CHAIRMAN'S ADDRESS

2006 ANNUAL GENERAL MEETING

11.00am – 22 February 2006

Shareholders and special guests – welcome to the 2006 Annual General Meeting of GrainCorp Limited.

This is my first AGM as your Chairman following my appointment by the Board last December. I thank the Board for the confidence they have expressed in me.

Prior to joining the Board of GrainCorp Limited in 2003, I served as Executive Chairman of Queensland based Grainco Australia, which now forms a large part of GrainCorp's Northern Division.

I am very much looking forward to steering the Company towards the many opportunities that lie ahead, and to continuing to build on the diverse strengths that this company possesses.

At this point, it is important to recognise the enormous contribution made by Ron Greentree to GrainCorp's development over nearly 11 years of service as a Director.

During the six years he was Chairman, Ron led the business through a successful period of growth and diversification. Ron has returned to his extensive grain growing activities in northern NSW. We wish him ever success for the future.

Today shareholders will vote on the re-election of David Groves to the Board. David is a Chartered Accountant and has served on the Board since 1994. The Board strongly recommends that David be re-elected.

We also welcome John Eastburn to the Board, succeeding Ron Greentree as a Group Director from the Grain Growers Zone 1 Division, and Paul Grigg and Leo Delahunty who were re-elected from the Grain Growers Zone 3 Division.

(Harvest)

The key drivers for our business are:

- total receivals of grain, including summer and winter harvests, which largely determines the performance of our Storage and Handling Division;
- carry-over tonnes of grain from the previous year;
- export throughput, which is largely under the control of AWB;
- grain marketing performance; and
- the performance of our other Business Units.

The harvest of summer crops that commenced in northern NSW in January, is now well underway in all regions, however, harvest is likely to be a 'stop and start' affair because of the spread out timing of planting.

Our expectation is that this will add around 500,000 tonnes to our total receivals for the year.

The winter crop harvest has been completed with 10.2 million tonnes of grain received into the Graincorp system. This figure is short of our initial forecast of 11.0 million tonnes, but above last year's ex- farm winter crop receivals of 8.7 million tonnes.

Our total receivals for the year are expected to be 10.7 million tonnes, which, when combined with our carry in stocks of 3.1 million tonnes, means a season that is slightly below average.

(Profit result 2004/05 and forecast 2005/06)

As you will be aware, the difficult seasonal conditions affecting winter crops in late 2004 had a substantial impact on our financial performance, leading to a disappointing after tax profit result of $12.1 million for the 2005 year. This result reflected:

- below average total grain receivals of 10.2 million tonnes, down 15% from 12.0 million tonnes the previous year;

- 4.7 million tonnes of grain passing through export terminals, down 20% on the previous year; and,

- Carry-in grain stocks of 3.0 million tonnes at the start of 2004/05, up from 1.4 million tonnes in 2003/04.

Importantly, our cash-flow remained strong. We generated $52.2 million from operations, allowing us to retire $29 million in debt.

For 2005/06 we are forecasting an after tax profit within the range of $26-30 million before payment of RPS dividends, based on total grain receivals of 10.7 million tonnes, export volumes of 5.5 million tonnes and a carry-in of 3.1 million tonnes.

In addition, and particularly this year being for the first time, we have to bring to account the impact of unrealised positions under new international accounting standards known as AIFRS (the Australian Equivalent of the International Financial Reporting Standards).

Clearly, some of the factors that will contribute to our final result are not yet determined or clear. We will continue to keep the market informed of any changes over the remainder of the financial year.

(Company Highlights)

Tom Keene, our Managing Director, will provide you with considerable information on changes in the Storage & Handling business.

Our challenge is to ensure that the service we offer all our customers is of the highest standard, and that we are always applying the principles of continuous improvement to our service level to add value to their business.

(Changes afoot in grain marketing)

As always, there is much happening in the industry. I would like to draw your attention to an important issue - transparency of information in grain marketing.

GrainCorp has grown its business by offering growers a range of competitive alternatives and new products. An important area where we have enjoyed significant success is in grain marketing and the management of Pools.

GrainCorp has recently celebrated 10 years as an international grain marketer. We are the exporter of choice of a number of markets in Japan, South East-Asia and the Middle-East. Our experience in facilitating a seamless transition from a regulated system in New South Wales to the current competitive system has been noteworthy, and has cemented our relationships with a number of export customers.

We are now confident in the expertise we have developed, and the risk management systems and probity protocols we have in place. We are well placed for further growth in marketing of grain to overseas markets.

Marketing of grain is an increasingly competitive task. To ensure the best possible returns to growers, which in turn increases our market share, and to protect confidence in the system, it is vital that that there be complete transparency in the pricing of grain.

Grain pricing transparency is a prerequisite for sound decision making and for ensuring profitability for growers. We will continue to urge statutory marketers to move to a net price disclosure basis for their operations. More information can only be a good thing for everyone.

While I do not intend to comment on the specifics of the matters under inquiry at the Cole Commission, it goes without saying that there have been few positives for Australian agriculture or for farmers. Given the difficult economic times recently experienced by our farming community, our grower suppliers and shareholders are entitled to feel let down by those supposed to be looking after their interests.

As we all know, any costs, loss of sales or other imposts on the grain industry are directly paid for by our growers.

If the Australian Government's current delegation to Iraq is unsuccessful, GrainCorp stands ready to assist our wheat growers in whatever way the Government deems appropriate to ensure that the current year's wheat harvest is marketed efficiently. As a company, GrainCorp is not immune from these effects. As I have mentioned already, delays in the wheat export programme will inhibit our financial performance by restricting export revenues, or at least transferring them into the following financial year.

GrainCorp looks forward to the challenges and opportunities that may arise as the result of the findings of the Cole Commission. As an Australian owned, grower controlled company we are accustomed to sharing in the ups and downs of farming life. It is important that grain growers are reassured that companies such as GrainCorp who understand their business, are ready to take up the challenge.

(Strategic Challenges)

Like all companies, GrainCorp faces some difficult challenges.

Apart from variable seasonal conditions, our biggest challenge is to meet changing dynamics on the domestic market, including increased on farm storage.

Our business model was built to service export customers. However, in eastern Australia, there are increasing opportunities in the domestic market we need to capture. Domestic customers have different supply chain service requirements and our biggest competitors are grain growers themselves who are increasingly inclined to retain their grain on farm for direct delivery to consumers.

While difficult to determine accurately, we believe the existing supply of uncommitted grain in storage, both on and off farm, in Eastern Australia is more than adequate to meet likely Iraqi demand.

We are committed to making the necessary business changes – including network size, on site managers, specific segregations and bundled services – that will enable us to be competitive across all markets in our core business.

Another challenge for the company is to make better use of our country receival network and port facilities infrastructure.

Currently we have around 350 operational country sites across our receival network.

This has been reduced substantially from the number that existed a decade ago within the three state based grain handling organisations that now form GrainCorp. Nevertheless, we must continue to be realistic in matching our network to the requirements of both our grain grower supply base, and our domestic customers.

As we do every year, in 2006 we will review the number of sites we operate with a view to ensuring that we are investing in the places where grain is being grown and delivered, and removing ourselves from the places where continued operation is of no benefit. Importantly, we need to ensure our expenditure is targeted to provide bigger and faster sites that cater to the requirements of grain growers.

Undoubtedly there will be changes. Our objective will remain on providing better and faster facilities where our customers have told us, through their grain delivery patterns, they are required. Any decision we make however, will be made in consultation with state farmer organisations and local silo committees. It is important that we communicate clearly, to provide sufficient time for those affected to respond.

(Maximizing utilization of our assets)

Both our company and the industry as a whole possess significant excess capacity. This is most evident at our port terminals where we currently operate at around 35% capacity, again partly a reflection of increased domestic consumption of grain on the eastern seaboard.

Our response has been to build the non-grain component of our business. We have had substantial success in this already, most notably with woodchips which added over one million tonnes to our export throughput last year.

We have recently reached an agreement with Green Triangle Forest Products for the use of our terminals in Victoria that will more than double these volumes over the next few years. We are examining a range of other options that can build on what we have achieved to date with non grain bulk product handling for export.

(Rail issues)

Another important area for the company is in rail transport.

For some time we have been advocates of increased government investment in country rail infrastructure and improved regulatory management of grain movements.

Country branch line networks across the east coast of Australia are victim to decades of neglect by successive governments.

Lines have been allowed to run down to the point where operations regularly suffer. This cannot be allowed to continue.

Difficulties presented by the poor physical state of rail infrastructure have been compounded by poor management decisions and the flawed privatisation of above rail infrastructure.

The end result of this rundown in rail assets is that the export grain industry is no longer adequately served by the present arrangements. More expensive road transport is increasingly called upon to make up the shortfall in rail capacity. Delayed shipping programmes as a consequence of poor branch line service delivery result in demurrage costs being incurred which can be substantial.

The structural arrangements in the export supply chain current work against meaningful investment in the supporting infrastructure. Currently there is no incentive for participants in the supply chain to invest, as the reward for investing is received by a party other than that making the investment. The current arrangements have lead to the distortion of individual silo returns which has benefited one party at the expense of the other.

(Allied Mills)

Finally, we also face the challenge of ensuring an acceptable return from our investment in Allied Mills. The flour market has always been characterised by tight margins and high competition, but the competitive pressures can only be described as ferocious over the past couple of years. We are fortunate, along with our JV partner Cargill, in having the expertise and the synergies to succeed.

One of the main tasks in the flour industry is managing capacity. There is excess of capacity and much of it is in the wrong place. In New South Wales, our existing facility at Summer Hill, in metropolitan Sydney, cannot meet demand and its growth is constrained by its location.

The company is proceeding with a major new development at Picton, in the South West of Sydney.

When complete, it will ensure that Allied Mills is the lowest cost producer in New South Wales and, of course, in the important Sydney market.

(Corporate Governance)

It is important that I spend some time discussing the importance of good corporate governance to this Company.

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

GrainCorp's policies are available on the company website and these have been clearly communicated to the company's employees. We have a comprehensive code of conduct with which all our employees are required to comply. It covers relationships with customers, shareholders, suppliers and fellow employees.

We have also sought to provide more information in our annual report as a reflection of our commitment to an informed market. The Board places great importance on ensuring that

GrainCorp acts in a manner which is consistent with both the spirit and the letter of disclosure guidelines.

Last year, GrainCorp adopted a policy of accepting written questions from shareholders prior to the annual general meeting, for the Chairman, Managing Director or auditors to answer. Written answers to these questions are available at the meeting and published on the website.

While the regulatory framework of corporate governance is an essential part of achieving GrainCorp's desired goals, simply filling in forms and ticking the boxes will be futile unless the integrity of everyone involved in the process is above reproach.

I am proud to say that this company expects a genuine commitment by its employees at all levels to perform in an honest, open and accountable manner at all times. The board requires nothing less than this.

(Our people)

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

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

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

Finally, I thank you, our shareholders, for continuing your commitment and being part of this exciting business. We look forward to being able to reward you with attractive dividends and capital growth commensurate with the structure of our business.