

**AWB LIMITED**

**A.B.N. 99 081 890 459**

**CONDENSED HALF YEAR REPORT  
APPENDIX 4D**

**31 March 2008**

**AWB LIMITED**  
**HALF YEAR REPORT**  
**RESULTS FOR ANNOUNCEMENT TO THE MARKET**  
**HALF YEAR ENDED 31 MARCH 2008**

				2007 \$'000		2008 \$'000	Reference to the Financial Statements
Revenues from ordinary activities*	up	35.4%	from	2,363,020	to	3,199,303	Note 3
Profit from ordinary activities after tax attributable to members	up	88.5%	from	11,805	to	22,255	
Net profit for the period attributable to members	up	88.5%	from	11,805	to	22,255	

<b>Dividends</b>	Amount per security	Franked amount per security
Final dividend	4 cents	4 cents
Record date for determining entitlements to the dividend		29 November 2007
Interim dividend	4 cents	4 cents
Record date for determining entitlements to the dividend		5 June 2008

\* Revenues from ordinary activities comprises:

	2007 \$'000	2008 \$'000	
Revenue from continuing operations	2,191,005	3,008,226	Note 2(a)
Other income	45,652	52,756	Note 2(b)
Finance income	126,363	138,321	Note 2(c)
	<u>2,363,020</u>	<u>3,199,303</u>	Note 3

**AWB LIMITED**  
**DIRECTORS' REPORT**

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Your directors submit their report for the half year ended 31 March 2008.

**DIRECTORS**

The names and details of the directors of the company during the half year and until the date of this report are:

**Name**

- Brendan Stewart (Chairman)
- Gordon Davis (Managing Director)
- Steve Chamarette
- Brendan Fitzgerald
- Fred Grimwade (Appointed 13 February 2008)
- Tony Howarth
- Xavier Martin
- Warrick McClelland (Retired 12 February 2008)
- Russell McKenzie (Appointed 12 February 2008)
- Christopher Moffet (Retired 12 February 2008)
- Colin Nicholl (Appointed 12 February 2008)
- Peter Polson
- Rodger Schirmer (Appointed 12 February 2008)
- John Simpson (Retired 12 February 2008)
- John Schmoll

**RESULTS AND REVIEW OF OPERATIONS**

	<b>2008</b>	<b>2007</b>
	<b>\$'000</b>	<b>\$'000</b>
The group profit after tax and minority interest for the half year	<u>22,255</u>	<u>11,805</u>

The group has reported a consolidated profit, after tax and minority interests, of \$22.3 million (2007: \$11.8 million).

Further commentary on the results for the period (including a review of the operations and the results of those operations) is contained in the Discussion and Analysis document released to the Australian Stock Exchange.

**ROUNDING**

The amounts contained in this report and in the financial statements have been rounded off under the option available to the company under Australian Securities and Investments Commission (ASIC) Class Order 98/100. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

**AUDITOR INDEPENDENCE**

The Auditor's review of the financial report is in accordance with the declaration on page 3 - "Auditor Independence Declaration to the Directors of AWB Limited."

Signed in accordance with a resolution of the directors:



**Brendan Stewart**  
Chairman



**Gordon Davis**  
Managing Director

Melbourne  
21 May 2008

### **Auditor's Independence Declaration to the Directors of AWB Limited**

In relation to our review of the financial report of AWB Limited for the half-year ended 31 March 2008, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

*Ernst + Young*  
Ernst & Young

*Brett Kallio*

Brett Kallio  
Partner  
21 May 2008

**AWB LIMITED**  
**INCOME STATEMENT**  
**FOR THE HALF YEAR ENDED 31 MARCH 2008**

	Notes	Consolidated	
		31 March 2008 \$'000	31 March 2007 \$'000
<b>Revenue</b>	2(a)	3,008,226	2,191,005
Cost of sales		(2,802,209)	(2,030,178)
<b>Gross Profit</b>		<b>206,017</b>	<b>160,827</b>
Other income	2(b)	52,756	45,652
Other expenses		(234,348)	(208,358)
Share of profit of associates	5	9,595	3,687
<b>Profit before income tax and net finance income/(costs)</b>		<b>34,020</b>	<b>1,808</b>
Finance income	2(c)	138,321	126,363
Finance costs	2(f)	(134,095)	(113,313)
<b>Net Finance income/(costs)</b>		<b>4,226</b>	<b>13,050</b>
<b>Profit before tax</b>		<b>38,246</b>	<b>14,858</b>
Income tax expense		(15,644)	(2,930)
<b>Net profit for the period</b>		<b>22,602</b>	<b>11,928</b>
Profit attributable to minority interest		(347)	(123)
<b>Profit attributable to members of the parent</b>		<b>22,255</b>	<b>11,805</b>
Earnings per share (cents per share)			
- basic for profit for the half year		6.42	3.41
- diluted for profit for the half year		6.39	3.40

**AWB LIMITED**  
**BALANCE SHEET**  
**AS AT 31 MARCH 2008**

	<b>Consolidated</b>	
	<b>As at 31 March 2008 \$'000</b>	<b>As at 30 September 2007 \$'000</b>
<b>Assets</b>		
Cash and cash equivalents	292,987	546,387
Loans and receivables	3,875,740	3,061,458
Inventories	700,133	354,901
Other financial assets	313,073	516,088
Available-for-sale financial assets	7,905	18,310
Other assets	109,155	82,474
Investments accounted for using the equity method	111,354	107,178
Intangible assets	541,971	550,477
Property, plant and equipment	148,407	158,160
Deferred income tax assets	59,586	63,233
<b>Total assets</b>	<b>6,160,311</b>	<b>5,458,666</b>
<b>Liabilities</b>		
Trade and other payables	774,029	530,033
Interest-bearing loans and borrowings	4,001,616	3,369,217
Income tax payable	35,809	33,412
Provisions	65,146	47,948
Other financial liabilities	175,427	355,808
Deferred income tax liabilities	8,705	10,301
<b>Total liabilities</b>	<b>5,060,732</b>	<b>4,346,719</b>
<b>Net assets</b>	<b>1,099,579</b>	<b>1,111,947</b>
<b>Equity</b>		
Contributed equity	969,743	969,743
Reserves	(19,126)	(358)
Retained profits	146,724	140,431
<b>Total parent entity interest</b>	<b>1,097,341</b>	<b>1,109,816</b>
Minority interest	2,238	2,131
<b>Total equity</b>	<b>1,099,579</b>	<b>1,111,947</b>

**AWB LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FOR THE HALF YEAR ENDED 31 MARCH 2008**

	Consolidated	
	31 March 2008 \$'000	31 March 2007 \$'000
<b>Cash flows from operating activities</b>		
Receipts from customers	2,858,817	2,259,778
Payments to suppliers and employees	(3,155,609)	(2,227,514)
Borrowing costs paid	(134,095)	(113,621)
Dividends received	4,148	11,792
Income taxes paid	(8,098)	(9,208)
Interest received	136,021	127,179
<b>Net cash flows from/(used in) operating activities</b>	<b>(298,816)</b>	<b>48,406</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(9,132)	(10,890)
Proceeds from the sale of investments	6,646	3,165
Proceeds from sale of property, plant and equipment	9,500	1,383
Purchases of investments and associates	(275)	(5,293)
Purchase of intangibles	(1,186)	(7,326)
<b>Net cash flows from/(used in) investing activities</b>	<b>5,553</b>	<b>(18,961)</b>
<b>Cash flows from financing activities</b>		
Receipts - grower payment products	23,228	215,623
Payments - grower payment products	(123,190)	(44,020)
Repayments of grower loans	143,202	416,211
Loans advanced to growers	(637,769)	(272,376)
Repayment of customer loans	1,625,115	1,397,683
Loans advanced to customers	(1,609,719)	(1,443,792)
Proceeds from issues of ordinary shares	-	-
Proceeds from/(repayments of) borrowings from related party (AWB National Pools)	261,102	170,794
Proceeds from/(repayments of) borrowings	308,709	(205,256)
Proceeds from/(repayments of) interest bearing deposits	63,038	(37,100)
Dividends paid	(13,853)	(13,871)
<b>Net cash flows from/(used in) financing activities</b>	<b>39,863</b>	<b>183,896</b>
<b>Net increase/(decrease) in cash held</b>	<b>(253,400)</b>	<b>213,341</b>
Cash at the beginning of the half year	546,387	46,914
<b>Cash at the end of the half year</b>	<b>292,987</b>	<b>260,255</b>
	<b>31 March 2008 \$'000</b>	<b>30 September 2007 \$'000</b>
<b>Reconciliation of cash and cash equivalents</b>		
Cash and cash equivalent balances comprises:		
- cash at bank and on hand	292,987	546,387

**AWB LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF YEAR ENDED 31 MARCH 2008**

CONSOLIDATED	Attributable to equity holders of the parent					Minority interest	Total equity	
	Issued capital	Retained profits	Staff share		Other reserves			Total
			equity component	plan reserves				
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
<b>At 1 October 2006</b>	969,743	141,247	4,670	7,437	1,123,097	2,186	1,125,283	
Currency translation differences	-	-	-	(10,359)	(10,359)	80	(10,279)	
Available-for-sale revaluation	-	-	-	(1,593)	(1,593)	-	(1,593)	
Total income and expense for the period recognised directly in equity	-	-	-	(11,952)	(11,952)	80	(11,872)	
Profit/(loss) for the period	-	11,805	-	-	11,805	(123)	11,682	
Total income/(expense) for the period	-	11,805	-	(11,952)	(147)	(43)	(190)	
Share based payments	-	-	216	-	216	-	216	
Appropriation to general legal reserve	-	(278)	-	(63)	(341)	-	(341)	
Equity dividends	-	(13,851)	-	-	(13,851)	(340)	(14,191)	
<b>At 31 March 2007</b>	<b>969,743</b>	<b>138,923</b>	<b>4,886</b>	<b>(4,578)</b>	<b>1,108,974</b>	<b>1,803</b>	<b>1,110,777</b>	

CONSOLIDATED	Attributable to equity holders of the parent					Minority interest	Total equity	
	Issued capital	Retained profits	Staff share		Other reserves			Total
			equity component	plan reserves				
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
<b>At 1 October 2007</b>	969,743	140,431	5,593	(5,951)	1,109,816	2,131	1,111,947	
Currency translation differences	-	-	-	(15,856)	(15,856)	74	(15,782)	
Available-for-sale revaluation	-	-	-	(7,227)	(7,227)	-	(7,227)	
Total income and expense for the period recognised directly in equity	-	-	-	(23,083)	(23,083)	74	(23,009)	
Profit/(loss) for the period	-	22,255	-	-	22,255	347	22,602	
Total income/(expense) for the period	-	22,255	-	(23,083)	(828)	421	(407)	
Share based payments	-	-	2,206	-	2,206	-	2,206	
Appropriation to general legal reserve	-	(2,109)	-	2,109	-	-	-	
Equity dividends	-	(13,853)	-	-	(13,853)	(314)	(14,167)	
<b>At 31 March 2008</b>	<b>969,743</b>	<b>146,724</b>	<b>7,799</b>	<b>(26,925)</b>	<b>1,097,341</b>	<b>2,238</b>	<b>1,099,579</b>	

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The condensed half year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the group as the full financial report.

The condensed half year financial report should be read in conjunction with the annual Financial Report of AWB Limited as at 30 September 2007.

It is also recommended that the condensed half year financial report be considered together with any public announcements made by AWB Limited and its subsidiaries ('the group') during the half year ended 31 March 2008 in accordance with the continuous disclosure obligations arising under ASX Listing Rules.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ('\$000) unless otherwise stated under the option available to the company under ASIC Class Order 98/100. The company is an entity to which the class order applies.

### **(a) Basis of preparation**

The condensed half year consolidated financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements.

The condensed half year financial report has been prepared on a historical cost basis, except for derivative financial instruments, inventories held as commodity broker-trader, certain loans and receivables and available-for-sale financial assets that have been measured at fair value.

For the purpose of preparing the condensed half year financial report, the half year has been treated as a discrete reporting period.

### **(b) Significant accounting policies**

The condensed half year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 September 2007.

### **(c) Seasonality of operations**

AWB Limited's results typically display an element of seasonality mainly due to the nature of products offered by the group.

**AWB LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 MARCH 2008**

	Notes	Consolidated	
		31 March 2008 \$'000	31 March 2007 \$'000
<b>2. REVENUES AND EXPENSES</b>			
Profit for the half year from continuing operations before income tax expense includes the following specific items:			
<b>(a) Revenue</b>			
Sale of goods			
- other corporations		2,625,406	1,992,125
- related party (AWB National Pools)	6	382,820	198,880
		<u>3,008,226</u>	<u>2,191,005</u>
<b>(b) Other income</b>			
Management fee revenue			
- related party (AWB National Pools)	6	28,257	31,593
		<u>28,257</u>	<u>31,593</u>
Underwriting fees			
		3,349	4,950
Dividends			
- other persons/corporations		77	28
		<u>77</u>	<u>28</u>
Profit/(loss) on sale of non-current assets			
- property, plant and equipment		371	427
- interest in Joint Venture		-	1,750
- available-for-sale		6,568	1,149
		<u>6,939</u>	<u>3,326</u>
Other income			
		14,134	5,755
<b>Total other income</b>		<u>52,756</u>	<u>45,652</u>
<b>(c) Finance income</b>			
Finance income			
- financial institutions		18,750	9,576
- loans and advances		117,474	111,310
- related party (AWB National Pools)	6	2,097	5,477
		<u>138,321</u>	<u>126,363</u>
<b>(d) Other expenses</b>			
Amortisation of non-current assets			
- other intangibles		9,668	11,789
- licence fees		24	18
		<u>9,692</u>	<u>11,807</u>
Depreciation of non-current assets			
		9,235	9,985
Total depreciation and amortisation expenses		<u>18,927</u>	<u>21,792</u>
Employee benefit expenses			
		110,793	108,832
Net bad and doubtful debts expensed/(recovered) including movements in provision for doubtful debts			
		2,273	3,692
<b>(e) Significant items included in the income statement</b>			
Sale of trade memberships and related shares			
		6,568	-
Redundancies and restructuring costs			
		-	(6,830)
Writedown of assets to recoverable amount*			
		-	(5,581)
Provision for Standard Chartered Bank claim	11	(26,423)	-
Costs associated with "Oil-for-Food Inquiry"		(6,516)	(3,795)
	3	<u>(26,371)</u>	<u>(16,206)</u>
<b>(f) Finance costs</b>			
Interest expense			
- other persons/corporations		104,919	93,021
- derivatives		54	(845)
- notes		-	272
- related party (AWB National Pools)	6	14,817	18,096
		<u>119,790</u>	<u>110,544</u>
Other finance costs			
- other persons/corporations		14,305	2,769
Total finance costs		<u>134,095</u>	<u>113,313</u>

\* An assessment of the recoverability of employee share loans was made at 31 March 2007 resulting in a write down of \$1.2m in recoverable amount. This assessment was carried out in response to the departure of numerous AWB employees under Project Simplicity who were previously involved in the Employee Share Plan.

The recoverable amount of the employee retention asset was assessed as at 31 March 2007. On transition to A-IFRS the employee share loan receivable was recorded at fair value and subsequently amortised using the effective interest rate method. The difference between the cost and fair value was booked as an employee retention asset and was being amortised over 10 years. Due to the departure of numerous AWB employees under Project Simplicity this asset was assessed as fully impaired and written off.

**AWB LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 MARCH 2008**

**3. SEGMENT INFORMATION**

The Group's primary segment reporting format is business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services produced. Secondary segment information is reported geographically.

Inter segment pricing is determined on an arm's length basis. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

**Business segments**

The group comprises the following main business segments, based on the group's management reporting system:

**31 March 2008**

	<i>Total Operations</i>									
	Pool Management Services	Australian Commodity Management	International Commodity Management	Supply Chain & Other Investments	Landmark Financial Services	Harvest Finance	Rural Services	Other/ corporate	Intersegment eliminations	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Revenue</b>										
External segment revenue	27,642	563,209	1,416,216	62,485	115,009	153,557	828,477	32,708	-	3,199,303
Intersegment revenue	-	141,551	(41)	1,735	(1,495)	1,722	9	82,625	(226,106)	-
<b>Total consolidated revenue</b>	<b>27,642</b>	<b>704,760</b>	<b>1,416,175</b>	<b>64,220</b>	<b>113,514</b>	<b>155,279</b>	<b>828,486</b>	<b>115,333</b>	<b>(226,106)</b>	<b>3,199,303</b>
<b>Results</b>										
Underlying EBITDA*	13,822	25,183	7,421	(4,289)	12,845	10,147	25,043	10,988	-	101,160
Share of associates profits	-	-	-	2,345	-	-	7,250	-	-	9,595
Total underlying EBITDA	13,822	25,183	7,421	(1,944)	12,845	10,147	32,293	10,988	-	110,755
Depreciation & amortisation	-	-	(381)	(4,148)	(641)	-	(4,120)	(9,637)	-	(18,927)
Underlying EBIT	13,822	25,183	7,040	(6,092)	12,204	10,147	28,173	1,351	-	91,828
Significant items	-	-	-	-	-	-	-	(26,371)	-	(26,371)
Segment result	13,822	25,183	7,040	(6,092)	12,204	10,147	28,173	(25,020)	-	65,457
Corporate net interest expense										(27,211)
Profit/(loss) before income tax and minority interest										38,246
Income tax expense										(15,644)
Profit attributable to minority interest	-	-	5	(134)	-	-	(218)	-	-	(347)
<b>Profit attributable to members of the parent</b>										<b>22,255</b>

**31 March 2007**

	<i>Total Operations</i>									
	Pool Management Services	Australian Commodity Management	International Commodity Management	Supply Chain & Other Investments	Landmark Financial Services	Harvest Finance	Rural Services	Other/ corporate	Intersegment eliminations	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Revenue</b>										
External segment revenue	31,227	465,402	981,308	38,328	99,513	84,932	654,465	7,845	-	2,363,020
Intersegment revenue	-	2,475	-	1,863	13,688	-	4,583	84,601	(107,210)	-
<b>Total consolidated revenue</b>	<b>31,227</b>	<b>467,877</b>	<b>981,308</b>	<b>40,191</b>	<b>113,201</b>	<b>84,932</b>	<b>659,048</b>	<b>92,446</b>	<b>(107,210)</b>	<b>2,363,020</b>
<b>Results</b>										
Underlying EBITDA*	10,970	2,069	15,432	1,239	11,468	4,667	17,894	4,924	-	68,663
Share of associates profits	-	-	-	869	-	-	2,818	-	-	3,687
Total underlying EBITDA	10,970	2,069	15,432	2,108	11,468	4,667	20,712	4,924	-	72,350
Depreciation & amortisation	-	-	(103)	(4,426)	(618)	-	(4,548)	(12,097)	-	(21,792)
Underlying EBIT	10,970	2,069	15,329	(2,318)	10,850	4,667	16,164	(7,173)	-	50,558
Significant items	(3,795)	-	-	-	-	-	-	(12,411)	-	(16,206)
Segment result	7,175	2,069	15,329	(2,318)	10,850	4,667	16,164	(19,584)	-	34,352
Corporate net interest expense										(19,494)
Profit/(loss) before income tax and minority interest										14,858
Income tax expense										(2,930)
Profit attributable to minority interest	-	-	-	(59)	-	-	(64)	-	-	(123)
<b>Profit attributable to members of the parent</b>										<b>11,805</b>

\* EBITDA includes interest margin earned on financial services products and other interest revenue amounts that are not related to funding

**AWB LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 MARCH 2008**

**4. DIVIDENDS**

	<b>31 March</b>	<b>31 March</b>
	<b>2008</b>	<b>2007</b>
	<b>\$'000</b>	<b>\$'000</b>
(a) Dividends declared and paid during the half year:		
- Final franked dividend: 4 cents per share (2006: 4 cents per share)	13,853	13,851

AWB offers shareholders a dividend reinvestment plan ("DRP"). The DRP for dividends paid during the period enabled B class shareholders to reinvest all or part of their dividend in additional shares at no discount.

**Subsequent events**

On 21 May 2008, the directors declared a dividend of 4 cents per share resulting in a dividend payable of \$13.9 million. The financial effect of this dividend has not been brought to account in the financial statements for the half year ended 31 March 2008 and will be recognised in subsequent reports. The DRP for this interim dividend enables B class shareholders to reinvest all or part of their dividend in additional shares at 2.5% discount. The election notice for participation in the DRP is required to be received by the AWB share registry no later than 5pm Melbourne on 5 June 2008 (record date).

**5. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD**

<b>Name</b>	<b>%</b>	<b>Contribution to net profit</b>	
		<b>31 March</b>	<b>31 March</b>
		<b>2008</b>	<b>2007</b>
		<b>\$'000</b>	<b>\$'000</b>
Arcadian Wool Brokers Limited	40	178	303
Sydney Wool Brokers Limited	46.7	-	-
AWH Pty Ltd (formerly Wooldumpers Australia Pty Ltd)	50	2,205	3,785
Five Star Flour Mills Company SAE (FSFM)	30	1,980	707
Five Star Feed Mills and Animal Production Company SAE	(i)	365	162
Kelly and Co Rural Centre Pty Limited	(ii)	-	73
ELF Australia Pty Ltd	50	3,875	(1,704)
Temora Grains Unit Trust	50	-	-
RD1 Limited	50	940	376
Farmerequip Pty Ltd	50	58	(15)
Genstock Pty Ltd	50	(6)	-
		<u>9,595</u>	<u>3,687</u>

Five Star Flour Mills and Five Star Feed Mills are based in Egypt.

(i) AWB Group holds 23.7% directly. The other 9% is indirectly held through FSFM.

(ii) Remaining 50% ownership of Kelly & Co Rural Centre Pty Limited was acquired on 1 July 2007.

**AWB LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 MARCH 2008**

**6. RELATED PARTY DISCLOSURES**

	Notes	Consolidated	
		31 March 2008 \$'000	31 March 2007 \$'000
<b>Transactions with related parties</b>			
Borrowing costs expensed			
-related party (AWB National Pools)	2	14,817	18,096
Revenue from sale of goods			
- related party (AWB National Pools)	2	382,820	198,880
Purchases from related party (AWB National Pools)		109,564	285,232
Purchases from associates		46,987	35,660
Management fee revenue			
- related party (AWB National Pools)	2	28,257	31,593
Interest revenue			
- related party (AWB National Pools)	2	2,097	5,477

*Terms and conditions*

Interest is charged or credited on amounts with AWB Limited at prevailing commercial interest rates. All other transactions within the AWB Limited group are based on actual amounts incurred or received and are conducted on commercial terms and conditions.

	31 March 2008 \$'000	30 September 2007 \$'000
<b>Outstanding balances arising from sales/purchases of goods and services</b>		
The following balances are outstanding at the reporting date in relation to transactions with related parties:		
Current receivable from		
- related party (AWB National Pools)	316,282	139,699
- associates	12,056	12,261
Current payable to		
- related party (AWB National Pools)	811,467	520,884

No provision has been raised in relation to any outstanding balances, and no expense has been recognised in respect of bad or doubtful debts due from related parties.

**7. CONTINGENT LIABILITIES**

	31 March 2008 \$'000	30 September 2007 \$'000
<b>Litigation claims</b>		
Several claims for damages and costs were lodged against AWB Limited and its controlled entities which denied liability and defended the claims. The litigation claims include other claims which are not individually material. The maximum damages/costs claimed but not otherwise recognised in the balance sheet were estimated to amount to:		
	1,005	1,364

**Indemnities**

The parent entity had contingent liabilities at 31 March 2008 in respect of indemnities given by the AWB Limited to AWB (International) Limited against possible costs incurred by AWB (International) Limited arising in relation to proceedings under the Oil for Food Inquiry. This indemnity may give rise to liabilities in the parent entity in the event that AWB (International) Limited incurs an indemnified liability. Any possible liabilities cannot be quantified at the date of this report.

**AWB LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 MARCH 2008**

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**8. SUBSEQUENT EVENTS**

There are no subsequent events which are likely to have a material effect on the entity's financial statements.

For dividends declared after 31 March 2008, see Note 4.

**9. CLASS ACTIONS**

Proceedings have been commenced against AWB Limited in four separate class actions, one of which has been dismissed by the Court. The resultant impact, if any, on the financial position of AWB Limited arising directly and indirectly from these class actions is unknown and therefore not reflected in this report.

***Karim (Iraqi Residents' Class Action)***

The Karim Class Action was filed against AWB Limited, AWB (USA) Limited and BNP Paribas in the US District Court for the Southern District of New York on 22 December 2006. Commodity Specialist Company (CSC) of New York was subsequently joined as a Defendant by the Plaintiffs. The plaintiffs are stated to be residents of the 3 northern governorates of Iraq.

The complaint (as amended and filed on 17 June 2007) alleges that by reason of AWB's conduct during the Oil-for-Food ("OFF") Programme, AWB depleted the UN OFF escrow account, and thereby unlawfully deprived these plaintiffs and the others in the class of the humanitarian benefits which those funds would have purchased for them. It also alleges that BNP Paribas, CSC and AWB engaged in an illegal conspiracy. The Complaint alleges that these actions amounted to violations of the U.S. Racketeer-Influenced and Corrupt Organisations ("RICO") Act and the plaintiffs are claiming treble damages under RICO. No specified amount of damages is stated in the amended Complaint.

Each of the Defendants filed a Motion to Dismiss the Complaint in October 2007. The Plaintiffs filed a Brief in Opposition to these Motions to Dismiss in February 2008 and each Defendant filed a Reply Memorandum of Law in March 2008. It is a matter for the Court whether to deal with the Motions to Dismiss "on the papers" or whether to schedule oral hearings of the Motions. If hearings are scheduled it is likely that this will be later this year.

***Boyd (US Grower Class Action)***

This class action Complaint against AWB Limited and AWB (USA) Limited was filed on 10 July 2007, also in the U.S. District Court for the Southern District of New York, on behalf of a number of US farmers including Mr Boyd, the Court having previously consolidated the similar Boyd, Erb and Brothers grower claims into one class action by growers under the Boyd name.

The Complaint alleged that AWB engaged in conduct in relation to the OFF Programme which had the effect of achieving and maintaining a monopoly on wheat sold to Iraq, thereby foreclosing that market to US-grown wheat. It alleged that this conduct caused decreases in the prices at which US growers were able to sell their wheat in the US. The complaint alleged that this conduct was contrary to the RICO Act and several US anti-trust statutes, all of which permit the recovery of treble damages. No specified amount of damages was stated in the consolidated Complaint.

AWB filed a Motion to Dismiss the Complaint on 17 August 2007, and this Motion to Dismiss was granted by the Court on 25 February 2008.

The deadline for the plaintiffs to file an appeal against the Court's grant of AWB's Motion to Dismiss has now passed and the complaint against AWB stands dismissed by the Court.

***Mastafa and Ismail Claim***

In September 2007 a class action Complaint was filed against AWB Limited, AWB (USA) Limited and BNP Paribas in the US District Court for the Southern District of New York on behalf of Saadya Mastafa and Kafia Ismail representing a class comprising victims (or the surviving immediate family members of victims) of crimes allegedly perpetrated by the Saddam Hussein regime in Iraq from 1996 to 2003. The Complaint asserts causes of action under the US Alien Tort Claims Act. The damages alleged to have been suffered by the plaintiffs are unspecified.

In December 2007 each of the Defendants filed a response, by way of a Motion to Dismiss the complaint. In February 2008 the Plaintiffs filed a Brief in Opposition to the Defendants' Motions to Dismiss and in April 2008 each of the Defendants filed a Reply Memorandum of Law. It is a matter for the Court whether to deal with the Motions to Dismiss "on the papers" or whether to schedule oral hearings of the Motions. If hearings are scheduled it is likely that this will be later this year.

***Watson (Shareholder) Class Action***

On 17 April 2007 proceedings were filed by John and Kaye Watson (in their own right and as representatives of "Represented Persons") in the Federal Court of Australia (NSW Registry) against AWB Limited. The plaintiffs sought a declaration that AWB Limited contravened the continuous disclosure provisions of the Corporations Act by not informing the ASX of AWB Limited's knowledge of the facts surrounding its activities in relation to the OFF Programme. The Application to the Court also sought an order that AWB Limited pay the plaintiffs compensation for damage resulting from that contravention, on the grounds that had the facts been publicly available the plaintiffs would not have purchased AWB Limited shares either at all or at the prices paid.

After a number of amendments to their Statement of Claim, this proceeding was subsequently discontinued and a further proceeding (making essentially the same claims) was issued by the Watsons on 9 October 2007 as a class action under Part IVA of the Federal Court Act.

The damage alleged by the plaintiffs John and Kaye Watson in the statement of claim is \$10,400. However the plaintiffs' lawyers have quantified potential damages for all plaintiffs in the class as approximately \$25 million.

AWB Limited has filed its Defence to the class action proceeding. A trial date has not been allocated by the Court.

The company will continue to vigorously defend all of these class actions.

#### **10. OIL FOR FOOD INQUIRY**

On 27 November 2006, the Report of the Commission of Inquiry in relation to the United Nations Oil-for-Food Programme (the "Cole Inquiry") was tabled in Parliament. The Report (the "Cole Report") refers to possible breaches of laws that according to the Commissioner might have occurred in connection with the Oil-for-Food Programme. It found that certain acts, conduct and payments by AWB Limited and AWB (International) Limited might have breached sections of the Criminal Code, Crimes Act 1958 (Vic) and Banking (Foreign Exchange) Regulations 1959. The Cole Report also recommended the establishment of a joint Task Force comprising the Australian Federal Police, Victoria Police, and the Australian Securities and Investments Commission ("ASIC") to consider possible prosecutions of the entities named in it.

The Task Force recommended by the Cole Report was established in December 2006.

In September and October 2007 ASIC served a number of notices on AWB Limited requiring it to produce certain documents concerning the subject matter of the Cole Inquiry. AWB Limited complied with each of the notices served on it, save for those notices which ASIC withdrew. ASIC has also conducted a number of examinations and interviews of employees and former employees of AWB.

In December 2007 ASIC issued civil proceedings against two former directors and four former employees of AWB Limited. At the date of this half year report, no legal action had commenced against either AWB Limited or any of its subsidiaries in relation to the findings of the Cole Inquiry.

The resultant impact, if any, on the financial position of AWB Limited arising directly and indirectly from these and other potential legal actions arising from the Cole Inquiry is unknown and therefore not reflected in this half year report.

#### **11. STANDARD CHARTERED BANK LITIGATION**

In February 2005 Standard Chartered Bank plc brought an action against AWB (USA) Ltd in the US District Court for the Southern District of New York in respect of a promissory note dispute. The amount claimed was approximately USD35m. On 14 January 2008 Judge Hellerstein issued his opinion directing the entry of judgment against AWB (USA) Ltd, and on 16 January 2008, judgment was entered against AWB (USA) Ltd in the amount of approximately USD24.2m. On 23 January 2008, AWB (USA) Ltd filed a notice of appeal with the United States Court of Appeals for the Second Circuit, and filed its Appeal Brief on 15 April 2008. AWB has taken steps to secure the judgment debt to the satisfaction of Standard Chartered Bank plc, finalisation of which will result in a stay of execution of the judgment. AWB Limited has chosen to take up a provision against this liability, even though it is of the view that AWB (USA) Ltd has a strong position, and AWB (USA) Ltd will continue vigorously to pursue its appeal avenues.

**AWB LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 MARCH 2008**

**12. FINANCING ARRANGEMENTS**

AWB Group's overall position regarding financing can be summarised as follows:

- Non-current assets excluding Landmark Financial Services term loans are matched by equity; and
- Current assets are matched to short term facilities.

*Financing activities*

- AWB has a variety of financing activities including seasonal financing, inventory financing, working capital and funding financial services assets.
- AWB's strategy is to diversify funding sources to minimise costs and broaden funding and liquidity options.
- Due to the diverse businesses in the Group, AWB borrows for specific purposes to minimise its cost.

*Capital Structure*

The AWB Group's borrowings are primarily driven by three core activities:

- Provision of finance and payments to growers delivering wheat to the AWB National Pool through AWB Harvest Finance (Harvest Finance's debt significantly reduces by 30 September 2008 in line with seasonal demands);
- Provision of working capital to AWB Group companies encompassing Landmark, domestic and offshore operations; and
- Provision of finance for Landmark-originated finance facilities provided to Australian rural businesses and individuals through the Rural Trust financing program.

A summary of committed debt and other funding facilities available to the group by business segment as at the half year end balance date is detailed as follows:

**Landmark Financial Services**

Committed Credit Facilities	Ref	Currency	Facility Limit	Facility Maturity	Utilisation
Rural CP Warehouse Trust - Securitisation Program Limit ^	(2)	AUD	\$2,324,800,000	23/09/2008	\$1,812,297,000
Rural Warehouse Trust #1 – Bank Facilities	(2)	AUD	\$250,000,000	31/12/2008	\$222,702,000
Other Funding Platforms		Currency	Facility Maturity		Utilisation
Landmark - Unsecured deposit notes		AUD	At Call & Various Terms		\$438,300,000

^ Has been renegotiated for maturities from 12-30 months

**Rural Services/Australian Commodity Management**

Committed Credit Facilities	Ref	Currency	Facility Limit	Facility Maturity	Utilisation
AWBCF – Syndicated Bank Facility (1 Yr Tranche)	(3)	AUD	\$280,000,000	10/10/2008	\$30,000,000
AWBCF – Syndicated Bank Facility (2 Yr Tranche)	(3)	AUD	\$120,000,000	11/10/2009	
AWB Australia – Committed Inventory Financing Facility		AUD	\$100,000,000	13/12/2008	100,000,000
Rural Trade Receivables Trust - Committed Securitisation Program Limit		AUD	\$280,000,000	11/10/2008	\$205,000,000
Uncommitted Credit Facilities		Currency	Facility Limit	Facility Review	Utilisation
AWB Australia – Uncommitted Inventory Financing Facility		AUD	\$60,000,000	24/12/2008	\$60,000,000

**AWB LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE HALF YEAR ENDED 31 MARCH 2008**

**Harvest Finance**

<b>Committed Credit Facilities</b>	<b>Ref</b>	<b>Currency</b>	<b>Facility Limit</b>	<b>Facility Maturity</b>	<b>Utilisation</b>
AWB Harvest Finance – Standby Liquidity Facility	(1)	AUD	\$205,000,000	11/06/2008	-

<b>Uncommitted Credit Facilities</b>		<b>Currency</b>	<b>Facility Limit</b>	<b>Facility Review</b>	<b>Utilisation</b>
AWB Harvest Finance – Uncommitted Inventory Financing Facility		AUD	\$150,000,000	30/07/2008	\$150,000,000
AWB Harvest Finance – Uncommitted Inventory Financing Facility		AUD	\$180,000,000	30/09/2008	\$159,000,000
AWB Harvest Finance – Uncommitted Inventory Financing Facility *		AUD	\$145,000,000	18/04/2008	\$49,900,000
AWB Harvest Finance - US Commercial Paper		USD	\$1,500,000,000	N/A	-
AWB Harvest Finance - Euro Commercial Paper		USD	\$1,500,000,000	N/A	-
AWB Harvest Finance - Domestic Commercial Paper		AUD	\$2,000,000,000	N/A	-
AWB Harvest Finance - Medium Term Notes		AUD	\$500,000,000	N/A	-

<b>Other Funding Platforms</b>		<b>Currency</b>	<b>Facility Maturity</b>	<b>Utilisation</b>
Related Party Loans - AWB National Pools		AUD	At Call	\$363,621,343

\* A Temporary Facility of \$100m has since been extended until mid July 2008.

**International Commodity Management**

<b>Uncommitted/ Committed Credit Facilities</b>		<b>Currency</b>	<b>Facility Limits</b>	<b>Facility Review</b>	<b>Utilisation</b>
Offshore Credit & Inventory Financing Facilities		AUD equivalent	\$498,600,000	Annual	\$400,400,539

**Groupwide**

<b>Other Funding Platforms</b>		<b>Currency</b>	<b>Facility Maturity</b>	<b>Utilisation</b>
Accrued Interest & Other		AUD		\$10,394,640

<b>Grand Total</b>				<b>\$4,001,615,522</b>
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(1) The \$205m Standby Liquidity Facility for AWB Harvest Finance (“AWBHF”) is in place as liquidity backstop to support any commercial paper that AWBHF may have outstanding. To date, AWBHF has not issued any commercial paper in the current financial year and has funded its activities via inventory financing arrangements with the National Pool. AWBHF is unlikely to issue any commercial paper for the remainder of the financial year and so, on maturity this facility is unlikely to be replaced.

(2) The Rural CP Warehouse Trust (“CPWT”) securitisation program funds the majority of the Landmark Financial Services loan book through the issuance of commercial paper and/or liquidity backstop facilities provided by banks. The remainder of the Landmark Financial Services loan book is funded through the Rural Warehouse Trust #1 (“RWT”) which is a bank funded warehouse structure. This funding is substantially non-recourse to AWB.

AWB has received an extension on the financing facilities provided to the Rural CP Warehouse Trust with staggered maturity dates from May 2009 to November 2010.

(3) The \$400m Syndicated Loan Facility is a general corporate purpose loan facility provided by four banks to AWB Commercial Funding (“AWBCF”). The \$280m one year tranche of this facility encompasses an evergreen mechanism. This provides for a formal process upon, which management can request banks to extend this one year tranche for a further 364 days within a defined period ahead of the existing maturity date in October 08. Management has already initiated discussions with syndicate banks for the extension of this tranche for a maturity out to mid 2009.

As at 31 March 2008 AWB Commercial Funding Limited was in technical breach of a lending covenant relating to its leverage ratio (calculated as a rolling 12 month EBITDA [incorporating all significant items] to Average Net Debt for the most recent quarter). The breach was principally due to AWB Limited’s decision to raise a provision of USD24.2m for the Standard Chartered Bank litigation. A letter of waiver for this covenant breach has been obtained from the participating banks. Management is confident that the breach will be rectified in the normal course of operations by 30 June 2008. All other lending covenants were in compliance with targets.

**AWB LIMITED**  
**DIRECTORS' DECLARATION**

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In the directors' opinion

(a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the financial position as at 31 March 2008 and the performance for the half year ended on that date of the consolidated entity; and

(ii) comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

On behalf of the Board



**Brendan Stewart**  
Chairman



**Gordon Davis**  
Managing Director

**Melbourne**  
**21 May 2008**

To the members of AWB Limited

## Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half year financial report of AWB Limited, which comprises the condensed balance sheet as at 31 March 2008, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half year end or from time to time during the half year.

### *Directors' Responsibility for the half year Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the half year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 March 2008 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of AWB Limited and the entities it controlled during the half year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

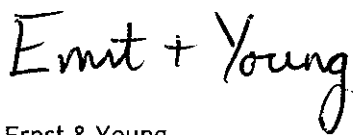
### *Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of AWB Limited is not in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 31 March 2008 and of its performance for the half year ended on that date; and
- (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

*Emphasis of Matter - Inherent Uncertainty*

Without qualification to the conclusion above, attention is drawn to Notes 9 and 10 of the interim financial report. We note that there is inherent uncertainty surrounding the consolidated entity with regard to matters associated with the Federal Inquiry into certain Australian companies in relation to the United Nations Oil-For-Food Programme (the "Oil-For-Food Inquiry") including resultant legal actions and the forthcoming changes to the Australian Wheat Marketing Arrangements. As the impact on the operations arising from the findings of the Oil-For-Food Inquiry has not yet been fully determined, there is uncertainty as to the resultant impact, if any, on the financial position, financial performance and cash flows of the consolidated entity and its operations arising directly or indirectly from the findings of the Oil-For-Food Inquiry. The potential financial effects, if any, arising from these findings are not contained in this interim financial report.

A handwritten signature of 'Ernst + Young' in a cursive script.

Ernst & Young

A handwritten signature of 'Brett Kallio' in a cursive script.

Brett Kallio  
Partner  
Melbourne  
21 May 2008