Media Release

GrainCorp Limited ABN 60 057 186 035

GrainCorp
Growing Solutions

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GRAINCORP REPORTS FULL YEAR LOSS OF $18.2 MILLION

Leading agribusiness GrainCorp today announced a full year loss after tax of $18.2 million for the year ended 30 September 2003. The result represents a slight improvement on the company's earlier forecast of a loss of $19-20 million announced in May 2003.

GrainCorp's financial performance over the past year has been heavily influenced by the drought, which reduced total grain receivals in New South Wales and Victoria by 83 percent to 2.1 million tonnes, from over 12 million tonnes the previous year. Despite the drought's effect on receivals of grain, revenue for GrainCorp was only down by 26 percent due to increased marketing activity, the contribution of Allied Mills and the disposal of AWB shares.

Importantly, the company remained cash-flow positive, as the bottom line was net of a depreciation and amortisation charge of $42 million resulting, in part, from GrainCorp's recent $300 million asset modernisation program.

Result highlights

- $18.2 million loss after tax, down from a profit of $48.6 million after tax for 2001/02
- Revenue $512.9 million, down 26 percent
- EBITDA $34.1 million, down from $125.6 million
- Capital expenditure restricted to $10.1 million, compared with $46.9 million for 2002
- Divestment of AWB Ltd holding of 8.7 million shares at $6.9 million profit
- Cost management initiatives were successfully implemented

"The drought undoubtedly had a dramatic impact on the company's key business drivers this year. Despite this, our success in managing costs, containing capital expenditure and minimising the impact on the company's financial performance was pleasing," said Tom Keene, Managing Director of GrainCorp.

"The company will carry 1.2 million tonnes of grain stock in storage into the 2003/04 year, down from 4.5 million tonnes the previous year.

"This low carry over will result in a subdued recovery in our financial performance, as our carry over fee levels will reflect the low volume of grain in store at 30 September."

"In what has been a challenging year for agriculture, we have remained focused on strategic growth and earnings diversification. The acquisition of Grainco Australia and the continued restructuring of Allied Mills in partnership with Cargill Australia are both evidence of this," said Mr Keene.

"The creation of Strategic Business Units represents an evolutionary leap for GrainCorp. They will provide the focus to achieve increased efficiencies and to drive our profitability into the future."

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Strategic Business Units (SBUs)

GrainCorp has sharpened its focus on its core business of Storage and Handling and the complementary activities of Farm Inputs, Marketing, and Logistics through the formalisation of business areas into Strategic Business Units (SBUs).

These four SBUs, in addition to Primary Processing, form the strategic platforms on which the company's performance is based. Over the next few years GrainCorp will be active in securing and where possible expanding its position in its areas of strength, Storage & Handling, Marketing, and Primary Processing; and pursuing profitable growth in the emerging areas of Farm Inputs and Logistics.

Allied Mills
GrainCorp and Cargill Australia Ltd. acquired the milling and mixing business from Goodman Fielder Ltd on 4 October 2002 for approximately $200 million. The new company trades as Allied Mills Australia Pty Limited. GrainCorp has a 60 percent ownership interest.

Allied Mills is the largest producer of human consumption flour in Australia and has operations in every mainland State. It enjoys relationships with a long list of customers including a long-term supply arrangement with Goodman Fielder, now Burns Philp. This acquisition has allowed GrainCorp to enter into the flour milling sector as a major player.

Acquisition of Grainco Australia Limited
GrainCorp has continued its extensive program of modernisation, geographic expansion and supply chain diversification with the recent acquisition of Queensland based Grainco Australia. The acquisition took effect on 1 October 2003.

GrainCorp has acquired the entire Queensland storage network of depots, the export marketing rights for NSW barley, sorghum and canola, plus Agricultural Risk Management Services (ARMS), ContainerLink, four port terminals including the impressive facilities at Brisbane, and an interest in PlantTech, which is a joint venture partnership with Elders Ltd involved in the development and commercialisation of plant breeding technology.

Bulk Terminals Australia (Port Terminals)
In November 2002 GrainCorp and Grainco entered into a joint venture, Bulk Terminals Australia (BTA) to operate their respective Brisbane and Newcastle port facilities. Following the acquisition of Grainco, BTA has been absorbed into an all ports structure within the Storage and Handling SBU.

GrainCorp Port Terminals operates nine facilities across three States - Gladstone, Mackay, Fisherman Islands and Pinkenba in Queensland; Carrington, Kooragang Island and Port Kembla in New South Wales; and Geelong and Portland in Victoria.

Grain Marketing
Grain Marketing made a $13.6 million profit in 2002/2003 through the sale of grain stocks, its basis risk management trading strategy and Pools management. This compares with a profit of $5.0 million in 2001/2002.

GrainCorp will hold the New South Wales Grains Board (NSWGB) export marketing rights until October 2005 for barley, canola and sorghum. This extends GrainCorp's international marketing operations into Asia and the Middle East. The company is well positioned for further deregulation of markets.

Harvest update
Harvest is almost complete in Queensland and northern New South Wales and underway in the remainder of NSW and Victoria, with a combined total of 3.8 million tonnes received so far of a revised total estimate of 10.5 million tonnes.

The Northern Division which covers Queensland has so far received 1.0 million tonnes of grain into GrainCorp storage. The receivals from NSW which is made up of the North West, Western and South West Divisions of GrainCorp, have so far received a total 2.5 million tonnes. The Southern Division which covers all of Victoria and Naracoorte in South Australia, has so far received 0.3 million tonnes.

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