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Chairman's and Managing Director's Report

In 2004, AWB has been able to demonstrate its strategy in action, providing a view for growers and shareholders of our growing horizons as Australia's leading agribusiness.

AWB weathered the drought that afflicted the nation in 2002/03, and has emerged from it a more robust company. We have continued to deliver value through our core grains business, and have now also completed the first year of integration of Landmark and AWB. We have met our operational and financial targets, and have identified opportunities for future growth. Through our unique combination of local knowledge and global reach, AWB is well positioned as Australia's leading agribusiness to participate in the growth of Australian agriculture.

A record profit

For the 2004 financial year, AWB delivered an after tax profit of \$96.9 million (post goodwill and amortisation) above market expectation and up substantially from the drought affected result of 2003. Our earnings per share of 28.8 cents was up 81% from the previous year.

Increased grain volumes have benefited the company across all business streams,

particularly our domestic grain trading and financial services businesses. Similarly, a larger AWB National Pool volume for 2003/04, and strong out-performance results, helped deliver a forecast pool value of \$4.8 billion, up from \$1.3 billion in 2002/03. AWB's improved performance, however, has not been solely wheat related. The Landmark business is now making a strong contribution to the bottom line, with business in rural services such as merchandise and fertiliser rebounding strongly after the drought.

A notable contributor to the 2004 financial result was the AWB chartering activities. An increase in physical freight business and a successful freight trading strategy in a rising market have delivered record results from the chartering business.

Landmark integration on track

A priority in 2004 was the integration of Landmark within the AWB Group. We set ourselves demanding targets for this task, and it is pleasing to report that for 2004, these targets have been exceeded. AWB has delivered costs synergies and finance growth of \$13 million EBIT, ahead of the \$5 – \$10 million targeted for this financial year. We are now well poised to achieve our longer term EBIT target of \$30-\$40 million derived from the integration by 2005/06.

The network has been consolidated and re-branded, and finance and insurance specialists recruited to bolster the team. We have integrated the business administration functions and introduced incentive programs for all staff. We now look forward to turning our full focus to implementing our Integrated Business Model and firmly positioning AWB as Australia's leading agribusiness.

Good progress has already been made on this front. We have delivered new finance products and packages that capitalise on the inherent strengths of the two organisations, delivering value for our customers and the

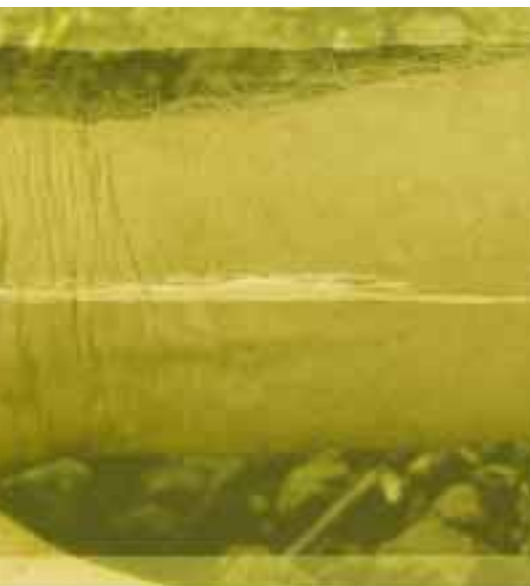
company. AWB is pursuing further growth in lending, insurance and deposits, and capitalising on the cross sell opportunities within our finance, rural service and grain businesses.

Delivering value to the Pool

In the past two years, AWB has managed one of the smallest national wheat crops (9.7 million tonnes in 2002/03), followed by the largest ever Australian wheat harvest of 25.2 million tonnes in 2003/04. This presented a range of challenges in a politically and commercially volatile global grains market.

We believe results from our core business – delivering value to Australian wheat growers – have been outstanding. Over the past three financial years, we have delivered high levels of out-performance for pool participants. This year, highlights have included management of our sales program to Iraq, where despite heightened competition, we secured new contracts for more than 1.5 million tonnes of wheat. Our program has also included the first significant sales to China in eight years, following agreements to date for 2.5 million tonnes. Business with our key customers continued, with record exports of more than three million tonnes to Indonesia, and near record sales to Egypt. Making this possible, of course, has been a logistics program which moved more than 90% of the crop within nine months of harvest, setting grain movement and shipping records in the process.

As with all business, there is always room for improvement. In 2004, we commissioned an extensive study of the AWB National Pool's place within the global wheat market, looking at both our customers and competitors. The research reiterated that the global market place is increasingly competitive. Both traditional and new competitors are making inroads into our premium market position, and as they do, our customers are expecting more from us. We know we cannot afford to



sit still. For some time, AWB National Pool has had strategies in place to combat the growing competition. However, this new research has assisted us to develop a more targeted plan, and to more clearly identify the best areas for investment to maintain and improve our market position. The first stages of this project are already being implemented, and success will mean more value for the pool and all those involved with it.

Strong Single Desk support

AWB's commitment to the Single Desk remains unwavering. In 2004, AWB (International) Limited (AWBI) commissioned research which proved just why the system has the support of the vast majority of Australian wheat growers. The independent study (conducted by the Boston Consulting Group) showed the Single Desk delivers, on average, an additional \$13 per tonne of wheat from the international market, with multiplier benefits cascading through rural and regional Australia. Further independent research has reiterated that more than 80% of growers support the wheat marketing system. Both sides of Australian politics have also shown their support for a system that clearly benefits wheat growers.

AWB's performance in managing that system was commended by findings of the independent review conducted this year and released in October. The Independent Panel conducting the review concluded that AWBI's performance in international markets had resulted in significant benefits to growers. It found AWBI had performed well in

managing the domestic supply chain and achieving price premiums for Australian wheat exports, and recommended that the key components of the Single Desk system remain in place. The Independent Panel also put forward a number of administrative recommendations. The Board of AWBI has considered these, and in November announced a number of initiatives in accordance with the panel's findings.

Included in these initiatives is an AGM resolution to provide the AWBI Board with greater independence. AWB has also announced changes to the remuneration model through which AWB Limited receives payment for services to operate the National Pool. In line with recommendations from the panel, the model will be refined so that the base fee is fixed to reflect the costs and risks associated with running the Pool. The changes will be implemented in 2005.

Trade development

To enhance our global reach, AWB retains a focus on trade development. The Free Trade Agreement between Australia and the United States presents trade opportunities, not necessarily for wheat, but for a range of other agricultural products such as beef and dairy. An equally important outcome of this agreement though was the Australian government's success in retaining the Single Desk for Australian wheat growers – a system which allows them to fairly compete in a distorted trade environment. Further trade agreements now being pursued by the Australian government, particularly with

countries such as China, Egypt and Malaysia, could also open the door for expanded trade flows in a range of commodities.

More significant trade developments took place at the multi-lateral level through the World Trade Organization. A new framework has been reached which, while unbinding at present, could pave the way for some significant reform of the world grain trade. Any progress in reducing the level of production and export subsidies provided by some countries is sure to have positive ramifications for Australian producers and exporters.

A commitment to communities

As a major supporter of rural Australia, we have continued to contribute actively to the communities in which we live and work. We have fostered industry leadership through commitments such as our inaugural Young Leaders Conference and Single Desk Summit this year, and we engage with communities at a local level through support and sponsorship arrangements. We are also committed to environmental and agricultural sustainability through our involvement in dryland salinity projects and the Computershare eTree initiative.

A commitment to our staff

Critical to our strategy and also one of our strengths, are our employees. While the past 12 months has been one of significant change for many of our people, their expertise and professionalism has always shone through. The Board and Management would like to thank all employees for their dedication and service.



To continue building its capability base, AWB has increased the scope of training and development for its frontline employees, backed by a framework for identification and delivery of training requirements in the business. Also, in recognition of AWB's commitment to the safety of its people, in 2004 the company achieved AS 4801 accreditation for AWB GrainFlow and Agrifood Technology – reflecting best practice occupational health and safety levels in Australia. This accreditation involved an extensive auditing and risk assessment process, and development of standard operating procedures across key areas of the AWB business. In the coming year, AWB will seek to extend this accreditation to its Landmark business.

Growing horizons

Our vision is to be Australia's leading agribusiness, by continuing to be the business partner of choice for primary producers and end customers. Our strategy to achieve this has not changed – we will continue to strengthen our core business and seek appropriate avenues for diversification. With the integration of Landmark, we have identified three priority areas:

Grains and commodities

The long-term retention of the Single Desk for wheat exports remains paramount. We are committed to ensuring maximum returns are generated for growers and have a strategy to improve the differentiated quality position of Australian wheat and to continue our

success in driving supply chain efficiencies. Ultimately, the value for growers who deliver to the AWB National Pool is best achieved by keeping the interests of the manager and participants aligned. Beyond wheat, AWB will also seek to apply its management expertise to other Australian agricultural commodities, and where appropriate, to commodities from other origins.

Rural services

AWB will seek to expand the Landmark presence in Australia, with growth opportunities in a range of rural service sectors, such as merchandise and fertiliser. AWB will leverage its consolidated buying power to improve supply chain efficiencies, and through an optimal regional network, will maximise cross selling and bundling opportunities.

Financial services

AWB seeks to expand its rural finance business by offering a range of financial solutions designed to meet agribusiness requirements and retain a leading market position in harvest finance through fine tuning our competitive products to meet increasingly sophisticated market requirements. AWB is also targeting growth of, and within, the broader agribusiness finance market, through new initiatives in lending, deposits, wealth management and general insurance, and with competitive interest rates and streamlined processes.

Outlook

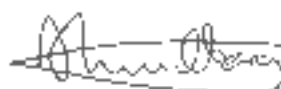
AWB's financial objectives remain clear – solid financial growth, stable dividend payments, efficient capital management and improved quality of earnings.

In 2005, we are committed to continuing the progress we have made with the integration of Landmark, unlocking the value within the two organisations and achieving our earnings targets. We expect the drought to continue to have some lagging impact in terms of livestock and wool volumes, but the market for merchandise and fertiliser is promising, and livestock prices look set to remain strong.

In our core grains business, the global market is becoming more competitive. International wheat prices have softened, world wheat production has hit record levels and stocks have rebuilt. However, we have a clear strategy to generate more value from the Australian wheat crop, and as a stronger and more diversified organisation, we have never been better placed to deliver on it.



Brendan Stewart
Chairman



Andrew Lindberg
Managing Director

Mission

“To be the primary producer's and end – use consumer's business partner of choice.”