

SHARE REVIEW



GrainCorp Limited Full Year 2004

Year to 30 September 2004

**STRENGTHENING OUR
PRESENCE ALONG THE
GRAIN SUPPLY CHAIN**

CHAIRMAN'S AND MANAGING DIRECTOR'S MESSAGE

GrainCorp has returned to profitability with a full year result of \$25.7 million profit after tax for the year ended 30 September 2004. Our dividend payment for the year was 41 cents per share (including a 10 cent special dividend) which represents a franked yield of 4.7%. Revenue for the year was \$964.1 million which also compares favourably with the figure of \$512.9 million for the previous year.

Whilst the recovery from the drought has been subdued, we are confident that our business has emerged in good shape. The recovery has also been evident in our share price which at the time of writing is trading around \$13.20. Our Reset Preference Shares (RPS) also performed solidly; and we have enjoyed increasing interest from investors.

As a benefit to shareholders for their continuing commitment we paid a special dividend of 10 cents per share in July. We also revised our dividend policy from 65 percent of profit after tax to a minimum of 70 percent after reset preference share payments.

GrainCorp is in a strong position today, with integrated business operations across the grains industry. From seed breeding in our research and development ventures, right through to primary processing. With recent growth including the merger with Vicgrain in 2000; the acquisition of Allied Mills in 2002; and then Grainco Australia/MarketLink in 2003; along with the growth of our business units, we are indeed strengthening our presence along the supply chain.

Company growth

The Grainco/MarketLink acquisition in October 2003 enabled us to significantly augment our Marketing business. We have gained some valuable new commercial relationships with a range of export customers. This is an opportunity which we have continued to develop over the past year.

We have also continued our restructuring program of Allied Mills, which began in October 2002 following our acquisition of the business in partnership with Cargill Australia. This has included a reduction in the workforce at Allied Mills by over 30%. Until this work is completed we do not expect a significant improvement in financial performance. However, we are now entering the final phase of its transformation and remain confident of growth in future

years. The recent signing of a long term supply agreement with Goodman Fielder reinforces the strength of that relationship, and our commitment to improve sales of quality flour products.

AG Plus – a strong commitment

A good example of the value of our business unit strategy is the launch of our farm inputs business as “AG Plus” in May 2004. Over the past year AG Plus doubled its share of the seed, fertiliser and chemical distribution market from 3% to 6% with a network of 28 service centres across three states. The launch of AG Plus has reassured both our customers and suppliers that GrainCorp is committed to this business for the long term, with immediate and visible results.

Safety

The grains industry can provide a hazardous work environment, particularly during harvest. GrainCorp continues to make safety its number one priority for both staff and visitors to GrainCorp sites.

In the past our safety performance has not been acceptable and we have dedicated significant resources to improving this. Safety is a central component of the company's incentive scheme and features in every corporate communication with our employees.

Our safety performance has improved significantly over the past twelve months. We are pleased to report that at the end of the 2004 year our Safety Performance Indicator (SPI) stands at 12. This is a remarkable improvement from the level of 72 where it stood only one year ago. It is more remarkable still when compared to twelve months before that when it stood at 137. These achievements have served to spur us on to ever higher standards, and we intend to maintain our focus on this crucial area.



Ronald Greentree

Ron Greentree
Chairman



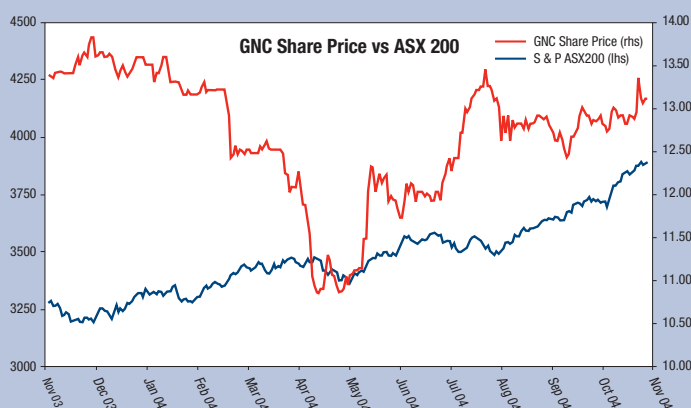
T. B. Keene

Tom Keene
Managing Director

SHARE REVIEW

Financial Highlights

- \$25.7 million profit after tax, up from a loss of \$18.2 million after tax for 2002/03
- Revenue \$964.1 million, up by 88%
- EBITDA \$114.7 million, up from \$34.1 million
- 12 million tonnes of receivals, up by 471%
- 5.9 million tonnes of grain exported through our terminals, up by 392%
- Dividend of 41 cents per ordinary share declared, including special dividend
- Dividend of 6.5% paid to RPS shareholders



GrainCorp results for year ending 30 September 2004

	Unit	2004	2003	% Change
Receivals	million tonnes	12.0	2.1	471%
Exports	million tonnes	5.9	1.2	392%
Revenue	\$million	964.1	512.9	88%
EBITDA	\$million	114.7	34.1	236%
PBT	\$million	36.7	-25.9	242%
PAT	\$million	25.7	-18.2	241%
Dividend – Ordinary	cents	41.0	0	n/a
Dividend – RPS	percent	6.5	0	n/a
EPS (basic)	cents	43.7	-44.8	198%
Total Assets	\$million	897.5	606.0	48%

Business Unit Profile

An insight into GrainCorp Marketing: International Business

GrainCorp has made a significant impact on the international grain marketing scene this year. We have been focused on establishing strong relationships in key markets all over the world. At the same time our domestic customer base has continued to grow, demonstrating GrainCorp's successful diversification and strengthening presence along the grain supply chain.

This year there have been a number of significant export achievements for the company. We completed the first shipment of oilseeds to the sub-continent; first sales of feed barley to Saudi Arabia, the largest buyer in the world; and sales of sorghum to Japan. GrainCorp is now the largest exporter of canola and sorghum from east coast ports and one of the largest exporters of barley.

Japanese customers are the most quality conscious consumers in the world and represent over half the exports for GrainCorp Marketing. This market is very important to the company and we invest considerable time and effort in servicing their requirements. In mid September a delegation from GrainCorp made one of its twice yearly visits to Japan. The purpose of the visit was to review our export performance for the year, provide information on crop

conditions and likely quality for the coming crop; and identify ways to increase the value we provide to Japanese importers.

The customers visited include Marubeni Corp, Itochu Corp, Zennoh Corp, Tomen Corp and Mitsubishi Corp. These companies have a clear preference for dealing with the owners of infrastructure in Australia. Our large network of country and export facilities therefore puts us in a strong market position. From quality control at country receipt through every stage of grain handling to vessel loading and delivery, the strength of the GrainCorp network and the dedication of our staff is highly valued.

A key message from Japanese processors and consumers is the importance of food safety.

As in Australia, Japanese consumers are becoming increasingly demanding in relation to food security and labeling.

We will continue to improve our quality assurance to ensure we meet these demands. GrainCorp is well known in Japan. Our challenge is to continue to strengthen our relationships and our competitive position in this important market.



Sam Tainsh
General Manager
GrainCorp Marketing

LATEST NEWS

Harvest receivals forecast

On Thursday 25 November GrainCorp revised its harvest receivals forecast down to 10.5 million tonnes for the winter harvest of grain. This forecast is down 1 million tonnes from the October figure.

Harvest has progressed throughout Queensland, New South Wales and now Victoria and at the time of printing 6.0 million tonnes of grain had been received.

GrainCorp breaks Australian harvest receival record – twice!

On Thursday 11 November GrainCorp broke an Australian harvest receival record at its Coonamble site in north western NSW. Just three days later this record was broken again at the GrainCorp Moree site with 26,275 tonnes delivered on Sunday 14 November. On that day the Moree site received 623 trucks with 16 different segregations of grain. GrainCorp's ability to elevate such a substantial amount of grain and variety of different grades, demonstrates the efficiency benefits of our modernisation strategy.

This record is a result of the continued hard work and commitment of GrainCorp staff.



GrainCorp enters into agreement to sell its 50% interest in ABA

In November 2004 GrainCorp Limited sold its interest in Australian Bulk Alliance (ABA) to Sumitomo Corporation. GrainCorp had secured a 50 percent share of ABA as part of its acquisition of Grainco Australia in 2003. A requirement of the Australian Competition & Consumer Commission at the time of GrainCorp's merger with Grainco was that GrainCorp sell its share in ABA. The gross consideration for the transaction was around \$15 million.

The price received for the stake in ABA is in line with GrainCorp's expectations. The Company is pleased with the successful integration of the Queensland operations into the GrainCorp structure. Every stated target in relation to efficiency gains and cost savings has been met.

GrainCorp acquired Grainco's Queensland operations in October 2003 for \$105 million. The acquisition was funded through the issue of Reset Preference Shares (RPS) which have a reset date of 30 September 2006.

GrainCorp and AWBL partner in Logistics Joint Venture

GrainCorp and AWB Limited (AWBL) welcomed the decision by the Australian Competition and Consumer Commission to grant an interim authorisation to set up a joint venture (JV) logistics company, to be called Export Grain Logistics Pty Ltd. The JV is designed to improve co-ordination of the grain export task, increase efficiencies and, over time, lower supply chain costs to improve the competitive position of Australian grain growers in the global market.

The JV demonstrates the ability of GrainCorp, AWB and the rail operators to work together towards improving coordination of the export grain supply chain on the east coast. The JV is incorporated and owned jointly by GrainCorp and AWBL. The venture stemmed from the recognition by both organisations that there was scope to further improve supply chain efficiencies in Queensland, New South Wales and Victoria.

The JV does not restrict the ability of either company to sell grain to domestic customers, or to provide other services to growers and traders. GrainCorp and AWBL will remain strong competitors in grain storage, acquisition and marketing services.

SHAREHOLDER INFORMATION

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

Computershare Investor Services

GPO Box 7045 Sydney NSW 1115
Phone 02 8234 5000 Fax 02 8234 5050

Computershare Investor Enquiries

Phone 02 8234 5222 or 1300 855 080



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