



# Media Release

Wednesday 21<sup>st</sup> November 2007

## AWB 2006/07 full year results

The Chairman of AWB Limited, Brendan Stewart today announced an underlying<sup>(1)</sup> profit before tax and amortisation of \$91.8 million for the full year to 30<sup>th</sup> September 2007 in line with previous earnings guidance.

“AWB Limited’s reported profit before tax was \$52 million, and after tax and significant items, the reported net profit was \$27.1 million,” Mr Stewart said.

“The Board of Directors has declared a fully franked interim dividend of four cents per share. This brings the full year dividend to 8 cents per share fully franked.”

AWB Managing Director, Gordon Davis, said all divisions were profitable despite one of the worst droughts on record, changes in wheat export marketing arrangements and company restructuring.

“The management team have successfully stabilised operating performance and are now increasingly focused on the next phase – growing the business,” Mr Davis said.

Major financial indicators include:

- \$43.3 million in full year net cost reductions on the previous corresponding period;
- significant items pre tax of \$41.7 million reflecting ongoing restructuring of the business; and
- a solid balance sheet with corporate gearing at 69% and net corporate interest cover at 3.5 times<sup>(2)</sup>.

Key aspects of operational performance include:

- Landmark – strong performance from fertiliser, real estate and wool;
- Landmark Financial Services – continued organic growth through ongoing product diversification;
- International Commodities – strong profit growth, especially Geneva, on the back of good global trading conditions and Brazil which is well positioned to take advantage of the positive global agriculture outlook;
- Australian Commodities & supply chain – stabilising earnings with better trading conditions in the second half;
- National Pool - good performance despite drought and changes in wheat export marketing arrangements; and
- Other investments – continued contribution in line with expectations.

Mr Davis said the results demonstrated underlying resilience in the business and highlighted the benefit of the company's diversification strategy.

"Approximately 40% of our business earnings is generated off-shore and therefore not affected by drought in Australia and only 10% of earnings are directly related to Australian bulk wheat exports," Mr Davis said.

The strategy priorities for the business includes:

- Landmark – continue to build the business platform, lift operational performance, adapt to new opportunities and drive synergies with other parts of the business;
- Landmark Financial Services – continue product extension and improved offering, expand customer base and maintain credit quality; and
- Commodities – continue to build structural earnings component in International Commodity Management, ensure orderly transition of Pool Management Services following changes to Australian wheat export marketing arrangements and restructure Australian Commodity Management for the new operating environment.

Mr Davis said the outlook for Australian agribusiness was very positive given the international growth of the biofuels industry, the global shortage of agricultural commodities and record agriculture commodity prices.

"Our overall strategy will increase shareholder returns by continuing to rebuild and grow the business domestically and internationally," Mr Davis said.

For further detail on AWB Limited's Full Year Results visit AWB website, [www.awb.com.au](http://www.awb.com.au)

<sup>(1)</sup> - **Definition of underlying** – excludes significant items and one offs

<sup>(2)</sup> - The calculation for net corporate interest cover is Earnings Before Interest and Tax ("EBIT") divided by Net Corporate Interest Expense (excluding interest for AWB Harvest Finance and the Rural Master Trusts) for the period.

The calculation for corporate gearing is Net Corporate Debt divided Total Shareholders Equity.

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