Media Release

GrainCorp Limited ABN 60 057 186 035

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GRAINCORP FULL YEAR PROFIT ABOVE TARGET AT $39.5 MILLION

GrainCorp Limited today announced a full year after tax profit of $39.5 million (before the $7.8 million reset preference share (RPS) distribution) for 2005/06 reflecting increased grain receivals, cost reductions and a strong grain trading result.

This result is above the company's guidance of $34-37 million. A fully franked final dividend of 30 cents per ordinary share was declared on 18 September 2006, resulting in a full year dividend of 50 cents per ordinary share (up from 7 cents in the previous year).

GrainCorp received a total of 10.8 million tonnes ex-farm of winter and summer crop grain, a 16% increase on the 9.3 million tonnes received the previous year. The higher receivals, operational improvements and solid contributions from the Marketing business unit and Allied Mills resulted in an EBITDA of $120.9 million, up 31% on the $92.2 million recorded last year.

Result highlights:

- $39.5 million after tax profit, up 193% on the previous year of $13.5 million (before RPS distribution);
- Revenue of $816.0 million, up 18% from $689.0 million in 2004/05;
- EBITDA $120.9 million, up 31% from $92.2 million in the previous year;
- $55.0 million of term debt retired;
- 10.8 million tonnes of grain received (ex-farm), up 16% across the network;
- 5.3 million tonnes of grain exported through the ports, up 13% from the previous year;
- Total dividend of 50 cents per ordinary share fully franked declared for the full year;
- Final dividend of 6.5% paid to RPS shareholders during the year, with the conversion of RPS to ordinary shares on 30 September 2006.

(Note: 2005/06 is the first full year financial report prepared under the new AIFRS accounting standards. Comparative information for 2004/05 has been restated to comply with AIFRS.)

According to GrainCorp's Managing Director, Mr Tom Keene, the full year result is pleasing and demonstrates the commitment to reducing costs, diversifying income streams and increasing the utilisation of its key silo and port assets.

"This year we achieved annual cost savings of $10 million of which $6 million was recognised in 2005/06. The majority of this was in Storage & Handling, which centralised administration, streamlined the regional network and reduced staff numbers.

"Export volumes increased this year, with just under half of all grain received exported. Port utilisation remains a key focus for the business and the further growth in non-grain exports and imports helps to improve the performance of our ports" said Mr Keene.

Growth in Storage & Handling
Storage & Handling sales revenue grew by 31% compared to last year, reflecting an increase in grain receivals as well as grain and non-grain exports/imports. Non grain revenues were aided by the $6 million investment in a hardwood woodchip facility at Portland and strong container trade. The announcement to co-locate an ethanol plant at the Pinkenba port also provides significant opportunities in the future.

Consolidation of the country network was completed during the year, resulting in the closure of 85 sites. The network, with 21 million tonnes of capacity, now comprises three categories of sites (primary, major and custom) enabling specialist segregations, flexible outloading, feedlot supply chain services and improved quality controls which are sought by our customers. The consolidation will lead to increased site utilisation, targeted capital expenditure to further increase in and out loading capabilities, and more flexible staffing arrangements.

Strong international marketing and pool performance
"This year GrainCorp again achieved a strong export marketing sales performance further strengthening international marketing relationships. This, coupled with our systems, people and marketing capability, positions us well for further expansion should opportunities arise in barley and wheat exports next year" said Mr Keene.

The Marketing business unit achieved an EBITDA of $22.7 million, up 14% on the previous year. This reflects growth in pools, sound hedging strategies, the expansion into wool trading as well as a strong trading performance. GrainCorp Marketing also launched pools in both South Australia and Western Australia, which attracted strong participation by growers. The success of these pools provides a platform for further expansion of marketing activity in these regions, particularly in South Australia where more open market access for barley is expected in 2007.

The synergies derived from GrainCorp's upcountry storage, port facilities and marketing capabilities are a key advantage for the business, both now and in the future, and led to new business in Saudi Arabia and China during the year. GrainCorp continues to be the largest exporter of canola and sorghum from east coast ports and one of the largest exporters of barley.

Allied Mills
Allied Mills contribution of $7.6 million was a significant increase on the previous year and reflects major reductions in operational costs and margin improvement. With new management in place since November 2005, and the construction on a new $85 million manufacturing facility underway, Allied Mills' contribution is expected to meet the 10% return on equity target within three years.

Providing value-add services and products
The AG Finance deposit book grew to $24.2 million in its first full year of operation, following the release of the second prospectus. At year end, GrainCorp AG Finance had launched harvest loans and developed inventory and warehouse finance and insurance products for release in 2006/07.

The outlook for the 2006/07 receivals remains at 2-4 million tonnes, reflecting the drought conditions across most of Australia. Due to this, the Company has already provided guidance of a $20-30 million loss. As part of its drought management strategy, the Company has reduced its costs for this harvest, and expects to remain cash flow positive. There are strong indications for good summer crop planting, and a forecast of summer crop receivals will be provided early in 2007.

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