



Annual Report 2001 *It's all about growing*



ABN 99 081 890 459

Shareholder Information

Financial calendar 2002

• Final dividend payment	4 Jan
• Annual general meeting	14 Mar
• Half year end	31 Mar
• Half year results announced	29 May
• Interim dividend payment	5 July
• Full year end	30 Sept
• Full year results announced	28 Nov
• Final dividend payment	Jan 2003
• Annual report mailed to shareholders	Jan 2003

Dual class share structure

AWB Limited has two classes of shares:

- A class Shares – can only be issued to current wheat growers (that meet the definition of a grower in the constitution). These cannot be transferred and must be redeemed when the A class shareholder ceases to be a wheat grower. A class shares are not entitled to receive any dividends, however they do carry other important rights giving A class shareholders control of AWB, including giving A class shareholders the ability to elect a majority of the board of directors
- B class shares – the only class of shares that are quoted on the Australian Stock Exchange (ASX). B class shares carry rights to receive dividends and the right to elect a minority of the board of directors. They can be freely traded between wheat growers and non-growers, subject to no shareholder owning more than 10% of the B class shares on issue.

Voting rights

The voting rights for holders of each AWB share class are as follows:

A class shares – on a show of hands, the holder of an A class share has one vote and on a poll the holder has the number of votes determined by their annual grown and harvested wheat tonnage deliveries as follows:

- one vote; plus
- an additional vote if their average annual tonnage of wheat delivered to the AWB Group is more than 33 1/3 tonnes per year for the 3 years ending at the prior financial year; plus
- an additional vote for each 500 tonnes, or part thereof, per year of average annual tonnage delivered by the A class shareholder to the AWB Group above 500 tonnes per year for the 3 years ending at the prior financial year.

At 30 September 2001 there were 35,850 A class shares.

B class shares – on a show of hands, the holder of a B class share has one vote and on a poll the holder has one vote for each B class share held.

At 30 September 2001 there were 63,510 B class shareholders.

Annual general meeting

AWB's 2000-2001 annual general meeting will be held at 12 noon (Melbourne time) on Thursday 14 March 2002 at the Auditorium, Level 2, Melbourne Exhibition Centre, 2 Clarendon Street, Southbank, Melbourne, Victoria. Details of the business of the meeting are contained in the separate Notice of Meetings sent to shareholders.

Dividend payment

A final, fully franked dividend of 8 cents per share was paid on 4 January 2002 to shareholders registered on the AWB Share Register at 14 December 2001. For Australian tax purposes, the dividend was fully franked at the company tax rate of 30%.

Dividends may be paid directly into a bank, building society or credit union in Australia. These payments are electronically credited on the dividend date and confirmed by mailing payment advices. Shareholders may receive their dividends electronically by advising AWB's Share Registrar in writing. If you have questions about your shareholding or dividends, please contact the company's share registry.

Stock Exchange listing

AWB B class shares are listed on the ASX and reported in the industrial section of daily newspapers under the code AWB.

Share registry

Computershare Investor Services Pty Ltd
Level 12, 565 Bourke Street Melbourne VIC 3000
Tel: 1800 810 032
Fax: 1800 800 053

It will assist if you can quote your current address together with your Security Reference Number (SRN) or Holder Identification Number (HIN) as shown on your Issuer Sponsored/CHESS statements.

Change of address or banking details

Shareholders should notify the share registry in writing immediately of changes of address or banking details for dividends electronically credited to a bank account.

Removal from annual report mailing list

Shareholders who no longer want to receive the annual report should call the AWB Share Registrar on 1800 810 032 to register their choice. Shareholders will continue to receive all other information including the notice of the annual general meeting and proxy form. The annual report can also be viewed on AWB's website at www.awb.com.au.

Investor relations

Investors with questions regarding AWB financial information are invited to contact:

Investor relations

AWB Limited
528 Lonsdale Street
Melbourne VIC 3000
Tel: 03 9209 2000

Auditor

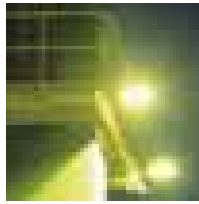
Ernst & Young
Level 33
120 Collins Street
Melbourne VIC 3000

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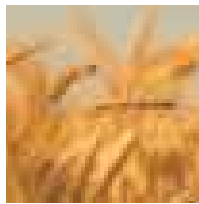
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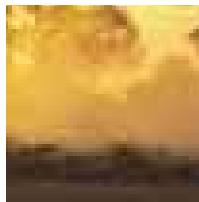
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Highlights of the Year



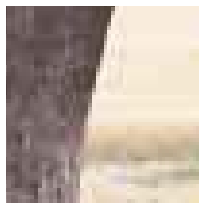
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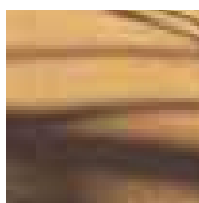
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Vision

Grains managed by AWB
are the world grains of choice

Mission

AWB is a leading integrated
global grains manager

Business objective

Maximise value for growers,
customers and shareholders



About AWB Limited

AWB Limited (AWB) is Australia's major grain marketer and one of the world's largest wheat managers and marketers. Born out of the Australian Wheat Board, which operated as a government statutory marketing authority for 60 years, AWB is now a public company listed on the Australian Stock Exchange (ASX).

Our business is active asset management. The company markets wheat and other grains to more than 50 countries and is the world's third largest wheat exporter with a 16% global market share.

A subsidiary of AWB, AWB (International) Limited (AWBI) is chosen by most Australian grain growers and particularly wheat growers, to market and finance their grain. Our prime objective is to maximise the value of these grain assets and flows for growers and shareholders while providing value added services to our customers.

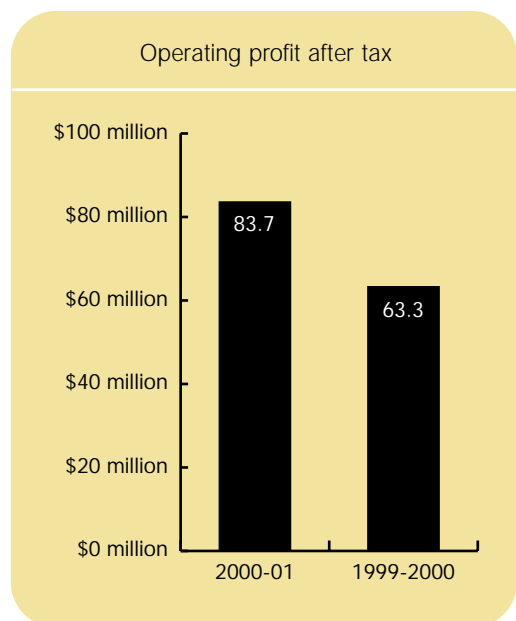
AWB is the exclusive manager and marketer of all Australian bulk wheat exports through what is known as the Single Desk, but we market and trade other grains including barley, sorghum, oilseeds and pulses.

The wheat pools managed by AWBI represent around 3% of the total value of Australia's exports and about 12% of Australia's total farm exports.

AWB's operations can be categorised into five key business areas:

- **pool management services** – primarily the aggregation and global marketing of Australian wheat to maximise net pool returns; and commodity price and currency risk management
- **finance and risk management products** – the provision of finance and risk management products to growers
- **grain acquisition and trading** – the trading, as principal, of grains and the direct servicing of Australian grain growers
- **grain technology** – the development and Australian application of leading-edge grain related technologies
- **supply chain and other investments** – the development of, and direct investment in, supply chain infrastructure and end-use grain businesses, along with the management and trading of shipping capacity

AWB employs approximately 500 people and has 32 offices in Australia and overseas.





Highlights of the Year

Operational

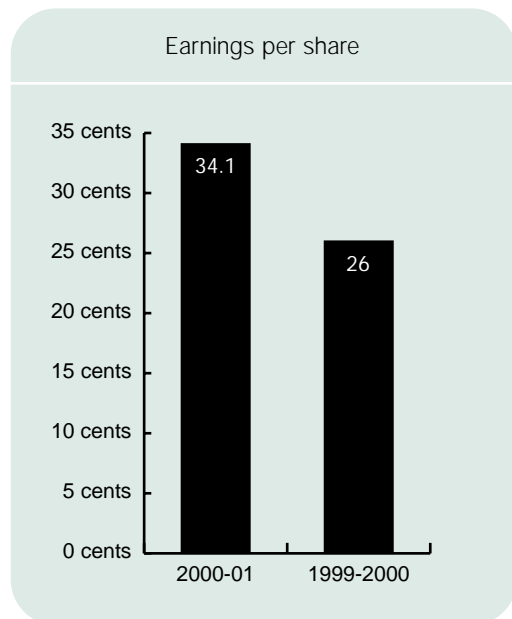
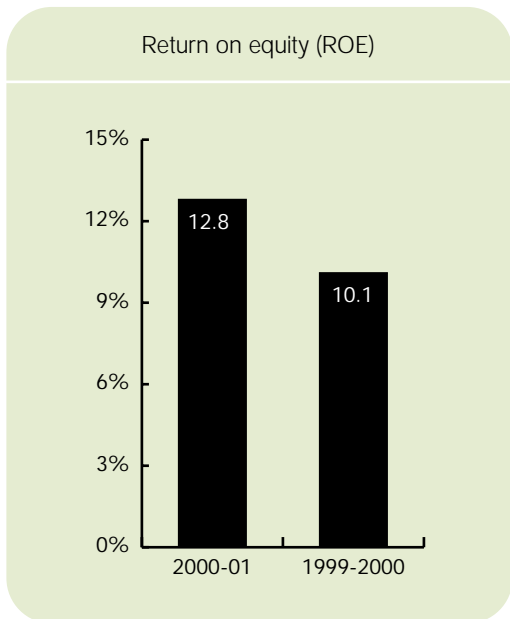
- approximately 24 million tonnes* of grain managed with a value of \$5.5 billion
- 15 million tonnes of wheat worth \$3.8 billion exported
- loan book for harvest season peaked at \$1.5 billion
- successfully listed on the ASX
- retained the Single Desk with AWBI as sole exporter of Australian bulk wheat
- new, performance based payment agreement with AWBI for provision of pool management services
- new pool management performance benchmarks gave growers a transparent and accurate system for measuring performance in managing the National Pool
- six additional grain centres in Victoria and New South Wales (NSW) ready for 2001-02 harvest
- investment in Melbourne Port bulk handling terminal performs strongly in first full year of operations
- restructured AWB Chartering to pursue growth

- introduced new payment system and simplified paperwork for growers
- strong grower acceptance of Golden Rewards – AWB's new system for segregating grain and paying growers

* Includes carry over stock

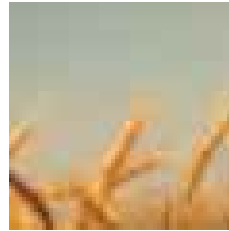
Financial overview

- operating revenue \$1.96 billion
- operating profit before tax \$122.6 million
- operating profit after tax \$83.7 million
- total assets \$1.98 billion
- shareholders' equity \$751 million
- capital expenditure \$58.1 million
- depreciation and amortisation \$8.0 million
- earnings per share 34.1 cents
- return on equity (ROE) 12.8%
- dividends per share (fully franked) 22 cents





It's all about growing



Chairman's Report



Trevor Flügge A.O.
AWB Chairman

This has been a year of significant achievement for AWB on behalf of shareholders and grain growers with a record profit and a near record pool wheat price.

The AWB group managed 24.1 million tonnes of grain with a value of approximately \$5.5 billion which included approximately \$3.8 billion in export income from wheat alone under the Single Desk.

The company posted a 32% rise in after tax profit to \$83.7 million for the year to 30 September 2001. This result exceeded our prospectus forecast. The profit equates to a basic earnings per share of 34.1 cents allowing the board to approve a fully franked dividend of 8 cents per share, bringing total dividends for the year to 22 cents per share on an increased capital base.

The year will be remembered for the successful campaign to retain the Single Desk (the sole right to export bulk Australian wheat) and as the year AWB successfully listed on the ASX.

AWB's listing was very successful with the offer of 31.8 million new shares, significantly oversubscribed. It marked the completion of sweeping reforms that turned a 60-year-old statutory marketing authority into a modern, global grains manager which is now well positioned to pursue growth in Australia and overseas. We will use this additional capital to fund the future development of the business by broadening our range of services and products and expanding domestic and overseas operations.



Listing has given growers holding B class shares the opportunity to trade their shares at fair value in a liquid and transparent market. The strong performance of AWB shares since listing, despite the events of 11 September, is an endorsement of the company's strong future.

It is worth noting the growth in the value of growers' equity in AWB that began with grower contributions to the Wheat Industry Fund (WIF). In 1999 these units were converted to shares in the newly privatised AWB. Growers made a total of \$465 million in WIF contributions, but their value accrued to \$607 million under AWB's management. On 30 September 2001, the closing price for AWB shares was \$3.35, which means the initial grower investment of \$465 million was valued at \$809 million.

Throughout the year AWB dedicated considerable resources to the retention of the Single Desk during the National Competition Policy (NCP) Independent Review of the Wheat Marketing Act.

AWB argued vigorously and in many forums that the Single Desk provided significant benefits to Australian wheat growers and the nation's economy. We demonstrated that premiums captured by this arrangement are equal to more than \$140 million a year or \$8.72 per tonne.

The Federal Government's response to the review means the Single Desk is not scheduled to be reviewed under NCP guidelines until 2010, although there will be a review of the performance of AWBI in managing the Single Desk in 2004.

We are now committed to ensuring that AWBI outperforms these benchmarks and continues to demonstrate that the Single Desk offers a clear and unchallengeable benefit to Australian wheat growers and the nation's economy.

Furthermore, we are confident that in securing the best possible returns for Australia's grain growers we will also deliver the best value for shareholders and our customers.

We are entering an exciting new era for AWB.

On behalf of the board, I would like to thank our growers, customers and shareholders for their support during this period of change and gratefully acknowledge the contribution of all employees to this year's achievements.

Trevor Flügge A.O.

Mr Flügge will retire as appointed chairman of the company at the 2002 annual general meeting in accordance with the company's constitution and will offer himself for election as an A class director in Western Australia and for election by directors as chairman of the company.



Managing Director and Chief Executive's Report



Andrew Lindberg
managing director and chief executive

AWB has laid the foundations for sustainable growth with a strong financial result and extensive structural and operational reforms combined with investments to expand our earnings base.

Our platform for future development relies on four engines for growth: maintaining our core wheat business, broadening the range and volume of other grains under management, expanding our range of financial and risk management products and investing in processing and branded products.

We have created a strong company. We are well positioned to continue to deliver on our commitment to increase value to growers, customers and shareholders.

While the share market listing and retention of the Single Desk were highlights of the year, other notable achievements included the construction of six new storage and handling facilities in Victoria and NSW, signing of a rail freight agreement with FreightCorp in NSW and the development of a new performance based payment structure for AWBI's management of the Single Desk.

Profit highlights

AWB Limited's after tax profit of \$83.7 million represents a 12.8% return on equity (ROE). Our medium term objective is a 15% ROE.

This year's profit includes significant contributions from grain acquisition and trading, and finance and risk management products.

In grain acquisition and trading, the company achieved a \$39.6 million increase in pre-tax profit to \$68.6 million due to favourable trading conditions and higher volumes.

In finance and risk management products, the pre-tax profit of \$84.8 million (compared to \$94.5 million in 1999-2000) was a strong result given the lower underwriting revenue from lower pricing and a smaller crop size.

Export program

Despite a downturn in Australian production, AWBI wheat exports reached 15 million tonnes for the fourth year in succession. This enabled the company to maintain market share despite the fall in the national wheat crop from a record 24.7 million tonnes in 1999-2000 to 21.2 million tonnes in the period under review. More than 40 countries and 70 individual customers chose AWB grains. Sales continue to strengthen in markets in the Middle East, Africa, Europe and Asia.

The springboard for growth

We have undertaken a suite of structural and operational reforms that form the launch pad to grow and diversify our earnings base and increase grower returns.

Supply chain investment

We have made considerable progress with our east coast strategy to improve efficiency and reduce costs for growers. A further six state-of-the-art grain centres have been built providing a new level of competition for storage and handling services. These investments offer long-term benefits to both growers and shareholders. The company has also negotiated relationships with service providers in all states to deliver greater efficiencies and savings where possible.

AWB Chartering has been reviewed and placed on a more commercial footing to pursue growth.

Overseas investment

We continue to seek out overseas opportunities such as our investment in a new animal feed production company in Egypt. This is an expansion of our existing investment in Five Star Flour Mill (FSFM) in Egypt. Such investments supplement our income and create a more secure demand for our brands.

New and improved products and services

We have introduced new or refined products and services that better meet the needs of growers and customers and expand our earnings base. Golden Rewards was launched for the 2000-01 harvest and is being strengthened and refined; payment paperwork is simpler and more streamlined; new finance and risk management products are being developed including the recently launched AWB *riskassist* – a new risk management service.

New AWB branding

Superior grain quality and surety of supply, thanks to the Single Desk, are the key selling points for AWB in the global marketplace. The company has developed new trademarks that better differentiate our products and our competitive advantage. They will be launched onto international markets early in 2002.

Corporate strategy

Our corporate strategy is being implemented to build on the achievements of the past year.

As an active asset manager, AWB aims to increase the volume of grains under management; achieve high premiums for Australian grain in the international market while reducing supply chain costs; expand finance and risk management services to Australian grain growers and make downstream investments.

To achieve these aims, strategies have been developed to:

- win grower mandates
- sustain trading out-performance
- create value through supply chain efficiencies
- secure end user demand
- lead in grain technology
- maintain growth and diversify revenue streams
- strengthen stakeholder and investor support
- strengthen organisational capability and performance.

2001-02

Payment based on performance

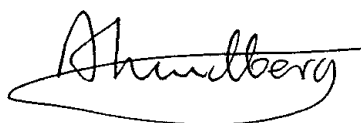
A new performance based payment structure, introduced on 1 October 2001, will change the way AWB is paid for services supplied to AWBI to manage the Single Desk on behalf of growers. The shift to a more commercial payment framework allows greater opportunity to increase returns to both growers and shareholders and at the same time provides a transparent framework for measuring AWBI's management of the Single Desk.

Global conditions

The events of 11 September have not required a change to sales or shipping programs, but some extra costs in insurance and risk premiums have been incurred. AWB has enjoyed a long relationship with our Middle East customers, built over more than 50 years. Most of the Middle East looks to the supply of wheat as an issue of national security and in a period of international uncertainty, AWB stands out as solid and reliable. With our expertise and experience, combined with the significant benefits of the Single Desk system of marketing, we are confident that we can continue to manage AWB's sales programs to these markets. There is, however, no guarantee of Middle East markets remaining unaffected if disruptions were to occur.

Outlook

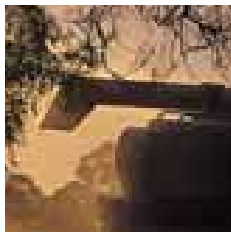
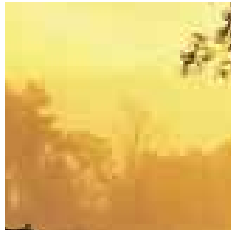
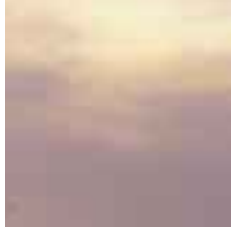
The outlook is for solid earnings in the 2001-02 financial year.



Andrew Lindberg



AWB's Business Streams



Pool management services

Major functions

- aggregate and internationally market pooled wheat on behalf of growers via the Single Desk to maximise net pool returns
- manage commodity price risk through physical sales and financial hedging on global commodity exchanges
- manage currency risk
- manage AWB's wheat brands as part of a global marketing strategy
- meet Wheat Export Authority's (WEA) benchmarks for the 2004 export performance review

The year in brief

- exported 15 million tonnes of wheat which exceeded forecast
- introduced performance based payment structure for services provided by AWB for pool management
- established the pool management performance benchmarks to measure the National Pool performance
- strong grower support for Golden Rewards
- strong performance of durum pools
- introduced guaranteed pool access dates for 2000-01
- successful in the Full Federal Court Appeal by NEAT Domestic Trading regarding the export of durum

The year ahead

- further development of Golden Rewards
- outperform against performance benchmarks
- implement new performance based payment system
- develop closer relations with overseas customers

Net profit before tax

2000-01
\$9.3 million

1999-2000
\$10.1 million

One of the key tasks for AWB Limited is the provision of services to AWBI to manage the National Pool. Fees charged to AWBI for the provision of these management services and the resulting profits are consistent with the previous year.

AWBI's responsibility is to maximise net pool returns for growers by securing, developing and maintaining export markets for wheat and minimising costs as far as practicable.

International sales and marketing

For the fourth consecutive year, AWBI exports of Australian wheat reached 15 million tonnes with more than 40 countries and 70 individual customers choosing to buy grain from AWBI.

Key markets for wheat exports were Iraq, Iran, Indonesia, Japan, Egypt and South Korea. Wheat was exported from 18 ports around Australia, in particular from Port Kembla, Geelong, Port Adelaide, Fremantle and Melbourne.

AWBI's wheat sales continued to strengthen in the Middle East, Africa, Europe and Asia irrespective of political, economic and competitive challenges.

Asia remains a significant focus of AWBI's marketing strategy. As wheat continues to displace rice as the basic food staple, the focus is on downstream product branding to further strengthen AWBI's position. We have committed further resources to develop our position in the fast growing Vietnamese market.

Demand remains strong in Middle East markets such as Iraq, Iran and Egypt where AWB branded wheat plays an important role. Emerging markets such as the Egyptian private milling industry, Sudan and East Coast Africa show significant growth potential. Meanwhile, new chartering contracts strengthen the competitive position of our brands.

In the niche markets of the Mediterranean basin and North Africa, customers willingly meet higher freight costs to secure AWB wheat. There is considerable potential for freight combinations and other products such as durum.

There is strong demand for AWB support products and services such as freight, trade finance, product branding, technical support and risk management.

The company completed the season with a minimum stock carry over due to sound inventory management. This provided a strong base from which to launch the new season's marketing campaign.

The pool management performance benchmarks

Following the Federal Government's decision to retain the Single Desk, AWBI has established benchmarks to assess the performance of its pool management. The benchmarks are based on AWBI's sales performance against a 'basket' of overseas wheat of various competing grades. Pool management will be measured against global wheat marketing – the price AWB Limited gets for wheat (measured in \$US), reductions in supply chain costs and how AWB Limited manages commodity price and foreign exchange to achieve the best possible hedging and funds protection.

This information will be provided to the WEA for its review of management of the Single Desk in 2004.

Performance based payment structure

The pool management performance benchmarks will also be used in a new performance based payment structure that has been introduced to determine how AWB Limited, as an asset manager, is paid for the provision of pool management services to AWBI from 1 October 2001.

The new model provides a financial incentive for AWB to commit the resources to achieve maximum possible grower returns and cost reductions. To earn the incentive, AWB Limited must exceed or outperform against the benchmark, plus an additional hurdle, to secure maximum value for growers. The board is confident the move from a cost-plus system of remuneration to a performance based model will benefit both growers and shareholders.



Full Federal Court appeal

AWB Limited and AWBI were successful in defending an appeal by NEAT Domestic Trading in the Full Federal Court regarding AWBI's refusal to approve NEAT's applications for the export of durum. All three judges in the Full Federal Court agreed that AWBI had acted within its powers under the Wheat Marketing Act. NEAT has sought leave to appeal to the High Court.

Durum industry success

AWB has developed a closer working relationship with the durum industry. Close consultation on grower expectations, receival standards and market intelligence has resulted in a strong performance in the durum pools with improved returns to growers and increased sales in new and existing markets. New markets for durum have been established in Algeria, South Africa and South America.

Other milestones this year included flexible contracting options and an acquisition agency agreement with the Australian Durum Producers Cooperative. AWB has committed \$150,000 over three years to support the establishment of a national body for durum growers to develop the durum market.

Golden Rewards

Growers have overwhelmingly endorsed Golden Rewards, which were introduced for harvest 2000-01. Golden Rewards significantly changes how AWBI segregates grain and pays growers who contribute to the National Pool: grain pools are variety based and there is a fairer, more accurate method of paying growers, based on protein and screenings levels that reflects market pricing. Receival standards for soft and noodle wheat were modified for the 2001-02 season better to meet grower and customer needs.

Guaranteed pool access

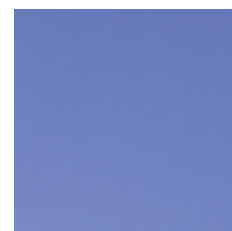
AWBI announced guaranteed pool access for growers prior to the 2000-01 harvest to give growers and traders certainty that the Number One National Pool would not close before the designated date.

Pricing

The 2000-01 pools continued to appreciate throughout 2001. This was due to the implementation of a well-developed strategy which involved successful sales and price hedging programs and took advantage of strengthening basis levels and a significantly depreciating currency.

Foreign exchange and commodity hedging

Various mechanisms are deployed for currency hedging including use of spot and forward exchange contracts, forward rate agreements and currency options contracts to manage risk and maximize returns. AWB uses hedging instruments to protect growers against adverse movements in commodity prices and currency. This program is undertaken within the overall risk management strategies approved by the board and monitored by a board and executive sub-committee.



Net profit before tax
2000-01 \$84.8 million
1999-2000 \$94.5 million

Finance and risk management products

Major functions

- finance products – limited recourse finance known as the AWB National Pool Harvest Payment, is secured against a grower's wheat delivery to an AWBI managed pool
- risk management products – tailored products that allow growers to individually manage their risk exposure to prices and currency including AWB *riskassist* which growers can utilise to advise and execute futures and currency trading

The year in brief

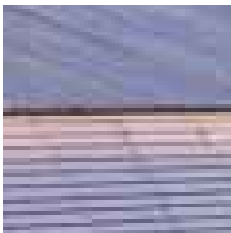
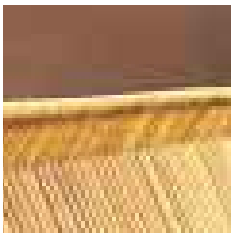
- significant volumes of National Pool deliveries funded by AWB's National Pool Harvest Payment
- largest ever take-up of AWB Basis Pool
- payment paperwork improved and simplified
- payment performance guarantee introduced
- AWB *riskassist* – a new risk management service – launched

The year ahead

- develop more new products that effectively respond to the changing business needs of growers

The decline in this year's operating profit before tax by \$9.7 million to \$84.8 million was due to the lower underwriting revenue arising from lower pricing and a smaller crop size than in the previous year.

Our new risk management products launched during the year such as AWB *riskassist* are expected to make a greater contribution in 2001-02.





Harvest payment

Despite increased competition in post harvest lending, AWB's National Pool Harvest Payment retained strong market share due to its competitive cost, strength in distribution, product positioning and growers' confidence in AWB's underwriting skills.

The AWB National Pool Harvest Payment was underwritten to 80% of an estimated pool return at harvest. This gave growers a guaranteed payment in advance, and protected them from any financial loss due to adverse price movements.

Growers had access to additional funds in May 2001 when favourable wheat prices and strong sales enabled a further advance of 50% of the remaining estimated pool equity.

Simpler payment paperwork

Payment paperwork was overhauled for the 2001-02 harvest to streamline and simplify the system and make it easier to do business with AWB. Features of the new payment system include an improved capacity to reconcile with Australian Tax Office BAS statements, individual payment advices and the ability for growers to access information from AWB's new and improved website.

Risk management products

The highest ever take-up rate of AWB's Basis Pool demonstrates the popularity of this product. It gives growers access to the strength of the National Pool, but allows them to manage their own currency and commodity hedging independently of AWB's management of the basis risk.

Growers have responded well to the launch of the new risk advisory service, *AWB riskassist*. This wholly owned AWB subsidiary is a licensed futures broker, offering services to supplement and build on the core business of marketing grain products.

Financing activities

AWB National Pool Harvest Payment loans are financed by AWB borrowings in the domestic and offshore money markets where the credit position of AWB enjoys strong support.

Group funding for the year was sourced from global markets, specifically a US\$1.5 billion US commercial paper program, a US\$1.5 billion global Euro commercial paper program and a A\$2.0 billion domestic commercial paper program.

Credit and ratings

Each funding program is currently rated A-1+ by Standard & Poor's Ratings Service and P-1 by Moody's Investor Service. This is the highest short-term debt rating.

Liquidity support

Liquidity support for AWB is provided through committed commercial paper standby liquidity facilities with a panel of relationship banks, in accordance with AWB's relationship banking strategy.

Hedging

AWB uses various financial hedges to protect its funding costs against the effects of interest rate fluctuations. These include interest rate swaps, forward rate agreements, exchange traded futures contracts and options on futures contracts. The size and timing of AWB's borrowing program depends on crop size, timing of both grain delivery and sales and the financing options chosen by growers.

Grain acquisition and trading

Major functions

- Australian domestic trading – trading as a principal in the deregulated domestic grain market (wheat, feed grain and oilseeds)
- exports of grain other than wheat – canola, sorghum, pulses
- contract acquisition products – providing a range of contract products that provide growers with greater price and marketing flexibility

The year in brief

- non-wheat exports into – Japan, Egypt, Saudi Arabia and Pacific Markets
- large pre-harvest acquisition program
- successful launch of MultiV contract

The year ahead

- make further operational efficiencies in 2001-02
- achieve significant growth in pre-harvest grain acquisition is expected over 2001-02 due to a growing trend towards active price risk management by growers
- extend acquisition and risk management capability into barley – to ensure AWB is a key participant in this important industry sector

In a year of exceptional trading conditions, AWB achieved a record result in trading after a large pre-harvest acquisition program enabled significant grain volumes to be placed under management.

Key factors in this favorable trading outcome were the recruitment of skilled staff to enhance risk management, an improved understanding of global factors influencing grain prices and new strategies to best capture the prevailing opportunities.

To manage price risk effectively, AWB is an active user of various commodity and foreign exchange hedging instruments in both the physical and derivative markets.

In the domestic wheat market AWB again achieved strong sales volumes to key domestic milling customers.

While a difficult harvesting season in northern NSW resulted in large volumes of downgraded wheat, AWB achieved significant sales to key domestic feedgrain customers.

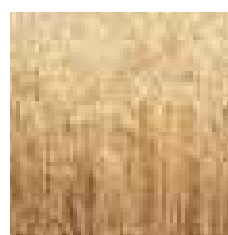
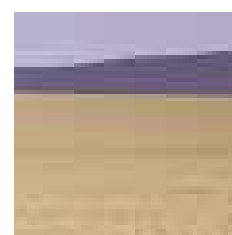
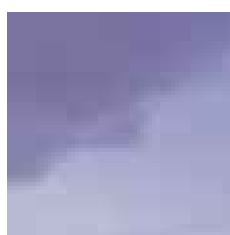
Canola and feedgrain

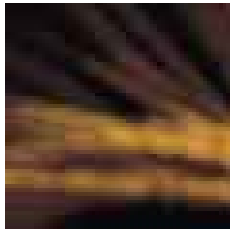
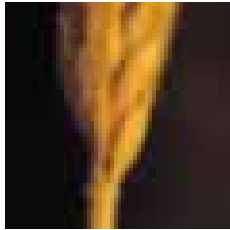
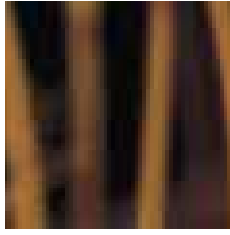
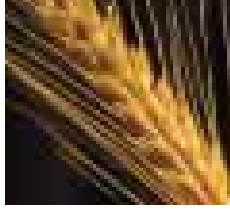
Sound results were also achieved in canola and feed grains, including feed barley and sorghum. A significantly smaller national canola crop created fewer export opportunities. However, AWB secured several export sales into the premium Japanese market for both canola and sorghum.

Net profit before tax

2000-01
\$68.6 million

1999-2000
\$29.0 million





Grain technology

Major functions

- provision of analytical testing services in food safety, grain quality, sample milling and end product assessment
- commercialise AWB's plant breeding programs
- sales and marketing of seed varieties
- technical services to end-use customers
- quality assurance to ensure grain meets customer needs and international food and safety regulations
- research and development

The year in brief

- commercialisation of research and development as a key growth platform
- agreement with Syngenta for commercial breeding program
- installation of Miag Mill by Agrifood Technology
- divestment of non-core business initiated

The year ahead

- focus on core business activities
- concentrate on activities that add value to AWB's operations
- expand customer base of AWB Seeds and Agrifood Technology

Net profit before tax
2000-01 (\$6.0 million)
1999-2000 (\$3.8 million)

The pre-tax result declined by \$2.2 million to a loss of \$6.0 million. Restructuring costs relating to the divestment of non-core activities offset an improved contribution from AWB Seeds and Agrifood Technology. High research and development expenditure also contributed to the result.



AWB's aim in grain technology is to establish a proprietary position in plant genetics and in new grain varieties that have the quality traits needed by growers and customers. Customer service will be enhanced through the provision of food quality and safety testing services to the grain and food industries.

These aims are achieved through:

- Agrifood Technology which provides analytical, laboratory testing services
- Quality Assurance and Hygiene which ensures that all AWB grains meet Australian and world market quality requirements
- AWB Seeds which holds the rights to sell a number of grain seed varieties and is building a suite of plant varieties under management
- AWB Research which undertakes AWB's research and development program and manages participation in joint research and development ventures.
- Global Technical Services which focuses on end-use customer service to ensure full value is extracted from Australian grains to enhance premiums paid by end-users

Commercial focus

Technology and innovation in the grains industry will play an increasingly important, complex and commercial role in the future. With this in mind, AWB has refined its activities in grain technology. The focus is now on both supporting AWB's core business activities and providing a commercially oriented research and development capacity that can play an important role in the company's future growth plans.

Syngenta agreement

A memorandum of understanding has been signed with Syngenta to establish a commercial breeding program that will be integral to AWB's intellectual property management strategy.

Miag Mill

Agrifood Technology has installed an on-site Miag Mill to offer customers improved milling services and a pilot milling program. The result is a significant boost to the analytical servicing and testing offered by AWB to its customers.

Non-core activities

As part of the refinement of business activities, AWB is divesting three non-core business units – Agrifood Technology Toowoomba; Agrifood Technology's Seed Testing Laboratory and AWB Seeds Dimboola seeds processing facility. The divestment program, expected to be completed in the first half of the 2001-02 financial year, will concentrate activities that will add value to AWB's operations.



Supply chain and other investments

Major functions

- investments in activities that assist in delivering AWB's core products and securing demand:
 - storage and handling – Victoria and New South Wales
 - freight – Victoria and New South Wales
 - ports – Victoria
 - chartering
 - flour and feed milling – Egypt, Vietnam and China
 - grain importation and marketing – Japan

The year in brief

- Melbourne Port bulk handling terminal (AWB has 50% interest) exported 1.257 million tonnes of grain (mainly wheat) – 20% above forecast
- US\$2.1 million invested in new animal feed production company in Egypt – an expansion of AWB's existing investment in FSFM
- FSFM operated at full capacity and leading in premium flour production in Egypt
- Vietnam Flour Mills commissioned
- Dimboola Grain Centre handled more than 200,000 tonnes – storage capacity upgraded to 210,000 tonnes
- commercially based contracts negotiated with storage and transport providers
- supply chain savings to growers achieved through storage and handling investments
- new business model adopted to pursue growth in AWB Chartering

The year ahead

- seek further opportunities for supply chain savings and efficiencies
- explore investment potential in the supply chain
- improve supply chain planning and performance measurement

Increased contributions from chartering and new businesses, such as the Melbourne Port Terminal and the Dimboola Grain Centre, accounted for the bulk of the \$11.1 million improvement in the pre-tax result.

Net profit before tax

2000-01
\$15.6 million

1999-2000
\$4.5 million



Supply chain

Reducing costs

Part of AWB's mandate is to reduce supply chain costs to growers who deliver to the National Pool. Over the past year, AWB has focussed on managing the relationships with service providers to capture efficiency savings where possible. This has involved negotiating new commercially based service agreements with a number of our traditional storage providers, developing innovative new agreements with transport providers, reviewing of arrangements with private storage operations and introducing a new set of stevedoring arrangements.

The year 2001-02 will see further work with storage and transport operators to identify supply chain savings. In Western Australia Cooperative Bulk Handling has offered to work with AWB to identify and introduce further efficiencies where possible.

Storage and handling

AWB has launched a comprehensive east coast strategy which invests in modern grain centres and terminal facilities to bring growers greater efficiency and reduced costs in the supply chain.

Additional grain centres

Considerable planning and effort went into the establishment of six additional state-of-the-art grain centres - at Birchip, Charlton and Sea Lake in Victoria and Bogan Gate, Stockinbingal and West Wyalong in New South Wales - in time for the 2001-02 harvest. These modern facilities will receive and out turn grain more efficiently, at lower cost to growers. They will provide a new level of competition for grain storage services which is to the long-term benefit of growers and shareholders. The criteria that determine new sites is focussed on achieving both reduced costs for growers and a commercial rate of return for shareholders.

Chartering

In 1999-2000 chartering posted a pre-tax profit of \$0.2 million. This result was significantly below expectations due to losses on demurrage, time charter vessels and trade debtors. As a result, AWB has introduced a new chartering system, risk management structure and management team to manage such exposures better.

The new management structure has reviewed profit identification and debtors resulting in write-downs and write-offs of non-recoverable debts. Despite these adjustments, chartering generated a pre-tax profit of \$7.6 million.

Chartering is now well placed to pursue growth in 2001-02. The aim is to increase the percentage of business performed with AWBI and to pursue external market opportunities more aggressively.



Offshore investments

AWB has adopted a positive offshore investment program designed to create a platform for growth and secure end-user demand for AWB products and services. The focus is on assets that will provide growth opportunities in the areas of flour milling, food processing and trading.

AWB has interests in:

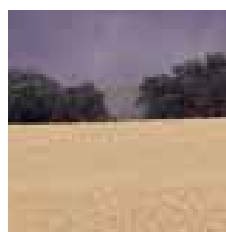
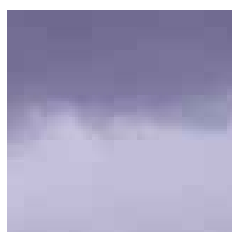
- FSFM Egypt (30% interest)
- Vietnam Flour Mills (Vietnam) (17.5% interest).
- Shenzhen Southseas Grain Industries (China) (8%)
- Joint venture with Zennoh (Japan's largest agricultural cooperative) to market AWB wheat products into the Japanese market (51%).

Further, AWB invested US\$2.1 million to take a 30% interest in a new animal feed grain processing operation associated with FSFM in Egypt which will service the country's fast growing livestock industry.

FSFM has increased milling capacity by more than 40% this year to become the single largest flour mill in Egypt. Strong sales have been generated from this larger production base.

Vietnam Flour Mills now has been successfully commissioned with flow-on wheat sales expected for 2001-02.

Meanwhile, the joint venture with Zennoh delivered another strong result providing confidence for a further expansion of current trading activity.





Corporate Governance

Corporate governance of AWB is the responsibility of the board of directors which is elected by and accountable to the shareholders. The board guides and monitors the business and affairs of AWB and reviews the company's strategic direction.

The board delegates responsibility for the conduct of the business to the managing director and chief executive, senior officers and management team. The managing director and chief executive is appointed by, and accountable to, the board, which establishes a framework to monitor his performance.

This framework includes the establishment of goals for management, identifying and managing business risk and ensuring that the company's internal control and reporting procedures are adequate, effective and ethical.

Corporate Governance

Board of directors



Trevor Flügge A.O



Robert Barry



Andrew Lindberg



Ian Cush

Trevor Flügge A.O.

Chairman
Non-executive director, 54
MAICD

Trevor Flügge is a grower from Katanning, Western Australia. He was appointed to the board as chairman on 1 May 1998 and as such is an ex-officio member of all board committees. Mr Flügge is a former president of the Australian Wheat Growers Federation (now Grains Council of Australia – GCA) and former director of the Grains Research and Development Corporation. He is also chairman of the CSIRO Field Crops sector advisory committee, a director of Wesfarmers Limited, Shenzen Southseas Grains, Five Star Flour Mills, AWB Asia Limited and AWBI. Mr Flügge received Rabobank's Agribusiness Leader of the Year award in 1998. In 1997, he was awarded the Farrer memorial medal for his contribution to agriculture. In January 1999, he was appointed an Officer (A.O.) in the General Division, Order of Australia for services to grain industry reform, research and development and international grains marketing. Mr Flügge was a member of the board of the Australian Wheat Board from 1984 and chairman from 1995.

Robert Barry

Deputy chairman
Non-executive director, 54
BComm, FCPA, FAICD

Robert Barry was appointed a director on 12 January 1999 and deputy chairman in September 2000. He chairs the Audit Committee and was a member of the Listing Committee (ceased operation, September 2001). Mr Barry has a cropping enterprise at Willow Tree in NSW and has extensive financial experience in domestic and international capital markets. He is non-executive director of Sugar Australia Pty Limited, New Zealand Sugar Company Limited, Snowy Hydro Trading Pty Limited, Unisearch Limited, the Foundation for Young Australians and adviser to UBS Warburg Australia Limited. Mr Barry was a member of the board of the Australian Wheat Board from 1992 and served as deputy chairman from 1995 until November 1998.

Andrew Lindberg

Managing director and chief executive, 48
BComm, BSc, MBA, FAICD

Andrew Lindberg was appointed managing director and chief executive of AWB on 3 April 2000. Mr Lindberg has broad senior executive experience in the private and public sectors, having worked in the manufacturing and insurance industries, industry policy and health and safety.

Mr Lindberg has led significant public sector financial reforms, including significant privatisation, outsourcing and restructuring.

Ian Cush

Non-executive director, 57
FAICD

Ian Cush, a grain grower from Moree, was a successful candidate in the director elections of 3 February 2000. Mr Cush has developed a viable family farming enterprise over the last 35 years and was a member of the Grain Growers Association Committee of Advice until he resigned to take the AWB directorship. Mr Cush has developed a diverse family farming enterprise that includes dryland cereal and oilseed production in the Moree district, an irrigated cotton and oilseed development in NSW and

Corporate Governance



Laurie Marshall

Warwick McClelland

Christopher Moffet

Queensland, and a beef cattle enterprise in Queensland. Mr Cush is managing director of Pechelba Pty Ltd and Sujito Pty Ltd. He is a director of Water Exchange Pty Ltd, a director and adviser to Pechelba Superannuation Fund and a fellow of the Australian Institute of Company Directors.

Laurie Marshall

Non-executive director, 51
FCDA

Laurie Marshall has had over 30 years experience on his grain and merino sheep enterprise at Lake Grace, Western Australia and was appointed director on 1 May 1998. He is a member of the Corporate Risk Committee. Mr Marshall is a former president of the Grains Section of WA Farmers and a former member of the GCA Executive and Wheat Committee and was also chairman of the latter. He was a member of the board of the Australian Wheat Board from 1995 and was re-elected to the board of AWB Limited in 2001 for a term of three years. He is also a fellow of the Corporate Directors Association of Australia.

Warwick McClelland

Non-executive director, 58

Warwick McClelland was a successful candidate in the director elections of 23 October 1998. He served on the Due Diligence Committee and is a member of the Audit and Service Agreement Committees. Mr McClelland is a grain and livestock producer from Birchip in Victoria and former Victorian Farmers Federation (VFF) Grains Council president and deputy president of the GCA. He is a former director of BRI Australia, a member of the Birchip Cropping Group and advisory member of the Joint Centre for Crop Production.

Christopher Moffet

Non-executive director, 57
FAICD

Christopher Moffet was a successful candidate in the director elections of 23 October 1998. He is a member of the Audit and Corporate Risk Committees. He is also a director of AWBI. Mr Moffet's grains industry experience includes ownership of a 14,400-hectare grain and grazing property, and involvement in the areas of finance, marketing and business management. His qualifications incorporate a former directorship of the Morawa Cooperative and over 30 years of

WA Farmers membership, including roles as president of branch, zone and the Federation's Grains Council, and executive member of the GCA. He is currently a director of Bellaranga Pty Ltd, Bentleigh (WA) Pty Ltd and Ardrishaig Pty Ltd. As a director of the Grain Pool of WA for eight years, Mr Moffet completed studies in grain trading and futures management at the Chicago Board of Trade. Mr Moffet is a fellow of the Australian Institute of Company Directors.

Corporate Governance



Kerry Sanderson



Brenda Shanahan



Michael Shanahan A.M.

Kerry Sanderson

Non-executive director, 50
BSc, BEcons, FCIT, FAIM, MAICD

Kerry Sanderson is chief executive officer and general manager of the Fremantle Port Authority in Western Australia. Mrs Sanderson was initially appointed to the board on 1 May 1998. She was a successful candidate in the director elections of 23 October 1998 and is a member of the Audit and Remuneration Committees. Ms Sanderson has specific skills in business management and trade promotion and experience in transport and shipping. She is senior vice-president of the executive of the Australian Association of Marine and Port Authorities and a member of the boards of Trustees of the Fremantle Hospital Medical Research Foundation, Rio Tinto WA Future Fund and Fremantle Football foundation. Mrs Sanderson is a fellow of the Chartered Institute of Transport and of the Australian Institute of Management. She was a member of the board of the Australian Wheat Board from 1995 and was Telstra WA Businesswoman of the Year for 1996.

Brenda Shanahan

Non-executive director, 57
BEc, BComm, FAICD

Brenda Shanahan is a finance specialist who possesses extensive marketing and promotion experience in the financial services sector. She was appointed director on 1 May 1998. She is chair of the Corporate Risk Committee and was a member of the Listing and Due Diligence Committees (ceased September 2001). Ms Shanahan is also a director of AWBI. She has strong ties to her family's grain growing operation in Victoria. Ms Shanahan is a former member of the Australian Associated Stock Exchange and former executive director of a stock broking firm, a funds management company and an actuarial company. She is a non-executive director of BT Financial Group and St Vincent's Hospital Regional Board, deputy chair of St Vincent's Medical Research and member of the Industry Advisory Board of the Molecular Plant Breeding Cooperative Research Centre and formerly non-executive director of V/Line Passenger. Ms Shanahan was a member of the board of the Australian Wheat Board from 1995.

Michael Shanahan A.M.

Non-executive director, 64
FAICD

Michael Shanahan, a grain grower from Freeling, was a successful candidate in the director elections of 3 February 2000. He has vast corporate directorship experience in international agribusiness, banking, insurance and international trade negotiations. A former deputy chairman of the Australian Wheat Board, he has led many AWB marketing missions to China, the former U.S.S.R. and the Middle East. Mr Shanahan has extensive experience in grain logistics as a former director of South Australian Bulk Handling Cooperative Limited. As a former chairman and director of Pivot, he was closely involved in operating flour/stock feed mills, bakeries and charring listed public companies. He was awarded an A.M. for services to the wheat industry in 1997.



John Simpson



Brendan Stewart



John Thame

John Simpson

Non-executive director, 42

John Simpson was a successful candidate in the director elections of 23 October 1998. He is a member of the Remuneration Committee and a former director of AWBI. Mr Simpson is joint managing director of Nowranie Pastoral Co. Pty Ltd, a family owned company farming 10,000 hectares in the Riverina of NSW. He is also managing director of an investment company, Ferguson Enterprises Pty Ltd. Mr Simpson was a representative for grain growers on the NSW Farmers' Association Grains Committee for seven years, serving two years as vice chairman. He is also chairman of the Billabong Creek Advisory Group and has been appointed by government to represent landholders and irrigators on the Murray Unregulated River Management Committee. In his capacity as a delegate to the GCA, he was closely involved with the formation, and became an inaugural director, of Pulse Australia.

Brendan Stewart

Non-executive director, 34
MAICD

Brendan Stewart was a successful candidate in the director elections of 3 February 2000. He operates a 3,200-hectare property producing grain, cotton and cattle at Chinchilla, Queensland. He is the former president of the Queensland Graingrowers Association, former president of the GCA and was chair of the Joint Ministerial Working Group on the Australian Wheat Board Restructure and vice president of the National Farmers Federation (NFF). Mr Stewart is a former chairman the NFF Economics and Trade Committee, is a member of the CSIRO Field Crops Sector Advisory Committee and CSIRO Cross Sector Advisory Committee, Tropical Agriculture. He is a member of the Australian Institute of Company Directors and chairman of Wideland Insurance Brokers Pty Ltd.

John Thame

Non-executive Director, 59
FCPA

John Thame was appointed a director on 9 April 1999 and is a member of the Audit Committee and was chairman of the Listing Committee (ceased September 2001). He joined the NSW Building Society in 1971 and oversaw the conversion of the Society to Advance Bank in 1985. He was chief executive officer of Advance Bank from 1985 until its merger with St George Bank in January 1997. He is also chairman of Permanent Trustee Company and is on the boards of St George Bank, Centrelink, Reckon Limited, Australian Geographic Holdings, MBA Group Ltd and The Council of the National Museum of Australia.

Corporate Governance

Board committees

The board has several committees of its members to support effective corporate governance.

Audit Committee

The Audit Committee ensures that the accounting policies and practices of the company are appropriate and in accordance with accepted practices, that the financial statements accurately reflect a true and fair position of AWB's financial operations and that proper internal controls exist in relation to financial transactions.

The committee also assists the board to monitor the overall efficiency and effectiveness of AWB operations and to discharge its responsibilities in relation to external audit, internal audit, business ethics policies and processes, corporate governance, and compliance with the law and financial reporting requirements.

The Audit Committee chairman is Robert Barry.

Corporate Risk Committee

The Corporate Risk Committee recommends the strategic direction and policies of the board in respect to the management of financial exposures. It ensures that the established risk management framework, policies, guidelines and limits are followed. The committee monitors and reviews AWB's total financial risk position and reviews the progress and performance of short-term and longer term risk management strategies, making recommendations on the strategic direction, objectives and effectiveness of AWB risk management. The committee also reviews risk management practices and processes and ensures that AWB has an appropriate and effective insurance program in place.

The Corporate Risk Committee chairman is Brenda Shanahan.

Listing Committee

The Listing Committee was appointed to advise the board on the listing of B class shares on the ASX, a task that was successfully completed in August 2001. The committee concluded in September 2001.

The Listing Committee chairman was John Thame.

Due Diligence Committee

The Due Diligence Committee conducted the due diligence for the issue of the AWB prospectus and the listing of B class shares on the ASX. This committee included external adviser members from Freehills, UBS Warburg and Ernst and Young. The committee concluded in September 2001.

The Due Diligence Committee chairman was Brenda Shanahan.

Nomination Committee

The Nomination Committee was appointed by the board to undertake succession planning and to identify candidates to ensure the board has a balance of skills in the areas of production, marketing, business management and finance.

The Nomination Committee chairman is Trevor Flügge.

Remuneration Committee

The role of the Remuneration Committee is to review and recommend to the board the remuneration policy for the organisation, an appropriate remuneration performance management process and to review the chief executive's performance and remuneration, approving key result areas and targets as appropriate.

The Remuneration Committee chairman is Kerry Sanderson.

Service Agreement Committee

The service agreement is the contract under which AWB Limited provides services to AWBI. The Service Agreement Committee was appointed by the board to review the service agreement and to negotiate and make recommendations on a new agreement. The same task was undertaken by the Compliance Committee on behalf of AWBI. The new agreement was successfully negotiated in September 2001.

The Service Agreement Committee chairman is Laurie Marshall.

Share trading by directors

The boards of both AWB and AWBI adopted the Share Dealing Guidelines which restrict share trading by directors, AWB managers, AWB staff with financial reporting responsibilities and their associates to specified 'window periods'.

These window periods follow: the announcement of the half-year results, the announcement of the annual results, and the issue of a qualifying prospectus. The window periods are of six weeks duration beginning two days after the announcement of these events.

The guidelines make clear that prohibitions on insider trading must be complied with at all times. The guidelines also specify that directors must consult the chairman before trading in any B class shares and that any shares acquired must not be sold for at least 12 months. The board decided that directors would not participate in the initial public offering of shares in AWB Limited.

Corporate Governance



Trevor Flügge AO



Ian Donges



Wayne Gibson



Clinton Starr

AWB (International) Limited

AWB (International) Limited (AWBI) is a wholly owned subsidiary, created to operate the National Pool as a requirement of the AWB constitution. The constitution was framed by the Commonwealth Government in consultation with the Grains Council of Australia as part of the process of privatising the Australian Wheat Board to create AWB Limited on 1 July 1999.

AWBI's responsibility is to maximise net pool returns for growers who sell wheat into the National Pool, by securing, developing and maintaining export markets for wheat and minimising costs. Its performance is monitored by the WEA, a Commonwealth statutory authority.

AWBI has a separate board from AWB Limited. While the chairman and three other directors are common to both AWB Limited and AWBI, three directors Wayne Gibson, Clinton Starr and Ian Donges are grower-elected directors of AWBI only.

Directors of AWB (International) Limited

Trevor Flügge AO

Chairman, Non-executive director
Refer to page 32 for personal details

Ian Donges

Non-executive director, 55

Ian Donges was a successful candidate in the director elections of March 2001. He is a grain grower from central NSW with a history of involvement in most facets of the industry. He has operated, in partnership with his wife, a farming business since 1975. They currently produce wheat, canola, lupins, oats and triticale for a variety of markets. They are members of a local grains marketing cooperative supplying contracted wheat. He has extensive representative involvement in farmer organisations including at a local level through NSW Farmers and the NSW Agricultural Bureau. At a state

level, Mr Donges has been involved with NSW Farmers and has served that organisation in a number of capacities including president for three years and chairman of the Grains Committee as well as serving on the GCA and currently is president of the NFF. Mr Donges has represented Australia at a number of international forums.

Wayne Gibson

Non-executive director, 53
MCDA

Wayne Gibson, a grain grower from Kondinin, Western Australia, was elected in February 2000. He is a former executive committee member of the Kondinin Group and former WA Farmers zone president and Grains Council delegate. Mr Gibson is a councillor of the Kondinin Shire Council and a member of the Corporate Directors Association of Australia.

Clinton Starr

Non-executive director, 54

Clinton Starr was elected in October 1998. He has 10 years' experience in global marketing and 20 years' involvement in investment and finance at senior management and director level. As a company director of various companies, Mr Starr has been responsible for up to 400 staff and \$27 billion of client assets in North America, SE Asia, Australasia, Continental Europe and the UK. Mr Starr's extensive hands on management of bonds, shares, futures, derivatives and property contribute to a solid understanding of world markets.

Corporate Governance



Andrew Lindberg



Christopher Moffet



Brenda Shanahan

Andrew Lindberg

Executive director

Refer page 32 for personal details

Christopher Moffet

Non-executive director

Refer page 33 for personal details

Brenda Shanahan

Non-executive director

Refer page 34 for personal details

Board committees

Compliance Committee

The Compliance Committee was established to ensure any dealing that AWBI has with AWB and other group companies does not conflict with the objectives of AWBI with respect to the National Pool. The committee also ensures that the business rules and obligations contained in the service agreement are observed and maintained and are consistent with AWBI's objectives. The service agreement is the contract under which AWB provides services to AWBI. The committee's membership comprises the three directors elected to the board of AWBI that are not directors appointed by the board of AWB Limited. In 2001, the Compliance Committee was requested by the AWBI board to review and negotiate with AWB Limited on a new service agreement. The agreement was successfully negotiated in September 2001.

The Compliance Committee chairman is Clinton Starr.

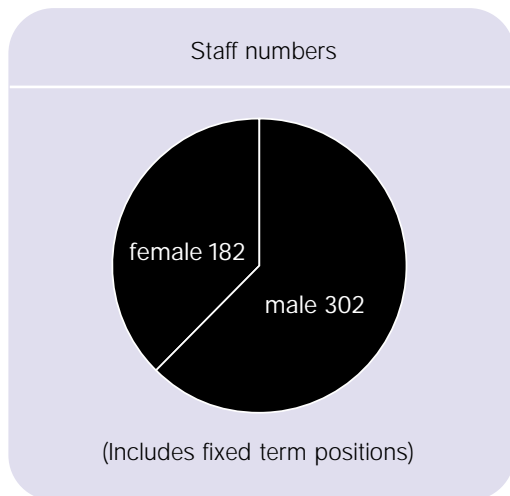


People and Systems

AWB has entered a period of unprecedented change. The business' scope is expanding rapidly and success will depend on the quality of our systems and the active engagement, participation and motivation of employees.

In this climate, the need to build on our core capabilities and respond to emerging challenges becomes a priority.

People and Systems



People

Our aim is to establish AWB as an employer that is sought out by the most talented people in the marketplace.

One of the most critical areas is the protection of the health and safety of our employees. The occupational health and safety function has been upgraded to reflect the development of our own bulk handling sites and to underpin our ongoing commitment to the welfare of all employees.

AWB has launched a 'centre led' safety program that seeks to standardise safety procedures and activities across all workplaces. Cultural change to encourage increased awareness and accident prevention is being promoted in new training programs. Policies have been revised to focus on a proactive approach to health and safety and new manuals and procedures have been developed to ensure sustainable, continuous improvement in our health and safety record. New positive performance measures will include audit results and measure safety behaviour and activities across all business streams.

The managing director and chief executive chairs the company's Occupational Health and Safety Committee.

AWB is participating with other grain industry players in efforts to improve industry practices in loading grain to rail, in farm safety for growers and in protecting drivers entering receival sites.

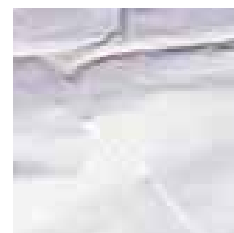
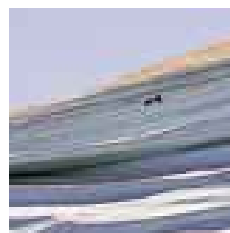
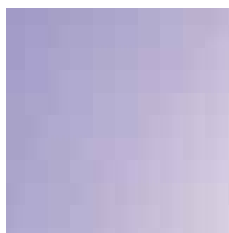
Systems

In an industry where information and communication is vital to success, information technology services must continue to renew and keep AWB abreast of competition and market movements. To this end, AWB has successfully implemented enhanced systems to improve grower services, grain centre administration and inventory management.

AWB's redeveloped website www.abw.com.au allows growers secure online access to payment advice, loan statements and annual statements. Growers can personalise the website to view detailed price and product information as well as commodity market and weather content. The site is continually being developed. The aim is to use ebusiness technology to encourage closer ties with growers. Growers will be able to enquire about contracts and pool equity and ultimately be able to conduct many of their business transactions with AWB in a secure environment via the website.

Systems have also been developed and implemented to support the receival, movements and out turn of grain from our new bulk handling centres.

The Path Forward Program involves many staff and is a significant initiative to customise a new system to suit our future operating practices and replace our aging and inflexible central legacy system. The program is being delivered in phases. The first two phases were successfully implemented during the year and the final phase is due for completion in the second quarter of 2002.



People and Systems

Executive Management group



Andrew Lindberg



Sarah Scales



Paul Ingleby



Tim Goodacre

Andrew Lindberg managing director and chief executive – joined AWB in 2000.

As a board member, Mr Lindberg's personal details are included on page 32.

Sarah Scales general manager, National Pool AWBI, 34, BAgSc - joined AWB in 1992.

Ms Scales is responsible for managing National Wheat Pools and the Single Desk. Her recent positions within AWB include responsibility for pricing and risk management strategies and the execution of the hedge book out of New York. She has also worked in the domestic trading division trading pulses and wheat. Before joining AWB, Ms Scales worked with Cargill Australia.

Paul Ingleby chief financial officer, 50, BA (Accounting), CA – joined AWB in 1998.

Mr Ingleby is responsible for finance and administration, treasury, trade finance, risk management and compliance, legal and commercial managers, investor relations and financial services. Before joining AWB, he was the chief financial officer of a major, diversified, agriculturally focussed corporation. His previous positions have been in banking and merchant banking (where he was involved in the analysis, valuation and sale of businesses in Australia, New Zealand and Hong Kong), chartered accounting (corporate advisory and audit) and government (companies and securities regulation and corporate crime investigation).

Tim Goodacre group general manager, sales and marketing, 47, BA – joined AWB in 1990.

Mr Goodacre is responsible for grain acquisition, grain technology and international sales and marketing. His previous positions within AWB included various roles in the international marketing, public affairs and grower services areas. Before joining AWB, Mr Goodacre worked in the Commonwealth Department of Agriculture, Fisheries and Forestry in the grains and horticulture areas, where he was involved in the government's response to the 1989 Wheat Marketing Review and the Royal Commission Inquiry into Grain Storage, Handling and Transport. Mr Goodacre comes from a mixed farming background in central west NSW.

People and Systems



Jill Gillingham



Peter Geary



Charles Stott

Jill Gillingham chief information officer, 51, BEc, MBA – joined AWB in 2000.

Ms Gillingham is responsible for information systems and supply chain management. She has a broad range of general management experience, having held executive positions and been responsible for major business operations in the general insurance, workers compensation and occupational health and safety sectors. Ms Gillingham has also been responsible for the development and implementation of large IT initiatives within the insurance industry. Before joining AWB, Ms Gillingham held the position of group general manager operations at the Victorian WorkCover Authority for three years.

Peter Geary group general manager, trading, 40, B Bus, Gr Dip (Marketing) – joined AWB in 1985.

Mr Geary is responsible for domestic and global trading and risk management products for growers and end users. His previous positions within AWB have included general manager of National Wheat Pools, policy and export sales in Africa, Europe, Middle East and South America and the management of AWB's overseas offices in Europe and the US. Before joining AWB, Mr Geary was with the Grain Elevators Board of Victoria (now Graincorp Limited) for a period of four years. Mr Geary has a family farm background in north-east Victoria.

Charles Stott group general manager, investments, mergers and acquisitions, 42, Dip App Sci (Agra) – joined AWB in 2000.

Mr Stott is responsible for investments, mergers and acquisitions. His previous position in AWB was that of general manager, international sales and marketing. Before joining AWB, Mr Stott was with BHP Petroleum, where his positions included project director and international business development manager. Prior to BHP, he was with the Australian Wheat Board and during this time he held various roles culminating in marketing manager for the Middle East, Europe and Africa. He has extensive international experience in trade finance, risk management, business development and project management across a broad range of industries including grain, petroleum and minerals.

A Special Relationship

AWB and growers

AWB's core business is asset management – servicing the needs of Australian growers by marketing and financing their grain and providing business solutions that enhance this 'partnership'.

Growers and AWB depend on each other for success.

At the heart of this partnership is the face-to-face relationship between growers and AWB's team of more than 40 area managers who work from 21 offices around Australia and supplemented by a network of 15 agents.

AWB has an exceptionally skilled and committed team in place across the grain belt ready to support growers by:

- providing market intelligence and marketing options
- matching marketing options with each individual grower's business needs
- advising on the best strategies to optimise the AWB suite of products and services

This is all underpinned by people who understand the needs of rural business men and women.

In the past year AWB staff have:

- held more than 600 face to face grower meetings nationally
- responded to more than 140,000 toll free calls to our national service centre
- improved grower approval levels in all key areas of service*
- increased grower recognition of AWB's local presence by 20%*

(*According to independent annual surveys)

Consultation and grower feedback plays a big part in the development of new or improved products and services.

Golden Rewards, AWB's new system for segregating and paying for grain, was developed out of consultation with growers. It has been widely endorsed by growers particularly for reducing cliff faces between grades. As a result of further consultation, Golden Rewards was extended in February to the new MultiV forward contracting options for growers.

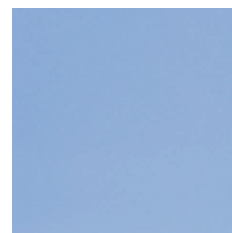
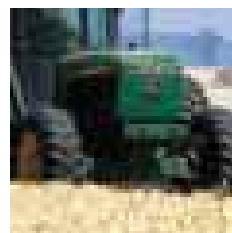
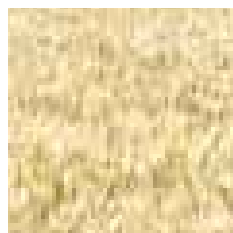
Grower feedback has influenced a range of AWB initiatives including:

- a move from quoting prices GST inclusive to GST exclusive
- simplifying harvest paperwork
- developing a suite of new products to be unveiled over the next 1-3 years
- new grower services on the new AWB website
- introduction of AWB *riskassist* – a new risk management service launched in April
- major achievements in durum industry development and marketing
- streamlining internal grower contract systems

In 2001-02 the AWB team will make product and service development its priority to ensure it remains relevant, and focussed on providing creative business solutions. Refining and improving the systems that support growers and strengthening the on-ground acquisition network are key goals.

A simpler, more flexible AWB registration system will be phased in during 2002. It will have a number of features including:

- provision of a single national AWB vendor number
- elimination of the need to register in each state to deliver across borders
- elimination of multiple cards for multiple properties and payment options
- provision for share farm arrangements
- provision for growers to nominate how they wish to receive information from AWB





Financial Statements

Doing Business with AWB

AWB Golden Rewards is a comprehensive payment and binning system for wheat marketed through the AWB National Pool and selected cash options. Golden Rewards is designed to provide pricing accuracy and market signals for Australia's grain growers, ensuring that growers are rewarded for delivering the types of wheat demanded by AWB's international customers. Growers have better defined financial targets to aim for in terms of higher protein content and lower screenings levels, and are no longer severely penalised if their wheat narrowly misses a minimum binning standard for one of these quality attributes.

AWB National Pool delivers more wheat marketing power to growers than any other product. It provides access to grain and financial markets in an uncertain political, social and economic global environment. Growers can deliver any amount for segregation, sale and delivery to customers all over the world.

AWB National Pool Harvest Payment provides a guaranteed pool return, underwritten by AWB no matter what happens to wheat prices. It incorporates a no fuss, short-term loan that is paid within 21 days of wheat delivery and automatically repaid from pool distributions as funds are received from international wheat sales. AWB National Pool Harvest Payment is offered on all wheat grades and amounts delivered to the National Pool.

AWB distributions provide payments five times during the life of the pool as funds are received from international wheat sales. There is no guarantee that total returns will match the guaranteed pool price obtained by using the National Pool Harvest Payment.

Deferred delivery is a forward contract that allows growers to secure guaranteed access into the Number One National Pool. Two contract options are available – fixed grade ex-warehouse and multigrade varietal contract ex-farm.

AWB Basis Pool is a multi-varietal pool contract. It takes advantage of the professionally managed 'basis' premium achieved in the AWB National Pool and provides growers with an opportunity to establish specific international wheat prices using the Chicago Board of Trade wheat futures contracts and prevailing foreign exchange rates.

AWB *riskassist* is a specialised risk management business service designed to help growers manage commodity futures and foreign exchange hedging with an AWB Basis Pool contract.

AWB MultiV cash contracts incorporate AWB Golden Rewards. It is based on multi-varietal classification, with continuous quality payment scales for protein and screenings to improve pricing accuracy and better reflect the market value consistent with wheat quality.

Fixed grade cash contracts offer an opportunity to capture market premiums for tightly specified grain quality.

Cash at silo is a marketing option available at receipt sites during harvest where daily prices reflect the current cash market.

Trademarked AWB Brands

AWB Prime Hard Wheat – top quality, high protein milling wheat comprising selected white, hard grained varieties of exceptional milling quality which produces high yield quality flour of exceptional milling quality. AWB Prime Hard has guaranteed minimum protein levels of 13 and 14% and is suited for the production of high volume European breads and Chinese style yellow alkaline noodles and Wonton skins.

AWB Hard Wheat – a blend of specific, white, hard grained wheat varieties, selected for their superior milling and dough qualities. It has a guaranteed minimum protein content of 11.5% and can be supplied at a higher protein content of 13%. Flour milled from AWB Hard is suitable for a wide range of quality baked products including European pan and hearth breads, Middle Eastern style flat breads and Chinese steamed products.

AWB Noodle Wheats – segregated specific white wheat varieties for the production of both Udon White Salted and Chinese noodles. The AWB Udon White Salted noodle segregation comprises specific soft grained varieties from Western Australia and Victoria that are blended for export with hard wheat products ensuring the supply of high quality wheat. AWB Prime Hard is also segregated in Queensland and New South Wales to produce high quality Chinese style yellow alkaline noodles.

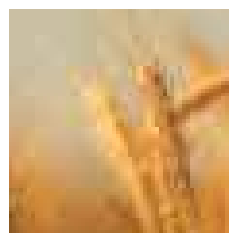
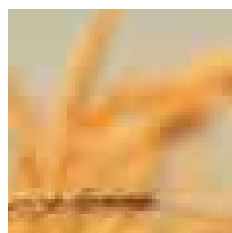
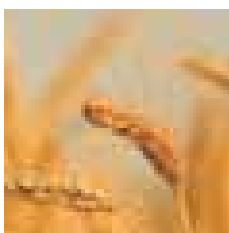
AWB Premium White Wheat - a unique blend of hard grained white wheat varieties, selected to ensure a consistent grain product with a guaranteed minimum protein level of 10%. Flour milled from AWB Premium White is suitable for Middle Eastern and flat and pocket breads such as Beladi, tandoor, Indian Tandoori bread and Asian baked products and noodles.

AWB Standard White Wheat - a multi-purpose product in the medium to low protein range with intermediate grain hardness that mills freely to produce high extraction flours with excellent colour and low ash characteristics. The flour end-uses of AWB Standard White are wide ranging including European style loaf breads, Middle Eastern and Indian breads, steamed breads and instant noodles.

AWB Feed Wheat – consists of both specifically bred wheat varieties and wheat considered unsuitable for flour milling because of defects such as sprouting, light weight or high levels of unmillable material. AWB Feed is suitable for animal consumption but not generally for human consumption.

AWB Durum – selected vitreous, amber coloured, well filled and free milling varieties with protein levels ranging from 10 to 13.5%. AWB Durum is capable of achieving high yields of superior quality semolina with minimal residual flour production. AWB Durum semolina is very suitable for manufacturing a wide range of high quality, wet and dry pasta products with excellent colour and shelf life, as well as North African and Middle Eastern products such as couscous and flat breads.

AWB Soft Wheat – a unique blend of white, soft grained, 100% club wheat varieties with a guaranteed maximum protein content of 9.5%. Lower protein contents can be supplied. Flour made from AWB Soft is ideal for making a wide range of sweet biscuits, cookies, cakes, pastries, steamed buns and snack foods.



Business Addresses

Head Office

Melbourne

Ceres House
528 Lonsdale Street
Melbourne VIC 3000
GPO Box 4562 Melbourne 3001
Tel: (03) 9209 2000
Fax: (03) 9670 2782

Western Region

Perth

AWB Limited
Level 6, London House,
216 St Georges Terrace,
Perth WA 6000
PO Box 7467, Cloisters Square
Perth WA 6850
Tel: (08) 9464 2720
Fax: (08) 9464 2730

Esperance

AWB Limited
CBH Complex
Harbour Road
PO Box 2250
Esperance WA 6450
Tel: (08) 9072 1555
Fax: (08) 9072 1444

Geraldton

AWB Limited
241B Lester Avenue
PO Box 824
Geraldton WA 6530
Tel: (08) 9964 1051
Fax: (08) 9921 1012

Lake Grace

AWB Limited
36-38 Stubbs Street
PO Box 120
Lake Grace WA 6353
Tel: (08) 9865 1670
Fax: (08) 9865 1680

Merredin

AWB Limited
Newfield Centre
21 Bates Street
PO Box 424
Merredin WA 6415
Tel: (08) 9041 1462
Fax: (08) 9041 1968

Wongan Hills

AWB Limited
55 Fenton Place
PO Box 62
Wongan Hills WA 6603
Tel: (08) 9671 1755
Fax: (08) 9671 1766

Northern Region

Sydney

AWB Limited
Level 3, 117 York Street,
Sydney NSW 2000
PO Box Q178, QVB Post Office
Sydney NSW 1230
Tel: (02) 9265 1333
Fax: (02) 9261 3493

Dubbo

AWB Limited
167 Brisbane Street
PO Box 433
Dubbo NSW 2830
Tel: (02) 6882 0888
Fax: (02) 6882 6405

Emerald

AWB Limited
Office 4, 111 Egerton Street
PO Box 245
Emerald QLD 4720
Tel: (07) 4987 7993
Fax: (07) 4987 7996

Griffith

AWB Limited
Shop 5/490 Banna Avenue
PO Box 2275
Griffith NSW 2680
Tel: (02) 6962 9467
Fax: (02) 6962 9471

Gunnedah

AWB Limited
199 Conadilly Street
Gunnedah NSW 2380
Tel: (02) 6742 3710
Fax: (02) 6742 3781

Moree

AWB Limited
Suite 2, 68 Heber Street
PO Box 908
Moree NSW 2400
Tel: (02) 6751 1799
Fax: (02) 6751 1797

Toowoomba

AWB Limited
AWB House
160 Hume Street
PO Box 3183
Toowoomba QLD 4350
Tel: (07) 4638 2777
Fax: (07) 4639 2529

Wagga Wagga

AWB Limited
47 Fitzmaurice Street
PO Box 5425
Wagga Wagga NSW 2650
Tel: (02) 6921 7499
Fax: (02) 6921 4674

Southern Region

Adelaide

AWB Limited
4th Floor, Grain House,
124 South Terrace,
PO Box 2218
Adelaide SA 5000
Tel: (08) 8213 3333
Fax: (08) 8231 4182

Horsham

AWB Limited
Unit 4/31 O'Callaghan Parade
Horsham VIC 3400
Tel: (03) 5382 5544
Fax: (03) 5381 1018

Kadina

AWB Limited
9A Graves Street
PO Box 13
Kadina SA 5554
Tel: (08) 8821 4400
Fax: (08) 8821 4366

Keith

AWB Limited
Lot 4 Dukes Highway
PO Box 156
Keith SA 5267
Tel: (08) 8755 3388
Fax: (08) 8755 3399

Port Lincoln

AWB Limited
79 Liverpool Street
PO Box 37
Port Lincoln SA 5606
Tel: (08) 8682 3526
Fax: (08) 8683 3008

Streaky Bay

AWB Limited
32 Alfred Terrace
PO Box 199
Streaky Bay SA 5680
Tel: (08) 8626 1855
Fax: (08) 8626 1911

Swan Hill

AWB Limited
259 Beveridge Street
Swan Hill VIC 3585
Tel: (03) 5033 1370
Fax: (03) 5033 1626

Yarrowonga

AWB Limited
19 Piper Street
Yarrowonga VIC 3730
Tel: (03) 5743 2589
Fax: (03) 5743 2756

AWB International Offices

Cairo

AWB Limited
Apartment 51
6 Shagaret El Dor Street
Zamalek, Cairo
Tel/Fax: (202) 738 1825

Hong Kong

AWB Limited
Suite 1209, 12th Floor
Asia Pacific Finance Tower
Citibank Plaza
3 Garden Road
Central Hong Kong
Tel: (852) 2509 3318
Fax: (852) 2509 3234

Portland

AWB USA Limited
Suite 1510
601 SW Second Avenue
Portland, Oregon
97204-3187
Tel: (1503) 226 0015
Fax: (1503) 226 4731

Tokyo

AWB Limited
'Seifun Kaikan'
15-6 Kabuto-Cho
Nihonbashi Chou-ku
Tokyo, 103-0026 Japan
Tel: (813) 3669 1786/7
Fax: (813) 3667 5500

Agrifood

Agrifood Technology Pty Ltd

260 Princes Highway
PO Box 728
Werribee VIC 3030
Tel: (03) 9742 0555
Fax: (03) 9742 4228

Agrifood Laboratory Services

214 McDougall Street
PO Box 549
Toowoomba QLD 4350
Tel: (07) 4633 0599
Fax: (07) 4633 0711
Toll Free Grower Service
Centre 1800 054 433

AWB Website

www.awb.com.au