CHAIRMAN'S ADDRESS
2005 ANNUAL GENERAL MEETING

10.30am – 23 February 2005

Shareholders and special guests – welcome once again to the 2005 Annual General Meeting of GrainCorp Limited.

This is the first time that we have held our AGM in Brisbane, and it is a pleasure to be here given the importance of our Northern Division to the operations of our Company.

GrainCorp's expansion into Queensland has been an important part of our strategy of geographic diversification – particularly given the recent harvest variability along the Eastern States.

Moreover, the integration was completed successfully, and we are pleased to say that we have achieved our target of $12 million in merger synergies following the acquisition in 2003.

The harvest of summer crops commenced in northern NSW in January, is now well underway in Southern Queensland and will shortly work its way northwards to its conclusion in the areas around Clermont and Mt McLaren.

Our expectation is that this will add around one million tonnes to our total receivals for the year.

(2004/05 Harvest)

It is appropriate that I make a few comments about the recently finished harvest of winter crops – and the impact that this will have on our forecast profit for the current year.

Clearly the harvest it was not what we had hoped for.

The indications at the start of the season were very positive. Our first receival forecast for 2004 - which is traditionally issued in late July of each year – was for winter crop receivals of 13 million tonnes across the Eastern States.

As the season wore on - every grain business and independent forecaster, including ourselves, was forced to revise its forecast downwards.

The final winter harvest receival figure was disappointing for us.

Our total receivals for the year are expected to be 10 million tonnes; which when combined with our carry in stocks of 2.6 million tonnes, means a below average season overall.
Naturally these receival figures will have a negative impact on our profits for the 2004/05 year.

The key drivers for our business are:

- Total receivals of grain; including summer and winter harvests;
- Carry over tonnes of grain from the previous year;
- Grain Marketing performance and export throughput
- Business Unit performance

Factoring all of this in - we are forecasting a profit within the range of $14-16 million based on export volumes of 5.4 million tonnes for 2004/05 and a carry over of 2.7 million tonnes.

This forecast result will be influenced by expected receivals of grain, carry over tonnages and a subdued export performance.

While down from last year, it confirms the Company's strategy of geographic diversification, which included a merger with Vicgrain in 2000 and the acquisition of Queensland based Grainco in 2003.

"Capturing $18m in synergy benefits through these mergers has significantly assisted our business to be in a position to forecast a positive profit. As individual businesses each would otherwise have faced difficult financial conditions for the same period.

There are still a number of factors that contribute to this result which are not yet determined and are largely outside of our control. We will continue to keep the market informed of any changes over the remainder of the financial year.

(2003/04 Financial Year)

In December I was pleased to report our Company's return to profitability with a full year result of $25.7 million for the year ended 30 September 2004.

Our dividend payment for the year was 41 cents per share which represents a fully franked yield of 4.7%. Revenue for the year was $964 million which was up substantially from the $512 million for the drought year previously.

Given the difficult seasons we have experienced recently – this is a pleasing result.

We have also enjoyed increasing interest and support from investors as the benefits of our strategy begin to bear fruit.

To reward shareholders for their continuing commitment, and recognizing the impact of capital expenditure on our depreciation charge, we paid a special dividend of 10 cents per share at the Half Year mark, and revised our dividend distribution policy from a fixed 65 percent of profit after tax to a minimum of 70 percent.

More generally, it is pleasing that the agri-food sector as a whole has become the subject of renewed interest from the investment community, with recent events combining to create a group of strong listed companies for investors to add to their portfolio.

(The Industry)

I am referring to the continuing expansion by the major grain industry participants. The merger of ABB and Ausbulk for example, has created a third major grains company on the Australian Stock Exchange.

We firmly believe the growth in our sector is positive for GrainCorp.

It means that analysts are more inclined to take the time required to understand our industry and its drivers.

In turn, this has led to a larger and more informed shareholder base, which understands the benefits of a long term association with our company – on the whole, we can now see an investment community which displays increased confidence in the future of our industry.

Along with ongoing diversification and consolidation, we have also witnessed an increasing level of maturity within the industry.

An excellent example of this is our recent creation of the joint venture company Export Grain Logistics as a partnership between this company and AWB Limited.

It shows that two companies with a track record of robust competition can also work together to achieve common goals for the industry.

It also demonstrates something that we have believed for a long time - that vigorous competition is able to coexist with collaboration.

(Strategic direction)

This approach is entirely consistent with our long term strategy.

Since our listing in 1998, our strategy has focused firmly on diversification of the business, both geographically and along the supply chain.

We believe our efforts have been successful – the merger with Vicgrain in 2000; the acquisition of Allied Mills in 2002; and then Grainco Australia in 2003; and the growth of our business units are examples of this.

We have indeed been strengthening our presence along the supply chain – however, the task is not yet complete.

At the beginning of the reporting year, GrainCorp formally adopted a business plan endorsed by the Board which provides the company's business units with greater autonomy; clearer measurement and reporting structures; and, in some cases significantly increased growth targets.

The plan is both a product and a driver of the company's ongoing diversification. On the one hand it provides evidence of the Board's determination to invest and grow each of these business units, and on the other, a means whereby that growth may be achieved.

(Safety)

Another development of which we are extremely proud is the improvement in our safety performance over the past three years.

The grains industry can provide a hazardous work environment, particularly during harvest – and we recognise that in the past our safety performance has not been acceptable.

However, there is nothing more important to GrainCorp than safety, and we have dedicated significant resources to improving our performance in this area.

Safety is now a central component of the company's incentive scheme and features in every corporate communication with our employees. We have made it our number one priority.

I am pleased to report that at the end of the 2004 year our Safety Performance Indicator (SPI) stands at 12. This is a six-fold improvement from the level of 72 where is stood only one year ago.

It is more remarkable still when compared to twelve months before that when it stood at 137. These achievements have served to spur us on to ever higher standards, and we intend to maintain our focus on this crucial area.

I am particularly proud of this achievement because it has occurred during a time of substantial organisational change and growth – both in terms of our size and the make-up of our workforce.

Our success in improving our safety performance is part of our increased focus on managing risk as a whole. We have elevated the profile of risk management within the Company in a number of ways.

(Corporate Governance)

It is important that I spend some time discussing the importance of good corporate governance to this Company – and specifically the proposed changes to the Company constitution that are before you today.

Shareholders are increasingly aware of their rights and are driving reform in the field of corporate governance. The standard has never been higher in relation to increased transparency and disclosure – and rightly so.

GrainCorp recognises and embraces its obligations in this area.

Over the past twelve months the Board and management of the company has sought to develop and implement policies which are consistent with current standards of disclosure.

This information is now freely available on the company website and the relevant policies have been clearly communicated to the company's employees.

During the year a new management committee was established to oversee disclosure issues. We have also sought to provide more information in our annual report as a reflection of our commitment to an informed market.

The Board places great importance on ensuring that GrainCorp acts in a manner which is consistent with both the spirit and the letter of disclosure guidelines.

GrainCorp has adopted the policy of accepting written questions prior to the meeting, from shareholders for the Chairman, Managing Director or auditors to answer at the meeting. We commit to ensuring that written answers to these questions are available at the meeting and published on the website.

This year we received a number of questions from a shareholder, the Victorian Farmers Federation, on a range of issues. A written response is available at the back of the hall. I encourage each of you to take a copy of this for your information.

In addition our Managing Director, Tom Keene, will address a selection of these as part of his management presentation in a few minutes time.

We trust that these initiatives serve as a demonstration of our commitment - however we recognise that we can always do better, and for this reason, we intend to continue improving our governance procedures.

The constitutional changes that have been proposed to you, our shareholders, for consideration at this meeting – are products of this ongoing review.

The two changes proposed today involve amendments to the quorum for a Board meeting and the process for the election of the Chairman and Deputy Chairman. The quorum proposal will provide more flexibility for the Board in dealing with circumstances where the Group directors may be conflicted in considering company matters. The proposal for the election of the Chairman and Deputy Chairman by, and from, all of the directors of the Board is welcomed by myself and the Board as a reflection of our preparedness as a company to embrace more contemporary governance practices.

Both proposals have the full support of Elected Directors and GGA.

The proposed changes have been explained in detail in the Notice of Meeting for this AGM and the attached Explanatory Notes. I commend the changes to you.

(Foundation Share)

Although it is expected that most of you are familiar with the history of our Company – now is a good time to clarify once again how the Foundation share operates and to set out GrainCorp's relationship with Grain Growers Association.

Our Company was originally created in 1992 when the NSW Grain Handling Authority was sold to the Prime Wheat Association, which subsequently became Grain Growers Association, known as GGA.

As well as owning 21% of the ordinary stock of the Company, GGA is also the holder of the Foundation Share in GrainCorp which amongst other rights, entitles it to a casting vote on constitutional change and a majority on the Board of the Company.

GGA has indicated that it intends to support the constitutional changes proposed today.

As set out by the constitution of GrainCorp, all six Directors of GGA automatically become "Group Directors" of GrainCorp. GGA also holds 21% of the Company's ordinary shares.

In addition to the six Group Directors, the Board of GrainCorp consists of four independent non-executive Directors and the Managing Director.

GGA is a representative organisation for grain growers and its Directors are selected by a plebiscite of its members. While there is a strong historical and constitutional link between the two organisations - GrainCorp Limited is a completely separate entity to GGA and has no role to play in its internal deliberations.

As you are aware, our constitution provides for a review of the Foundation Share every five years. This review last occurred at the Company's Annual General Meeting held February 2003, where a majority of shareholders voted for its retention. It falls due again in 2008.

(Board changes)

Today's AGM will see significant changes to the membership of our Board. Two long-standing and well respected Directors of our Company have indicated that they would not re-contest their positions at this forum.

Today we say goodbye to Graham Barron, one of our Group Directors who retired from his Directorship of GGA and as a consequence also of GrainCorp; and Nick Burton Taylor AM, one of our independent Directors, who decided not to re-contest his position at today's AGM.

Graham has served on the Board of GrainCorp for twelve years, and Nick for eleven years. During that time they have both made an enormous contribution to GrainCorp, and have served in many capacities.

I would like to once again give my heartfelt thanks to both Nick and Graham for their many years of service to this company. The growth and success of GrainCorp can be attributed directly to the talent and energy of individuals such as these.

At this AGM we are proposing to shareholders that Doug Curlewis be elected to the position of Director to replace Nick. Doug is an experienced Company Director who currently serves as a Director of National Foods, Nufarm, Pacifica Group Limited and is Chairman of Remunerator Australia.

In addition, currently serving Director Mr David Trebeck has offered himself for re-election.

We also welcome Dan Manglesdorf to the Board whom replaces Graham Barron as a Group Director. Dan was elected to this position at the AGM of GGA held last week.

(Our people)

As Chairman of GrainCorp I am looking forward to continuing to work with such a group of talented people who share my passion for agri-business.

I would like to thank the Managing Director, his team of senior managers and their staff, and my fellow Directors for contributing their skills and energy over the past year.

Their dedication, competence and wisdom during a time of enormous organisational change have been impressive - I am now looking forward to 2005, undoubtedly it will be another exciting year.

I would like to offer my sincere thanks to all our employees for their dedication and enthusiasm during a year of substantial organisational growth and change.

Finally, I thank you, our shareholders, for continuing your commitment and being part of this exciting business.