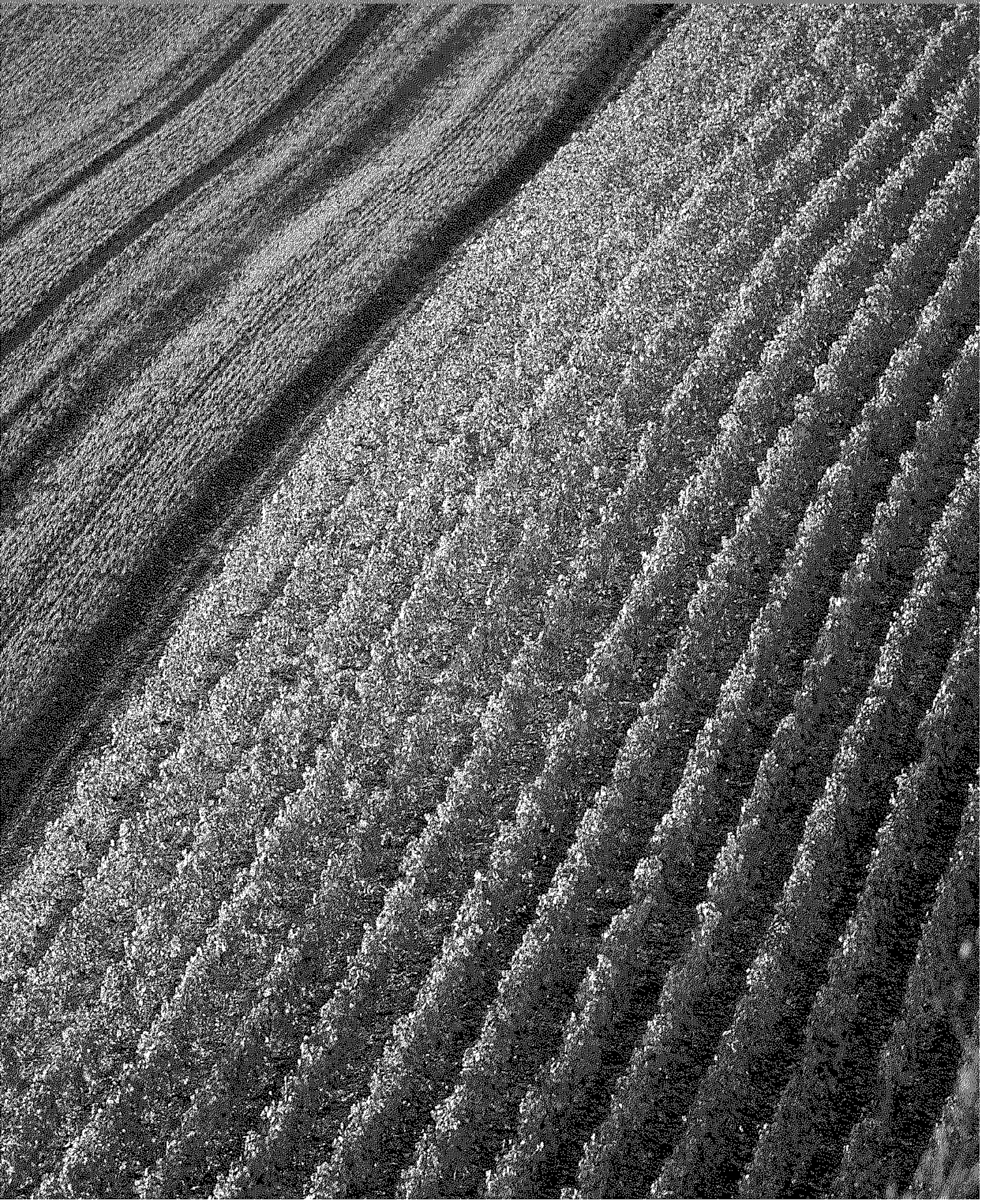
GROWING THROUGH DIVERSITY

GrainCorp Limited 2003 Annual Report



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OUR MISSION

GrainCorp's mission is to be a leading Australian agri-food business, improving value for shareholders and clients through the marketing, storage, logistics and processing of grain, bulk products and farm inputs.

GrainCorp has been through an extensive program of modernisation, geographic expansion and supply chain diversification – including public listing on the ASX in 1998, the merger with Vicgrain in 2000, the purchase of Allied Mills in 2002 in a joint venture with Cargill Australia, and most recently the acquisition of the Queensland based Grainco Australia, effective from 1 October 2003.

Corporate Objectives

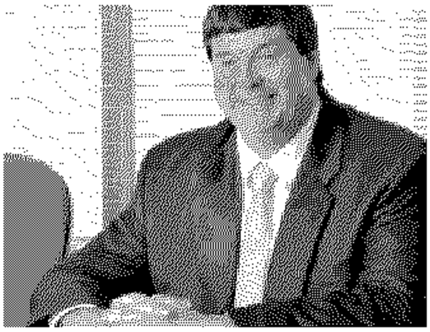
1. Provide sustainable and improving returns to shareholders
2. Maximise value extraction from the agri-food value chain
3. Reduce income volatility through diversification
4. Grow core businesses to maximise economies of scale and scope
5. Assist our employees to develop their potential in a rewarding, safe and enjoyable workplace, and
6. Give back to the communities we live and work in.

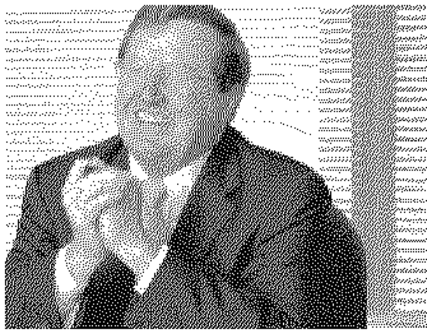
Company Assets

- 25 million tonnes of permanent and bunker storage capacity with a replacement value exceeding A$2 billion
- Over A$300 million invested in modernising facilities since 1996
- 9 seaboard terminals in Queensland, New South Wales and Victoria
- Over 350 rural grain elevators
- 20 Service Centres across four States
- Rail accreditation in Queensland, Victoria, New South Wales and South Australia
- Partner in Allied Mills with 12 milling facilities, blending, warehousing and R&D across Australia

REPORT TO SHAREHOLDERS

GrainCorp's performance over the past year has been heavily influenced by the prolonged drought which severely reduced grain receivals and led to the company's reported loss for the year ended 30 September 2003.





Nevertheless, the company has not been distracted from the strategy of earnings diversification, or from its focus on moulding itself into a modern, customer focused, seamless and integrated operation.

For 2002/03, the highlights of this strategy have been the acquisition of Grainco Australia, and the progressive restructuring of Allied Mills, which was acquired in October 2002, in partnership with Cargill Australia. Both ventures offer significant promise for the future.

GrainCorp has remained cash-flow positive throughout the year. Given the dramatic effect of the drought on GrainCorp's key business drivers, our success in managing costs and minimising the impact on the company's financial performance was pleasing.

The cost savings achieved during the year will now be maintained going forward.

The 2002/03 full year receival figure of 2.1 million tonnes represented an 83% drop from the previous year resulting in a loss of $18.2 million. GrainCorp maintains a policy of distributing 65% of after tax profits to shareholders as fully franked dividends. Given this result no dividends were declared for 2002/03.

The Divided Re-investment Plan (DRP) which closed 13 December 2002 was well received by shareholders who subscribed for an additional 694,618 shares at $9.21 each, with a total value of nearly $6.4 million. In addition, the success of the offer of Reset Preference Shares (RPS) made in association with the acquisition of Grainco Australia raised $120 million and underscored the appeal of GrainCorp to investors.

Expansion into Queensland

The acquisition of the former Queensland-based Grainco Australia took effect from 1 October 2003. GrainCorp's offer to acquire the company received a huge vote of confidence from Grainco Australia shareholders at a meeting held 15 August, with 98% embracing the benefits that a strong and responsive merged entity can provide to them.

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

All storage assets are fit for purpose and capable of providing good customer service, particularly with increased utilisation of mobile equipment and site based IT services. The process of integration is now substantially complete with all transitional arrangements finalised by the end of the 2003 calendar year. The new Northern Division of GrainCorp will be managed from a Divisional office based in Toowoomba.

The expansion into Queensland means the creation of a larger, geographically and earnings diversified company that is better placed to service customers and reward shareholders. It has created an organisation with the financial strength and industry expertise to improve infrastructure utilisation across the entire company – with greater flexibility and improved efficiency.

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

Allied Mills

GrainCorp's purchase of a 60% equity share of Allied Mills in 2002 in partnership with Cargill Australia is a key platform in the company's strategy of earnings diversification.

Allied Mills has made a positive contribution to GrainCorp over 2002/03. The acquisition of the company has allowed GrainCorp to enter into the flour milling sector as a major player and to establish an extended presence along the length of the grain supply chain.

This has provided us with detailed insights into the relationship between quality aspects of grain, and the practical impact on our customer's final products. This knowledge is crucial for ensuring we can meet and exceed the specific needs and expectations of each customer. It also allows for accurate information to source grain for our milling operations, and determine the optimum number and mix of product lines.

Allied Mills continues to enjoy a long-term supply arrangement with Burns Philp for the baking and Consumer Foods divisions, as well as good relationships with a range of other customers. Our partner in the joint venture, Cargill Australia, continues to add value to the partnership through its depth of experience in global milling operations.

Strategic Business Units (SBUs)

GrainCorp has reinvigorated 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 pillars on which the company's performance is based. Over the next few years GrainCorp will be actively 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.

GrainCorp Farm Inputs

Our Service Centre network has proven its value as a tool for enhancing the company's relationships with its producer customers and for improving the utilisation of assets, particularly in relation to logistics. In a short space of time, it has quickly grown to become the third largest provider of farm inputs to producers, including agricultural fertiliser, chemicals and seed.

GrainCorp Farm Inputs is aiming to achieve significant growth through further expansion of the service centre network, particularly in Queensland and Victoria, and vigorous promotion of its products and services.

Photo left: Ron Greentree, Chairman
Photo right: Tom Keene, Managing Director

GrainCorp Logistics

GrainCorp's lease of two locomotives and 40 rail wagons obtained in November 2002 suffered from the impact of the drought and the resulting low tonnages available to be hauled.

Nevertheless, transport, particularly by rail, remains a critical component of our cost structure. This expansion is designed to offer a competitive, seamless service to customers from grain accumulation right through to delivery at port.

Given the prospect of improved harvests, the company is now well placed to take advantage of its expertise in rail operations and retains the benefits of multi-skilled train crews with experience in rail operations across three States.

The Logistics SBU will also focus on road operations where GrainCorp currently operates a significant business as a freight forwarder and manages services such as 'On Farm Pick Up' for producer customers.

2003/04 – looking forward

Our expected receivals for the coming harvest stand in stark contrast to the experience of last season, when our total intake was 1.6 million tonnes of winter grain. At this stage the company expects to receive a total of around 11 million tonnes of winter crop grain from all of GrainCorp's operating areas including the new Northern Division in Queensland.

The 'carry in' stocks of grain are at near record lows. This provides us with the opportunity to effectively manage the intake of what appears will be a healthy sized harvest for 2003/04. However the low carry over will also result in a subdued recovery in our financial performance, as our carry over fees will reflect the low volume of grain in store at 30 September.

The Company continues to enjoy good fundamentals, solid assets and a strong brand presence in the marketplace. The strategy of supply chain and geographic diversification that we have been implementing over the past few years continues to bear fruit.

At GrainCorp we believe our employees are our key asset. The Company operates with a focus on developing skills and providing opportunities for advancement within the Company where possible.

As part of the acquisition of Grainco Australia we have taken on a skilled group of committed employees in Queensland who are well regarded by their customers. The integration of selected parts of the former MarketLink has added depth to our Marketing operations as well as expanding our network of export relationships.

GrainCorp is well placed to build on these strengths over the next twelve months.

We would like to thank our employees once again for their exceptional contribution in a difficult but exciting year for GrainCorp.

While the 2002/03 harvest was a lean one for everyone in the grains industry, GrainCorp has emerged from it as a stronger operation.

GrainCorp will now focus on consolidating its recent acquisitions and pursuing organic growth in its Strategic Business Units.

Our strong presence in every part of the grain supply chain, our growing export networks and expertise, and our ability to grow the business in a sustainable and profitable way – will provide the basis for GrainCorp's continued success into the future.

Photo right: Rolf Hartge
Buttabone Station, Warren NSW

FARM INPUTS

"Our goal is to provide Farm Input solutions to Australian producers of grain, dairy, livestock and horticulture by offering a full range of quality products at competitive prices. Service is a fundamental element in achieving this goal and we pride ourselves on the knowledge and friendly service of our staff and continue to invest in our sales team to ensure this standard is upheld."

ANDY SINGLE; General Manager, GrainCorp Farm Inputs

GrainCorp Farm Inputs provides a full range of quality seed, agricultural chemical, fertiliser and seasonal finance solutions through a network of Service Centres along Eastern Australia.

Local pick-up from each Service Centre is made available or alternatively products can be delivered direct. We ensure that GrainCorp fulfils the requirements of each individual producer customer by tailoring our service packages to meet their needs.

Each Service Centre is dedicated to providing local services to local customers – all year round.

The Farm Inputs SBU will pursue profitable growth over the coming twelve months. Its plans include geographic expansion throughout Queensland and Victoria and vigorous competition in a range of farm inputs products.

Left: Tamara Rushton, GrainCorp's Tottenham Service Centre Manager and Grower, Colin Baldwinson.
Above left to right: Selecting chemical products; handling daily enquiries from the Service Centre; the fertiliser shed at Tottenham.


KORDSTEN

MARKETING

"GrainCorp Marketing's approach is to provide services to our producer customers that achieve the best possible marketing outcome for their agricultural product. At the same time, we partner with our domestic and international clients to add value founded on our strong supply chain infrastructure and rural base."

SAM TAINSH; General Manager, GrainCorp Marketing

GrainCorp Marketing operates Australia-wide – in New South Wales, Victoria, Queensland, South Australia and Western Australia – offering cash, forward prices and pools in a range of commodities – selling into international markets in Japan, China, the Middle East and to domestic customers.

GrainCorp Marketing now operates the NSW Grains Board vesting rights over barley, canola and sorghum grown in New South Wales, following the acquisition of Grainco Australia. This acquisition also saw the addition of Agricultural Risk Management Services (ARMS) which has deepened our expertise in commodity risk management.

By combining strong relationships with Australian grain producers, market knowledge, risk management skills and adding the GrainCorp supply chain network, GrainCorp Marketing is able to provide superior service to a large range of clients. Along with the sound financial backing of a strong company, this makes GrainCorp a secure and dependable business partner.

Left: The ship loader at GrainCorp's Geelong Terminal. **Above left to right:** An Australian Grain Accumulation merchant discussing marketing options with a local grower at Gilgandra; daily activities within GrainCorp's Marketing division; marketing grain to an international client.

STORAGE AND HANDLING

"GrainCorp's Storage and Handling receival network stretches across the length and breadth of Australia's East Coast. Our growth has been based on competitive service and innovation in a business that remains at the core of the company's performance."

KEVIN LLOYD; General Manager, GrainCorp Storage and Handling

GrainCorp operates over 350 receival sites along the Eastern Australian grain belt, servicing around 30,000 grain producers in Queensland, New South Wales, Victoria and South Australia. With more than 25 million tonnes of storage capacity, GrainCorp runs a world-class, bulk handling operation and places a high priority on efficiency and friendly customer service.

All major receival sites are open 24 hours a day during harvest and operate flexible hours to ensure our service is available to meet the needs of producer customers.

As part of the acquisition of Grainco, Bulk Terminals Australia (BTA) has been folded into the GrainCorp Ports Division which operates a total of 9 ports at Mackay, Gladstone, Pinkenba and Fisherman Islands at Brisbane, Kooragang Island and Carrington at Newcastle, Port Kembla, Geelong and Portland.

GrainCorp port terminals handle a range of bulk products including grain, woodchips, mineral sands as well as containers.

Above left to right: Grain being received at Gilgandra; bull dozer in operation on a woodchip stack at Geelong; excavator loading cotton seed at Kooragang.

LOGISTICS

"Our expertise in both road and rail operations allows GrainCorp to provide the complete logistics solution – encompassing storage and handling, inventory management and delivery to the end user."

PHILLIP BREEZE; General Manager, GrainCorp Logistics

Road

The road operations of GrainCorp Logistics provides a range of supply chain solutions to other SBUs within GrainCorp, together with external customers. Services include GrainCorp's On Farm Pick Up, the movement of grain to domestic end users and the transport of fertiliser for GrainCorp Farm Inputs.

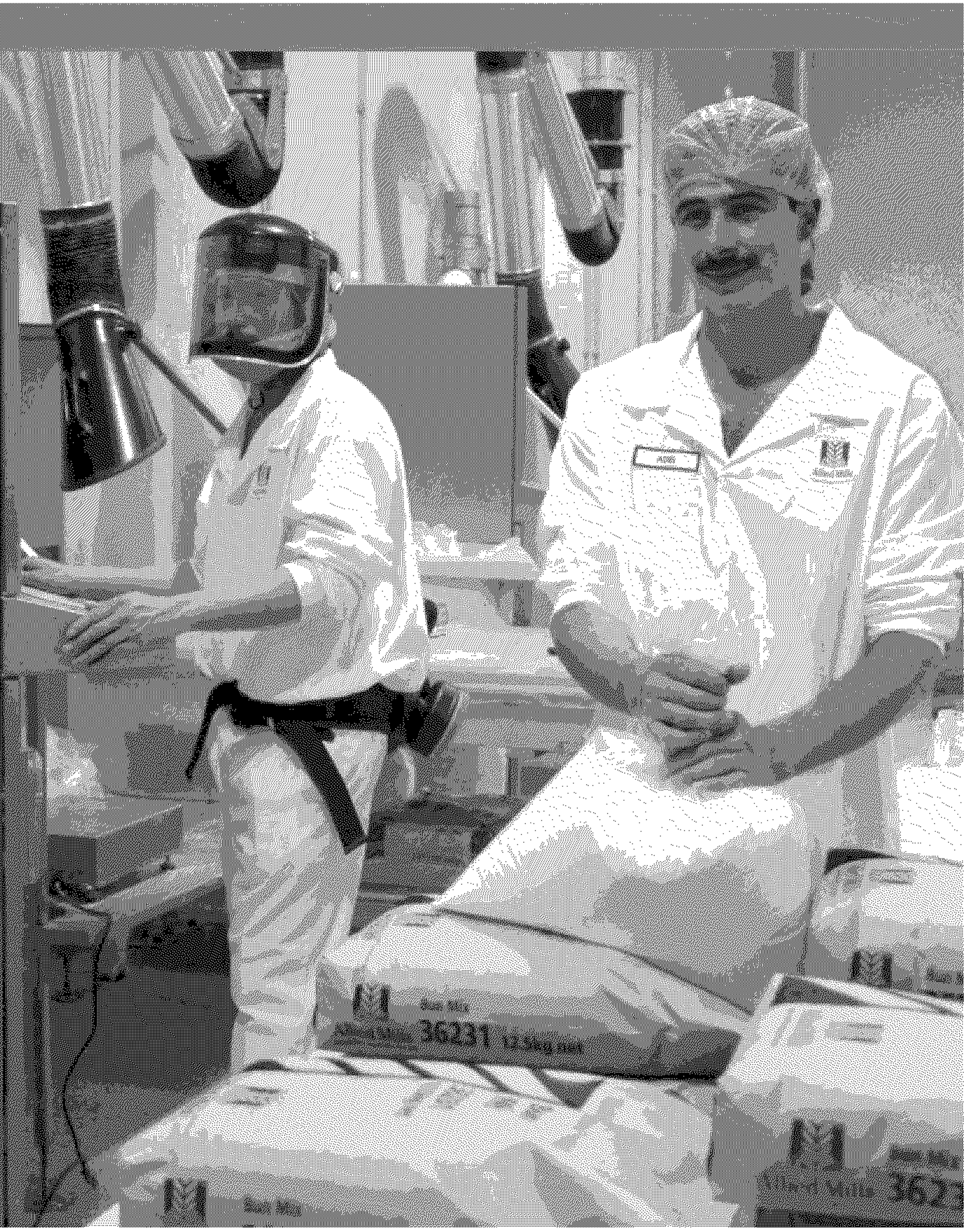
GrainCorp's On Farm Pick Up service is an easy, convenient solution to the harvest delivery requirements of producer customers. GrainCorp will collect and deliver directly from the farm, providing a seamless movement of grain to GrainCorp's storage facilities.

Rail

GrainCorp's rail service, which consists of two locomotives and 40 grain wagons, is designed to offer a competitive and efficient service to customers from country storage facilities for delivery to port, as well as playing an integral part in moving export tonnage for GrainCorp's Marketing business.

GrainCorp has rail accreditation in four states; Queensland, New South Wales, Victoria and South Australia.

Above left to right: GrainCorp's On Farm Pick Up Service at Twynam Property, Buttabone Station; loading canola onto a train at Balladoran.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PRIMARY PROCESSING

"The addition of primary processing to our platform of complementary businesses has provided us with the edge in understanding our customer's specific needs and therefore, in meeting and exceeding their expectations. From the development of wheat varieties through to the milling of flour, no-one has a better understanding of the bulk supply chain than GrainCorp."

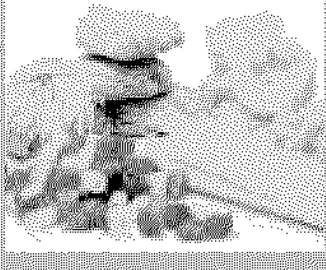
JOE DI LEO; Chief Operating Officer, GrainCorp & Director, Allied Mills

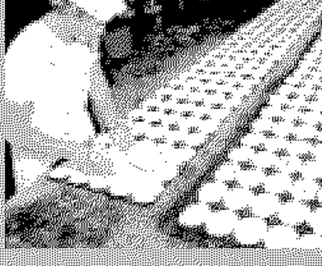
In 2002, in partnership with Cargill Australia, GrainCorp purchased Allied Mills, the milling assets of Goodman Fielder.

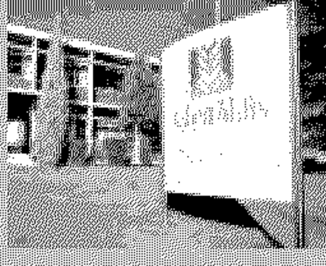
This acquisition has turned GrainCorp into one of the key players in the flour milling and mixing sector and expanded the Company's operations into related activities along the supply chain.

Allied Mills produces a variety of human consumption flour products including muffin mixes, pizza bases, cereals and other processed wheat, corn and maize products. Its broad range of customers includes a number of household name companies.

GrainCorp will continue to pursue opportunities for growth throughout the agri-food value chain including primary processing.







Left: Weighing the ingredients for pre-mix batches at the Allied Mills facility in Kingsgrove. **Above left to right:** Examples of the many consumable products that use processed wheat, corn and maize; the Allied Mills facility at Summer Hill.

COMMUNITY

"Through the GrainCorp Foundation, we are excited to have the opportunity to support a range of worthwhile initiatives within the grain growing regions of Eastern Australia. It is extremely rewarding to know that we are contributing to the preservation of small communities in these rural areas."

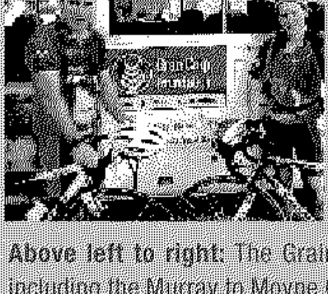
RON GREENTREE; GrainCorp Foundation Chairman

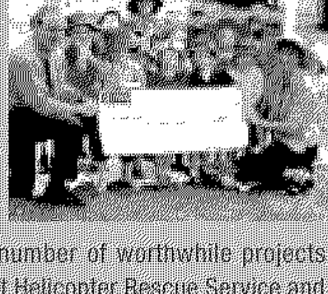
The GrainCorp Foundation was established in 2000 to represent GrainCorp's social responsibility within rural and regional communities in which GrainCorp employees, shareholders and customers live and work.

Each year GrainCorp allocates one percent of the Company's after tax profit to the GrainCorp Foundation. The Foundation Committee then meets to review submissions and determine how the funding will be allocated. Over the past three years, the foundation has contributed over $1 million to regional and rural communities.

A variety of projects have been supported across four key focus areas; education, health, youth development and seed funding for community projects.

With the active and ongoing involvement of rural communities and GrainCorp employees, the GrainCorp Foundation is fast becoming a recognised and established Foundation for the grain growing sector.





Above left to right: The GrainCorp Foundation has funded a number of worthwhile projects including the Murray to Moyne Cycle Relay; the Telstra Child Flight Helicopter Rescue Service and The Rock Preschool.

OCCUPATIONAL HEALTH, SAFETY AND ENVIRONMENT

"There is no more important issue to the Company, and to myself, than ensuring the safety of our employees. It is a key indicator in the assessment of the performance of our people and our business.

At GrainCorp we believe our employees should be able to return home in the same condition in which they arrived at work. That is how we measure success."

Tom Keene, Managing Director

GrainCorp Safety Policy

GrainCorp is committed to the provision of a safe working environment and to ensuring safety is an integral part of the business. The Company strives at all times to meet or exceed relevant Occupational Health and Safety legislative requirements in an appropriate and timely manner.

A core value of the organisation is the prevention of occupational incidents or ill health through a constant focus on identifying improvements in work practices through consultation with employees. The organisation empowers employees, provides training and maintains plant, equipment and systems of work that are safe and reduce risk to the health and safety of employees, contractors and the public.

Safety Improvement Initiative

In the past year a review of the Occupational Health and Safety function within GrainCorp resulted in a restructure of OHS&E resources into two distinct streams. The first provides emphasis on general safety management, initiative development and cultural change programs. The second stream provides advice and management for Workers Compensation and Rehabilitation.

In 2003, GrainCorp embarked on a new safety implementation strategy that encompasses all Strategic Business Units. In consultation with employees, a more comprehensive Safety Management Program (SMP) was developed containing Occupational Health and Safety standards that are suited to GrainCorp's operations. These standards clearly define the responsibilities and processes required to manage GrainCorp's OHS&E objectives.

The Company is presently implementing a range of recommendations arising from this process which is comprised of a number of measures including;

1. Executive support and program marketing designed to demonstrate the commitment of the Board and Senior Management to a safe workplace
2. Development of a 'Safety Culture', and of systems to support safety principles
3. Creation of strong safety leadership through relevant training of all front line managers
4. Promotion of the acceptance of responsibility at local level through improved communication systems and training
5. Undertaking an upgrade of corporate safety systems and dissemination of a clear set of standards for the implementation of a Safety Management Program

All permanent operational employees have also been instructed in a "Take 5" risk assessment process. This prompts employees to review the work they are about to undertake and ensure the task is completed safely. This has led to an increased focus on safety throughout GrainCorp and has ensured that safety is considered an integral part of all operational and planning processes.

Improvement in safety performance has been made through the implementation of the new Safety Management Program in the latter half of the reporting period. Reductions in injury and illness rates have been achieved with a 12 percent improvement in the Safety Performance Index. A strong emphasis has been placed on return to work this year with suitable duties programs being developed to ensure a speedy and safe return to full duties.

Photo above: Grain sampling at the Tottenham Service Centre.

Other highlights of the year included:

- Five prosecutions by WorkCover have been found against GrainCorp this year as a result of injuries sustained to employees and others. These injuries all occurred prior to this year
- GrainCorp's South West Division, Technical Services and Port Kembla Grain Terminal recorded no Lost Time Injuries for the year
- The Company introduced new working arrangements including the use of safety harnesses while working on top of rail wagons
- GrainCorp's Southern Division selected as a finalist in the Worksafe Victoria Awards for Health and Safety Management

INFORMATION SERVICES

The value of investment in Information Services lays in the provision of timely and effective technology solutions to the range of customers of GrainCorp's Strategic Business Units.

This means ensuring that relevant and accurate information is readily available to our customers at the moment they need it to make their business decisions.

Producer customers are increasingly adopting information technology as a business tool and assimilating it into their operations.

GrainCorp offers a range of services including an effective internet transaction facility that provides producer customers with flexibility and choice in the management of their product.

For example, by using the technology offered by GrainCorp, producer customers are able to track the grain they deliver to our sites by the individual truckload. In addition, they are then able to select their preferred sale price and aggregate their contract requirements in a myriad of combinations by grain quality.

The benefit of the ability to do this extends beyond mere convenience of use. The effective use of technology allows them to significantly improve their bottom line.

The group's focus has been on improving and strengthening longer term planning, management and the delivery of specific IT solutions to the business.

Highlights

Trading System Replacement
Information Services has undertaken a full review of the trading systems to accommodate rapid changes within the GrainCorp Marketing business unit. Over a nine month period the older system has been replaced with a new package specifically designed for commodity trading.

The new application provides a superior interface with GrainCorp's core business applications. It also provides a number of specific tools and functions to assist in maintaining the highest possible levels of risk management and transparency.

Integration of Allied Mills, Australian Grain Accumulation and Grainco
GrainCorp has made significant investments in the integration of the base infrastructures and technologies of GrainCorp with its recent acquisitions. The projects have focused on:

- Centralising the hosting of all core information technology hardware into the GrainCorp computer centre
- Combining the wide area and local communication networks on a national basis
- Aligning major technology contracts for hardware, software and services where appropriate

These projects have been highly successful with synergistic benefits realised in relation to reduced staffing levels, sharing of skills and services, lower infrastructure costs, greater purchasing power and contract leverage with major service providers.

INDUSTRIAL RELATIONS

GrainCorp has more than ten enterprise agreements in place under the federal jurisdiction. All agreements which found their nominal expiry date during 2002/03 were successfully re-negotiated. These negotiations involved seven different unions spread across two States.

Our industrial relations strategy requires line ownership and a strong local focus on Business Unit needs and issues.

The Company continued to maintain its commitment to pay increases which were supported by the achievement of genuine productivity and efficiency enhancements. Employees are integrally involved along with their unions in the negotiations. This helps ensure that agreed productivity enhancements are fully understood and their value to the Company maximised at the local level.

HUMAN RESOURCES

Our Employees

GrainCorp employs around 1000 people across Australia all of whom are integral to the ongoing success of the Company. The recent Grainco merger has expanded our team by an additional 200 employees.

As flagged last year, GrainCorp is focused on building HR strategies that enhance the capabilities of our people to deliver on the Company's business strategy.

We are also developing initiatives which concentrate on performance management, succession planning, employee assimilation and talent management.

Training and Development

The development of our people is essential to ensuring the success of our business plan.

GrainCorp is a Registered Training Organisation which allows the delivery of nationally recognised Grain Handling qualifications. Over the past two years, more than 170 Country Operations employees have participated in training and assessment to successfully attain a Certificate III in Transport and Distribution (Warehousing), including 10 new entrant trainees.

During the year, 14 employees completed a Certificate IV in Business (Frontline Management) which is already returning significant workplace improvements through ongoing projects.

The Accelerated Career Development Program is an ongoing initiative to provide development opportunities to high-potential employees. Throughout this year the areas of development have included Negotiation Skills, Leadership Qualities and Business Ethics.

SUPPORTING OUR COMMUNITIES

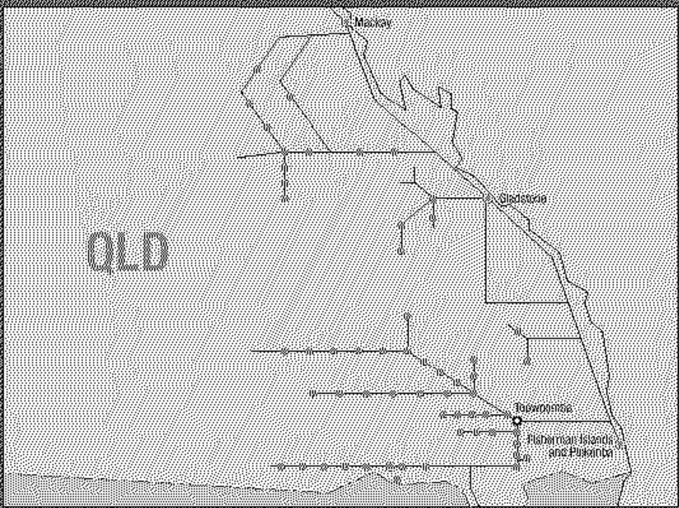
To date, the GrainCorp Foundation has contributed over $1 million to worthy projects and initiatives within rural communities across New South Wales, Victoria and Queensland. In 2003 the total contribution for the year was over $176,000 with funding helping such projects as the Devenish Memorial Sports Club for a cropping project to generate income for the local community; the Barraba Lions Club to assist with the installation of an emergency power supply for the aged care hostel; the Baradine Airport Group for a "road to air transport pad" and the donation of a new computer to the Lake Cargelligo Children's Centre.

In 2003 the GrainCorp Foundation continued to support the Country Education Foundation.

Photo above: Children from the Tottenham Pre School.

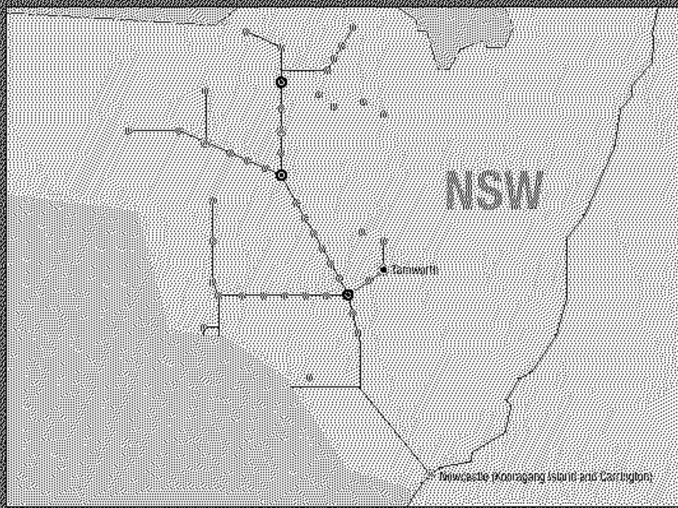
Our Storage Network

NORTHERN DIVISION



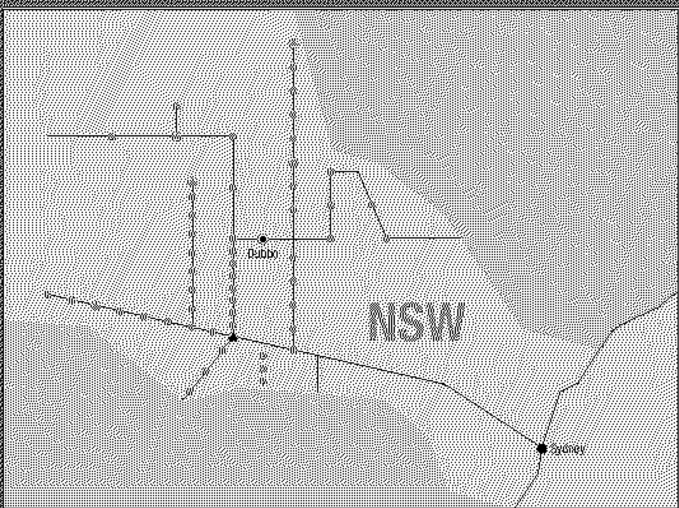
- Allora
- Baigin
- Biloela
- Boggabilla
- Bongeen
- Brookstead
- Bungunya
- Byee
- Cambooya
- Capella
- Cecil Plains
- Chinchilla
- Clermont
- Clifton
- Comet
- Dalby West
- Dingo
- Duaringa
- Dulacca
- Dysart
- Emerald
- Fernlees
- Fisherman Islands
- Gindie
- Gladstone
- Glenmorgan
- Goolara
- Goondiwindi
- Goondiwindi East
- Jandowae
- Kingaroy
- Koorngoo
- Kupunn
- Macalister
- Mackay
- Malu
- Meandarra
- Miles
- Millmerran
- Moura
- Mt McLaren
- Muckadilla
- Natcha
- Noondoo
- Norwin
- Oakey
- Pinkenba
- Purrawunda
- Roma West
- Springsure
- Talwood
- Tara
- Thallon
- The Gums
- Toobeah
- **Toowoomba**
- Ulimaroa
- Wallumbilla
- Wandoan
- Warra
- Warwick
- Yandilla
- Yelarbon

NORTH WEST DIVISION



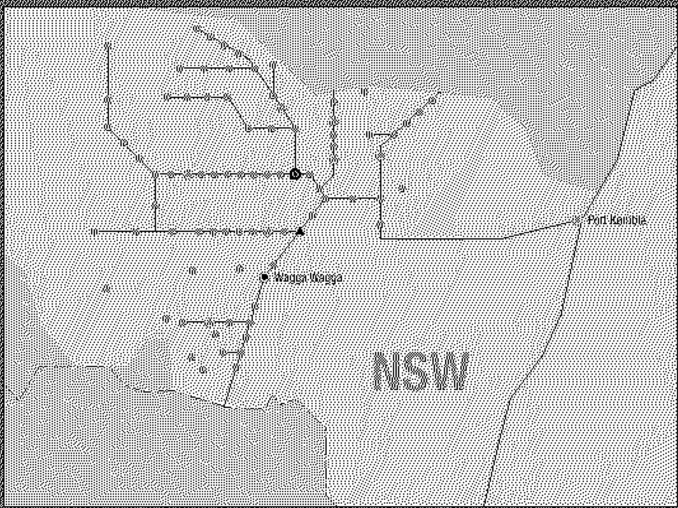
- Baan Baa
- Baradine
- Bellata
- Biniguy
- Binnaway
- Boggabri
- Burren Junction
- Caroona
- Croobie
- Croppa Creek
- Cryon
- Culgoora
- Curlewis
- Delungra
- Edgeroi
- Emerald Hill
- Garah
- Gravesend
- Gunnedah
- Gurley
- Gwabegar
- Manilla
- Mendooran
- Merah North
- Merriwa
- Merrywinebone
- Milguy
- Moree
- Narrabri
- Nea
- Neilrex
- Newcastle (Kooragang Island and Carrington)
- North Star
- Premer
- Quirindi
- Spring Ridge
- Tamarang
- **Tamworth**
- Ulamambri
- Walgett
- Warialda
- Warral
- Wee Waa
- Weemelah
- Weetaliba
- Werris Creek
- Westdale
- Willow Tree

WESTERN DIVISION



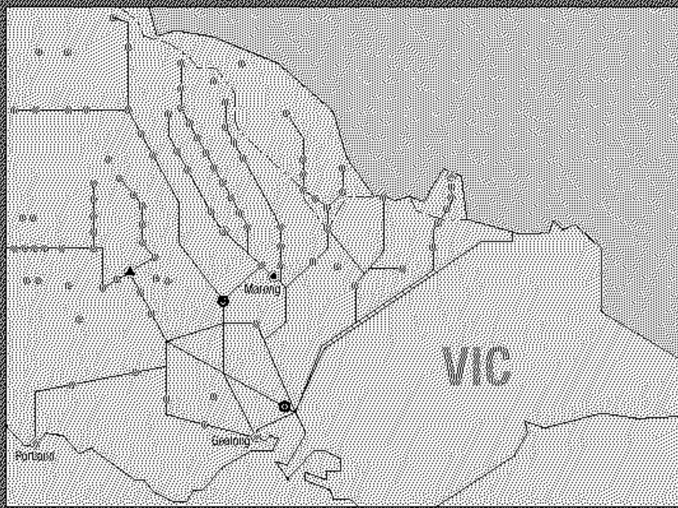
- Albert
- Alectown West
- Armatree
- Back Creek
- Balladoran
- Ballimore
- Birriwa
- Bogan Gate
- Canowindra
- Combara
- Combo
- Condobolin
- Coonamble
- Cumnock
- Curban
- Derriwong
- **Dubbo**
- Elong Elong
- Euabalong West
- Eumungerie
- Forbes
- Geurie
- Gilgandra
- Gobondery
- Gular
- Gunningbland
- Kadungle
- Kiacatoo
- Manildra
- Mickibri
- Molong
- Mungeribar
- Muronbung
- Narromine
- Narwonah
- Nevertire
- Nyngan
- Nyrang Creek
- Ootha
- Parkes
- Peak Hill
- Red Bend
- **Sydney**
- The Troffs
- Tomingley West
- Tottenham
- Trajere
- Trangie
- Trundle
- Tullamore
- Warren
- Wellington
- Wirrinya
- Wongarbon
- Wyanga
- Yarrabandai
- Yeoval
- Yethra

SOUTH WEST DIVISION



- Arajoel
- Ardlethan
- Ariah Park
- Barellan
- Barmedman
- Beckom
- Berrigan
- Boorowa
- Boree Creek
- Bribbaree
- Brocklesby
- Brushwood
- Buralyang
- Burcher
- Burgooney
- Caragabal
- Coleambally
- Coolamon
- Cootamundra
- Cowra
- Culcairn
- Cunningar
- Downside
- Erigolia
- Ganmain
- Garoolgan
- Girral
- Goolgowi
- Greenethorpe
- Grenfell
- Grong Grong
- Harden
- Henty
- Henty West
- Hillston
- Illabo
- Junee
- Kamarah
- Kikoira
- Koorawatha
- Lake Cargelligo
- Lake Cowal
- Lockhart
- Maimuru
- Marrar
- Matong
- Merriwagga
- Milbrulong
- Milvale
- Mirrool
- Moombooldool
- Morundah
- Murrami
- Naradhan
- Narrandera
- Noonbinna
- Pleasant Hills
- Port Kembla
- Pucawan
- Quandialla
- Rand
- Rankins Springs
- Sheperds Siding
- Stockinbingal
- Tabbita
- Tallimba
- Temora
- Tharbogang
- The Rock
- Tocumwal
- Tullibigeal
- Ungarie
- Urana
- Uranquinty
- **Wagga Wagga**
- Wallendbeen
- Weedallion
- Weethalle
- Weja
- West Wyalong
- Wilbriggie
- Woodstock
- Yanco
- Yenda
- Yerong Creek
- Youngareen

SOUTHERN DIVISION



- Annuello
- Antwerp
- Balranald
- Barnes Crossing
- Berriwillock
- Berrybank
- Beulah
- Birchip
- Boort
- Borung
- Bridgewater
- Brim
- Bunnaloo
- Burrum
- Caldwell
- Carpolac
- Carwarp
- Charlton
- Chinkapook
- Colbinabbin
- Cope Cope
- Deniliquin
- Dimboola
- Donald
- Dooen
- Dookie
- Dunolly
- Echuca
- Elmore
- Geelong
- Gerang Gerung
- Glenorchy
- Goroke
- Gredgwin
- Hamilton
- Hopetoun
- Horsham
- Jeparit
- Kaniva
- Kinnabulla
- Kooloonong
- Lah
- Lake Boga
- Laibert
- Lascelles
- Lillimur
- Litchfield
- Lubeck
- Manangatang
- Marnoo
- **Marong**
- Mathoura
- Meringur
- Minyip
- Miram
- Miliamo
- Mittyack
- Moolort
- Moulamein
- Murchison East
- Murrayville
- Murtoa
- Naracoorte (SA)
- Natimuk
- Netherby
- Nhill
- Noradjuha
- Nyah West
- Oaklands
- Ouyen
- Panitya
- Patchewollock
- Piangil
- Portland
- Quambatook
- Rainbow
- Raywood
- Robinvale
- Sanger
- Sea Lake
- Serviceton
- Skipton
- Speed
- St Arnaud
- St James
- Sunshine
- Sutherland
- Swan Hill
- Swanwater
- Tandara
- Tempy
- Torrita
- Ultima
- Underbool
- Waitchie
- Wakool
- Wangamong
- Warracknabeal
- Warragoon
- Watchem
- Werrimull
- Westmere
- Willaura
- Wombota
- Woomelang
- Wycheproof
- Yaapeet
- Yanac
- Yarrawonga
- Yelta

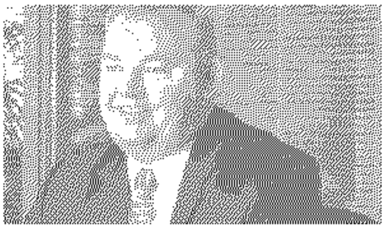
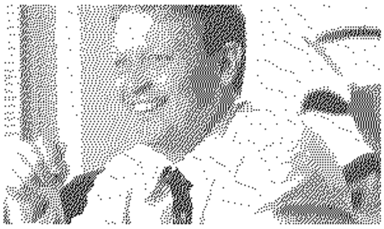
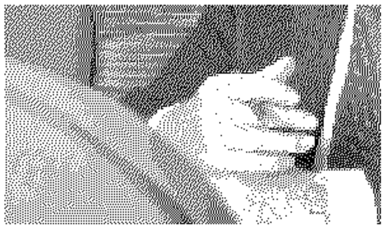
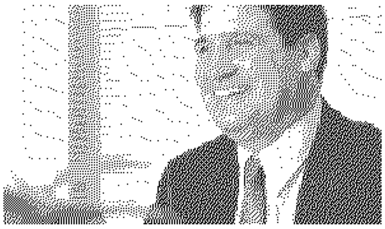
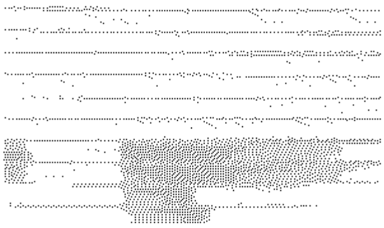
Legend

- Head Office
- Seaboard Terminal
- Service Centre
- Sub Terminal
- Divisional Office
- Storage Site
- Service Centre & Sub Terminal
- Divisional Office & Storage Site

EXECUTIVE MANAGEMENT

The Executive and Senior Management teams are focussed on growing value for GrainCorp customers and shareholders. Over the past year, the Executive reviewed business performance and developed strategies that provide continued business growth, and position the Company for the future.

Divisional management


Top Row (LHS):
Tom Keene, Managing Director
Joe Di Leo, Chief Operating Officer

Second Row (LHS):
Nigel Hart, Corporate Services Manager & Company Secretary
Simon Bird, Chief Financial Officer

Third Row (LHS):
Neil Johns, Business Development Manager
Andy Single, General Manager, Farm Inputs

Fourth Row (LHS):
Sam Tainsh, General Manager, Marketing
Kevin Lloyd, General Manager, Storage & Handling
Philip Breeze, General Manager, Logistics

Top Row (above):
Shane Leonard, Acting North West Division Manager
David Titterton, Western Division Manager

Bottom Row (above):
Murray Wilkinson, South West Division Manager
Jack Tansley, Southern Division Manager

Not pictured:
Peter Milton, Port Terminals Division Manager and
Simon Warner, Northern Division Manager joined GrainCorp post 1 October 2003.

BOARD OF DIRECTORS

The GrainCorp Board of 11 Directors is made up of six Grain Growers Association Directors (one of whom must be the Chairman of GrainCorp), four Directors elected by ordinary shareholders and the Managing Director.

R.L. (Ron) Greentree (Chairman)
Grower from Mungindi, NSW. Principal of an agricultural machinery business and Chairman of BRI Australia Ltd. Chairman of the Remuneration and Nominations Committee and the GrainCorp Foundation.

A.D. (Allan) McCallum (Deputy Chairman) Dip.Ag Sc.MAICD
Grower from Kerang, Victoria. Director of Incitec Pivot Limited, Chairman of Nugrain Pty Limited and President of Australian Oilseeds Federation. Member of Remuneration and Nominations Committee.

T.B. (Tom) Keene (Managing Director) B.Ec., MAICD
Managing Director of GrainCorp Group and member of the Risk Management Committee. Chairman of Allied Mills Australia Pty Limited.

W.G. (Graham) Barron
Grower from Ungarie, NSW. Chairman of the Risk Management Committee.

N. (Nick) Burton Taylor AM B.Ec., ASIA, FCA, FAICD
Grower from Boorowa, NSW. Chairman of the Australian Agricultural Company Limited – Director of Rural Press Limited and Bankstown Airport Limited. Chairman of the Audit Committee.

R.R. (Ross) Flanery
Grower from Harden, NSW. Member of Remuneration and Nominations Committee.

R.G. (Rick) Freeman
Grower from Edgeroi, NSW. Company principal of Norseman Machinery Imports Pty Limited. Member of the Audit Committee. Director of GrainCorp Superannuation Pty Limited.

D. (David) Groves B.Com, M.Com., CA
Chartered Accountant and Company Director. Director of Equity Trustees Limited. Member of the Risk Management Committee.

J.A. (Julian) Menegazzo B.Sc., MAICD
Grower from Balliang, Victoria. Member of the Remuneration and Nominations Committee.

D.C. (Don) Taylor B.Com, CA, Grad.Cert.Rur.Sc., FAICD
Chartered Accountant and Grower from Moonie, QLD.

D.B. (David) Trebeck B.Sc.Agr. (Hons), M.Ec., MAICD
Consultant, Grower and Company Director from Canberra, ACT. Executive Chairman of ACIL Tasman Pty Limited. Director of Incitec Pivot Limited and member of the Audit Committee.

Top Row:
R.L. (Ron) Greentree (Chairman)
A.D. (Allan) McCallum (Deputy Chairman)
T.B. (Tom) Keene (Managing Director)

Second Row:
W.G. (Graham) Barron
N. (Nick) Burton Taylor

Third Row:
R.R. (Ross) Flanery
R.G. (Rick) Freeman

Fourth Row:
D. (David) Groves
J.A. (Julian) Menegazzo

Fifth Row:
D.C. (Don) Taylor
D.B. (David) Trebeck

Key Business Areas

	Farm Inputs	Marketing
Goals	Provision of Farm Input solutions to Australian farmers of grain, dairy, livestock and horticulture	Provision of value to clients through demand supply and risk management solutions
Strategies	Increased growth in range of chemicals, fertiliser and seed	Provide a highly efficient supply chain for both domestic and export clients including specialist advice through Agricultural Risk Management Services (ARMS)
	Ensure delivery on time, every time	Develop and implement risk management strategies for producer and end user clients
	Provide sound advice on product capabilities	Generate leverage for other services provided by GrainCorp
Achievements	Retention of revenue levels through drought	Strong financial performance based on a policy of basis trading and effective management of grain pools
	Increase in sales team and associated performance	Management through difficult and volatile environment
	Enhanced the chemical expertise of the Farm Inputs Business Unit	Successful integration of MarketLink and ARMS
		Implementation of new GrainSmart trading system
		Establishment of Australian Grain Accumulation Services Pty Ltd (AGA)
Outlook	Maintain position as low cost providers of quality products	Return to traditional volumes following the end of the drought and addition of volumes generated through operation of NSW Grains Board vesting rights
	Further geographic expansion into Victoria and the establishment of a Queensland base	Expansion of barley, canola and speciality grains exports particularly in grain exported to Japan, China and other Asian markets
	Increased utilisation of existing sites through additional sales and staffing levels	Increase in grain accumulation through pool and cash in eastern states and western Australia
		Development of new marketing and purchasing products for producers and consumers

Storage and Handling	Logistics	Primary Processing
Provision of bulk commodity storage and handling solutions to meet the requirements of Australian export and domestic customers	Provision of bulk commodities transport and logistics solutions to meet the requirements of Australian export and domestic customers	To excel in the milling and processing of agricultural commodities into value added products for domestic and export customers
Optimise the silo network through targeted capital investment	To provide logistics solutions that complement the services of the Storage & Handling, Marketing and Farm Inputs Business Units	Maximise opportunities for harvest testing, grain storage and segregation
Maintain low operating base	To capitalise on return loading opportunities presented through grain and fertiliser movements to the benefit of all stakeholders	Streamline the product lines at mills (bulk/bagged and pre-mix) to maximise the resource utilisation and reduce costs per tonne
Seek opportunities for further integration of accumulation and storage	To develop a rail service that adds value especially in the area of branch line operations	Reduce the cost of outbound logistics through utilising a distributor network and operating efficient warehouses
Host an open marketplace at GrainCorp silos to add value for customers		Increase sales and margins through developing customer solutions together with long term contracts, and development of an export focus
Maximise throughput of non-grain products		
Maintained low cost base by utilising our 9.1 million tonnes of permanent storage	Nil Lost Time Injuries	Reduced costs through gristing programs and wheat varietal development
Capital works program lifted efficiency and capacity	Management of rail obligations through drought	Significant reduction in Lost Time Injuries
	Initiated consolidation of road operations into a hub at Wagga Wagga NSW	Reductions in customer complaints
		Toll Milling to return to Allied Mills (approximately 40,000 tonnes)
		Least Delivered Cost model established. Model developed to focus on matching production capability and capacity with customer demand
Handling of increasing volumes of non-grain products	Further expansion of road business using opportunities available through Farm Inputs and Marketing	Least Delivered Cost model to be implemented across Australia
Targeted capital investment at key sites	Export barley on rail in NSW (GrainCorp train)	
Increasing focus on customer service strategies utilising Information Technology, staff training and the use of complementary services from other business units	Identify additional opportunities in bulk non-grain products	

STORAGE AND HANDLING

GrainCorp Storage and Handling remains the core operation of the Company. The recent acquisition of Grainco has expanded our network through the addition of 65 receival sites in Queensland.

Highlights

Due to the severe effects of the drought, the 2002/03 full year receival figure of 2.1 million tonnes represented an 83% drop from the previous year's receivals of 12 million tonnes. A total of 1.2 million tonnes of grain was exported during the year.

Port Terminals

During 2002/03 GrainCorp's four seaboard terminals at Newcastle, Port Kembla, Geelong and Portland handled 2.26 million tonnes of throughput.

	Total Grain for year-tonnes	Total Woodchips for year-tonnes
Newcastle	472,195	n/a
Port Kembla	145,717	n/a
Geelong	493,385	340,536
Portland	243,646	568,217

Facility Upgrades

During the year we continued our investment in our network of silos through a number of capital injections. $5.52 million was spent last year in upgrading facilities.

Warehousing

GrainCorp's warehousing service gives growers the opportunity to make their grain marketing decisions at a time and price more suitable to their individual marketing plans.

Tonnages delivered into GrainCorp's warehousing service for the 2002/03 harvest were up on the preceding period. In 2001/2002 39.88% of total GrainCorp receivals were warehoused compared with 48.13% in 2002/03, an increase of 8.24%.

E-commerce

GrainCorp continues to provide online services to registered growers offering a wealth of information and services designed to assist the grower during harvest and throughout the year.

We recently launched a new look gateway for our online services, providing additional functionality such as email, community chat and an events calendar. Existing services also available include receival standards, daily prices, grower delivery summary, marketing contract information and GrainCorp contact details.

Technical Services

The Technical Services Division is committed to ensuring that grain is accurately assessed for quality at the receival point, and during outturn to both the domestic and export markets. This has been achieved through significant investment in casual staff training and testing equipment, and the participation of Technical Services staff with other key industry organisations in the establishment and review of receival standards and testing procedures for all commodities.

NIR Technology

Near Infra Red (NIR) technology continues to play a significant role in the assessment of grain quality during both receival and outturn. GrainCorp purchased a further 25 NIR Whole Grain Instruments this year, enabling "whole grain testing" coverage for a range of quality parameters at all sites for the first time. A protein calibration for canola and moisture calibrations for sorghum and maize were also introduced.

GrainCorp now operates over 300 instruments of this type involving an investment of over $12 million. Adoption of whole grain testing using NIR technology at all sites is expected to further increase our testing accuracy for those who utilise our storage system.

National Standards Commission Legislation
Last year, the National Standards Commission (NSC) indicated to our industry that all NIR instruments used by bulk handlers to measure protein and moisture would require certification in the future under the provisions of the Commonwealth Trade Measurement Act which governs the use of instruments for trade purposes. GrainCorp technical staff assisted in the development of protocols for the testing and verification of these instruments, and these will be adopted by GrainCorp for the first time this harvest on a trial basis prior to full adoption by the National Standards Commission before the 2004/2005 season. Adoption should ensure that growers will obtain consistent quality results from all NIR instruments across our catchment area, wherever they are located.

NATA Registration of Laboratories
To ensure compliance with the new National Standards Commission legislation, GrainCorp Technical Services has revised its procedures and systems so that its country based laboratories can be accredited against criteria based on the internationally recognised standard ISO 17025. Whilst some of these procedures have now been adopted, full accreditation will be sought through the National Association of Testing Authorities (NATA) after the 2003/04 harvest.

MARKETING

GrainCorp's Marketing Division has expanded steadily since its creation in 1996. Marketing of grain complements our storage and handling business and provides further competition in the marketplace. It is an important element in the provision of an integrated suite of services for GrainCorp's customers.

Highlights

Financial Performance
The Company's strong financial performance in a very difficult trading environment was a highlight of the year. The drought led to significant price volatility and associated risks which require careful management.

MarketLink and ARMS Integration
The due diligence, purchase and integration of MarketLink and ARMS was a significant accomplishment.

Australian Grain Accumulation
The start-up of Australian Grain Accumulation was another first for GrainCorp. By combining the strengths of three partners it provides growers with a range of marketing alternatives from specialty crops to sophisticated risk management options.

Pools Performance
The performance of GrainCorp Pools for the harvests of 2001/02 and 2002/03 represent an outstanding effort and credit to the GrainCorp Pool Manager. The 2001/02 pools exceeded other pools by $6-10/mt across the major grades and 2002/03 by $45-50/mt further demonstrating GrainCorp's credibility as a leading Australian pool manager.

GrainCorp Pools have convincingly outperformed their competition in five of the past seven years.

International Relations
GrainCorp has continued to enhance its reputation and the reputation of Australian grains and oilseeds internationally as it builds stronger relationships with customers all over the world.

FARM INPUTS Highlights

Investment in employees
During the past year considerable investment has been made in developing and expanding the sales team and in training staff to understand the products that we offer to customers.

Chemical expertise
A particular focus has been placed on enhancing our chemical expertise and expanding the range of chemical products we offer so as to provide our customers with superior products and services. This investment has led to a significant increase in our chemical business in the past year.

Delivery improvements
Delivery improvements have been significant this year. The development of a comprehensive network of Service Centres and improved staff knowledge has allowed us to be pro-active in catering to the requirements of our customers.

Performance through the drought
Our ability to maintain sales through a difficult and volatile year has been a challenging objective over the past 12 months.

LOGISTICS Highlights

Establishment of Division
GrainCorp Logistics was established as a separate business unit effective from 1 October 2003. A dedicated General Manager was appointed at this time to oversee all logistical operations for the company.

Consolidation of Road Operations
GrainCorp's road operations were consolidated into a hub at Wagga Wagga to streamline the business, and to facilitate the management of all components of the operation across the eastern states including our On Farm Pick-Up service.

Train
The commencement of services by GrainCorp's train made up of two locomotives and 40 grain wagons was severely impacted by the drought. However, the outlook has now improved and we expect the rail service will play a key role in moving export tonnages for GrainCorp's customers including GrainCorp Marketing.

In addition to operating the GrainCorp train, the rail service also provides specialised crew to other rail operators and continues to operate trains on branch lines for other rail providers.

PRIMARY PROCESSING

Allied Mills is a key element in GrainCorp's strategy of earnings diversification. It is in the unique exposure to every element of the grain supply chain from seed breeding to logistics, marketing and processing, that GrainCorp is able to add value for its customers and drive its financial performance.

The addition of Allied Mills to the GrainCorp supply chain has created significant benefits for the customers of both businesses. It has enhanced GrainCorp's ability to manage grain logistics quality and underscored the importance of an intimate understanding of the relationship between customer requirements at each stage.

Financial performance
The restructuring of Allied Mills has met initial targets for performance and costs. GrainCorp's 60% equity share in Allied Mills has made a positive return for the year ended 30 September 2003. The return to GrainCorp is expected to increase over time as the company's restructuring strategy bears fruit.

GRAINCORP LIMITED AND CONTROLLED ENTITIES –

Corporate Governance Statement

This statement outlines the principal corporate governance practices that were followed by the company throughout the 2002/03 financial year.

ROLE OF SHAREHOLDERS

The shareholders of GrainCorp Limited play an important role in corporate governance by virtue of their responsibility for voting for the appointment of Directors.

The Foundation shareholder, Grain Growers Association Limited (GGA), represents 17,000 grain growers and is consulted on a regular basis on the strategic direction and performance of the Company.

The Board ensures that shareholders are kept fully informed of developments affecting the company through;

- the annual and interim results which are released through reports, newsletters and presentations;
- compliance with Australian Stock Exchange's continuous disclosure listing rules;
- the Annual General Meeting and other meetings called to obtain approval for board action.

BOARD OF DIRECTORS

The GrainCorp Board is accountable to shareholders for the business and affairs of the group and it sets the framework for the Company's long term success. It approves the Company's goals, direction, long term strategic plans and provides overall policy guidance. The Board ensures that appropriate policies and procedures for the management of business and financial risks and associated internal controls are in place and monitors environmental and safety performance. It also monitors compliance with laws and ethical behaviour.

Size and Composition of the Board

There are currently 11 Directors on the Board – 10 non-executive Directors, including the Chairman, and one executive Director, being the Managing Director.

Non-executive Directors comprise up to six "group" Directors, whom are all the Directors of Grain Growers Association Limited ("GGA"), up to four "elected" Directors whom are subject to re-election by rotation basis at the Company's Annual General Meeting and one Grainco Australia Director.

The Grainco Australia non-executive Director position was approved by shareholders at a general meeting on 12 August 2003 and will expire at the 2004 Annual General Meeting. The number of non-executive Directors will then revert to 10.

Group Directors must be members of GGA and there must be two Directors appointed from each of three geographical zones across New South Wales/Victoria. In subsequent years, Group Directors are subject to re-election by rotation at GGA's Annual General Meetings. The Chairman is elected by the Group Directors. Details of experience and qualifications are set out on page 44 of this Annual Report.

The performance of each non-executive Director is reviewed by the Chairman. The Chairman's performance is reviewed by the full Board. An independent external consultant is retained to assist the Chairman and Directors in this review process.

The Managing Director automatically relinquishes his position on the Board in the event that his executive position with the Company ceases.

The Work of Directors

In addition to the preparation for and attendance at Board and committee meetings, non-executive Directors visit operational sites and are involved in local and national industry matters. Business planning meetings, attendance at conferences and other industry occasions also require involvement of Directors.

The Board reviews the objectives and performance of GrainCorp Group alliances and joint ventures. The Board considers it appropriate that for good corporate governance practice non-executive Directors will not sit on joint venture or alliance Boards.

Each Director may, with the prior written approval of the Chairman, obtain independent professional advice to assist the Director in the proper exercise of powers and discharge of duties as a Director or as a member of a Board Committee. While the Chairman's prior approval is needed, it may not be unreasonably withheld and, in its absence, Board approval may be sought. The Company will reimburse the Director for the reasonable expense of obtaining that advice.

Each Director is covered by relevant company insurance policies and enters into a Deed of Indemnity with the Group.

Remuneration Policy

Non-executive Directors

The Board recommends to shareholders, from time to time, a quantum of total Director's fees. Non-executive annual Directors fees are established based on independent advice. With the exception of the Chairman and Deputy Chairman, additional yearly fees are paid to Directors who are members of committees. The Annual General Meeting of shareholders in 2001 approved a total non-executive Director remuneration pool of up to $1 million annually for a three year period.

In addition to reimbursement of expenses, any allowance paid to Directors is in line with Australian Taxation Office reasonable daily travel allowance amounts. Details of current remuneration and meeting attendance can be found on page 45.

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).

The structure and disclosure of the company's remuneration policies for non-executive Directors is consistent with accounting principles.

Executive Director and Senior Executives

The structure and disclosure of the company's remuneration policies for the Executive Director and senior executives are set out on page 47.

Board and Committee Agendas

The Chairman and Managing Director establish the agendas for Board meetings, although Directors have the right to add items for Directors' consideration. Each Committee Chairman decides the length and frequency of committee meetings in consultation with committee members and consults with management on preparation of agendas. Senior executives attend Board and committee meetings when relevant matters are under consideration. Committee Chairmen report the work of their committee to the Board on a regular basis.

BOARD COMMITTEES

The Board operates three committees to increase its efficiency and effectiveness. Each committee has a formal charter approved by the Board.

Corporate Governance

The Company follows Australian Stock Exchange guidelines regarding terms of office and retirement of Directors.

New Directors are provided with a letter of appointment setting out their responsibilities, rights and the terms and conditions of their employment. All new Directors participate in an induction program which covers financial, strategic, operations and risk management issues as well as expectations under the Directors code of conduct.

Board Audit Committee (BAC)

The BAC Committee comprises three non-executive Directors. Meetings are held at least four times a year. The Committee ensures that the financial statements are prepared in accordance with appropriate standards and statutory requirements and reviews all matters raised by the internal and external auditors, risks associated with the business and reports to the Board on any material item. It develops audit policy and monitors audit functions within the companies. The BAC has, during the year, reviewed and approved an Internal Business Audit Plan incorporating a comprehensive business review process in respect of internal audit management functions. The Committee will also review any material changes in accounting policy. The Committee reports to the Board after each meeting.

Management, internal and external auditors are invited to attend BAC meetings to ensure that adequate controls and practices are maintained throughout the Group. The BAC review progress in and reports arising from the Internal Business Audit Plan as well as specific issues or matters which may arise from the internal and external audit process. The external auditors have direct access on a regular basis to the BAC without management involvement.

In addition the BAC oversees the financial investments of GrainCorp and the financial risk management policy and review.

External auditors are appointed for a term of three years and are not automatically reinstated. The Committee plays an active role in reviewing the adequacy of the existing arrangements, and is responsible for ensuring that the auditors have the necessary qualifications and skills and that the scope and quality of their audit is appropriate. The Committee makes recommendations to the Board in relation to the appointment of external auditors. An Auditor Independence Policy has been adopted which sets out the key principles to be followed by the Audit firm in its relationship with the Company. The BAC will conduct a formal assessment of external auditor performance each year and report the outcome to the Board.

The Committee reviews disclosure practices of the Company to shareholders and relevant external agencies.

Risk Management Committee

The Company's Risk Management Committee ("RMC") specifically develops and oversees policy for all risk associated with grain Marketing, Farm Inputs and other areas of operations. The policies specify trading limits, approved risk management tools, credit management and delegations for authorising transactions and segregation of duties. The Committee comprises two non-executive Directors, the Managing Director, the Chief Operating Officer and one external appointment.

Remuneration and Nominations Committee

The Remuneration and Nominations Committee comprises four non-executive Directors. The Committee is involved in the following:

- Reviewing the composition, performance and membership of the board and providing recommendations on new appointments;
- Reviewing and recommending to the Board for approval, the overall direction of GrainCorp's philosophies, strategies and determination in respect of remuneration and benefits, recognition of executive and employee performance, succession planning and executive development.

The Committee reviews and recommends to the Board, after reference to performance and published remuneration surveys and market information, the remuneration of the Managing Director and other senior executives.

The Committee also reviews the non-executive Directors' remuneration arrangements and details are then submitted to the Board for their review and subsequently to a general meeting of GrainCorp Limited for approval by shareholders. In determining the level of fees, survey data on fees paid by comparable companies is considered together with changes in the level of responsibilities.

POLICIES AND PROCEDURES

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 policies are designed to eliminate injury to people and to minimise loss or damage to product stored and handled on behalf of customers. A more detailed report on safety initiatives is provided in the main body of the report.

Trading of GrainCorp Shares

The following policy applies for the trading of GrainCorp shares by Directors and employees.

That buying or selling of GrainCorp Limited shares by Directors, officers, all staff agreement employees, contractors located at any of the company's offices, users of the general ledger financial systems and related parties, who are aware of price sensitive information not available to the market, be restricted to the following time periods:

(i) Six weeks commencing 48 hours from the date of lodgement of the half yearly accounts of GrainCorp Limited with ASIC and the ASX

(ii) Six weeks commencing 48 hours from the date of lodgement of the preliminary final report of GrainCorp Limited with the ASX

(iii) Four weeks commencing 48 hours from the date of the Annual General Meeting of the Company

(iv) Commencing from the eighth business day (seven day exposure period) from lodgment with ASIC of a Prospectus and ending on the close of the offer and subject to no material matters being raised by the Due Diligence Committee during the life of the Prospectus (where in a Supplementary Prospectus would ordinarily be issued).

(v) On retirement or departure from the company former Directors, senior managers, staff agreement, contractors and users of general ledger financial systems and related parties are restricted from trading GrainCorp Limited shares for a period of 12 weeks or the occurrence of (i), (ii) and (iii) above.

These trading windows are open subject to an individual not being in possession of market-sensitive information.

Each Director has entered into an agreement "Director and disclosure of interests and transactions in Securities" with GrainCorp Limited in accordance with ASX Listing Rules.

Ethical Standards

All Directors and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company. The Company has implemented a Code of Conduct and Diversity and Equity Policy for all Directors and employees. Membership of appropriate professional bodies is encouraged.

Continuous Disclosure

As a guiding principle GrainCorp must ensure it does not communicate material price or value sensitive information to an external party except where that information has previously been disclosed to the market generally. The Company has adopted a continuous disclosure policy and financial markets communication policy to ensure compliance with disclosure obligations.

Related Party Transactions

Transactions by Directors for storage, handling, testing, seed, sales and purchases of grain are undertaken on terms no more favourable than available to other customers and apart from standard business transactions are reviewed and approved by the Chairman of the Board Audit Committee in accordance with the corporate governance policy of the Company.

5 YEAR FINANCIAL HISTORY

		2003	2002	2001	2000	1999	1998
TONNAGES							
Receivals	(m)	2.1	12.0	12.1	8.3	6.7	5.4
Export	(m)	1.2	6.8	7.2	4.7	3.7	3.7
REVENUE							
Storage & Handling revenue	($m)	102.3	263.0	253.9	166.9	121.1	117.4
Marketing revenue	($m)	311.0	380.0	253.3	118.1	134.1	53.2
Other revenue	($m)	99.6	57.0	12.1	16.3	9.5	10.0
Total operating revenue	($m)	512.9	700.0	519.3	301.2	264.6	180.6
EARNINGS							
Profit/(loss) from ordinary activities before interest, tax and significant items	($m)	(7.9)	84.5	76.1	71.6	42.2	37.7
Profit/(loss) from ordinary activities after tax and before significant items	($m)	(18.2)	48.6	44.6	48.7	29.8	27.9
Significant items after tax	($m)	–	–	–	–	–	7.3
Profit/(loss) from ordinary activities after tax and significant items	($m)	(18.2)	48.6	44.6	48.7	29.8	35.2
Earnings per Ordinary Share*	(cents)	(44.8)	121.2	109.4	155.6	95.2	112.7
DIVIDENDS							
Fully franked dividend per Ordinary Share#	(cents)	–	78.0	72.0	79.0	47.6	56.3
OTHER INFORMATION							
Number of Ordinary Shares#	(m)	40.9	40.1	40.2	31.3	31.3	31.2
Ordinary capital	($m)	102.6	96.5	99.5	57.7	57.7	57.7
Shareholders' funds	($m)	275.1	304.9	273.3	201.0	177.0	161.7
Return on shareholders' funds as at balance date	(%)	(6.6)	15.9	16.3	24.2	16.8	21.8
Total assets	($m)	606.0	627.1	532.8	335.1	255.1	224.8
Net tangible assets per Ordinary Share	($)	6.5	7.4	6.6	6.4	5.7	5.2
Total interest bearing borrowings less cash on hand/ Total shareholders' funds (debt to equity)	(%)	94.8	80.5	66.0	36.3	22.7	4.1
Total liabilities/Total tangible assets	(%)	55.6	52.0	49.6	40.2	30.6	28.1
Current assets/Current liabilities	(%)	111.3	116.8	98.5	113.4	83.1	93.5

Notes

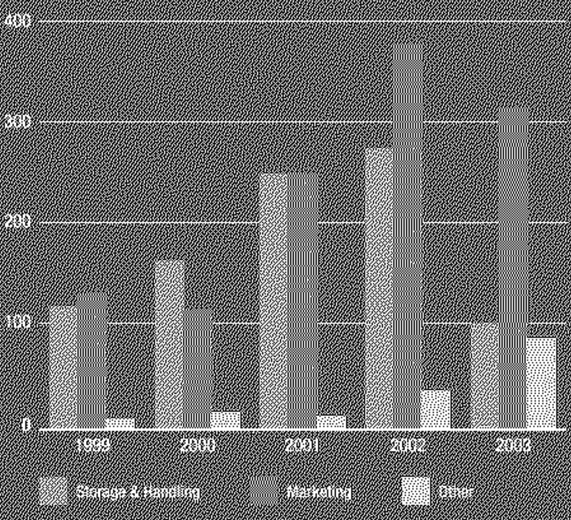
* Basic earnings per share

\# Adjusted for 3 for 5 bonus issue and 10 for 1 share split

HIGHLIGHTS

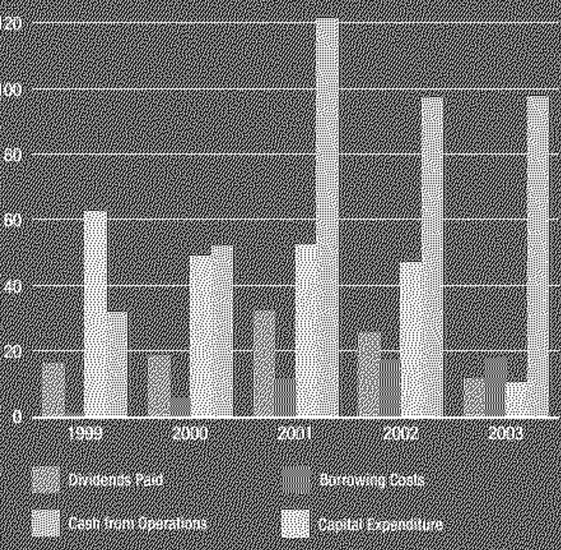
GrainCorp is a growing business, with sustainable profits, strong operating cashflows, and a balance sheet to facilitate future growth.

Revenue

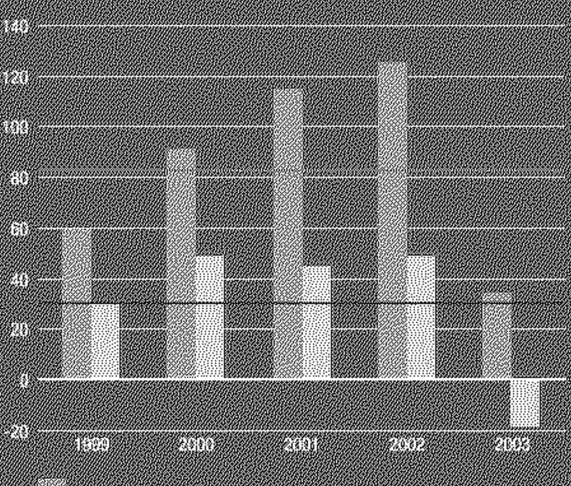


Note: 2003 Storage and Handling revenue impacted by drought

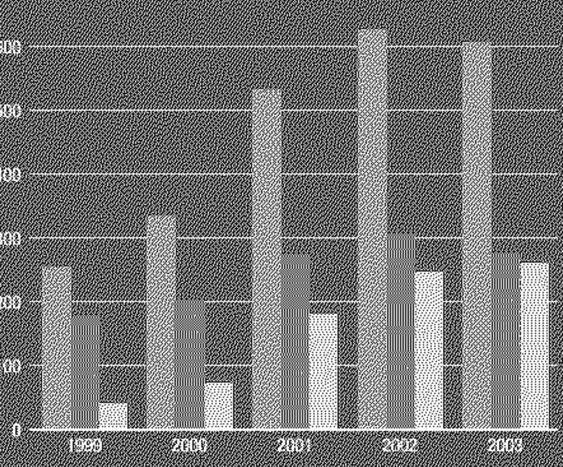
Operating Cash Flow



EBITDA & PAT

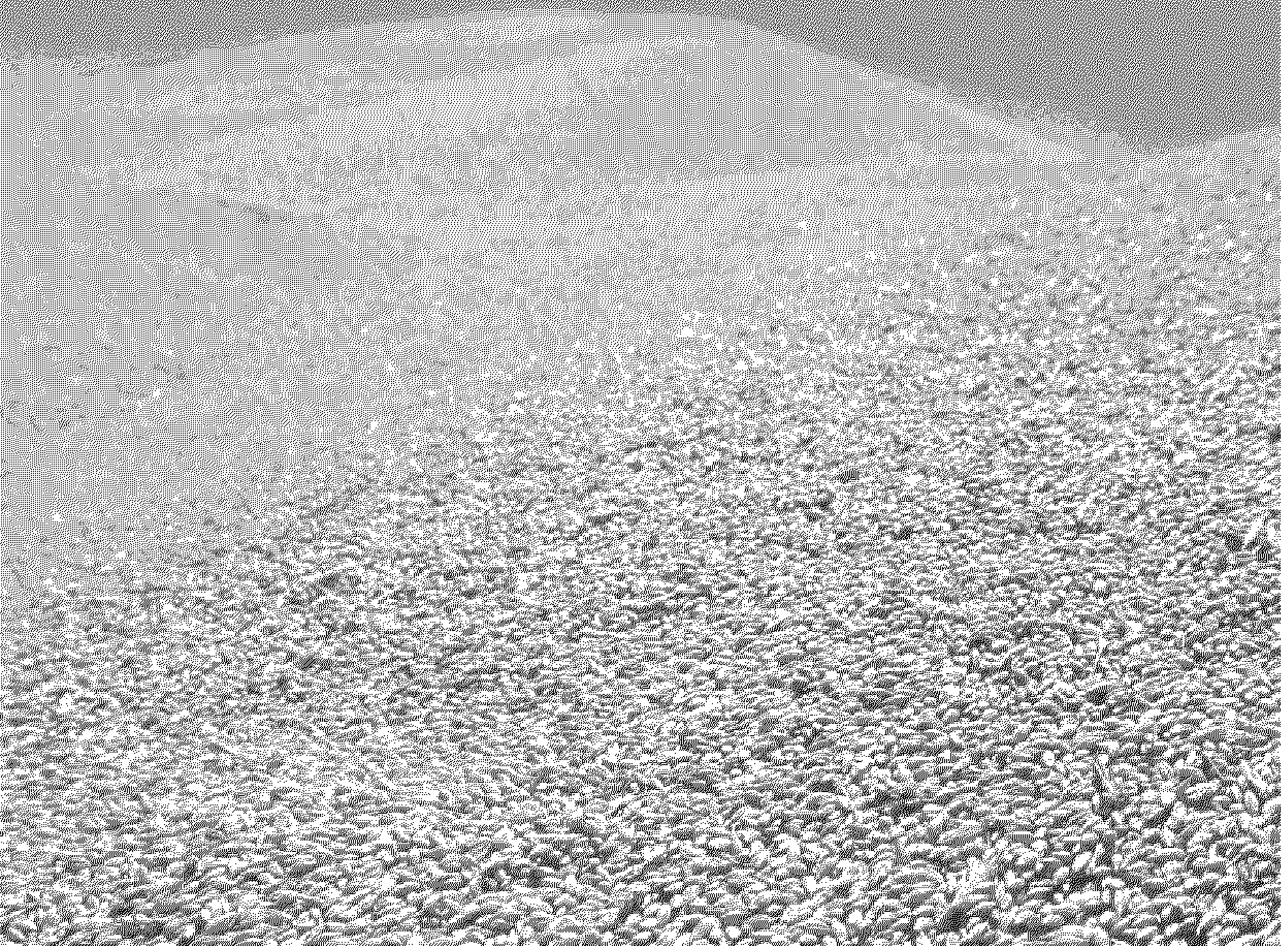


Assets, Equity & Debt



For the year ended 30 September 2003

2003 CONCISE REPORT



DIRECTORS' REPORT

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 2003.

Directors

The following persons are Directors of GrainCorp Limited ('GrainCorp') at the date of this report:

R.L. Greentree (Chairman)

A.D. McCallum (Deputy Chairman)

T.B. Keene (Managing Director)

W.G. Barron

N. Burton Taylor AM

R.R. Flanery

R.G. Freeman

D. Groves

J.A. Menegazzo

D.C. Taylor

D.B. Trebeck

Mr D.G. McGauchie was a Director from the beginning of the financial year until his retirement on 31 July 2003. Mr D.C. Taylor was appointed as a Director on 1 October 2003.

Principal Activities

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

- handling and storage of grain and other bulk commodities as an agent for marketing organisations, end users and growers;
- marketing of grain and other bulk commodities and the operation of grain pools;
- road and rail transport services for bulk commodities;
- provision of farm input products;
- flour milling and mixing services.

Review of Operations

The consolidated entity recorded a loss after tax of $18.2 million for the financial year compared with a profit after tax of $48.6 million for the previous year. EBITDA reduced from $125.6 million to $34.1 million. The principal reason for the loss was that receivals were significantly lower during the financial year as a consequence of the drought conditions in most of New South Wales and Victoria. Grain receivals during the year were 2.1 million tonnes (2002: 12 million tonnes) with export shipping of 1.2 million tonnes (2002: 6.8 million tonnes).

The effect of the drought on the result for the year was partially offset by the disposal of GrainCorp's equity investment in AWB Limited, an increase in contribution to profit from the Marketing division and the implementation of substantial cost management measures.

A more detailed review of the operations during the financial year and the results of those operations appear elsewhere in the Annual Report.

For the year ended 30 September 2003

Significant Changes in State of Affairs

Merger with Grainco Australia Limited

On 15 August 2003, Grainco Australia Limited ('Grainco') shareholders accepted an offer to merge with GrainCorp, passing all resolutions by a vote of over ninety-seven percent. Refer to the later section on subsequent events for more detail on the merger.

Allied Mills

GrainCorp and Cargill Australia Ltd ('Cargill'), a wholly-owned subsidiary of the international agribusiness company, Cargill Inc., bought the milling and mixing business from Goodman Fielder Ltd on 4 October 2002 for approximately $200 million. The acquisition was a joint venture between GrainCorp and Cargill and the new company trades as Allied Mills Australia Pty Limited ('Allied Mills'). GrainCorp has a 60% ownership interest.

Bulk Terminals Australia

On 1 November 2002, GrainCorp joined with Grainco to form a new joint venture company called Bulk Terminals Australia ('BTA') which operates their respective Newcastle and Brisbane terminals. BTA, in which GrainCorp and Grainco maintain an equal shareholding, operates GrainCorp's existing port facilities at Carrington and Kooragang Island in Newcastle and Grainco's facilities at Fisherman Islands and Pinkenba in Brisbane.

Dividend Re-investment Plan

In November 2002, GrainCorp re-established its Dividend Re-investment Plan providing an opportunity for existing shareholders to increase their equity in the company. 694,618 Ordinary Shares were issued for $9.19 each.

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

Dividends

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

Date	Rate (Cents)	Amount $'000
Paid 6 January 2003 – final for 2002	44.0	17,671
Interim for 2003	–	–
Final for 2003	–	–

Matters Subsequent to the End of the Financial Year

Merger with Grainco Australia Limited

GrainCorp and Grainco merged on 1 October 2003 and the new combined entity will continue as GrainCorp Limited. The total cost of the merger was approximately $117.6 million. It included $105 million payable to Grainco shareholders (equivalent to $1.39 per Grainco Ordinary Share), $11.1 million payable to the ConAgra Trade Group ('ConAgra') for its 25% interest in MarketLink (Aust) Pty Ltd ('MarketLink') and $1.5 million in acquisition costs. The agreement gave Grainco shareholders a choice of cash and/or Reset Preference Shares (RPS) in GrainCorp and provided them with the option of continuing as a shareholder in the merged entity. The merger required a change to the constitution of GrainCorp to allow for RPS to be issued and to create an additional Board position for a Queensland representative until the 2004 AGM.

MarketLink was a joint venture between Grainco and ConAgra with Grainco holding 75% equity interest and ConAgra 25%. As part of the merger agreement, Grainco purchased the remaining 25% equity from ConAgra for approximately $11.1 million. This further purchase made MarketLink a wholly-owned subsidiary of Grainco. Therefore, GrainCorp became the ultimate holding company of MarketLink. Also, as a consequence of the merger, BTA will become wholly-owned by GrainCorp.

As part of the conditions of the merger, as agreed with the ACCC, GrainCorp has an undertaking to dispose of its interest in Australian Bulk Alliance Pty Ltd ('ABA') as soon as commercially possible.

Reset Preference Shares

To fulfil the terms of the merger with Grainco, GrainCorp offered RPS at $100 each. The offer was structured in two parts: a priority offer to Grainco and GrainCorp shareholders and a subsequent offer to the public. GrainCorp set the maximum amount to be issued at $120 million which was over-subscribed. All priority and broker firm applications were satisfied in full, while applications made under the public offer were subject to a scale-back process. The RPS commenced trading on the ASX on a deferred settlement basis on 2 October 2003 and on a normal settlement basis on 8 October 2003.

RPS are non-cumulative preference shares quoted on the Australian Stock Exchange. Key features of RPS include:

- ***Preferred dividend:*** each RPS carries a preferred dividend fixed until 30 September 2006 at a rate of 6.5% p.a. which is expected to be fully franked;
- ***Reset mechanism:*** GrainCorp may reset certain terms of RPS on a Reset Date including the applicable dividend rate. The first Reset Date is 30 September 2006; and
- ***Conversion rights:*** in certain circumstances (including on a Reset Date) a holder of RPS may receive Ordinary shares in GrainCorp for their RPS at a discount of 2.5% to the relevant volume weighted average price of those Ordinary shares.

Tax Consolidation

Tax consolidation legislation became substantively enacted during the year when the *New Business Tax System (Consolidation, Value Shifting, Demergers and Other Measures) Bill 2002* was passed by the Senate.

At present, it is expected that there will be no material financial effect on the financial statements and at the date of this report, the Directors have not made a decision whether or not to elect to be taxed as a single entity. The financial effect of the legislation has not been recognised in this financial report in accordance with UIG 39 *Effect of Proposed Tax Consolidation Legislation on Deferred Tax Balances.*

Other

Other than reported elsewhere in the Annual Report, no other matter or circumstance has arisen since 30 September 2003 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.

For the year ended 30 September 2003

Likely Developments

All information on future likely developments is 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.

Occupational Health and Safety

GrainCorp is committed to ensuring compliance with relevant occupational health and safety 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 is achieved. GrainCorp's occupational health and safety 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.

Five prosecutions by WorkCover have been found against GrainCorp this year as a result of injuries sustained to employees and others in prior years.

In 2003, GrainCorp embarked on a new safety implementation strategy that encompasses all strategic business units. In consultation with employees a more comprehensive Safety Management Program (SMP) was developed containing occupational health and safety standards that are suited to GrainCorp's operations. These standards clearly define the responsibilities and processes required to manage GrainCorp's occupational, health, safety and environmental objectives.

Through this program, the organisation has empowered all employees to identify and manage risk at the local level while maintaining a robust framework of rectification programs for identified safety issues. Every executive and senior manager has undertaken safety leadership training as part of this process. This has led to an increased focus on safety throughout GrainCorp and has ensured that safety is considered an integral part of all operational and planning processes.

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:

- developing and implementing sound environmental management systems to ensure legislative requirements are met;
- engaging independent specialists to assess current practice and assist in improvement strategies;
- developing and encouraging employee awareness and responsibility to environmental issues;
- monitoring performance of the consolidated entity in respect of environmental issues and adjust processes accordingly;
- introducing procedural guidelines to address task-specific environmental concerns.

An important part of the GrainCorp Environmental Management System (EMS) 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 licenses and permits are current.

Information on Directors

R.L. (Ron) Greentree
(Chairman)
Grower from Mungindi, NSW. Principal of an agricultural machinery business and Chairman of BRI Australia Ltd. Chairman of the Remuneration and Nominations Committee and the GrainCorp Foundation.

A.D. (Allan) McCallum *Dip.Ag Sc, MAICD*
(Deputy Chairman)
Grower from Kerang, Victoria. Director of Incitec Pivot Limited, Chairman of Nugrain Pty Limited and President of Australian Oilseeds Federation. Member of the Remuneration and Nominations Committee.

T.B. (Tom) Keene *B.Ec., MAICD*
(Managing Director)
Managing Director of GrainCorp Group and member of the Risk Management Committee. Chairman of Allied Mills Australia Pty Limited.

W.G. (Graham) Barron
Grower from Ungarie, NSW. Chairman of the Risk Management Committee.

N. (Nick) Burton Taylor *AM B.Ec., ASIA, FCA, FAICD*
Grower from Boorowa, NSW. Chairman of The Australian Agricultural Company Limited, Director of Rural Press Limited and Bankstown Airport Limited. Chairman of the Audit Committee.

R.R. (Ross) Flanery
Grower from Harden, NSW. Member of the Remuneration and Nominations Committee.

R.G. (Rick) Freeman
Grower from Edgeroi, NSW. Company principal of Norseman Machinery Imports Pty Limited. Member of the Audit Committee. Director of GrainCorp Superannuation Pty Limited.

D. (David) Groves *B.Com., M.Com., CA*
Chartered Accountant and Company Director. Director of Equity Trustees Limited. Member of the Risk Management Committee.

J.A. (Julian) Menegazzo *B.Sc., MAICD*
Grower from Balliang, Victoria. Member of the Remuneration and Nominations Committee.

D.C. (Don) Taylor *B.Com, Grad.Cert.Rur.Sc., FAICD*
Chartered Accountant and Grower from Moonie, QLD.

D.B. (David) Trebeck *B.Sc.Agr. (Hons), M.Ec., MAICD*
Consultant, Grower and Company Director from Canberra, ACT. Executive Chairman of ACIL Tasman Pty Limited. Director of Incitec Pivot Limited, and member of the Audit Committee.

For the year ended 30 September 2003

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

Director	Ordinary Shares	Reset Preference Shares	Convertible Notes	Share Options
R.L. Greentree	792,992	–	–	–
A.D. McCallum	126,615	–	–	–
T.B. Keene	231,141	600	–	250,000
W.G. Barron	155,231	–	–	–
N. Burton Taylor	1,520,038	–	–	–
R.R. Flanery	223,372	5,400	–	–
R.G. Freeman	136,192	–	–	–
D. Groves	1,644,891	10,000	792,049*	–
J.A. Menegazzo	472,742	–	–	–
D.C. Taylor	–	333	–	–
D.B. Trebeck	14,004	–	–	–

* Held in Grainco Australia Limited, a wholly-owned subsidiary of GrainCorp since 1 October 2003.

As at the date of this report, Grain Growers Association 'GGA' owned 1 Foundation share and 8,648,024 Ordinary shares in GrainCorp Limited. Messrs Greentree, McCallum, Barron, Flanery and Freeman are Directors of GGA and members of GGA. Messrs Burton Taylor, Menegazzo and Trebeck 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 2003, and the number of meetings attended by each Director.

Director	Board Meetings		Committee Meetings							
			Audit		Remuneration		Risk Mgt		Other*	
	A	B	A	B	A	B	A	B	A	B
R.L. Greentree	16	16	–	–	7	7	–	–	9	9
A.D. McCallum	16	16	–	–	1	1	–	–	6	6
T.B. Keene	16	16	–	–	–	–	4	4	–	–
W.G. Barron	16	15	–	–	–	–	4	4	1	1
N. Burton Taylor	16	16	4	4	7	7	–	–	–	–
R.R. Flanery	16	15	–	–	1	1	–	–	9	9
R.G. Freeman	16	15	–	–	–	–	–	–	4	4
D. Groves	16	15	–	–	7	7	4	4	8	8
D.G. McGauchie *(Retired 31/7/03)*	13	13	–	–	6	6	–	–	7	7
J.A. Menegazzo	16	16	3	3	1	1	–	–	–	–
D.B. Trebeck	16	15	4	4	–	–	–	–	5	5

* Capital Works, Equity, Occupational Health and Safety, and Environment Committees were discontinued in June 2003.

A – Number held during period in office

B – Number attended

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 reflect their responsibilities and performance. Further details are provided in the Corporate Governance Statement in the Annual Report.

Non-executive annual Directors' fees since 1 July 2003 were $50,000 per Director, $150,000 for the Chairman and $75,000 for the Deputy Chairman. With the exception of the Chairman and Deputy Chairman, additional yearly fees of $5,000 were paid to Directors who were members of committees other than the Audit Committee. The Chairman of these committees was paid $7,500. Yearly fees for the Audit Committee were $8,000 for members and $15,000 for the Chairman.

In addition to reimbursement of expenses, any allowance paid to Directors was in line with rates prescribed for members of the Senior Executive Service, Australian Public Service. Allowances were not included in the Directors' fees shown above.

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 Limited 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.

Non-Executive Directors of GrainCorp Limited

Director	Directors' Fees & Allowances $	Superannuation Contributions $	Sub-Total $	Retirement Benefits Pertaining to 2002/03 $	Total $	Retirement Benefits Entitlement at 30/9/03 $
R.L. Greentree	121,127	10,325	131,452	142,120#	273,572	336,809#
A.D. McCallum	67,513	6,977	74,490	81,395	155,885	217,162
W.G. Barron	54,473	7,452	61,925	56,812	118,737	164,637
N. Burton Taylor	64,233	6,536	70,769	76,471	147,240	180,907
R.R. Flanery	53,946	13,425	67,371	61,808	129,179	173,849
R.G. Freeman	54,971	10,741	65,712	60,286	125,998	166,055
D. Groves	59,972	5,397	65,369	71,032	136,401	171,079
D.G. McGauchie	44,667	4,744	49,411	44,085*	93,496	–
J.A. Menegazzo	57,570	5,880	63,450	69,502	132,952	69,502
D.B. Trebeck	57,143	5,143	62,286	–	62,286	–

* Retired 31/7/03 with benefit paid of $132,256.

The Chairman has elected to waive his entitlement to any retirement benefits.

Note: Directors' fees include applicable committee fees.

For the year ended 30 September 2003

Executive Director of GrainCorp Limited

Name	Salary $	Bonus $	Motor Vehicle $	Superannuation $	Sub-Total $	Share Options $	Total $
T.B. Keene *Managing Director*	420,301	109,148	50,758	37,891	618,098	289,583	907,681

Other Executives of GrainCorp Limited

Name and Position	Salary $	Bonus $	Motor Vehicle $	Superannuation $	Sub-Total $	Share Options $	Total $
J. Di Leo *Chief Operating Officer*	296,772	48,510	24,590	12,136	382,008	89,000	471,008
S.G.B. Bird *Chief Financial Officer*	208,879	21,450	–	18,799	249,128	44,500	293,628
A.N. Johns *Business Development Manager*	177,036	24,975	16,657	14,135	232,803	44,500	277,303
K.J. Lloyd *General Manager, Storage & Handling*	168,594	17,739	14,109	27,744	228,186	44,500	272,686
N.P. Hart *Corporate Services Manager & Company Secretary*	158,778	20,475	23,007	10,995	213,255	44,500	257,755

Notes:

(1) Emoluments reported (except share options) are those paid or payable for the 12 months ended 30 September 2003. The amounts shown include fringe benefits tax where applicable.

(2) In accordance with ASIC guidelines share options have been ascribed a value at grant date (2nd May 2002) based on valuations provided by KPMG Actuaries. The valuation incorporates performance hurdles in its calculations.

(3) Given the recent drought conditions, the Directors are of the opinion that it is unlikely all share options hurdles will be met.

Share Options

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

Unissued Ordinary shares of GrainCorp Limited under option at the date of this report are as follows:

Option Plan	Number	Issue Price	Expiry Date
GrainCorp Executive Option Plan 2a	250,000	$ 8.85	30 September 2005
GrainCorp Executive Option Plan 2b	690,000	$10.93	30 September 2005

In the above executive option plans, 50% of the options are subject to a total shareholder return (TSR) performance hurdle (Hurdle 1). The TSR performance comparison is calculated over the period from 1 October 2001 to 30 September 2004. The other 50% of options are subject to an earnings per share (EPS) performance hurdle (Hurdle 2). No option holder has any right under the options to participate in another share issue of the company.

A total of 88,000 Ordinary shares of GrainCorp Limited were issued during the year ended 30 September 2003 on the exercise of options granted under the GrainCorp Executive Option Plan 1c. 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.

Ronald Greentree

R.L. Greentree *Chairman*

Sydney
25 November 2003

For the year ended 30 September 2003

Consolidated statement of FINANCIAL PERFORMANCE

	Consolidated 2003 $'000	Consolidated 2002 $'000
Revenue from operating activities	463,326	688,284
Other revenue (includes disposal of equity investments)	49,551	11,722
Total revenue from ordinary activities	512,877	700,006
Goods purchased for resale	(335,494)	(395,761)
Raw materials and consumables used	(7,189)	(20,132)
Employee benefits expense	(59,536)	(86,706)
Depreciation and amortisation expenses	(41,998)	(41,091)
Borrowing costs expense	(17,972)	(16,679)
Repairs and maintenance	(7,247)	(13,459)
Cost of equity investment disposed	(25,194)	–
Other expenses from ordinary activities	(45,937)	(58,296)
Expenses from ordinary activities	(540,567)	(632,124)
Shares of net profit / (loss) of associates accounted for using the equity method	1,783	(90)
Profit / (Loss) from ordinary activities before income tax expense	(25,907)	67,792
Income tax benefit / (expense)	7,689	(19,189)
Profit / (Loss) from ordinary activities after income tax expense	(18,218)	48,603
Outside equity interests in profit / (loss) from ordinary activities after income tax	–	93
Net Profit / (Loss) attributable to members of GrainCorp Limited	(18,218)	48,696
Total changes in equity other than those resulting from transactions with owners	(18,218)	48,696
	Cents	Cents
Basic earnings per share	(44.8)	121.2
Diluted earnings per share	(43.8)	118.2

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

Discussion and analysis of consolidated statement of FINANCIAL PERFORMANCE

Financial Performance Summary

Loss after tax for the year ended 30 September 2003 was $18.2 million, compared to $48.6 million profit for the corresponding year. The principal reason for the loss was that receivals were significantly lower during the financial year as a consequence of the drought conditions in most of New South Wales and Victoria. Earnings before interest, tax, depreciation and amortisation (EBITDA) decreased from $125.6 million to $31.4 million.

An analysis of revenue and profit after tax by segment is set out in Note 2. A further review of the operations and results is contained elsewhere in the Annual Report.

Storage and Handling

GrainCorp received a total of 2.1 million tonnes of grain, which was significantly lower than last years 12 million tonnes, and exported 1.2 million tonnes, also considerably less than the 6.8 million tonnes exported last year. The lower receivals due to the drought contributed to a reduced carryover at 30 September 2003 of 0.9 million tonnes, down from 4.7 million tonnes for the previous year. The segmented loss for Storage and Handling was $8.1 million based on revenue of $105.5 million (2002: $279.6 million).

Marketing

For the year ended 30 September 2003, Marketing reported a segmented profit of $13.1 million which was 130% higher than the previous years profit of $5.7 million. Revenue decreased from $382.9 million to $319.8 million but the division improved its margins especially on coarse grains.

Marketing has continued to develop relationships with end users of grains, and improve throughput of grain through the storage network. This is now being reflected in better overall profitability.

Depreciation, Interest and Taxation

Interest repayments were $1.3 million higher as borrowing levels increased during the year to fund investment activity. Depreciation increased only slightly as capital expenditure was controlled to take account of the effects of the drought on profitability and cash flow. As the company made a loss during the year, the accounts show a tax benefit of $7.7 million to be used in subsequent years to offset tax payable.

As at 30 September 2003

Consolidated statement of FINANCIAL POSITION

	Consolidated 2003 $'000	Consolidated 2002 $'000
Current Assets		
Receivables	41,020	95,949
Inventories	32,656	66,532
Other	8,384	7,991
Total Current Assets	82,060	170,472
Non-Current Assets		
Receivables	49,554	83
Investments accounted for using the equity method	73,711	500
Other financial assets	–	25,195
Property, plant & equipment	383,903	416,402
Deferred tax assets	5,401	6,381
Intangible assets	11,351	8,047
Total Non-Current Assets	523,920	456,608
Total Assets	605,980	627,080
Current Liabilities		
Payables	28,133	29,469
Interest bearing liabilities	37,714	100,345
Current tax liabilities	–	5,274
Provisions	7,874	10,841
Total Current Liabilities	73,721	145,929
Non-Current Liabilities		
Interest bearing liabilities	223,034	145,211
Deferred tax liabilities	11,607	15,884
Provisions	22,521	15,137
Total Non-Current Liabilities	257,162	176,232
Total Liabilities	330,883	322,161
Net Assets	275,097	304,919
Equity		
Parent entity interest:		
Contributed equity	102,591	96,524
Reserves	18,430	18,430
Retained profits	154,076	189,965
Total Equity	275,097	304,919

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

Discussion and analysis of consolidated statement of FINANCIAL POSITION

Total assets decreased by $21.1 million and total liabilities increased by $8.7 million during the year ended 30 September 2003. The following key transactions were the main movements in the balance sheet items:

Assets

- Receivables, inventories and other current assets decreased by $88.4 million due to lower turnover caused by the drought;
- Investments increased by $73.2 million due to the purchase of Allied Mills Australia Pty Limited (Allied Mills);
- Loans to associates companies, primarily Allied Mills, increased by $49.5 million;
- Other financial assets decreased by $25.2 million as the investment in AWB Limited shares was sold;
- Property, plant and equipment reduced by $32.5 million through the year's depreciation charge of $40.5 million and $2.1 million in disposals, offset by $10.1 million in capital expenditure.

Liabilities

- Interest bearing liabilities increased by $15.2 million primarily to help fund investment in Allied Mills. Further debt was not required as the investment in AWB Limited was sold and there were a number of other cash inflows as described in the later section on cash flows;
- Tax provisions decreased by $9.6 million reflective of the current year loss and the group tax position for the 2003/04 financial year; and
- Other provisions increased by $4.4 million primarily as a result of making a restoration provision for $5 million during the year. This was made in order to satisfy requirements to remove redundant plant and equipment from one of the port facilities by 2005.

Shareholders Equity

Contributed equity increased by $6.1 million for the year due to:

- 694,618 ordinary shares issued under the dividend re-investment plan for $6.4 million;
- 88,000 ordinary shares issued for $0.6 million on exercise of executive share options; and
- Above offset by $0.9 million in issue costs for reset preference shares.

For the year ended 30 September 2003

Consolidated statement of CASH FLOWS

	Consolidated 2003 $'000	Consolidated 2002 $'000
Cash Flows from Operating Activities		
Receipts from customers (inclusive of goods & services tax)	601,280	727,417
Payments to suppliers and employees (inclusive of goods & services tax)	(503,695)	(630,314)
	97,585	97,103
Interest received	3,347	238
Borrowing costs	(17,617)	(16,715)
Income taxes (paid)/refunded	6,474	(18,299)
Net Cash Inflow/(Outflow) from Operating Activities	89,789	62,327
Cash Flows from Investing Activities		
Payments for property, plant and equipment	(10,114)	(46,925)
Sale of investments/business	32,128	–
Purchases of investments/business	(71,429)	(50)
Dividends received	958	1,917
Proceeds from sale of property, plant and equipment	2,937	1,760
Loans repaid by related parties	1,200	1,577
Cash decrease on deconsolidation of group entity	–	585
Loans from/(to) related parties	(49,057)	–
Net Cash Inflow/(Outflow) from Investing Activities	(93,377)	(41,136)
Cash Flows from Financing Activities		
Proceeds from interest bearing liabilities	202,400	97,300
Repayment of interest bearing liabilities	(181,380)	(88,099)
Payments for shares bought back	–	(3,421)
Proceeds from executive share options exercised	550	425
Issue costs for Reset Preference Shares	(868)	–
Share buy-back transaction costs	–	(11)
Dividends paid	(11,286)	(25,373)
Net Cash Inflow/(Outflow) from Financing Activities	9,416	(19,179)
Net increase/(decrease) in cash held	5,828	2,012
Cash at the beginning of the financial year	(8,606)	(10,618)
Cash at the End of the Financial Year	(2,778)	(8,606)

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

Discussion and analysis of consolidated statement of

CASH FLOWS

Cash Flows from Operating Activities

For the year ended 30 September 2003, net cash inflow from operating activities was $89.8 million, an increase of $27.5 million from net inflow of $62.3 million in the previous year. The primary reason for the increase in inflow is due to a change from paying taxes last year of $18.3 million to receiving refunds of $6.5 million this year. No taxes were paid for the 2002/03 financial year and refunds were received for prior year tax returns.

Cash Flows from Investing Activities

The significant items in the net cash outflow from investing activities of $93.4 million (2002: outflow $41.1 million) were:

	$ million
Purchase of Allied Mills other interests	(71.4)
Sale of equity investment in AWB Limited	32.1
Loans to associate companies (primarily Allied Mills)	(49.1)
Purchase of property, plant and equipment	(10.1)

Cash Flows from Financing Activities

Net cash inflow from financing activities was $9.4 million (2002: outflow $19.2 million). The major contributors to this years net inflow were:

	$ million
2001/02 final dividends paid	(11.3)
Net receipts from borrowings	21.0

For the year ended 30 September 2003

Notes to the consolidated FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

This general purpose financial report has been prepared in accordance with 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', 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 Standard

As a result of applying the new accounting standard AASB 1044 *Provisions, Contingent Liabilities and Contingent Assets* for the first time, certain liabilities have been reclassified and some balances have been restated for the previous year.

Dividends

Provision is only made for the amount of any dividend declared, determined or publicly recommended by the Directors on or before the end of the half-year but not distributed at balance date.

The above policy was adopted with effect from 1 October 2002 to comply with AASB 1044 *Provisions, Contingent Liabilities and Contingent Assets* released in October 2001 and applied to the year ended 30 September 2003. In previous periods, in addition to providing for the amount of any dividends declared, determined or publicly recommended by the Directors on or before the end of the period but not distributed at balance date, provision was made for dividends to be paid out of retained profits at the end of the period where the dividend was proposed, recommended or declared between the end of the period and the completion of the financial report.

An adjustment of $17,632,016 was made against the consolidated retained profits at the beginning of the year to reverse the amount provided at 30 September 2002 for the proposed final dividend for the year ended on that date that was recommended by the Directors between the end of the financial year and the completion of the financial report. This reduced the consolidated current liabilities – provisions and total liabilities at the beginning of the year by $17,632,016 with corresponding increases in consolidated net assets, retained profits, total equity and the total dividends provided for or paid during the current interim period.

The restatements of consolidated retained profits, total dividends provided for or paid during the year and current provisions set out below show the information that would have been disclosed had the new accounting policy always been applied.

	Consolidated		Parent Entity	
	2003	2002	2003	2002
	$'000	$'000	$'000	$'000
	(Restated)	(Restated)	(Restated)	(Restated)
Restatement of retained profits				
Previously reported retained profits at the end of the previous financial year	172,333	154,987	29,690	29,546
Change in accounting policy for providing for dividends	17,632	11,655	17,632	11,655
Restated retained profits at the beginning of the period	189,965	166,642	47,322	41,201
Net profit/(loss) attributable to members of GrainCorp Limited	(18,218)	48,696	474	31,494
Total available for appropriation	171,747	215,338	47,796	72,695
Dividends paid	(17,671)	(25,373)	(17,671)	(25,373)
Restated retained profits at the end of the period	154,076	189,965	30,125	47,322
Restatement of total dividends provided for or paid				
Previously reported total dividends provided for or paid during the period	–	(31,350)	–	(31,350)
Adjustment for change in accounting policy	(17,671)	5,977	(17,671)	5,977
Restated total dividends provided for or paid during the period	(17,671)	(25,373)	(17,671)	(25,373)
Restatement of current liabilities provisions				
Previously reported carrying amount	–	(28,473)	–	(19,906)
Adjustment for change in accounting policy	–	17,632	–	17,632
Restated carrying amount	–	(10,841)	–	(2,274)

Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by GrainCorp as at 30 September 2003 and the results of all controlled entities for the year then ended. GrainCorp Ltd and its controlled entities together are referred to in this financial report as the consolidated entity. 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 and joint ventures 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 and joint ventures is recognised in the consolidated statement of financial performance, and its share of post-acquisition movements in reserves is recognised in consolidated reserves. The cumulative post-acquisition movements are adjusted against the cost of the investment. Associates and joint ventures are those entities over which the consolidated entity exercises significant influence, but not control.

For the year ended 30 September 2003

2. Segment Information

2003	Storage & Handling $'000	Marketing $'000	Other $'000	Intersegment Eliminations $'000	Consolidation $'000
Sales to customers outside consolidated entity	102,327	310,977	50,022	–	463,326
Intersegment sales	–	5,581	–	(5,581)	–
Total sales revenue	102,327	316,558	50,022	(5,581)	463,326
Share of net profit/(loss) of associates					1,783
Other revenue	3,196	3,291	–	–	6,487
Unallocated revenue					43,064
Total segment revenue	105,523	319,849	50,022	(5,581)	514,660
Segment result	(8,058)	13,140	(4,794)	–	288
Unallocated revenue less unallocated expenses					(26,195)
Profit/(loss) from ordinary activities before income tax					(25,907)
Income tax benefit/(expense)					7,689
Profit/(loss) from ordinary activities after income tax					(18,218)
Segment assets	372,806	48,699	19,748	–	441,253
Unallocated assets					164,727
Total assets	372,806	48,699	19,748	–	605,980
Segment liabilities	25,505	36,420	9,511	–	71,436
Unallocated liabilities					259,447
Total liabilities	25,505	36,420	9,511	–	330,883
Investments in associates	–	–	–	–	–
Unallocated investments in associates					73,711
Total investments in associates	–	–	–	–	73,711
Acquisitions of property, plant and equipment and other non-current segment assets	10,114	–	–	–	10,114
Depreciation and amortisation expense	41,995	3	–	–	41,998

2. Segment Information continued

2002	Storage & Handling $'000	Marketing $'000	Other $'000	Intersegment Eliminations $'000	Consolidation $'000
Sales to customers outside consolidated entity	263,011	379,977	45,296	–	688,284
Intersegment sales	14,397	1,144	484	(16,025)	–
Total sales revenue	277,408	381,121	45,780	(16,025)	688,284
Share of net profit/(loss) of associates					(90)
Other revenue	2,229	1,784	–	–	4,013
Unallocated revenue					7,709
Total segment revenue	279,637	382,905	45,780	(16,025)	699,916
Segment result	99,192	5,724	(1,384)	–	103,532
Unallocated revenue less unallocated expenses					(35,740)
Profit/(loss) from ordinary activities before income tax					67,792
Income tax benefit/(expense)					(19,189)
Profit/(loss) from ordinary activities after income tax					48,603
Segment assets	419,594	106,607	25,708	–	551,909
Unallocated assets					75,171
Total assets	419,594	106,607	25,708	–	627,080
Segment liabilities	22,211	73,008	6,484	–	101,703
Unallocated liabilities					220,458
Total liabilities	22,211	73,008	6,484	–	322,161
Investments in associates	–	–	–	–	–
Unallocated investments in associates					500
Total investments in associates	–	–	–	–	500
Acquisitions of property, plant and equipment and other non-current segment assets	46,855	–	70	–	46,925
Depreciation and amortisation expense	40,541	7	543	–	41,091

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 receival, storage and testing of wheat, other grains and bulk commodities.

Marketing: marketing of grain and agricultural products and the operation of grain pools.

Other: sale of farm inputs and fees for transportation of commodities.

b) Intersegment pricing is on an "arm's length" basis.

c) The consolidated entity only operates in one geographical segment – Australia.

For the year ended 30 September 2003

3. Dividends

	Parent Entity 2003 $'000	Parent Entity 2002 $'000
Ordinary shares:		
Interim dividend paid, or declared before end of financial period		
2002 – 34 cents and franked at 30%	–	13,713
2003 – 0 cents	–	–
Final dividend paid, or declared before end of financial period		
2001 – 29 cents and franked at 30%	–	11,660
2002 – 44 cents and franked at 30%	17,671	–
2003 – 0 cents	–	–
	17,671	25,373

The franked portion of dividends recommended after 30 September 2003 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 September 2004.

	Consolidated 2003 $'000	Consolidated 2002 $'000	Parent Entity 2003 $'000	Parent Entity 2002 $'000
Franking credits available for the subsequent financial year	25,267	29,339	8,899	8,353

Note: The comparative for franking credits available for the subsequent financial year has been restated to reflect the changes that took place to the dividend imputation system effective from 1 July 2002, introduced by the *New Business Tax System (Imputation) Bill 2002*.

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 2003 Cents	Consolidated 2002 Cents
Basic earnings per share	(44.8)	121.2
Diluted earnings per share	(43.8)	118.2
Weighted average number of Ordinary shares used as the denominator in the calculation of basic earnings per share.	40,673,036	40,174,806
Weighted average number of Ordinary shares and potential Ordinary shares used as the denominator in the calculation of diluted earnings per share.	41,613,036	41,202,806

5. Financial Instruments

GrainCorp and its controlled entities are parties to derivative financial instruments with associated risk in the normal course of business in order to hedge exposure to fluctuations in commodity prices, foreign exchange and interest rates. Their use is subject to a comprehensive set of policies, procedures and limits approved by the Board of Directors.

(a) **Commodity Price Risk**

The consolidated entity is exposed to grain price fluctuations through its grain trading activities. To hedge this commodity price risk, the consolidated entity has entered into grain commodity futures contracts and grain commodity options contracts with terms between 2 and 16 months depending on the underlying transactions.

At balance date, net outstanding commodity futures contracts had a fair value of $73,779,763 (2002: $189,122,792) with various maturities up to January 2005. If settled at balance date, these contracts would have resulted in a gain of $504,469 (2002: loss of $10,279,000) which is offset by an unrecognised loss on the underlying transactions being hedged.

Commodity sold and bought options are marked to market at each balance date. These options with maturities up to February 2004, if closed out at balance date, would have resulted in a net gain of $20,145 (2002: gain of $1,088,873) which may be offset by an unrecognised loss on the underlying transactions being hedged.

(b) **Foreign Exchange Risk**

The consolidated entity hedges against exposures from grain futures taken in the US, Canada and Europe. When required to, hedging is undertaken through transactions entered into in foreign exchange markets. Forward exchange contracts and currency option contracts have been used for hedging purposes. The contracts are timed to mature when the grain futures expire.

At balance date, the outstanding foreign exchange contracts are (Australian Dollar equivalent).

	2003 A$'000	2003 Average Exchange Rate	2002 A$'000	2002 Average Exchange Rate
Buy US Dollars/Sell Australian Dollars				
0 – 6 months	25,200	0.6753	41,527	0.5419
6 – 12 months	620	0.6360	955	0.5016
Buy Australian Dollars/Sell US Dollars				
0 – 6 months	31,070	0.6026	86,038	0.5396
6 – 12 months	8,420	0.6271	8,008	0.5370
12 – 18 months	250	0.6158	458	0.5459
Buy Canadian Dollars/Sell Australian Dollars				
0 – 6 months	4,200	0.8794	349	0.8596
6 – 12 months	350	0.8923	–	–
Buy Australian Dollars/Sell Canadian Dollars				
0 – 6 months	12,900	0.8905	31,128	0.8327
Buy Euros/Sell Australian Dollars				
0 – 6 months	–	–	1,805	0.5540
Buy Australian Dollars/Sell Euros				
0 – 6 months	2,000	0.5791	–	–

For the year ended 30 September 2003

As these contracts are hedging future settlement of US, European and Canadian grain and oilseed futures, any unrealised gains or losses on the contracts, together with the cost of the contracts, are deferred and will be recognised when the underlying transaction occurs.

The following foreign exchange gains and losses have been deferred.

	2003 $'000	2002 $'000
Unrealised gains	4,413	1,614
Unrealised losses	(1,390)	(936)
Net gain (loss)	3,023	678

(c) Interest Rate Swap Contracts

Bank loans of the consolidated entity currently bear an average variable interest rate of 5.75% (2002: 5.42%). It is the consolidated entity's policy to protect part of the loans from exposure to increasing interest rates. Accordingly, it has entered into interest rate swap contracts under which the consolidated entity is entitled to receive interest at variable rates and is obliged to pay interest at fixed rates. The contracts require settlement of net interest receivable or payable each 90 or 180 days. The settlement dates coincide with the dates on which interest is payable on the underlying debt.

Swaps currently in place cover 39% (2002: 37%) of the total borrowings outstanding. The average fixed interest rate is 5.39% (2002: 6.81%) and the variable rates are between 0.50% and 1.00% (2002: 0.30% and 0.50% respectively) above 90 or 180 day bank bill rate.

At 30 September 2003, the notional principal amounts and periods of expiry of the interest rate swap contracts are as follows:

	2003 $'000	2002 $'000
0-1 years	25,000	25,000
2-3 years	5,000	40,000
4+ years	62,280*	–
Total	92,280	65,000

* Includes $47.28 million which is a natural hedge through subordinated debt.

The fair values of interest rate swaps are determined as the difference in present value of the future interest cashflow, amounting to a financial liability of $261,728 (2002: financial liability of $1,325,133).

5. Financial Instruments continued

(d) **Interest Rate Risk Exposures**

The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out below:

2003	Average interest rate %	Floating interest rate $'000	Fixed interest maturing in: 1 year or less $'000	over 1 year to 5 years $'000	more than 5 years $'000	Non interest bearing $'000	Total $'000
Financial assets							
Investments							–
Cash and deposits							–
Receivables						41,020	41,020
Loan to associate	5.93	47,280					47,280
Interest rate swaps*	4.90	92,280					92,280
		139,560	–	–	–	41,020	180,580
Financial liabilities							
Bank overdrafts	8.45	2,778					2,778
Trade and other creditors						28,133	28,133
Bills payable	5.90	232,050					232,050
Other loans	5.30	23,563				400	23,963
Finance Leases	7.13		723	1,234			1,957
Interest rate swaps*	5.39	47,280	25,000	20,000			92,280
		305,671	25,723	21,234	–	28,533	381,161
Net financial assets (liabilities)							(200,581)

* notional principal

For the year ended 30 September 2003

2002	Average interest rate %	Floating interest rate $'000	Fixed interest maturing in: 1 year or less $'000	over 1 year to 5 years $'000	more than 5 years $'000	Non interest bearing $'000	Total $'000
Financial assets							
Investments						25,195	25,195
Cash and deposits							–
Receivables						95,949	95,949
Interest rate collar*	5.95		1,500				1,500
Interest rate swaps*	5.41	65,000					65,000
		65,000	1,500	–	–	121,144	187,644
Financial liabilities							
Bank overdrafts	8.45	8,606					8,606
Trade and other creditors						29,469	29,469
Bills payable	5.42	176,100					176,100
Other loans	6.62	57,944				800	58,744
Finance Leases	7.13		195	1,911			2,106
Interest rate collar*	4.95		1,500				1,500
Interest rate swaps*	6.81		25,000	40,000			65,000
		242,650	26,695	41,911	–	30,269	341,525
Net financial assets (liabilities)							(153,881)

* notional principal

5. Financial Instruments continued

Reconciliation of Net Financial Assets to Net Assets

	2003 $'000	2002 $'000
Net financial assets (liabilities) as above	(200,581)	(153,881)
Non-financial assets and liabilities		
Inventories	32,656	66,532
Property, plant and equipment	383,903	416,402
Intangibles	11,351	8,047
Other assets	89,770	14,955
Provisions	(42,002)	(47,136)
Other liabilities	–	–
Net assets per balance sheet	275,097	304,919

(e) **Credit Risk**

The credit risk on financial assets of the consolidated entity which have been recognised on the statement of financial position, other than investments in shares, is generally the carrying amount, net of any provision for doubtful debts.

6. Full Financial Report

This concise report is derived from the full financial report for the year ended 30 September 2003. 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 809 482 (free call). Alternatively, both the full financial report and the concise report can be accessed via the internet at www.graincorp.com.au.

For the year ended 30 September 2003

DIRECTORS' DECLARATION

The Directors declare that, in their opinion, the concise financial report of the consolidated entity for the year ended 30 September 2003 as set out on pages 49 to 65 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 2003.

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.

Ronald Greentree

R.L. Greentree *Chairman*

Sydney
25 November 2003

INDEPENDENT AUDIT REPORT

to the members of GrainCorp Limited and its Controlled Entities

Audit opinion

In our opinion, the concise financial report of GrainCorp Limited for the year ended 30 September 2003 complies with Australian Accounting Standard AASB 1039: Concise Financial Reports.

This opinion must be read in conjunction with the rest of our audit report.

Scope

The concise financial report and Directors' responsibility

The concise financial report comprises the consolidated statement of financial position, consolidated statement of financial performance, consolidated statement of cash flows, discussion and analysis of and notes to the financial statements, and the Directors' declaration for GrainCorp Limited (the company) for the year ended 30 September 2003.

The Directors of the company are responsible for the preparation and presentation of the financial report in accordance with Australian Accounting Standard AASB 1039: *Concise Financial Reports.*

Audit approach

We conducted an independent audit of the concise financial report in order to express an opinion on it to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the concise financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We also performed an independent audit of the full financial report of the company for the financial year ended 30 September 2003. Our audit report on the full financial report was signed on 25 November 2003, and was not subject to any qualification.

In conducting our audit of the concise financial report, we performed procedures to assess whether in all material respects the concise financial report is presented fairly in accordance with Australian Accounting Standard AASB 1039: *Concise Financial Reports.*

We formed our audit opinion on the basis of these procedures, which included:

- testing that the information included in the concise financial report is consistent with the information in the full financial report, and
- examining, on a test basis, information to provide evidence supporting the amounts, discussion and analysis, and other disclosures in the concise financial report which were not directly derived from the full financial report.

When this audit report is included in an Annual Report, our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the concise financial report.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

P J Carney *Partner*

Sydney
25 November 2003

SHAREHOLDER INFORMATION

The Shareholder information set out below was applicable as at 15 December 2003

A. Distribution of Ordinary Shares

1 – 1,000	6,877
1,001 – 5,000	2,956
5,001 – 10,000	690
10,001 – 100,000	389
100,001 and over	32
	10,944

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	Percentages of Issued Shares
1	Grain Growers Association Limited	8,648,024	21.20%
2	Mr R Greentree & Mr B Harris	553,896	1.36%
3	NBT Pty Limited	530,950	1.30%
4	RBC Global Services Australia Nominees Pty Limited – BKCUST Account	475,754	1.17%
5	NBT Pty Limited, Astor Account	450,000	1.10%
6	RBC Global Services Australia Nominees Pty Ltd – PIPOOLED Account	425,262	1.04%
7	DB Capital Pty Limited	407,853	1.00%
8	Victorian Farmers Federation Property Trust Ltd	399,967	0.98%
9	UBS Private Clients Australia Nominees Pty Ltd	377,854	0.93%
10	J P Morgan Nominees Australia Ltd	296,151	0.73%
11	DB Capital Pty Limited	295,568	0.72%
12	Janvin Pty Limited	285,168	0.70%
13	Linkshore Pty Limited	280,000	0.69%
14	Westpac Custodian Nominees Limited	272,088	0.69%
15	Mr Graeme John Watsford	256,763	0.63%
16	Janvin Pty Limited	250,000	0.61%
17	R&D Pastoral Pty Ltd	241,984	0.59%
18	Menegazzo Enterprises Pty Ltd	241,783	0.59%
19	Mr Peter Menegazzo	227,867	0.56%
20	Desbech Pty Ltd	214,819	0.53%

C. Substantial Shareholders

The following shareholder had a substantial shareholding in GrainCorp Limited shares as at 15 December 2003.

		Ordinary Shares	
		Number of Shares Held	Percentages of Issued Shares
1	Grain Growers Association Limited	8,648,024	21.20%

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:

(i) No ordinary resolution can be passed without the affirmative role of the Foundation Share, except for the appointment of elected Directors.

(ii) For a special resolution, the Foundation Share carries 75% of the total number of votes entitled to be cast.

Enquiries

Nigel Hart Company Secretary

GrainCorp Registered Office

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Fax: 02 9325 9180

Australian Stock Exchange

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

Dividend Policy

GrainCorp has a dividend policy which is currently at a payout ratio of 65 percent.

GrainCorp Website

www.graincorp.com.au – GrainCorp's interactive website features the current Annual Report and full financials, plus interim financial reports. News and corporate information are regularly updated for shareholders. Details of Board members 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 2001
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

Shareholders can elect not to receive an Annual Report (but still receive a Notice of Meeting and Proxy Form) by contacting the share registry.

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