

Contents 2001 Concise Report

for the year ended 30 September 2001

GrainCorp Limited and Controlled Entities



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The Directors present their report on the consolidated entity consisting of GrainCorp Limited and the entities it controlled at the end of, or during, the year ended 30 September 2001.

Directors

The following persons were Directors of GrainCorp Limited during the financial year and up to the date of this report:

R. L. Greentree (Chairman)
A. D. McCallum (Deputy Chairman)
W. G. Barron
N. Burton Taylor AM
R. R. Flanery
R. G. Freeman
D. Groves
T. B. Keene (Managing Director)
D. G. McGauchie (Appointed 3 October 2000)
J. A. Menegazzo (Appointed 3 October 2000)
P. B. Wade (Appointed 3 October 2000)

T. M. Capell, N. B. Semmler and J. Watson were Directors from the beginning of the financial year until their retirement on 3 October 2000. Mr A. D. McCallum was appointed Deputy Chairman of the Company on 3 October 2000.

Principal Activities

The nature and scope of the main activities undertaken by the consolidated entity during the year were the provision of services to the grain industry including:

- receipt, handling, storage and transportation of grain and other bulk commodities as an agent for marketing organisations, end users and growers;
- marketing of grain and agricultural supplies and the operation of grain pools;
- provision of agronomic services and farm input products.

Review of Operations

The consolidated entity recorded a profit after tax of \$44.6 million (EBITDA \$115.0 million) for the financial year compared with \$48.7 million (EBITDA \$91.4 million) for the previous year. A review of the operations during the financial year and the results of those operations appear elsewhere in the Annual Report.

This increase in EBITDA over last year of \$23.6 million is not reflected in the profit after tax primarily due to higher depreciation and amortisation charges of \$38.9 million (2000: \$20.2 million).

Significant Changes in State of Affairs

Merger

As referred to in the 2000 Annual Report, Victorian Grain Services Limited ("VGS"), (parent company of Vicgrain Limited "Vicgrain"), GrainCorp Limited ("GrainCorp") and GrainGrowers Association Limited ("GGA") signed a Memorandum of Understanding ("MOU") for GrainCorp and VGS to merge. As at 30 September 2000, GrainCorp held 25% of the shares in Vicgrain and VGS held 75%.

Following approval by GGA and VGS shareholders and approval by the Supreme Court of Victoria, the merger occurred on 3 October 2000. The result of the merger is that VGS and Vicgrain and its subsidiaries became wholly owned subsidiaries of GrainCorp on that date, with the issue of 1 fully paid Class A ordinary share in GrainCorp being exchanged for 6 fully paid shares held in VGS. As a result 9,941,681 fully paid Class A ordinary GrainCorp shares were issued.

Cancellation of Class B Shares

On 28 August 2001, shareholders approved the cancellation of 60,119,264 Class B shares held by GGA, in exchange for a payment of \$37.6 million. This transaction was completed on 11 September 2001.

This simplifies GrainCorp's capital structure, leaving 40.2 million ordinary shares (previously Class A ordinary shares), and one Foundation share thus removing any potential dilution of the ordinary shares. Voting rights originally held by the Class B shares in relation to the review of the Foundation share have been transferred to the Foundation share.

Borrowing Facilities

The financial borrowings of the company and all of its subsidiaries are now unsecured as all fixed, floating and other charges were released on 30 March 2001.

Share Buy Back

GrainCorp commenced an on-market buy back of ordinary shares on 3 October 2000 for a period to 31 January 2002. The company believes this will optimise the debt to equity mix and enhance shareholders' value. The maximum number of shares that may be acquired is 3.1 million. Shares purchased to 30 September 2001 totalled 1,064,018 shares.

Other than the above, there were no significant changes in the consolidated entity's state of affairs during the year under review.

Dividends

The following dividends have been paid or declared for payment to members:

Date	Rate (cents)	Amount \$'000
Paid 17 November 2000 - Final for 2000	47.0	14,698
Paid 25 June 2001 - Interim for 2001	43.0	17,513
Declared for payment on 19 December 2001 - Final for 2001	29.0	11,655

Matters Subsequent to the End of the Financial Year

Other than reported elsewhere in the Annual Report, no other matter or circumstance has arisen since 30 September 2001 which has significantly affected or may significantly affect:

- (a) the consolidated entity's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the consolidated entity's state of affairs in future financial years.

Likely Developments

All information on future likely developments are contained elsewhere in the Annual Report. The Directors believe that additional information as to likely developments in the operations of the consolidated entity in future financial years, including the expected results of those operations, would likely result in unreasonable prejudice to the consolidated entity.

Environment

GrainCorp is committed to ensuring business practices are conducted in an environmentally responsible manner. Management of operations and assets are such that adverse environmental impacts are minimised.

Notwithstanding compliance to environmental laws as a minimum standard, GrainCorp strives to ensure best practice principles are adopted in managing environmental issues. Strategies include but are not limited to:

- Development and implementation of sound environmental management systems to ensure legislative requirements are met.
- Engaging independent environmental specialists to assess current practice and assist in improvement strategies.
- Develop and encourage employee awareness and responsibility to environmental issues.
- Monitor performance of the consolidated entity in respect of environmental issues and adjust processes accordingly.

- Introduce procedural guidelines to address task-specific environmental concerns.

An important part of the GrainCorp Environmental Management System includes the recording of any incident that may have a potential environmental impact. During the financial year, no fines or penalties were imposed on any member of the consolidated entity under environmental regulation and all required environmental licences and permits are current.

Occupational Health and Safety

GrainCorp is committed to ensuring compliance with relevant health, safety and environmental legislation. The Board requires a best practice approach in these areas, and has implemented appropriate management objectives and structures and a regular reporting process to ensure that this objective is achieved. GrainCorp's health, safety and environmental policies are under continuous review and are updated when required. In general terms, GrainCorp's policies are designed to eliminate injury to people and to minimise loss or damage to product stored and handled on behalf of customers.

Information on Directors

Particulars of Directors' Interest in ordinary shares.

<p><i>R. L. (Ron) Greentree (Chairman)</i> Grain producer from Merrywinebone, NSW. Principal of an agricultural machinery business and Director of BRI Australia Limited. Chairman of Victorian Grain Services Limited, Vicgrain Limited. Chairman of the Remuneration and member of the Equity and Capital Works Review Committees.</p>	757,152 shares
<p><i>A. D. (Allan) McCallum (Deputy Chairman) Dip Ag.Sc</i> Grain producer from Kerang, Victoria. Director of Vicgrain Limited, Victorian Grain Services Limited and Deputy Chairman of Pivot Limited, Chairman of Nugrain Pty Limited, Chairman of Farm Horizons Pty Limited and President of Australian Oilseeds Federation. Chairman of the Capital Works Review and Chairman Occupational, Health and Safety Committee.</p>	126,615 shares
<p><i>W. G. (Graham) Barron</i> Grain producer from Ungarie, NSW. Director of Advance Trading Australia Limited and Chairman of the Risk Management Committee.</p>	154,982 shares
<p><i>N. (Nick) Burton Taylor AM B.Ec, ASIA, FCA, FAICD</i> Grain producer from Boorowa, NSW. Company Director and stock feed manufacturer. Director of Sydney Airport Corporation Limited, Heggies Bulk Haul Limited and Australian Agricultural Company Limited. Chairman of the Audit Committee and member of the Remuneration Committee.</p>	1,520,038 shares
<p><i>R. R. (Ross) Flanery</i> Grain producer from Harden, NSW. Commercial interests in forestry and hydro-electric and gas power generation. Chairman of the Equity Committee and member of the Capital Works Review Committee.</p>	243,372 shares
<p><i>R. G. (Rick) Freeman</i> Grain producer from Edgeroi, NSW. Company principal of Norseman Machinery Imports Pty Limited. Member of the Capital Works Review Committee and Director of GrainCorp Superannuation Pty Limited.</p>	135,872 shares
<p><i>D. (David) Groves M.Com, CA</i> Chartered Accountant and Company Director, NSW. Director of Masling Industries Pty Limited and Equity Trustees Limited. Active in the management of companies involved in viticulture and investment. Member of the Remuneration, Equity and Risk Management Committees.</p>	1,611,799 shares
<p><i>T. B. (Tom) Keene (Managing Director) B.Ec, MAICD</i> Director of Vicgrain Limited and Victorian Grain Services Limited. Member of the Risk Management and Remuneration Committees.</p>	122,026 shares
<p><i>D. G. (Donald) McGauchie</i> Grain producer from Prairie, Victoria. Chairman of Woolstock Australia Limited, Deputy Chairman Australian Wool Testing Authority Limited. Director of Reserve Bank of Australia, Director of Telstra Corporation Limited, Ridley Corporation Limited and National Foods Limited. Member of the Equity Committee.</p>	137,817 shares
<p><i>J. A. (Julian) Menegazzo B.Sc.</i> Producer from Balliang, Victoria. Active in horticulture marketing business. Member of the Audit Committee.</p>	469,365 shares
<p><i>P. B. (Peter) Wade M.A, B.Com (Hons), FCPA, MAICD</i> Management consultant, KPMG, Victoria. Chairman Open Learning Agency of Australia Pty Limited and Director of Banksia Wines Limited. Member of the Audit and Remuneration Committees.</p>	10,833 shares

The particulars of Directors' beneficial interests in shares are as at the date of this report.

As at the date of this report GGA owned 1 Foundation share and 8,253,709 ordinary shares in GrainCorp Limited.

Directors' Report

GrainCorp Limited and Controlled Entities

Messrs Greentree, McCallum, Barron, Flanery, Freeman and McGauchie are Directors of GGA and members of GGA. Messrs Burton Taylor and Menegazzo are members of GGA and in that capacity have an interest in the above shares owned by GGA.

Meetings of Directors

The following table sets out the number of meetings of GrainCorp's Directors (including meetings of committees of Directors) held during the twelve months to 30 September 2001, and the number of meetings attended by each Director.

Director	Board Meetings		Committee Meetings	
	Number held during period in office	Number attended	Number held during period in office	Number attended
Total Number of Meetings Held				
R. L. Greentree	16	16	22	20
A. D. McCallum	16	15	15	15
W. G. Barron	16	16	5	5
N. Burton Taylor	16	14	11	11
R. R. Flanery	16	15	20	20
R. G. Freeman	16	16	12	12
D. Groves	16	15	21	21
T. B. Keene	16	16	5	5
D. G. McGauchie	15	13	14	13
J. A. Menegazzo	15	14	5	5
P. B. Wade	15	14	8	8
T. M. Capell	1	1	-	-
N. B. Semmler	1	1	-	-
J. Watson	1	1	-	-

Emoluments of Board Members and Senior Executives

The criteria for reviewing the emoluments of the Managing Director and senior executives include achievement of individual performance objectives as defined by the internal Performance Management System, advice from external consultants on the prevailing market for equivalent positions, the company's overall performance and achievement of key strategic goals, increased and changed work loads, increased responsibilities and interaction of the incumbent with the Board and external parties.

The Remuneration Committee is responsible for ensuring the emoluments of senior executives reflects their responsibilities and performance.

Non-executive annual Directors fees from 1 October 2000 are \$42,500 per Director, \$106,300 for the Chairman and \$70,800 for the Deputy Chairman. With the exception of the Chairman and Deputy Chairman, additional yearly fees of \$4,400 are paid to Directors who are members of committees other than audit. The Chairman of these committees is paid \$6,600.

Yearly fees for the Audit Committee are \$5,700 for members and \$8,500 for the Chairman. \$1,000 per meeting will be paid to a Director who chairs an ad hoc committee and \$800 per meeting to a Director who is a member of an ad hoc committee. In addition to reimbursement of expenses, any allowance paid to Directors is in line with rates prescribed for members of the Senior Executive Service, Australian Public Service.

Retiring non-executive Directors are entitled to an allowance up to a maximum of their last three years remuneration after nine years service (pro-rata for a lesser period with a minimum of three years).

Details of emoluments paid or payable to each Director of GrainCorp Ltd and each of the five executive officers of the company and the consolidated entity receiving the highest emoluments in the financial year are set out in the following tables.

Directors' Report

GrainCorp Limited and Controlled Entities

Non Executive Directors of GrainCorp Limited

	Directors' Fees & Allowances \$	Superannuation Contributions \$	Total \$
R. L. Greentree	106,429	8,582	115,011
A. D. McCallum	78,768	8,245	87,013
W. G. Barron	46,653	6,382	53,035
N. Burton Taylor	58,808	4,705	63,513
T. M. Capell	298	-	298
R. R. Flanery	45,468	12,303	57,771
R. G. Freeman	46,179	9,236	55,415
D. Groves	53,568	4,286	57,854
D. G. McGauchie	47,252	4,626	51,878
J. A. Menegazzo	48,231	5,122	53,353
N. B. Semmler	336	42	378
P. B. Wade	56,500	-	56,500
J. Watson	276	52	328

Note: Directors' fee includes applicable committee fees.

Executive Director of GrainCorp Limited

Name	Salary \$	Bonus \$	Motor Vehicle \$	Super- annuation \$	Total \$
T. B. Keene <i>Managing Director</i>	379,087	42,750	40,845	33,875	496,557

Other Executives of GrainCorp Limited

Name and Position	Salary \$	Bonus \$	Motor Vehicle \$	Super- annuation \$	Total \$
P. Mitchem, <i>Corporate Services Manager</i>	806,573*	35,125	20,281	12,869	874,848
J. Ford, <i>Director Operations Victoria</i>	750,849*	15,842	12,863	8,241	787,795
K. Klemke, <i>Central Division Manager</i>	532,809*	16,388	10,940	26,739	586,876
B. Lee, <i>Commercial Manager</i>	545,462*	6,972	11,025	8,324	571,783
J. Di Leo, <i>Chief Operating Officer</i>	241,826	19,125	38,930	20,876	320,757

* Includes redundancy payments and leave entitlements.

Notes: Emoluments reported are those paid or payable for the 12 months ended 30 September 2001.

The amounts shown include fringe benefits tax where applicable.

Share Options

No options have been granted during or since the end of the financial year to any Directors or the 5 most highly remunerated officers of the company and consolidated entity.

Unissued ordinary shares of GrainCorp Ltd under option at the date of this report are as follows:

Option Plan	Number	Issue Price	Expiry Date
GrainCorp Executive Option Plan	68,000	\$ 6.25	1 July 2002
	88,000	\$ 6.25	1 July 2003

A total of 68,000 ordinary shares of GrainCorp Limited were issued during the year ended 30 September 2001 on the exercise of options granted under the GrainCorp Executive Option Plan. The amount paid on each of the shares was \$6.25. No amounts are unpaid on any of the shares.

Insurance of Officers

During the financial year, the consolidated entity has paid, or agreed to pay premiums to insure persons who are or have been an officer of the company or a related entity or any past, present or future Director or officer of the company or any of its subsidiaries or related entities. The contracts prohibit disclosure of the amount of the premium paid.

The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the consolidated entity.

Rounding of Amounts to Nearest Thousand Dollars

The company is of a kind referred to in Class Order 98/0100 issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' report and financial report. Amounts in the Directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

Auditor

PricewaterhouseCoopers continues in office in accordance with Section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of the Directors.



R. L. Greentree
Chairman

Sydney
27 November 2001

Statement of Financial Performance

for the year ended 30 September 2001

GrainCorp Limited and Controlled Entities

	Consolidated	
	2001 \$'000	2000 \$'000
Revenue from operating activities	507,203	284,956
Other revenue	12,074	9,992
Total revenue from ordinary activities	519,277	294,948
Change in inventories	(14,253)	(3,063)
Raw materials and consumables used	(22,704)	(20,914)
Employee benefits expense	(87,663)	(54,519)
Depreciation and amortisation expenses	(38,933)	(20,173)
Borrowing costs expense	(11,884)	(5,590)
Other expenses from ordinary activities	(279,652)	(131,367)
Expenses from ordinary activities	(455,089)	(235,626)
Shares of net profits of associate accounted for using the equity method	-	6,270
Profit from ordinary activities before income tax expense	64,188	65,592
Income tax expense	(19,627)	(16,928)
Profit from ordinary activities after income tax expense	44,561	48,664
Outside equity interests in profit from ordinary activities after income tax	19	80
Net Profit attributable to members of GrainCorp Limited	44,580	48,744
Total changes in equity other than those resulting from transactions with owners	44,580	48,744
	Cents	Cents
Basic earnings per share	109.4	155.6
Diluted earnings per share	109.0	155.6

The above statement of financial performance should be read in conjunction with the attached notes.

Statement of Financial Performance

for the year ended 30 September 2001

GrainCorp Limited and Controlled Entities

Profit & Loss

Net profit before tax, depreciation & amortisation and interest was \$115.0 million compared to \$91.4 million for the previous financial year as a result of the merger with Vicgrain. This was a significant increase over the previous financial year, and reflected the increased volumes handled. GrainCorp received a total of 12.1 million tonnes of grain (2000: 8.3 million tonnes) and exported 7.2 million tonnes (2000: 4.7 million tonnes).

This result is based on storage & handling revenue of \$263.7 million (2000: \$170.9 million). The increase in revenue was largely due to increased storage and handling volumes as a result of the merger with Vicgrain, partially offset by lower receivals in NSW due to adverse weather conditions. This is reflected in the slightly lower return on revenue for storage and handling of 40.5% (2000: 45.2%).

Marketing reported a significantly higher profit of \$5.3 million for the financial year (2000: \$0.2 million). This result is a consequence of an 87 % increase in revenue for the year through rapid growth in market share and higher commodity prices. The return on marketing revenue is 2.1% (2000: 0.2%).

Net profit after tax to members of GrainCorp Limited for the year ended 30 September 2001 was \$44.6 million, compared to \$48.7 million for the previous corresponding year. The lower result is mainly due to higher depreciation, merger costs, amortisation, interest and tax charges.

An analysis of operating revenue and operating profit before income tax by segment is set out in Note 2.

Financial Summary

	2001 \$'000	2000 \$'000
Storage & Handling Revenue	263,690	170,920
Marketing Revenue	254,713	118,610
Intersegment Revenue	(11,200)	(4,574)
Other Revenue	12,074	16,262
Total Revenue	519,277	301,218
Operating Costs	404,272	209,863
EBITDA	115,005	91,355
Borrowing Costs	11,884	5,590
Depreciation & Amortisation	38,933	20,173
Net Profit Before Tax	64,188	65,592
Tax	19,627	16,928
Net Profit After Tax	44,561	48,664
Outside Equity Interests After Tax	19	80
Net Profit Attributable to Members	44,580	48,744
Storage and Handling Result	106,789	77,297
Marketing Result	5,252	202
Storage and Handling Return on Revenue %	40.5	45.2
Marketing Return on Revenue %	2.1	0.2

Statement of Financial Performance

for the year ended 30 September 2001

GrainCorp Limited and Controlled Entities

A further review of the operations and results is contained elsewhere in the Annual Report. There were a number of key factors which affected the results for the current year, when compared to the previous corresponding period. These are:

Grain Storage & Handling

- GrainCorp is carrying higher than expected grain stocks (carryover) of 4.4 million tonnes largely due to slower export shipments. The effect of carryover is a timing effect on revenues earned from outloading fees (domestic or export) as they are deferred until the grain is removed from storage. This timing effect is partially offset by time based storage fees, and a carryover fee incurred by customers holding pre harvest grain in storage in the last quarter of the year.
- Grain received in New South Wales for the period under review was adversely affected by seasonal weather conditions during the 2000/2001 harvest.
- Following the merger there was duplication in overhead costs that have since been removed. Expected savings will be realised in future financial years.

Marketing

- Profits in the marketing division increased to \$5.3 million (2000: \$0.2 million) primarily because of increased trading volume and more favourable trading conditions. A key focus of Marketing has been to develop close relationships with end users of grains, and enhance the corporate objective of throughput of grain through the storage network.

Depreciation & Amortisation

Higher depreciation and amortisation charges of \$38.9 million (2000: \$20.2 million) have resulted from the combined charge from the merger, and extensive capital expenditure programs in recent years. This has improved efficiencies and facilitated lower operating cost structures at many of GrainCorp's facilities, including the Export Terminals.

Income Tax

Income tax expense has risen from 25.8 % of pre tax profit from ordinary activities in 2000 to 30.6 % in 2001. The main reason for this is lower permanent differences due to depreciation charges, partially offset by a reduction in the corporate tax rate from 34% in 2000 to 30% in July 2001.

Statement of Financial Position

as at 30 September 2001

GrainCorp Limited and Controlled Entities

	Consolidated	
	2001 \$'000	2000 \$'000
Current Assets		
Receivables	59,492	40,152
Inventories	9,416	33,271
Other	12,867	4,472
Total Current Assets	81,775	77,895
Non-Current Assets		
Receivables	94	10,421
Other financial assets	25,269	11,552
Property, plant & equipment	413,115	231,710
Deferred tax assets	3,319	1,686
Intangible assets	9,224	1,815
Total Non-Current Assets	451,021	257,184
Total Assets	532,796	335,079
Current Liabilities		
Accounts payable	26,141	21,052
Interest bearing liabilities	34,449	22,926
Current tax liabilities	2,091	4,739
Provisions	20,380	19,966
Total Current Liabilities	83,061	68,683
Non-Current Liabilities		
Interest bearing liabilities	145,972	50,000
Deferred tax liabilities	14,926	5,684
Provisions	15,501	9,758
Total Non-Current Liabilities	176,399	65,442
Total Liabilities	259,460	134,125
Net Assets	273,336	200,954
Equity		
Contributed equity	99,531	57,736
Reserves	18,430	3,235
Retained profits	154,987	139,575
Total GrainCorp Limited Interest	272,948	200,546
Outside equity interest:	388	408
Total Equity	273,336	200,954

The above statement of financial position should be read in conjunction with the attached notes.

Statement of Financial Position

as at 30 September 2001

GrainCorp Limited and Controlled Entities

Total assets increased by \$197.7 million and total liabilities increased by \$125.3 million during the year ended 30 September 2001. A key factor in the growth in both assets and liabilities has been acquisition of assets and liabilities due to the merger between GrainCorp and Vicgrain. Another key driver is the increased size of the business which has directly resulted in increased requirements of receivables, accounts payable and provisions.

The following key transactions were the main movements in the balance sheet items:

Assets

- Increase in non current investments through the purchase of shares in AWB Limited \$25.3 million.
- Increase in property, plant and equipment through the acquisition of assets through the merger, and capital expenditure of \$52.3 million. This was offset by a depreciation charge of \$37.2 million.
- Receivables, prepayments and other current assets increased by \$27.7 million due to the larger size of the business, and resulting higher working capital requirements.
- Inventories were significantly lower at year end.

Liabilities

Liabilities also increased in line with the growth in assets. The main points are:

- Increased interest bearing liabilities required for the funding of capital expenditure, non current investments and interest bearing liabilities acquired from merger of \$107.5 million.
- Increase in non current provisions of \$5.7 million is made up of an increase in employee entitlement expenses as a result of a larger number of employees due to merger.
- Other creditors and provisions have grown mainly due to the increased size of the GrainCorp business and higher deferred tax liabilities offset by a lower provision for income tax.

Shareholders Equity

Contributed equity increased by \$41.8 million for the year mainly due to:

- Shares issued of \$89.5 million as part of the merger (Refer to the Director's Report).
- Cancellation of 60 million Class B shares held by Grain Growers Association Limited in exchange for a payment of \$37.6million. Please refer to the Annual Report for further details.
- Share buy-back of 1.1 million shares for \$10.5 million.
- Shares issued on options exercised for \$0.5 million (68,000 shares).

Reserves increased by \$15.2 million being the adjusted value of 25% investment in Vicgrain Limited previously accounted for as an associated company.

Statement of Cash Flows

for the year ended 30 September 2001

GrainCorp Limited and Controlled Entities

	Consolidated	
	2001 \$'000	2000 \$'000
Cash Flows from Operating Activities		
Receipts from customers (inclusive of goods & services tax)	508,733	272,173
Payments to suppliers and employees (inclusive of goods & services tax)	(387,427)	(220,320)
	121,306	51,853
Interest received	690	415
Borrowing costs	(11,884)	(5,607)
Income taxes paid	(23,998)	(7,827)
Net Cash Inflow / (Outflow) from Operating Activities	86,114	38,834
Cash Flows from Investing Activities		
Cash acquired on merger	4,192	-
Payments for property, plant and equipment	(52,311)	(48,919)
Purchases of investments / business	(25,219)	(1,904)
Dividends received	571	9,675
Proceeds from sale of property, plant and equipment	1,833	3,201
Loans from / (to) related parties	157	(18,792)
Net Cash Inflow / (Outflow) from Investing Activities	(70,777)	(56,739)
Cash Flows from Financing Activities		
Proceeds from interest bearing liabilities	55,655	50,450
Repayment of interest bearing liabilities	(1,250)	(1,250)
Payments for shares bought back	(10,530)	-
Proceeds from executive share options exercised	425	-
Purchase of Class B shares from GGA	(37,575)	-
Share buy-back transaction costs	(43)	-
Dividends paid	(32,211)	(18,636)
Net Cash Inflow / (Outflow) from Financing Activities	(25,529)	30,564
Net increase / (decrease) in cash held	(10,192)	12,659
Cash at the beginning of the financial year	(426)	(13,085)
Cash at the End of the Financial Year	(10,618)	(426)

The above statement of cash flows should be read in conjunction with the accompanying notes.

Statement of Cash Flows

for the year ended 30 September 2001

GrainCorp Limited and Controlled Entities

Cash Flows from Operating Activities

Higher cash inflow from operations of \$86.1 million (2000: \$38.8 million) was mainly due to the following:

	\$ million
Higher receivables and storage, and an increase in marketing revenue, enhanced by a small reduction in debtors at end of financial year	236.6
Increase in payments to suppliers and employees	(167.1)
Increase in borrowing costs due to significant investment activity	(6.3)
Increase in income tax paid	(16.2)

Cash Flows from Investing Activities

The significant items in the cash outflow from investing activities of \$70.8 million (2000: \$56.7 million) were:

	\$ million
Purchase of shares in AWB Limited	(25.2)
Purchase of property, plant and equipment	(52.3)

Cash Flows from Financing Activities

Net cash outflow from financing activities was \$25.5 million (2000: Inflow \$30.6 million). The main reasons for the decrease were payments for an on-market buy back of ordinary shares of \$10.5 million, payment of \$37.6 million for Class B shares and an increase in dividends paid of \$13.6 million. These were partially offset by increased net proceeds from interest bearing liabilities of \$5.2 million.

1. Summary of Significant Accounting Policies

The financial statements have been prepared as a general purpose financial report which complies with the requirements of the Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporations Act 2001.

The principal accounting policies adopted by GrainCorp Limited "GrainCorp" and the consolidated entity (i.e. GrainCorp and its controlled entities GrainCorp Services Limited "Services", GrainCorp Operations Limited "Operations", GrainCorp Victoria Pty Limited "Victoria", Sunprime Seeds Pty Limited "Sunprime", Sunprime Research and Development Pty Limited "Sunprime R & D", GrainCorp National Pty Limited "National", GrainCorp Queensland Pty Limited "Queensland", Victorian Grain Services Limited "VGS", Vicgrain Limited "Vicgrain", Vicgrain (Assets) Pty Limited "Assets", Vicgrain (Finance) Pty Limited "Finance") are stated to assist the general understanding of these statements.

Unless otherwise noted, the accounting policies adopted are consistent with those of the previous year. Comparative information is reclassified where appropriate to enhance comparability. The accounts are drawn up on historical cost principles.

New Accounting Standards

Revised Australian Accounting Standard AASB 1041: Revaluation of Non-Current Assets was first adopted for the year ended 30 September 2001 resulting in property, plant and equipment and other financial assets previously carried at valuation being reverted to a cost basis of valuation. For the purposes of transitioning to a cost basis, the existing revalued carrying amounts at 1 October 2000 were deemed to be their cost. This change in policy had no financial impact on profit.

As a result of applying the revised accounting standard AASB 1018 Statement of Financial Performance, revised AASB 1034 Financial Report Presentation and Disclosures and AASB 1040 Statement of Financial Position, for the first time, a number of comparative amounts were represented or reclassified to ensure comparability with the current accounting period.

a) Change in Accounting Policies

In prior periods, silos and structural parts of terminal facilities were classified as structures in the accounts. As these structures are an integral part of storage and handling equipment, they have been reclassified as plant and equipment. Comparatives have also been reclassified on the same basis.

b) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by GrainCorp as at 30 September 2001 and the results of all controlled entities for the year then ended. The effects of all transactions between entities in the consolidated entity are eliminated in full. Outside equity interests in the results and equity of controlled entities are shown separately in the consolidated statement of financial performance and statement of financial position respectively.

Where control of an entity is obtained during a financial year, its results are included in the consolidated statement of financial performance from the date on which control commenced. Where control of an entity ceases during a financial year its results are included for that part of the period during which control exists.

Investments in associates are accounted for in the consolidated financial statements using the equity method. Under this method, the consolidated entity's share of the profits or losses of associates is recognised as revenue in the consolidated statement of financial performance, and its share of movements in reserves is recognised in consolidated reserves. Associates are those entities over which the consolidated entity exercises significant influence, but not control.

2. Segment Information

	Storage & Handling \$'000	Marketing \$'000	Intersegment Eliminations \$'000	Consolidation \$'000
2001				
Sales to customers outside consolidated entity	253,856	253,347	-	507,203
Intersegment sales	9,834	1,366	(11,200)	-
Total sales revenue	263,690	254,713	(11,200)	507,203
Other revenue	10,571	1,503	-	12,074
Total segment revenue	274,261	256,216	(11,200)	519,277
Segment result	106,789	5,252	-	112,041
Unallocated expenses				(47,853)
Profit from ordinary activities before income tax				64,188
Income tax expense				(19,627)
Profit from ordinary activities after income tax				44,561
Segment assets	447,667	42,317	-	489,984
Unallocated assets				42,812
Total assets				532,796
2000				
Sales to customers outside consolidated entity	166,802	118,154	-	284,956
Intersegment sales	4,118	456	(4,574)	-
Total sales revenue	170,920	118,610	(4,574)	284,956
Other revenue	14,729	1,533	-	16,262
Total segment revenue	185,649	120,143	(4,574)	301,218
Segment result	77,297	202	-	77,499
Unallocated expenses				(11,907)
Profit from ordinary activities before income tax				65,592
Income tax expense				(16,928)
Profit from ordinary activities after income tax				48,664
Segment assets	257,453	42,729	-	300,182
Unallocated assets				34,897
Total assets				335,079

Notes to and forming part of the segment information:

- a) The above industry segments derive revenue from the following operations and activities:
 Storage and Handling: includes fees for receipt, storage and testing of wheat, other grains and bulk commodities.
 Marketing: Marketing and transportation of grain and agricultural products, and the operation of grain pools.
- b) Intersegment pricing is on an "arm's length" basis.
- c) The consolidated entity only operates in one geographical segment (Australia).

3. Dividends

	Parent Entity	
	2001 \$'000	2000 \$'000
Ordinary shares:		
Interim dividend paid of 43 cents (2000 – 32 cents)		
Franked at 34% (2000 – 34%)	17,513	10,006
Final dividend proposed of 29 cents (2000 – 47 cents)		
Franked at 30% (2000 – 34%)	11,655	14,698
	29,168	24,704

The franked dividends proposed as at 30 September 2001 will be paid out of existing franking credits or out of franking credits arising from the payment of income tax in the year ending 30 June 2002.

	Consolidated		Parent Entity	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Franking credits available for the subsequent financial year	53,436	26,928	21,913	7,670

The above amounts represent the balances of the franking accounts as at the end of the financial year, adjusted for:

- (a) franking credits that will arise from the payment of income tax payable as at the end of the year,
- (b) franking debits that will arise from the payment of dividends proposed as at the end of the financial year, and
- (c) franking credits that may be prevented from being distributed in the subsequent financial year.

4. Earnings Per Share

	Consolidated	
	2001 Cents	2000 Cents
Basic earnings per share	109.4	155.6
Diluted earnings per share	109.0	155.6
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share.	40,756,968	31,274,435

Class B ordinary shares (cancelled in September 2001) have been excluded from the calculation on the basis that they cannot share in any dividend paid by the company.

5. Acquisition of Controlled Entity

On 3 October GrainCorp acquired 100% of the shares in VGS for \$89,475,129. VGS holds 75% of shares in Vicgrain which holds 100% of shares in Assets and Finance. The operating results of the newly controlled entities have been included in the consolidated statement of financial performance since the date of acquisition.

Details of the assets from the merger with VGS and its controlled entities on 3 October 2000 are as follows:

	2001 \$'000
Fair value of identifiable net assets of the merged controlled entity	
Current Assets	
Cash	4,192
Receivables	23,446
Inventories	1,758
Other	1,488
Total Current Assets	30,884
Non-Current Assets	
Land, structures and plant and equipment	171,218
Deferred tax - net asset	5,361
Total Non-Current Assets	176,579
Total Assets	207,463
Current Liabilities	
Accounts payable	11,453
Deferred revenue	5,600
Interest bearing liabilities	15,750
Current tax liabilities	2,674
Provisions for employee entitlements	4,888
Total Current Liabilities	40,365
Non-Current Liabilities	
Interest bearing liabilities	45,898
Provision for employee entitlements	2,952
Deferred income tax liability	9,502
Total Non-Current Liabilities	58,352
Total Liabilities	98,717
Net Assets	108,746
Less value therein attributable to previous shareholding of 25 % in Vicgrain held by Victoria	(26,722)
Goodwill on consolidation	8,135
Sundry merger costs paid in cash	90,159 (684)
Consideration by issue of 9,941,681 fully paid Class A shares	89,475

6. Full Financial Report

Further financial information can be obtained from the full financial report which is available, free of charge, on request from the company. A copy may be requested by calling 1800 809482 (free call). Alternatively, both the full financial report and the concise report can be accessed via the internet at **graincorp.com.au**

Directors' Declaration

for the year ended 30 September 2001

GrainCorp Limited and Controlled Entities

Directors' Declaration

The Directors declare that in their opinion, the concise financial report of the consolidated entity for the year ended 30 September 2001 as set out on pages 43 to 55 complies with Accounting Standard AASB 1039: Concise Financial Reports.

The financial statements and specific disclosures included in this concise financial report have been derived from the full financial report for the year ended 30 September 2001.

The concise financial report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report, which as indicated in note 6, is available on request.

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



R. L. Greentree
Chairman

Sydney
27 November 2001

Independent Audit Report

to the Members of GrainCorp Limited

Matters relating to the electronic presentation of the audited financial report

This audit report relates to the concise financial report of GrainCorp Limited (the Company) for the year ended 30 September 2001 included on GrainCorp Limited's web site. The Company's directors are responsible for the integrity of the GrainCorp Limited web site. We have not been engaged to report on the integrity of this web site. The audit report refers only to the concise financial report identified below. It does not provide an opinion on any other information which may have been hyperlinked to/from the concise financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited concise financial report to confirm the information included in the audited concise financial report presented on this web site.

Scope

We have audited the concise financial report of GrainCorp Limited (the Company) for the financial year ended 30 September 2001 as set out on pages 43 to 56, in order to express an opinion on it to the members of the Company. The Company's Directors are responsible for the concise financial report.

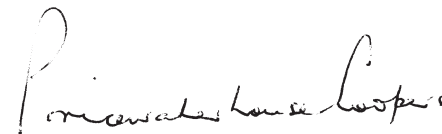
Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the concise financial report is free of material misstatement. We have also performed an independent audit of the full financial report of the Company for the financial year ended 30 September 2001. Our audit report on the full financial report was signed on 27 November 2001, and was not subject to any qualification.

Our procedures in respect of the audit of the concise financial report included testing that the information included in it is consistent with the full financial report, and examination, on a test basis, of evidence supporting the amounts, discussion and analysis and other disclosures which were not directly derived from the full financial report. These procedures have been undertaken to form an opinion as to whether the concise financial report complies with Accounting Standard AASB 1039: Concise Financial Reports in that, in all material respects, it is presented fairly in accordance with that standard.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the concise financial report of the Company complies with Accounting Standard AASB 1039: Concise Financial Reports.



PricewaterhouseCoopers
Chartered Accountants



D. E. Wills
Partner

Sydney
28 November 2001

Shareholder Information

as at 11 December 2001

GrainCorp Limited and Controlled Entities

The Shareholder information set out below was applicable as at 11 December 2001.

A. Distribution of Ordinary Shares

1 -	1,000	6,141
1,001 -	5,000	2,899
5,001 -	10,000	708
10,001 -	100,000	418
100,001 -	and over	29
		10,195

B. Twenty Largest Shareholders

The names of the twenty largest holders of each class of shares are listed below:

		Ordinary Shares	
		Number of shares held	Percentage of issued shares
1	Grain Growers Association Limited	8,253,709	20.55%
2	Mr R. Greentree & Mr B. Harris	528,640	1.32%
3	Victorian Farmers Federation	499,967	1.24%
4	NBT Pty Limited, Astor Account	450,000	1.12%
5	UBS Warburg Private Clients	430,004	1.07%
6	Mr D. Groves	373,296	0.93%
7	Mr G. J. Watsford	340,096	0.85%
8	Janvin Pty Limited	335,168	0.83%
9	NBT Pty Limited	300,000	0.75%
10	Linkshore Pty Limited	290,000	0.72%
11	Menegazzo Enterprises Pty Limited	241,783	0.60%
12	NBT Pty Limited	230,950	0.57%
13	R. and D. Pastoral Pty Ltd	230,950	0.57%
14	Mr P. Menegazzo	227,867	0.57%
15	DB Management Pty Limited	222,272	0.55%
16	Desbech Pty Limited	214,819	0.53%
17	Janvin Pty Limited	200,000	0.50%
18	Rupert Baroona Pty Limited	200,000	0.50%
19	Desbech Pty Limited	188,060	0.47%
20	Mrs N. Der Sarkissian	174,464	0.43%
		13,932,045	34.67%

C. Substantial Shareholders

The following shareholder had a substantial shareholding in GrainCorp Limited shares as at 11 December 2001.

1	Grain Growers Association Limited	8,253,709	20.55%
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D. Voting Rights

The voting rights attached to each class of shares are set out below:

(a) Ordinary shares - on a show of hands every member present in person or by proxy shall have one vote and upon a poll each share shall have one vote.

(b) Foundation share

- No ordinary resolution can be passed without the affirmative role of the Foundation share, except for the appointment of elected Directors.
- For a special resolution, the Foundation share carries 75% of the total number of votes entitled to be cast.

Enquiries

Nigel Hart
Company Secretary

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Level 10
51 Druitt Street
Sydney NSW 2000
Postal Address: PO Box A268
Sydney South NSW 1235

Phone: 02 9325 9100
Freecall: 1800 809 482
Fax: 02 9325 9180

Australian Stock Exchange

GrainCorp shares are classified under the Miscellaneous Industrials Index (code GNC) and have been listed on the Australian Stock Exchange (ASX) since 1998. Share prices are reported in major daily newspapers and can be accessed online at asx.com.au.

Dividend Policy

GrainCorp has a dividend payout ratio of 65 per cent.

GrainCorp Website

graincorp.com.au - GrainCorp's interactive website features the current Annual Report and full financials, plus interim financial reports. News and corporate information is regularly updated for shareholders. Details of Board members and executive management team are also provided.

Shareholder Inquiries

GrainCorp Limited shareholders requiring information regarding their shareholdings should contact the Company's registry at:

Computershare Investor Services Pty Ltd
GPO Box 7045
Sydney NSW 1115
Telephone 1300 855 080
Fax (02) 8234 5050

GrainCorp sponsoring broker is:
ABN AMRO Morgans Limited
GPO Box 202
Brisbane QLD 4001
Telephone 1800 777 946

Removal from Annual Report mailing list

Modernisation of annual reporting processes has meant that some shareholders would prefer not to receive a hard copy report. Shareholders can elect not to receive an Annual Report (but still receive a Notice of Meeting and Proxy Form) by contacting the share registry.



Design - The Hopkins System
Photography - Ted Sealey
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