

**GrainCorp has  
generated a  
24% increase  
in half yearly  
profit results**



# GrainCorp Limited

**\$34 million half year profit**  
**43 cent fully franked dividend**

## Chairman's and Managing Director's Message

### Vision

GrainCorp is a robust company with a vision to be a leader in Australian agribusiness well into the future. We are pleased to announce buoyant half year results including an after-tax net profit of \$34 million, \$6.5 million more than the corresponding period last year, following the merger with Vicgrain Limited on 3 October 2000.

A fully franked interim dividend of 43 cents per share considers the possible tax benefit to shareholders of being paid an estimated higher proportion of fully franked dividend in the first reporting half.

The strong profit is substantially attributable to GrainCorp's merger

with Vicgrain which saw the spreading of seasonal risk across a geographically broader base, an increase in business activity and greater economies of scale. The full integration of our operations is on track for completion in September this year.

We will continue to grow our business and enhance shareholder value through customer focus, strategic diversification and integration along the grain-supply chain. Sound and strategic commercial decisions will provide the basis for taking advantage of change-driven opportunities in the grains industry.

A recent investment in a small shareholding of our largest customer, AWB Limited, sends a clear message of our confidence in the grains industry and is consistent with our growth strategy of related diversification.

Our investment in Australia's dominant wheat marketer is a sound business decision and will strengthen GrainCorp's position within the industry.

### Growing Opportunities

As the internet becomes an increasingly important commercial tool, GrainCorp is developing an e-commerce strategy which redefines the processes which connect the product to the point of sale.

This strategy will enhance commercial transactions and communication providing producers and buyers with an instant, seamless business platform.

Rail is another growth area for the Company. GrainCorp storage sites mirror the rail network and accordingly, we aim to invest in rail infrastructure to realise the most efficient transport of grain from silo to port.

In addition, GrainCorp's business development team is focused on maximising our growing business of woodchips and other products for export at our four strategically positioned seaboard terminals.

### Community

GrainCorp employs 850 full-time staff and thousands of casual staff at peak harvest periods, in regional and rural areas across south-eastern Australia.

In these communities where many of our staff live and work, GrainCorp, through an independent Foundation, distributes 1% of annual after-tax profits to supporting community projects.

**GrainCorp heads into the next half in a strong position, ready to take up growth opportunities and continue building our core business.**

Ron Greentree  
Chairman

Tom Keene  
Managing Director



# Share Review



## Financial Highlights

### Discussion

Net profit of \$34 million is the first reported result of the merged business. Increased tonnages received offset higher depreciation and interest costs.

Marketing revenue decreased due to the timing of sales.

Fully franked interim dividend per share of 43 cents recognises the benefit to shareholders in taking advantage of the 34% franking rate, through a higher than proportionate dividend pay out.

Total assets increased due to the merger and capital expenditure for the 6 months to 31 March 2001 of \$32.8 million.

## Share Price

The line graph (below right) shows relative performance of GrainCorp shares to both the All Ordinaries and the Miscellaneous Industrials Indices for the 6 months ended 31 March 2001. GrainCorp's share price out-performed the All Ordinaries Index and significantly out-performed the Miscellaneous Industrials Index.

## graincorp.com.au

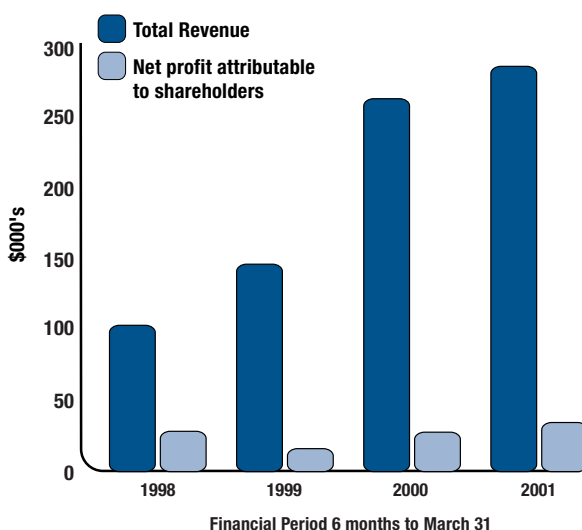
Like to keep up-to-date with news and information from GrainCorp? [graincorp.com.au](http://graincorp.com.au) features a wide range of company information for investors and customers. Your feedback is welcome at this site.

### Half Yearly Results

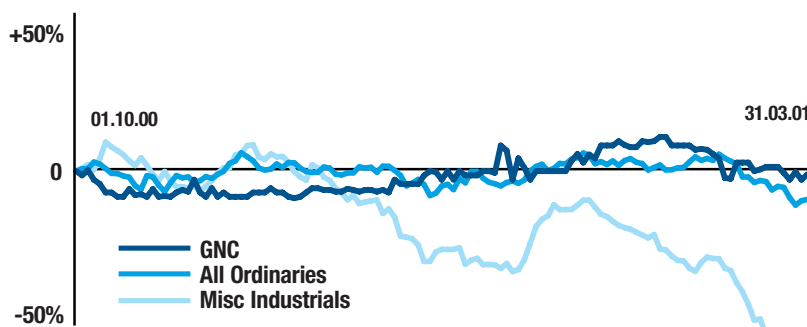
#### Consolidated Profit and Loss

	6 months to March 01 \$'000	6 months to March 00 \$'000
Storage and handling revenue	169,253	103,477
Marketing revenue	111,736	155,065
Total revenue	280,989	258,542
Profit before income tax expense	51,264	37,309
Profit after income tax expense	33,802	27,275
Net profit attributable to shareholders	34,055	27,353
<b>Other</b>		
Total assets	551,188	345,544
Earnings per share	0.83c	0.88c
Dividend per share	0.43c	0.32c

### Total Revenue & Profit for Shareholders



### GrainCorp's share movement relative to the All Ords and MISC Industrials



## Our People

*The key to any organisation is their staff. GrainCorp's dedicated staff perform a multitude of different roles which testifies to the diversity of the organisation. Share Review talks to Jack Tansley, GrainCorp's Southern Division Manager, based in Marong, VIC.*



**Jack Tansley**  
**Southern Division Manager**

### **Jack, you manage GrainCorp's Southern Division - what does that involve?**

I look after the silo network across the Southern Division - which comprises the Southern Riverina in NSW and all of Victoria, including the port network - Geelong, Portland and Sunshine.

A major responsibility is the financial management of the Division, particularly making sure that our cost structure keeps us competitive. I also focus on providing a quality service to our grower and end-user customers. I consider customer focus to be very important.

Communicating to staff, helping them do their jobs and providing them with a safe and enjoyable

work place is also an important and rewarding aspect of my role.

### **How do you manage the challenge of covering such a large area?**

The secret is having good key staff. I rely on their information on a whole range of issues from operations to the market place: growers, clients and industry players. I do travel around a fair bit, but mainly I depend on the communication network to conquer the geographical challenge.

### **How do you deal with the demands of your job?**

By enjoying it. In a job that is as demanding as this one, you have to enjoy what you do and enjoy the people you work with and the customers and suppliers you deal with and - I have to say that I do!

## 2001 Winter Crop Prospects

Subject to further rains, plantings and favourable grain prices have combined to cement a generally positive outlook for the south-east Australian winter crop.

According to the Australian Bureau of Agricultural and Resource Economics (ABARE) Australian Crop Report, released 5 June 2001, winter crop planting forecast was predicted to be marginally down on last year with 4.8 million hectares forecast to be planted in NSW this winter and 2.48 million hectares in Victoria.

The US Department of Agriculture forecast firm wheat prices with global wheat consumption up and global production easing slightly.

## What's New at GrainCorp

### **Growing Solutions**

Growing Solutions is our new positioning statement. It represents GrainCorp's ability to provide value-added services to grain producers and customers based on the storage, logistics and marketing of grain and bulk products.

A strategy of related diversification will continue to provide business development opportunities and deliver long-term investment growth for shareholders.

### **Investing in our major customer**

GrainCorp is seeking a 10% stake (23 million Class B shares) in Australia's dominant wheat exporter, AWB Ltd. The move is part of a long-term investment strategy to further integrate GrainCorp's core business and grow shareholder value. An offer was made in April through ABN AMRO Morgans to AWB's 65,000 Class B shareholders to sell all, or part of their shareholding to GrainCorp at \$2.60 per share. The offer will close 6 July 2001.

### **GrainCorp Service Centres grow**

GrainCorp's network of Service Centres continues to expand. GrainCorp Service Centres provide farm inputs, agronomic support, finance products and marketing services to growers at a one-stop shop. Recently, new Service Centres were opened at Charlton, Victoria and Perth, Western Australia.

### **Rail key to further integration**

Recently GrainCorp sought expressions of interest for the supply of two trains to be operated in NSW and Victoria. Investment in rail is a key business development area.



# Share Review



## Building a New Foundation

GrainCorp's profitability depends to a large extent on the health of the rural communities in which it operates.

In recognition of this, GrainCorp recently formed an independent Foundation and every year will see GrainCorp give 1% of annual after-tax profits to this new GrainCorp Foundation.

Funding will be granted for special projects dependent on the merit of applications received, decided by the autonomous GrainCorp Foundation Board.

Currently the GrainCorp Foundation is in the process of allocating \$500,000 to education, health, community and special business development projects. To date, funding for 26 projects has been approved across NSW and Victoria.

These include the Tottenham Central School which will receive \$12,000 for a storage shed on its agricultural block and the Loddon Murray Community Leadership Program, which provides leadership courses in rural Victoria, will receive \$6,500 annually for three years. The Central West Youth Support Group in NSW which provides recreational and educational programs for rural youth, will be furnished with \$10,000 over two years.

Active participation from the community has been vital to the



success of the GrainCorp Foundation in its maiden year.

Further submissions to gain funding for rural-based community projects are encouraged for the next period beginning 1 October 2001.

Enquiries and requests for submission forms can be directed to GrainCorp Foundation secretary Megan O'Halloran on 02 9325 9110 or email [mlo00@graincorp.com.au](mailto:mlo00@graincorp.com.au) Submission forms are also at [graincorp.com.au](http://graincorp.com.au)

## GrainCorp's Objectives

### Investment

To reward shareholders with continued growth and dividend earnings while maintaining a sound financial base for future expansion and seasonal variations.

### Customer Service

To continually meet or exceed our customers' needs in service and technical capability.

### Community

To meet community standards in employment, training and the environment as well as providing a safe and rewarding workplace for all staff.



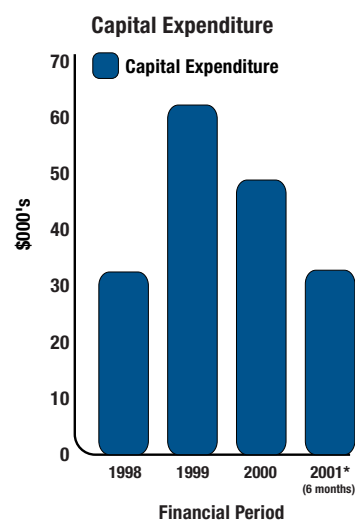
# Capital Investment

Well-managed capital expenditure is vital to provide better service to GrainCorp's grower and end-user customers which in turn improves the financial performance of the Company.

GrainCorp's strategy in allocating capital is to focus on developing key receival sites as part of a long-term plan to develop a network of highly efficient storage facilities across south-eastern Australia.

In this reporting half, the Company has spent \$32.8 million on capital improvements and over the last five years more than \$200 million has been invested into GrainCorp storage and handling facilities.

In the next six months, another \$40 million will be allocated to capital improvements across the merged business, depending on seasonal outlook.



\*This figure reflects capital expenditure for the first reporting half of 2001 for the merged operation.

## Any Idea? Your Questions Answered

### Where is the GrainCorp/Vicgrain merger up to?

Integration of the two companies is on track for completion by September this year. A more diverse asset base and subsequent economies of scale will continue to strengthen shareholders' investment in GrainCorp and provide a solid platform for future growth.

### What is GrainCorp's dividend policy?

Dividend distribution has consistently been 50% of the Company's annual after tax profit.

### What other commodities has GrainCorp diversified into?

Woodchips are accumulated, stored and exported from GrainCorp's Geelong and Portland Terminals. Cottonseed and other products are handled at our four export terminals.

### How is GrainCorp's share buy-back progressing?

In September 2000, GrainCorp began an on-market share buy-back to strengthen the Company's balance sheet position and manage its capital structure. The buy-back has resulted in the acquisition by GrainCorp of 556,000 Class A shares (as at May 8). The buy-back is limited to 10%, or 3.1 million Class A shares. The buy-back has been extended to 31 January 2002.

## Shareholder Information

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 02 8234 5000  
Fax 02 8234 5050

### Investor Enquires

Telephone 02 8234 5222

GrainCorp Limited sponsoring brokers are:

### ABN AMRO Morgans Limited

GPO Box 202  
Brisbane QLD 4001  
Telephone 1800 777 946

### Macquarie Equities Limited

20 Bond Street  
Sydney NSW 2000  
Telephone 1800 815 099

### GrainCorp Limited

Level 10, 51 Druitt Street  
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[graincorp.com.au](http://graincorp.com.au)

