



Company announcement

GrainCorp Limited ABN 60 057 186 035

Date: Thursday, 18 December 2008
To: The Manager
Announcements
Company announcements office

Lodged via www.asxonline.com

PUBLIC ANNOUNCEMENT

Contents for immediate release:

GrainCorp December Shareholder Letter

A handwritten signature in black ink, appearing to read "Betty Ivanoff".

Betty Ivanoff
Company Secretary





Thursday, 18 December 2008

Dear Shareholder

Thank you for your continued support of GrainCorp. The Board and management greatly value your investment in the company.

The last few months of 2008 have been extremely difficult for investors. Conditions in equity markets and the finance sector have affected the value of most shares, and the GrainCorp Board is acutely aware of the recent fall in the value of GrainCorp shares.

The fundamentals of the GrainCorp business model remain sound, and with a return to better seasonal conditions, we expect the company to return to profitability in FY 08/09.

Our FY 08 NPAT loss of \$19.9 million was the result of the poor 2007 winter crop harvest and a record low grain carry in of 1.2 MMT (versus a 'normal' average of 3 MMT).

As a result of this loss, we are regrettably not in a position to pay a dividend.

FY 2008 Results Summary

Carry-in	1.2 MMT	EBITDA	\$51.3m
Receivables	6.5 MMT	EBIT	\$11.1m
Export grain handled	0.8 MMT	Interest – Corporate	\$22.7m
Carry out	2.2 MMT	Interest – Inventory	\$24.3m
Non-grain exports	2.1 MMT	Net profit/(loss) after tax	\$(19.9m)

Despite the NPAT loss, our FY 08 EBITDA of \$51.3 million was up 60.8% from FY 07. Strong contributions from Hunter Grain, Allied Mills and GrainCorp Merchandise were offset by a grain marketing loss and record grain prices that increased inventory funding costs in early 2008, leading to higher than anticipated interest charges.

2007/08 Cropping Year

The drought conditions in many areas of Queensland, NSW and Victoria reduced the size of the 2007 winter crop harvest. A record sorghum harvest in the first half of 2008 in Queensland and northern NSW partially offset the poor winter crop. GrainCorp received a record 2.1 MMT of sorghum and the exportable surplus provided a boost to our grain export terminals in Queensland.

2008/09 Cropping Year

Early seasonal conditions indicated a large winter crop harvest in Queensland, and northern and central NSW. The positive outlook in the north was tempered by conditions that continued to be affected by drought in southern NSW and Victoria.

As the 2008 winter harvest nears conclusion, we can report that heavy rain during harvest in southern Queensland and northern NSW caused significant harvest delays and downgrading of milling wheat and malting barley. However the rain that delayed the winter crop harvest has had a positive effect on the Queensland and northern NSW summer sorghum crop prospects, and predictions are that sorghum tonnages will once again be large in 2009.

Bulk Wheat Exports

GrainCorp is now an accredited bulk wheat exporter, following the removal of the bulk wheat export monopoly and the imposition of a replacement regulatory regime. At the beginning of November 2008 the company established a grain export desk and appointed a new head of export trading. This team will be responsible for developing grain exports, particularly wheat. GrainCorp has already successfully commenced a bulk wheat export sales program.

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Company Outlook

GrainCorp is entering the new financial year in a more confident position, with the company positioned to develop a range of new revenue streams, including:

- Bulk wheat exports
- Grain accumulation and supply chain service 'packaging', including accumulation of grain on behalf of exporters, provision of rail and road logistics
- Export alliances – e.g. CHS Inc., one of the world's largest durum marketers, for accumulation and bulk export of durum and wheat
- Rail freight services for bulk wheat exporters
- Increased port terminal revenue from higher fees and increased export tonnages.

We are confident that cost savings will flow from:

- Better integration of GrainCorp's country network with shipping and rail / road movements
- More efficient use of GrainCorp's port terminal infrastructure
- More efficient allocation of rail transport capacity.

GrainCorp has successfully negotiated seasonal working capital and inventory finance facilities with Rabobank Australia, ANZ and the National Australia Bank. This was announced to the ASX on December 11th 2008.

The working capital and inventory financing facilities are used by GrainCorp's cash trading desk to accumulate grain for the domestic market and by Hunter Grain for soybean meal trading, and for the accumulation of wheat, barley, sorghum, pulses and oilseed for export to international customers.

The finance available for the operation of GrainCorp Pools is separate to the working capital and inventory finance facilities. The grain pooling finance is off balance sheet and is non-recourse to the GrainCorp group of companies.

On September 19th 2008 GrainCorp released a full year grain receival forecast of between 7.5 MMT and 10 MMT. To date, we have received 6.6 MMT from the winter crop harvest.

2008 Annual Report and Annual General Meeting

The GrainCorp Annual General Meeting will be held on 25th February at the Crowne Plaza Hotel, Darling Harbour Sydney. You will receive more information soon, and we look forward to seeing you at this meeting.

The GrainCorp 2008 Annual Report will be available after January 23rd 2009 and will be mailed to all shareholders who requested a copy. A copy will also be available on the GrainCorp web site

www.graincorp.com.au

If you have not requested a printed copy of the Annual Report, you can contact our share registry, Link Market Services, on 1300 883 034 or +61 (0) 2 82807483 or gnc@linkmarketservices.com.au

Once again, I would like to thank you for your support of GrainCorp.

Yours sincerely



Don Taylor
Chairman

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