GrainCorp

Media Release

IMMEDIATE RELEASE **25 July 2011**

GRAINCORP PURCHASES GERMAN MALT BUSINESS

GrainCorp today announced that it had entered into a binding agreement ('Agreement') to purchase GermanMalt GmbH & Co. KG for an enterprise value of €58 million (AUD ~$77 million).

GrainCorp Managing Director and CEO Alison Watkins said, "The European barley and malt sector has a major influence on world markets, as around half the world's malt exports originate there and it is strategically important for GrainCorp to be an active participant in that market. The sector is also reshaping and now is the right time to enter Europe to take advantage of these changes.

"GermanMalt fits with our strategy of pursuing grain based opportunities related to our existing businesses and growing as an 'end-to-end' grain supplier and processor."

The acquisition will mean GrainCorp's malt sales into the growth regions of Africa and South America will be more competitive, and provides GrainCorp with a stronger customer supply proposition.

"With GermanMalt, GrainCorp's malt portfolio is strengthened, and our capability to meet the needs of brewers will be enhanced. The acquisition diversifies our earnings base and creates growth opportunities in the region. Our recently opened Hamburg office will play an important part in delivering synergies associated with this acquisition, as will the ability to use GermanMalt as an additional source of supply to support our existing malt sales from North America and Australia.

"It is also a good news story for Australian agribusiness. GrainCorp is proud to be an Australian company, with a strong domestic base, growing as a valuable link in the international food chain," Ms Watkins said.

About GermanMalt

GermanMalt has four malt houses, with 190,000 tonnes of malting capacity PA, located in the German cities of Worms, Muelheim/Ruhr, Sangerhausen and Clingen.

About the transaction

The acquisition price of €58 million includes €18 million of working capital, predominantly barley inventory. The transaction is fully funded through a combination of working capital and term debt.

The Agreement is subject to specific regulatory and other approvals and is expected to be completed by the end of November 2011.

2010-11 FY earnings update

Ms Watkins also updated the market on GrainCorp's underlying earnings for the year ending 30 September 2011.

"Earnings are tracking well against guidance. Grain receival tonnage and domestic and export grain marketing revenues are in line with expectations. Overall export demand remains strong due to large quantities of available grain. This will continue to support port elevator earnings. We expect our full year results to be comfortably in line with our NPAT guidance of $145 to $165 million."

A webcast has been scheduled for 10.30 am AEST 25 July 2011 - http://www.brr.com.au/event/82298?popup=true

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