



To: The Manager
Announcements
Company Announcements Office

Fax: 1300 300 021

Public Announcement 2005 – 173

Full Year Results – ended 30 September 2005 (Detailed)

Please find attached for immediate release an announcement regarding the Full Year Results ended 30 September 2005.

Richard Fuller
Company Secretary

Wednesday, 23 November, 2005

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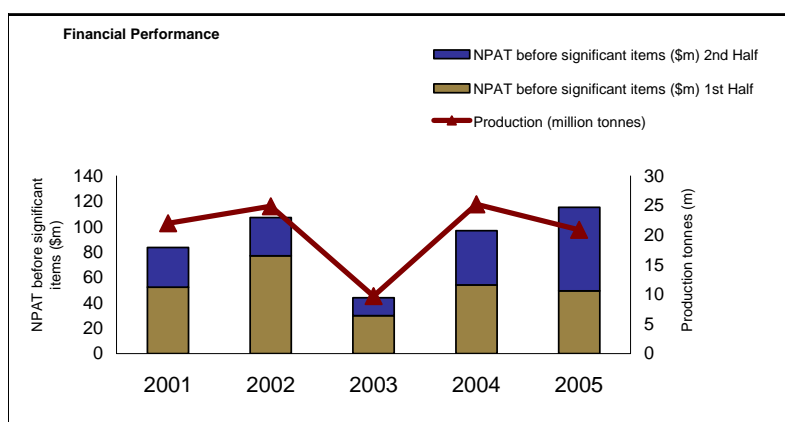
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Diversification pays dividends

AWB demonstrated the effectiveness of its diversification strategy and delivered expected earnings in 2005 with profit before tax, sale of Futuris shares and amortisation (PBTA) of \$184.5 million compared with \$184.9 million in the previous corresponding period (pcp).

Financial Highlights

- First time AWB has increased its year on year NPAT (before significant items) when it has also received lower year on year wheat volumes.
- Reported NPAT up 62% on the pcp to \$157.1 million. This includes the profit on sale of AWB's investment in Futuris Corporation Limited (FCL). Sale of FCL shares realised a profit before tax of \$55.2 million (\$41.8 million after tax).
- NPAT before significant items was \$115.3 million, up 19% compared to \$96.9 million in the pcp.
- Reported earnings per share (EPS) was up 59% to 45.7 cents per share (cps).
- Final dividend has increased to 13 cps fully franked, bringing the total full year dividend to 29 cps, up 16%.
- Landmark integration targets of \$24.5 million achieved since acquisition, against a target of \$20-25 million.



AWB Group Summary (\$m)	Full Year Ended 30 September			
	2002	2003	2004	2005
Revenue	2,319.6	2,211.9	5,344.6	5,156.5
EBITDA	165.3	93.0	261.4	251.2
Depreciation and amortisation	14.5	29.8	83.2	79.3
EBIT	150.8	63.2	178.2	171.9
Interest	2.3	-4.3	-31.1	-24.6
PBT	153.1	58.9	147.1	147.3
Tax	-45.3	-14.7	-49.4	-31.7
Outside equity interest	-0.6	-0.3	-0.8	-0.3
NPAT before significant items	107.2	43.9	96.9	115.3
EPS (¢)	39.2	15.9	28.8	33.5
Significant items after tax	0.0	0.0	0.0	41.8
Reported NPAT	107.2	43.9	96.9	157.1
EPS (¢)	39.2	15.9	28.8	45.7
Amortisation (goodwill and software)	-	2.4	37.8	37.2
PBTA	153.1	61.3	184.9	184.5
NPAT before significant items and amortisation of goodwill and software	107.2	46.3	131.5	149.5
EPS (¢)	39.2	16.8	39.1	43.5
Dividend per share	\$0.25	\$0.25	\$0.25	\$0.29
ROE (%)	13.9%	5.4%	13.6%	13.8%

Operational Highlights

AWB's strong presence across commodity management, financial services and rural services resulted in a 19% uplift in NPAT before significant items on the pcp despite a 17% fall in wheat volume compared to the 2003/04 harvest.

- Landmark, Finance & Risk Management Products and Pool Management Services all demonstrated strong year on year growth.
- The Landmark lending book continued its growth to over \$1.5 billion, 41% higher than the pcp.
- AWB maintained its leadership position in the harvest finance market with the AWB harvest loan book peaking at \$1.1 billion.
- The result from Corporate improved due to non-recurring integration and restructuring costs last financial year associated with the Landmark acquisition in the pcp.
- Profitability from Trading & Commodities was adversely impacted by less favourable trading conditions, particularly in the domestic and ocean freight markets.

New Developments

- The Group developed its own funding vehicle 'Rural Trust' for its lending business, providing a platform from which Landmark can continue to grow its loan book and strengthen its position in the agri-finance market.
- Expansion of international trading with an office opened in New Delhi, India.
- Establishment of a strategic partnership in fertiliser with Elders and WMC Resources (now BHP Billiton), including the acquisition of 33% of Hi-Fert in December 2004.
- Back office integration of Landmark was completed with the focus now on the implementation of the integrated business model.

Revenue

- Total operating revenue of nearly \$5.2 billion was down 4% on the pcp.
- The decrease was mainly due to decreased trading volumes and the lower value of AWB's Advanced and Deferred Payment products (which generate sales revenue rather than interest revenue).

Depreciation & Amortisation

- Total depreciation and amortisation for the year was \$79.3 million, down 5% on the pcp. The decrease was mainly due to the sale and leaseback of Landmark's motor vehicle fleet.
- Total amortisation expense associated with the acquisition of Landmark for the year was \$37.2 million which is consistent with the pcp. Major components of this item are:
 1. Amortisation of goodwill on acquisition of Landmark of \$27.2 million.
 2. Amortisation of Landmark's operating software system of \$10.0 million (\$10.8 million in the pcp).

Corporate Interest

- Corporate interest represents the net interest expense incurred in funding the group's activities. The total excludes the net interest margin earned by financial services products and other interest revenue amounts that are not related to funding.
- Corporate interest expense of \$24.6 million was \$6.5 million lower than in the pcp, mainly due to the sale of AWB's investment in Futuris Corporation Limited in December 2004 which enabled the repayment of borrowings.

Tax

- Tax expense was \$45.1 million which includes \$13.4 million in respect of the sale of FCL shares.
- The low effective tax rate in the current year is due to timing differences, and it is expected that a full year tax rate of around 28% is sustainable over the medium term, excluding the effect of acquisitions.

Significant Item

- The sale of AWB's investment in Futuris Corporation Limited (FCL) realised a profit before tax of \$55.2 million (\$41.8 million after tax).

Final Dividend

- Directors declared a fully franked final dividend of 13 cents per share.
- The full year dividend of 29 cents per share represents a 16% increase on the prior year and equates to a payout ratio of 87% (excluding significant items).
- The dividend reinvestment plan will continue to be offered to shareholders. No discount will be applied and the shares will be acquired on market or via new issue, if required.

The key dates for the final dividend are:

Record date	2 December 2005
Pricing period	6 – 19 December 2005
Payment of dividend	19 December 2005

Share Sale Facility

- AWB is pleased to announce a share sale facility, to allow eligible shareholders to sell their B Class shares in AWB without paying brokerage or GST.
- All shareholders with 1,500 or less Shares as at 2 December 2005 (and who fulfil other participation criteria) are eligible shareholders and will be invited to participate in the Facility.
- The Facility opens on 6 December 2005 and is expected to close on 27 January 2006.

Strategy

AWB's strategy is to be Australia's leading agribusiness through becoming the 'business partner of choice' for primary producers and end customers. Execution of this vision will enable AWB to deliver its business objectives of:

- Strengthening its core 'pool' business
- Growing and diversifying to improve the quality of the earnings and reducing the share of 'pool' based earnings.

In order to achieve its financial objectives, AWB is growing in the Commodity Management, Financial Services and Rural Services segments.

Commodity Management

- Diversification into select profitable segments (eg livestock, other origin grains) and niche assets.
- Expansion and diversification of the international trading network.

Financial Services

- Growing the lending and insurance businesses.
- Moving into selected new products and services.

Rural Services

- Optimising network operations.
- Growing merchandise, fertiliser and real estate.
- Retaining market share and managing profitability in livestock and wool.

Outlook for 2006

Commodity Management

- AWB's forecast for domestic wheat production for 2005/06 is 23 to 25 million tonnes.
- On the global front, world wheat production in 2005/06 is estimated to be around 608 million tonnes. World wheat production for 2004/05 was 625.15 million tonnes.
- Global wheat consumption will continue to increase and remain ahead of world production (2005/06 consumption forecast is 619 million tonnes).
- The Australian dollar is expected to weaken against the US into late 2005 and early 2006.
- Continued offshore expansion is expected within Commodity Management related areas.

Financial Services

- Landmark remains a real alternative to the banks, with a broad suite of lending solutions offered through the Group's recently established 'Rural Trust'.
- Lending growth for the last year was well above the industry trend and that growth is expected to continue going forward.

Rural Services

- In the broader agricultural markets, Australian beef exports remain strong and are still benefiting from the absence of US and Canadian beef exporters in our traditional markets. There is some potential for softening in prices when the US regains market access into the Korean and Japanese markets.
- Merchandise and Fertiliser looks promising with good seasonal conditions also supported by the Landmark business now well positioned to benefit from synergy and cost reduction benefits.
- For Real Estate, property prices are expected to ease after a strong two years.
- Wool prices are expected to remain flat in the short term, as they remain highly sensitive to the AUD/USD exchange rate.

AWB Group profit for 2006

- AWB is expecting pre tax profits to be around 10% higher than this year's PBTA of \$184.5 million, subject to normal seasonal and operating conditions. A more diversified business platform and improvements in key market drivers will support the lift.



AWB Group & Business Streams Review

AWB Group & Business Streams Review

Diversification has made shareholder returns less dependent on seasonal downturns. Landmark, Pool Management Services, and Finance & Risk Management all contributed strong results for 2005.

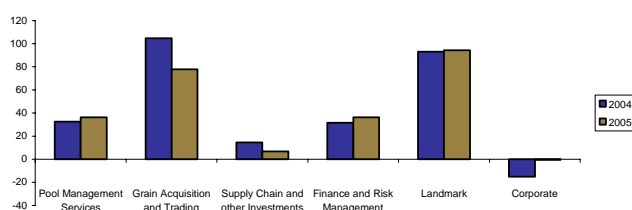
Business Stream Highlights

- Pool Management Services contributed an EBIT of \$36.3 million, an uplift of 11% compared with the pcp.
- Grain Acquisition & Trading contributed an EBIT of \$75.9 million, 26% below the pcp.
- Supply Chain & Other Investments incurred an EBIT loss of \$6.5 million for the year, compared to \$1.8 million profit in the pcp.
- Finance & Risk Management contributed an EBIT of \$36.3 million for the year, 15% higher than the pcp.
- Landmark contributed an EBIT of \$81.3 million an uplift of 6% on the pcp.
- Corporate items contributed an EBIT expense of \$51.4 million, compared with a \$67.4 million expense in the pcp.

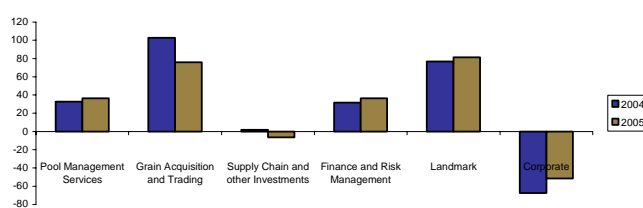
The results by business stream are generally quoted on an EBIT basis. The main exception is Finance & Risk Management Products, which includes the net interest margin from Harvest Finance products. A detailed discussion of AWB's funding arrangements and borrowing costs is contained in the Finance Review on page 17.

\$m	Full Year Ended 30 September			
	2002	2003	2004	2005
Revenue				
Pool Management Services	68.3	77.1	95.2	100.9
Grain Acquisition and Trading	1,800.0	1,661.7	2,207.2	2,348.4
Supply Chain and other Investments	85.5	69.1	108.8	76.6
Finance and Risk Management	168.6	256.6	1,284.2	701.6
Landmark	-	118.3	1,646.2	1,682.6
Corporate	197.2	29.1	3.0	246.4
Total Revenue	2,319.6	2,211.9	5,344.6	5,156.5
EBITDA				
Pool Management Services	17.3	23.3	32.6	36.3
Grain Acquisition and Trading	94.6	45.7	104.7	77.9
Supply Chain and other Investments	9.3	-0.1	14.5	6.7
Finance and Risk Management	62.6	36.9	31.7	36.3
Landmark	-	5.0	93.0	94.3
Corporate	-18.5	-17.8	-15.1	-0.3
Total EBITDA	165.3	93.0	261.4	251.2
EBIT				
Pool Management Services	17.3	23.3	32.6	36.3
Grain Acquisition and Trading	94.6	45.5	102.8	75.9
Supply Chain and other Investments	4.3	-11.7	1.8	-6.5
Finance and Risk Management	62.6	36.9	31.7	36.3
Landmark	-	3.7	76.7	81.3
Corporate	-28.0	-34.5	-67.4	-51.4
Total EBIT	150.8	63.2	178.2	171.9

EBITDA Comparison - 2005



EBIT Comparison - 2005



AWB - Who We Are

AWB is Australia's largest and most diversified agribusiness and one of the world's largest wheat marketing companies. The company is the exclusive manager and marketer of all Australian bulk wheat exports through what is known as the Single Desk. The company markets wheat into more than 50 countries, with Australian wheat exports worth up to \$5 billion per year. AWB markets and trades a range of other grains both domestically and internationally, as well as providing additional services such as chartering.

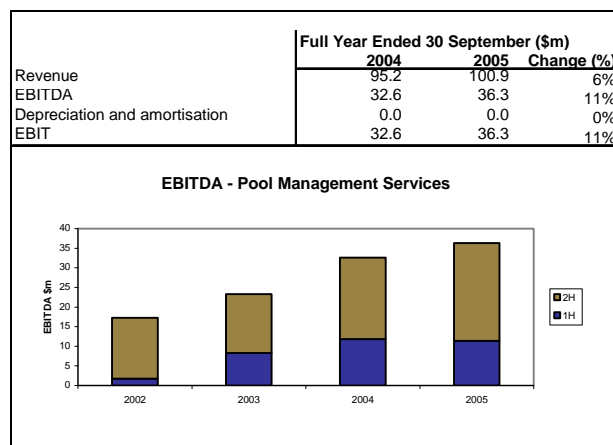
AWB's footprint includes more than 430 outlets through its subsidiary Landmark and has offices across the world. The company employs more than 2,700 staff reaching over 100,000 customers. The AWB Group provides a comprehensive range of finance, insurance, and commodity risk management services across rural and regional Australia. The company is also one of the nation's largest suppliers of rural merchandise, distributors of fertiliser, marketers of livestock, brokers of rural real estate and handlers of wool.

Pool Management Services

AWB manages the pooling and international marketing of Australian wheat to maximise net returns for participants in the AWB National Pool. Management of grain includes supply chain, logistics and testing from point of receipt in Australia, to securing end-use internationally. The business manages risk on both currency and commodity and actively shapes the national wheat crop.

Business Highlights

- Pool Management Services contributed an EBIT of \$36.3 million for the full year, a 11% lift on the pcp.
- The business managed 20.0 million tonnes through the 2003/04 Pool and 14.6 million tonnes through the 2004/05 Pool.
- Costs allocated to Pool Management Services were up 3% on the pcp, mainly due to an expansion of AWB's Asian office network, and investment in technology and systems.



Business Summary

2003/04 National Pool

- The 2003/04 Pool was finalised in April 2005, bringing its total base fee to \$63.5 million.
- Value of grain under management was \$4.9 billion (FOB), resulting in the base fee cap of \$63.5 million being applied. The final base fee instalment of \$6.4 million was received during the period.
- Total out performance as measured by the Wheat Industry Benchmark (WIB), and after deducting the USD5 per tonne out performance hurdle, was \$179.4 million.
- Final OPI of \$6.5 million was received during the year, with a total OPI for this Pool of \$35.9 million.

2004/05 National Pool

- 90% of the base fee was recognised during the year, providing revenue of \$58.6 million.
- The first OPI payment of \$29.4 million was received during the year, which was based on interim out performance above the WIB of \$214 million, and estimated pool value of \$3.2 billion.

Contribution from Pool Management Services						
(\$million)	Full Year Ended 30 September 2004			Full Year Ended 30 September 2005		
	2002/03 Pool	2003/04 Pool	Total	2003/04 Pool	2004/05 Pool*	Total
Base Fee	4.6	57.2	61.8	6.4	58.6	65.0
Out-Performance	4.1	29.4	33.5	6.5	29.4	35.9
Administration Costs			(62.7)			(64.6)
Pool Management Services	8.7	86.6	32.6	12.9	88.0	36.3

New Developments & Strategy

2004 Wheat Marketing Review recommended that the performance based remuneration model (PBRM) be refined so that the base management fee was reflective of costs and risks of running the national pool. The following changes have been made to the PBRM:

1. Base fee has been de-linked from pool value and fixed to the cost base of providing services to the Pool.
2. The Out Performance Incentive (OPI) structure has been divided into two tiers to more appropriately reflect the risks and rewards of managing the Pool.

AWB (International) Limited is well underway in implementing its 'Shaping the Future' strategy

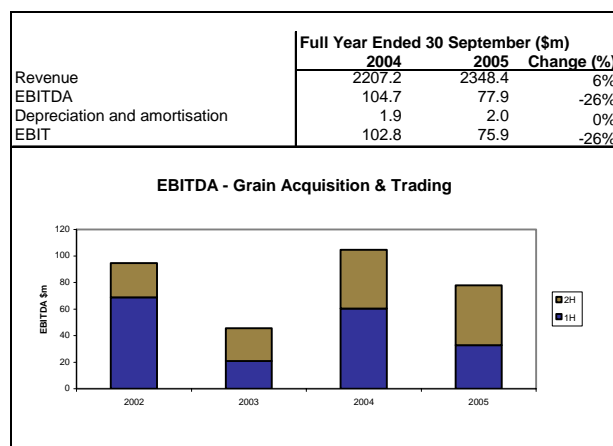
- The strategy comprises a range of initiatives designed to protect and grow the value of the AWB National Pool. Pool Management Services is instrumental in rolling out the initiatives across the Group, some of which have required increased investment in capability and systems.
- Pool Management Services will maintain its position with modest growth through a strategy of differentiation to maximise grower returns.

Grain Acquisition & Trading

AWB has developed a range of trading activities to capitalise on revenue opportunities and expand the company's presence in both domestic and international grain markets. In addition to providing products used by growers to sell wheat and other grains, the business is responsible for principal grain trading activity in the Australian deregulated grain markets, and extends this to the export of non-wheat grains such as canola, barley and sorghum into selected customers internationally. The business also manages the international chartering activities of the AWB Group.

Business Highlights

- Grain Acquisition & Trading contributed EBIT of \$75.9 million, 26% below the pcp, attributed mainly to adverse market conditions in the Australian grain trading operations.
- The expanding international trading business continued to provide favourable trading results and remains a strong platform for the Group.
- Livestock trading experienced favourable margins in buoyant market conditions and traded over 65,000 head of cattle.



Business Summary

More restrained trading conditions persisted throughout the year for Chartering

- Chartering continued to perform well, through trading freight derivative contracts known as forward freight agreements (FFA's) within pre-determined limits approved by the Board.

Good performance from International Trading

- International Trading continued to provide a strong result with both the Geneva and India offices producing favourable trading results and providing a strong revenue platform for the AWB Group.

More difficult trading and seasonal conditions reduced the contribution from Australia Trading

- Domestic wheat trading volumes decreased 16% compared to the pcp.
- Livestock trading enjoyed favourable trading conditions throughout the year.

New Developments & Strategy

"Fund of Funds" concept adopted by Grain Acquisition & Trading

- Over the last 18 months Grain Acquisition & Trading has commenced implementation of a disciplined approach to managing capital, revenue development, diversification and risk management which we call the "Fund of Funds" approach.
- The implementation of this concept has increased management transparency of all trading activity internationally, provided objective control parameters, and assisted in the sustainable development of revenue streams for the AWB Group.

Expanding the international presence

- International trading operations have continued to grow, with the opening of an AWB office in New Delhi, India during the year to trade in Indian originated grains and oilseeds to the local Indian market.

Livestock trading now integrated into the business

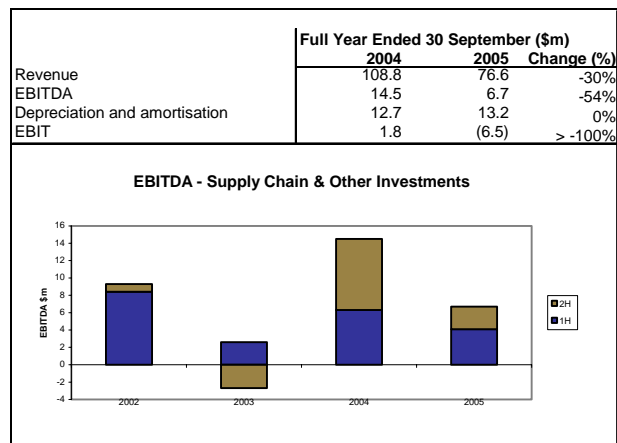
- Over the past year, the business stream has been managing principal Livestock trading for the AWB Group, which was previously managed in the Landmark business.
- Grain Acquisition & Trading will consolidate core capability and exploit niche markets where it has a competitive advantage.

Supply Chain & Other Investments

AWB develops and manages supply chain infrastructure to move grain from paddock to international customers as efficiently as possible. The value chain extends to the international end user, where AWB has invested off shore in milling and processing, to help secure demand for Australian wheat.

Business Highlights

- The business incurred an EBIT loss of \$6.5 million for the year, compared with profit of \$1.8 million in the pcp.
- Grain Centre receivals of over 1.3 million tonnes were down 0.5 million tonnes from the pcp.
- Melbourne Port Terminal's contribution to the Group decreased compared to the pcp.
- Overseas investments maintained similar EBIT contributions to the pcp.



Business Summary

Grain Centres experienced increased competitive pressures and difficult seasonal conditions

- Grain Centre receivals of over 1.3 million tonnes were down from over 1.8 million tonnes in the pcp.

Melbourne Port Terminal and overseas investments overall contribution remained steady

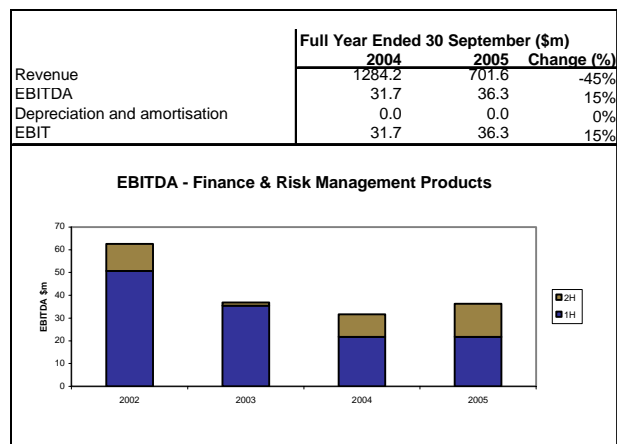
- Melbourne Port Terminal's contribution to the Group decreased compared to the pcp, primarily due to lower throughput volumes for the year.
- Overseas investments (Five Star Flour Mills in Egypt and AWB Zenoh in Japan) maintained their EBIT contributions at a comparable level to the previous year.

Finance & Risk Management Products

AWB provides harvest finance against the majority of grain delivered to the AWB National Pool. Through its subsidiary AWB RiskAssist, the company also provides to grain growers and domestic and international customers a range of price risk management products. Treasury is responsible for managing capital for the AWB Group.

Business Highlights

- The EBIT contribution from Finance & Risk Management Products was \$36.3 million for the year, 15% higher than the pcp.
- AWB's Harvest Finance market share remains stable, reflecting AWB's extensive industry expertise.
- The over the counter options (OTC) desk in Portland, USA office performed strongly for the year.



Business Summary

Harvest Finance maintains market share and interest rate margins comparable to the pcp

- The contribution from Harvest Finance products decreased compared to the pcp mainly due to lower wheat production and prices. Harvest Finance maintained market share and interest rate margins at comparable levels to the pcp.
- Improved customer management systems have been developed to further strengthen the Group's relationship with clients.
- AWB Harvest Finance continues to take a progressive approach to topping up clients loans and payments affording them access to higher levels of working capital.

Increased activity within Risk Management

- AWB's Risk Management businesses (AWB RiskAssist, Basis Pool and OTC desk in the Portland, USA office) all performed well. This result was mainly attributable to increased activity in the Portland office.

Treasury Management performs strongly

- Treasury management made a strong contribution to Finance & Risk Management Products.

New Developments & Strategy

Launch of new products

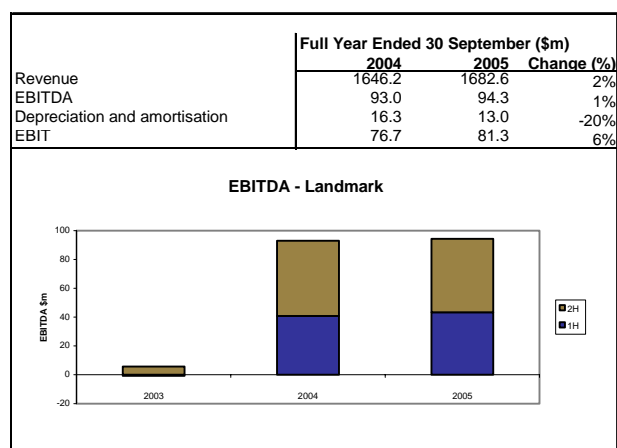
- A new set of price risk management products were launched by Finance & Risk Management during the year. New Harvest Finance products were released to the market, assisting clients with working capital management.
- AWB will focus on retaining its leadership position in Harvest Finance.
- Growth in Risk Management Services will be driven through strategies focused on increasing grower take-up, simplifying product range and educating internal and external counter parties about the benefits of risk management and OTC options.

Landmark

AWB is a major supplier of agribusiness products and services. The Landmark business leverages a national network of more than 430 outlets, providing a diverse range of rural services including rural merchandise, livestock, wool marketing, agronomy, real estate and distribution of fertiliser products. Landmark also provides an expanding rural finance offering, including term and seasonal lending options, insurance and deposits, all serviced by a national network of finance specialists.

Business Highlights

- Landmark contributed EBIT of \$81.3 million for the year, 6% higher than the pcp.
- Higher earnings across the merchandise, real estate, finance and insurance activities plus the recognition of profit on the sale of assets were offset by higher overhead costs.
- Merchandise and fertiliser sales increased by 3% on the pcp.



Business Summary

Similar margins in Merchandise and Fertiliser compared with the pcp

- Merchandise and fertiliser sales increased by 3% on the pcp.
- Fertiliser sales revenue was higher than in the pcp due to higher prices although volumes and margins were down due to a combination of increased competition and seasonal conditions.
- Increased sales in fencing and animal health and management products were offset by lower chemical sales.

Livestock gross profit remains strong

- Cattle prices were higher whilst volumes were slightly lower. In contrast, sheep volumes for the year were higher while prices were lower. Overall profitability was slightly lower than the pcp.

Good result from Real Estate

- Sales increased by 5% for the year compared to the pcp, which delivered an increase in gross profit. The increased sales value was driven primarily by higher prices, supported by an increased demand for prime rural properties.

Wool gross profit down on the pcp

- A 7% reduction in profitability for the year compared with the pcp was primarily due to a reduction in wool prices, while volumes for the period decreased.

Solid increase delivered by Finance

- Gross profit for the period increased on the pcp. This growth was mainly due to a 41% increase in the loan book to a balance of \$1.56 billion, while interest bearing deposits increased 86% to \$550 million.

Insurance experiences growth in gross written premium

- Gross profit increased by 2% compared to the pcp, achieved through growth in gross written premium.

New Developments & Strategy

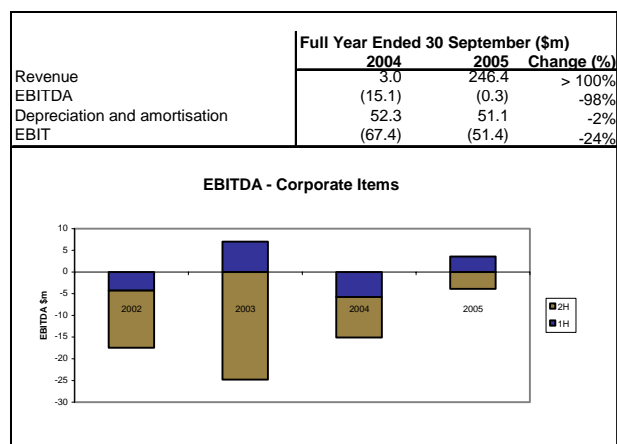
- The funding vehicle 'Rural Trust' was developed for the lending business, providing a platform from which Landmark can continue to grow its loan book and strengthen its position in the agri-finance market.
- Real estate sales strengthened with further growth targeted in the rural residential sector.
- Establishment of a strategic partnership in fertiliser with Elders and WMC Resources (now BHP Billiton), including the acquisition of 33% of Hi-Fert in December 2004.

Corporate Items

Corporate items comprise corporate overheads and miscellaneous revenue items.

Business Highlights

- Corporate division contributed an EBIT expense of \$51.4 million, compared with a \$67.4 million expense in the previous year.
- This total includes the amortisation of goodwill and software associated with the acquisition of Landmark of \$37.2 million (pcp: \$37.8 million).



Business Summary

Corporate overheads

- Overhead expenses are allocated to business units via a fee-for-service methodology. Corporate overheads comprises costs that are incurred as a result of carrying on business as a listed corporate entity. These costs can be categorised as governance, compliance (e.g. legal, secretarial, and external financial reporting), shareholder (e.g. investor relations, AGM) and strategic (e.g. corporate development and research and development). The decrease in corporate overheads is mainly due to non-recurring integration and restructuring costs associated with the Landmark acquisition incurred in the pcp.

Miscellaneous revenue items

- Miscellaneous revenue includes dividends from the former holding in Futuris Corporation Limited of \$4.0 million and the partial write-back of AWB's investment in Vietnam Flour Mills of \$1.7 million.



Finance Review

Finance Review

Statement of Financial Position

Highlights

- Net assets increased by \$71.2 million in the current year.
- Net tangible assets per share at 30 September 2005 were \$1.82 compared with \$1.55 at 30 September 2004.

Statement of Financial Position (\$m)	Year Ended 30 September	
	2004	2005
Cash	48.2	54.2
Working Capital Items	535.3	611.9
Grower Loan Receivables	575.2	410.9
Advanced & Deferred Payment Products	273.2	167.0
<i>Finance Options for Growers</i>	<i>848.4</i>	<i>577.9</i>
Investments	681.0	561.1
Property, Plant, and Equipment	319.6	277.7
Short Term Deposits	515.8	393.2
Interest Bearing Deposits (Landmark)	(304.4)	(535.4)
Deposits - AWB National Pools	(1,108.9)	(565.9)
Bank Loans	(488.8)	(257.3)
Net Debt	(1,386.3)	(965.4)
Net Assets	1,046.2	1,117.4
Shareholders' Equity	1,046.2	1,117.4

Summary

Working Capital increased by \$77 million

- This increase was mainly due to increased trade receivables and inventory partially offset by increased trade creditors.

Finance Options for Growers decreased by \$271 million

- This decrease reflects the lower size and value of the 2004-05 harvest. Wheat production of 20.9 million tonnes for 2004-05 was down by 17% compared to the 2003-04 harvest. Value of grain under management in the 2003-04 National Pool was \$4.9 billion (FOB) compared to the interim calculation for the 2004-05 National Pool of \$3.3 billion.

Investments decreased by \$120 million

- This decrease is mainly due to the disposal of AWB's stake in Futuris Corporation Limited in December 2004 (book value of \$140 million).
- Amortisation of the goodwill on consolidation of Landmark was \$27 million.
- These amounts are partially offset by AWB's acquisition of a 50% stake in the joint venture company ELF Australia Pty Limited for \$44 million. ELF Australia is a joint venture with Elders which acquired a two-thirds stake in the fertiliser marketer and distributor, Hi-Fert Pty Ltd.

Property Plant and Equipment decreased by \$42 million

- The decrease in this balance on the pcp is mainly due to the sale of Landmark's motor vehicle fleet and saleyards in Gippsland. Landmark has entered into a leaseback arrangement for its motor vehicles.
- Capital expenditure for the year of \$35 million was below the level of depreciation expense.

Net Debt decreased by \$421 million

- Net debt represents the balance of interest bearing liabilities less any short term deposits which are used for investing non-committed cash balances. The decrease in the net debt position reflects the changes in other asset and liability categories.

Shareholders' Equity increased by \$74 million

- AWB Limited issued 2.3 million new B class shares during the year resulting in an increase to contributed equity of \$8.3 million. Shares were issued through:
 - The employee share plan (0.4 million shares).
 - The staff ownership plan (1.8 million shares).
 - The performance rights plan (0.1 million shares).

Borrowing & Interest Costs

Highlights

- Reported net interest expense of \$5.7 million was \$6.1 million less than the pcp.
- Main reason for the decrease in interest expense for the year compared to the pcp is the sale of AWB's investment in FCL in December 2004 which enabled the repayment of borrowings.

Borrowing & Interest Costs		
(\$m)	Full Year Ended 30 September	
	2004	2005
Interest revenue / (expense):		
Interest revenue – other persons / corporations	72.7	76.5
Interest revenue - related party (AWB National Pools)	8.3	16.1
Interest expense - other persons / corporations	-73.7	-68.4
Interest expense - related party (AWB National Pools)	-19.1	-29.9
Net interest expense per statutory accounts	-11.8	-5.7
Less: Interest revenue amounts included in EBIT for segment reporting purposes		
	-19.3	-18.9
Corporate interest expense	-31.1	-24.6

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.

Statement of Cashflows

Highlights

- Cash held by the group increased by \$6.0 million during the 2005 year from \$48.2 million to \$54.2 million.

Cashflow		
Full Year Ended 30 September 2005 (\$m)	2004	2005
Profit before tax	147.1	202.6
Add: depreciation & amortisation	83.3	79.3
Less: profit on sale of n/c assets	(5.5)	(60.5)
Add: other non-cash items	(53.9)	18.8
	170.9	240.1
Increase in working capital balances	(147.3)	(76.6)
Finance options for growers	(367.4)	270.6
Income taxes paid (net)	8.7	(63.2)
Cash flows from operating activities	(335.1)	370.9
Payments for pp&e (net)	(19.7)	(7.9)
Proceeds on sale of investments (net)	(32.3)	148.7
Proceeds from short term deposits	(479.8)	122.6
Cash flows from investing activities	(531.8)	263.4
Proceeds from issues of shares	75.7	8.3
Net decrease in interest bearing liabilities	839.2	(543.5)
Dividends paid	(54.6)	(93.1)
Cash flows from financing activities	860.3	(628.3)
Net increase / (decrease) in cash held	(6.6)	6.0

Cashflow Summary

Operating activities

- Cash inflows from operating activities for the year of \$370.9 million contrast with cash outflows of \$335.1 million in the pcp. The significant inflow is mainly due to the net repayment of grower finance options. The value of loans and advances made by AWB Harvest Finance was lower in the current year than in the pcp due to a reduction in the size and value of the 2004/05 Australian wheat crop.

Investing activities

- Payments for property, plant and equipment of \$35.8 million were mainly in relation to the acquisition of motor vehicles (Landmark), information technology, and works at Grainflow sites.
- Proceeds from sale of property, plant and equipment of \$27.6 million were mainly in relation to the sale of Landmark's motor vehicle fleet and saleyards in Gippsland. Landmark has entered into a leaseback arrangement for its motor vehicle fleet.
- The cash inflow from proceeds on sale of investments of \$197.5 million was mainly due the disposal of AWB's investment in FCL.
- The cash outflow from purchases of investments of \$48.2 million was mainly due to the acquisition of a 50% stake in ELF Australia Pty Limited. ELF Australia is a joint venture with Elders which acquired a two-thirds stake in the fertiliser marketer and distributor, Hi-Fert Pty Ltd.
- The cash outflow of \$122.6 million in relation to short term deposits and securities reflects the net investment of non-committed cash in these financial assets.

Financing activities

- AWB Limited issued 2.3 million new B class shares during the year under the employee share plan, staff ownership plan, and performance rights plan. Net proceeds were \$8.3 million.
- There was a net repayment of borrowings from related parties (the AWB National Pools) during the year of \$543 million. This is due to the timing of sales and distributions by the AWB National Pools. The AWB National Pools place surplus funds on deposit with AWB Harvest Finance Limited as the pool sales program progresses. The amount deposited increases in advance of pool distributions. At balance date, the AWB National Pools had \$565.9 million on deposit with AWB Harvest Finance compared to \$1.1 billion at 30 September 2004. Pool distributions of \$612 million (plus GST) were paid in October 2005.
- An increase in the level of interest bearing deposits (IBDs) held by Landmark generated a net cash inflow of \$231.0 million. Borrowings from other parties decreased during the year, with \$231.5 million (net) being repaid.
- The 2004 final dividend of 11 cents per share was paid in December 2004. The 2005 interim dividend of 16 cents per share was paid in July 2005.

Capital Structure & Treasury Policy

The extent of the AWB Group's borrowing program is primarily driven by the level of finance provided to growers who deliver to the AWB National Pool and the timing of grain deliveries and sales. The AWB Group is able to obtain funds from a variety of sources in the domestic and global capital markets.

AWB Group Funding Limits

US commercial paper program	US\$1.5 billion
Euro commercial paper program	US\$1.5 billion
Domestic electronic promissory note program	AU\$2.0 billion

In December 2003, AWB Harvest Finance Limited established an A\$500 million Domestic medium-term note program with the capability to issue both senior and subordinated longer-term debt. This program is supported by Australian and US dollar committed commercial paper standby facilities. These are provided by AWB's relationship banking panel where commitments are established to provide liquidity in the event AWB Harvest Finance Limited is unable to issue commercial paper. AWB hedges risks arising from interest rate fluctuations, through a number of approved instruments including interest rate swaps, forward rate agreements, exchange traded futures contracts and options on futures contracts.

All funding and liquidity support in respect of Australian wheat export related operations of the Group are transacted by AWB Harvest Finance Limited, a wholly-owned, bankruptcy remote subsidiary of AWB Limited. AWB Harvest Finance Limited provides growers delivering to the AWB National Pool with a complete suite of harvest finance options.

The commercial activities of the AWB Group are funded by six relationship banks via a committed A\$750 million Syndicated Loan Facility Agreement established in September 2004. This provides for cash advances and replaces the previous A\$950 million Syndicated Multi-Option Facility used for commercial activities. Three separate tranches of the facility mature in 2005, 2007 and 2009. The borrower for the commercial operations of the Group is AWB Commercial Funding Limited, a wholly owned and guaranteed subsidiary of AWB Limited which also provides treasury services to the commercial subsidiaries of the Group.

Credit Rating

Following successful implementation of the 'ring-fenced' company structure AWB has maintained its dual credit rating whereby AWB Harvest Finance Limited was able to achieve the highest possible short-term ratings available. The innovation and success of the 'ring-fence' structure has also been recognised with the AWB Treasury receiving an industry award for the initiative.

Current AWB credit ratings	
AWB Harvest Finance Limited Standard & Poor's	A-1+ (short term) AA- (long term)
Outlook	Stable
Moody's Investors Service	P-1
AWB Limited Standard & Poor's	BBB
Outlook	Stable

Impact of Adopting A-IFRS

The project to manage the transition to A-IFRS has been completed and remaining tasks have been transferred to existing functional areas. AWB expects to fully comply with the requirements of A-IFRS. AWB's first A-IFRS compliant reporting will be 31 March 2006.

The major impacts of adopting A-IFRS are:

- Goodwill amortisation replaced by impairment testing
- Grain centres reduced carrying value on transition
- Expense share based payments
- No hedge accounting for derivatives
- Grain trading inventory at fair value

Further details are contained in note 6 of AWB's Preliminary Final Report (Appendix 4E).