GrainCorp
Growing Solutions

# Company announcement

*GrainCorp Limited ABN 60 057 186 035*

**Date:** Thursday, 1 June 2006

**To:** The Manager
Announcements
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## PUBLIC ANNOUNCEMENT

GrainCorp Half Year results announcement

**Contents for immediate release:** Half Year Results media release and analyst presentation

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# Media Release

GrainCorp Limited ABN 60 057 186 035

**Immediate release** **Thursday, 1 June 2006**

## GRAINCORP DECLARES HALF YEAR PROFIT OF $19.4 MILLION

Leading Australian agri-food business GrainCorp Limited ("GrainCorp") today announced a half-year after-tax profit of $19.4 million for the six months to 31 March 2006 and declared an interim dividend of 20 cents per share payable on 3 July 2006, up from the 2 cents per share paid for the same period last year.

The reported profit figure is after expensing the dividend payment of $3.9 million on the Company's Reset Preference Shares which have been classified as debt at 31 March in compliance with AIFRS requirements.

"GrainCorp remains on track to achieve the forecast full year after tax profit of $26-30 million (before RPS dividend is expensed). We have re-engineered our business strategy to meet our changing business environment. It is our goal to be the agri-business of choice for grain growers and for our domestic and export customers" said Tom Keene, Managing Director of GrainCorp.

"Our focus will be on ensuring we effectively service the expanding domestic market, that we increase the utilisation of our extensive infrastructure assets, and that we continue to grow earnings from our suite of complementary business units. In addition, we are targeting a reduction in our gearing levels over time"

"We have begun this process of strengthening our Storage & Handling business through a re-categorisation of service levels and a reduction in the number of receival sites. Our new network of 250 Grain Service Centres across the eastern states will ensure that we focus our capital expenditure at the facilities where our grower customers prefer to deliver their grain" added Mr Keene.

### AIFRS

All reported figures now comply with the Australian equivalents to International Financial reporting Standards (AIFRS). The prior half-year after-tax profit result has been re-stated from $8.3 million to $6.8 million to comply.

### Revenue & Earnings

Revenue for the six months to 31 March 2006 was $454.4 million, compared with $385.7 million at the previous half year. Total EBITDA for the period was $65.2 million, which is up from $46.3 million for the corresponding period last year.

### Grain Receivals

The ex-farm receival figure for the first Half Year to 31 March 2006 was 10.4 million tonnes which comprises 9.9 million tonnes of winter crop and 0.5 million tonnes of summer crops. Despite a strong start to the season, the sorghum crop in the Northern Division encountered difficulties as a result of inadequate finishing rains.

**Capital Expenditure**

Capital expenditure to 31 March 2006 was $20.6 million. The expected total expenditure for the year of $33.6 million is below forecast full year depreciation of $43.2 million.

**Allied Mills**

Allied Mills continues to enjoy a long term supply agreement with Goodman Fielder which expires in 2012. The half-year contribution from Allied Mills was $1.4 million, excluding interest earned, up from $0.4 million in the corresponding period last year.

Allied Mills has made progress with its proposed development of a new low cost manufacturing operation at Picton in western Sydney. The new facility will have the capacity to produce 250,000 tonnes of flour each year and will ensure that the Company is able to meet demand from the key Sydney and NSW markets. A short list of buyers for the land at Summer Hill where the existing facility is located has been compiled and consultants have been appointed to provide advice on planning options for the Picton site.

The Company has continued its restructuring program to optimise its staffing, product mixes and logistics.

**Wheat Australia**

In March, GrainCorp announced a partnership with ABB Grain Ltd, and the CBH Group to establish "Wheat Australia" to maintain the valuable Iraqi wheat market for the benefit of Australian wheat growers.

Wheat Australia announced on 30 May 2006 that it has successfully concluded an agreement with the Iraqi Grains Board (IGB) for the sale of Australian wheat under the March 2006 tender. The agreement is for 350,000 tonnes of wheat with the first shipment to occur in June 2006.

The Iraqi Grains Board has made clear its desire to continue buying Australian wheat, through a vehicle other than wheat exporter AWB Ltd.

**Dividends**

The company has declared an interim dividend of 20 cents per share payable on 3 July 2006 on a record date of 19 June 2006, up from the 2 cents per share for the six months to 31 March 2005.

The fifth dividend of the GrainCorp Reset Preference Shares of $3.2411 per share was paid on 31 March 2006. The final dividend for the current three year period will be paid on 29 September 2006.

**Outlook**

Forecast full year after tax profit remains in the range of $26-30 million (before RPS dividend is expensed). The forecast for grain exports remains steady at 5.5 million tonnes, while the forecast carry out of grain into the next financial year stands at 3.7 million tonnes. GrainCorp will issue its first winter crop receival forecast for 2006/07 in late July.

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