GrainCorp

Growing Solutions

Media Release

GrainCorp Limited ABN 60 057 186 035

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GRAINCORP DECLARES HALF YEAR PROFIT OF $8.3 MILLION

Leading Australian agri-food business GrainCorp Limited ("GrainCorp") today announced a half-year after-tax profit of $8.3 million for the six months to 31 March 2005 and declared an interim dividend of two cents per share payable on 1 July 2005

"GrainCorp is on track to achieve the forecast full year profit of $10 – 12 million. This forecast has been influenced by the disappointing forecast grain receivals for the 2004/05 harvest of 9.5 million tonnes. However, we remain focused on organic growth; disciplined restructuring and management of costs," said Tom Keene, Managing Director of GrainCorp.

The dry summer and autumn has meant reduced receivals of grain and lower exports, as grain is retained for potential domestic consumption.

Revenue & Earnings

Revenue for the six months to 31 March 2005 was $389.5 million, compared with $439.6 million at the previous half year. Total EBITDA for the period was $48.5 million, which is down from $54.1 million for the corresponding period last year.

Grain Receivals

The receival figure for the first Half Year to 31 March 2005 is 9.0 million tonnes which comprises 8.6 million tonnes of winter crop and 0.4 million tonnes of summer crops. Despite a strong start to the season, the sorghum crop in Central Queensland encountered difficulties as a result of inadequate finishing rains. It is expected that a further 0.5 million tonnes will be received bringing total winter and summer receivals for the year to 9.5 million tonnes.

Grain Throughput

The forecast throughput for the Full Year is 19.6 million tonnes (comprising 9.5 million tonnes total receivals and both export and domestic out-loading of 10.1 million tonnes). At 31 March 2005, the total out-loading figure stood at 5.1 million tonnes of grain. In addition, the company has exported 0.6 million tonnes of other products. Carry over to the 2005/2006 financial year is forecast to be 2.7 million tonnes.

Capital Expenditure

Capital expenditure to 31 March 2005 was $20.7 million. The expected total expenditure for the year of $28.2 million is below depreciation and has been reduced below previous forecasts in response to uncertain conditions.

Allied Mills

Allied Mills is proceeding with its proposed development of a new low manufacturing cost operation at Picton in western Sydney. The new facility will have the capacity to produce 250,000 tonnes of flour each year and will ensure that the Company is able to meet demand from the key Sydney and NSW markets. Construction will commence in the second half of 2005. The development will be partly funded through the sale of the land at Summer Hill where the existing facility is located.

The company is continuing its restructuring program to optimise its staffing, product mixes and logistics. This has seen staffing levels reduced from 800 to 560 over the past two years. It has also reconfigured its milling operations into either bulk flour milling facilities or packing and premixing sites.

Allied Mills continues to enjoy a long term supply agreement with Burns Philp which expires in 2012. The half-year contribution from Allied Mills is $1.1 million, including interest earned.

Dividends

The company has declared an interim dividend of two cents per share payable on 1 July 2005. Dividends are paid on ordinary shares in July and January of each year.

The third dividend of the GrainCorp Reset Preference Shares of $3.22 per share was paid on 31 March 2005. The next dividend will be paid 30 September 2005.

AG Plus Farm Inputs Business

AG Plus, GrainCorp's farm inputs business unit, has continued to inject a strong level of competition into the retail markets for fertiliser and agricultural chemicals. Unfortunately, the lack of rain over the past months has led to subdued sales activity as grower customers defer their purchases until a break in the weather.

As the company's 'retail face' for customers AG Plus continues to serve a valuable role in maintaining year round relationships with grain grower customers. The new branding "AG Plus" emphasises the importance of the farm inputs business and GrainCorp's evolution from a storage and handling company to an integrated agri-food business. In 2004 AG Plus doubled its share of the seed, fertiliser and chemical distribution market; and its target is to pursue further growth in 2005.

Export Grain Logistics

GrainCorp and AWB Limited (AWBL) have welcomed the decision by the Australian Competition and Consumer Commission (ACCC) to grant authorisation for the 50/50 joint venture (JV) logistics company, Export Grain Logistics Pty Ltd. The JV will improve co-ordination of the grain export task, increase efficiencies and over time, lower supply chain costs to improve the competitive position of the Australian grain industry in the global market.

Outlook

Forecast full year profit is $10-12 million. GrainCorp will issue its first winter crop receival forecast in late July.

Media contact:
Mario Falchoni, Corporate Relations Manager (02) 9325 9132 or 0418 401 415