

BUILDING ON OUR STRENGTH

GrainCorp Limited 2005 Annual Report



BUILDING ON OUR STRENGTH



Result Highlights

Strong cash flow generated from operations allowing \$28.8 million retirement of debt	\$52.2m
Profit after tax	\$12.1m
Revenue	\$699.6m
EBITDA	\$91.0m
Tonnes of receivals	10.2m
Tonnes of grain exported through our terminals	4.7m
Tonnes of carry in grain stocks to 2005/06	3.3m
Dividend paid to RPS shareholders	6.5%

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KEY SHAREHOLDER INFORMATION

Shareholder's Calendar 2006

22 February	Annual General Meeting
31 March	GrainCorp Limited half year and payment of RPS dividend
1 June	Half year results announced
3 July	Payment of interim ordinary dividend
29 September	Payment of RPS dividend
30 September	GrainCorp Limited year end
19 December	Payment of final ordinary dividend

GrainCorp Registered Office

Tower 1, Level 17, 201 Sussex Street
Darling Park, Sydney NSW 2000

Postal Address:

PO Box A268, Sydney South NSW 1235

Phone: 02 9325 9100

Freecall: 1800 809 482

Fax: 02 9325 9180

ABN 60 057 186 035

Enquiries

Nigel Hart, Company Secretary
investorrelations@graincorp.com.au

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 divided payout ratio of a minimum 70 percent of profit after tax.

GrainCorp Website

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

Shareholder Enquiries

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

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.

EXECUTIVE PROFILES

GrainCorp Limited
2005 Annual Report
02/03

Tom Keene

Managing Director
B.Ec. (UNE), FAICD

Member of the Trading Risk Management Committee.
Chairman of Allied Mills Australia Pty Limited.
Member of the Rabobank Advisory Board.

Simon Bird

Chief Financial Officer
B.Compt. Hons, FCPA, FAICD

Director of Agricultural Risk Management Services Pty Ltd and GrainCorp AG Finance Limited. Responsible for capital management, risk, taxation, financial reporting and compliance functions across the GrainCorp Group.

Neil Johns

Chief Development Officer
B.Com., M.Com., M.Bus., LTCL

Director of Allied Mills Australia Pty Ltd, Export Grain Logistics Pty Ltd, SunPrime Seeds Pty Ltd and Australian Grain Technology. Principal role includes acquisitions and mergers, joint ventures and investments and strategic planning.

Nigel Hart

Group Executive – Corporate Services
and Company Secretary
B.App.Sc. (UWS-H), FAICD

Company Secretary for all Group entities, Board Audit Committee and Remuneration and Nominations Committee. Director of GrainCorp AG Finance Limited, GrainCorp Superannuation Pty Limited. Responsible for Legal and Corporate Governance, Information Services, Human Resources, Industrial Relations, Corporate Relations and Corporate Administration.

Kevin Lloyd

General Manager, Storage & Handling

Director of Bulkeast Engineering Pty Ltd. Director of Export Grain Logistics Pty Ltd. Responsible for GrainCorp's East Coast receipt and export facilities, engineering and technical services.

Sam Tainsh

General Manager, Marketing
B.Ag.Ec (UNE)

Director of Agricultural Risk Management Services Pty Ltd. Responsible for all grain, oilseed and wool marketing and trading activities of the Company both domestically and internationally.

Phillip Breeze

General Manager, AG Haul

Responsible for the implementation and growth strategies for GrainCorp's road and rail transport operations.

John de Salis

General Manager, AG Finance
B.Rur.Sc.(Hons), MBA (AGSM), M.App.Finance
(Macquarie)

Responsible for developing GrainCorp's new financial services business.

DOMESTIC & INTERNATIONAL CUSTOMERS

Domestic Consumers – Animal Consumption

GrainCorp supplies grain to a range of animal consumption customers including cattle, pig and poultry stockfeed producers.

Grain Producers

GrainCorp services around 30,000 grain producers in Queensland, New South Wales, Victoria and South Australia.

Domestic Consumers – Human Consumption

GrainCorp supplies grain to Australia's largest grain processors for the production of human consumption products such as bread, pasta and beer.

International Consumers

GrainCorp supplies grain and oilseeds to a number of international customers, predominantly in Asia and the Middle East.

GrainCorp is committed to servicing the needs of the domestic and international grain markets from producers to buyers for the animal consumption and human consumption markets. The strength of our country infrastructure network and the diversification of services we provide put the Company in a unique position to provide value to our customers.

Grain Producers

GrainCorp's storage network stretches across Queensland, New South Wales, Victoria and South Australia with more than 25 million tonnes of storage capacity. GrainCorp Storage & Handling provides growers modern, convenient warehousing

grain traders. The combination of AG Haul with other Business Units puts GrainCorp in a unique position to provide total supply chain solutions to its customers. 'One way running' is kept to a minimum and AG Haul is able to pass on cost savings to customers through competitive pricing.

- Extensive storage and handling facilities
- Diversification of services
- Complementary Business Units provide a total supply chain solution
- Proximity to Australian grain growers

facilities and an open marketplace with many buyers competing to purchase their grain.

GrainCorp AG Haul's On Farm Pick Up service is available to transport grain from farm to GrainCorp Storage & Handling sites. AG Haul's extensive contractor base enables supply of additional capacity at short notice to respond to varying demands of harvest.

The largest domestic wheat pool manager in Australia, GrainCorp Pools consistently outperforms all competitors' domestic and export pools. GrainCorp Marketing also offers specialist risk management services through Agricultural Risk Management Services (ARMS).

AG Plus, GrainCorp's Farm Inputs Business Unit, offers a range of bulk farm input products. AG Plus staff work hard to make sure they're providing value and transparency of costs to their customers. GrainCorp AG Finance offers deposit accounts to growers that are a competitive alternative to traditional bank accounts. The AG Finance product range includes both Yield Call Accounts and Growth Term Deposit accounts.

Domestic Consumers

GrainCorp provides grain storage, marketing and transport services for a diverse group of domestic consumer customers.

GrainCorp AG Haul's road business is responsible for moving grain for customers including millers, maltsters, feed lots and

Increasingly, Marketing's domestic animal and human consumption customers are beginning to embrace the team's logistics management skills. In 2005, the Marketing Team assumed responsibility for 60% of Allied Mills' grain buying and logistics requirements.

GrainCorp commenced a major project during 2005 to re-build its stock management system. The new system will allow us to provide more timely and useful information to customers. Customers will also see an improvement in the quality of warehousing information delivered via the Company website.

International Consumers

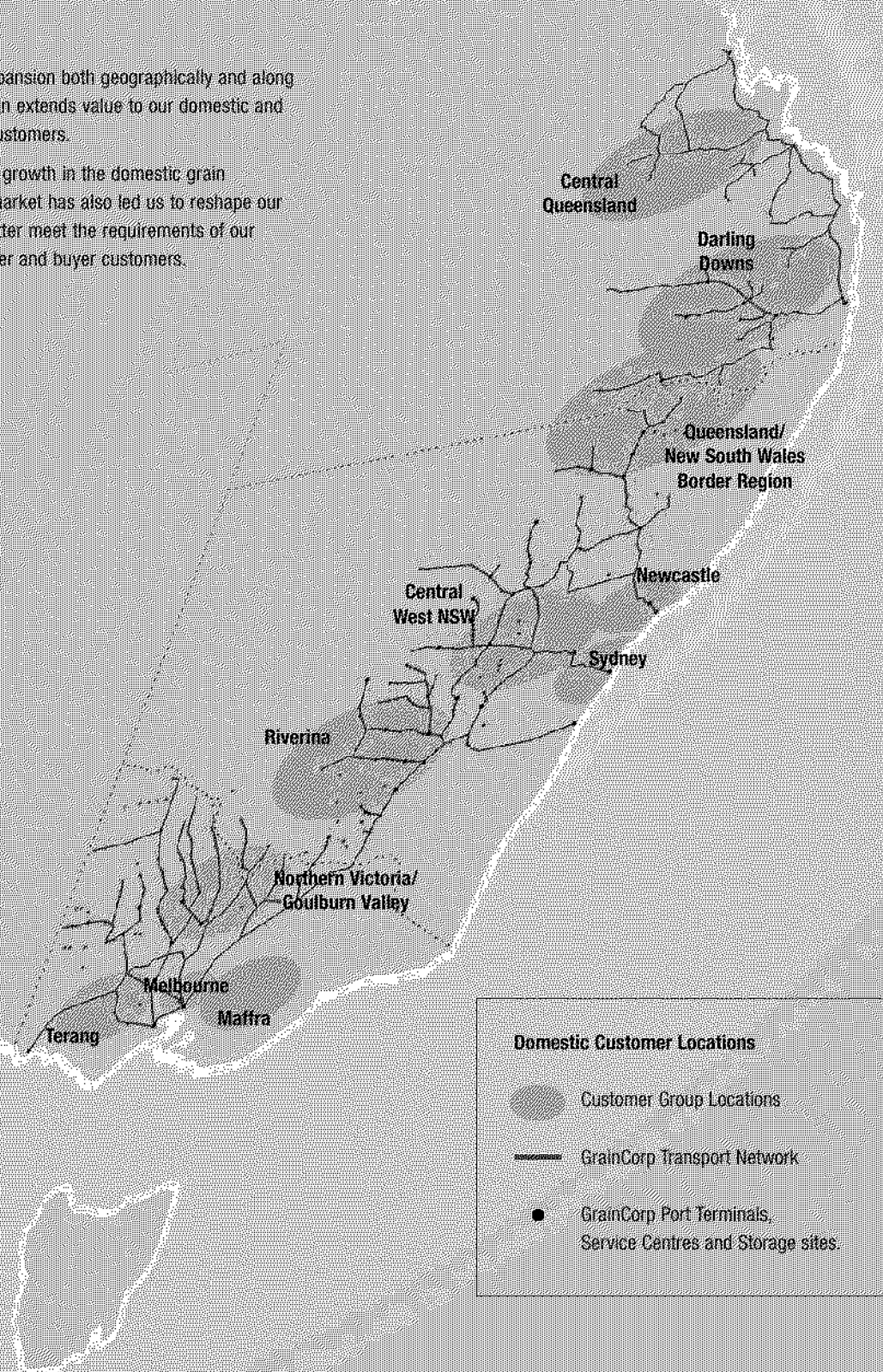
GrainCorp Marketing supplies grain and oilseeds to international customers, predominantly in Asia and the Middle East. It is the sorghum supplier of first choice for Japan and during 2005 was granted a malt barley export licence to the Middle East. GrainCorp Marketing is in a unique position to leverage its proximity to Australian grain growers and to provide a quality assured product to its export customers.

The GrainCorp Ports Division operates a total of nine grain terminals. GrainCorp Port Terminals provide receipt, stock management and bulk and container export handling facilities for a range of grain and non-grain bulk products including woodchips, sugar, cottonseed, frozen orange juice concentrate and mineral sands.

DOMESTIC & INTERNATIONAL CUSTOMERS

GrainCorp's expansion both geographically and along the supply chain extends value to our domestic and international customers.

The significant growth in the domestic grain consumption market has also led us to reshape our business to better meet the requirements of our domestic grower and buyer customers.



GrainCorp services a diverse range of customers across Eastern Australia and internationally.

Domestic Markets

Central Queensland

Feedlots.

Darling Downs

Stockfeed mills, feedlots, maltsters and flour mills (Allied Mills).

Queensland/NSW Border Region

Feedlots.

Central West NSW

Pet food manufacturers, flour mills (Manildra Milling), canola crushing, and piggery.

Newcastle

Intensive poultry production and stockfeed production.

Sydney

Human consumption markets including Weston Milling and Allied Mills.

Riverina

Dairy, feedlots, intensive pig production.

Northern Victoria/Goulburn Valley

Dairy, feedlots, intensive pig production.

Terang

Dairy.

Melbourne

Poultry and stockfeed milling.

Maffra

Dairy.

Intenational Markets

Wheat

GrainCorp exports wheat in containers under the Wheat Export Authority approval process to:

- Vietnam for use in flour milling and aquaculture
- Cambodia for use in flour milling
- China for use in flour milling
- Bangladesh for use in flour milling
- UK for use in flour milling and specialty bread products.

Feed Barley

GrainCorp supplies feed barley to:

- Japan for use in compound feed manufacturing
- Saudi Arabia for livestock feed.

Malt Barley

GrainCorp supplies malt barley to:

- Japan for beer production and shochu production
- China for beer production.

Sorghum

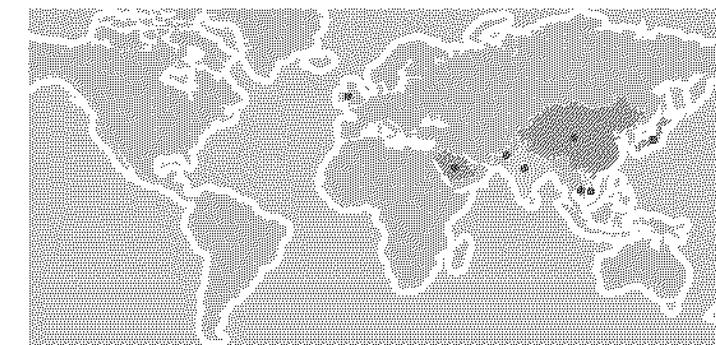
GrainCorp supplies sorghum to:

- Japan for compound feed manufacture and some limited alcohol production
- Pacific Islands for livestock feeding.

Canola

GrainCorp supplies canola to:

- Japan, China, Bangladesh and Pakistan for crushing for oil and meal production.



CHAIRMAN'S REPORT

"GrainCorp's expansion both geographically and along the supply chain places the Company in a unique position to leverage additional value from its Storage & Handling network and extend that value to our domestic and international customers."



GrainCorp Limited achieved a full year profit result of \$12.1 million for the year ended 30 September 2005. Our ordinary dividend payment for the year was 7 cents per share. A dividend of 6.5 percent was paid to RPS shareholders during the year. All dividends were fully franked. Revenue for the year was \$699.6 million.

Despite below normal receivables, the Company demonstrated its ability to generate strong cash flow, generating \$52.2 million from operations and allowing \$28.8 million retirement of debt.

This profit result, which is down from the \$25.7 million achieved last year, was affected by the decreased harvest for 2004/05 and a related decrease in export activity. GrainCorp received a total of 10.2 million tonnes of winter and summer crop grain in 2004/05, a decrease on the 12.0 million tonnes received the previous year. EBITDA decreased from \$114.7 million to \$91.0 million.

Strategic Direction

Throughout the year we have retained our focus on consolidating acquisitions, removing duplication and realising efficiencies and cost savings. Our result this year confirms the need for the Company to retain its focus on management of costs in these difficult years.

The significant growth in the domestic grain consumption market has also led us to reshape our business to better meet the requirements of our domestic grower and buyer customers.

GrainCorp is well placed strategically through its supply chain investments to grow and extend value to all who we do business with.

GrainCorp Foundation

During 2004/05 the Foundation provided funding to 54 community organisations undertaking projects in the areas of education, health, youth development and community development.

The GrainCorp Foundation provides our employees with an important link to the communities they work and live in. It enables them to strengthen and develop these relationships for the benefit of all involved.

Corporate Governance

During the past year there have been some changes to the membership of our Board. At our Annual General Meeting in February, our ordinary shareholders elected Doug Curlewis to the vacancy created by the retirement of Nick Burton-Taylor AM. Dan Manglesdorf also joined us in February after he replaced Graham Barron on the Board of Grain Growers Association Limited (Grain Growers). Paul Grigg and Leo Delahunty joined the GrainCorp Limited Board following their appointment as Directors of Grain Growers in September replacing Allan McCallum and Ron Hards.

I would like to thank Nick, Graham, Allan and Ron for their contribution during their terms as Directors.

In November, Queensland grain grower Mr Don Taylor was appointed by the Board as the new Chairman of GrainCorp Limited following the announcement of my retirement.

Don Taylor is a Chartered Accountant by profession, and brings with him a wealth of experience as both a Company Director and a grain grower on his property at Moonie in Southern Queensland. Since deciding to make grain growing his life in 1978, he has become heavily involved with promoting and developing the Queensland grains industry. Don joined the Board of GrainCorp in 2003 following its acquisition of Grainco Australia where he was Executive Chairman. He was Deputy Chairman of GrainCorp prior to commencing his new duties on 23 December 2005.

I am pleased to have led the business through a successful period of growth and diversification during my six years as Chairman. GrainCorp has an enviable asset base, good geographic spread, and the ability to generate strong cash flow from grain receivables. I am confident our strategy of supply chain diversification will continue to generate rewards for GrainCorp customers and shareholders.

I would like to sincerely thank the Managing Director, his team of senior managers and their staff, as well as my fellow Directors, for contributing their skills and energy during this time.

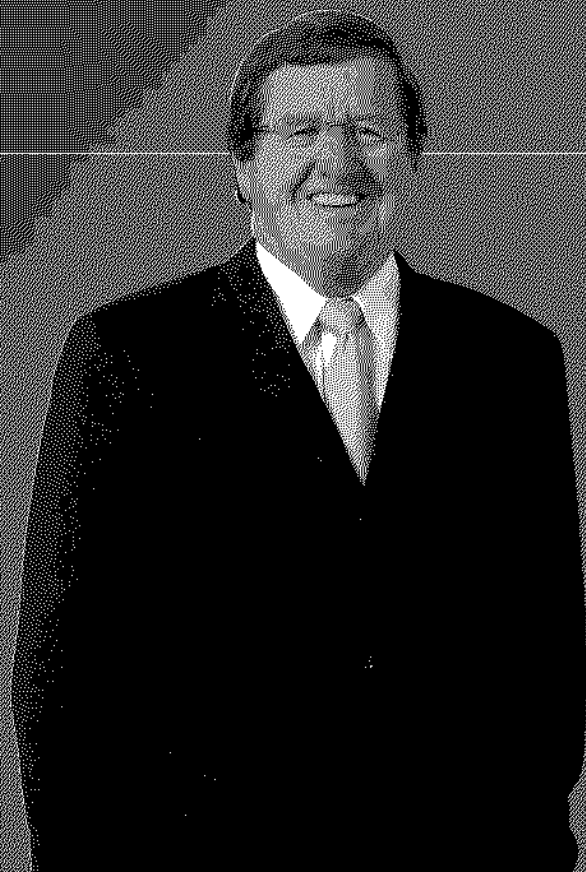
A handwritten signature in dark ink, reading "Ronald Greentree". The signature is written in a cursive, flowing style.

Ron Greentree
Chairman

MANAGING DIRECTOR'S REPORT

"In August the Company undertook a comprehensive review of its management and customer service structures and strategies.

The goal of the review was to remove duplication and unlock the efficiencies available through the operation of a large integrated storage network."



This past year has been an active and challenging time for GrainCorp as our business, and our industry, continue to evolve at a rapid pace. The Company commenced a number of exciting new initiatives during 2004/05 which will enable us to provide a better, more efficient service to our customers.

Safety

Managing the safety of our employees continues to be our number one priority. Our historical performance has not been acceptable and we have made significant progress in addressing that over the past two years.

I am pleased to report our Gladstone Port Terminal reached four years Lost Time Injury (LTI) free during 2005 and a number of GrainCorp locations reached the three years LTI free milestone. Our Safety Performance Indicator (SPI) now stands at 110. Unfortunately this is higher than last year's result of 50, however, it is still a significant improvement from 2002 when it stood at 685.

An employee survey carried out through the year demonstrated high levels of awareness of the importance of safety amongst employees. Through dedicated resources and continued communication we have achieved substantial organisational change within a relatively short period of time.

Comprehensive Business Review

In August the Company undertook a comprehensive review of its management and customer service structures and strategies. The goal of the review was to remove duplication and unlock the efficiencies available through the operation of a large integrated storage network.

The review has produced a flatter management structure, a more responsive customer service approach, and more efficient administrative systems.

The introduction of a more flexible structure will better match operating costs with the variation of grain receivals from season to season and between different geographic locations. The new cost structure has increased the variable component of total costs. These changes will create cost savings of greater than \$10 million in a normal year of 11.8 million tonnes with even greater benefits in lower receival years, adding further to the financial strength of the Company.

The review also provides GrainCorp's grower and buyer customers with a number of benefits including centralised contacts for all Storage & Handling administrative enquiries, an increased focus on customer service delivery and operating issues and more responsive service due to less hierarchical management.

Performance Measurement

The introduction of a performance indicator, Delivered in Full, On Time and Quality (DlFOTQ), provides the Company with a consistent set of tools for planning, documenting, monitoring and communicating delivery/out-turn performance.

Consistent and constant monitoring of out-turn performance for road, rail and shipping will enable us to identify problem issues and immediately find appropriate solutions. It is a demonstration of our ongoing commitment to improving the service we provide our customers.

Business Unit Performance

GrainCorp's supply chain strategy of complementary Business Units allows the Company to grow non-Storage & Handling earnings; defend its Storage & Handling market; create value and lower costs through efficiency gains; improved customer service; and provides a springboard for new products and skills.

Our AG Finance Business Unit was launched during 2005 and further enhances the range and value of GrainCorp's service offering to its grower customers. It will serve to lower the cost of funds to the Company and over time will grow both its product range and contribution to earnings. In line with our supply chain strategy, the AG Finance Business Unit will leverage the relationships we have developed with growers through our Storage & Handling and AG Plus services.

Seasonal conditions have had a significant impact on the full year result and confirm the need for the Company to retain its cost focus in these difficult years. This can be seen particularly in the Storage & Handling and AG Plus results.

The performance of our Marketing Business Unit has been notable as it has maintained its profit level despite reduced grain volumes.

EBITDA Segment \$ million	12 months to 30 Sept 2005	12 months to 30 Sept 2004
AG Finance	(0.8)	—
AG Plus	(0.9)	1.0
Marketing	17.8*	21.4*
Storage & Handling	92.3	114.1
AG Haul	0.8	0.3
Allied contribution	4.1	1.4
Equity accounted profit and Interest income		
Corporate costs & other expenses	(22.3)	(23.5)
Total	91.0	114.7

* Excludes interest on grain purchases

Our People

Finally, I would like to acknowledge and thank our employees for their dedication and enthusiasm during what has been, at times, a challenging year.

Following the departure of Joe Di Leo in November, I implemented some changes in the executive management reporting structure. All Business Unit General Managers now report directly to me. The Client Relations department, led by Graham Mathason, now reports to Neil Johns, Chief Development Officer. Quality Assurance and Safety now report to Nigel Hart, Group Executive – Corporate Services and Company Secretary.

Joe Di Leo has taken up the position of Managing Director at Allied Mills. Joe made a significant contribution to GrainCorp during his 18 years with the Company and will play a large part in taking Allied Mills to the next level of growth and performance.

GrainCorp is uniquely positioned to take advantage of any changes to the marketing environment of the Australian grain industry through its unrivalled storage and handling network on the East Coast of Australia and through the provision of related services in farm inputs, finance, transport and marketing. I look forward now to 2006 and building on our strength to provide an even better service to our customers.

Tom Keene

Managing Director

REVIEW OF OPERATIONS

AG Finance

Activities

- Deposit accounts that represent a competitive alternative to traditional bank accounts
- Product range includes both Yield Call Accounts and Growth Term Deposits

Operational Highlights

- EBITDA (\$0.8 million).
- Launch of Business Unit
- ASIC approval and achievement of Australian Financial Services Licence
- Implementation of widely-used and proven financial services system

Future Directions

- Implement active marketing campaign to attract deposits from competitors
- Leverage customer contact from other Business Units to generate deposits
- Review potential expansion of AG Finance product range



AG Plus

Activities

- Offers a range of seed, chemical and fertiliser products to producers of grain, dairy, livestock and horticulture
- Located at 30 GrainCorp Service Centres across Queensland, New South Wales and Victoria

Operational Highlights

- EBITDA (\$0.9 million) resulting from difficult climatic conditions and competitive environment
- Acquisition of Goddard's business extends the AG Plus service offering to include a full service model
- Management restructure increased the number of Zone Managers from two to four
- Improvements to AG Plus forecasting system has allowed better purchasing and better use of funds

Future Directions

- Ongoing growth through organic development and potential acquisition of new stores
- Maintain specialist sales team and system support through ongoing training and high calibre recruitment
- Continue to strengthen and diversify supply agreements



Marketing

Activities

- Provides cash prices, forward prices and pools in a range of commodities to a diverse group of domestic and export customers
- Provides specialist risk management services to grain producers and consumers

Operational Highlights

- EBITDA \$17.8 million with reduced grain volume
- 25% growth in pools market share and expansion of GrainCorp Pools into South Australia and Western Australia
- Solid cash trading performance in difficult year
- Restructure and re-launch of ARMS with new products and a new website

Future Directions

- Review other agricultural commodity trading opportunities in Australia
- Expand GrainCorp Pools into Middle East markets during 2006
- Build on launch of GrainCorp Pools into South Australia and Western Australia and pursue opportunities for further growth in Pools on East Coast
- Explore opportunities to participate in domestic market trading off-farm

Storage & Handling

Activities

- Operates a network of over 350 receival sites along the Eastern Australian grain belt, with more than 25 million tonnes of storage capacity
- Provides grain producers with modern warehousing facilities
- Operates nine export facilities for grain, oilseeds, woodchips and other products

Operational Highlights

- EBITDA \$92.3 million
- 10.2 million tonnes grain received at 30 September 2005
- Carry in of 3.0 million tonnes grain
- \$30.0 million of targeted capital expenditure for the 2004/05 year incorporating equipment upgrades and building new storage and receival capital
- Realignment of management structure and centralisation of accounting, logistics and stocks management functions
- Commencement of a major project to replace stock management system
- Long term woodchip agreement for Port of Portland in Victoria enabling significant expansion of woodchip volumes

Future Directions

- Intensify focus on servicing of growing domestic customer base
- Continue to diversify product range processed through export terminals
- Implementation of new Delivery In Full, On Time and Quality (DIFOTQ), customer Key Performance Indicators (KPI) system to monitor and improve performance
- Continue development of improved stock management system

AG Haul

Activities

- Provides rail and road transport services to millers, maltsters, feed lots and grain trader
- Operates two 40 wagon trains and has access to over 1,500 road vehicles
- On Farm Pick Up service transports grain from farm to receival site
- In addition to grain haulage, AG Haul handles wood chip, specialised sand and clays, coal and all bulk agricultural products

Operational Highlights

- EBITDA \$0.8 million
- Launch of new Business Unit brand "AG Haul"
- GrainCorp train utilised to full capacity
- One million tonnes moved by road
- Development of GrainCorp compliance system for Chain of Responsibility Legislation concerning loading of trucks during harvest

Future Directions

- Grow road business based on improved supplier management, competitive pricing and responsive service
- Expansion of rail business under consideration



Corporate

Activities

- Corporate activities include business development, business unit management, finance and accounting, human resources, information services, corporate relations, and corporate administration and governance

Operational Highlights

- Total EBITDA \$91.0 million
- NPAT \$12.1 million
- Corporate cost reduction
- Corporate management restructure
- Successful divestment of non-core businesses

Future Directions

- Forecast 2005/06 winter crop receivals of 11.0 million tonnes
- Good prospects for harvest of summer crops
- Carry-in grain stocks of 3.3 million tonnes
- Increased export tonnages reflecting improved harvest



AG FINANCE BUILDING ON RELATIONSHIPS

GrainCorp AG Finance was launched at the end of the 2004/05 financial year, offering its first products, deposit accounts.

GrainCorp AG Finance offers deposit accounts to growers that are a competitive alternative to traditional bank deposit accounts. The AG Finance product range includes both Yield Call Accounts and Growth Term Deposit accounts. The new deposit taking business represents a significant expansion of the Company's service offering to the farming and general community.

Customers have the opportunity to deposit their funds with a company that has extensive assets and with which they are familiar. Grain producers can also place their Pools payments directly into an account with GrainCorp AG Finance at an attractive rate of interest.

GrainCorp AG Finance builds on the Company's extensive experience in the grain industry and its established relationships with grower customers to provide diversification of earning streams and funding. The deposits are on-lent to the GrainCorp Group – a major investor and employer in rural and regional Australia. The funds will be used by GrainCorp for general business purposes. This allows the Company to make savings on interest payments to service debt.

In preparation for the launch, GrainCorp was successful in obtaining an Australian Financial Services Licence from ASIC, lodged a prospectus and implemented a proven financial services system to manage customer accounts. GrainCorp has brought together an experienced team to develop this Business Unit with a view to providing professional and personalised customer service.

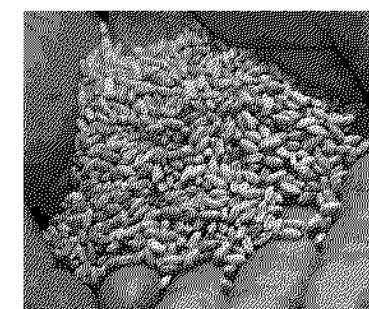
Customers and shareholders benefit alike from increased investment in GrainCorp, which allows increased financial resources to be directed to the improvement and expansion of service delivery.

Highlights 2004/05

- New deposits business launched in September 2005
- Provides cheaper access to debt finance and a broadened interface with customers
- Product information mailed to grain growers on the East Coast

Strategy 2005/06

- Grow the deposit book through an active marketing campaign
- Leverage customer contact from other business units to generate deposits
- Expand the AG Finance product range



AG PLUS BUILDING ON SIMPLICITY



“GrainCorp AG Plus sponsorship of the Victorian No Till Association throughout the year has helped fund trials and educational field days that provide hundreds of farmers with information on best practice cropping methods. AG Plus Zone Manager, Ian Winter has been on the Association Committee since 2004 and his personal involvement means the two organisations can work together to help farmers better manage their cropping situations.”

**Vanessa Greiger, Executive Officer,
Victorian No Till Association**

AG Plus, GrainCorp's Farm Inputs Business Unit, is located at 30 GrainCorp Service Centres across Queensland, New South Wales and Victoria and offers a range of bulk farm input products to producers of grain, dairy, livestock and horticulture.

Farm inputs resale is a competitive business and GrainCorp AG Plus staff work hard to make sure they're providing value to their customers. AG Plus employs local people with local expertise and their focus on providing customers with transparency of costs sets AG Plus apart from its competitors.

AG Plus is able to add further value for customers through utilisation of the GrainCorp transport network to keep costs to a minimum.

A restructure of AG Plus management was undertaken during 2004/05, increasing the number of Zone Managers from two to four. This is part of the GrainCorp's strategy to improve the responsiveness of its management and increase autonomy and decision making at the customer contact level across all parts of the business.

AG Plus employees will now be more involved in general site management, improving the efficiency and understanding between AG Plus and Storage & Handling Business Units.

A key contribution AG Plus makes to GrainCorp is to strengthen year-round relationship with its grower customers. The development and enhancement of long-term customer relationships is a high priority for the Company. The lingering impact of drought and sustained margin pressure has made 2004/05 a difficult year for many grain producers. During this time AG Plus worked with customers to provide flexible and manageable payment arrangements wherever possible.

In 2004/05 GrainCorp AG Plus purchased Goddards Rural, which provides an opportunity for the business to assess the value to customers of offering hardware and other general merchandise.



Highlights 2004/05

- Performance of (\$0.9 million) resulting from difficult climatic conditions and competitive environment
- Acquisition of Goddards Rural business extends the AG Plus service offering to include a broader range of products including agronomy services

Strategy 2005/06

- Ongoing growth through development and acquisition of new stores
- Maintain specialist sales team and system support maintained through ongoing training and high calibre recruitment
- Continue to strengthen and diversify supply agreements

MARKETING BUILDING ON PERFORMANCE



“While we have experienced strong growth in pools and international markets, much of our success is still founded on the core value we add to our domestic customers. Our commitment is to deliver superior service in terms of pricing alternatives, logistics and quality to ensure they benefit from the strengths of the GrainCorp supply chain.”

Sam Tainsh, General Manager – Marketing



GrainCorp Marketing has established itself as a major player in the Australian grain marketing industry. Offering growers a range of marketing alternatives, its experienced team of professionals service a diverse group of domestic and international customers.

During 2004/05 GrainCorp Marketing increased its share of the Pools market by 25 per cent on the previous year. GrainCorp Pools is the largest domestic wheat pool manager in Australia and has consistently out-performed competitors. GrainCorp Pools launched in South Australia during 2005 and offered a barley pool in Western Australia, making significant inroads against the competition. The release of the online GrainCorp Pools calculator has provided grain grower customers with a transparent marketing tool for the first time.

GrainCorp Marketing offers specialist risk management services through Agricultural Risk Management Services (ARMS). Following its re-launch in 2005, its loyal customer base has continued to grow and derive value from ARMS products.

GrainCorp Marketing supplies grain and oilseeds to international customers, predominantly in Asia and the Middle East. It is the sorghum supplier of first choice for the Japanese market and during 2005 was granted a Western Australian barley export licence to the Middle East. GrainCorp Marketing is in a unique position to leverage its connection to Australian grain growers and to provide a quality assured product to its domestic and international customers.

The GrainCorp Marketing team place a strong emphasis on continual improvement in their performance. Increasingly, Marketing's domestic customers are beginning to embrace the team's logistics management skills.

The strategy of building export relationships will put the Company in a strong position for future growth. GrainCorp is now the largest exporter of canola and sorghum from East Coast ports and one of the largest exporters of barley.



Highlights 2004/05

- 25 percent growth in GrainCorp Pools market share
- Restructure and relaunch of ARMS – new products and website servicing loyal customer base
- Solid cash trading performance in difficult year
- Strong financial performance with EBIT \$17.8 million

Strategy 2005/06

- Aggressive launch of GrainCorp Pools into South Australia – campaign launched September 2005 will be sustained into next season
- Launch of new Pools product
- Growth in CNF business to international markets

STORAGE & HANDLING BUILDING ON CHOICE

GrainCorp Limited
2005 Annual Report
20/21



“Ridley sees the potential value in dealing with the same company for storage, marketing and transport but the most important thing for any of our suppliers remains timely delivery and access to our raw material requirements. GrainCorp has continued to develop its relationship with Ridley over the past 12 months. They’ve acknowledged the problems they’ve had previously delivering on this requirement but are actively responding to the issues and working with us to provide us with what we need.”

**Andrew Kelso, National Purchasing Manager,
Ridley AgriProducts**

GrainCorp’s extensive Storage & Handling network is one of the world’s largest and stretches across the length and breadth of Australia’s East Coast.

The Company operates over 350 receival sites with more than 25 million tonnes of storage capacity, servicing around 30,000 grain producers in Queensland, New South Wales, Victoria and South Australia.

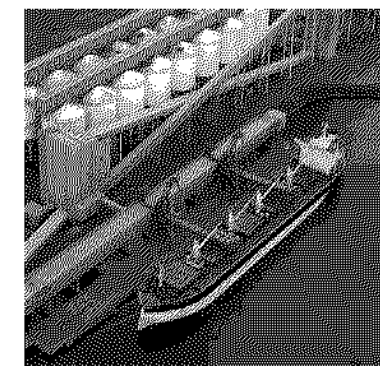
GrainCorp Storage & Handling’s modern, convenient warehousing facilities offer easy access and fast turn around and provide growers with greater choice when it comes to marketing grain. Growers retain ownership until they’re ready to sell. The open marketplace that operates at GrainCorp silos offers growers further choice, as many buyers compete to purchase their grain.

Forty major receival sites are open 24 hours a day during harvest and many other sites operate up to 18 hours a day.

GrainCorp Ports Division operates a total of nine export terminals at Mackay, Gladstone, Pinkenba and Fisherman Islands at Brisbane, Kooragang Island and Carrington at Newcastle, Port Kembla, at Wollongong and Geelong and Portland in Victoria.

GrainCorp Port Terminals provide receival, stock management and bulk and container export handling facilities for a range of grain and non-grain bulk products including woodchips, sugar, cottonseed, frozen orange juice concentrate and mineral sands.

In order to ensure the highest level of service to customers, GrainCorp commenced a major project during 2004/05 to rebuild its stock management system. The new system will allow us to provide more timely and useful information to customers. Customers will also see an improvement in the quality of warehousing information delivered via the Company website.



Highlights 2004/05

- Restructure of business unit to produce flatter and more responsive management structure and centralise back office functions
- Reduction in indirect costs of \$5.0 million prior to business restructure
- Long term woodchip agreement for Port of Portland in Victoria to result in significant expansion of woodchip volumes and construction of new chipper

Strategy 2005/06

- Implementation of new customer KPI system – DIFOTQ to improve service
- Continue development of Future Stocks System (FSS) project to deliver superior stock management systems
- Intensify focus on servicing of growing domestic customer base
- Continue to diversify product range processed through export terminals

AG HAUL BUILDING ON RELIABILITY



“GrainCorp AG Haul provides the reliable transport service Barrett Burston Malting needs – with good customer service at competitive rates. We have had a long association with the AG Haul team and know that if we ever need to ask for the impossible they will do whatever is needed to make it happen.”

**Dean Ganino, GM Raw Materials
Barrett Burston Malting Co. Pty Ltd**

With two 40-wagon trains and access to a fleet of over 1,500 road vehicles, GrainCorp AG Haul provides reliable rail and road transport services to a range of customers, many of whom also use GrainCorp's Storage & Handling services.

The AG Haul trains are fully utilised moving grain from Western and South Western New South Wales to Port Kembla on behalf of Export Grain Logistics, GrainCorp's joint venture with AWB Limited.

AG Haul's road business is responsible for moving grain for GrainCorp Marketing customers, fertiliser for AG Plus, and managing the trucks involved in bunker work for Storage & Handling. AG Haul's road business also services a wide range of external customers including millers, maltsters, feed lots and grain traders.

Its On Farm Pick Up service transports grain from farm to GrainCorp Storage & Handling sites during the busy harvest period. AG Haul's extensive contractor base enables the business unit to respond to the varying demands of even the largest harvest.

In addition to grain haulage, AG Haul handles a full range of bulk products, including wood chip, specialised sand and clays, coal and all bulk agricultural products.

While AG Haul primarily services customers in the Eastern States, it also operates in Western Australia and South Australia. The combination of AG Haul with other Business Units puts GrainCorp in a unique position to provide total supply chain solutions to its customers.

The large pool of work means “one way running” is kept to a minimum and allows AG Haul to pass on cost savings to customers through competitive pricing. Its centralised allocation approach means customers only need to deal with one point of contact for all transport requirements.

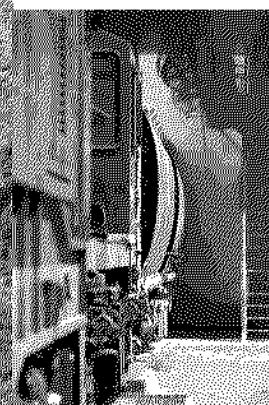
Like all of GrainCorp's Business Units, AG Haul places a high focus on safety with contractor compliance a priority.

Highlights 2004/05

- Transport Business Unit relaunched as “AG Haul”
- GrainCorp train utilised to full capacity
- One million tonnes moved by road
- Road continues to expand and grow external customer volume
- Development of GrainCorp compliance system for Chain of Responsibility Legislation concerning loading of trucks during harvest

Strategy 2005/06

- Grow road business based on improved supplier management, competitive pricing and responsive service
- Continue to explore options for expansion of rail business



OH&S AND ENVIRONMENT



OH&S and Environment

During 2004/05 GrainCorp remained committed to ensuring compliance with occupational health and safety legislation and through the Safety Management Program (SMP). This Program commenced in May 2003 and continues to direct the Company's safety focus for all levels of management and employees.

In 2004, the GrainCorp Board established a target to achieve the SMP Foundation Level by April 2005. In addition to the management objectives and structures put in place, the commitment and participation of all employees was necessary to achieve this target. A series of audits against health and safety standards demonstrated that the business achieved the Foundation Level by April.

The "Take 5" procedure and the Safety Hazards Assessment and Rectification Programs (SHARP) are integral parts of the SMP, both of which empower employees to manage risk and ensure their workplace is safe.

Communication of safety programs and issues within such a widely dispersed organisation presents a number

of challenges. The training courses developed and delivered by internal training personnel played a key role in meeting the SMP Foundation Level requirements.

Over 3,000 safety training days were completed during 2004/05, covering a range of topics including:

- * induction (both site and task specific);
- * rail safety training;
- * confined space awareness/entry; and
- * manual handling.

A total of 1,238 workplace inspections took place during the year with 2,178 corrective actions being completed. These corrective actions varied from replacing a broken lock to major upgrades including the installation of rail out-loading platforms.

The executive and senior management team and supervisors continue to conduct regular meetings with employees on safety issues and this has continued to have a positive effect on safety performance as well as benefited management of productivity and operational issues.

CORPORATE SERVICES

Human Resources

During the 2004/05 business year our human resources function maintained its focus on people and organisational development.

This year 20 employees across all business units graduated with a Certificate IV in Business (Frontline Management) BSB41004, a nationally recognised qualification that GrainCorp is able to offer in-house as a result of our status as a Registered Training Organisation. This is our largest group to date. The program, which runs annually, is an integral part in helping us to develop our future leaders.

In addition, our Executive Team participated in a Leadership Development Program specifically designed for GrainCorp by Macquarie Graduate School of Management. The focus of the program was on strategic planning and building individual leadership skills.

In 2005 GrainCorp conducted its first-ever comprehensive survey of all employees on a range of issues including safety, communication and the effectiveness of our managers. Over half our staff responded to the survey, providing valuable and constructive feedback for management, which will translate into action plans for 2005/06 to improve the performance of our business and the satisfaction of our staff.

The Company further developed its reward strategy with the implementation of job structure and remuneration guidelines and completed the first full year of our new incentive plan based on achievement of measurable key performance indicators.

As we move into the 2005/06 business year we will focus on developing our managers, our organisational culture and our reward and recognition systems.

Information Services

Information Services provides effective technology solutions for GrainCorp's business units and joint venture partners. The group supports a geographically diverse environment, providing connectivity to over 400 locations throughout Australia.

Analysis of the core Supply Chain business processes has been completed in preparation for the potential re-development of GrainCorp's stock management systems. In 2004, the Company completed Phase I of a major upgrade of internet-based applications to report daily cash and pool silo prices. In 2005, Phase II of this system has been implemented, providing buyers the ability to customise their increments and deductions across various commodities.

During the past year, information services strategic planning has been completed, with a focus on the broad needs of GrainCorp and its customers. The realisation of efficiencies and service excellence has remained a high priority. Data network improvements and system stability also remain a priority and will lead to the consolidation of infrastructure components.

A governance structure has been created which provides a mechanism for establishing these strategic priorities across the Company. This structure ensures the projects with the largest benefits are implemented, returning the best possible value to the Company.

Industrial Relations

In line with our industrial relations strategy, a determined effort has been maintained to ensure that synergies between operational requirements and industrial regulation are maximised. As part of this process, job classification structures are being reviewed to ensure they adequately reflect the skills needed to carry out operations successfully.

Wage increases have been maintained at reasonable levels ensuring that all but minimal increases are accompanied by productivity and/or efficiency gains. All enterprise agreements negotiations in 2004/05 were completed without industrial action.

GrainCorp remains committed to promoting effective consultation with employees. Workforce Consultative Committees have been established across the Company and continue to produce benefits both for the Company and our employees.

Building on People and Community

GRAINCORP FOUNDATION



GrainCorp Foundation

The GrainCorp Foundation has enjoyed its fifth year of rewarding activity amongst the grain growing communities of Eastern Australia. This year the involvement of GrainCorp employees in the projects proposed by their local communities has increased, strengthening and building our employees' relationships with existing and new customers.

As an agri-food business with a predominantly rural base, GrainCorp operates in an intensely personal business environment. There is considerable overlap between our customers and our shareholders, who are often one and the same.

Importantly, our employees live in the communities where they work, and serve as ambassadors for the Company in a way which is not as common in urban environments.

The GrainCorp Foundation provides employees with an important link to their communities, and we believe this also provides them with a significant advantage in doing business with them.

More than 300 projects have received financial support across the four important areas of education, health, youth development and community development since the Foundation was established.

Each year GrainCorp allocates funds to the GrainCorp Foundation. The total amount awarded to community projects since its creation has now exceeded \$1.5 million. In 2006 the Foundation will move to a single round of funding in the middle of the year.

The GrainCorp Foundation Committee, which consists of community representatives from across the Company's operating areas in Eastern Australia, will review the next round of submissions at the end of June 2006.

Building on Partnerships

JOINT VENTURES

GrainCorp Limited
2005 Annual Report
26/27

Allied Mills

Allied Mills is a joint venture between GrainCorp Limited and Cargill in which GrainCorp owns a 60 percent equity share. The two companies made the acquisition of Allied Mills from Goodman Fielder. It commenced operation on 4 October 2002.

The three year restructuring program of Allied Mills was completed during 2004/05. The restructure included a reduction in the work force at Allied Mills from around 850 to 550 employees. Allied Mills is now entering a further phase of its transformation and GrainCorp remains confident of its growth in future years. The appointment of former GrainCorp Chief Operating Officer, Joe Di Leo, as Managing Director of Allied Mills will assist in taking the Company to the next level; increased efficiency, improved margins and greater profitability.

During 2005 Allied Mills secured DA approval for a new site at Picton in New South Wales. The development of this site, which is anticipated in 2006, will establish Allied Mills as the lowest cost producer in the largest market place of New South Wales.

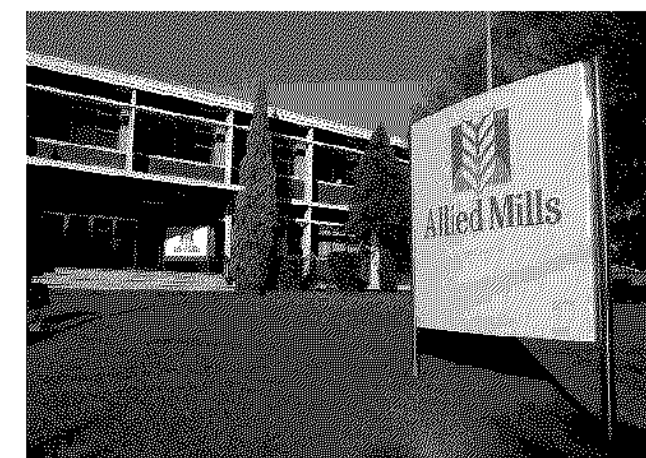
Australian Grain Accumulation

GrainCorp Limited and Cargill Australia Limited amalgamated their grain accumulation function in May 2003 to form Australian Grain Accumulation (AGA). AGA's field merchants are located across New South Wales, Victoria, Queensland, South Australia and Western Australia. They act as buyers of wheat, coarse grains and oilseeds for GrainCorp, Cargill and Allied Mills.

The AGA model continues to be successful and has established itself as an accumulator of superior service and high integrity.

Export Grain Logistics

Export Grain Logistics (EGL) is a joint venture between GrainCorp Limited and AWB Limited and has just successfully completed its first year of operation. The joint venture is designed to improve co-ordination of the grain export task and increase efficiencies. GrainCorp will continue to assess business opportunities for further expansion into the management of the grain transport task where an appropriate return can be demonstrated.



Corporate Review BOARD OF DIRECTORS



R.L. (Ron) Greentree

Chairman
FAICD, AICD Advanced
Program 2005

Grower from Mungindi,
NSW. Principal of an
agricultural machinery
business and Chairman of
BRI Australia Ltd. Director of
Grain Growers Association
Limited. Chairman of the
Remuneration and
Nominations Committee and
GrainCorp Foundation.

D.C. (Don) Taylor

Deputy Chairman
B.Com CA, Grad.Cert.Rur.Sc.,
FAICD, AICD Advanced
Program 2005

Grower from Moonie, QLD.
Chartered Accountant.
Former Executive Chairman
of Grainco Australia Limited
and Chairman of Carrington
Cotton Corporation
(previously listed). Chairman
of the Trading Risk
Management Committee
and a member of the
Remuneration and
Nominations Committee.

T.B. (Tom) Keene

Managing Director
B.Ec., FAICD

Managing Director of
GrainCorp Group, Director of
GrainCorp AG Finance
Limited and member of the
Trading Risk Management
Committee. Chairman of
Allied Mills Australia Pty
Limited, Member of the
Rabobank Advisory Board.

D. (Doug) Curlewis

B.Ec.(Econs/Latin), MBA

Company Director from
Victoria. Director of Pacifica
Group Ltd, Nufarm Ltd and
GUD Holdings Ltd. Chairman
of Remunerator Australia Pty
Ltd. Member of Indec
Consulting Advisory Board
and Director of The Alfred
Foundation (Alfred Hospital).
Former Managing Director
of National Consolidated
Ltd. Former Director of
National Foods Ltd and
Hamilton Island Ltd.
Member of the Board Audit
Committee.

L. (Leo) Delahunty

FAICD

Grower from Murtoa,
Victoria. Director of Grain
Growers Association
Limited. Previously Director
of Pivot, Incitec Pivot
Limited, DIRT Management
and Harvest Grain Australia.



R.R. (Ross) Flanery

Grower from Harden,
NSW. Director of Grain
Growers Association
Limited. Member
of the Trading Risk
Management
Committee.

R.G. (Rick) Freeman

Grower from Edgeroi,
NSW. Company principal
of Norseman Machinery
Imports Pty Limited.
Director of Grain
Growers Association
Limited and GrainCorp
Superannuation Pty
Limited. Member of the
Board Audit Committee.

P. (Paul) Grigg

Grower from
Patchewollock, Victoria.
Has been involved in
Grain Growers
Association for a number
of years both as an
active member and as a
member of the
Committee of Advice. He
has been actively
involved in the Victorian
Farmers Federation, his
silo committee and a
number of community
organisations.

D. (David) Groves

B.Com., M.Com., CA,
FAICD

Chartered Accountant
and Company Director.
Director of Masling
Industries Pty Limited.
Equity Trustees Limited
and Kambala
(Independent school for
girls). Member of MIR
Investment Management
Ltd Advisory Council.
Member of the
Remuneration and
Nominations Committee.

D. (Dan) Mangelsdorf

B.Ag.Ec. (Hons), GAICD

Grower from West
Wyalong, NSW. Chairman
of Grain Growers
Association (GGA).
Member of the Trading
Risk Management
Committee.

D.B. (David) Trebeck

B.Sc.Agr. (Hons), M.Ec.,
MAICD

Consultant, Grower and
Company Director from
Canberra, ACT. Former
Managing Director of
ACIL Tasman Pty Limited.
Commissioner of the
National Water
Commission. Director
of Maersk Australia Pty
Ltd and the Oceania
Business Coordination
Board of AP Moller
Maersk and Director of
the Institute of Public
Affairs. Chairman of the
Board Audit Committee.
Former Director of Incitec
Pivot Ltd and Pipers
Brook Vineyard Ltd.

GrainCorp Limited and Controlled Entities

This statement outlines the principal corporate governance practices that were followed by the Company throughout the financial year, which comply with the ASX Corporate Governance Council Principles of Good Corporate Governance and Best Practice Recommendations (Principles) released in March 2003, unless otherwise stated.

This statement should be read in conjunction with the GrainCorp Limited Concise Annual Report and full Financial Report. GrainCorp already complies with most of the Principles, where it does not it is largely associated with the distinct control structure which operates through a controlling "Foundation Share". In 1998 GrainCorp received approval from the ASX to list the Company with a controlling Foundation Share ownership structure. This structure provides the Foundation Shareholder, Grain Growers Association Limited (Grain Growers), with special rights including the right to appoint a majority of directors on the GrainCorp Limited Board and three quarters of the total number of votes entitled to be cast on a poll on special resolutions at General Meetings of the Company. This structure is required under a listing rule waiver to be reviewed by shareholders every five years. The last such review was conducted at the General Meeting in February 2003 where it was retained for a further five years. Whilst the Company has a controlling shareholder expressed through the Foundation Share and Grain Growers substantial ordinary shareholding the existing Company framework still aims to achieve effective corporate governance on behalf of all shareholders. A copy of the Company Constitution is available to be reviewed on the Company's website.

The Roles of the Board and Management (ASX Principle 1)

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 performance. The Board has a Charter which clearly establishes the relationship between the Board and management and describes their functions and responsibilities in a manner which is consistent with Principle 1.

Key functions of the Board include the following:

- * approving the Company's goals, direction, long term strategic plans, providing overall policy guidance;
- * ensuring there is a regular system of policy review and update and monitoring management's achievement of and compliance with the same;
- * ensuring appropriate policies and procedures for the management of business and financial risks and associated internal controls are in place and monitoring environmental and safety performance;
- * monitoring compliance with laws and ethical behaviour;
- * approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures;
- * appointing and approving the terms and conditions of appointment of the Managing Director and reviewing and providing feedback on the performance of the Managing Director;
- * determining that the Company accounts are true and fair;
- * overseeing and reviewing policies to promote timely and balanced disclosure of all material matters concerning the Company; and
- * reviewing the Board's structure and performance annually and making recommendations to shareholders on new appointments to the Board.

The Managing Director is responsible to the Board for the ongoing management of GrainCorp in accordance with the strategy, policies and programs approved by the Board.

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.

The Board receives regular detailed financial and operational reports from management to enable it to carry out its duties. Senior executives attend Board and committee meetings when relevant matters are under consideration. Committee chairmen report on the work of their committee to the Board on a regular basis and the minutes of each meeting are tabled for Board information and consideration.

Composition of the Board (ASX Principle 2)

There are currently 10 non-executive Directors and one executive Director (the Managing Director).

There are six "Group" non-executive Directors, namely Messrs Mangelsdorf, Greentree, Delahunty, Flanery, Freeman and Grigg, who do not meet the definition of independence as per Principle 2 as they are directors of Grain Growers, a substantial and controlling shareholder of GrainCorp. Group Directors are appointed to GrainCorp in accordance with Clause 10.3 of the Company Constitution not elected by shareholders. Group Directors must be members of Grain Growers and two Directors are elected from each of three representative zones. Group Directors are subject to re-election by rotation at Grain Growers AGMs.

Group Directors recognise and aim to achieve the obligation of bringing an independent judgement to decision-making in the interests of all shareholders.

Ordinary shareholders elect up to four independent "elected" Directors who are subject to re-election by rotation at the Company's Annual General Meeting. However, it is noted that Grain Growers has advised that it "intends to continue to abstain from voting its ordinary shares on resolutions with appointment and re-election of elected Directors while the Association still retains the Foundation Share unless the Board determines (in light of any prevailing circumstances) that such votes should be exercised." Each elected Director has a three year term.

Of the four elected Directors, Messrs Trebeck, Taylor and Curlewis are considered independent in accordance with the Principles. Mr Groves has served on the Board in excess of 10 years and the Board has considered whether this is a period of time which could materially interfere with his ability to act in the best interests of the Company. The Board considers that Mr Groves is an independent Director in accordance with the overall Principles given his continued and demonstrated performance and ability to act in the interests of the business. Within the subset of GrainCorp's elected Directors, and its current nomination process, the Board will take the number of independent Directors into account and will seek to satisfy this Principle fully in time, whilst avoiding any disruption to the effective functioning of the Board.

Each Director brings a range of skills and experience to the Company and this is outlined in the Directors' Report.

Director Independence

The Board acknowledges the definition of Director independence as per the Principles, and in particular the obligation that all Directors should bring an independent judgement to bear in decision-making. In considering whether a Director is independent, the Board has regard to the independence criteria in Principle 2 and other facts, information and circumstances that the Board considers relevant.

The following materiality thresholds have been adopted in accordance with Principle 2:

1. is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
2. within the last three years has not been employed in an executive capacity by the Company or another group member, or been a Director after ceasing to hold any such employment;
3. within the last three years has not been a principal of a material professional advisor or a material consultant to the Company or another group member, or an employee materially associated with the service provided;
4. is not a material supplier or customer of the Company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
5. has no material contractual relationship with the Company or another group member other than as a Director of the Company;
6. has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company;
7. is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

The names of the Directors in office at the date of this report, the year of their appointment, their status as Non-Executive, Executive or Independent Directors are set out in the table below.

Name of Director	Appointed by	Year first appointed	Non-Executive	Executive	Independent
Ron Greentree, Chairman	Grain Growers	1994	Yes		No
Don Taylor, Deputy Chairman	Shareholders	2003	Yes		Yes
Tom Keene, Managing Director	Board	1993		Yes	No
Doug Curlewis	Shareholders	2005	Yes		Yes
Leo Delahunty	Grain Growers	2005	Yes		No
Ross Flanery	Grain Growers	1992	Yes		No
Rick Freeman	Grain Growers	1993	Yes		No
Paul Grigg	Grain Growers	2005	Yes		No
David Groves	Shareholders	1994	Yes		Yes
Dan Mangelsdorf	Grain Growers	2005	Yes		No
David Trebeck	Shareholders	2002	Yes		Yes

Company Chairman

The Company's Chairman, Mr Ron Greentree, is not considered to be independent in accordance with the Principles as discussed above. The Company Constitution was amended at the 2005 Annual General Meeting to permit the Chairman to be elected by, and from, any of the Non-Executive Directors. Mr Greentree was re-elected Chairman of the Company subsequent to this change.

Chairman/Chief Executive Officer Roles

The roles of Chairman and Chief Executive Officer are exercised by different individuals. The Managing Director automatically relinquishes his position on the Board in the event that his executive position with the Company ceases. The role of the Chairman and the role of the Managing Director are available to be reviewed on the Company website.

Director Selection and Re-election

The Remuneration and Nominations Committee (RNC) is responsible for assessing and making recommendations to the Board regarding membership of the Board and proposed new elected Director appointments.

The members of the Remuneration and Nominations Committee are:

Ron Greentree – Non-Executive Chairman;
Don Taylor – Independent Non-Executive Director; and
David Groves – Independent Non-Executive Director.

This Committee has a charter outlining its roles and responsibilities, and is available to be reviewed on the Company website.

Regarding the process of Director selection, the Remuneration and Nominations Committee assesses proposed new elected Directors against a range of criteria including background, experience, professional skills, personal qualities, the candidate's skills to augment the existing Board, ability to be independent in decision making and the candidate's availability to commit to the Board's activities.

In the event of an appointment of a casual vacancy, that Director will retire at the next Annual General Meeting and will be eligible for re-election by shareholders at that meeting. Elected Directors seeking renomination will also undergo the formal assessment process outlined above, but also including a review of their recent performance

on the Board. Where this performance is deemed unsatisfactory, the Director will not receive endorsement by the Board for re-election. The Remuneration and Nominations Committee also provides an assessment of a Group Director's performance as a director of GrainCorp to the Grain Growers Board but does not participate in formally endorsing candidates.

Ethical and Responsible Decision-Making (ASX Principle 3)

Code of Conduct and Ethics
The Company has continued to manage within the policy framework of a Code of Conduct and Ethics for all Directors and employees.

Under the Code of Conduct and Ethics Directors and employees are expected to:

- maintain unquestionable legal and ethical standards of personal conduct;
- respect confidentiality;
- avoid any real or perceived conflicts of interest;
- act honestly and with integrity;
- use GrainCorp's assets, information and facilities responsibly and in the interests of GrainCorp;
- act in the best interests of shareholders;
- contribute to the Company's reputation as a good corporate citizen; and
- report any unethical practices of which they become aware.

The Code of Conduct and Ethics policy is available to be reviewed on the Company website.

Share Trading

Directors, members of senior management and employees may trade in the Company's securities so long as they are not in possession of any unpublished price-sensitive information.

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

Directors, members of senior management and other employees likely to be in possession of unpublished price-sensitive information and their associates may not

trade in the Company's securities during the following "blackout periods" commencing:

- six weeks prior to the release by the Company of its half-yearly results to the ASX and concluding 24 hours after such release; and
- six weeks prior to the release by the Company of its annual results to the ASX and concluding 24 hours after such release.

In addition to the above blackout periods, the Board may impose an embargo upon trading in the Company's securities if it believes that a market-sensitive event has occurred or is likely to occur.

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

The share trading policy is available to be reviewed on the Company website.

Integrity of Financial Reporting (ASX Principle 4)

Consistent with ASX Principle 4 the CEO and CFO report in writing to the best of their knowledge and belief that the Company's interim and full year financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards. The Company has adopted a detailed verification process to validate the statement from the CEO and CFO that the financial reports present a true and fair view.

Board Audit Committee

The Company Board Audit Committee was established in 1993. The current members of the Committee are:

David Trebeck – Independent Non-Executive Chairman;
Doug Curlewis – Independent Non-Executive Director; and
Rick Freeman – Non-Executive Director.

The composition of the Board Audit Committee complies with Recommendation 4.3 in all respects. Details of each committee member's experience are set out in the Directors' Report and indicate that each of them is suitably qualified to be a member of the Board Audit Committee.

The Board Audit Committee Charter is consistent with Principle 4. The Board Audit Committee assists the Board in fulfilling its oversight responsibilities especially in respect of corporate governance, financial reporting and corporate control. The Board Audit Committee reviews the financial reporting process, the system of internal control and management of financial risks, the audit coverage and process, and the Company's process for monitoring compliance with laws and regulations and governance of the Company. The Board Audit Committee will also review any material changes in accounting policy.

The Board Audit Committee has, during the year, reviewed and approved an internal audit plan incorporating a comprehensive business review process in respect of internal audit management functions. The Board Audit Committee reviews 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. Meetings are held at least four times a year. The Board Audit Committee reports to the Board after each meeting.

Management, internal and external auditors are invited to attend Board Audit Committee meetings to ensure that adequate controls and practices are maintained throughout the Group.

The Board Audit Committee plays an active role in reviewing the adequacy of the existing External Audit 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 Board Audit Committee makes recommendations to the Board in relation to the appointment of external auditors. The external auditors have direct access on a regular basis to the Board Audit Committee without management involvement.

External Auditor Independence and Declaration

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 policy requires the approval of the Board Audit Committee for the provision of non-audit services to the Company or its related entities. The policy has a set of guidelines that assist in identifying the types of services that may

compromise the independence of external auditors.

In respect of financial years commencing on or after 1 July 2004, the *Corporate Law Economic Reform Program (Audit Reform and Corporate Disclosure) Act 2004* ("CLERP 9") amendments to the *Corporations Act 2001* require external auditors to make an annual independence declaration, addressed to the Board, declaring that the auditors have maintained their independence in accordance with CLERP 9 amendments and the rules of the professional accounting bodies.

PricewaterhouseCoopers has provided such a declaration to the Board Audit Committee for the financial year ended 30 September 2005.

External Audit Performance Assessment

The Board Audit Committee conducts a formal assessment of external auditor performance each year and reports the outcome to the Board. If it becomes necessary to replace the external auditor for performance or independence reasons, the Board Audit Committee will then formalise a procedure and policy for the selection and appointment of new auditors. The Company's external auditor, PricewaterhouseCoopers, has a policy for the rotation of lead audit partners. The lead audit partner was last rotated in October 2002.

A copy of the Board Audit Committee Charter and information on the rotation of external audit engagement partners is available on the Company website.

External Auditor Attendance at AGM (ASX Principle 6 (6.2))

Consistent with ASX Principle 6 and CLERP 9 PricewaterhouseCoopers attends the Annual General Meeting of the Company to answer shareholder questions about the conduct of the audit and the preparation of the auditor's report. Shareholders may submit questions for the external auditors to the Company Secretary no later than five business days before an Annual General Meeting.

Continuous Disclosure to ASX (ASX Principle 5)

As a guiding principle, GrainCorp ensures that it does not communicate material price or value sensitive information to an external party (advisors are deemed to be internal parties) except where that information has previously been disclosed to the market generally. The Company has

adopted a continuous disclosure and financial markets communication policy to ensure compliance with ASX Listing Rule disclosure obligations. The policy:

- gives guidance as to the types of information that may require disclosure, including examples of practical application of the rules;
- gives practical guidance for dealing with market analysts and the media;
- identifies the correct channels for passing on potentially market sensitive information as soon as it comes to hand;
- establishes regular occasions at which senior executives and Directors are actively prompted to consider whether there is any potentially market-sensitive information which may require disclosure; and
- allocates responsibility for approving the substance and form of any public disclosure and communications with investors.

The Company Secretary is responsible for overseeing and co-ordinating disclosure of all communications to the ASX and is accountable for that disclosure. The Board Audit Committee reviews its disclosure practices of the Company to shareholders and relevant external agencies.

The Company's continuous disclosure and market communication policies are available to be reviewed on the Company's website.

Communication with Shareholders (ASX Principle 6 (6.1))

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

The Board ensures that shareholders are kept fully informed on developments affecting the Company through:

- the annual and interim results which are released through reports, newsletters and presentations;
- compliance with ASX's continuous disclosure listing rules;
- the Annual General Meeting and other meetings called to obtain approval for Board action; and
- maintaining a comprehensive website containing all Company announcements and key Company operations.

The Board encourages full participation of shareholders at the Annual General Meeting to ensure a high level of accountability and understanding of the Company's strategy and goals. In addition, the Board has worked with management to develop a strategy for effective communication with shareholders and participation at General Meetings. This takes the form of an Investor Relations Plan.

A summary of the Company's Investor Relations Plan appears on the Company website.

Risk Management (ASX Principle 7)

Management of risk is an essential element of the Company's strategy. The Board is responsible for overseeing, reviewing and ensuring the effectiveness and integrity of GrainCorp's risk management systems. The Board Audit Committee oversees GrainCorp's risk management systems on behalf of the Board and reports regularly to the Board in relation to them.

The Managing Director has been charged with implementing appropriate risk management systems within the organisation. The Managing Director works with relevant staff members to ensure that all major risks are identified and appropriately managed, and that GrainCorp's risk management systems are in accordance with the Company's risk management policies. A management Business Risk Committee chaired by the Managing Director, and comprising the Chief Financial Officer, General Manager – Storage & Handling and Group Executive, Corporate Services/Company Secretary, meets quarterly or as required to identify, assess and control material risks across the Group. The Company has adopted a policy and procedures for risk management processes using AS 4360:1999 as a guide. A series of improvements identified through a comprehensive risk assessment using this model are in the process of being implemented. Each business unit is responsible for the implementation of policies and procedures to manage those risks.

In addition to maintaining appropriate insurance and other risk management measures, identified risks are managed through:

- Established policies and procedures for the managing of funding, foreign exchange and financial instruments (including derivatives) including the prohibition of speculative transactions. The Board has approved Treasury policies regarding exposures to foreign currencies, interest rates, commodity price, liquidity and counterparty risks which include limits and authority levels.
- Standards and procedures in relation to environmental and health and safety matters.
- Training programs in relation to legal and compliance issues such as trade practices and occupational health and safety.
- Procedures requiring that significant capital and revenue expenditure and other contractual commitments are approved at an appropriate level of management or by the Board.
- Comprehensive management guidelines setting out the standards of behaviour expected of employees in the conduct of the Company's business.

The Board reviews all major submissions and purchases for their impact on the risks facing GrainCorp and directs management to institute appropriate actions. As part of its strategic planning activities, the Board reviews all major strategies for their impact on the risk facing GrainCorp. Similarly, GrainCorp reviews all aspects of its operations for changes to the risk profile on an annual basis. This annual review includes an assessment of insurance policies, which is overseen by the Board Audit Committee.

Trading Risk Management Committee

The Board established, in 1998, a Trading Risk Management Committee which oversees the development of policies to manage the risks associated with grain marketing and farm inputs. The policies specify trading limits, approved risk management tools, credit management and delegations for authorising transactions and segregation of duties.

The current members of the Committee are:

Don Taylor – Chairman and Independent Non-Executive Director;

Dan Mangelsdorf – Non-Executive Director;
Ross Flanery – Non-Executive Director;
Tom Keene – Managing Director;
Nigel Hart – Group Executive, Corporate Services and Company Secretary;
Rick Lee – external appointment.

The Trading Risk Management Committee meets annually with the Board Audit Committee.

Internal Audit

The internal audit function is independent of the external audit function. The internal audit team monitors the internal control framework of the group and provides reports to the Board Audit Committee. The Board Audit Committee approves the internal audit charter and the annual internal audit plan to ensure that planned audit activities are aligned to business risks. The Board Audit Committee also reviews internal audit reports issued by the internal audit team and monitors progress with implementing recommendations made in these reports to ensure improvement in the internal control environment of the Company.

A description of the Company's risk management policy is available to be reviewed on the Company website.

GrainCorp's Managing Director and CFO report in writing to the Board Audit Committee that:

- the statement given in accordance with the ASX Best Practice Corporate Governance Council Recommendation 4.1 is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- the Company's risk management and internal compliance and control framework is operating efficiently and effectively in all material respects.

Performance (ASX Principle 8)

Board Performance

The Board has adopted a process of evaluation to measure its own performance and the performance of all Board Committees. This process involves a confidential questionnaire being completed by each Director and an interview conducted with an external facilitator against GrainCorp's Corporate Governance framework.

The process involves the following review areas:

- defining governance roles;
- improving Board processes;
- key Board functions; and
- continuing improvement.

A performance evaluation using this process was conducted in September 2005. In line with GrainCorp's commitment to continuous improvement, at the conclusion of each Board meeting a Non-Executive Director on a rotating basis provides a review of the meeting processes and outcomes to identify any areas where improvements can be achieved. In addition, the performance of each Non-Executive Director is formally reviewed on an annual basis by the Chairman. Similarly the Chairman's performance is reviewed annually by the full Board.

Also, all Directors are encouraged to undertake, and resources are made available for, continuing education.

Executive Performance

The Board monitors key performance indicators for the Managing Director and members of the Executive team on a monthly basis through general reporting and a comprehensive performance management system. The system monitors key objectives in the following four areas:

- corporate financial and strategic performance;
- business unit performance; and
- personal performance.

The Board and Remuneration and Nominations Committee review the performance of the Managing Director and executive management through monthly reporting, Board presentations, business planning sessions and the key performance indicator system. A more detailed review is provided in the Remuneration Report in the Directors' Report.

Remuneration (ASX Principle 9)

Remuneration and Nominations Committee

The Remuneration and Nominations Committee principle functions include:

- reviewing the composition, performance, induction and membership of the Board and providing recommendations on new appointments; and
- reviewing and recommending to the Board the overall direction of GrainCorp's philosophies, strategies and

determination in respect of remuneration, benefits, recognition of executive and employee performance, succession planning and executive development.

The Company has adopted, and adheres to, a comprehensive policy on remuneration strategies for Directors and employees to enhance corporate performance. The following statements provide a summary of the link between remuneration and corporate performance for Directors and key Executives.

Non-Executive Director Remuneration

Non-Executive Directors do not receive performance-based bonuses and do not participate in equity schemes of the Company other than the Non-Executive Director Deferred Share Plan. The Remuneration and Nominations Committee reviews the Non-Executive Directors' remuneration arrangements and recommendations are then submitted to the Board for their review and approval.

In determining the Non-Executive Directors' remuneration the Remuneration and Nominations Committee draws on survey data on fees paid by comparable companies, together with an assessment of any changes in the level of responsibilities. With the exception of the Chairman and Deputy Chairman, additional yearly fees are paid to Directors who are members of committees.

The Board recommends to shareholders, from time to time, a quantum of total Directors' fees. The Annual General Meeting of shareholders in 2001 approved a total Non-Executive director remuneration pool of up to \$1 million annually.

In addition to reimbursement of expenses, any allowance paid to Directors is in line with Australian Taxation Office reasonable daily travel allowance amounts.

In December 2003 the Board resolved to cease any further contributions to retirement benefits. The benefit accrued by each Director prior to 16 December 2003 has been preserved at the accrued level made payable on retirement in cash and not indexed from the cessation date. The previous policy for retiring Non-Executive Directors provided 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). New Directors post December 2003 will not be eligible for a retirement benefit.

Corporate Review CORPORATE GOVERNANCE

In line with ASX Corporate Governance Council guidelines on non-executive director remuneration, Non-Executive Directors are entitled to participate in the GrainCorp Non-Executive Director Deferred Share Plan. They may acquire ordinary shares through on-market purchases in lieu of fees. However, they are not entitled to participate in the GrainCorp Exempt Plan, Employee Gift Plan, Performance Share Rights Plan or GrainCorp Deferred Share Purchase Plan.

A more detailed review is provided in the Remuneration Report, in the Directors' Report.

Executive Remuneration

GrainCorp operates in a global marketplace and the Remuneration and Nominations Committee recognises that long-term success depends on the calibre of people leading and managing a diverse business across a wide regional distribution. To this end, the Company seeks to attract, reward and retain high performing executives with potential to develop and meet the future needs of the organisation.

The key principles of GrainCorp's remuneration philosophy are:

1. Remuneration practices adopted by the Company will be legal, ethical and consistent with being a good corporate citizen.
2. The Company will take into account all corporate governance principles and guidelines issued from time to time by relevant organisations and institutions but will make decisions based on the best interests of the Company and its shareholders.
3. The Company will comply with remuneration disclosures as required by law and will seek to maintain the highest standards of clarity and transparency in communications with shareholders.
4. The Company will comply with regulatory requirements relating to:
 - a. shareholder approval of both binding and non-binding resolutions regarding executive remuneration; and
 - b. disclosure of executive remuneration in annual reports or elsewhere.
5. The cost of remunerating each executive will be composed of fixed and variable components. Thus, the value to the executive of the remuneration received will vary having regard to performance of the Company, and/or division and/or business unit and/or the Executive.
6. Remuneration quantum and mix should place the Company in a sound position to secure the services of executives

of the calibre required by the Company to be successful in terms of long term returns to shareholders.

7. The Company believes that the long term interests of Executives and shareholders should be aligned and that such alignment is best achieved by Executives having significant shareholdings in the Company. Therefore, Executive remuneration should facilitate and encourage executives to receive part of their remuneration in the form of shares in the Company, particularly when their shareholdings are less than significant in value.

Consequently, under the Executive Remuneration Policy, the remuneration of executives may comprise the following:

- fixed salary that is determined from a review of the market and reflects core performance requirements and expectations;
- a short term incentive performance based bonus designed to reward actual achievement by the individual of performance objectives and for materially improved Company performance;
- a long term incentive plan in which the level of benefit derived by participants relates to a combination of factors including earnings per share, total shareholder returns and benchmarking against other ASX listed companies; and
- statutory superannuation.

By remunerating Executives through performance and long term incentive plans in addition to their fixed remuneration, the company aims to align the interests of executives with those of all shareholders and increased Company performance.

A more detailed review is provided in the Remuneration Report, in the Directors' Report.

Interests of Stakeholders (ASX Principle 10)

Code of Conduct

The Company Code of Conduct and Ethics is consistent with ASX Principles 3 and 10 and has been posted to the company website. The Code of Conduct and Ethics specifically provides that any employee who reports a breach of the Code will not be disadvantaged or prejudiced. A review of the company's policies is underway in light of the protection for whistleblowers contained in the CLERP 9 amendments to the Corporations Act.

Shareholder Information

The shareholder information set out on pages 75 and 76 was applicable as at 30 November 2005.

Corporate Review 5 YEAR FINANCIAL HISTORY

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		2001	2002	2003	2004	2005
DRIVERS						
Receivables	m/t	12.1	12.0	2.1	12.0	10.2
Outloadings – domestic	m/t	4.8	4.9	4.6	4.5	5.3
Outloadings – international	m/t	7.2	6.8	1.2	5.9	4.7
Carryover	m/t	4.3	4.6	0.9	3.0	3.3
EARNINGS						
Total revenue	\$m	519.3	700.0	512.9	964.1	699.6
EBITDA ¹	\$m	115.0	125.6	34.1	114.7	91.0
Net profit/(loss) tax attributable to members	\$m	44.6	48.7	(18.2)	25.7	12.1
ASSETS & EQUITY						
Total assets	\$m	532.8	627.1	606.0	897.5	831.1
Net tangible assets per Ordinary share ²	\$	6.6	7.4	6.5	6.6	6.4
Total equity	\$m	273.3	304.9	275.1	398.6	396.2
Debt to equity	%	66.0	80.5	94.8	79.0	72.7
SHAREHOLDER RETURNS						
Basic earnings/(loss) per Ordinary share	cents	109.4	121.2	(44.8)	43.7	10.5
Return on equity	%	16.3	16.0	(6.6)	6.4	3.1
Dividend per Ordinary share ³	cents	72.0	78.0	–	41.0	7.0
Dividend yield per Ordinary share ^{3,4}	%	6.8	8.0	–	4.7	0.9
Dividend per reset preference share ³	cents	–	–	–	650.0	650.0
Dividend yield per reset preferences share ^{3,4}	%	–	–	–	8.8	9.0

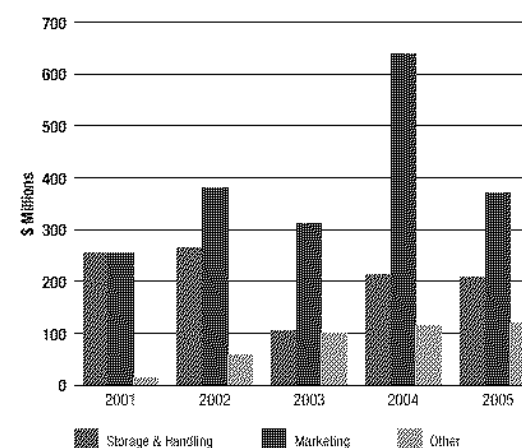
¹ EBITDA is earnings before interest, tax, depreciation and amortisation.

² Excludes reset preference shares at nominal value.

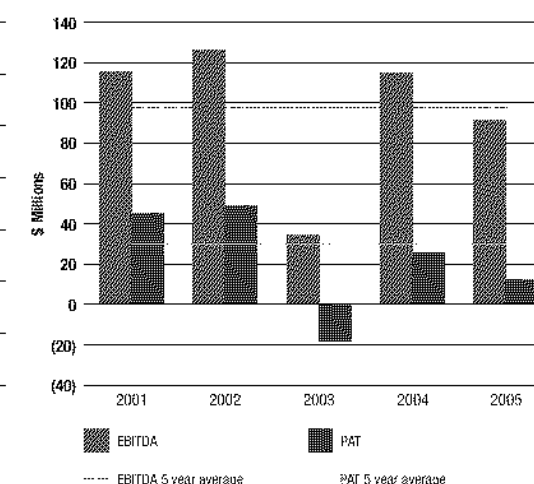
³ All dividends were fully franked and yields include franking credit.

⁴ Using closing price immediately prior to or on 30 September divided by dividends for year.

Revenue



EBITDA & PAT



2005 Concise Report DIRECTORS' REPORT

The Directors present their report on the consolidated entity consisting of GrainCorp Limited ("GrainCorp") and the entities it controlled at the end of, or during, the year ended 30 September 2005.

Directors

The following persons were Directors of GrainCorp during the financial year and up to the date of this report:

R.L. Greentree (Chairman)
D.C. Taylor (Deputy Chairman)
T.B. Keene (Managing Director)
W.G. Barron (Retired 17 February 2005)
N. Burton Taylor AM (Retired 23 February 2005)
G.D.W. Curlewis (Elected 23 February 2005)
L.M. Delahunty (Appointed 23 September 2005)
R.R. Flanery
R.G. Freeman
P.W. Grigg (Appointed 23 September 2005)
D. Groves
R.J. Hards (Resigned 26 August 2005)
D. Mangelisdorf (Appointed 17 February 2005)
A.D. McCallum (Resigned 26 August 2005)
D.B. Trebeck

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

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:

- receipt, 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;
- banking deposits management; and
- flour milling and mixing services (through investment in Allied Mills).

Dividends

The following fully franked dividends have been paid to shareholders during the year:

	Ordinary Shares		Reset Preference Shares	
Date	Rate (Cents)	Amount \$'000	Rate (Cents)	Amount \$'000
Final for 2004	14	5,722	n/a	n/a
Interim for 2005	2	818	322.3	3,868
Final for 2005	—	—	327.7	3,932

In addition to the above dividends, since the end of the financial year the Directors have recommended the payment of a final fully franked ordinary dividend of five cents per fully paid share (\$2.0 million) to be paid on 20 December 2005 out of consolidated retained profits at 30 September 2005.

Review of Operations

The consolidated entity recorded a profit after tax of \$12.1 million for the financial year compared with \$25.7 million for the previous year. EBITDA decreased from \$114.7 million to \$91.0 million. The reduction in profit is due to lower tonnes received into the storage and handling system, and subsequent lower export activity. Receipts during the year were 10.2 million tonnes (2004: 12 million tonnes) with export shipping of 4.7 million tonnes (2004: 5.9 million tonnes).

Net profit included a number of one-off items in the year. These included (all before tax):

- \$1.7 million in restructure costs;
- \$3.8 million revenue as penalty for lease surrender by Incitec Pivot Limited;
- \$0.7 million profit on disposal of associate investments (Nugrain Pty Limited, PlantTech Pty Limited and Australian Bulk Alliance Pty Ltd); and
- of the \$2.1 million share of Allied Mills pre-tax profit, \$1.5 million relates to the sale of land at Fremantle, WA.

The restructure, noted above, was the outcome of a business review to achieve a lower cost base and to better align the management reporting structure. A more detailed review of the operations during the financial year and the results of those operations appear elsewhere in the Annual Report.

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Significant Changes in State of Affairs During the Financial Year

AG Finance

In September 2005, GrainCorp launched a new deposit taking business called AG Finance that offers deposit accounts as a competitive alternative to traditional bank accounts. Interest rates of up to 6.1 percent are available and there are no account keeping fees.

The product range includes both Yield Call accounts and Growth Term Deposit accounts. Yield Call accounts offer a variable interest rate with immediate access to funds held on deposit, whereas Growth Term accounts allow customers deposit funds for a fixed period of time (one month to three years) and provide a fixed interest rate.

Disposal of Investments

As part of the conditions of the merger between GrainCorp and Grainco Australia Pty Limited (Grainco), GrainCorp gave an undertaking to the Australian Competition and Consumer Commission (ACCC) to dispose of its interest in Australian Bulk Alliance Pty Ltd (ABA) as soon as commercially possible. A sale was agreed with Sumitomo Corporation, Japan, and the gain on disposal was \$0.3 million. Other interests in associate entities were disposed of in the financial year resulting in a gain of \$0.4 million.

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

Matters Subsequent to the End of the Financial Year

Retirement of Chairman

Mr Ron Greentree will retire as Chairman and Director of GrainCorp Limited on 23 December 2005 after 11 years service on the Board with six as Chairman. The Board has appointed Mr Don Taylor to succeed Mr Greentree as Chairman.

Chief Operating Officer

Mr Di Leo took up a position as Managing Director of Allied Mills Australia Pty Limited on 7 November 2005. The position of Chief Operating Officer (COO) was subsequently made redundant, as an internal management restructure facilitated this change. Mr Di Leo received \$1,078,445 as a final payment of which \$25,139 was provided for in the financial year.

Reset Preference Shares (RPS)

GrainCorp amended the terms of issue of the RPS under clause 8 by making the payment of the dividend non-discretionary and cumulative, both with effect from 1 October 2005. These amendments are of a minor or technical nature, neither of which is prejudicial to shareholders.

Other than reported above, no other matter or circumstance has arisen since 30 September 2005 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.

Likely Developments

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.

Environment

GrainCorp is committed to ensuring its 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 the development of improvement strategies;
- developing and encouraging employee awareness of, and responsibility to, environmental issues;
- monitoring performance of the consolidated entity in respect of environmental issues and adjusting processes accordingly; and
- introducing procedural guidelines to address task-specific environmental concerns.

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

Information on Directors

R.L. (Ron) Greentree (Chairman)

FAICD, AICD Advanced Program 2005

Grower from Mungindi, NSW. Principal of an agricultural machinery business and Chairman of BRI Australia Ltd. Director of Grain Growers Association Limited. Chairman of the Remuneration and Nominations Committee and GrainCorp Foundation.

2005 Concise Report DIRECTORS' REPORT

D.C. (Don) Taylor (Deputy Chairman) B.Com., CA, Grad.Cert.Rur.Sc., FAICD, AICD Advanced Program 2005

Grower from Moonie, QLD. Chartered Accountant with audit and taxation experience in manufacturing and heavy industry. Former Executive Chairman of Grainco Australia Limited and Chairman of Carrington Cotton Corporation (previously listed). Chairman of the Trading Risk Management Committee and a member of the Remuneration and Nominations Committee.

T.B. (Tom) Keene (Managing Director) B.Ec., FAICD

Managing Director of GrainCorp Group, Director of GrainCorp AG Finance Limited and member of the Trading Risk Management Committee. Chairman of Allied Mills Australia Pty Limited. Member of the Rabobank Advisory Board.

G.D.W. (Doug) Curlewis B.A.(Econs/Latin), MBA

Company Director from Victoria. Director of Pacifica Group Limited, Nufarm Limited and GUD Holdings Limited. Chairman of Remunerator Australia Pty Ltd. Member of Indec Consulting Advisory Board and Director of The Alfred Foundation (Alfred Hospital). Former Managing Director of National Consolidated Limited. Former Director of National Foods Limited and Hamilton Island Limited. Member of the Board Audit Committee.

L.M. (Leo) Delahunty FAICD

Grower from Murtoa, Victoria. Director of Grain Growers Association Limited. Previously Director of Pivot, Incitec Pivot Limited, DIRT Management and Harvest Grain Australia.

R.R. (Ross) Flanery

Grower from Harden, NSW. Director of Grain Growers Association Limited. Member of the Trading Risk Management Committee.

R.G. (Rick) Freeman

Grower from Edgeroi, NSW. Company principal of Norseman Machinery Imports Pty Limited. Director of Grain Growers Association Limited and GrainCorp Superannuation Pty Limited. Member of the Board Audit Committee.

P.W. (Paul) Grigg

Grower from Patchewollock, Victoria. Has been involved in Grain Growers Association for a number of years both as an active member and as a member of the Committee of Advice. He has been actively involved in the Victorian Farmers Federation (VFF), his silo committee and a number of community organisations. Director of Grain Growers Association Limited.

D. (David) Groves B.Com., M.Com., CA, FAICD

Chartered Accountant and Company Director. Director of Masling Industries Pty Limited, Equity Trustees Limited and Kambala (Independent school for girls). Member of MIR Investment Management Ltd Advisory Council. Member of the Remuneration and Nominations Committee.

D. (Dan) Mangelsdorf B.Agr.Ec.(Hons), GAICD

Grower from West Wyalong, NSW. Chairman of Grain Growers Association Limited. Member of the Trading Risk Management Committee.

D.B. (David) Trebeck B.Sc.Agr.(Hons), M.Ec., MAICD

Consultant, Grower and Company Director from Canberra, ACT. Former Managing Director of ACIL Consulting Pty Limited. Commissioner of the National Water Commission. Director of Maersk Australia Pty Ltd and the Oceania Business Coordination Board of AP Moller Maersk and Director of the Institute of Public Affairs. Chairman of the Board Audit Committee. Former Director of Incitec Pivot Limited and Pipers Brook Vineyard Limited.

Former Directors

W.G. (Graham) Barron

Grower from Ungarie, NSW. Former Director of Grain Growers Association Limited. Former chairman of the Trading Risk Management Committee. (Retired 23 February 2005).

N. (Nick) Burton Taylor AM B.Ec., ASIA, FCA, FAICD

Grower from Boorowa, NSW. Chairman of the Australian Agricultural Company Limited and the Civil Aviation Safety Authority, and Director of Hamilton James & Bruce Limited. Member of the Rabobank Advisory Board. Former member of the Remuneration and Nominations Committee. Former Director of Rural Press Limited. (Retired 17 February 2005)

R. (Ron) Hards MAICD

Grower from Yarrara, Victoria. Former chairman of Grain Growers Association Limited. Former member of the Board Audit Committee. (Resigned 26 August 2005)

A.D. (Allan) McCallum (Deputy Chairman) Dip.Ag.Sc., MAICD

Grower from Kerang, Victoria. Director of Incitec Pivot Limited and MDI Limited. Former Director of Grain Growers Association Limited. Chairman of Nugrain Pty Limited and TASSAL Limited. Former deputy chairman and member of the Remuneration and Nominations Committee. (Resigned 26 August 2005)

Details of Directors' interests in shares and options of GrainCorp are set out in Note 31 of the full financial statements.

Company Secretary

Nigel Hart B.App.Sc.(Systems Ag) (UWS-H), FAICD

Group Executive – Corporate Services and appointed Company Secretary in May 2001 for all Group entities, Board Audit Committee and Remuneration and Nominations Committee. Director of GrainCorp AG Finance Limited and GrainCorp Superannuation Pty Limited.

2005 Concise Report DIRECTORS' REPORT

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 12 months to 30 September 2005, and the number of meetings attended by each Director.

Director	Board Meetings		Board Committee Meetings							
			Audit		Remuneration & Nominations		Trading Risk Management		Joint Audit & Trading Risk Management	
	A	B	A	B	A	B	A	B	A	B
R.L. Greentree	13	12	–	–	10	10	–	–	–	–
D.C. Taylor	22	22	–	–	1	1	6	6	1	1
T.B. Keene	22	22	–	–	–	–	4	4	1	1
G.D.W. Curlewis ¹	16	16	2	2	–	–	–	–	1	1
L.M. Delahunty ²	1	1	–	–	–	–	–	–	–	–
R.R. Flanery	13	12	2	2	–	–	–	–	–	–
R.G. Freeman	13	13	1	1	–	–	4	4	–	–
P.W. Grigg ³	1	1	–	–	–	–	–	–	–	–
D. Groves	22	21	2	1	4	4	–	–	–	–
D. Mangelsdorf ⁴	8	8	–	–	–	–	2	2	1	1
D.B. Trebeck	22	22	4	4	–	–	–	–	1	1
W.G. Barron ⁵	5	5	–	–	–	–	2	2	–	–
N. BurtonTaylor AM ⁵	6	6	–	–	7	7	–	–	–	–
R.J. Hards ⁶	11	11	3	3	–	–	–	–	1	1
A.D. McCallum ⁶	11	11	–	–	9	9	–	–	–	–

A – Number held during period in office. B – Number attended.

¹ Elected 23 February 2005. ² Appointed 23 September 2005. ³ Appointed 17 February 2005. ⁴ Retired 17 February 2005. ⁵ Retired 23 February 2005.

⁶ Resigned 26 August 2005.

Remuneration Report

This report details GrainCorp's remuneration policy for Directors and Specified Executives and the links between the performance of the consolidated entity and individual remuneration outcomes. The report incorporates the disclosure requirements of accounting standard AASB 1046, as well as those prescribed by the Corporations Act 2001. Details of equity holdings, loans and other transactions for Directors and Specified Executives are disclosed in Note 31 to the full financial statements.

Remuneration and Nominations Committee

The Remuneration and Nominations Committee operates under the authority of the Board and the scope of the Committee's role extends from Non-Executive Directors through Executive Management and all employees of the Company. Further detail regarding the Remuneration and Nominations Committee can be found in the Corporate Governance Statement. The Managing Director, the Group Executive – Corporate Services and the Human Resources Manager attend Committee meetings by invitation and during the year have assisted the Committee, except in matters concerning their own remuneration.

2005 Concise Report DIRECTORS' REPORT

Remuneration Report continued

Other advisors to the Committee are set out below:

Godfrey Remuneration Group

- remuneration strategy advice
- job evaluation
- remuneration data
- long term incentive plan advice.

KPMG

- valuation of Performance Share Rights Plan
- payroll tax advice.

Mercer Human Resource Consulting

- job evaluation
- position descriptions
- total employment cost.

Computershare

- share plan administration and management.

Principles Used to Determine the Nature and Amount of Remuneration

Managing Director and Senior Executives

Remuneration Strategy and Structure

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms with market best practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage/alignment of executive compensation
- transparency
- capital management.

In consultation with external remuneration consultants, the Company has structured an executive remuneration framework that is market competitive and complimentary to the reward strategy of the organisation.

Alignment to shareholders' interests is based on the following strategy:

- has economic profit as a core component of plan design
- focuses on sustained growth in share price and delivering constant return on assets as well as focusing the executive on key non-financial drivers of value
- attracts and retains high calibre executives.

Alignment to Company interests is based on the following strategy:

- rewards capability and experience
- reflects competitive reward for contribution to shareholder growth
- provides a clear structure for earning rewards
- provides recognition for contribution.

The framework provides a mix of fixed and variable pay, and a blend of short and long term incentives. As executive responsibility increases, the balance of this mix shifts to a higher proportion of "at risk" rewards.

Policy

1. This policy applies to the Managing Director, the executive team and senior managers. It does not apply to Non-Executive Directors.
2. Executive remuneration is composed of three main elements:
 - a. Base package;
 - b. Short term incentive (STI) – cash bonus; and
 - c. Long term incentive (LTI).
3. The base package is a fixed component of remuneration in that once it is determined the amount does not vary with performance. However, individual performance is taken into account when reviewing the quantum of base packages and determining the amount of increase, if any, to be provided. There are no guaranteed base pay increases fixed in any senior executives' contracts. Base packages are composed of the cost to the Company of salary, benefits, fringe benefits tax and gross-up in relation to costs that do not qualify as company income tax deductions such as company superannuation contributions in excess of the deductible limits. Add-on costs such as payroll tax and workers' compensation insurance are not part of base packages.

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4. Flexibility is allowed as to the mix of base packages between salary and benefits so that they better meet the needs of the executives. Flexibility is such that the total cost to the Company is not changed by the benefit selections. Statutory obligations in relation to superannuation contributions are fulfilled as part of the construct of remuneration packages.

5. Base package levels are:

- a. reviewed annually and adjusted on 1 October each year; and
- b. benchmarked against market practice at least annually.

6. Short term incentives are performance related components of remuneration. Performance is judged at three levels: being company, business unit and individual. The performance measuras, standards of performance and weightings are determined each year for each executive having regard to the nature of the role and business plans.

7. Long term incentives are performance related components of remuneration. The level of benefit derived by participants relates to a combination of factors including earnings per share, total shareholder returns and benchmarking against other ASX listed companies.

Performance of GrainCorp Limited

Key performance indicators (KPIs) have been established and are monitored to review the performance of the Managing Director and Specified Executives. The system monitors key objectives in the following three areas:

- Corporate performance
- Business Unit performance
- Individual performance.

The Board and the Remuneration and Nominations Committee review's the performance of the Managing Director and Executive management through monthly reporting, board presentations, business planning sessions and the key performance indicator system.

Further details regarding the Remuneration and Nomination's Committee can be found in the Corporate Governance Statement.

Non-Executive Directors

The Company has adopted, and adheres to, a comprehensive policy on remuneration strategies for Directors to enhance corporate performance.

Policy

Non-Executive Directors are paid their fees out of the maximum aggregate amount approved by shareholders for the remuneration of Non-Executive Directors. Non-Executive Directors do not receive performance based bonuses and do not participate in equity schemes of the Company other than the Non-Executive Director Deferred Share Plan. Non-Executive Directors are entitled to statutory superannuation and where appointed prior to 16 December 2003 will receive a capped retirement benefit. In addition to reimbursement of expenses, any allowance paid to Directors is in line with Australian Taxation Office reasonable daily travel allowance amounts.

The Remuneration and Nominations Committee reviews the Non-Executive Directors' remuneration arrangements and details are then submitted to the Board for its review and approval.

Directors' Fees

The Board recommends to shareholders, from time to time, a quantum of total Directors' fees. Non-Executive Directors' annual 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.

Non-Executive Directors' annual fees since 1 October 2004 were \$54,600 per director, \$81,900 for the Deputy Chairman and \$163,800 for the 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 Board Audit Committee. The Chairman of these committees was paid \$7,500. Yearly fees for the Board Audit Committee were \$8,000 for members and \$15,000 for the Chairman. A 4 percent increase on all fees was applied from 1 October 2005.

Retirement Benefits

In December 2003 the Board resolved to cease any further contributions to retirement benefits. The benefit accrued by each Director prior to 16 December 2003 has been preserved at the accrued level and will be paid on retirement in cash and not indexed from the cessation date. The previous policy for retiring Non-Executive Directors provided an allowance up to

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Remuneration Report continued

a maximum of their last three years' remuneration after nine years' service (pro rata for a lesser period with a minimum of three years). New Directors post-December 2003 will not be eligible for a retirement benefit.

Share Based Compensation

In line with ASX Corporate Governance Council guidelines on Non-Executive Director remuneration, Non-Executive Directors are entitled to participate in the GrainCorp Non-Executive Director Deferred Share Plan. They may acquire ordinary shares through on-market purchases in lieu of fees. However, they are not entitled to participate in GrainCorp's Employee Share Acquisition Plan, Employee Exempt Share Plan, Employee Deferred Share Plan, Executive Option Plan or Performance Share Rights Plan.

Remuneration of Directors and Specified Executives

Details of the remuneration of each Director of GrainCorp Limited and each of the Specified Executives of the consolidated entity are set out in the following tables.

Directors of GrainCorp Limited

	Primary			Post- Employment	Equity		Other	Total
	Cash Salary and Fees	Cash Bonus	Non- monetary Benefits	Super- annuation	Share Sacrifice	Share Rights'/ Options	Retirement	
Name	\$	\$	\$	\$	\$	\$	\$	\$
R.L. Greentree								
2005	163,680	—	—	11,691	—	—	—	175,371
2004	152,931	—	—	11,002	—	—	—	163,933
A.D. McCallum								
2005	80,499	—	—	8,022	—	—	—	88,521
2004	75,845	—	5,904	7,322	—	—	—	89,071
W.G. Barron ²								
2005	19,750	—	—	2,361	12,163	—	—	34,274
2004	41,928	—	—	5,470	28,750	—	—	76,148
N. Burton Taylor AM ³								
2005	25,893	—	—	2,656	—	—	—	28,549
2004	63,134	—	—	6,802	—	—	—	69,936
D. Curlewis								
2005	37,492	—	—	3,342	—	—	—	40,834
2004	—	—	—	—	—	—	—	—
R.R. Flanery								
2005	65,885	—	—	5,630	962	—	—	72,477
2004	59,643	—	—	5,934	154	—	—	65,731
R.G. Freeman								
2005	64,945	—	—	5,845	—	—	—	70,790
2004	62,804	—	—	6,692	—	—	—	69,496

2005 Concise Report DIRECTORS' REPORT

Directors of GrainCorp Limited continued

	Primary			Post- Employment	Equity		Other	Total
	Cash Salary and Fees	Cash Bonus	Non- monetary Benefits	Super- annuation	Share Sacrifice	Share Rights'/ Options	Retirement	
Name	\$	\$	\$	\$	\$	\$	\$	\$
D. Groves								
2005	32,214	—	—	5,495	28,846	—	—	66,555
2004	27,442	—	—	5,170	28,846	—	—	61,458
R.J. Hards								
2005	58,591	—	—	5,273	—	—	—	63,864
2004	35,308	—	—	3,178	—	—	—	38,486
D. Mangelisdorf								
2005	30,855	—	—	3,192	4,615	—	—	38,662
2004	—	—	—	—	—	—	—	—
J. Menegazzo								
2005	—	—	—	—	—	—	—	—
2004	10,693	—	—	2,222	12,500	—	3,719	29,134
D.C. Taylor								
2005	63,825	—	—	5,610	4,808	—	—	74,243
2004	55,419	—	—	4,576	769	—	—	60,764
D.B. Trebeck								
2005	45,971	—	—	6,260	24,039	—	—	76,270
2004	37,611	—	—	5,635	25,000	—	—	68,246
T.B. Keene ⁴								
2005	547,107	181,238	24,711	96,119	19,231	289,230	—	1,157,636
2004	509,533	174,840	63,172	47,549	20,000	(7,108)	—	807,986
Total								
2005	1,236,707	181,238	24,711	161,496	94,664	289,230	—	1,988,046
2004	1,132,291	174,840	69,076	111,552	116,019	(7,108)	3,719	1,600,389

¹ Based on an independent valuation by KPMG Actuaries. This valuation may decrease if achievement of performance hurdles is adversely affected by seasonal conditions.

² Received retirement payment of \$164,637 (accrued in prior year).

³ Received retirement payment of \$180,907 (accrued in prior year).

⁴ T.B. Keene is the Managing Director of the GrainCorp group and the only Executive Director on the Board.

For the financial year 2004/05, the Managing Director achieved 70 percent of performance targets.

2005 Concise Report DIRECTORS' REPORT

Remuneration Report continued

Specified Executives (other than Directors)

The following persons were the executives with the greatest authority for the strategic direction of the Company in the financial year. In addition, they include the five executives who received the highest emoluments in the Company and the consolidated entity during the year ended 30 September 2005.

Name	Position
J. Di Leo ¹	Chief Operating Officer
S.G.B. Bird	Chief Financial Officer
A.N. Johns	Chief Development Officer
N.P. Hart	Group Executive, Corporate Services & Company Secretary
K.J. Lloyd	General Manager, Storage & Handling
S. Tainsh	General Manager, Marketing
A. Single ²	General Manager, AG Plus
J. Breeze	General Manager, AG Haul
J. de Salis	General Manager, AG Finance

¹ J. Di Leo became Managing Director of Allied Mills on 7 November 2005, and the GrainCorp position of Chief Operating Officer was made redundant.

² Resigned position at 18 November 2005.

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Details of the Remuneration of Specified Executives

	Primary			Post-Employment	Equity		Total
	Cash Salary and Fees	Cash bonus	Non-monetary Benefits	Super-annuation	Share Sacrifice	Share Rights/ Options	
Name	\$	\$	\$	\$	\$	\$	\$
J. Di Leo ²							
2005	397,551	89,677	51,306	11,713	–	129,264	679,511
2004	380,021	90,885	39,735	11,002	–	(2,027)	519,616
K.J. Lloyd							
2005	340,201	50,006	22,594	11,713	–	68,785	493,298
2004	223,729	38,000	32,735	11,002	–	(1,013)	304,453
S. Tainsh							
2005	226,988	60,600	6,156	17,512	4,808	64,891	380,955
2004	182,968	50,430	(1,532)	15,691	5,000	(1,013)	251,544
S.G.B. Bird							
2005	241,157	39,379	6,546	19,512	–	68,785	375,379
2004	231,027	38,000	8,194	18,801	–	(1,013)	295,009
A.N. Johns							
2005	217,650	55,125	24,176	11,770	961	64,891	374,573
2004	195,228	55,890	19,281	11,223	–	(1,013)	280,609
N.P. Hart							
2005	207,699	35,417	26,581	11,787	962	63,593	346,039
2004	191,283	34,650	25,862	11,223	269	(1,013)	262,274
J. de Salis							
2005	194,474	30,093	22,191	11,713	–	54,509	312,980
2004	47,250	–	(1,283)	2,750	–	–	48,717
J.P. Breeze							
2005	148,221	28,675	3,842	36,394	–	48,020	265,152
2004	140,000	22,400	2,323	20,000	–	–	184,723
A. Single ³							
2005	166,837	29,726	2,076	12,179	–	49,318	260,136
2004	134,867	29,280	4,188	11,469	–	(1,013)	178,791
Total							
2005	2,140,778	418,698	165,468	144,293	6,731	612,056	3,488,023
2004	1,726,373	359,535	129,503	113,161	5,269	(8,105)	2,325,736

¹ Based on an independent valuation by KPMG Actuaries. This valuation may decrease if achievement of performance hurdles is adversely affected by seasonal conditions.

² J. Di Leo became Managing Director of Allied Mills on 7 November 2005, and the GrainCorp position of Chief Operating Officer was made redundant. Mr Di Leo received a final payment of \$1,078,445. Performance share rights were forfeited for no payment.

³ Resigned position at 18 November 2005 with final payment of \$224,511. Performance share rights were forfeited for no payment.

Cash Bonuses and Options

Each cash bonus and grant of options included in the above table represents 100 percent of the amount due. No amount was forfeited because the person did not meet the service and performance criteria set out below. No part of the bonuses or grants of options are payable in future years.

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Remuneration Report continued

Service Agreements

The following terms set out the service agreement of the Managing Director, GrainCorp Limited, Mr T.B. Keene.

	Agreement with Managing Director
(i) Term of Contract	The contract commenced on 27 August 2003 with an option for the Company to renew for a further two years. The Board has resolved to exercise the option with the contract to expire on 27 August 2008.
(ii) Remuneration	The remuneration package is made up as follows: - Base package reviewed annually and benchmarked against an agreed relevant peer group. - Short term incentive (STI). Total available quantum 40 percent of base package with a target of 30 percent. - Long term incentive (LTI). Performance Share Rights based on EPS and TSR hurdles. Total available quantum 120 percent of base package with a target of 60 percent.
(iii) Termination Managing Director initiated termination	- Twelve months' notice required and the Managing Director would receive pro rata Base Package up to the date of termination. - Pro rata STI for the year in which the termination occurs. - Any severance payment would be at the discretion of the Board. - Company may pay Base Package in lieu of notice.
Company initiated terminations without cause, i.e. other than above	Current contract provides for 12 months' notice. In addition the Managing Director would receive: - pro rata Base Package up to the date of termination - a pro rata STI having regard to the Board's assessment of performance to the date of termination and - a severance payment of one times the total of the annual rate of Base Package and the target STI payout, at the date of termination, e.g. Mergers and Acquisitions – consistent with Company policy of 12 months plus application of redundancy policy (five weeks plus three weeks for every year of service up to 52 weeks).
Managing Director end of term payment	In order to clarify to the Managing Director and the market the intent of the existing clause 2.5 Termination Upon Expiry of Term, the Board has resolved to provide for an end of term payment to the Managing Director by including the following in his new contract: In accordance with clause 2.5 Termination Upon Expiry of Term the Board has determined in its absolute discretion to make an additional ex gratia payment of 12 months' remuneration package to the Managing Director in recognition of his 42 years of service, his success as Managing Director and that a long term incentive plan has only applied to the latter part of his tenure. The payment is contingent upon his not being dismissed or resigning without the consent of the Board prior to the expiration of the contracted term.

All Specified Executives are covered by a standard agreement which requires 13 weeks' notice.

Share Based Compensation

Executive Option Plan

The GrainCorp Limited Executive Option Plan concluded on 30 September 2005. No options were available for exercise as neither the Total Shareholder Return nor Earnings Per Share hurdles for the period 1 October 2002 to 30 September 2005 were met.

The Executive Option Plan was terminated by the Board on 22 November 2005 following the introduction of the Performance Share Rights Plan that was effective since 1 October 2004.

Shares under option

No options have been granted during or since the end of the financial year to any Directors or Specified Executives of the Company and consolidated entity.

Performance Rights Share Plan

The GrainCorp Performance Rights Share Plan (Plan) provides Eligible Employees the opportunity to participate in competitive performance based remuneration incentives.

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The Plan enables selected Eligible Employees (including Executive Directors) to participate in a new long term performance based incentive plan to acquire Rights as part of their remuneration and to share in GrainCorp's financial performance. The Plan is intended to encourage Eligible Employees to have a greater involvement in the achievement of GrainCorp's objectives, which will benefit all shareholders. An Eligible Employee is someone who is a permanent full time employee of the GrainCorp Group.

Under the Plan, an Eligible Employee may be granted a number of Rights, each Right may be converted into one share on the satisfaction of certain Performance Conditions. The number of rights available to be granted, other than the initial grant, is determined by the following process:

- base salary multiplied by standard grant LTI value percent;
- divided by the Volume Weighted Average Share Price for the period 1 September to 30 September.

There is no amount payable for the grant of a Right and there is no exercise price payable on the exercise of a Right. Rights may be exercised on the exercise date (being the date on which the Performance Conditions are satisfied). Rights will expire (lapse) on the fifth anniversary of the date they are granted.

Performance Conditions

Rights vest only if certain performance conditions are fulfilled. The performance conditions include two measures:

- the Earnings Per Share (EPS) growth for the Company's Shares must be at least 4 percent average per annum compound in respect of each measurement period; and
- the Total Shareholder Return (TSR) ranking for the Company is at least equal to the 50th percentile of the S&P/ASX 200 Index (excluding certain companies) in respect of each measurement period. TSR is broadly the change in the share price over the measurement period plus dividends notionally reinvested in the Company Shares.

There are three levels of achievement or "standards" for each of the performance conditions – the threshold level, the target level and the stretch level.

- the threshold level represents the minimum acceptable level of performance that needs to be achieved in order to receive the specified award for that performance objective, or
- the target level represents a satisfactory level relative to past and expected achievements, and
- the stretch level represents a level of clearly outstanding performance and achievement beyond target level.

The measurement period for the purposes of the Performance Conditions will be in blocks of three financial years, with the first year commencing 1 October 2004.

At the end of the measurement period, if an Eligible Employee is still employed by the Company, a calculation will be made by the Company as to the actual amount of the award. The eligible award for each threshold, target and stretch levels will be calculated and added together and then apportioned across the performance objectives in accordance with the applicable weightings. A pro rata calculation will apply between the threshold and target level as well as between the target and the stretch level. Performance above the stretch level will not generate additional awards. Performance below the threshold level will not generate any award.

For the 1 October 2004 performance rights issue, the following EPS commencement points (cents per share) apply:

	Base at 1-Oct-04	1-Oct-05	1-Oct-06	1-Oct-07	Total
Threshold at 4 percent	43.70	45.45	47.27	49.16	141.88
Target at 7.5 percent	43.70	46.98	50.50	54.29	151.77
Stretch at 12 percent	43.70	48.94	54.82	61.40	165.16

The base EPS is calculated as NPAT after RPS dividends divided by total number of ordinary shares on issue e.g. EPS for 2004 after RPS was 43.7 cents per share.

The TSR commencement base will be established using the same Volume Weighted Average Price (VWAP) share price for the calculation of the number of rights granted i.e. VWAP for period 1 September to 30 September e.g. 1 Sept. -30 Sept. 2004 = \$12.7751.

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Remuneration Report continued

The vesting of each grant of Rights in respect of each measurement period is as follows:

Performance Level	TSR		EPS Growth (average p.a. compound)		Cumulative Total Vesting of Share Rights in Grant
	Standard	Cumulative Portion of Grant of Rights to Vest	Standard	Cumulative Portion of Grant of Rights to Vest	
< Threshold	<50th percentile	0%	<4%	0%	0%
Threshold	50th percentile	12.5%	4%	12.5%	25%
Between Threshold & Target	>50th & <60th percentiles	Pro rata	>4% & <7.5%	Pro rata	Pro rata
Target	60th percentile	25%	7.5%	25%	50%
Between Target & Stretch	>60th & <75th percentiles	Pro rata	>7.5% & <12%	Pro rata	Pro rata
Stretch & above	75th percentile +	50%	12%+	50%	100%

If vesting of the grant of Rights is not achieved at the end of the measurement period, re-testing will occur at the end of the fourth and fifth years, and improved performance over the four or five year measurement periods will produce additional vesting.

Options and Performance Rights Holdings

The number of options and rights over ordinary shares in the Company held by the Managing Director and each of the Specified Executives of the consolidated entity, including their personally related entities, are set out below.

Name	Balance at the Start of the Year	Number Granted During the Year as Remuneration	% of Total Remuneration During the Year	Exercised During the Year	Expired During the Year	Accrued Balance at the End of the Year	Vested and Exercisable the End of the Year
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Managing Director of GrainCorp Limited

T.B. Keene	250,000	61,056	25%	–	(250,000)	61,056	–
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Specified Executives of the Consolidated Entity

J. Di Leo	100,000	27,287	19%	–	(100,000)	27,287	–
S.G.B. Bird	50,000	14,520	18%	–	(50,000)	14,520	–
N.P. Hart	50,000	13,425	18%	–	(50,000)	13,425	–
A.N. Johns	50,000	13,699	17%	–	(50,000)	13,699	–
K.J. Lloyd	50,000	14,520	14%	–	(50,000)	14,520	–
A. Single	50,000	10,411	19%	–	(50,000)	10,411	–
S. Tainsh	50,000	13,699	17%	–	(50,000)	13,699	–
J.P. Breeze	–	10,137	18%	–	–	10,137	–
J. de Salis	–	11,507	17%	–	–	11,507	–

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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.

In 2003, GrainCorp embarked on a new safety strategy that encompasses all areas of operation. 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.

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.

Non-audit Services

The Company may decide to employ the auditor on assignments additional to its statutory audit duties where the auditor's expertise and experience with the Company and/or the consolidated entity are important. Details of the amounts paid to the auditor (PricewaterhouseCoopers) for audit and non-audit services provided during the year are set out in Note 30 of the full financial report.

In accordance with the advice received from the Board Audit Committee, the Board of Directors is satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Board Audit Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in Professional Statement F1, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 54.

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 (ASIC), 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, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of the Directors.

Ronald Greentree

R.L. Greentree
Chairman

Sydney
22 November 2005

2005 Concise Report

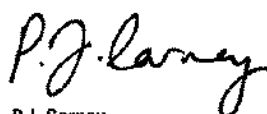
INDEPENDENT AUDIT REPORT

Independent Audit Report to the Members of GrainCorp Limited

As lead auditor for the audit of GrainCorp Limited for the year ended 30 September 2005, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of GrainCorp Limited and the entities it controlled during the period.



P.J. Carney

Partner

PricewaterhouseCoopers

Sydney 22 November 2005

Consolidated Statement of FINANCIAL PERFORMANCE

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For the year ended 30 September 2005

	Consolidated	
	2005	2004
	\$'000	\$'000
Revenue from operating activities	674,188	934,357
Other revenue	25,446	29,791
Total revenue from ordinary activities	699,634	964,148
Goods purchased for resale	398,301	636,261
Raw materials and consumables used	20,878	25,453
Employee benefits expense	123,773	112,060
Depreciation and amortisation expenses	49,930	48,491
Borrowing costs expense	24,219	29,530
Repairs and maintenance	14,514	14,839
Other expenses from ordinary activities	52,581	60,316
Expenses from ordinary activities	684,196	926,950
Share of net profit/(loss) of associates accounted for using the equity method	1,472	(516)
Profit/(loss) from ordinary activities before income tax expense	16,910	36,682
Income tax benefit/(expense)	(4,797)	(11,003)
Profit/(loss) from ordinary activities after income tax expense	12,113	25,679
Net profit attributable to outside equity interest	(3)	(2)
Net profit/(loss) attributable to members of GrainCorp	12,110	25,677
Total changes in equity other than those resulting from transactions with owners	12,110	25,677
	Cents	Cents
Basic earnings per Ordinary share	10.5	43.7
Diluted earnings per Ordinary share	10.3	42.8
Basic earnings per Ordinary share before reset preference share dividends	29.6	62.8
Diluted earnings per Ordinary share before reset preference share dividends	29.1	61.4

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

Discussion and Analysis of Consolidated Statement of FINANCIAL PERFORMANCE

For the year ended 30 September 2005

Financial Performance Summary

The consolidated entity recorded a profit after tax of \$12.1 million for the financial year compared to \$25.7 million for the previous year. Earnings before interest, tax, depreciation and amortisation (EBITDA) decreased from \$114.7 million to \$91 million. Net profit before tax included a number of one-off items in the year. These included:

Restructure Costs

\$1.7 million was provided in the year for a management restructure primarily in the storage and handling business unit. The restructure was the outcome of a business review to achieve a lower cost base and better align the management structure to improve responsiveness to customer needs.

Lease Surrender Penalty

Incitec Pivot Limited paid \$3.8 million as a penalty to exit a lease for the use of a storage facility at Port Kembla, NSW. This was recognised as revenue in the financial results.

Land Disposal

Allied Mills sold land located at Fremantle, WA for a gain of \$2.5 million. As GrainCorp holds an equity interest of 60 percent in Allied Mills, it recorded \$1.5 million of this gain in its share of equity accounted profits.

Storage & Handling

Grain receivals during the year were 10.2 million tonnes (2004: 12 million tonnes) and export shipping was 4.7 million tonnes (2004: 5.9 million tonnes). Grain carryover at 30 September 2005 was 3.3 million tonnes, up from 3 million tonnes for the previous year.

The segment profit for Storage & Handling was \$47.3 million based on revenue of \$255.9 million. This compared to the prior year profit of \$69.2 million on revenue of \$281.2 million. The decrease in receival, export and domestic tonnage impacted the result for the year due to fixed costs that could not be reduced to match lower tonnage.

Marketing

Reduced volume of commodities traded during the year, due to seasonal conditions, is reflected in lower revenues. However, the segment profit was enhanced by strong pool volumes and sustained margins in domestic activities. Revenue fell by 39 percent to \$381.6 million (2004: \$626.4 million) and segment profit dropped to \$17.8 million (2004: \$21.4 million).

Depreciation and Amortisation, Interest and Taxation

Interest repayments reduced by \$5.3 million reflecting the increased focus on debt repayment during the year. Depreciation increased slightly by \$1.4 million as the asset cost base continues to increase with ongoing capital expenditure. The income tax charge dropped to \$4.8 million for the 2005 year as profit was lower. Also, the effective tax rate reduced by 1.6 percent due to an overprovision in the previous year.

An analysis of revenue and profit after tax by segment is set out in Note 3. A further review of the operations and results is contained elsewhere in the Annual Report.

Consolidated Statement of FINANCIAL POSITION

As at 30 September 2005

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	Consolidated	
	2005	2004
	\$'000	\$'000
Current assets		
Cash assets	11,506	12,630
Receivables	142,702	191,713
Inventories	54,770	55,329
Other	12,615	12,424
Total current assets	221,593	272,096
Non-current assets		
Receivables	31,860	40,379
Investments accounted for using the equity method	73,856	75,394
Other financial assets	261	—
Property, plant and equipment	479,871	487,622
Deferred tax assets	13,639	11,359
Intangible assets	10,037	10,693
Total non-current assets	609,524	625,447
Total assets	831,117	897,543
Current liabilities		
Payables	80,886	114,309
Interest bearing liabilities	58,214	72,734
Current tax liabilities	8,603	7,865
Provisions	13,642	12,836
Total current liabilities	161,345	207,744
Non-current liabilities		
Interest bearing liabilities	241,194	254,745
Deferred tax liabilities	6,140	6,802
Provisions	26,222	29,672
Total non-current liabilities	273,556	291,219
Total liabilities	434,901	498,963
Net assets	396,216	398,580
Equity		
Parent entity interest:		
Contributed equity	219,012	219,149
Reserves	18,430	18,430
Retained profits	158,689	160,919
Total parent entity interest	396,131	398,498
Outside equity interest in controlled entities	85	82
Total equity	396,216	398,580

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

Discussion and Analysis of Consolidated Statement of FINANCIAL POSITION

As at 30 September 2005

During the last financial year, the Grainco group was acquired and it contributed \$132.5 million (\$106.5 million after discount on acquisition) to the consolidated net assets position in 2004.

For the year ended 30 September 2005, total assets decreased by \$66.4 million and total liabilities decreased by \$64.1 million. This led to a reduction in net assets of \$2.4 million. The main movements in the balance sheet items during the financial year were:

Assets

- Receivables decreased by \$57.5 million due to a below average season affecting working capital and;
 - loan repayment of \$12.7 million received from ABA on disposal of investment in the entity plus an additional repayment of \$9.3 million was received during the year; and
 - Pool advances to growers reduced by \$23.2 million compared to the prior year due to the accelerated sales program for the current year. These advances are matched by a payable recognised as a current liability which demonstrates that there is no net financial exposure to GrainCorp by managing the Pools funding facility.
- Net reduction of \$7.8 million in carrying value of property, plant and equipment reflecting the depreciation charge exceeds expenditure on capital. However, capital expenditure still increased from \$30.6 million to \$39.4 million in the 2005 financial year.

Liabilities

- Interest bearing liabilities decreased by \$28.1 million highlighting the commitment to repay debt during a year of strong operating cash flow. The reduction includes \$9 million in funding for grain commodities activity which is secured against inventory.
- Similarly, as in receivables, the payable for GrainCorp Pools funding reduced by \$23.2 million in the year.
- \$9.7 million in convertible notes was repaid during the year.
- \$3.9 million was charged against the provision for restoration at the Geelong port facility.

Consolidated Statement of CASH FLOWS

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For the year ended 30 September 2005

	Consolidated	
	2005	2004
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	777,799	1,010,575
Payments to suppliers and employees (inclusive of goods and services tax)	(693,147)	(962,737)
	84,652	47,838
Interest received	2,014	5,751
Borrowing costs	(24,247)	(27,823)
Income taxes (paid)/refunded	(10,264)	(2,140)
Net cash inflow/(outflow) from operating activities	52,155	23,626
Cash flows from investing activities		
Cash acquired on merger	–	7,991
Payments for property, plant and equipment	(39,358)	(30,586)
Proceeds from sale of associates	3,252	–
Purchases of investments/business	–	(77,302)
Proceeds from sale of property, plant and equipment	2,557	14,285
Loans repaid by related parties	23,167	19,188
Deposit bond for pools facility	699	(8,896)
Loans from/(to) related parties	(359)	(9,250)
Net cash inflow/(outflow) from investing activities	(10,042)	(84,570)
Cash flows from financing activities		
Proceeds from interest bearing liabilities	175,200	270,946
Repayment of interest bearing liabilities	(194,297)	(262,251)
Repayment of convertible notes in subsidiary	(9,663)	–
Issue of Reset Preference Shares (net of issue costs)	(137)	86,491
Dividends paid	(14,340)	(18,834)
Net cash inflow/(outflow) from financing activities	(43,237)	76,352
Net increase/(decrease) in cash held	(1,124)	15,408
Cash at the beginning of the financial year	12,630	(2,778)
Cash at the end of the financial year	11,506	12,630

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

Discussion and Analysis of Consolidated Statement of

CASH FLOWS

For the year ended 30 September 2005

Cash Flows from Operating Activities

For the year ended 30 September 2005, net cash inflow from operating activities was \$52.2 million, an increase of \$28.6 million from a net inflow of \$23.6 million in the previous year. A strong increase in net cash flow from receipts/payments of \$36.8 million was reduced by an increase in tax payments of \$8.1 million.

Cash Flows from Investing Activities

The items in the net cash outflow from investing activities of \$10 million (2004: Outflow \$84.6 million) were:

	\$ million
Purchase of property, plant and equipment	(39.4)
Loan repayments from associate companies	22.8
Deposit bond for GrainCorp Pools funding facility	0.7
Sale of assets and investments	5.8

Cash Flows from Financing Activities

Net cash outflow from financing activities was \$43.2 million (2004: Inflow \$76.4 million). The primary reasons were:

	\$ million
Repayment of convertible notes	(9.7)
2004/05 ordinary and reset preference share dividends paid	(14.3)
Net retirement of borrowings	(19.1)

Notes to the Consolidated FINANCIAL STATEMENTS

For the year ended 30 September 2005

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.

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.

This concise financial report cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of GrainCorp Limited and its controlled entities as the full financial report.

(a) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by GrainCorp Limited ("company" or "parent entity") as at 30 September 2005 and the results of all controlled entities for the year then ended. GrainCorp Limited 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.

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their market price as at the acquisition date, unless the notional price at which they could be placed in the market is a better indicator of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity. Goodwill is the excess of the fair value of the cost of acquisition over the fair value of the identifiable net assets acquired.

Outside interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

(b) GrainCorp Operated Grain Pools

The consolidated entity operates grain pools on behalf of growers, and receives a management fee for its services based on a percentage of the pools' total revenue. Eighty percent of the expected management fee is recognised over the life of the pool with the balance recognised when the pool closes.

As part of the consolidated entity's management of the pools it is responsible for arranging funding to facilitate advance payments to growers over the life of the pool. In October 2003, GrainCorp entered into an arrangement with GrainCorp Pools Pty Limited (GCPL), a company 100 percent owned by Rabo Australia Limited, to provide this financing.

It has been determined the substance of this transaction is such that GrainCorp controls GCPL and has therefore been consolidated in the consolidated entity's financial report. Although this funding is non-recourse to the consolidated entity it has resulted in the recognition of a pool advance facility balance of \$48 million from Rabo Bank and net pool advances of \$48 million at 30 September 2005. Any interest on this facility is borne by the pools.

GCPL also require the consolidated entity to provide a 5 percent deposit bond of the utilised funding which is shown as a receivable in the Statement of Financial Position. In the event of a significant shortfall in pool funds, the consolidated entity's exposure is limited to the forfeiture of this bond (until reimbursed by pool participants), together with its management fee income.

Notes to the Consolidated FINANCIAL STATEMENTS

For the year ended 30 September 2005

1. Summary of Significant Accounting Policies continued

The accounting policy for other pool facilities managed by the consolidated entity reflects the advance facility and advances made to pool participants in a manner consistent with the above arrangement.

At their meeting on 22 March 2005, the Urgent Issues Group (UIG) concluded their review of Commodity Pooling Arrangements and determined that given the now consistent presentation of financial reports by pool managers there was no need to proceed with issuing an Interpretation and subsequent Abstract.

(c) Dividends

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

(d) Transition to International Financial Reporting Standards

For reporting periods beginning on or after 1 January 2005, GrainCorp must comply with the Australian equivalents of International Financial Reporting Standards (AIFRS) as issued by the Australian Accounting Standards Board.

GrainCorp will report for the first time in compliance with AIFRS when the results for the half-year ending 31 March 2006 are released.

A project team was established to manage the transition to AIFRS. It is led by the Financial Accounting Manager and reports regularly to the Board Audit Committee. The project team, working with specialist external consultants where necessary, has identified changes to accounting policies, quantified likely key impacts and is finalising detailed design, implementation and system amendments.

Entities complying with AIFRS for the first time also restate their comparative statements using all AIFRS except AASB 132 *Financial Instruments: Disclosure and Presentation*, AASB 139 *Financial Instruments: Recognition and Measurement*, and AASB 4 *Insurance Contracts*, which GrainCorp has elected to adopt effective from 1 October 2005.

The opening AIFRS balance sheet for GrainCorp is a restated balance sheet dated 1 October 2004. Most adjustments required on transition to AIFRS are made, retrospectively, against opening retained earnings on 1 October 2004. Transitional adjustments relating to the financial instruments standards noted above, where comparatives are not required, will only be made at 1 October 2005. Detailed comparatives restated under AIFRS will not be reported in financial statements until 31 March 2006, being the first half-year reported in compliance with AIFRS.

Impact of Transition to AIFRS

Set out below are the known or reliably estimable areas where accounting policies are expected to change on adoption of AIFRS.

The figures disclosed are the company's best estimates of the quantitative impact of the changes as at the date of preparing the 30 September 2005 financial report and should not be considered to provide complete guidance as to the impact of changes in accounting policies that will result from the transition from Australian GAAP (AGAAP) to AIFRS from 1 October 2005. The impact of the transition to AIFRS, including the transitional adjustments disclosed, is based on AIFRS standards that are expected to be in place when preparing the first complete AIFRS financial report for the half-year ending 31 March 2006.

The actual effects of transition to AIFRS may differ from the estimates disclosed due to: ongoing work being undertaken by the AIFRS project team; potential amendments to AIFRS and interpretations thereof being issued by the standard-setters and International Financial Reporting Interpretations Committee; and emerging accepted practice in the interpretation and application of AIFRS and Urgent Issues Group Interpretations.

Notes to the Consolidated FINANCIAL STATEMENTS

For the year ended 30 September 2005

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(a) Under AASB 2 *Share-based Payments* and the elections available under AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*, from 1 October 2004 the group is required to recognise an expense for equity-based remuneration that is issued to employees after 7 November 2002 but that had not vested by 1 January 2005.

Under AASB 2, the performance share rights plan will be treated as an in-substance grant of options as it provides nominated employees the right, but not the obligation, to subscribe to GrainCorp's shares at a fixed price (i.e. at no cost) for a specified period of time. This treatment requires that the fair value of the rights be determined and expensed over the vesting period with a corresponding increase to the share option reserve included in equity. Shares issued under the employee share acquisition plan in the 2005 year are also expensed with a corresponding increase to equity. There is no change to total equity on transition as the charge to retained earnings is offset by the increase in share capital and reserves.

If the policy required by AASB 2 had been applied during the year ended 30 September 2005, consolidated pre-tax profits would have been \$1.6 million lower, with no change to total equity.

(b) Under AASB 136 *Impairment of Assets*, the recoverable amount of an asset is determined as the higher of its fair value less costs to sell and value in use. Testing for impairment is based on identifying assets or groups of assets that generate cash inflows, termed "cash generating units". The Group's current accounting policy is to determine the recoverable amount of an asset on the basis of nominal cash flows, whereas under AIFRS cash flows are discounted.

Management has drafted the basis of allocation of the Groups' assets, including goodwill, to cash generating units and the test for impairment as at transition date. The effect of this has not yet been quantified as the Company is in discussion with its auditors to finalise the above.

(c) Under AASB 3 *Business Combinations*, goodwill is not permitted to be amortised but instead is subject to impairment testing on an annual basis or upon the occurrence of triggers which may indicate a potential impairment. Currently, the Group amortises goodwill over its useful life but not exceeding 20 years. The Group has elected not to apply AASB 3 retrospectively. If the policy required by AASB 3 had been applied during the year ended 30 September 2005, consolidated goodwill at 30 September 2005 would have been \$656 thousand higher and pre-tax consolidated amortisation expense for the year ended 30 September 2005 would have been \$656 thousand lower.

(d) Under AASB 112 *Income Taxes*, deferred tax balances are determined using the balance sheet method which calculates temporary differences based on the carrying amounts of an entity's assets and liabilities in the statement of financial position and their associated tax bases. In addition, current and deferred taxes attributable to amounts recognised directly in equity are also recognised directly in equity. The impact of this has yet to be determined. This will result in a change to the current accounting policy, under which deferred tax balances are determined using the income statement method. Under this method items are only tax-effected if they are included in the determination of pre-tax accounting profit or loss and/or taxable income or loss, and current and deferred taxes cannot be recognised directly in equity.

(e) Under UIG 1052 *Tax Consolidation Accounting*, the parent entity, as the head entity in the tax consolidated group, will be required to recognise the current tax payable of the tax consolidated subsidiaries and deferred tax assets relating to the tax losses of these subsidiaries. The net difference between these amounts and amounts receivable or payable will result in distributions being recognised in the head entity and other members of the tax consolidated group.

The parent entity's own tax amounts will be measured using one of the acceptable allocation methods in UIG 1052.

This differs from the current accounting policy, under which the parent entity recognises current and deferred tax amounts relating to transactions, events and balances of the tax consolidated subsidiaries as if those transactions events and balances were its own, and measures its own tax amounts by applying the principles in AASB 1020.

On 1 October 2004, the deferred tax balances in the parent entity relating to tax consolidated subsidiaries will be derecognised against relevant intercompany accounts, resulting in a reduction of deferred tax assets, deferred tax liabilities and tax-related intercompany receivables (payables). There will be no effect on the net assets or tax expense of the consolidated entity as at the AIFRS transition date.

The consolidated tax balances will not change as a result of UIG 1052.

Notes to the Consolidated FINANCIAL STATEMENTS

For the year ended 30 September 2005

1. Summary of Significant Accounting Policies continued

- (f) Under AIFRS, the revenue recognised in relation to the sale of non-current assets is the net gain on the sale. This is in contrast to the current AGAAP treatment under which the gross proceeds from the sale are recognised as revenue, and the carrying amount of the asset sold is recognised as an expense. The net effect on the profit and loss of this difference is nil.

In addition to the above changes to existing accounting policies that will impact the financial statements for the year ended 30 September 2005, the following changes may impact the financial statements of future periods:

- (a) Under AASB 139 *Financial Instruments: Recognition and Measurement*, GrainCorp will classify its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. These classifications depend on the purpose for which the financial assets were acquired. Management determines these classifications at initial recognition and re-evaluates their designation at each reporting date. Borrowings and other financial liabilities are measured at amortised cost. Movements in fair value will generally be reflected directly in profit or loss.
- (b) Under AASB 139 *Financial Instruments: Recognition and Measurement*, GrainCorp expects that its commodity futures and option contracts, interest rate swap agreements and foreign exchange contracts will not qualify for hedge accounting, with the result that fair value adjustments will be reflected directly in profit or loss.
- (c) Under AASB 132 *Financial Instruments: Disclosure and Presentation*, the Reset Preference Shares (RPS) issued in October 2003 are classified as compound financial instruments with debt and equity components. On 1 October 2005, some terms of the RPS were amended which is likely to result in the RPS being classified as an interest bearing liability with the amortisation shown as a borrowing cost in the Statement of Financial Performance.

2. Revenue

	Consolidated	
	2005	2004
	\$'000	\$'000
Revenue from operating activities		
Sale of goods	455,411	707,727
Services	218,777	226,630
	674,188	934,357
Other revenue		
Interest	4,063	5,751
Sale of non-current assets	6,070	14,285
Rental income	461	363
Management fee income	5,602	2,820
Other income	9,250	6,572
	25,446	29,791
Total revenue from ordinary activities	699,634	964,148

Notes to the Consolidated FINANCIAL STATEMENTS

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3. Segment Information

2005	Storage & Handling \$'000	Marketing \$'000	Other \$'000	Intersegment Eliminations \$'000	Unallocated \$'000	Consolidation \$'000
Sales to customers outside consolidated entity	206,159	375,542	92,487	—	—	674,188
Intersegment sales	38,241	—	10,414	(48,655)	—	—
Total sales revenue	244,400	375,542	102,901	(48,655)	—	674,188
Share of net profit/(loss) of associates	—	—	—	—	1,472	1,472
Other revenue	11,545	6,026	1,916	—	5,959	25,446
Total segment revenue	255,945	381,568	104,817	(48,655)	7,431	701,106
Segment result	47,318	17,791	(2,577)	—	3,021	65,553
Interest expense						(24,219)
Corporate overheads						(24,424)
Profit/(loss) from ordinary activities before income tax						16,910
Income tax benefit/(expense)						(4,797)
Profit/(loss) from ordinary activities after income tax						12,113
Segment assets	498,484	141,185	39,324	—	152,124	831,117
Segment liabilities	23,288	102,117	8,487	—	301,009	434,901
Investments in associates	—	—	—	—	73,856	73,856
Acquisitions of property, plant and equipment and other non-current segment assets	34,663	105	4,445	—	145	39,358
Depreciation and amortisation expense	44,989	2	1,432	—	3,507	49,930

Notes to the Consolidated FINANCIAL STATEMENTS

For the year ended 30 September 2005

3. Segment Information continued

2005	Storage & Handling \$'000	Marketing \$'000	Other \$'000	Intersegment Eliminations \$'000	Unallocated \$'000	Consolidation \$'000
Sales to customers outside consolidated entity	223,804	623,032	87,521	—	—	934,357
Intersegment sales	44,697	—	7,162	(51,859)	—	—
Total sales revenue	268,501	623,032	94,683	(51,859)	—	934,357
Share of net profit/(loss) of associates	—	—	—	—	(516)	(516)
Other revenue	13,115	3,386	4,046	—	9,244	29,791
Total segment revenue	281,616	626,418	98,729	(51,859)	8,728	963,632
Segment result	69,151	21,363	24	—	4,762	95,300
Interest expense						(29,530)
Corporate overheads						(29,088)
Profit/(loss) from ordinary activities before income tax						36,682
Income tax benefit/(expense)						(11,003)
Profit/(loss) from ordinary activities after income tax						25,679
Segment assets	497,912	227,428	38,676	—	133,527	897,543
Segment liabilities	49,609	133,931	13,773	—	301,650	498,963
Investments in associates	—	—	—	—	75,394	75,394
Acquisitions of property, plant and equipment and other non-current segment assets	20,220	—	10,366	—	—	30,586
Depreciation and amortisation expense	44,909	14	1,280	—	2,288	48,491

Notes to and forming part of the segment information:

(a) The above industry segments derive revenue from the following operations and activities:

Storage & Handling: includes fees for receipt, 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, fees for transportation of commodities, and the provision of financial services to customers of the GrainCorp group.

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

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

Notes to the Consolidated FINANCIAL STATEMENTS

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4. Dividends

The following fully franked dividends have been paid to shareholders during the year:

	2005		2004	
	Rate (Cents)	Amount \$'000	Rate (Cents)	Amount \$'000
Ordinary Shares				
Final for 2004				
(Paid 20 December 2004)	14	5,722	—	—
Interim dividend				
(Paid 1 July 2005)	2	818	17	6,947
Special dividend	—	—	10	4,087
Reset Preference Shares				
Interim dividend				
(Paid 31 March 2005)	322.3	3,868	324.1	3,889
Final dividend				
(Paid 30 September 2005)	327.7	3,932	325.9	3,911
		14,340		18,834

In addition to the above dividends, since the end of the financial year the Directors have recommended the payment of a final fully franked ordinary dividend of five cents per fully paid share (\$2.0 million) to be paid on 20 December 2005 out of consolidated retained profits at 30 September 2005.

The franked portion of dividends recommended after 30 September 2005 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 2005.

	Consolidated	
	2005 \$'000	2004 \$'000
Franking credits available for the subsequent financial year	26,335	27,859

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

(a) franking credits that will arise from the payment of the current tax liability;

(b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date;

(c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date; and

(d) franking credits that may be prevented from being distributed in subsequent financial years.

Notes to the Consolidated FINANCIAL STATEMENTS

For the year ended 30 September 2005

5. Earnings per Ordinary Share

	Consolidated	
	2005 Cents	2004 Cents
Basic earnings per Ordinary share	10.5	43.7
Diluted earnings per Ordinary share	10.3	42.8
Basic earnings per Ordinary share before reset preference share dividends	29.6	62.8
Diluted earnings per Ordinary share before reset preference share dividends	29.1	61.4
	Number of Ordinary Shares	
Weighted average number of Ordinary shares used as the denominator in the calculation of basic earnings per share.	40,881,426	40,868,065
Weighted average number of Ordinary shares and potential Ordinary shares used as the denominator in the calculation of diluted earnings per share.	41,690,021	41,808,065

6. 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 and monitored by the Trading Risk Management Committee.

(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 two and 16 months depending on the underlying transactions.

At balance date, net outstanding commodity futures contracts had a fair value of \$11,759,630 (2004: \$30,526,901) with various maturities up to December 2006.

Commodity sold and bought options are marked to market at each balance date. These options have maturities up to March 2006. At balance date, net outstanding commodity bought and sold options had a fair value of \$97,444 (2004: loss \$273,502).

(b) Foreign Exchange Risk

The consolidated entity hedges against exposures from grain futures taken in the United States, Canada and Europe.

In accordance with the Company's risk management policy, 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 foreign exchange contracts are timed to mature when the grain futures contracts expire.

Notes to the Consolidated FINANCIAL STATEMENTS

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

	2005 A\$'000	2005 Average Exchange Rate	2004 A\$'000	2004 Average Exchange Rate
Buy US Dollars/Sell Australian Dollars				
0-6 months	27,500	0.7505	47,911	0.7005
6-12 months	300	0.7619	392	0.6966
Buy Australian Dollars/Sell US Dollars				
0-6 months	36,975	0.7618	61,905	0.6967
6-12 months	—	—	2,032	0.7045
12-18 months	—	—	2,977	0.6717
Buy Canadian Dollars/Sell Australian Dollars				
0-6 months	2,260	0.9127	2,888	0.9146
12-18 months	—	—	991	0.8828
Buy Australian Dollars/Sell Canadian Dollars				
0-6 months	14,022	0.9179	24,238	0.9056
12-18 months	—	—	991	0.8828
Buy Australian Dollars/Sell Euros				
0-6 months	4,300	0.6264	1,975	0.5697
Buy Euros/Sell Australian Dollars				
0-6 months	4,655	0.6165	—	—

As these contracts are hedging future settlement of United States, 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.

c) Interest Rate Swap Contracts

Bank loans of the consolidated entity currently bear an average variable interest rate of 5.54 percent (2004: 5.36 percent).

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 at each reset period. The settlement dates coincide with the dates on which interest is payable on the underlying debt.

Swaps currently in place cover 50 percent (2004: 53 percent) of term borrowings outstanding. The average fixed interest rate is 5.65 percent (2004: 5.62 percent) and the variable rates are between 0.50 percent and 1.95 percent (2004: 0.50 percent and 1.95 percent respectively) above the bank bill rate. At 30 September 2005, the notional principal amounts and periods of expiry of the interest rate swap contracts are as follows:

	2005 \$'000	2004 \$'000
0-1 years	36,983	11,778
2-3 years	55,000	91,430
4+ years [†]	28,092	28,092
Total	120,075	131,300

[†] Includes \$28.1 million (2004: \$28.1 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 cash flow, amounting to a financial liability of \$13,064. (2004: financial liability of \$114,230.)

Notes to the Consolidated FINANCIAL STATEMENTS

For the year ended 30 September 2005

6. 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:

2005	Average	Floating	Fixed Interest Maturing in:			Non-	Total
	Interest	Interest	1 Year	Over 1 Year	More than	Interest	
	Rate	Rate	or Less	to 5 Years	5 Years	Bearing	
	%	\$'000	\$'000	\$'000	\$'000	\$'000	
Financial assets							
Investments	5.41		8,085				8,085
Cash and deposits	5.30	11,506					11,506
Receivables						133,960	133,960
Loans to associates	6.90	32,517					32,517
Interest rate swaps ¹	5.63		36,983	83,092			120,075
		44,023	45,068	83,092	—	133,960	306,143
Financial liabilities							
Trade and other creditors						80,886	80,886
Bills payable	5.70	242,800					242,800
Other loans	6.00	49,717					49,717
Finance leases	7.13		832	6,059			6,891
Interest rate swaps ¹	5.65	120,075					120,075
		412,592	832	6,059	—	80,886	500,369
Net financial assets (liabilities)							(194,226)

¹ Notional principal.

Notes to the Consolidated FINANCIAL STATEMENTS

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For the year ended 30 September 2005

2004	Average Interest Rate %	Floating Interest Rate \$'000	Fixed Interest Maturing in:			Non Interest Bearing \$'000	Total \$'000
			1 Year or Less \$'000	Over 1 Year to 5 Years \$'000	More than 5 Years \$'000		
Financial assets							
Investments	5.20		8,784				8,784
Cash and deposits	5.05	12,630					12,630
Receivables						169,192	169,192
Loans to associates	5.42	50,079					50,079
Interest rate swaps ¹	5.62	11,778		119,522			131,300
		74,487	8,784	119,522	–	169,192	371,985
Financial liabilities							
Trade and other creditors						114,309	114,309
Bills payable	6.26	260,800					260,800
Other loans	5.84	58,689					58,689
Finance leases	7.13		2,045	5,945			7,990
Interest rate swaps ¹	5.42	28,092	11,778	91,430			131,300
		347,581	13,823	97,375	–	114,309	573,088
Net financial assets (liabilities)							(201,103)

¹ Notional principal.

(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.

Notes to the Consolidated FINANCIAL STATEMENTS

For the year ended 30 September 2005

7. Events Subsequent to Reporting Date

Retirement of Chairman

Mr Ron Greentree will retire as Chairman and Director of GrainCorp Limited on 23 December 2005 after 11 years' service on the Board with six as Chairman. The Board has appointed Mr Don Taylor to succeed Mr Greentree as Chairman.

Chief Operating Officer

Mr Di Leo has taken up a position as Managing Director of Allied Mills Australia Pty Limited on 7 November 2005. The position of COO was subsequently made redundant, as an internal management restructure facilitated this change. Mr Di Leo received \$1,078,445 as a final payment of which \$25,139 was provided for in the financial year.

Reset Preference Shares

GrainCorp amended the terms of issue of the RPS under clause 8 by making the payment of the dividend non-discretionary and cumulative, both with effect from 1 October 2005. These amendments are of a minor or technical nature, neither of which is prejudicial to shareholders.

Other than reported above, no other matter or circumstance has arisen since 30 September 2005 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.

8. Full Financial Report

This concise report is derived from the full financial report for the year ended 30 September 2005. 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

DIRECTORS' DECLARATION

Directors' Declaration

The Directors declare that in their opinion, the remuneration report in pages 43 to 52, and the concise financial report of the consolidated entity for the year ended 30 September 2005 as set out on pages 54 to 72 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 2005.

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 8, is available on request.

This declaration is made in accordance with a resolution of the Directors.



R.L. Greentree

Chairman

Sydney

22 November 2005

INDEPENDENT AUDIT REPORT

Independent Audit Report to the Members of GrainCorp Limited

Audit Opinion

In our opinion:

- (a) the concise financial report of GrainCorp Limited for the year ended 30 September 2005 complies with Australian Accounting Standard AASB 1039: *Concise Financial Reports*; and
- (b) the remuneration disclosures that are contained in pages 43 to 52 of the directors' report comply with Australian Accounting Standard AASB 1046 *Director and Executive Disclosures by Disclosing Entities* (AASB 1046) and the *Corporations Regulations 2001*.
- This opinion must be read in conjunction with the rest of our audit report.

Scope

The concise financial report, remuneration disclosures 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 2005.

The company has disclosed information about the remuneration of directors and executives ("remuneration disclosures"), as required by AASB 1046, under the heading "remuneration report" on pages 43 to 52 of the directors' report, as permitted by the *Corporations Regulations 2001*.

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*. The directors are also responsible for the remuneration disclosures contained in the directors' report.

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 and the remuneration disclosures comply with AASB 1046 and the *Corporations Regulations 2001*. 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. For further explanation of an audit, visit our website <http://www.pwc.com/au/financialstatementaudit>.

We also performed an independent audit of the full financial report of the company for the financial year ended 30 September 2005. Our audit report on the full financial report was signed on 22 November 2005, 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* and whether the remuneration disclosures comply with AASB 1046 and the *Corporations Regulations 2001*.

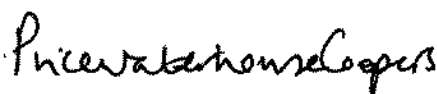
We formed our audit opinion on the basis of these procedures, which included:

- 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 and remuneration disclosures.

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
Sydney 22 November 2005



P.J. Carney
Partner

Liability limited by a scheme approved under Professional Standards Legislation.

SHAREHOLDER INFORMATION

GrainCorp Limited
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The shareholder information set out below was applicable as at 15 December 2005.

Distribution of Ordinary Shares

1 – 1,000	5,919
1,001 – 5,000	2,687
5,001 – 10,000	614
10,001 – 100,000	349
100,001 – and over	33
	9,602

Distribution of Reset Preference Shares

1 – 1,000	4,017
1,001 – 5,000	85
5,001 – 10,000	7
10,001 – 100,000	6
100,001 – and over	2
	4,117

Twenty Largest Shareholders

The names of the 20 largest holders of each class of shares are listed below:

	Ordinary Shares	
	Number of Shares Held	Percentage of Issued Shares
1. Grain Growers Association	8,648,024	21.14
2. RBC Global Services Australia Nominees Pty Limited	3,065,499	7.53
3. D B Capital	890,976	2.18
4. NBT Pty Limited	875,050	2.14
5. Mr Ronald Lewis Greentree & Mr Bruce Maylon Harris	577,367	1.41
6. Janvin Pty Limited	510,168	1.25
7. Desbech Pty Limited	489,873	1.10
8. UBS Private Clients Australia Nominees Pty Limited	381,854	0.93
9. Sandhurst Trustees Limited	369,271	0.90
10. Victorian Farmers Federation Property Trust Limited	359,967	0.88
11. J P Morgan Nominees Australia Limited	354,190	0.87
12. Citicorp Nominees Pty Limited	286,479	0.70
13. Linkshore Pty Limited	280,000	0.68
14. Westpac Custodian Nominees Limited	268,618	0.66
15. Mr Graeme John Watsford	256,763	0.63
16. R&D Pastoral Pty Limited	241,984	0.59
17. Menegazzo Enterprises Pty Limited	241,783	0.59
18. Mr Peter Menegazzo	227,867	0.56
19. Rupert Baroona Pty Limited	200,000	0.49
20. Ms Nea Mary Der Sarkissian	174,464	0.43

SHAREHOLDER INFORMATION

Twenty Largest Shareholders

The names of the 20 largest holders of each class of shares are listed below:

	Preference Shares	
	Number of Shares Held	Percentage of Issued Shares
1. J P Morgan Nominees Australia Limited	112,474	9.37
2. RBC Global Services Australia Nominees Pty Limited	113,481	9.52
3. Australian Executor Trustees Limited	22,537	1.88
4. National Nominees Limited	19,214	1.60
5. Fortis Clearing Nominees Pty Limited	15,664	1.31
6. Mirrabooka Investments Limited	14,066	1.17
7. Citicorp Nominees Pty Limited	13,543	1.13
8. Invia Custodian Pty Limited	7,500	0.63
9. Brencorp No. 11 Pty Limited	7,000	0.58
10. Argo Investments Limited	6,877	0.57
11. Clem Jones Pty Limited	6,566	0.55
12. Penswood Pty Limited	5,635	0.47
13. Weedaiga Pty Limited	5,568	0.46
14. Addisons	5,383	0.45
15. Milton Corporation Limited	5,000	0.42
16. Rex William Ziesemer	4,187	0.35
17. Lynette Iris Ziesemer	4,187	0.35
18. Rupert Baroona Pty Limited	4,000	0.33
19. Mr Kenward Elmslie	3,700	0.31
20. Marbeck Investments Pty Limited	3,677	0.31

Substantial Shareholders

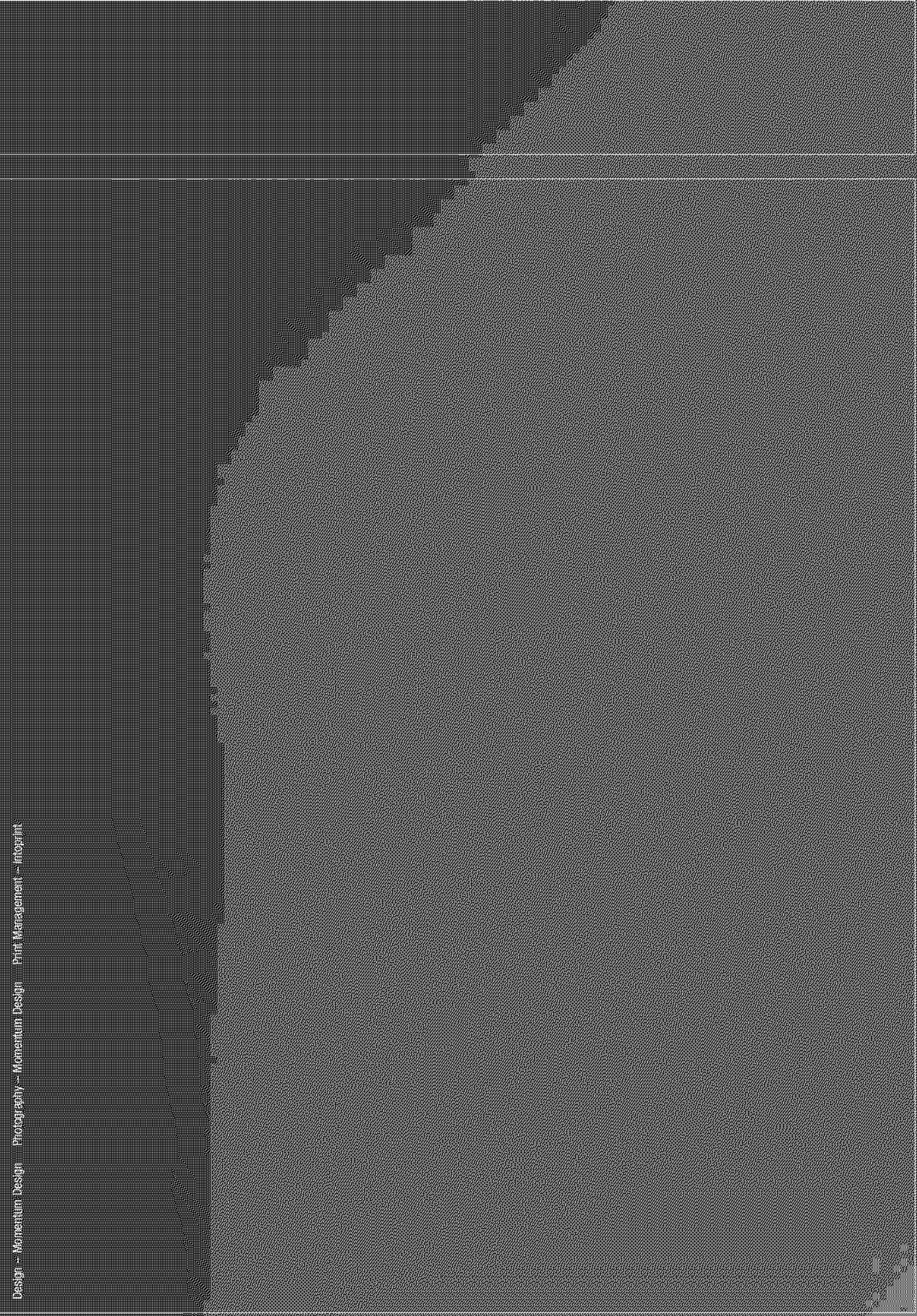
The following shareholders and their related parties had substantial shareholdings in GrainCorp Limited shares as at 30 November 2005:

	Ordinary Shares	
	Number of Shares Held	Percentage of Issued Shares
1. Grain Growers Association Limited	8,648,024	21.14
2. RBC Global Services	3,065,499	7.53

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 vote of the Foundation Share, except for the appointment of elected Directors.
 - (ii) For a special resolution, the Foundation Share carries 75 percent of the total number of votes entitled to be cast.
- (c) Reset Preference shares
- The Preference shares have no voting rights.





Head Office Tower 1, Level 17, 201 Sussex Street, Darling Park, Sydney NSW Australia 2000
Postal Address PO Box A258, Sydney South NSW Australia 1235
Telephone +61 2 9325 9100 **Freecall** 1800 809 482* **Facsimile** +61 2 9325 9180
Web www.graincorp.com.au **Email** investorrelations@graincorp.com.au

* Freecall within Australia