Company announcement

GrainCorp Limited ABN 60 057 186 035

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Announcements

Company announcements office

PUBLIC ANNOUNCEMENT

GRAINCORP 2010 NET PROFIT UP BY $17 MILLION TO $80 MILLION

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GrainCorp

Media Release

IMMEDIATE RELEASE

25 November 2010

GRAINCORP 2010 NET PROFIT UP BY $17 MILLION TO $80 MILLION

GrainCorp Limited (GNC) today released its financial results for the year ended 30 September 2010, recording a net profit after tax of $80.2 million.

The result reflected the contribution by the malt business in its first year of ownership, demonstrating the value of the decision by the GrainCorp board to diversify company income.

The company also has declared a fully franked final dividend of $0.10 per share, plus a fully franked special dividend of $0.05 per share. The 'ex' date for the dividends will be 1 December 2010, the record date will be 7 December 2010, and the proposed payment date is 21 December 2010.

FY 2010 Highlights

- EBITDA $212 M – ($161 M 2009)
- NPAT $80.2 M – ($63.2 M 2009)
- Grain receivals of 7.4 mmt – (9.6 mmt 2009)
- Grain exports handled 3.5 mmt – (5.2 mmt 2009)
- Malt volumes and margins in line with acquisition expectations
- Strong balance sheet with low core debt and total gearing of 18%

GrainCorp CEO, Ms Alison Watkins said, "Our net profit for 2010 increased by $17 million, allowing us to pay shareholders a total fully franked dividend of $0.15 per share.

"Malt production contributed significantly, a pleasing result as earnings from GrainCorp's country network receivals, and the tonnes handled by our port network, were lower than 2009 due to the below normal 2009/10 grain crop."

"The 2010 result validates the strategy of income diversification undertaken by the company with the purchase of the malt businesses in November last year."

Outlook

"For many grain growers, this season is a welcome return to acceptable production after successive years of drought. While crop forecasters are predicting one of the largest harvests on record in eastern Australian, putting total winter crop size at more than 22 million tonnes, harvest conditions continue to be difficult, with numerous rain interruptions," Ms Watkins said.

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"By most estimates, the harvest is running between three and four weeks late. So far this season we have received 3.2 million tonnes of wheat, barley, canola, and pulses. This is less than what would be expected by this time in a normal year, and shows just how slow this harvest is."

On the quality of grain being harvested, Ms Watkins said, "There has been some speculation about the effect rain is having on grain quality. Some grain has been affected, but harvest delays mean it is too early to make broad quality generalisations.

"The outlook for grain exports from Australia for 2011 remains positive, despite the current record high value of the Australian dollar. The problems that affected the Northern Hemisphere grain harvest earlier this year are still weighing on the market, creating some positive signals for the export sector.

"We are hoping for a return to normal summer conditions across eastern Australia, as this will allow growers to successfully complete harvest activities over the next two months."

On the outlook for earnings from malt production, Ms Watkins said, "While 2010 malt earnings were in line with expectation, there will be pressure on these earnings in the current year. The international malt market is exposed to consumer spending on beverage consumption and foreign exchange rate fluctuations, both factors beyond our control.

"But increasing demand for beer in Asian countries, and South America, will be a major driver of malt demand in the medium term, and our business services both these regions."

Harvest Update Report

GrainCorp also announced the company would begin issuing a regular Harvest Update.

Ms Watkins said, "Our new harvest update will provide total tonnes received by operational region, and some commentary on the progress of the harvest."

The reports will be posted on the GrainCorp web site.

For a copy of the GrainCorp 2010 Financial Year presentation visit www.graincorp.com.au/ir

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