



ASX Release

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Continuing Poor Conditions and 'One-Off' Expenses Impact Ruralco Performance.

The performance of Australia's leading independent rural group, Ruralco Holdings Limited, has been impacted by the continuation of difficult trading conditions across a wide area of eastern Australia.

Mr John Hughes, Managing Director of Ruralco has stated that "large areas of NSW and Queensland still require substantial rainfall in order to properly alleviate drought conditions and this coupled with recent severe frosts in a number of major cropping zones has reduced farm inputs far more than we anticipated."

"Crops in many areas of NSW have been surviving due to some welcome shower activity but unfortunately it has not been sufficient to turn the tide and in Queensland the lack of adequate rainfall has delayed the planting of sugar cane and other crops, particularly in the north", Mr Hughes added.

These conditions combined with unaudited one-off adjustments of some \$800k, have impacted the anticipated full year result ended 30 September 2003 and hence the directors of Ruralco estimate that profit after tax will be some \$2m, which will be down by around 30% from the \$3m generated in the previous period. The one-off charges comprise a prior year tax adjustment and unexpected write-offs related to reconciliation of accounts associated with the integration of the Grow Force IT system.

Ruralco Chairman, Mr Richard England, has commended the result and the efforts of staff and trading members in his statement that "whilst this anticipated result is disappointing the directors believe that it is a sound outcome given the extremely tough seasonal conditions we have had to endure. It should also be noted that we have made some solid market share gains that will provide for a much improved performance as conditions return to normal."

Notwithstanding current conditions the directors remain confident of a substantial uplift in trading performance and profits in the coming year. In view of this level of confidence it is anticipated that dividends for the full year will be similar to that of the 2001/2002 year.

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