



To: The Manager
Announcements
Company Announcements Office

Fax: 1300 300 021

Public Announcement 2005 – 172

Full Year Results – ended 30 September 2005

Appendix 4E

Please find attached for immediate release the Appendix 4E for the Full Year Results ended 30 September 2005.

Richard Fuller
Company Secretary

Wednesday, 23 November, 2005

AWB LIMITED PRELIMINARY FINAL REPORT

ABN 99 081 890 459

APPENDIX 4E

Financial year ended 30 September 2005

| Results for announcement to the market: | | | | \$000 |
|---|------|---------------------|----|-----------------------------|
| Revenues from ordinary activities | down | 3.5% | to | 5,156,545 |
| Profit from ordinary activities after tax attributable to members | up | 62.2% | to | 157,121 |
| Net profit for the period attributable to members | up | 62.2% | to | 157,121 |
| Dividends | | | | |
| | | Amount per security | | Franked amount per security |
| Final dividend | | 13 cents | | 13 cents |
| Previous corresponding period | | 11 cents | | 11 cents |
| Record date for determining entitlements to the dividend | | | | 2 December 2005 |

AWB LIMITED PRELIMINARY FINAL REPORT

ABN 99 081 890 459

Statement of Financial Performance

For the year ended 30 September 2005

| | | Consolidated | |
|---|--------------|---------------------|----------------|
| | | 2005 | 2004 |
| | Notes | \$'000 | \$'000 |
| Revenue from ordinary activities | 1 | 5,156,545 | 5,344,645 |
| Cost of sales | | (4,229,574) | (4,633,702) |
| Borrowing costs | 2 | (102,651) | (97,781) |
| Book cost on sale of non-current assets | 2 | (164,576) | (10,283) |
| Other expenses from ordinary activities | | (463,811) | (464,896) |
| Share of net profits of associates accounted for using the equity method | 3 | 6,646 | 9,070 |
| | | <u>202,579</u> | <u>147,053</u> |
| Profit from ordinary activities before income tax expense | | 202,579 | 147,053 |
| Income tax expense relating to ordinary activities | | (45,169) | (49,402) |
| | | <u>157,410</u> | <u>97,651</u> |
| Net profit from ordinary activities after income tax expense | | 157,410 | 97,651 |
| Net profit attributable to outside equity interests | | (289) | (789) |
| | | <u>157,121</u> | <u>96,862</u> |
| Net profit attributable to members of AWB Limited | | 157,121 | 96,862 |
| Net exchange differences relating to self sustaining foreign operations | | (1,306) | (3,241) |
| | | <u>155,815</u> | <u>93,621</u> |
| Total changes in equity other than those resulting from transactions with owners as owners attributable to members of AWB Limited | | 155,815 | 93,621 |
| Basic earnings per share (cents) | | 45.7 | 28.8 |
| Diluted earnings per share (cents) | | 45.7 | 28.8 |

AWB LIMITED PRELIMINARY FINAL REPORT

ABN 99 081 890 459

Notes to and forming part of the Statement of Financial Performance

| 1. REVENUE FROM ORDINARY ACTIVITIES | Consolidated | |
|--|------------------|------------------|
| | 2005 \$'000 | 2004 \$'000 |
| Revenue from sale of goods | | |
| - other corporations | 3,433,320 | 3,127,306 |
| - related party (AWB National Pools) | 1,270,079 | 1,983,929 |
| | <u>4,703,399</u> | <u>5,111,235</u> |
| Management fee revenue | | |
| - related party (AWB National Pools) | 102,494 | 95,198 |
| - wholly owned group | - | - |
| | <u>102,494</u> | <u>95,198</u> |
| Dividends | | |
| - other corporations | 4,071 | 7,535 |
| - other related parties | - | - |
| - wholly owned group | - | - |
| | <u>4,071</u> | <u>7,535</u> |
| Interest | | |
| - other persons/corporations | 76,490 | 72,677 |
| - related party (AWB National Pools) | 16,082 | 8,345 |
| - wholly owned group | - | - |
| | <u>92,572</u> | <u>81,022</u> |
| Rental income | 3,830 | 4,477 |
| Proceeds on sale of non-current assets | | |
| - property, plant and equipment | 27,885 | 15,828 |
| - other financial assets | 197,234 | - |
| Underwriting fees | 12,283 | 16,693 |
| Other revenue | <u>12,777</u> | <u>12,657</u> |
| Total revenue from ordinary activities | <u>5,156,545</u> | <u>5,344,645</u> |

AWB LIMITED PRELIMINARY FINAL REPORT

ABN 99 081 890 459

| | Consolidated | |
|---|---------------------|---------------|
| | 2005 | 2004 |
| | \$'000 | \$'000 |
| 2. PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE | | |
| Profit from ordinary activities before income tax expense includes the following specific expenses: | | |
| Amortisation of non-current assets | | |
| - goodwill | 27,192 | 27,077 |
| - other intangibles | 480 | - |
| - licence fees | 28 | 23 |
| | <u>27,700</u> | <u>27,100</u> |
| Depreciation of non-current assets | | |
| - plant and equipment | 48,288 | 52,956 |
| - buildings | 3,278 | 3,230 |
| | <u>51,566</u> | <u>56,186</u> |
| Total depreciation and amortisation expenses | <u>79,266</u> | <u>83,286</u> |
| Write down in value of property, plant and equipment to recoverable amount | 2,000 | - |
| Write down in value of investment in associate to recoverable amount | - | 2,806 |
| Borrowing costs expensed | | |
| Interest expense | | |
| - related party (AWB National Pools) | 29,890 | 19,143 |
| - other persons/corporations | 68,335 | 73,674 |
| Other borrowing costs | | |
| - other persons/corporations | 4,426 | 4,964 |
| Total borrowing costs | <u>102,651</u> | <u>97,781</u> |
| Research and development costs | 3,499 | 4,634 |
| Net (gain)/loss on disposal of property, plant and equipment | (3,831) | (5,545) |
| Net (gain)/loss on disposal of other financial assets | (54,965) | - |
| Net (gain)/loss on disposal of investment in associate | (1,747) | - |
| Book cost of non-current assets sold | | |
| - property, plant and equipment | 24,054 | 10,283 |
| - other financial assets | 140,522 | - |
| | <u>164,576</u> | <u>10,283</u> |
| Operating lease rental expense | 28,089 | 23,171 |
| Employee benefit expenses | 229,070 | 222,256 |
| Net bad and doubtful debts expensed including movements in provision for doubtful debts | (8,544) | 8,767 |
| 3. DETAILS OF AGGREGATE SHARE OF PROFIT OF ASSOCIATES AND JOINT VENTURE ENTITIES | | |
| Profit from ordinary activities before tax | 7,776 | 12,070 |
| Income tax on ordinary activities | (1,130) | (3,000) |
| Share of net profit of associates and joint venture entities | <u>6,646</u> | <u>9,070</u> |

Individual associate and joint venture entities are not considered material.

AWB LIMITED PRELIMINARY FINAL REPORT

ABN 99 081 890 459

Statement of Financial Position

As at 30 September 2005

| | | Consolidated | |
|---|-------|------------------|------------------|
| | Notes | 2005 \$'000 | 2004 \$'000 |
| Current assets | | | |
| Cash assets | | 54,198 | 48,225 |
| Receivables | | 1,571,799 | 1,714,611 |
| Inventories | | 198,391 | 172,164 |
| Self-generating and regenerating assets | | 14,169 | 8,797 |
| Other financial assets | | 543,937 | 728,889 |
| Other assets | | 12,142 | 9,189 |
| Total current assets | | <u>2,394,636</u> | <u>2,681,875</u> |
| Non-current assets | | | |
| Receivables | | 15,880 | 11,185 |
| Investments accounted for using the equity method | | 65,301 | 21,361 |
| Other financial assets | | 4,230 | 144,571 |
| Intangible assets | | 491,595 | 515,029 |
| Property, plant and equipment | | 277,712 | 319,561 |
| Deferred tax assets | | 30,215 | 41,617 |
| Total non-current assets | | <u>884,933</u> | <u>1,053,324</u> |
| Total assets | | <u>3,279,569</u> | <u>3,735,199</u> |
| Current liabilities | | | |
| Payables | | 553,860 | 533,927 |
| Interest bearing liabilities | | 1,357,139 | 1,580,975 |
| Current tax liabilities | | 9,594 | 37,198 |
| Provisions | | 41,204 | 49,030 |
| Other liabilities | | 178,898 | 145,444 |
| Total current liabilities | | <u>2,140,695</u> | <u>2,346,574</u> |
| Non-current liabilities | | | |
| Interest bearing liabilities | | 1,475 | 321,131 |
| Provisions | | 5,288 | 4,744 |
| Deferred tax liabilities | | 14,662 | 16,505 |
| Total non-current liabilities | | <u>21,425</u> | <u>342,380</u> |
| Total liabilities | | <u>2,162,120</u> | <u>2,688,954</u> |
| Net assets | | <u>1,117,449</u> | <u>1,046,245</u> |
| Equity | | | |
| Contributed equity | | 961,743 | 953,403 |
| Reserves | | (2,580) | (1,524) |
| Retained profits | 4 | 156,052 | 91,907 |
| Total parent entity interest | | <u>1,115,215</u> | <u>1,043,786</u> |
| Outside equity interests | | 2,234 | 2,459 |
| Total equity | | <u>1,117,449</u> | <u>1,046,245</u> |

AWB LIMITED PRELIMINARY FINAL REPORT

ABN 99 081 890 459

4. RETAINED PROFITS

| | 2005 | 2004 |
|---|----------------|---------------|
| | \$'000 | \$'000 |
| Balance at the beginning of the year | 91,907 | 78,337 |
| Net profit attributable to members of AWB Limited | 157,121 | 96,862 |
| Dividend provided for or paid | (92,726) | (83,292) |
| Transfer to legal reserve | (250) | - |
| | <hr/> | <hr/> |
| Balance at the end of the year | <u>156,052</u> | <u>91,907</u> |

Ratios

Net tangible asset backing

| | | |
|--|--------|--------|
| Net tangible asset backing per ordinary security | \$1.82 | \$1.55 |
|--|--------|--------|

Dividends

| | |
|---|------------------|
| Date the dividend is payable | 19 December 2005 |
| Record date to determine the entitlements to the dividend | 2 December 2005 |

| | | Amount per security | Franked amount per security at 30% tax |
|-------------------|---------------|---------------------|--|
| Final dividend: | Current year | 13 cents | 13 cents |
| | Previous year | 11 cents | 11 cents |
| Interim dividend: | Current year | 16 cents | 16 cents |
| | Previous year | 14 cents | 14 cents |

Total dividend per security (interim plus final)

| | <u>2005</u> | <u>2004</u> |
|---------------------|-----------------|-----------------|
| Ordinary securities | <u>29 cents</u> | <u>25 cents</u> |

Dividend reinvestment plan (DRP)

The DRP enables B class shareholders to reinvest all or part of their dividend in additional shares at no discount. The election notice for participation in the DRP must be received by the AWB share registry no later than 5pm Melbourne on 2 December 2005 (record date for the 2005 final dividend).

AWB LIMITED PRELIMINARY FINAL REPORT

ABN 99 081 890 459

Statement of Cash Flows

For the year ended 30 September 2005

| | Notes | Consolidated | |
|---|-------|------------------|------------------|
| | | 2005 \$'000 | 2004 \$'000 |
| Cash flows from operating activities | | | |
| Receipts from customers | | 5,601,414 | 5,391,527 |
| Payments to suppliers and employees | | (5,332,946) | (5,549,673) |
| Repayments of grower loans | | 1,007,630 | 1,169,190 |
| Loans advanced to growers | | (843,297) | (1,331,171) |
| Interest received | | 92,572 | 81,022 |
| Borrowing costs paid | | (102,651) | (113,891) |
| Dividends received | | 11,387 | 9,308 |
| Income tax refunds received | | - | 32,987 |
| Income taxes paid | | (63,214) | (24,331) |
| Net cash flows from/(used in) operating activities | | 370,895 | (335,032) |
| Cash flows from investing activities | | | |
| Payments for property, plant and equipment | | (35,790) | (35,555) |
| Proceeds from sale of property, plant and equipment | | 27,885 | 15,828 |
| Proceeds from sale of investments | | 197,234 | - |
| Payment for controlled entities (net of cash acquired) | | - | (22,093) |
| Purchases of investments and associates | | (48,559) | (10,205) |
| Proceeds from/(placement of) short-term deposits and securities (net) | | 122,585 | (479,824) |
| Net cash flows from/(used in) investing activities | | 263,355 | (531,849) |
| Cash flows from financing activities | | | |
| Proceeds from issues of ordinary shares | | 8,340 | 76,026 |
| Payment of share issue and listing costs | | - | (321) |
| Proceeds from/(repayment of) borrowings from related party (AWB National Pools) | | (543,009) | 793,096 |
| Proceeds from/(repayment of) borrowings from wholly owned group | | - | - |
| Proceeds from/(repayments of) interest bearing deposits | | 231,034 | 19,068 |
| Proceeds from/(repayments of) borrowings | | (231,518) | 27,058 |
| Dividends paid | | (93,124) | (54,606) |
| Net cash flows from/(used in) financing activities | | (628,277) | 860,321 |
| Net increase/(decrease) in cash held | | 5,973 | (6,560) |
| Cash at the beginning of the financial year | | 48,225 | 54,785 |
| Cash at the end of the financial year | | 54,198 | 48,225 |

AWB LIMITED PRELIMINARY FINAL REPORT

ABN 99 081 890 459

Notes to and forming part of the Statement of Cash Flows

| | Consolidated | |
|---|----------------|------------------|
| | 2005 | 2004 |
| | \$'000 | \$'000 |
| 5. NOTES TO THE STATEMENT OF CASH FLOWS | | |
| (a) Reconciliation of net profit from ordinary activities after income tax expense to the net cash flows from operations | | |
| Profit from ordinary activities after income tax | 157,410 | 97,651 |
| Add/(less) non-cash items: | | |
| Net loss/(gain) on disposal of property, plant and equipment | (3,831) | (5,545) |
| Net (gain)/loss on disposal of other financial assets | (54,965) | - |
| Net (gain)/loss on disposal of investment in associate | (1,747) | - |
| Depreciation | 51,566 | 56,186 |
| Amortisation | 27,700 | 27,100 |
| Write down in the value of property, plant and equipment to recoverable amount | 2,000 | - |
| Share of profits of associates net of dividends received | 670 | (7,297) |
| Write down in the value of investment in associate to recoverable amount | - | 2,806 |
| Increase/(decrease) in income tax payable | (27,604) | 50,642 |
| Increase/(decrease) in deferred income tax liability | (1,843) | 5,951 |
| Decrease/(increase) future income tax benefit | 11,402 | 1,427 |
| Changes in assets and liabilities adjusted for the effects of purchasing a controlled entity during the financial year: | | |
| Trade receivables | (57,115) | (502,950) |
| Grower loan receivables | 164,333 | (161,981) |
| Inventories | (31,599) | 4,416 |
| Prepayments and other debtors | 1,223 | (1,817) |
| Trade and other creditors | 140,577 | 96,974 |
| Provisions | (7,282) | 1,405 |
| Net cash flow from/(used in) operating activities | 370,895 | (335,032) |
| (b) Reconciliation of cash | | |
| Cash balance comprises: | | |
| - cash at bank and on hand | 51,165 | 44,023 |
| - cash on deposit | 3,033 | 4,202 |
| Closing cash balance | 54,198 | 48,225 |

Change in control over entities

N/A.

AWB LIMITED PRELIMINARY FINAL REPORT

ABN 99 081 890 459

Issued and quoted securities at the end of current period

| Category of securities | Total number | Number quoted | Issue price per security (cents) | Amount paid up per security (cents) |
|--|--------------|---------------|----------------------------------|-------------------------------------|
| Ordinary securities | 344,402,649 | 344,402,649 | | |
| Changes during current period | | | | |
| (a) Increases through issues: | | | | |
| | 434,434 | 434,434 | 4.60 | - |
| | 1,817,056 | 1,817,056 | 4.59 | 4.59 |
| | 89,156 | 89,156 | \$1 (i) | \$1 (i) |
| | 19,085 | 19,085 | \$1 (i) | \$1 (i) |
| (b) Decreases through returns of capital, buybacks | - | - | - | - |
| Performance Rights | | | <i>Exercise Price (i)</i> | <i>Expiry date (if any)</i> |
| Opening | 964,488 | - | \$1.00 | 30/9/06, 30/9/07 &30/9/08 |
| Issued during current period | 816,479 | - | \$1.00 | 30/9/09 |
| Exercised during current period | (108,241) | - | - | - |
| Cancelled during current period | (225,286) | - | - | - |
| Closing | 1,477,440 | - | | |

(i) The total consideration payable on the exercise of any performance rights on a particular day will be one dollar in total (irrespective of the number of rights exercised that day).

Segment reporting

The segment reporting details are set out in Attachment 1.

Commentary on the results for the period

The commentary on the results for the period is contained in the press release dated 23 November 2005 accompanying this statement.

Subsequent events

The following significant events have arisen since the end of the financial year:

- A dividend of 13 cents per share resulting in a dividend payable of \$44.77 million was declared on 23 November 2005.
- On 10 November 2005, the Federal Government announced an inquiry in relation to the United Nations Oil-for-Food program. AWB announced that it will cooperate fully with the inquiry.
- On 16 November 2005, the Company announced the acquisition of the 'Landmark managed' loan book from Rabobank. The \$1.58 billion loan book and associated assets used to manage the client loan portfolio will be purchased from Rabobank for \$25 million. Settlement of the purchase of the loan book is scheduled for 30 November 2005. A new funding vehicle, known as Rural Trust, will be used for the acquisition. Warehouse funding facilities of \$2 billion have been arranged for Rural Trust by ANZ Investment Bank and will be funded by ANZ Bank and Rabobank Group.

Annual meeting

The annual meeting will be held as follows:

| | |
|--|--------------------------------|
| Place | Melbourne Park Function Centre |
| Date | 23 February 2006 |
| Time | 12 noon |
| Approximate date the annual report will be available | 23 January 2006 |

Audit

This report is based on accounts which have been audited.

AWB LIMITED PRELIMINARY FINAL REPORT

ABN 99 081 890 459

6. DISCLOSING THE IMPACT OF ADOPTING AASB EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (A-IFRS)

The consolidated financial statements of the AWB Group are prepared in accordance with the Summary of Significant Accounting Policies at Note 1. The Australian Accounting Standards Board (AASB) is adopting Australian equivalents to International Financial Reporting Standards (A-IFRS) for application to reporting periods beginning on or after 1 January 2005. The adoption of A-IFRS will be first reflected in the consolidated entity's financial statements for the half-year ending 31 March 2006 and the year ending 30 September 2006.

Entities complying with A-IFRS for the first time will be required to restate their comparative financial statements to amounts reflecting the application of A-IFRS to that comparative period. Adjustments required on transition to A-IFRS will be made, retrospectively, against opening retained earnings as at 1 October 2004. Additionally, certain assets and liabilities presented in the Balance Sheet at 30 September 2005 may not equate to the balances presented as comparative numbers in the 30 September 2006 financial report.

The company has completed a review and amendment of its accounting policies and financial reporting from current Australian generally accepted accounting principles (A-GAAP) to A-IFRS. A formal project managing the impact of transition to A-IFRS has been finalised with remaining tasks and ongoing responsibilities assigned to existing functional areas. Progress on remaining tasks is reported regularly to the Chief Financial Officer and periodically to meetings of the Audit Committee. The company expects to fully comply with the requirements of A-IFRS for the 2006 financial year.

The following are explanations of expected major changes in accounting policies. Where available, reliably estimable quantitative impacts on the consolidated entity's reported financial position and future financial performance resulting from the adoption of A-IFRS are provided. The actual effects of transition to A-IFRS may differ from the estimates disclosed due to (a) ongoing work being undertaken by the A-IFRS project teams; (b) potential amendments to A-IFRSs and Interpretations thereof being issued by the standard-setters and IFRIC; and (c) emerging accepted practice in the interpretation and application of A-IFRS and UIG Interpretations.

(a) Share-based Payments

Under AASB 2 Share-based Payments, the consolidated entity will be required to recognise an expense in the Income Statement for the fair value of equity based remuneration granted to employees after 7 November 2002 which has not vested as at 1 January 2005. On the initial adoption of A-IFRS, the consolidated entity will be required to adjust opening retained earnings at 1 October 2004. It will also be required to adjust 31 March 2005 and 30 September 2005 comparative financial data for that portion of the fair value of those share based payments granted after 7 November 2002 which vest after 1 January 2005 that would have been expensed under AASB 2.

Employee share plan

The value of the shares issued, as determined by the fair value on the date of issue, must be recognised as an employee entitlement expense with a corresponding increase in equity. The consolidated entity's current policy is not to recognise any amounts in respect of the issue of these shares.

Performance rights plan

The fair value of performance rights issued in December 2002 (effective date 1 October 2002), March 2004 (effective date 1 October 2003), December 2004 (effective date 1 October 2004) and any future grants will be recognised as an employee entitlement expense over the expected vesting period with a corresponding increase in equity. The consolidated entity's current policy is not to recognise any amounts in respect of the issue of these rights.

Reliable estimation of the financial impacts of changes in accounting policies beyond 30 September 2005 for the plans listed above is impracticable because the details of future share based remuneration and the conditions under which fair value will be determined are not yet known.

Equity share plan

There will be no further issues of shares under this plan and all shares issued had vested prior to 1 January 2005. This plan will have no impact upon adoption of AASB 2.

AWB LIMITED PRELIMINARY FINAL REPORT

ABN 99 081 890 459

6. DISCLOSING THE IMPACT OF ADOPTING AASB EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (A-IFRS) (continued)

Staff Ownership Plan

The treatment of plans under which employees are granted interest-free loans in order to acquire shares in their employing company has been referred to the International Financial Reporting Interpretations Committee (IFRIC) Agenda Committee (IFRIC Issue Reference IFRS 2-02). The absence of clear guidance given a range of alternative treatments renders reliable estimation of the financial impacts of A-IFRS on such plans impracticable. The consolidated entity proposes to treat loans arising from the operation of the Staff Ownership Plan as a financial instrument to be measured at amortised cost using the effective interest method. Current policy is to recognise the nominal value of such loans as a receivable with a corresponding increase in equity.

(b) Goodwill

Under AASB 3 Business Combinations goodwill will no longer be able to be amortised but instead will be subject to annual impairment testing. This will result in a change in the consolidated entity's current accounting policy which amortises goodwill over 20 years or the expected useful life. Under the new policy, amortisation will no longer be charged, but goodwill will be written down to the extent it is impaired.

Under the transitional arrangements of AASB 1 First Time Adoption of Australian Equivalents to International Financial Reporting Standards, the consolidated entity has chosen to apply AASB 3 prospectively from the date of transition to A-IFRS rather than restate previous business combinations. This has the impact of preserving all business combination accounting entries for arrangements entered into prior to the date of transition and restating goodwill to its 30 September 2004 carrying value. Goodwill amortisation reported under A-GAAP for the year ended 30 September 2005 will be reversed for A-IFRS restatements.

Goodwill carrying value at transition date is supported by impairment testing at 30 September 2005. Reliable estimation of the financial effects of this change in accounting policy beyond 30 September 2005 is impracticable because the conditions under which impairment will be assessed are not yet known.

(c) Property, Plant and Equipment

Under AASB 1 the consolidated entity may elect to measure an item of Property, Plant and Equipment at fair value at the date of transition to A-IFRS. This election has been applied to grain centre plant and equipment on the basis of discounting expected cash flows under the requirements of AASB 136. It has resulted in recognition of fair value which is lower than A-GAAP carrying value at the date of transition. The impact will be recognised in the opening carrying value of Property, Plant and Equipment with a corresponding decrease in retained profits. The lower transition date carrying value will result in a decrease in depreciation expense for the year ended 30 September 2005.

The conditions under which recoverable amount of Property, Plant and Equipment will be assessed beyond 30 September 2005 are not yet known.

(d) Inventories

AASB 102 Inventories will not be applicable to the measurement of inventories held by commodity broker-traders who acquire inventories principally with the purpose of selling in the near future and generating a profit from fluctuations in price or broker-traders' margin. The inventories of commodity broker-traders will be measured at fair value less costs to sell with changes in fair value less costs to sell recognised in the Income Statement.

AWB grain acquisition and trading activities are conducted as a commodity broker-trader. The consolidated entity's current policy is to recognise grain acquisition and trading inventories at the lower of cost or net realisable value. There were no increases in fair value to be recognised in the Income Statement for the year ended 30 September 2005. Reliable estimation of the financial impact beyond 30 September 2005 is impracticable because the scale of future inventories and the conditions under which their fair value will be assessed are not yet known.

(e) Intangible assets

Software assets developed for internal use and recognised under A-GAAP meet the criteria for recognition under AASB 138 Intangible Assets. The consolidated entity will reclassify these assets from property, plant and equipment under A-GAAP to non current intangible assets under A-IFRS. Reliable estimation of the financial impact beyond 30 September 2005 is impracticable because the future amount of software assets is not yet known.

AWB LIMITED PRELIMINARY FINAL REPORT

ABN 99 081 890 459

6. DISCLOSING THE IMPACT OF ADOPTING AASB EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (A-IFRS) (continued)

(f) Income Taxes

Under AASB 112 Income Taxes, the consolidated entity will be required to use a balance sheet liability method which focuses on the tax effects of transactions and other events that affect amounts recognised in either the Balance Sheet or a tax-based Balance Sheet. Under current Australian Accounting Standards income tax losses can only be brought to account as an asset if they are considered virtually certain of realisation. AASB 112 requires income tax losses to be brought to account as an asset if they are probable of realisation. Probable is defined as more likely than not. The consolidated entity is yet to finalise its assessment of tax-based Balance Sheet impacts under A-IFRS.

(g) Financial Instruments

Under the transitional arrangements of AASB 1, the consolidated entity has chosen not to restate comparatives in relation to the adoption of AASB 132 Financial Instruments: Disclosure and Presentation and AASB 139 Financial Instruments: Recognition and Measurement.

Classification of Financial Instruments

Under AASB 139 Financial Instruments: Recognition and Measurement, financial instruments will be required to be classified into one of the following categories which will, in turn, determine the accounting treatment of the item.

- (i) loans and receivables - measured at amortised cost;
- (ii) held to maturity - measured at amortised cost;
- (iii) held for trading - measured at fair value with fair value changes charged to net profit or loss;
- (iv) available for sale – measured at fair value with fair value changes taken to equity; and
- (v) non-trading liabilities - measured at amortised cost.

This will result in a change in the current accounting policy that does not classify financial instruments in this prescribed manner. It is not practicable to estimate the future financial effect of this change in accounting policy as the conditions under which such instruments will be measured are not yet known.

Hedge Accounting

The consolidated entity applies hedge accounting to derivatives entered into for the purpose of hedging anticipated transactions. These contracts are general hedges and will not be able to be separately identified and documented in accordance with the requirements of AASB 139. The underlying economic rationale for entering into these transactions will not be impacted by A-IFRS however hedge accounting will not be sought. From 1 October 2005 transition adjustments will be required and all gains and losses on these contracts will be recognised in the Income Statement. The decision not to apply hedge accounting may result in increased volatility in future results.

Embedded Derivatives

Under AASB 139, the consolidated entity will be required to recognise all embedded derivatives which exist within contracts to which it is a party. A review of all contracts identified those contracts or contract types which were at higher risk of carrying an embedded derivative. Contracts thereby identified were subject to detailed scrutiny. Review has determined that there are no embedded derivatives which require separate measurement and reporting.

AWB LIMITED PRELIMINARY FINAL REPORT

ABN 99 081 890 459

6. DISCLOSING THE IMPACT OF ADOPTING AASB EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (A-IFRS) (continued)

(h) Estimated Financial Impact

The estimates provided below are the best available given the analysis conducted by the consolidated entity up to the date of reporting. There may be amendments resulting from further analysis or potential amendments to A-IFRSs and interpretations thereof as issued by appropriate regulatory authorities.

| | | Increase / (decrease) from the transition to A-IFRS | |
|--|-------|--|----------------------------|
| | | Year ended 30 September 2005 | As at 1 October 2004 |
| | Notes | \$'000 | \$'000 |
| AASB 2 Share-based Payments | | | |
| Other expenses from ordinary activities | 6 (a) | 2,154 | - |
| Equity – Reserves | 6 (a) | 2,380 | 226 |
| Equity - Retained Profits | 6 (a) | (2,380) | (226) |
| AASB 3 Business Combinations | | | |
| Other expenses from ordinary activities | 6 (b) | (27,190) | - |
| Non current assets - Intangible assets | 6 (b) | 27,190 | - |
| Equity - Retained Profits | 6 (b) | 27,190 | - |
| AASB 1, AASB 136 - Property, Plant and Equipment | | | |
| Non current assets - Property, plant and equipment | 6 (c) | - | (30,658) |
| Depreciation of non current assets - plant and equipment | 6 (c) | (2,725) | - |
| Equity - Retained Profits | 6 (c) | 2,725 | (30,658) |
| AASB 138 Intangible Assets | | | |
| Non current assets - Property, plant and equipment | 6 (e) | (47,225) | (61,934) |
| Non current assets - Intangible assets | 6 (e) | 47,225 | 61,934 |

SEGMENT REPORTING DETAILS
FOR THE FULL YEAR ENDED 30 SEPTEMBER 2005
AWB LIMITED & ITS CONTROLLED ENTITIES

Attachment 1

2005

| | Finance & Risk Management | Pool Management Services | Rural Services (Landmark) | Grain Acquisition & Trading | Supply Chain & Other Investments | Other/ Corporate | Intersegment eliminations | Consolidated |
|---|---------------------------------|--------------------------------|---------------------------------|-----------------------------------|---|---------------------|------------------------------|------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Revenue | | | | | | | | |
| External segment revenue | 701,587 | 100,889 | 1,682,667 | 2,348,476 | 76,563 | 246,363 | - | 5,156,545 |
| Intersegment revenue | 39,685 | - | 31,095 | 2,993 | 1 | 311,250 | (385,024) | - |
| Total consolidated revenue | 741,272 | 100,889 | 1,713,762 | 2,351,469 | 76,564 | 557,613 | (385,024) | 5,156,545 |
| Results | | | | | | | | |
| Underlying EBIT | 36,286 | 36,258 | 81,268 | 75,981 | (6,536) | (51,338) | - | 171,919 |
| Significant items | - | - | - | - | - | 55,235 | - | 55,235 |
| Segment result | 36,286 | 36,258 | 81,268 | 75,981 | (6,536) | 3,897 | - | 227,154 |
| Corporate net interest expense | | | | | | | | (24,574) |
| Consolidated entity profit from ordinary activities before income tax expense | | | | | | | | 202,580 |
| Income tax expense | | | | | | | | (45,169) |
| Net profit attributable to outside equity interests | - | - | (228) | - | (62) | - | - | (290) |
| Net profit attributable to members of AWB Limited | | | | | | | | 157,121 |
| Assets | | | | | | | | |
| Segment assets | 1,234,324 | - | 1,037,291 | 499,390 | 184,885 | 1,648,409 | (1,354,945) | 3,249,354 |
| Unallocated corporate assets | | | | | | | | 30,215 |
| Total assets | | | | | | | | 3,279,569 |
| Liabilities | | | | | | | | |
| Segment liabilities | 1,196,306 | - | 829,806 | 454,098 | 180,850 | 804,790 | (1,327,986) | 2,137,864 |
| Unallocated corporate liabilities | | | | | | | | 24,256 |
| Total liabilities | | | | | | | | 2,162,120 |
| Other segment information | | | | | | | | |
| Equity method investments included in segment assets | - | - | 51,096 | - | 14,205 | - | - | 65,301 |
| Acquisition of non-current assets | - | - | 16,564 | 1,287 | 6,026 | 11,913 | - | 35,790 |
| Depreciation and amortisation | - | - | 13,059 | 1,985 | 13,197 | 51,025 | - | 79,266 |
| Non-cash expenses other than depreciation and amortisation | 412 | - | (1,097) | (21,917) | 214 | (538) | - | (22,926) |
| Geographical segments | | | | | | | | |
| | Australia | Switzerland | Other | Intersegment eliminations | Consolidated | | | |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | | | |
| Segment revenue | 3,953,082 | 1,072,674 | 139,517 | (8,728) | 5,156,545 | | | |
| Segment assets | 3,010,849 | 174,879 | 100,460 | (6,619) | 3,279,569 | | | |
| Other segment information: | | | | | | | | |
| Acquisition of non-current assets | 35,432 | 47 | 311 | - | 35,790 | | | |

SEGMENT REPORTING DETAILS
FOR THE FULL YEAR ENDED 30 SEPTEMBER 2005
AWB LIMITED & ITS CONTROLLED ENTITIES

Attachment 1

2004

| | Finance & Risk Management | Pool Management Services | Rural Services (Landmark) | Grain Acquisition & Trading | Supply Chain & Other Investments | Other/ Corporate | Intersegment eliminations | Consolidated |
|-----------------------------------|---------------------------------|--------------------------------|---------------------------------|-----------------------------------|---|---------------------|------------------------------|------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Revenue | | | | | | | | |
| External segment revenue | 1,284,204 | 95,196 | 1,646,253 | 2,207,246 | 108,838 | 2,908 | - | 5,344,645 |
| Intersegment revenue | 8,916 | - | 17,337 | 6,947 | 1,149 | 321,582 | (355,931) | - |
| Total consolidated revenue | 1,293,120 | 95,196 | 1,663,590 | 2,214,193 | 109,987 | 324,490 | (355,931) | 5,344,645 |

Results

| | | | | | | | | |
|---|--------|--------|--------|---------|-------|----------|---|---------------|
| Underlying EBIT | 31,715 | 32,613 | 76,766 | 102,814 | 1,807 | (67,569) | - | 178,146 |
| Significant items | - | - | - | - | - | - | - | - |
| Segment result | 31,715 | 32,613 | 76,766 | 102,814 | 1,807 | (67,569) | - | 178,146 |
| Corporate net interest expense | | | | | | | | (31,093) |
| Consolidated entity profit from ordinary activities before income tax expense | | | | | | | | 147,053 |
| Income tax expense | | | | | | | | (49,402) |
| Net profit attributable to outside equity interests | - | - | (671) | - | (118) | - | - | (789) |
| Net profit attributable to members of AWB Limited | | | | | | | | 96,862 |

Assets

| | | | | | | | | |
|------------------------------|-----------|---|---------|---------|---------|-----------|-------------|------------------|
| Segment assets | 1,672,496 | - | 777,496 | 521,574 | 200,238 | 1,768,520 | (1,246,742) | 3,693,582 |
| Unallocated corporate assets | | | | | | | | 41,617 |
| Total assets | | | | | | | | 3,735,199 |

Liabilities

| | | | | | | | | |
|-----------------------------------|-----------|---|---------|---------|---------|---------|-------------|------------------|
| Segment liabilities | 1,650,742 | - | 567,998 | 450,802 | 184,561 | 988,005 | (1,206,857) | 2,635,251 |
| Unallocated corporate liabilities | | | | | | | | 53,703 |
| Total liabilities | | | | | | | | 2,688,954 |

Other segment information

| | | | | | | | | |
|--|-------|---|---------|--------|--------|--------|---|--------|
| Equity method investments included in segment assets | - | - | 8,526 | - | 12,835 | - | - | 21,361 |
| Acquisition of non-current assets | - | - | 18,985 | 2,116 | 1,961 | 12,493 | - | 35,555 |
| Depreciation and amortisation | - | - | 16,218 | 1,923 | 12,706 | 52,439 | - | 83,286 |
| Non-cash expenses other than depreciation and amortisation | (470) | - | (1,478) | 22,307 | - | 914 | - | 21,273 |

Geographical segments

| | Australia | Switzerland | Other | Intersegment eliminations | Consolidated |
|-----------------------------------|-----------|-------------|---------|------------------------------|--------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Segment revenue | 4,449,718 | 573,454 | 321,822 | (349) | 5,344,645 |
| Segment assets | 3,567,266 | 132,433 | 58,966 | (23,466) | 3,735,199 |
| Other segment information: | | | | | |
| Acquisition of non-current assets | 35,333 | 25 | 197 | - | 35,555 |