



Media Release

GrainCorp Limited ABN 60 057 186 035

IMMEDIATE RELEASE

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Drought Impacts on GrainCorp Half Year result

GrainCorp today released its 2008 half year result, confirming a net loss after tax of \$6.5 million.

Reflecting on the loss, new GrainCorp Managing Director Mark Irwin pointed to the effect of prolonged drought on the East Coast and reduced crop sizes as the reason for the disappointing, but expected result.

"While the half year loss of \$6.5 million is disappointing for employees and shareholders, it is in line with our drought impacted full year forecast."

"Drought across Eastern Australia has had a major impact on our business, reducing grain receival and stock carry forward," Mr Irwin said.

"However, putting the drought impact to one side, the fundamentals of other business units remain strong. Our Allied Mills joint venture continues to perform strongly. We look forward to commissioning the new \$97 million integrated flour mill at Picton (NSW) by the end of this year, which will further underpin our position as market leader."

"Hunter Grain, Australia's largest importer of protein meals and a significant feed grain trader, produced a strong profit contribution which is an important step in increasing our return on this investment," Mr Irwin said. "We are very happy with the success of the integration of Hunter Grain, and we are very pleased with the solid return to profitability of our AG Plus farm input business."

"Grain receival in Queensland, following the record sorghum crop, contributed strongly to our storage and handling business, demonstrating what rain can do for both growers and service providers like GrainCorp."

"As the new Managing Director, it is my responsibility to fundamentally change the GrainCorp business model. We will build a business that provides better returns to shareholders," Mr Irwin said.

"We are about to announce a restructure of the management team and our business units. We have commenced, as part of these changes, a fundamental review of our assets, particularly our ports."

"The result clearly shows that GrainCorp needs to diversify income streams, it validates our Ridley acquisition strategy and provides an imperative to identify and pursue growth opportunities," Mr Irwin said.

GrainCorp is a leading Australian agribusiness, with extensive bulk handling infrastructure on the east coast and a national and international grain marketing operation. It provides transport and finance services to the rural sector and has a network of farm input service centres.

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