

GRAINCORP LIMITED
and CONTROLLED ENTITIES

DIRECTORS' REPORT

The directors present their report for the half year ended 31 March 2001.

Directors

Directors of the company in office at the date of this report are as follows:

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
D.G.McGauchie (Appointed 3 October 2000)
J.A. Menegazzo (Appointed 3 October 2000)
P.B.Wade (Appointed 3 October 2000)

Review of Operations

As referred elsewhere in this report, the company merged its operations with Vicgrain Services Limited (VGS), effective 3 October 2000.

Storage and Handling Revenue

Grain receivals were 11.4 million tonnes (2000: 7.9 million tonnes, excluding VGS 4.8 million tonnes), with export shipping of 4.3 million tonnes (2000: 2.1 million tonnes, excluding VGS 2.1 million tonnes).

The storage and handling revenue of the consolidated entity increased by 70.3% to \$164.2 million in the half year substantially as a result of the merger (2000: \$96.5 million).

Marketing Revenue (Grain Trading & Merchandising of Seed, Fertiliser and Chemicals)

Revenue from marketing was \$110.2 million (2000: \$154.8 million). The reduction is due to the delivery date of contracted sales. The growth in marketing activities, whilst not as yet reflected in the half year's results, has supported the tonnes received into the storage network, with the resultant financial benefit for the company.

GRAINCORP LIMITED AND CONTROLLED ENTITIES

DIRECTORS' REPORT (continued)

Profit

The consolidated profit after tax for the half year of \$34.0 million was 24.5% higher than the comparable period (2000: \$27.4 million, including \$2.1 million share of associate profits in VGS group). The profit of \$34.0 million is the first reported result of the merged business.

Performance efficiencies and the larger carryover stocks minimised the impact of the floods in northern New South Wales on receivables. Capital expenditure and the holding of trading stock for longer periods of time, have increased depreciation and interest costs by \$5.7 million.

Dividends

Details of dividends in respect of the current year are as follows:

	2001	2000
	\$'000	\$'000
Interim dividend on each fully paid Class A share of 43 cents recommended by directors (32 cents paid on 10 July 2000)	17,504	10,005

The Company is aware of the benefit to shareholders from receiving a 34% tax franked dividend before 30 June and therefore the directors' recommend an estimated higher proportion be paid in the first half of the year as an interim dividend on 25 June 2001.

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") (formerly Prime Wheat Association Limited) 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.

Borrowing Facilities - now unsecured

The borrowing facilities available to both the company and its 100 % owned subsidiaries as at 30 September 2000, and those facilities existing in the VGS group at the date of their merger, were secured by a fixed and floating charge over their assets.

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.

Other than the above, there was no significant change in the consolidated entity's state of affairs during the half year in review.

GRAINCORP LIMITED AND CONTROLLED ENTITIES

DIRECTORS' REPORT (continued)

Information on Directors

Particulars of Directors' Interest in Class A Ordinary Shares.

R.L. (Ron) Greentree (Chairman) 757,152 shares

Farmer from Merrywinebone. Principal of an agricultural machinery business and director of BRI Australia Ltd. Chairman of Sunprime Seeds Pty Limited. Chairman of the Remuneration and member of the Capital Works Review Committees.

A.D. (Allan) McCallum (Deputy Chairman) Dip Ag.Sc 126,615 shares

Farmer from Kerang. Deputy Chairman of Pivot Limited, Chairman of Nugrain Pty. Limited, Director of Farm Horizons Limited and President of Australian Oilseeds Federation. Chairman of the Capital Works Review and member of the Remuneration Committees.

W.G. (Graham) Barron 154,982 shares

Farmer from Ungarie. Chairman of the Risk Management Committee.

N. (Nick) Burton Taylor AM B.Ec, ASIA, FCA, FAICD 1,520,038 shares

Farmer from Boorowa. Company Director and stock feed manufacturer. Director of Sydney Airport Corporation Limited, Heggies Bulk Haul Limited and The Australian Agricultural Company Limited. Chairman of the Audit and member of the Remuneration Committees.

R.R. (Ross) Flanery 243,372 shares

Farmer from Harden. Commercial interests in forestry and hydro-electric power. Chairman of the Equity Committee and member of the Capital Works Review Committee.

R.G. (Rick) Freeman 135,872 shares

Farmer from Edgeroi. Company principal of Norseman Machinery Imports Pty Limited. Member of the Capital Works Review Committee. Director GrainCorp Superannuation Pty Limited

D. (David) Groves M.Com, CA 1,611,799 shares

Chartered Accountant and Company Director. Director of Masling Industries Pty Limited and Equity Trustees Limited. Active in the management of companies involved in viticulture and investment. Member of the Equity and Risk Management Committees.

T.B. (Tom) Keene (Managing Director) B.Ec, MAICD 122,026 shares

Member of the Risk Management Committee.

D.G. (Donald) McGauchie 137,817 shares

Farmer from Prairie, Director of Reserve Bank of Australia, Chairman of Woolstock Australia Limited, Director of Australian Centre for International Agricultural Research, Councillor of National Farmers Federation, Director of Telstra Corporation Limited, Ridley Corporation Limited, National Foods Limited and Australian Wool Testing Authority Limited. Member of the Equity Committee.

GRAINCORP LIMITED AND CONTROLLED ENTITIES**DIRECTORS' REPORT (continued)**

J.A. (Julian) Menegazzo B.Sc. 469,365 shares

Farmer from Balliang. Active in horticulture marketing business. Member of the Audit Committee.

P.B. (Peter) Wade M.A, B.Com (Hons), FCPA, MAICD 10,833 shares

Management consultant, KPMG Consulting. Chairman Open Learning Agency of Australia Pty Limited and director Banksia Wines Limited. Member of the Audit Committee.

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, 8,253,709 Class A ordinary shares and 60,119,264 Class B ordinary shares in GrainCorp Limited.

Messrs Greentree, McCallum, Barron, Flanery, Freeman and McGauchie are directors of GGA and each hold 1 share as a member of GGA. Messrs Burton Taylor, Groves 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 half year ended 30 March 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
<i>Total Number of Meetings Held</i>				
R. Greentree	8	8	5	4
A.D McCallum	8	7	5	5
W.G. Barron	8	8	2	2
N. Burton Taylor	8	5	6	6
R.R. Flanery	8	8	6	6
R.G. Freeman	8	8	3	3
D. Groves	8	8	6	6
T.B. Keene	8	8	2	2
D.G.McGauchie	8	7	5	5
J.A. Menegazzo	8	8	3	3
P.B.Wade	8	8	3	3

Director's Benefits

Since 30 September 2000, other than in the normal course of business, no director of the company has received or become entitled to receive a benefit (other than a remuneration benefit) by reason of a contract entered into by the company or by an entity that the company controlled or a body corporate that was related to the company when the contract was made or when the director received, or became entitled to receive the benefit with;

- (i) a director;
- (ii) a firm of which a director is a member;
- (iii) a company in which a director has a substantial financial interest

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.

Signed in accordance with a resolution of the directors.

R. Greentree
Chairman
Sydney
May 29th 2000

Appendix 4B (rule 4.13(b))

Half yearly/~~preliminary final~~ report

Introduced 1/7/2000.

Name of entity

GrainCorp Limited and Controlled Entities

ACN, ARBN or ARSN

Half
yearly
(tick)

Prelimina
ry final
(tick)

Half year/~~financial year~~ ended
(‘current period’)

057 186 035

X

31 March 2001

For announcement to the market

Extracts from this report for announcement to the market (see note 1).

\$A'000

Revenues from ordinary activities (<i>item 1.1</i>)	up/ down	9.6%	to	280,989
Profit (loss) from ordinary activities after tax (before amortisation of goodwill) attributable to members (<i>item 1.20</i>)	up/ down	24.8%	to	34,148
Profit (loss) from ordinary activities after tax attributable to members (<i>item 1.23</i>)	up/ down	24.5%	to	34,055
Profit (loss) from extraordinary items after tax attributable to members (<i>item 2.5(d)</i>)	gain			
Net profit (loss) for the period attributable to members (<i>item 1.11</i>)	(loss) of up/ down	24.5%	to	34,055
Dividends (distributions)		Amount per security		Franked amount per security
Interim dividend (<i>Half yearly report only - item 15.6</i>)		43¢		43¢
Previous corresponding period (<i>Preliminary final report - item 15.5; half yearly report - item 15.7</i>)		32¢		32¢
+Record date for determining entitlements to the dividend, (in the case of a trust, distribution) (see <i>item 15.2</i>)		15 TH June 2001		
Brief explanation of omission of directional and percentage changes to profit in accordance with Note 1 and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:				

+ See chapter 19 for defined terms.

Consolidated profit and loss account

	Current period - \$A'000	Previous corresponding period - \$A'000
1.1 Revenues from ordinary activities (see items 1.24 - 1.26)	280,989	256,466
1.2 Expenses from ordinary activities (see items 1.27- 1.31)	(223,532)	(219,325)
1.3 Borrowing costs	(6,193)	(1,908)
1.4 Share of net profit (loss) of associates and joint venture entities (see item 16.7)	-	2,076
1.5 Profit (loss) from ordinary activities before tax	51,264	37,309
1.6 Income tax on ordinary activities (see note 4)	17,462	10,034
1.7 Profit (loss) from ordinary activities after tax	33,802	27,275
1.8 Profit (loss) from extraordinary items after tax (see item 2.5)	-	-
1.9 Net profit (loss)	33,802	27,275
1.10 Net profit (loss) attributable to outside +equity interests	(253)	(78)
1.11 Net profit (loss) for the period attributable to members	34,055	27,353

Consolidated retained profits

1.12 Retained profits (accumulated losses) at the beginning of the financial period	139,575	115,531
1.13 Net profit (loss) attributable to members (item 1.11)	34,055	27,353
1.14 Net transfers to and from reserves	-	-
1.15 Net effect of changes in accounting policies	-	-
1.16 Dividends and other equity distributions paid or payable	(17,504)	(10,005)
1.17 Retained profits (accumulated losses) at end of financial period	156,126	132,879

Profit restated to exclude	Current period \$A'000	Previous corresponding period \$A'000
Amortisation of goodwill		
1.18 Profit (loss) from ordinary activities after tax before outside equity interests (items 1.7) and amortisation of goodwill	33,895	27,290
1.19 Less (plus) outside +equity interests	(253)	(78)
1.20 Profit (loss) from ordinary activities after tax (before amortisation of goodwill) attributable to members	34,148	27,368

+ See chapter 19 for defined terms.

Profit (loss) from ordinary activities attributable to members

	Current period \$A'000	Previous corresponding period \$A'000
1.21 Profit (loss) from ordinary activities after tax (<i>item 1.7</i>)	33,802	27,275
1.22 Less (plus) outside +equity interests	(253)	(78)
1.23 Profit (loss) from ordinary activities after tax, attributable to members	34,055	27,353

Revenue and expenses from ordinary activities

AASB 1004 requires disclosure of specific categories of revenue and AASB 1018 requires disclosure of expenses from ordinary activities according to either their nature or function. Entities must report details of revenue and expenses from ordinary activities using the layout employed in their accounts. See also items 12.1 to 12.6.

	Current period \$A'000	Previous corresponding period \$A'000
1.24 Sales Revenue	274,483	251,279
1.25 Interest revenue	420	475
1.26 Other revenue	6,086	4,712
Revenue from ordinary activities	280,989	256,466
1.27 Expenses from ordinary activities – see attachment 5	204,886	210,739
1.28 Other specific expenses	-	-
1.29 Depreciation and amortisation excluding amortisation of intangibles (see item 2.3)	18,646	8,586
1.30 Interest costs capitalised in asset values	-	-
1.31 Outlays capitalised in intangibles (unless arising from an acquisition of a business)	-	-
Expenses from ordinary activities	223,532	219,325

+ See chapter 19 for defined terms.

Intangible and extraordinary items

		<i>Consolidated - current period</i>			
		Before tax \$A'000 (a)	Related tax \$A'000 (b)	Related outside +equity interests \$A'000 (c)	Amount (after tax) attributable to members \$A'000 (d)
2.1	Amortisation of goodwill	93	-	-	93
2.2	Amortisation of other intangibles	25	-	12	13
2.3	Total amortisation of intangibles	118	-	12	106
2.4	Extraordinary items (details)				
2.5	Total extraordinary items				

Comparison of half year profits

(Preliminary final report only)

		Current year - \$A'000	Previous year - \$A'000
3.1	Consolidated profit (loss) from ordinary activities after tax attributable to members reported for the 1st half year (item 1.23 in the half yearly report)	-	-
3.2	Consolidated profit (loss) from ordinary activities after tax attributable to members for the 2nd half year	-	-

Consolidated balance sheet		At end of current period \$A'000	As shown in last annual report \$A'000	As in last half yearly report \$A'000
Current assets				
4.1	Cash	-	-	3,407
4.2	Receivables	78,243	40,152	37,529
4.3	Investments	-	-	-
4.4	Inventories	34,116	33,271	43,558
4.5	Other (provide details if material)	13,252	4,472	2,255
4.6	Total current assets	125,611	77,895	86,749
Non-current assets				
4.7	Receivables	215	10,421	10,330
4.8	Investments (equity accounted)	-	11,527	17,035
4.9	Other investments	50	25	-
4.10	Inventories	-	-	-
4.11	Exploration and evaluation expenditure capitalised (see para .71 of AASB 1022)	-	-	-
4.12	Development properties (+mining entities)	-	-	-
4.13	Other property, plant and equipment (net)	416,793	231,710	228,258
4.14	Intangibles (net)	2,527	1,815	913
4.15	Other (provide details if material)	5,992	1,686	2,259
4.16	Total non-current assets	425,577	257,184	258,795
4.17	Total assets	551,188	335,079	345,544
Current liabilities				
4.18	Payables	29,923	21,052	13,919
4.19	Interest bearing liabilities	63,856	22,926	49,751
4.20	Provisions	36,258	24,705	19,198
4.21	Other (provide details if material)			
4.22	Total current liabilities	130,037	68,683	82,868
Non-current liabilities				
4.23	Payables	-	-	-
4.24	Interest bearing liabilities	82,249	50,000	54,000
4.25	Provisions	21,505	15,442	14,410
4.26	Other (provide details if material)	-	-	-
4.27	Total non-current liabilities	103,754	65,442	68,410
4.28	Total liabilities	233,791	134,125	151,278
4.29	Net assets	317,397	200,954	194,266

+ See chapter 19 for defined terms.

Consolidated balance sheet continued

Equity				
4.30	Capital/contributed equity	142,687	57,736	57,736
4.31	Reserves – see attachment 4	18,430	3,235	3,235
4.32	Retained profits (accumulated losses)	156,126	139,575	132,879
4.33	Equity attributable to members of the parent entity	317,243	200,546	193,850
4.34	Outside +equity interests in controlled entities	154	408	416
4.35	Total equity	317,397	200,954	194,266
4.36	Preference capital included as part of 4.33	-	-	-

Exploration and evaluation expenditure capitalised

To be completed only by entities with mining interests if amounts are material. Include all expenditure incurred regardless of whether written off directly against profit.

	Current period \$A'000	Previous corresponding period - \$A'000
5.1	Opening balance	
5.2	Expenditure incurred during current period	
5.3	Expenditure written off during current period	
5.4	Acquisitions, disposals, revaluation increments, etc.	
5.5	Expenditure transferred to Development Properties	
5.6	Closing balance as shown in the consolidated balance sheet (item 4.11)	

Development properties

(To be completed only by entities with mining interests if amounts are material)

	Current period \$A'000	Previous corresponding period - \$A'000
6.1	Opening balance	
6.2	Expenditure incurred during current period	
6.3	Expenditure transferred from exploration and evaluation	
6.4	Expenditure written off during current period	
6.5	Acquisitions, disposals, revaluation increments, etc.	
6.6	Expenditure transferred to mine properties	
6.7	Closing balance as shown in the consolidated balance sheet (item 4.12)	

+ See chapter 19 for defined terms.

Consolidated statement of cash flows

	Current period \$A'000	Previous corresponding period - \$A'000
Cash flows related to operating activities		
7.1 Receipts from customers	250,716	230,610
7.2 Payments to suppliers and employees	(212,142)	(238,599)
7.3 Dividends received from associates	-	-
7.4 Other dividends received	-	-
7.5 Interest and other items of similar nature received	420	475
7.6 Interest and other costs of finance paid	(6,193)	(1,925)
7.7 Income taxes paid	(15,333)	(3,497)
7.8 Other (provide details if material)	-	-
7.9 Net operating cash flows	17,468	(12,936)
Cash flows related to investing activities		
7.10 Payment for purchases of property, plant and equipment	(32,860)	(34,280)
7.11 Proceeds from sale of property, plant and equipment	841	2,237
7.12 Payment for purchases of equity investments	(684)	-
7.13 Proceeds from sale of equity investments	-	-
7.14 Loans to other entities	(14)	(10,127)
7.15 Loans repaid by other entities	-	-
7.16 Other – net cash acquired on purchase of controlled entity	4,192	-
7.17 Net investing cash flows	(28,525)	(42,170)
Cash flows related to financing activities		
7.18 Payments for share buy back	(4,524)	-
7.19 Proceeds from borrowings	111,000	63,900
7.20 Repayment of borrowings	(112,568)	-
7.21 Dividends paid	(14,699)	(8,629)
7.22 Other (provide details if material)		
7.23 Net financing cash flows	(20,791)	55,271
7.24 Net increase (decrease) in cash held	(31,848)	165
7.25 Cash at beginning of period (see <i>Reconciliation of cash</i>)	(426)	(13,086)
7.26 Exchange rate adjustments to item 7.25.		
7.27 Cash at end of period (see <i>Reconciliation of cash</i>)	(32,274)	(12,921)

Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows. If an amount is quantified, show comparative amount.

The merger of Victorian Grain Services Limited and Controlled Entities, on 3rd October 2000 for \$89,475,129 with the consideration effected by the issue of 9,941,681 A class shares. Refer directors' report and attachment 4.

Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current period \$A'000	Previous Corresponding Period - \$A'000
8.1 Cash on hand and at bank	-	3,407
8.2 Deposits at call	-	-
8.3 Bank overdraft	(32,274)	(16,328)
8.4 Other (provide details)	-	-
8.5 Total cash at end of period (item 7.27)	(32,274)	(12,921)

Ratios	Current period	Previous corresponding Period
Profit before tax / revenue		
9.1 Consolidated profit (loss) from ordinary activities before tax (item 1.5) as a percentage of revenue (item 1.1)	18.2%	14.8%
Profit after tax / +equity interests		
9.2 Consolidated net profit (loss) from ordinary activities after tax attributable to members (item 1.9) as a percentage of equity (similarly attributable) at the end of the period (item 4.33)	10.7%	14.1%

Earnings per security (EPS)	Current period	Previous corresponding period
10.1 Calculation of the following in accordance with AASB 1027: <i>Earnings per Share</i>		
(a) Basic EPS	0.83	0.88
(b) Diluted EPS (if materially different from (a))		
(c) Weighted average number of ordinary shares outstanding during the period used in the calculation of the Basic EPS	40,961,351	31,265,835

NTA backing (see note 7)	Current period	Previous corresponding period
11.1 Net tangible asset backing per +ordinary security (Class A & Class B)	3.12	2.13

+ See chapter 19 for defined terms.

Details of specific receipts/outlays, revenues/ expenses

	Current period \$A'000	Previous corresponding period - \$A'000
12.1 Interest revenue included in determining item 1.5	420	475
12.2 Interest revenue included in item 12.1 but not yet received (if material)	-	-
12.3 Interest costs excluded from borrowing costs, capitalised in asset values	-	-
12.4 Outlays (except those arising from the +acquisition of an existing business) capitalised in intangibles (if material)	-	-
12.5 Depreciation and amortisation (excluding amortisation of intangibles)	18,646	8,586
12.6 Other specific relevant items not shown in item 1.24 (see note 15)	-	-

Control gained over entities having material effect

13.1 Name of entity (or group of entities)	Victorian Grain Services Limited and Controlled Entities
13.2 Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the entity (or group of entities) since the date in the current period on which control was +acquired	\$14,986
13.3 Date from which such profit has been calculated	3 rd October 2000
13.4 Profit (loss) from ordinary activities and extraordinary items after tax of the entity (or group of entities) for the whole of the previous corresponding period	\$16,132

+ See chapter 19 for defined terms.

Loss of control of entities having material effect

14.1	Name of entity (or group of entities)	
14.2	Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the entity (or group of entities) for the current period to the date of loss of control	\$
14.3	Date to which the profit (loss) in item 14.2 has been calculated	
14.4	Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the entity (or group of entities) while controlled during the whole of the previous corresponding period	\$
14.5	Contribution to consolidated profit (loss) from ordinary activities and extraordinary items from sale of interest leading to loss of control	\$

Reports for industry and geographical segments

Information on the industry and geographical segments of the entity must be reported for the current period in accordance with AASB 1005: Financial Reporting by Segments. Because of the different structures employed by entities, a pro forma is not provided. Segment information should be completed separately and attached to this report. However, the following is the presentation adopted in the Appendices to AASB 1005 and indicates which amounts should agree with items included elsewhere in this report.

Segments

Refer Attachment 2

- Operating Revenue
- Sales to customers outside the economic entity
- Inter-segment sales
- Unallocated revenue
- Total revenue
- Segment result
- Unallocated expenses
- Consolidated profit (loss) from ordinary activities before tax (equal to item 1.5)
- Segment assets) *Comparative data for segment assets should*
- Unallocated assets) *be as at*
- Total assets (equal to item 4.17)) *the end of the previous corresponding period.*

Dividends (in the case of a trust, distributions)

15.1	Date the dividend (distribution) is payable	
15.2	+Record date to determine entitlements to the dividend (distribution) (ie, on the basis of registrable transfers received by 5.00 pm if +securities are not +CHESS approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if +securities are +CHESS approved)	
15.3	If it is a final dividend, has it been declared? (Preliminary final report only)	

+ See chapter 19 for defined terms.

Amount per security

		Amount per security	Franked amount per security	Amount per security of foreign source dividend
15.4	<i>(Preliminary final report only)</i> Final dividend: Current year	¢	¢	¢
15.5	Previous year	¢	¢	¢
15.6	<i>(Half yearly and preliminary final reports)</i> Interim dividend: Current year- Franked @ 34%	43 ¢	43 ¢	n/a ¢
15.7	Previous year – Franked @ 36%	32 ¢	32 ¢	n/a ¢

Total dividend (distribution) per security (interim plus final)

(Preliminary final report only)

	Current year	Previous year
15.8 +Ordinary securities	¢	¢
15.9 Preference +securities	¢	¢

**Half yearly report - interim dividend (distribution) on all securities or
 Preliminary final report - final dividend (distribution) on all securities**

	Current period \$A'000	Previous corresponding period - \$A'000
15.10 +Ordinary securities	17,504	10,005
15.11 Preference +securities		
15.12 Other equity instruments		
15.13 Total	17,504	10,005

The +dividend or distribution plans shown below are in operation.

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The last date(s) for receipt of election notices for the +dividend or distribution plans

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Any other disclosures in relation to dividends (distributions)

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+ See chapter 19 for defined terms.

Details of aggregate share of profits (losses) of associates and joint venture entities

		Current period \$A'000	Previous corresponding period - \$A'000
16.1	Profit (loss) from ordinary activities before income tax	-	3,348
16.2	Income tax on ordinary activities	-	1,272
16.3	Profit (loss) from ordinary activities after income tax	-	2,076
16.4	Extraordinary items net of tax	-	-
16.5	Net profit (loss)		2,076
16.6	Outside +equity interests	-	-
16.7	Net profit (loss) attributable to members	-	2,076

Material interests in entities which are not controlled entities

The economic entity has an interest (that is material to it) in the following entities. If the interest was acquired or disposed of during either the current or previous corresponding period, indicate date of acquisition ("from xx/xx/xx") or disposal ("to xx/xx/xx").

Name of entity	Percentage of ownership interest held at end of period or date of disposal		Contribution to net profit (loss) (item 1.9)	
	Current period	Previous corresponding period	Current period - \$A'000	Previous corresponding period- \$A'000
17.1 Equity accounted associates and joint venture entities				
Vicgrain Limited See Attachment 4	-	25%	-	2,076
17.2 Total			-	2,076
17.3 Other material interests				
17.4 Total				

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current period

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

Category of +securities	Total number	Number quoted	Issue price per security (see note 14) (cents)	Amount paid up per security (see note 14) (cents)
18.1 Preference +securities				
18.2 Changes during current period (a) Increases through issues (b) Decreases through returns of capital, buybacks, redemptions				
18.3 +Ordinary securities Class A Shares Class B Shares Foundation share	40,706,586 60,119,264 1	40,706,586		
18.4 Changes during current period (a) Increases through issues (b) Decreases through returns of capital, buybacks	9,941,681 509,530	9,941,681 509,530		
18.5 +Convertible debt securities (description and conversion factor)				
18.6 Changes during current period (a) Increases through issues (b) Decreases through securities matured, converted				
18.7 Options (description and conversion factor) GrainCorp Executive Option Plan (1/1)	68,000 68,000 88,000		<i>Exercise price</i> 6.25 6.25 6.25	<i>Expiry date (if any)</i> 1/7/2001 1/7/2002 1/7/2003
18.8 Issued during current period	Nil			
18.9 Exercised during current period	Nil			
18.10 Expired during current period	Nil			
18.11 Debentures (totals only)				
18.12 Unsecured notes (totals only)				

+ See chapter 19 for defined terms.

Comments by directors

Comments on the following matters are required by ASX or, in relation to the half yearly report, by AASB 1029: Half-Year Accounts and Consolidated Accounts. The comments do not take the place of the directors' report and statement (as required by the Corporations Law) and may be incorporated into the directors' report and statement. For both half yearly and preliminary final reports, if there are no comments in a section, state NIL. If there is insufficient space to comment, attach notes to this report.

Basis of accounts preparation

If this report is a half yearly report, it is a general purpose financial report prepared in accordance with the listing rules and AASB 1029: Half-Year Accounts and Consolidated Accounts. It should be read in conjunction with the last + annual report and any announcements to the market made by the entity during the period. [Delete if preliminary final statement.]

Material factors affecting the revenues and expenses of the economic entity for the current period

Refer Attachment 1

A description of each event since the end of the current period which has had a material effect and is not related to matters already reported, with financial effect quantified (if possible)

Nil

Franking credits available and prospects for paying fully or partly franked dividends for at least the next year

Franking credits available to the economic entity equal \$49,174,586
Franking credits available to the parent entity equal \$4,748,315

Changes in accounting policies since the last annual report are disclosed as follows.
(Disclose changes in the half yearly report in accordance with AASB 1029: Half-Year Accounts and Consolidated Accounts. Disclose changes in the preliminary final report in accordance with AASB 1001: Accounting Policies-Disclosure.)

Nil

Additional disclosure for trusts

19.1 Number of units held by the management company or responsible entity or their related parties.

19.2 A statement of the fees and commissions payable to the management company or responsible entity.

Identify:

- initial service charges
- management fees
- other fees

Annual meeting

(Preliminary final report only)

The annual meeting will be held as follows:

Place	<input type="text"/>
Date	<input type="text"/>
Time	<input type="text"/>
Approximate date the ⁺ annual report will be available	<input type="text"/>

Compliance statement

1 This report has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 12).

Identify other standards used

2 This report, and the ⁺accounts upon which the report is based (if separate), use the same accounting policies.

3 This report does give a true and fair view of the matters disclosed (see note 2).

⁺ See chapter 19 for defined terms.

4 This report is based on ⁺accounts to which one of the following applies.

(Tick one)

The ⁺accounts have been audited.

The ⁺accounts have been subject to review.

The ⁺accounts are in the process of being audited or subject to review.

The ⁺accounts have *not* yet been audited or reviewed.

5 The entity has a formally constituted audit committee.

Sign here:
(Director/Company Secretary)

Date:

Print name:

Notes

- For announcement to the market** The percentage changes referred to in this section are the percentage changes calculated by comparing the current period's figures with those for the previous corresponding period. Do not show percentage changes if the change is from profit to loss or loss to profit, but still show whether the change was up or down. If changes in accounting policies or procedures have had a material effect on reported figures, do not show either directional or percentage changes in profits. Explain the reason for the omissions in the note at the end of the announcement section.
- True and fair view** If this report does not give a true and fair view of a matter (for example, because compliance with an Accounting Standard is required) the entity must attach a note providing additional information and explanations to give a true and fair view.
- Consolidated profit and loss account**
 - Item 1.1 The definition of "revenue" and an explanation of "ordinary activities" are set out in *AASB 1004: Revenue*, and *AASB 1018: Statement of financial performance*.
 - Item 1.6 This item refers to the total tax attributable to the amount shown in item 1.5. Tax includes income tax and capital gains tax (if any) but excludes taxes treated as expenses from ordinary activities (eg, fringe benefits tax).
- Income tax** If the amount provided for income tax in this report differs (or would differ but for compensatory items) by more than 15% from the amount of income tax *prima facie* payable on the profit before tax, the entity must explain in a note the major items responsible for the difference and their amounts.

+ See chapter 19 for defined terms.

5. **Consolidated balance sheet**

Format The format of the consolidated balance sheet should be followed as closely as possible. However, additional items may be added if greater clarity of exposition will be achieved, provided the disclosure still meets the requirements of *AASB 1029: Half-Year Accounts and Consolidated Accounts*, and *AASB 1040: Statement of Financial Position*. Banking institutions, trusts and financial institutions identified in an ASIC Class Order dated 2 September 1997 may substitute a clear liquidity ranking for the Current/Non-Current classification.

Basis of revaluation If there has been a material revaluation of non-current assets (including investments) since the last ⁺annual report, the entity must describe the basis of revaluation adopted. The description must meet the requirements of *AASB 1010: Accounting for the Revaluation of Non-Current Assets*. If the entity has adopted a procedure of regular revaluation, the basis for which has been disclosed and has not changed, no additional disclosure is required. Trusts should also note paragraph 10 of *AASB 1029* and paragraph 11 of *AASB 1030: Application of Accounting Standards etc.*

6. **Consolidated statement of cash flows** For definitions of “cash” and other terms used in this report see *AASB 1026: Statement of Cash Flows*. Entities should follow the form as closely as possible, but variations are permitted if the directors (in the case of a trust, the management company) believe that this presentation is inappropriate. However, the presentation adopted must meet the requirements of *AASB 1026*. ⁺Mining exploration entities may use the form of cash flow statement in Appendix 5B.

7. **Net tangible asset backing** Net tangible assets are determined by deducting from total tangible assets all claims on those assets ranking ahead of the ⁺ordinary securities (ie, all liabilities, preference shares, outside ⁺equity interests etc). ⁺Mining entities are *not* required to state a net tangible asset backing per ⁺ordinary security.

8. **Gain and loss of control over entities** The gain or loss must be disclosed if it has a material effect on the ⁺accounts. Details must include the contribution for each gain or loss that increased or decreased the entity’s consolidated profit (loss) from ordinary activities and extraordinary items after tax by more than 5% compared to the previous corresponding period.

9. **Rounding of figures** This report anticipates that the information required is given to the nearest \$1,000. However, an entity may report exact figures, if the \$A’000 headings are amended. If an entity qualifies under ASIC Class Order 98/0100 dated 10 July 1998, it may report to the nearest million dollars, or to the nearest \$100,000, if the \$A’000 headings are amended.

10. **Comparative figures** Comparative figures are the unadjusted figures from the previous corresponding period. However, if there is a lack of comparability, a note explaining the position should be attached.

+ See chapter 19 for defined terms.

11. **Additional information** An entity may disclose additional information about any matter, and must do so if the information is material to an understanding of the reports. The information may be an expansion of the material contained in this report, or contained in a note attached to the report. The requirement under the listing rules for an entity to complete this report does not prevent the entity issuing reports more frequently. Additional material lodged with the +ASIC under the Corporations Law must also be given to ASX. For example, a directors' report and declaration, if lodged with the +ASIC, must be given to ASX.
12. **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if one) must be complied with.
13. **Corporations Law financial statements** As at 1/7/96, this report may be able to be used by an entity required to comply with the Corporations Law as part of its half-year financial statements if prepared in accordance with Australian Accounting Standards.
14. **Issued and quoted securities** The issue price and amount paid up is not required in items 18.1 and 18.3 for fully paid securities.
15. **Relevant Items** AASB 1018 requires the separate disclosure of specific revenues and expenses which are not extraordinary but which are of a size, nature or incidence that disclosure is *relevant* in explaining the financial performance of the reporting entity. the term "relevance" is defined in AASB 1018. For foreign entities, there are similar requirements in other accounting standards normally accepted by ASX.
16. **\$ Dollars** If reporting is not in A\$, all references to \$A must be changed to the reporting currency. If reporting is not in thousands of dollars, all references to "000" must be changed to the reporting value.

Merger

As referred elsewhere in this report, the company merged its operations with Vicgrain Services Limited (VGS), effective 3 October 2000.

Revenue Analysis

The storage and handling revenue of the consolidated entity increased by 70.3% to \$164.2 million in the half year as a result of the merger (2000: \$96.5 million).

Grain receivals were 11.4 million tonnes (2000: 7.9 million tonnes, excluding VGS 4.8 million tonnes), with export shipping of 4.3 million tonnes (2000: 2.1 million tonnes, excluding VGS 2.1 million tonnes).

Revenue from marketing was \$110.2 million (2000: \$154.8 million). The reduction is due to the delivery date of contracted sales. The growth in marketing activities, whilst not as yet reflected in the half year's results, has supported the tonnes received into the storage network, with the resultant financial benefit for the company.

Profit Analysis

The consolidated profit after tax for the half year of \$34.0 million was 24.5% higher than the comparable period (2000: \$27.4 million, including \$2.1 million share of associate profits in VGS group). The profit of \$34.0 million is the first reported result of the merged business.

Performance efficiencies and the larger carryover stocks minimised the impact of the floods in northern New South Wales on receivals. Capital expenditure and the holding of trading stock for longer periods of time, have increased depreciation and interest costs by \$5.7 million.

GRAINCORP LIMITED AND CONTROLLED ENTITIES
ATTACHMENT 2 TO APPENDIX 4B

Segment Information

Half Year Ended 31 March 2001	Storage & Handling \$'000	Marketing \$'000	Intersegment Eliminations \$'000	Consolidation \$'000
Sales to customers outside consolidated entity	164,242	110,241	-	274,483
Intersegment sales	8,170	692	(8,862)	-
Other revenue	5,703	803	-	6,506
Total revenue	178,115	111,736	(8,862)	280,989
Segment result	68,092	(2,224)	-	65,868
Unallocated expenses				(14,604)
Consolidated operating profit before income tax				51,264
Segment assets	486,761	61,484	-	548,245
Unallocated assets				2,943
Total assets				551,188

Half Year Ended 31 March 2000	Storage & Handling \$'000	Marketing \$'000	Intersegment Eliminations \$'000	Consolidation \$'000
Sales to customers outside consolidated entity	96,460	154,819	-	251,279
Intersegment sales	3,600	246	(3,846)	-
Other revenue	7,263	-	-	7,263
Total revenue	107,323	155,065	(3,846)	258,542
Segment result	46,602	(3,040)	-	43,562
Unallocated expenses				(6,253)
Consolidated operating profit before income tax				37,309
Segment assets	296,594	44,824	-	341,418
Unallocated assets				4,126
Total assets				345,544

Notes to and forming part of the segment information:

- (1) The above industry segments derive revenue from the following operations and activities:

Storage and Handling: Includes fees for receipt, storage and testing of wheat and other grains.
Marketing: Grain Trading & merchandising of seed, fertilizer and chemicals.

- (2) Intersegment pricing is on an "arm's length" basis.
(3) The consolidated entity only operates in one geographical segment (Australia).

GRAINCORP LIMITED AND CONTROLLED ENTITIES
ATTACHMENT 3 TO APPENDIX 4B

Income Tax

The aggregate of income tax attributable to the financial period differs by more than 15 % from the amount calculated on the operating profit. The differences are reconciled as follows:

	CONSOLIDATED	
	2001	2000
	\$'000	\$'000
Operating profit before income tax	51,264	37,309
Prima facie tax on operating profit at 34% (2000: 36%)	17,430	13,431
Tax effect of permanent differences		
Depreciation of capitalised interest	337	304
Additional allowable tax depreciation	(917)	(1,774)
Profit on sale of assets	34	(690)
Profit from Associates		(747)
Other	382	23
Income tax adjusted for permanent differences	17,266	10,547
Changes in corporate tax rate adjustment	141	(378)
Under (over) provision in previous year	55	(135)
Income tax expense attributable to operating profit	17,462	10,034

Taxation accounts included in the consolidated balance sheet are as follows:

	31 Mar 2001 \$'000	30 Sept 2000 \$'000	31 Mar 2000 \$'000
Non-current assets - other			
Deferred tax asset	5,992	1,686	2,259
Current liabilities - provisions			
Tax liabilities	7,359	4,739	4,962
Non-current liabilities - provisions			
Tax liabilities	7,611	5,684	4,515

GRAINCORP LIMITED AND CONTROLLED ENTITIES
ATTACHMENT 4 TO APPENDIX 4B

Investment In Controlled Entities

Details of the assets from the merger with Victorian Grain Services Limited and its Controlled Entities on 3 October 2000 are as follows:

	<u>\$' 000</u>
Fair value of identifiable net assets of the merged controlled entity	
Land, structures & plant & equipment	171,218
Receivables	22,026
Cash	4,192
Deferred tax - net asset	4,485
Inventories	1,758
Other assets	1,511
Provision for taxation	(2,597)
Deferred revenue	(5,600)
Provision for employee entitlements	(7,840)
Trade creditors	(11,453)
Borrowings	(61,648)
	<u>116,052</u>
Less value therein attributable to previous shareholding of 25 % in Vicgrain Limited held by GrainCorp (Victoria) Pty Limited.	(26,722)
Goodwill on consolidation	829
Total cost of merger	<u>90,159</u>
Sundry merger costs paid in cash	(684)
Consideration by issue of 9,941,681 fully paid Class A shares	<u><u>89,475</u></u>

Reserves - Asset Revaluation

Adjusted value of 25 % investment in associate company above	26,722
Value of 25 % investment in associate company previously reported	(11,527)
Revaluation required	<u>15,195</u>
Asset revaluation reserve as at 30 September 2000	3,235
Asset revaluation reserve as at 31 March 2001	<u><u>18,430</u></u>

**GRAINCORP LIMITED AND CONTROLLED ENTITIES
ATTACHMENT 5 TO APPENDIX 4B**

**Extract from Statement of Financial
Performance
Revenue and expenses from ordinary activities**

	CONSOLIDATED	
	2001	2000
	\$'000	\$'000
Sales Revenue		
Storage & Handling	164,242	96,460
Marketing	110,241	154,819
	274,483	251,279
Interest revenue	420	475
Other Revenue		
Proceeds on sale of assets	842	2,238
Rental income	1,907	1,331
Other	3,337	1,143
	6,086	4,712
Revenue from ordinary activities	280,989	256,466
Expenses		
Change in inventories - raw materials	(9,442)	34,222
Raw materials, consumables and usage costs	(116,062)	(200,026)
Employee benefits expense	(58,157)	(34,894)
Depreciation & amortisation	(18,646)	(8,586)
Other expenses from ordinary activities	(21,225)	(10,041)
Expenses from ordinary activities	(223,532)	(219,325)
Borrowing cost expense	(6,193)	(1,908)
Total Expenses	(229,725)	(221,233)
Share of net profits of associate using the equity method	0	2,076
Profit from ordinary activities before income tax	<u>51,264</u>	<u>37,309</u>
	Control	0.00
		0.00

Directors' Declaration

The directors declare that the financial statements and notes in the form of Appendix 4B of the Australian Stock Exchange (ASX) Listing Rules as set out on pages 6 to 28;

- (a) comply with Accounting Standards, the Corporate Regulations and other mandatory professional reporting requirements, and
- (b) give a true and fair view of the consolidated entity's financial position as at 31 March 2001 and of its performance, as represented by the results of its operations and its cash flows, for the half year ended on that date.

In the directors' opinion there are reasonable grounds to believe that GrainCorp Limited will be able to pay its debts as and when due and payable

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

R.L. Greentree
Chairman

Sydney,
29 May 2001

PRICEWATERHOUSECOOPERS

INDEPENDENT REVIEW REPORT TO THE MEMBERS OF GRAINCORP LIMITED

Scope

We have reviewed the financial report of GrainCorp Limited (the Company) in the form of Appendix 4B of the Australian Stock Exchange (ASX) Listing Rules as set out on pages 6 to 29, for the half year ended 31 March 2001.

The Company's directors are responsible for the financial report which includes the consolidated financial statements of the consolidated entity comprising the Company and the entities it controlled at the end of, or during, the half year. We have performed an independent review of the financial report in order for the Company to lodge the financial report with the Australian Securities & Investments Commission and the ASX.

This review was performed in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB1029: Half Year Accounts and Consolidated Accounts, other mandatory professional reporting requirements, the Corporations Law and ASX Listing Rules as they relate to Appendix 4B so as to present a view which is consistent with our understanding of the consolidated entity's financial position and performance as represented by the results of its operations and cash flows.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. The review is limited primarily to inquiries of the company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of GrainCorp Limited is not in accordance with:

- (a) the Corporations Law, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 March 2001, and of its performance for the half year ended on that date; and
 - (ii) complying with Accounting Standards AASB 1029: Half-Year Accounts and Consolidated Accounts and Corporation Regulations; and
- (b) other mandatory professional reporting requirements and ASX Listing Rules as they relate to Appendix 4B.

PricewaterhouseCoopers
Chartered Accountants

D E Wills
Partner

Sydney
29 May 2001