



**ASX/Media Announcement**  
**(ASX: ABJ)**

**31 July 2007**

**Restructuring activities near completion**

Australian Biodiesel Group Limited (ABG) today reported restructuring of the company was nearing completion, with the majority of new business strategy objectives achieved or well advanced.

Releasing the company's Quarterly Report (Appendix 4C) today, Chief Executive Officer, Martin Earp, said restructuring activities had weighed heavily on the performance of ABG over the first half of 2007.

ABG recorded net operating cash flows of \$(7.968m) for the first six months of 2007, incorporating \$(6.694m) for the second quarter. One-off costs incurred during the second quarter included:

- The reduction of outstanding creditors by \$3.36m
- An increase in inventories by \$0.5m.
- Other restructuring costs, including staff redundancies, manufacturing process modifications and a reorganisation of the company's distribution chain.

As noted in the ABG Company Update of 18 July 2007, biodiesel sales for the first half were less than five million litres, reflecting the transition from a direct supply model to a wholesale supply distribution chain.

"With many of our new strategy objectives now completed, ABG is expecting to see a significantly improved performance over the second half of the year," Mr Earp said.

"The company has secured relationships with a number of volume wholesalers and supply to these parties is expected to grow over the remainder of the year. We remain confident the company will achieve profit in 2008."

"As previously highlighted, ABG no longer has a focus on the vertical integration of raw material supply activities and continues to review its holding in raw material supply assets," Mr Earp said.

**About ABG Limited**

ABG Limited is the Australia's most experienced biodiesel producer and a provider of biodiesel plant design and operational services to project developers. The company operates the nation's largest capacity biodiesel production facility, located on the northern outskirts of Brisbane, Queensland.

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