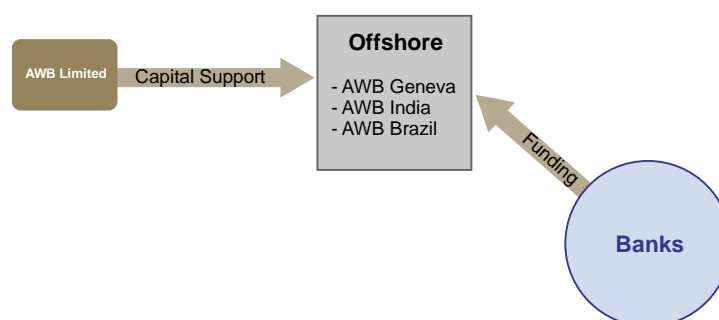
The Landmark Financial Services loan book is funded by two trusts that have been created under the Rural Master Trust Structure: the CP Trust and the Rural Warehouse Trust No 1 (RWT).

The current funding structure for the CP Trust is in the form of commercial paper backed by liquidity and letter of credit facilities provided by two highly rated global banks. These facilities provide a combined facility limit of \$2.2 billion through tranches of debt which have maturity dates ranging from November 2009 to November 2010.

The RWT facility is a 12 month facility which matures in May 2010. In May 2009, the bank funded limit was reduced to \$165 million.

4. Offshore

The working capital requirements of AWB Geneva, AWB Brazil and AWB India are primarily funded via dedicated facilities offshore which are supported by equity and limited credit enhancement provided by AWB Limited. These are transactional facilities and typically secured by underlying commodities. The sum of equity and formal credit enhancement provided by AWB Limited to offshore entities as at 31 March 2009 totalled \$117.0 million.



AWB Group Facilities

A summary of committed debt and other funding facilities available to the Group by business segment is detailed below. This summary includes facilities that have been created or renegotiated post year end.

Landmark Financial Services

Committed Credit Facilities as at 31 March 2009	Currency	Facility Limit	Facility Maturity	Utilisation
CP Trust	AUD	\$2,344,800,000*	Various	\$1,954,723,016
Tranche 1		\$1,172,400,000	May-09	
Tranche 2		\$468,960,000	Nov-09	
Tranche 3		\$468,960,000	May-10	
Tranche 4		\$234,480,000	Nov-10	
RWT	AUD	\$250,000,000*	May-10	\$210,998,969
Stocklease Facility	AUD	\$200,000,000	Jul-10	\$15,408,117

* Tranche 1 of the CP Trust was renegotiated in May 2009 with varying maturity terms. The limit has been reduced by \$120 million, \$31.1 million now matures in November 2009 and \$1.021 billion has been extended to a maturity of May 2010.

The RWT facility limit will reduce to \$165 million by 31 May 2009, with maturity in May 2010.

Other Funding Platforms	Currency	Facility Maturity	Utilisation
Landmark – unsecured deposit notes	AUD	At call and various terms	\$359,576,319

Rural Services/ACM

Committed Credit Facilities	Currency	Facility Limit	Facility Maturity	Utilisation
AWBCF – syndicated bank facility	AUD	\$400,000,000	Oct-09	-
AWB Australia – committed inventory financing facility	AUD	\$120,000,000	Dec-09	\$ 120,000,000
AWB Australia – committed inventory financing facility	AUD	\$75,000,000	Jun-09	\$ 74,048,000
Rural Trade Receivables Trust – committed securitisation program	AUD	\$280,000,000	Oct-09	\$180,000,000

Uncommitted Credit Facilities	Currency	Facility Limit	Facility Maturity	Utilisation
AWB Australia – uncommitted inventory financing facility	AUD	\$60,000,000	Dec-09	\$ 60,000,000

Harvest Finance

Committed Credit Facilities	Currency	Facility Limits	Facility Maturity	Utilisation
AWB Harvest Finance – committed inventory financing facility	AUD	\$292,500,000	Oct-09 to Dec-09	\$135,042,152

Other Funding Platforms	Currency	Facility Maturity	Utilisation
Related Party Loans - AWB National Pools	AUD	At Call	\$198,601,436

International Commodity Management

Uncommitted / Committed Credit Facilities	Currency	Facility Limits	Facility Review	Utilisation
Offshore credit and inventory financing facilities	AUD equivalent	\$834,600,000	Annual	\$311,969,521

Group Wide

Other Funding Platforms	Currency	Utilisation
Accrued Interest and Other	AUD	\$10,863,226

Grand Total		\$3,631,230,756
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Credit Ratings

AWB maintains a dual credit rating structure whereby AWBHF and AWB Limited are separately rated by Standard & Poor's.

On 12 September 2008, Standard & Poor's reaffirmed the investment grade ratings of AWBHF and AWB Limited. AWBHF has a short term rating of A-1 and a long term rating of A (Negative Outlook). The A-1 rating reflects the structural protection and credit enhancements provided by the ring fenced corporate structure. AWB Limited had its BBB- (Negative Outlook) long term corporate credit rating reaffirmed.

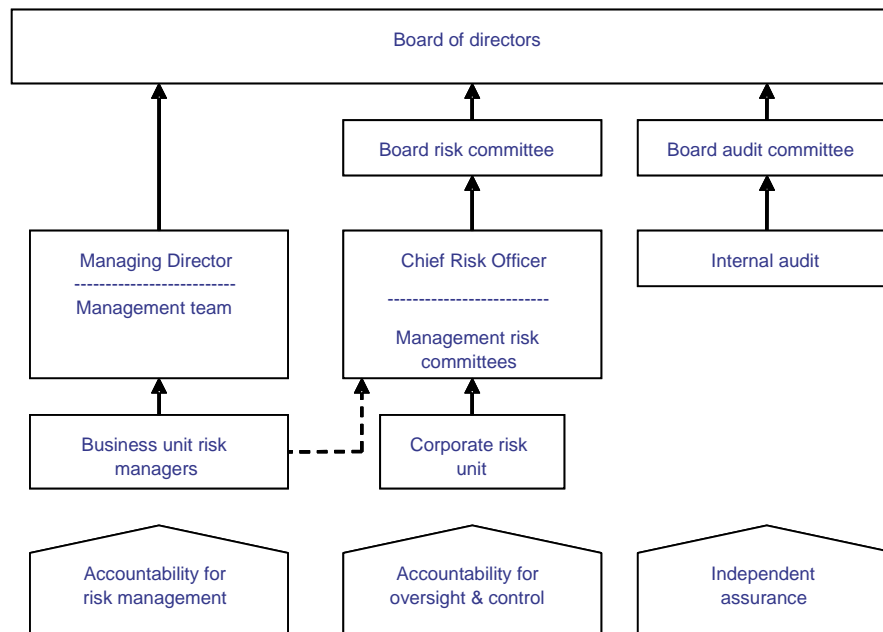
In February 2008, the Landmark Operations Limited unsecured deposit notes were rated by Standard & Poor's and achieved a short term rating of A3 and a long term rating of BBB-.

In February 2009, Standard & Poor's reaffirmed the credit ratings of AWBHF. As part of the reaffirmation, Standard & Poor's considered AWB Limited's reduction in the level of capital provided by AWB Limited, from \$100 million to \$50 million, due to AWBHF's reduced requirement for external funding.

Current AWB Credit Ratings	
AWB Harvest Finance Limited	
Standard & Poor's	A-1 (short term) A (long term)
Outlook	Negative
AWB Limited	
Standard & Poor's	BBB-
Outlook	Negative
Landmark Unsecured Deposit Notes	
Standard & Poor's	A3 (short term) BBB- (long term)

AWB Group Risk Overview

Governance and structure



Board Governance Charter

The AWB Board Governance Charter (Charter) has been approved by the Board of AWB Limited and outlines the manner in which the Board discharges its responsibilities in pursuit of the corporate objectives. The Charter covers the roles and responsibilities of the Board, sub boards and members of the board.

A copy of the charter can be found on the AWB website –

www.awb.com.au/aboutawb/corporategovernance/boardcommittees/awbltdboardcharter

Board Risk Committee Responsibilities

The Committee is responsible for:

- ensuring that the Board considers risk as an integral element of strategy development and that the strategy enunciates the risk parameters that are acceptable to the Board
- review and oversight of the level and concentration of risks within AWB and its subsidiaries (“the Group”) to ensure consistency with the Board’s risk appetite. This includes reputational risk, credit risk, market risk, operational risk, compliance risk, insurance risk and regulatory risk
- making recommendations to the Board concerning the Group’s risk appetite, significant changes to any risk policies, and particular risks or risk management practices of concern to the Committee
- reviewing management’s plans for mitigation of the material risks faced by the various business units of the Group and the limits and delegations within the Group are structured to constrain operational activities to the agreed level of risk
- oversight of the implementation and review of risk management and internal compliance and control systems throughout the Group
- promotion of awareness of a risk based culture and the achievement of a balance between risk minimisation and reward for risks accepted
- recommending credit limits to the Board for approval.

Specific risk management policies and committees

The following diagram details the policies and committees currently in place at AWB to manage risk as well as those activities which are currently in the pipeline.

					Current Policies	In Progress	Committees			
Compliance	Group-wide Risk Management Framework	Values	Group Risk Appetite Statement	Business Principles & Ways of Working	Whistle Blower Policy	Group Compliance Policy	Anti-Money Laundering Policy	Sanctioned Trade Policy	- Anti Money Laundering Compliance Program - Improved compliance capability internationally	Compliance Committee CRO, GC, CS, Compliance and Operational Risk Managers
Credit						Credit Risk Policy			Improved Credit Risk capability internationally	Credit Risk Committee MD, CFO, CRO, Global Head of Credit, General Managers for Landmark, Financial Services and Commodities
Market						Market Risk Policy			Improved market risk capability internationally Implementation of a Risk Adjusted Return on Capital Model	Market Risk Committee MD, CFO, CRO, Division Head of Commodities, Commodities CFO, GT, Group Market Risk Manager
Liquidity & Funding						Capital Management Policy			Implementation of a Risk Adjusted Return on Capital Model	ALCO MD, CFO, CRO, HS, GT, General Manager Commodities
Operational						Enterprise Risk Policy	Fraud Policy	SH&E Policy	- Revised Enterprise Risk Management System - Online risk incident reporting system	Safety, Health & Environment Council MD, CRO, GM L'mark, GM LFS, GM Comm, National SH&E Mgr
Strategic						Capital Management Policy				Investment Committee MD, CFO, CRO, HS, General Managers for businesses, GT, GFC, Head of Tax

MD - Managing Director
CFO - Chief Financial Officer

CRO - Chief Risk Officer
GC - General Counsel

CS - Company Secretary
HS - Head of Strategy

GT - Group Treasurer
GFC - Group Financial Controller

Limits and authorities

There are a number of policies within the business which outline the limits and authorities of personnel within the company. These include:

- Register of Limits & Authorisations policy
- Register of Products & Instruments policy
- Delegated lending authorities
- Management authorisations policy

Monitoring and measurement

Management actively monitors and measures the level of risk that is being undertaken by the business to ensure that it is aligned to the risk tolerance set by the Board. Activities include:

- Regular VaR reporting for all books
- Daily position reporting
- Weekly credit reporting (mark to market, credit by sub grade, top 10 exposures)
- Online breach and risk reporting portal
- Monthly dashboard reporting to the Board and executive

Risks and controls summary

	Key risks	Controls & mitigating factors
Market Risk	<ul style="list-style-type: none"> ○ Volatility in commodity prices ○ Limited ability to respond quickly to market movements ○ Domino impact due to market movement ○ Volatility in FX 	<ul style="list-style-type: none"> ○ Operational controls, including segregation of duties between front, middle and back office ○ Authorities for trading staff in relation to approved markets, products and instruments. ○ Risk exposures are controlled by limits, monitoring of positions, and detailed reporting. ○ Policy breaches must be handled in accordance with a defined process
Credit Risk	<ul style="list-style-type: none"> ○ Risk of loss due to counterparty failure ○ Dealing with offshore companies who have limited transparency ○ Market pressure to extend, or go outside of, our risk appetite 	<ul style="list-style-type: none"> ○ Formal risk assessment and allocation of credit limits to customers and counterparties. ○ Authorities for staff extending credit ○ Risk exposures are controlled by limits, position monitoring, and detailed reporting. ○ Policy breaches must be handled in accordance with a defined process
Liquidity Risk	<ul style="list-style-type: none"> ○ Certainty of funding and sufficient headroom to meet known obligations as well as contingencies ○ Refinance risk - possible diminution in facility limit and key terms/conditions ○ Balance sheet profile – Asset types and mix 	<ul style="list-style-type: none"> ○ Conservative funding platforms and structures to optimise financial flexibility. ○ Conservative financial policies ○ Regular and formal management & Board oversight processes ○ Short term daily cash flow and liquidity forecasting/planning ○ Asset light structure of balance sheet
Compliance Risk	<ul style="list-style-type: none"> ○ Multi jurisdictional regulation ○ Multi activity regulation (chain of responsibility, dangerous goods) ○ Distributed network 	<ul style="list-style-type: none"> ○ State based compliance managers ○ Obligation register to track all obligations ○ Group compliance management and oversight ○ Online reporting and rectification
Operational Risk	<ul style="list-style-type: none"> ○ Failure in internal processes ○ Lack of documented procedures ○ Employees or contractors giving incorrect, misleading or deceptive advice ○ Damage or inadequate maintenance of assets ○ Safety, health & environment 	<ul style="list-style-type: none"> ○ Policies and procedures for: <ul style="list-style-type: none"> ○ employee practices and workplace safety ○ execution, delivery and process management ○ service and product development ○ Fraud control program ○ Insurance program ○ Emergency, security and business continuity management ○ National SH&E strategy and business plan
Strategic Risk	<ul style="list-style-type: none"> ○ Industry consolidation impacts competitiveness ○ Changes to farm practices affect demand for products & services ○ Potential regulatory changes 	<ul style="list-style-type: none"> ○ Strategic planning ○ Business planning at all levels ○ Media relations ○ Internal and external communications ○ Government relations management ○ Trade advocacy

Legal Issues

- At the date of writing, no legal action has been commenced against AWB Limited or any of its subsidiaries by any of the relevant authorities in relation to the findings of the Cole Inquiry.
- Progress in the actions against AWB in 1H09 is as follows:
 - In February 2009, in the Karim (Iraqi Residents' Class Action) case, the plaintiffs' appeal brief was filed in the US District Court in New York. AWB's brief in response was filed on 10 April 2009. No oral argument will take place before 6 July 2009.
 - In the Iraqi Government Civil lawsuit, the US District Court in New York granted an extension until 22 February 2009 for the plaintiff to serve the claim on the 93 defendants, and on 26 March 2009 granted a further extension to 24 July 2009 of the period for service of the claim on the non-U.S. defendants. On 8 May 2009 AWB announced that it had been properly served with the summons and Complaint. The plaintiff has indicated that it intends to file an amended Complaint in this matter, and the parties are currently discussing a possible schedule for filing and service of an amended Complaint and for subsequent motions to dismiss.
 - In the Watson (Shareholder) class action, AWB has filed its defence in the Federal Court of Australia. The Court has ordered a mediation take place before the Hon GE Fitzgerald AC QC on or before 3 July 2009. The trial has been set down for 6 weeks beginning 7 September 2009.
 - In the Standard Chartered Bank litigation, on 21 April 2009, the Court of Appeals notified AWB that a brief oral hearing had been scheduled for 27 May 2009.
- All information on the outstanding actions can be obtained from the AWB Limited website – www.awb.com.au/investors/companyannouncements/litigation