

2013 Annual Report



MISSION

An international leader in food ingredients and agribusiness, creating value by connecting consumers and producers

VISION

Grow as our customers' preferred partner – driven by our passionate people and assets around the world

REGIONAL SITES WITH
20MMT
OF STORAGE
CAPACITY

7 BULK
GRAIN
PORTS

AUSTRALIA'S LARGEST
INTEGRATED
EDIBLE OILS
BUSINESS

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CORPORATE CALENDAR

Annual General Meeting
25 February 2014
10.00am
Pullman Sydney Hyde Park Hotel
36 College Street
Sydney NSW 2010

INTERIM RESULTS

Half year end – 31 March 2014
Results announcement – 15 May 2014

FULL YEAR RESULTS

Full year end – 30 September 2014
Results announcement – 13 November 2014

**MALTING
CAPACITY OF
1.4 MILLION
TONNES
PER ANNUM**

**AUSTRALIA'S
LARGEST
SUPPLIER OF
EDIBLE FLOUR**

**EXPORTING TO
25+
COUNTRIES**

CHAIRMAN'S REVIEW



Don Taylor
CHAIRMAN

“We remain confident in our strategy and the industry fundamentals that underpin the business.”

We are pleased to report another year of strong performance for GrainCorp. Our achievements are particularly pleasing given the uncertainties faced by the company, most notably the takeover proposals from Archer Daniels Midland Company (“ADM”).

ADM TRANSACTION NOT PROCEEDING

ADM made its first takeover approach in October 2012. GrainCorp’s Board carefully considered the proposal and formed the view that it materially undervalued the company. ADM revised its proposal in December 2012 and again in April 2013. After the offer had been materially improved from the first and second proposals, the Board agreed it should be put to shareholders.

ADM’s offer required sign off from the Foreign Investment Review Board and the Australian Federal Treasurer. In November 2013 the Treasurer announced his decision, prohibiting the takeover.

As we noted at the time, it is disappointing that the transaction will not be proceeding. The best interests of GrainCorp’s shareholders were central to the Board’s considerations and actions through the entirety of the proposed transaction.

CEO RESIGNATION AND TRANSITION

Shortly after the Treasurer’s decision, our Managing Director and Chief Executive Officer, Alison Watkins, advised she would be resigning to take up a new CEO opportunity.

Alison leaves a lasting positive legacy at GrainCorp and we wish her every success in the next stage of her career.

We have started an external and internal search for a new CEO. I have stepped into the role of Executive Chairman and will be Acting Chief Executive Officer from mid January until our new CEO commences.

STRONG FINANCIAL PERFORMANCE AND DELIVERING ON CORPORATE OBJECTIVES

Throughout the year our people maintained their focus on the profitable operation of the business.

GrainCorp Oils’ first year contribution exceeded expectations and GrainCorp Malt produced another consistent performance, highlighting the benefits of our diversification strategy and delivering on our objective of managing variability.

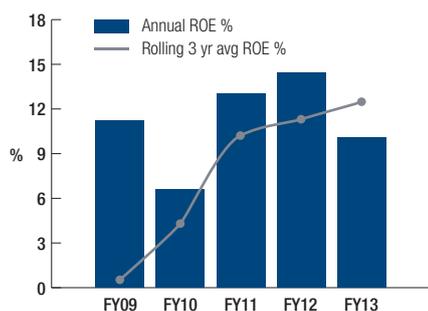
Improving shareholder returns also remains a focus. We achieved a return on equity of 10.1% in the 2013 financial year and an average of 12.5% per annum over the past three years.



GRAINCORP'S CORPORATE OBJECTIVES

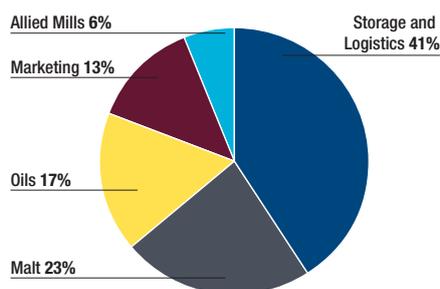
IMPROVING RETURNS

RETURN ON EQUITY (%)



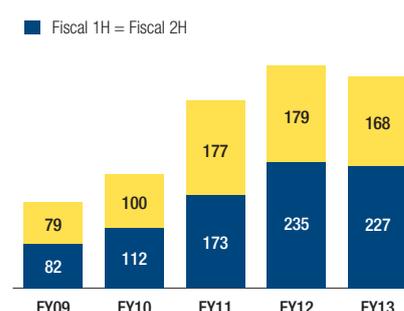
MANAGING VARIABILITY

EBITDA BY SEGMENT¹



DELIVERING GROWTH

EBITDA (\$M)



Notes

1. FY13 EBITDA

REWARDING SHAREHOLDERS THROUGH DIVIDENDS

We rewarded shareholders with dividends totalling \$0.45 per share for 2013.

Our aim is to be a reliable dividend payer, with a dividend policy to distribute approximately 40-60% of net profit after tax to shareholders through the cycle.

2014 OUTLOOK AND STRATEGIC INITIATIVES

We expect 2014 will be more challenging financially than recent years, primarily due to the grain production outlook and crop profile in eastern Australia.

Our business units remain committed to capturing the benefits from our program of investment which aims to deliver \$110m of incremental underlying EBITDA by 2016.

I look forward to updating shareholders again at the Annual General Meeting on 25 February 2014.

MANAGING DIRECTOR & CEO'S REVIEW



Alison Watkins
MANAGING DIRECTOR AND CEO

“The creation and integration of GrainCorp Oils was a highlight of the year and has further strengthened our business model.”

GrainCorp recorded another strong financial result in 2013 with EBITDA of \$395 million¹ and NPAT of \$175 million². This year's result reflected strong grain volumes and the benefits of our diversification strategy.

The company has made progress on lead safety indicators and reduced its lost time injury frequency rate by 10.2%. While this was an improvement on prior years, there is much to be done to achieve our safety vision of “Zero Harm – Safe for Life”.

We also maintained employee engagement at 60% and invested to build the leadership capabilities of our current and emerging leaders.

STRATEGY DELIVERING AND GROWTH INITIATIVES ON TRACK

We are seeing tangible benefits from our diversification strategy, with the additions of GrainCorp Malt, GrainCorp Oils and the growth of GrainCorp Marketing offsetting the earnings variability of the Storage & Logistics business. The creation and integration of GrainCorp Oils was a highlight of the year and has further strengthened our business model.

We expanded our strategic growth initiatives this year, outlining a comprehensive plan to increase underlying earnings by \$110 million by 2016.

We made solid progress within the Gamechanger strategic initiatives. In Storage & Logistics we improved customer service and rail capability. In GrainCorp Marketing, we rolled out our global trading and risk management platform in Australia and completed a number of projects within GrainCorp Malt to enhance the business' operational efficiency.

A significant proportion of the Asset Optimisation initiatives we have outlined sits within GrainCorp Oils, including projects to increase capacity at our liquid terminals and optimise the business' capabilities. These are advancing to plan.

Under the Port Flexibility initiatives, we introduced long term agreements for grain exporters with 3.8 million tonnes of port capacity being booked under these arrangements for each of the next three years. While this achievement was pleasing, progress on the industry code of conduct for ports has been slower than we have hoped.

1. Adjusted EBITDA is a non IFRS measure representing earnings before interest, tax, depreciation and amortisation, before significant items.

2. Net profit after tax, before significant items. Statutory profit was \$141 million after significant items, which include costs relating to acquisitions (eg stamp duty), GrainCorp Oils integration and ADM's proposed takeover.



2014 OUTLOOK

We expect 2014 will be a more challenging year financially, particularly for our Storage & Logistics business. However, the business is well prepared for the much tougher period ahead.

Storage & Logistics' earnings will be impacted by the below average carry-in and the crop profile in eastern Australia given that this year's grain production is concentrated in southern NSW and Victoria where margins are lower. GrainCorp Marketing's volumes are also likely to be impacted by the slightly lower than 'normal' eastern Australian crop.

GrainCorp Malt has already forward sold a significant proportion of its annual malting capacity for FY14 and is on track for over 90% utilisation. GrainCorp Oils' refining

volumes are facing increased pressure, while high capacity utilisation is expected for crushing and bulk liquid terminals.

CONFIDENCE IN GRAINCORP'S FUTURE

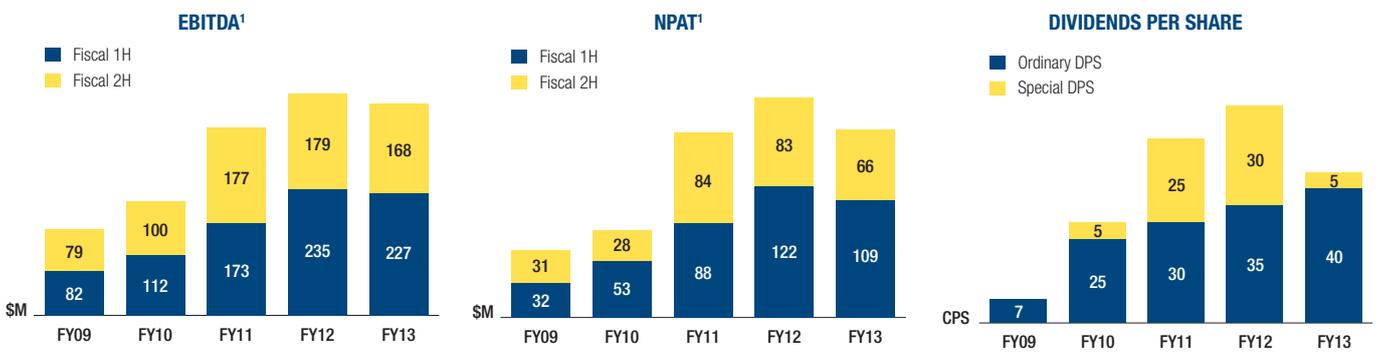
As the Chairman noted in his review, I have recently resigned from GrainCorp and will depart at the end of January.

This was an enormously difficult decision for me and was made with great sadness. I had planned to leave at the time control passed to ADM. However, when the ADM transaction was prohibited in November, I felt it was in the best interests of GrainCorp, our people and customers that I move on, to allow the Board to find new leadership to take GrainCorp forward into a new phase of growth.

GrainCorp is a great business with a wealth of talented individuals and high performing teams. I am confident that the company will go from strength to strength long into the future.

I thank my colleagues and the board for their support during my time with the company. I will look back at this time with fond memories and great pride for what we have achieved together.

FINANCIAL HIGHLIGHTS



Notes

1. Before significant items. EBITDA and NPAT reflect inclusion of Malt from FY10 and Oils from FY13.
2. To 30 September 2013.

BOARD OF DIRECTORS



DON C TAYLOR BCom, CA, GradCertRurSc, FAICD
EXECUTIVE CHAIRMAN

Don Taylor joined the GrainCorp Board in October 2003 and has been Chairman of the GrainCorp Board since December 2005. Mr Taylor assumed the role of Executive Chairman effective from December 2013. Prior to joining the Board he was the Executive Chairman of Grainco Australia Limited. Mr Taylor is a member of the Human Resources Committee and the Business Risk Committee as well as attending all meetings of the Board Audit Committee and the Nominations and Corporate Governance Committee. Mr Taylor is a member of the Agricultural Advisory Roundtable group to the Export Council of Australia, and has extensive experience acting as Chairman and Director on boards of public companies in the agriculture industry.



ALISON M WATKINS BCom, FCA, SF Fin, FAICD
**MANAGING DIRECTOR AND
CHIEF EXECUTIVE OFFICER**

Alison Watkins has been Managing Director and CEO since July 2010. Ms Watkins has resigned from her position effective from January 2014. Ms Watkins attends all meetings of the Nominations and Corporate Governance Committee, Business Risk Committee, Board Audit Committee and Human Resources Committee. Ms Watkins has held a number of executive roles across a variety of industries and is a former partner of McKinsey & Company. She currently sits on the board of the Centre for Independent Studies, is a Non-executive Director of Australia and New Zealand Banking Group Limited and a Non-executive Director and Chairman of Allied Mills.



BARBARA J GIBSON BSc, MAICD, FTSE
NON-EXECUTIVE DIRECTOR

Barbara Gibson joined the GrainCorp Board in March 2011. Ms Gibson is a member of the Business Risk Committee and the Nominations and Corporate Governance Committee. Ms Gibson is an experienced executive having spent 20 years with Orica Limited. She is a fellow of the Australian Academy of Technological Sciences and Engineering and is currently a Director of Nuplex Industries Limited and Chairman of Warakirri Asset Management Pty Limited.



DANIEL J MANGELSDORF
BAGec(Hons), FAICD
NON-EXECUTIVE DIRECTOR

Dan Mangelsdorf joined the GrainCorp Board in February 2005. Mr Mangelsdorf is Chairman of the Business Risk Committee and a member of the Board Audit Committee. Mr Mangelsdorf owns and operates farming interests in NSW, and is an experienced company director with agricultural, supply chain, international trade and risk management expertise. He is also currently a Director of Warakirri Agricultural Trust.



DONALD B MCGAUCHIE AO FAICD
NON-EXECUTIVE DIRECTOR

Donald McGauchie rejoined the GrainCorp Board in December 2009 (having previously served during the period from October 2000 to July 2003). Mr McGauchie is Chairman of the Human Resources Committee and is currently a Director of James Hardie plc, Chairman of Nufarm Limited and Chairman of Australian Agricultural Company Limited. Mr McGauchie has farming interests and extensive experience acting as chairman and director on public company boards.



DAVID B TREBECK BScAgr(Hons), MEd, FAICD
NON-EXECUTIVE DIRECTOR

David Trebeck joined the GrainCorp Board in February 2002. Mr Trebeck is Chairman of the Nominations and Corporate Governance Committee and a member of the Human Resources Committee. Mr Trebeck is currently Chairman of Penrice Soda Holdings Limited and a former Director of PrimeAg Australia Ltd. He has farming interests and is an ACT divisional councillor of the Australian Institute of Company Directors.

EXECUTIVE TEAM



PETER J HOUSDEN BCom, FCPA, FAICD
NON-EXECUTIVE DIRECTOR

Peter Housden joined the GrainCorp Board in October 2008. Mr Housden is Chairman of the Board Audit Committee and is currently Chairman of Royal Wolf Holdings Limited and a Director of Alliance Aviation Services Limited and Calibre Group Limited. Mr Housden is a member of the Audit & Risk Management Committee for the Central Coast Local Health District in NSW and Chairman of the Audit and Risk Committee for Sydney Trains (NSW Government). He has extensive experience acting on public company boards.



SIMON L TREGONING BCom
NON-EXECUTIVE DIRECTOR

Simon Tregoning joined the GrainCorp Board in December 2008. Mr Tregoning is a member of the Board Audit Committee and member of the Nominations and Corporate Governance Committee. He is currently a Director of Capilano Honey Limited. As well as having extensive overseas executive experience, Mr Tregoning is an experienced Australian public company director.

ALISTAIR BELL
GROUP CHIEF FINANCIAL OFFICER
("CFO")

Alistair Bell was appointed CFO of GrainCorp in November 2010. Mr Bell brings 20 years of finance, strategic and operational planning, treasury, mergers and acquisitions, and private equity international experience from a number of sectors including hard commodities, property, hospitality and travel and telecommunications. He has been a Director of Alzheimer's Australia NSW since 2008.

GREG FRIBERG
PRESIDENT AND CEO
GRAINCORP MALT

Greg Friberg was appointed President and CEO GrainCorp Malt in July 2013. Mr Friberg joined United Malt Holdings in 1999 and has held a number of senior management and commercial roles across the Group. Mr Friberg has extensive experience across the grains and malting industries having previously worked for ConAgra Grain Company and Columbia Grain Inc.

BETTY IVANOFF
GROUP GENERAL COUNSEL

Betty Ivanoff joined GrainCorp in 2008, and is Group General Counsel and Joint Company Secretary, managing the company's legal and compliance affairs. Ms Ivanoff's portfolio includes various corporate services, namely the Legal, Company Secretariat, Risk & Insurance and People, Performance & Reward teams. Prior to joining GrainCorp, Ms Ivanoff held internal corporate counsel positions with companies including CSR Limited, Walter Constructions and Sinclair Knight Merz.

NEIL JOHNS
GROUP GENERAL MANAGER
GRAINCORP STORAGE & LOGISTICS

Neil Johns has been with GrainCorp for 25 years. In February 2013, Mr Johns was appointed to the role of General Manager Ports in the Storage & Logistics business. In November 2013, Mr Johns assumed the position of Group General Manager GrainCorp Storage & Logistics. He has held a number of corporate and operating positions in the Company including Chief Development Officer overseeing strategy and mergers & acquisitions, Deputy Divisional Manager for Southern NSW, Grain Trading Manager and Customer Marketing Manager. He is a Non-executive director of Grain Trade Australia and has also previously served as a Non-executive Director of Allied Mills.

KLAUS PAMMINGER
GROUP GENERAL MANAGER
GRAINCORP MARKETING

Klaus Pamminger was appointed Group General Manager Marketing in August 2012. Mr Pamminger joined GrainCorp in 2007 and was previously Trading Manager GrainCorp Marketing. Mr Pamminger is responsible for all domestic and international grain and oilseed marketing and trading activities. Before joining GrainCorp, he worked for a number of companies in Australia and the USA.

SAM TAINSH
GROUP GENERAL MANAGER
GRAINCORP OILS

Sam Tainsh was appointed Group General Manager GrainCorp Oils in August 2012 where he is responsible for the edible oils crushing, refining, food ingredients, feeds, terminals and used oils businesses. Mr Tainsh joined GrainCorp in July 2001 and was previously Group General Manager GrainCorp Marketing. Before joining GrainCorp, he worked as a commodity trader at Louis Dreyfus Corporation in Australia and the USA.

DIRECTORS' REPORT



Directors' Report

Introduction

The Directors present their report on the consolidated entity (referred to hereafter as the "Group") consisting of GrainCorp Limited ("GrainCorp" or the "Company") and the entities it controlled at the end of, or during, the year ended 30 September 2013.

Directors

The following people were Directors of GrainCorp during the financial year 2013 and/or up to the date of this report:

- D C Taylor (Executive Chairman, effective from 2 December 2013)
- A M Watkins (Managing Director & CEO, resigned effective January 2014)
- B J Gibson
- P J Housden
- D J Mangelsdorf
- D G McGauchie AO
- D B Trebeck
- S L Tregoning

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated. Details of the current members of the Board of Directors, including their experience, qualifications, special responsibilities and term of office are included on pages 6 to 7 of the Annual Report.

Details of Directors' interests in shares and options of GrainCorp are set out in Note 30 of the financial statements.

Group Company Secretary

Andrew Horne *BLegS, Grad Dip Leg Prac, Solicitor, FCIS, FGIA, MAICD*

Andrew Horne was appointed by the Board on 27 March 2012. Mr Horne is responsible for the Group's corporate governance and compliance. Mr Horne has 25 years of experience in corporate law, governance and compliance in previous roles with Thakral Holdings and Tooth and Co. Mr Horne is a Non-executive Director of Governance Institute of Australia Limited and immediate past Chairman of the NSW Council of GIA.

Betty Ivanoff *LLB, Grad Dip Leg Prac, Solicitor, MAICD*

Betty Ivanoff joined GrainCorp in 2008, and is General Counsel and Joint Company Secretary, managing the company's legal and compliance affairs. Ms Ivanoff's portfolio includes various corporate services, namely the Legal, Company Secretariat, Risk & Insurance and People, Performance & Reward teams. Prior to joining GrainCorp, Ms Ivanoff held internal corporate counsel positions with companies including CSR Limited, Walter Constructions and Sinclair Knight Merz.

Meetings of Directors

The following table sets out the number of meetings of GrainCorp's Directors (including meetings of committees of Directors) held during the 12 months to 30 September 2013, and the number of meetings attended by each Director.

Director	Board		Audit Committee		Human Resources Committee		Business Risk Committee		Nominations & Corporate Governance Committee		Other Committees	
	A	B	A	B	A	B	A	B	A	B	A	B
D C Taylor	26	26	~	4 [#]	5	5	4	4	~	3 [#]	24	24
A M Watkins	26	25	~	4 [#]	~	5 [#]	4	3	4	3	25	25
B J Gibson	26	26	~	~	~	~	4	4	4	4	2	2
P J Housden	26	26	4	4	~	~	~	3 [#]	~	~	17	16
D J Mangelsdorf	26	26	4	4	~	~	4	4	~	~	4	4
D G McGauchie	26	25	~	~	5	5	~	~	~	~	1	1
D B Trebeck	26	24	~	~	5	5	~	~	4	4	6	5
S L Tregoning	26	26	4	3	~	~	~	~	4	3	-	-

A Number held during period in office.

B Number attended by members of the committee and other Directors.

~ Not a member of the relevant committee.

Attended by invitation.

Operating and Financial Review

About GrainCorp

Our History

GrainCorp started in 1916 under the Grain Elevator Act and administered as a branch, called the Government Grain Elevators ("GGE"), of the New South Wales ("NSW") Government's Department of Agriculture. The GGE led the development of Australia's first bulk grain handling system with the construction of 200 country elevators linked by rail to shipping terminals at Sydney and Newcastle. By October 1989, the GGE had gone through a number of changes and was known as the Grain Handling Authority of NSW ("GHA"). At this time the GHA was corporatised and became the NSW Grain Corporation. The NSW Grain Corporation was privatised in April 1992 and sold to the grain grower owned Prime Wheat Association that became GrainCorp. GrainCorp listed on the Australian Stock Exchange ("ASX") in 1998. GrainCorp has grown through acquisition and organic growth. GrainCorp acquired Victorian based Vicgrain in 2000, Allied Mills in a joint venture with Cargill Australia in 2002, Queensland based Grainco in 2003, an international portfolio of malt businesses from United Malt Holdings in 2009, Schill Malz in October 2011 and edible oils businesses Gardner Smith and Integro Foods in October 2012. In 1996, GrainCorp was the first Australian bulk handler to trade grain in the Australian domestic market, and in 2008 commenced exporting wheat to international markets following the removal of the export single wheat desk.

Overview

GrainCorp is Australia's leading agribusiness with an integrated business model across three grain activities: storage & logistics, marketing and processing. GrainCorp focuses its activities on three core grains (wheat, barley and canola) where the company has comparative advantages through grain origination, freight differentials and technical expertise. GrainCorp has operations in Australia, New Zealand, North America and Europe (including the United Kingdom), which collectively represent over 50% of global export trade in wheat, barley and canola. GrainCorp has four reporting segments:

- GrainCorp Storage & Logistics
- GrainCorp Marketing
- GrainCorp Malt
- GrainCorp Oils

In addition to the above reporting segments, GrainCorp own 60% of Allied Mills.

Our Corporate Objectives

We aim to:

- Improve shareholder returns by creating and capturing value along the grain supply chain.
- Manage earnings variability by participating in multiple grain chains and geographies.
- Grow to realise opportunities and be competitive in the global grain market.

We have made significant achievements in meeting these corporate objectives through:

- Dividends to shareholders representing 65.9% of earnings before significant items during the last three years, above our dividend policy range of 40-60% through the business cycle.
- Delivering an average return on equity ("ROE") before significant items of 12.5% over the last three years including 10.1% in the 12 months to 30 September 2013.
- Reducing earnings volatility with around half of our EBITDA now generated outside of grain storage, handling and marketing activities.
- Increasing earnings per share from 39.6 cents in 2010 to 76.6 cents in 2013 before significant items.
- Organic and acquisitive growth, supported by a strong and flexible balance sheet, enabling the Company to enter the S&P/ASX100.
- Creating two new processing businesses during the last four years – GrainCorp Malt and GrainCorp Oils.

Our Business Model

We operate a business model based on:

- **Three core grains** – wheat, barley and canola. We focus on the 'drier climate' grains where we have comparative advantages of grain origination, freight differentials and technical expertise.
- **Three integrated grain activities** – storage and logistics, marketing and processing. We create and capture value in our core grains along the grain chain, with insight into consumer requirements in these grains.
- **Three operating geographies** – Australasia, North America and Europe. These regions collectively service over 50% of the global trade in our core grains; providing market insight, price risk management and multi-origin capability.

Creating Value

We create and capture value for consumers, growers and shareholders from the following competitive advantages:

- **Strategic assets** – our unique “end-to-end” infrastructure network at all stages of the grain chain in our three core grains.
- **Freight advantage** – proximity to the world’s growth markets for grain in Asia, the Middle East and Africa.
- **Grain origination** – access to grain with strong quality advantages to satisfy a diversified range of consumer products:
 - Wheat: dry, clean, mid-high protein, white with high flour extraction. Ideal for use in Asian noodles and Arabian flat bread markets.
 - Barley: dry, clean with desirable characteristics. Ideal for use in Chinese malt and Middle Eastern feed markets.
 - Canola: desirable oil content.

Our Strategy

We operate in a global grain market that offers considerable growth prospects in the demand for grain and processed grains such as malt and edible oils.

Population growth and rising affluence over the next 40 years is projected to drive a 50% increase in global grain demand and 100% increase in the global trade in grains.

Our strategy is to apply our origination advantages in the supply of grain, malt and edible oils to participate in this growth opportunity from both Australia and internationally. To achieve this, we have identified 3 sets of growth initiatives targeted at delivering incremental underlying EBITDA of approximately \$110 million by the end of the 2016 financial year.

1. Gamechangers

Storage & Logistics – Strengthen our grain handling network by improving capability and efficiency to retain and maximise grain volumes through rail and road supply chain productivity, an integrated offering and value proposition to growers and consumers.

Marketing – Develop our grain business through volume and margin growth by broadening our relationships with consumers and expanding our origination footprint.

Malt – Create and capture additional malt supply chain value by harnessing our grain processing footprint and capability to develop superior customer offerings through a global customer engagement model supported by operational best practice and capturing additional value beyond processing.

2. Asset Optimisation

Oils – The creation of GrainCorp Oils has presented a range of opportunities. We are implementing our integration plan, capturing synergies and developing a plan to strengthen and optimise our network; building on our leading presence across Australia and New Zealand.

Ports & Terminals – Within our Oils business, projects have been identified to service growing demand for non-edible oil bulk products. We are also looking to increase non-grain volumes and have rolled out continuous improvement initiatives within the Storage & Logistics business.

3. Port Flexibility

Ports – Three year long term agreements were introduced in 2013 and 3.8mmt confirmed. The industry is currently in consultation with the Federal Government regarding the introduction of new port protocols. These initiatives will provide the opportunity to improve the efficiency of our bulk grain export operations; allowing for better long-term planning and improved demand management.

Group Financial Summary

Key Results (\$ M)		2009	2010	2011	2012	2013
Revenue		1,725.5	2,002.9	2,776.8	3,329.4	4,462.0
Adjusted EBITDA ¹		160.2	211.5	349.6	413.9	395.4
Adjusted EBIT ²		117.9	140.0	271.1	322.7	276.6
Net profit / (loss) after tax		63.2	80.2	171.6	204.9	140.9
Dividend (cents per share) ⁶		7.3	30.0	55.0	65.0	45.0
Financial Position		2009	2010	2011	2012	2013
Total assets	\$ M	1,083.8	2,130.2	2,635.2	2,840.3	3,170.3
Total equity	\$ M	693.8	1,282.6	1,372.7	1,540.5	1,758.6
Net assets per ordinary share ³	\$	7.22	6.47	6.92	7.32	7.69
Net debt to net debt and equity ⁴	%	4.4	15.7	19.4	17.5	24.8
Core debt to core debt and equity ⁵	%	(8.2)	3.8	0.6	1.0	18.9
Shareholder Returns						
Basic earnings / (loss) per ordinary share	cents	34.1	39.6	86.2	102.6	61.9
Return on equity	%	11.2	6.6	13.0	14.4	10.1
Dividend per ordinary share ⁶	cents	7.3	30.0	55.0	65.0	45.0
Dividend yield per ordinary share ⁷	%	0.8	4.1	7.6	7.3	3.6
Business Drivers (million metric tonnes)		2009	2010	2011	2012	2013
Storage & Logistics						
Grain carry-in		2.2	2.9	2.6	6.0	4.3
Country network grain receivals		9.6	7.4	14.9	12.2	10.4
Grain received at port ex-farm and from other bulk handlers		1.1	1.0	2.3	3.0	2.2
Grain exports handled		5.2	3.5	8.1	10.6	8.3
Non-grain exports		1.3	1.4	1.5	1.8	1.9
Domestic outload		4.9	5.2	5.7	6.3	6.3
Grain carry-out		2.9	2.6	6.0	4.3	2.3
Grain throughput		16.9	13.9	24.1	28.5	23.8
Marketing						
Marketing sales (including Pools)		3.6	3.3	5.5	6.9	6.1
GrainCorp international grain sales		1.5	1.1	2.7	4.4	4.1
Malt						
Malt sales (2010 reflects 10.5 months trading only)		-	0.9	1.1	1.3	1.3
Oils						
Oils crushing & refining sales		-	-	-	-	0.6
Segment Results (\$ M)		2012	2012	2013	2013	
		Revenue	Adjusted EBITDA¹	Revenue	Adjusted EBITDA¹	
Storage & Logistics		804.6	249.7	655.3	179.3	
Marketing		1,890.8	63.1	2,169.3	54.3	
Malt		945.1	117.1	976.6	101.2	
Oils		-	-	961.6	75.3	
Allied Mills (60% share of NPAT)		-	10.2	-	11.7	
Corporate and eliminations		(311.1)	(26.2)	(300.8)	(26.4)	
Total		3,329.4	413.9	4,462.0	395.4	

¹ Adjusted EBITDA is a non IFRS measure representing earnings before interest, tax, depreciation and amortisation, excluding significant items.

² Adjusted EBIT is a non IFRS measure representing earnings before interest and tax, excluding significant items.

³ Excludes reset preference shares at nominal value.

⁴ Net debt is total debt less cash.

⁵ Core debt is net debt less commodity inventory.

⁶ All dividends were fully franked.

⁷ Using closing price immediately prior to or on 30 September divided by dividends per year.

Group Financial Analysis and Commentary

The Group recorded a net profit after tax ("NPAT") of \$140.9 million for the financial year compared to a profit after tax of \$204.9 million for the previous year. Adjusted earnings before interest, tax, depreciation and amortisation ("EBITDA") decreased from \$413.9 million to \$395.4 million (statutory EBITDA of \$359.8 million including significant items of \$35.6 million; significant items in prior year was \$14.7 million).

Revenue from continuing operations increased 34% to \$4,462.0 million (2012: \$3,329.4 million), reflecting strong volumes across the Group coupled with barley gains in Malt and a growing global reach in Marketing.

Total country receivals during the year were 10.4 million metric tonnes ("mmt") (2012: 12.2 mmt) with 8.3 mmt exported through GrainCorp Ports (2012: 10.6 mmt). Grain in storage at the beginning of the year was 4.3 mmt, a decrease from 6.0 mmt in the previous year. Grain in storage at the end of the year was 2.3 mmt.

Malt sales volumes for the year were 1.3 mmt (2012: 1.3 mmt). Oils recorded crushing and refining sales volumes of 0.6 mmt.

GrainCorp Storage & Logistics

Business Unit Overview

GrainCorp's Storage & Logistics division is the largest provider of grain storage, logistics and port elevation services in eastern Australia (Queensland, New South Wales and Victoria).

GrainCorp Storage & Logistics has the country storage capacity to store in excess of 20 million tonnes of grain with more than 280 receival and storage sites. The network handles approximately 55% to 60% of the annual eastern Australian grain harvest and has an approximate 50% share of eastern Australia's grain rail freight capacity.

The business also operates seven bulk grain export terminals with annual bulk elevation capacity of approximately 16 million tonnes, and two container packing facilities. The business also handles more than 2 million tonnes of non-grain exports and imports each year.

FY13 Performance

- Strong earnings from significant grain export program and higher than average carry-in
- Grain throughput of 23.8 mmt
- Earnings benefitted from above average carry-in of 4.3 mmt
- Country receivals of 10.4 mmt (including 0.7 mmt summer crop)
- Lower receivals compared to prior year due to smaller crop
- Grain exports of 8.3 mmt (including containers) and non-grain exports and imports of 2.3 mmt
- Progress with a number of 'Gamechanger' initiatives focussed on improving customer service (eg deployment of stackers and smart phone app) and rail efficiency

FY14 Outlook

The crop forecast for eastern Australia is slightly below average. However, unfavourable spring frosts in NSW and parts of Victoria are likely to impact the overall size of the crop and the sorghum crop in Queensland and northern NSW is dependent on summer rains. With the crop profile weighted to southern NSW and Victoria where competition greater, overall margin impact is likely to be exacerbated.

Lower than average carry-in volumes of 2.3 mmt will also impact earnings. However, continued strong international demand for grain is expected to result in grain exports at near average levels.

GrainCorp Marketing

Business Unit Overview

GrainCorp Marketing is a major Australian grain marketer; buying and selling wheat, barley, canola, sorghum and pulses, servicing Australian and international customers.

GrainCorp's approach is to match grain supply and demand through buying grain from growers, owning and managing along the supply chain and selling to end consumers.

GrainCorp Marketing's presence extends across Australia's grain growing regions, and internationally in Germany (Hamburg), and Canada (Calgary) with marketing representative offices in Singapore and Shanghai and Saxon Agriculture in the UK.

GrainCorp's competitive advantage rests with its capabilities and assets along the grain supply chain. The business is well placed to leverage this competitive advantage to increase sales, particularly to the offshore markets that value eastern Australian grain.

FY13 Performance

- Earnings reflective of lower eastern Australian grain production volumes
- 6.1 mmt sales delivered (2.0 mmt domestic, 4.1 mmt export and international)
- Approximately 50% of marketed grain acquired from growers and approximately 85% sold to end users
- Increasing presence in Western Australia and South Australia
- Global trading and risk management platform successfully deployed in Australia in August

FY14 Outlook

Good marketing volumes are expected again this year although likely to reflect lower than normal eastern Australian crop. We will focus on opportunities to link our supply chain in our core grains and core geographies. Domestic and export sales opportunities will be targeted in each of our core operating regions.

GrainCorp Malt

Business Unit Overview

GrainCorp Malt is the world's fourth largest commercial malt producer, with operations in the United States ("USA"), Canada, Australia, the United Kingdom ("UK") and Germany.

GrainCorp Malt currently operates 18 malt plants with total annual malting capacity of approximately 1.4 million tonnes. GrainCorp Malt's manufacturing facilities are strategically located in, or with good access to, the world's key barley growing and trading regions that account for around 60% of the world's barley production and 80% of malt exports.

GrainCorp Malt supplies malt to more than 2,500 customers around the world including global, regional and craft brewers, Scotch whisky distillers and food manufacturers.

Approximately 65% of sales are to domestic customers and 35% are exported outside of the country of production.

FY13 Performance

- Earnings reflective of continued high capacity utilisation above 90% with margins in line with expectations
- Effective margin management but lower barley procurement gains than FY12
- Continued growth from malt portfolio position (eg distillers, craft)
- Launch of Brewers Select in the UK to access the growing craft beer market
- Progress on a number of operational excellence initiatives with sustainability benefits (eg water and energy consumption)

FY14 Outlook

Strong capacity utilisation is expected across our portfolio of malt plants. Utilisation above industry averages is due to our reputation as a producer of quality malt and our penetration in the craft beer sector and distilling sectors, particularly in North America and Scotland respectively.

GrainCorp Oils

Business Unit Overview

GrainCorp Oils is a leading integrated edible oils, bulk liquid terminals, feeds and used oil collection businesses in Australasia.

GrainCorp Oils has business functions across the oils supply chain from seed accumulation to crushing, refining and packing, storage, commodity management, liquid feeds and oil recycling.

GrainCorp Oils also has 320,000 tonnes of annual oilseed crushing capacity; 280,000 tonnes of annual edible fats and oils refining and packaging capacity. The business also operates 13 bulk liquid port terminals in Australia, New Zealand and China that handle up to 1 million cubic metres of bulk liquids each year. GrainCorp Oils has complementary operations in tallow and edible oil commodity management, animal feeds and used oil recycling.

FY13 Performance

- Crushing and refining sales in line with expectations of 0.6 mmt of crushed and refined products
- Continued high capacity utilisation for bulk liquid terminals
- Complementary businesses performing in line with expectations and strong performance in commodity management
- Integration delivered approximately \$4.0 million (pre-tax) of synergies

FY14 Outlook

High capacity utilisation expected for crushing facilities while refining volumes face increasing pressure. Continued high capacity utilisation across our bulk liquid terminals is expected to continue. Domestic competition and demand for crushed and refined products will continue to influence the performance.

Allied Mills

Business Overview

GrainCorp has a 60% joint venture interest in Allied Mills (Cargill owns the remaining 40% interest), an Australian-based manufacturer and distributor of food ingredients and semi-finished products.

Allied Mills has a flour milling and pre-mixing manufacturing footprint with operations in all of the mainland states of Australia. Allied Mills operates a network of seven flour mills and four mixing plants, three frozen product manufacturing facilities and a starch plant, supported by warehouse and distribution capabilities.

FY13 Performance

- Improved earnings from value add product initiatives (eg frozen bakery products)
- Completed new Tennyson mill expansion in Queensland in mid-2013
- Acquired Tullamarine bakery facility in Melbourne to support value add product strategy
- Acquired Tamworth starch / food ingredients facility in New South Wales

FY14 Outlook

Continued earnings growth from value-add product initiatives and ranges such as frozen bakery products is expected.

Sustainability

GrainCorp is committed to sustainable performance which means balancing financial performance with how we do business, how we treat our people, how we live the values in our business relationships and how we care for the natural resources on which we rely. In the last year, we have continued our commitment to sustainable performance.

Safety & Health

GrainCorp is committed to a step change improvement in Safety & Health by addressing the components of an effective safety culture – leadership, plant and equipment and systems. This year, we:

- Achieved a 10.2% reduction in lost time injury frequency rate, moving from 11.9 to 10.7
- Increased investment in plant and equipment including rectification of fixed and mobile equipment and ladders, dust prevention and changes to prevent trips and falls
- Enhanced systems through commitment to invest in a Health & Safety Quality incident and Reporting system (EHSQR) to replace the current manual process and provide improved analysis, reporting and corrective action capability
- Improved safety behaviour and leadership through online and face to face training

Environment

The Group's operations are subject to various Australian Federal and State environmental legislation and regulation, and are also subject to various environmental legislative and regulatory requirements in the USA, UK, Canada New Zealand, China and Germany. Environmental reporting in all relevant jurisdictions have been completed in accordance with local requirements. The Directors are not aware of any significant environmental breaches during the year.

The Group is subject to the greenhouse gas and energy data reporting requirements in Australia – the *Energy Efficiency Opportunities Act 2006* and the *National Greenhouse and Energy Reporting Act 2007*.

The *Energy Efficiency Opportunities Act 2006* requires the Australian operations of the Group to assess their energy usage, including the identification, investigation and evaluation of energy saving opportunities, and to report publicly on the assessments undertaken, including what action the Group intends to take as a result. As required under this Act, the Group is registered with the Department of Resources, Energy and Tourism as a participant entity.

The *National Greenhouse and Energy Reporting Act 2007* requires the Group to report its annual greenhouse gas emissions and energy use. The Group has registered with the Greenhouse and Energy Data Officer ("GEDO") and has implemented systems and processes for the collection and calculation of the data required to enable it to prepare and submit reporting to the GEDO.

GrainCorp understands that our business has an impact on the environment. We recognise the importance of sound environmental management practices and sustainable business operations.

The Malt and Oils businesses are both energy and water intensive and are committed to reducing their carbon footprint through sustainability and efficiency projects. The Storage & Logistics businesses consume energy through grain storage and handling activities at country sites, train and truck logistics and port facilities.

This year, we undertook a range of improvement initiatives and refreshed our environment strategy. The coming year will be about embedding it throughout our operations, with targets to measure performance consistently across the business.

Achievements and activities during the year include:

- Reduced emissions of hexane in vent air from the Numurkah (Victoria) solvent extraction plant through improvements in the solvent recovery system which decreased overall hexane usage by over 60,000 litres per annum.
- Reduction of 294,000 litres of LPG usage due to improvements in the process steam system at the Millicent (South Australia) oilseed crushing plant.

Environmental Reporting

GrainCorp's Australian based Storage & Logistics, Oils and Malt operations report annually as required by the *National Greenhouse and Energy Reporting Act 2007* and the *Energy Efficiency Opportunities Act 2006*. Sites within the Australian Oils and Malt businesses that trigger thresholds under the National Pollutant Inventory are also subject to annual reporting.

People, Diversity & Reconciliation

GrainCorp's people strategy is to keep people safe, develop leaders and talent, improve engagement and enhance performance. We have made great progress on the people strategy in 2013 and are on track to achieve our 3 year people strategy targets in 2014.

Activities and Achievements

- A continued investment in the development of senior leaders and talent which has resulted in an uplift in overall leadership capability and a positive increase in number of successors for critical roles across the business. GrainCorp implemented a global Emerging Leaders program to develop and retain the next generation of leaders. Our talent pipeline of Emerging Leaders has significantly increased from 23 to 62 people over the last 2 years through the attraction of a higher calibre of diverse talent, a robust identification process and a focus on formal and informal development.
- Strengthened front line leadership through rolling out a behavioural Safety Leadership Programme and complementary leadership courses focused on improving communication and coaching for high performance. This has contributed to an increase of our People Leader Index score as measured through our engagement survey from 61% to 68% in 2013.
- Sustained engagement across the business at 60%. The Marketing business unit has had an uplift of 6% and the Malt business has increased by 3% in 2013.
- Continued high engagement score for the GrainCorp Leadership Group ("GLG"), our 90 most senior leaders. Results have been sustained from 86% in 2012 to 84% in 2013.
- Revitalised our employment proposition to appeal to a stronger calibre of diverse candidates.
- Increased focus and ownership of individual development planning to build skills, capability, increase engagement and drive high performance.
- Continued to rollout our learning platform, Learning@GrainCorp, across our international businesses. Learning@GrainCorp was recognised as an industry leader in 2013 winning two awards from LearnX, a not for profit foundation that acknowledges the contribution of companies to building talent through learning and development initiatives.
- Winner of the Australian Human Resources Institute ("AHRI") Wayne Cascio Award for Organisational Development and Leadership.
- Finalist for for the Australian Human Resources Institute ("AHRI") Rob Goffee Award for Talent Management.

Enhancing Diversity

Creating a diverse and inclusive workforce, supporting the communities that we operate in and minimising the impact of an ageing workforce are important aspects of our people strategy. In January 2013 we revised and refreshed our diversity strategy as well as our implementation approach. The key change was to not only focus on attracting and retaining diverse talent but to build an inclusive culture.

The diversity strategy is now focused on other minority groups with a strong emphasis on women. In addition, we consciously set about being more overt and transparent in the implementation of our initiatives so as to raise visibility and awareness across the business. We did this by forming a Diversity and Inclusion Champions for Change subcommittee chaired by the CEO and Managing Director, and includes three executives and three male senior leaders. Secondly, we significantly increased our internal and external communication using various communication channels inside and outside the organisation to increase the number and quality of messages, raise awareness and educate employees on the diversity agenda. As a result we have seen a positive shift in behaviours, more champions across the business, and a shift in working flexibility, particularly in office based roles.

We have also had several appointments of females to operational roles. 34% of our Emerging Leaders and just under half of our graduates and trainees are women.

Gender pay continues to remain a strong focus at GrainCorp throughout the employment lifecycle including recruitment, promotions and during the annual remuneration review. We are pleased to have maintained pay equity on fixed remuneration and incentive awards.

Supporting Reconciliation

We have made excellent progress on the implementation of the Reconciliation Action Plan ("RAP") and continue to focus on building relationships, demonstrating respect and creating opportunities for Aboriginal and Torres Strait Islander ("ATSI") people. We have been working with local communities to develop employment opportunities within GrainCorp. In addition, we have also established formal partnerships with local Aboriginal organisations to support and develop their businesses. This has resulted in an increase in Aboriginal employment and GrainCorp currently employing 67 ATSI. During 2012 harvest we employed 280 ATSI people. This year GrainCorp was recognised by Generation One for exceeding our ATSI employment targets.

Community

GrainCorp is very proud of its globally recognised Community Fund Program. This year, the program granted more than \$400k to grower communities both locally and abroad by supporting initiatives that promoted safety, strengthened infrastructure and brought regional communities together. We're also committed to providing in-kind support during times of natural disaster.

Risk

There are various risks associated with owning shares in GrainCorp. Some of these risks are specific to GrainCorp and its business while others are risks of a more general nature that apply to any stock market investment.

The list of risks set out below is not exhaustive and does not take into account the personal circumstances of shareholders. Shareholders should seek professional advice if they are in any doubt about the risks associated with holding shares in GrainCorp.

Risks affecting GrainCorp's business

- **Adverse weather conditions** - Adverse weather conditions can cause a reduction in grain production, which may negatively impact GrainCorp's operating results in a number of ways, including by lowering the volume of grain that GrainCorp stores, handles, transports, trades, exports and uses in its business, as well as by negatively affecting the creditworthiness of agricultural producers who transact with GrainCorp.
- **Other external factors** - GrainCorp's business and financial performance are also subject to other external factors, including farmer sowing decisions, domestic and international government farm support programs and policies, demand for biofuels, commodity price volatility, the outbreak of a plant disease or pest and the occurrence of and resistance of pests to pesticides used to protect grain in storage.
- **Regulation** - GrainCorp's business is regulated by a range of laws and regulations in countries where GrainCorp operates. GrainCorp may be subject to costs, investigations, penalties, liabilities, loss of reputation and other adverse effects as a result of failure to comply with these laws and regulations. Further, the introduction of new laws and regulations could materially adversely impact GrainCorp's business and financial performance, for example by necessitating increased levels of expenditure on compliance, monitoring, controls, access regimes and arrangements and land use restrictions.
- **Transportation** - GrainCorp's operations rely on rail and road transportation to move grain from farms into country storage sites, and from these sites to port terminals and domestic consumers. A disruption or delay in rail transportation service provision, for instance as a result of temporary or permanent rail track closures, may adversely impact GrainCorp's operations and operating results. GrainCorp also charters vessels in and to international jurisdictions to transport products to consumers. A disruption in international shipping activities, for instance ship diversion, port blockages or acts of piracy, may adversely impact GrainCorp.
- **Operational risks** - GrainCorp's business is subject to various operational risks, including claims and disputes in relation to grain or finished product inventory, machinery breakdown, supply issues, loss of long term agreements for supply or for premises, regulatory requirements, workplace disputes and impacts of environmental obligations.
- **Market demand** - During times of reduced market demand for grain, GrainCorp may suspend or reduce operations and production at some of its facilities. The extent to which GrainCorp efficiently manages available capacity at its facilities will affect its profitability.
- **Commodity prices** - GrainCorp's business may be adversely affected by changes in the price of commodities, additional raw materials, the cost of energy and other utility costs caused by market fluctuations beyond GrainCorp's control, which have in the past, and could in the future, adversely affect margins.
- **Hedging risk** - GrainCorp engages in hedging transactions to manage risks associated with fluctuations in the price of commodities, transportation costs, energy and utility prices, interest rates and foreign currency exchange rates. However, GrainCorp's hedging strategies may not be successful in minimising its exposure to these fluctuations. Further, it is possible that GrainCorp's risk management policies may not successfully prevent GrainCorp's traders from entering into unauthorised transactions that have the potential to alter or impair GrainCorp's financial position.
- **Food and feed industry risks** - GrainCorp is subject to food and stockfeed industry risks such as spoilage, contamination, fumigation or treatment applications which do not meet destination requirements, incorrect grade classification, tampering or other adulteration of products, product recalls, government regulation, destination or industry standards, shifting customer and consumer preferences and concerns and potential product liability claims. These matters could adversely affect GrainCorp's business and operating results.

- **Capital requirements** - GrainCorp requires significant amounts of capital to operate its business and fund capital expenditure. If GrainCorp is unable to generate sufficient cash flows, or raise sufficient external financing on acceptable terms to fund these activities, GrainCorp may be forced to limit its operations and growth plans, which may adversely impact efficiency, productivity, competitiveness and financial results.
- **Debt obligations** - GrainCorp's debt obligations are subject to certain operating, financial and other covenants. If GrainCorp fails to meet these covenants, GrainCorp may be forced to repay those debt obligations on demand. GrainCorp may also not be able to put in place new debt facilities on acceptable terms by the time existing debt facilities expire.
- **Global and regional economic conditions** - The level of demand for GrainCorp's services and products is affected by global and regional demographic and macroeconomic factors, including population growth rates and changes in standards of living. A significant downturn in global economic growth, or recessionary conditions in major geographic regions, may lead to a change in consumer preferences impacting demand for grain and agricultural commodities, such as malt and flour, which could materially adversely affect GrainCorp's business and financial performance.
- **Customers and suppliers** - The current weak global economic conditions and the tightening of credit markets have adversely affected, and may in the future continue to adversely affect, the financial viability of some of GrainCorp's customers, suppliers and other counterparties, which in turn may negatively impact GrainCorp's operations and financial performance.
- **Acquisitions** - While GrainCorp was satisfied with the due diligence conducted on its acquisitions, including most recently Integro and Gardner Smith, it was unable to verify the accuracy or completeness of all information provided to it by or on behalf of the vendors by reference to independent data. To the extent that any information is incomplete, inaccurate or misleading, there is a risk that the profitability and future results of the operations of the GrainCorp Group may differ (including in a materially adverse way) from GrainCorp's expectations, or that additional liabilities may emerge.

General risks

- **Economic risks** - General economic conditions, fluctuations in interest and inflation rates, commodity prices, currency exchange rates, energy costs, changes in governments, changes in fiscal, monetary and regulatory policies, the development of new technologies and other changes to general market conditions may have an adverse effect on GrainCorp, its future business activities and the value of GrainCorp shares.
- **Market conditions** - Share market conditions may affect the value of shares regardless of GrainCorp's financial or operating performance. Share market conditions can be unpredictable and are affected by many factors including changes in investor sentiment toward particular market sectors (in particular agriculture and food supply) and the domestic and international economic outlook.
- **Significant events** - Significant events may occur in Australia or internationally that could impact the market for commodities relevant to GrainCorp, GrainCorp's operations, the price of Shares and the economy generally. These events include war, terrorism, civil disturbance, political actions and natural events such as earthquakes and floods.

Additional Disclosures

Earnings per share ("EPS")

Basic EPS from continuing operations decreased 39.7% to 61.9 cents (2012: 102.6 cents).

Dividends

Since year end the Directors have approved the payment of a fully franked final dividend totalling \$45.8 million. This represents the equivalent of a final dividend of 20.0 cents per share on issue at the record date of 2 December 2013. The dividends will be paid on 16 December 2013.

Dividend	Date Paid	Fully Franked Dividend per Share	Total Dividend (\$ M)
Final dividend for the year ended 30 September 2013	16 December 2013	20 cents	45.8

The following dividends on issued ordinary shares of GrainCorp have been paid since the end of the financial year 2012:

Dividend	Date Paid	Fully Franked Dividend per Share	Total Dividend (\$ M)
Final dividend for the year ended 30 September 2012	17 December 2012	20 cents	45.6
Final special dividend for the year ended 30 September 2012	17 December 2012	15 cents	34.2
Interim dividend for the half year ended 31 March 2013	12 July 2013	20 cents	45.8
Interim special dividend for the half year ended 31 March 2013	12 July 2013	5 cents	11.4

Significant changes in state of affairs during the financial year

Creation of GrainCorp Oils

On 2 October 2012, GrainCorp Oils was created by the acquisition of the Gardner Smith Group ("Gardner Smith") and Integro Foods.

The Group acquired 100% of Gardner Smith, a leading oilseed crusher and operator of bulk liquid port terminals, for the purchase consideration of \$323.3 million. The acquisition has built on GrainCorp's existing supply chain management, expanded the downstream operations into canola and other edible oils and provided potential for expansion of capacity at existing terminal sites.

The Group acquired the assets and liabilities of Integro Foods, a commercial oilseed business for the purchase consideration of \$146.8 million. The acquisition complements the Company's current strategic focus on canola, one of its three main core grains and increased scale in the oil sector in Australia and New Zealand.

Share Capital

For the purposes of partially funding the acquisition of Gardner Smith and Integro Foods, the Company has issued the following shares:

- 2 October 2012: Offer issue of 11,899,710 shares at \$9.79 per share to the shareholders of Gardner Smith
- 5 October 2012: Retail entitlement issue of 5,873,971 shares at \$8.80 per share

Takeover bid from Archer Daniels Midland Company

On 26 April 2013 GrainCorp announced that it had entered into a takeover implementation deed ("ADM Offer") with Archer Daniels Midland Company ("ADM"). The due diligence phase of the ADM Offer was satisfied on 2 May 2013. On 24 June 2013 GrainCorp released its Target's Statement (which included the Independent Expert's Report prepared by Grant Samuel) in which the GrainCorp Directors unanimously recommended that shareholders accept the offer from ADM to acquire all of the GrainCorp shares not held by it ("Offer"), in the absence of a superior proposal.

Matters subsequent to the end of the financial year

Takeover bid from Archer Daniels Midland Company

On 4 October 2013, an interim order was signed under the *Foreign Acquisitions and Takeovers Act 1975* to extend the statutory time for the Australia Foreign Investment Review Board ("FIRB") to consider its decision on ADM's proposed acquisition of GrainCorp Limited to 17 December 2013.

On 1 November 2013, ADM extended the Offer close date from 16 November 2013 to 28 February 2014.

On 29 November 2013 the Australian Federal Treasurer made an order under the *Foreign Acquisitions and Takeovers Act 1975* prohibiting ADM's acquisition of 100% of the shares in GrainCorp. ADM subsequently withdrew their offer.

GrainCorp CEO resignation

On 2 December 2013, it was announced that Managing Director & Chief Executive Officer Ms Alison Watkins had advised the Board of her intention to resign. Mr Don Taylor has assumed a temporary role as Executive Chairman from 2 December 2013 and will be acting CEO from 13 January 2014, filling these roles until a replacement CEO commences.

Other than reported above, no other matter or circumstance has arisen since 30 September 2013 which has significantly affected or may significantly affect:

- a) the Group's operations in future financial years; or
- b) the results of those operations in future financial years; or
- c) the Group's state of affairs in future financial years.

Insurance of officers

During the financial year, the Group has paid, or agreed to pay, premiums to insure persons who are, or have been, an officer of the Company or a related entity, or any past, present or future Director or officer of the Company, or any of its subsidiaries or related entities. The contracts prohibit disclosure of the amount of the premium paid. The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group.

Proceedings on behalf of the Company

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

Non-audit services

The Company may decide to employ the external auditor on assignments additional to its statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important. Details of the amounts paid to the external auditor PwC for audit and non-audit services provided during the year are set out in note 27.

In accordance with the advice received from the Board Audit Committee ("BAC"), the Board is satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the BAC to ensure they do not impact the integrity and objectivity of the auditor.
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics of Professional Accountants.

A copy of the external auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 61 and forms part of this report.

Directors' Report - Remuneration Report

The Remuneration Report provides a summary of GrainCorp's remuneration policy and practice for the financial year 2013 as they relate to GrainCorp Key Management Personnel. The report covers:

1. Introduction to remuneration
2. Remuneration governance
3. Key Management Personnel
4. Executive remuneration strategy
5. Executive remuneration structure
6. Short Term Incentives and link to performance
7. Long Term Incentive Plan and link to performance
8. Remuneration summary table
9. Legacy equity plans
10. Details of equity grants made during the year
11. Detail regarding performance rights
12. Detail regarding deferred cash based awards
13. Executive contracts
14. Non-executive Director remuneration
15. Additional statutory disclosures

1. Introduction to remuneration

GrainCorp operates in agricultural and food processing industries characterised by variable annual earnings due to the influence of factors such as weather, grain production volumes, commodity prices, global economic conditions and exchange rates. Achieving GrainCorp's business strategy requires a remuneration strategy that balances short term operational earnings and returns with longer term value through underlying earnings growth.

In 2010 we revised our remuneration framework to increase the alignment of Executive reward to long term shareholder value and put in place the following structure:

- Fixed remuneration, comprising a base salary and superannuation.
- Short term incentive, based on annual achievements against a balanced scorecard of targets. A substantial proportion of this is deferred into share rights or deferred cash awards, under the Deferred Equity Plan ("DEP"), payable in one and two years following the performance year.
- Long Term Incentive ("LTI"), with Total Shareholder Return ("TSR") and Return on Equity ("ROE") performance hurdles.

The framework was designed to:

- Reward Executives for achieving superior results across a mix of short and long term outcomes they control or influence.
- Require Executives to share in the production and other risks in our business which are difficult or impossible to control, but which need to be mitigated.
- Assist in retaining Executives via a substantial deferred component of remuneration.
- Align Executives' financial success to that of shareholders via equity and performance hurdle based LTI's.

The changes to the framework were outlined in the Remuneration Report for 2010 which was endorsed by shareholders at the AGM in February 2011. The Remuneration Reports for 2011 and 2012 also received positive shareholder feedback.

The Board endeavours to provide better information for shareholders each year to assist their understanding. This year's Remuneration Report provides further detail on the performance of the Deferred Equity Plan and Long Term Incentive Plan introduced in 2010, which fully vested in financial year 2013 for Executives. The Board considers the vesting appropriate given the strong medium to long term performance of GrainCorp and subsequent shareholder returns. More detail is discussed in Section 8 Remuneration summary table.

Financial Year 2013 remuneration overview

Below highlights the remuneration outcomes for Non-executive Directors and Executives for the financial year ended 30 September 2013.

Fixed remuneration

As part of GrainCorp's remuneration strategy and governance, the Human Resources Committee ("HRC") undertakes comprehensive market benchmarking on Non-executive Director and Executive remuneration against ASX companies of a similar market capitalisation and geographic spread. In 2012, the HRC commissioned Ernst & Young to complete this benchmarking work and to provide information but not recommendations. The outcomes indicated we had fallen behind market-competitive levels for our senior roles, in part because the Company's size and market capitalisation had increased significantly since market benchmarking was last undertaken in 2010 (also by Ernst & Young), from approximately \$1.2 billion to in excess of \$1.8 billion when 2012 benchmarking was undertaken.

The Board subsequently approved fixed remuneration increases for a number of roles for financial year 2013, which the Board elected to outline in the 2012 Remuneration Report for transparency. More detail is disclosed in this report in Section 5 Executive remuneration structure and Section 14 Non-executive Director remuneration.

Short term incentives

2013 has been another strong year of performance by the Company. The creation of GrainCorp Oils by way of the acquisition of the Gardner Smith and Integro Foods businesses has strengthened the benefits of being a more diversified business with earnings streams from Malt, Oils and Marketing supplementing our more cyclical Storage & Logistics business.

The Company's strong performance has delivered on average, "at target or above" short term incentive payments for Executives which are disclosed in the following report, along with information on short term incentive target setting and how the outcomes link to shareholder value.

Deferred Equity Plan ("DEP") and Long Term Incentive ("LTI") plan

In 2013, full vesting of the equity plans put in place in 2010 occurred, with vesting of the DEP (one and two year plan) and the first time vesting of the LTI plan (three year plan). GrainCorp's outperformance in respect to TSR and ROE over the past three years resulted in the Board approving 100% vesting of the 2011 LTI plan, given strong shareholder returns over the same period. More details on actual remuneration for 2013 are disclosed in Section 8 of the Remuneration Report.

Overall, the Board is pleased that the remuneration framework is delivering a mix of fixed remuneration and variable 'at-risk' pay to reward Executive performance, linked closely to strong outcomes in both short and long term earnings, share price growth and return on equity for shareholders.

Changes to Executives in 2013

The contract of employment for Mr Steve Haydon, President & CEO GrainCorp Malt, came to an end effective 30 September 2013. The contract of employment for Ms Heather Miles, General Manager Corporate Services, came to an end effective 30 September 2013. The Board appreciates the significant contributions Steve and Heather both made to GrainCorp during their time as Executives and they depart the Company on good terms. Mr Greg Friberg was appointed in the position of Acting President & CEO GrainCorp Malt effective 1 July 2013. These changes are included in this report.

On 25 February 2013, Mr Neil Johns (former Chief Development Officer) accepted the role of General Manager Ports in the Storage & Logistics business, reporting to Mr Nigel Hart, Group General Manager Storage & Logistics. The General Manager Ports is not considered as a Key Management Personnel for disclosure in this report, hence reporting for Mr Johns in this Report concludes as at 25 February 2013.

Looking forward: Financial Year 2014 remuneration overview

Over the past 12 months, given the extended ADM takeover bid process and the challenges of issuing new equity grants, the Board adjusted its approach to Executive remuneration that it considered in the best interests of shareholders whilst continuing to motivate and reward Executive performance. Deferred cash based awards replaced performance rights ("Rights") for new offers of the DEP and LTI plan, with the deferred cash based awards maintaining the same timing, vesting and performance conditions as the existing plans.

The Board also reviewed the existing Executive LTI plan and the challenge of measuring existing performance hurdles (TSR and ROE) whilst the Company was under the off-market takeover bid by ADM. Given the possibility of a change of control, the Board considered it appropriate at the time to suspend the operation of the LTI plan and convert the LTI value into the short term incentive plan for financial year 2014. Ernst & Young was engaged to undertake an independent valuation of intended 2014 LTI grants, in converting them into short term incentive opportunity. The Board considered this valuation in making its own recommendation. The Board's intention was to:

- Retain the "at risk" nature of the LTI plan;
- Use a conversion based on a fair "replacement" value between LTI and short term incentive; and
- Structure the offer to allow ADM, or GrainCorp, to convert the short term incentive opportunity back to LTI if desired.

The Board resolved to use a 50% value in converting the LTI grant opportunity into the short term incentive plan for financial year 2014. In lieu of any LTI grant, for every one dollar of the LTI opportunity, 50 cents was converted and added to the existing short term incentive plan opportunity for Executives. For the Managing Director & CEO, the intended LTI deferred cash grant of \$1,200,000 was converted into an additional \$600,000 additional short term incentive opportunity for financial year 2014, and no LTI offered. This is outlined in Section 13 Executive contracts.

Following the rejection of the ADM bid for all the shares in GrainCorp by the Federal Treasurer on 29 November 2013, the Board is now considering reverting to substantially a similar arrangement for the Executive DEP and LTI Plans, as was in place in financial year 2012 prior to the initial ADM approach. This includes reviewing whether to convert the short term incentive opportunity back to LTI for financial year 2014. Any changes to these plans for 2014 will be reported in the 2014 Remuneration Report.

The Board remains committed to aligning Executives' interests with those of shareholders and to disclosure that helps shareholders understand adjustments to the Company's remuneration framework.

Changes to Executives in 2014

Subsequent to the year ending 30 September 2013, the following changes to the Executive team have been made:

Mr Greg Friberg has been appointed to the permanent position of President & CEO GrainCorp Malt effective 5 December 2013. Mr Friberg had been acting in the role since 1 July 2013.

The contract of employment for Mr Nigel Hart, Group General Manager Storage & Logistics, came to an end effective 6 December 2013. Mr Neil Johns (former General Manager Ports and Chief Development Officer) has been appointed as Group General Manager Storage & Logistics effective 4 November 2013. Mr Johns will rejoin the Executive team and be considered as a Key Management Personnel for the 2014 Remuneration Report.

On 2 December 2013, the Managing Director & CEO, Ms Alison Watkins, announced her resignation from GrainCorp. The present Board Chairman, Mr Don Taylor, assumed the temporary role as Executive Chairman effective from 2 December 2013. Mr Taylor will continue in his capacity as Chairman of the Board and will also act as the Executive Chairman with acting CEO responsibilities from 13 January 2014 until such time a replacement CEO commences, at which point Mr Don Taylor will handover to the new CEO and retain his position of Board Chairman.

Ms Watkins will depart GrainCorp at the end of January 2014. In accordance with her contract of employment, the Board has determined Ms Watkins' termination arrangements as follows:

- A total termination benefit of \$938,667; consisting of contractual pro-rata short term incentive and rights or entitlements under the Deferred Equity Plan.
- A total forfeiture of \$3,377,333; consisting of the portion of rights or entitlements for time not served under the Deferred Equity Plan.
- All outstanding leave entitlements to be paid.
- No fixed remuneration will be paid in lieu of notice.
- No severance pay will be paid.

The Board considers this arrangement as appropriate in such circumstances. The Remuneration Report for financial year 2014 will set out these matters in more detail.

Mr Taylor in his capacity as Executive Chairman and acting CEO will receive the following remuneration arrangement effective 2 December 2013:

- Retain the existing Chairman fee of \$330,000, paid from the aggregate Non-executive Director fee pool.
- An additional \$660,000 annual fixed remuneration for the duration in the role as Executive Chairman to reflect the additional responsibilities as acting CEO. This payment does not form part of the aggregate Non-executive Director fee pool.
- Reimbursement of necessary and related expenses such as accommodation and travel.

Mr Taylor will not participate in any performance-based bonuses, share plans or Executive incentive plan arrangements, given his continued role as a Non-executive Director. To ensure alignment to the Company and its shareholders, the Board has put in place a set of objectives for the Executive Chairman's capacity as acting CEO across areas such as financial, safety, customer, people, strategy and external relations for financial year 2014.

At the completion of the Executive Chairman and acting CEO appointment, the Board's intention is for Mr Taylor to retain his position as Chairman on fees no lower than the current \$330,000 per annum, as determined by the Board at such a time.

2. Remuneration governance

Role of the Human Resources Committee (“HRC”)

The HRC, chaired by Donald McGauchie, is responsible for reviewing the remuneration, human resources policies, processes, incentive schemes and performance of the Managing Director & CEO, the Non-executive Directors, and Executives.

The HRC provides recommendations to the Board on the direction and strategies regarding Director and Executive remuneration and benefits, reward and recognition and succession planning.

The HRC consists of three independent Non-executive Directors. The Directors that serve on this committee, and their attendance history, are disclosed on page 9. The Managing Director & CEO is invited to HRC meetings as required, to discuss senior Executives' performance and remuneration packages but does not attend HRC discussions pertaining to her own remuneration or performance.

In making its decisions, the HRC considers submissions and input from the Managing Director & CEO, other members of management and external advisors, as well as feedback received from investors and shareholders. Further information on the HRC's role, responsibilities and membership is contained in the HRC Charter (found at www.graincorp.com.au) and in the Corporate Governance Report included within this Annual Report.

External advice

Where appropriate, the HRC seeks and considers input from external remuneration advisors. The HRC has regard to the experience, expertise and scope for potential conflicts of interest when appointing the advisor.

Ernst & Young is currently appointed as the remuneration advisor to the Company on matters pertaining to Director and Executive remuneration. The appointment terms identify that when undertaking work that involves giving remuneration advice to GrainCorp on Key Management Personnel, Ernst & Young report to the Board via the HRC Chairman.

Throughout the year Ernst & Young provided remuneration benchmarking data for Non-executive Directors, the Managing Director & CEO and Executives. This was in addition to implementation and tax advice in relation to incentive plans, assistance with the preparation of this remuneration report and other general remuneration advice and market practice. No remuneration recommendations were provided by Ernst & Young during the year.

3. Key Management Personnel

GrainCorp has determined Key Management Personnel (“KMP”) to be the Non-executive Directors, Managing Director & CEO and selected members of the Executive Team.

For the purposes of this report a distinction is made between Non-executive Directors and Executives including the Managing Director & CEO. The following individuals are disclosed in this report.

Name	Position
Non-executive Directors	
D C Taylor	Chairman
B J Gibson	Non-executive Director
P J Housden	Non-executive Director
D J Mangelsdorf	Non-executive Director
D G McGauchie	Non-executive Director
D B Trebeck	Non-executive Director
S L Tregoning	Non-executive Director
Executive Director	
A M Watkins	Managing Director & CEO
Current Executives	
G A Friberg	Acting President & CEO GrainCorp Malt (appointed to KMP role 1 July 2013)
N P Hart	Group General Manager GrainCorp Storage & Logistics
S J Tainsh	Group General Manager GrainCorp Oils
K Pamminer	Group General Manager GrainCorp Marketing
A G Bell	Group Chief Financial Officer
Former Executives	
S A Haydon	President & CEO, GrainCorp Malt (ceased KMP role 30 June 2013)
H L Miles	General Manager Corporate Services (ceased KMP role 30 September 2013)
A N Johns	Chief Development Officer (ceased KMP role 25 February 2013 to accept position of General Manager Ports)

The report incorporates the disclosure requirements of accounting standard AASB 124 Related Party Disclosures, as well as those prescribed by the *Corporations Act 2001*. Details of equity holdings, loans and other transactions with respect to Key Management Personnel are disclosed in note 30 of the financial statements.

The information provided in this Remuneration Report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

4. Executive remuneration strategy

Background

The agricultural and food processing industries in which GrainCorp operates are characterised by variable annual earnings due to the influence of factors such as weather conditions, grain production volumes, commodity prices and exchange rates. In addition, the sector in Australia has undergone considerable change over the past four years, involving regulation and the entry of international grain traders, and a number of ASX listed and private agribusinesses having been acquired by foreign ownership.

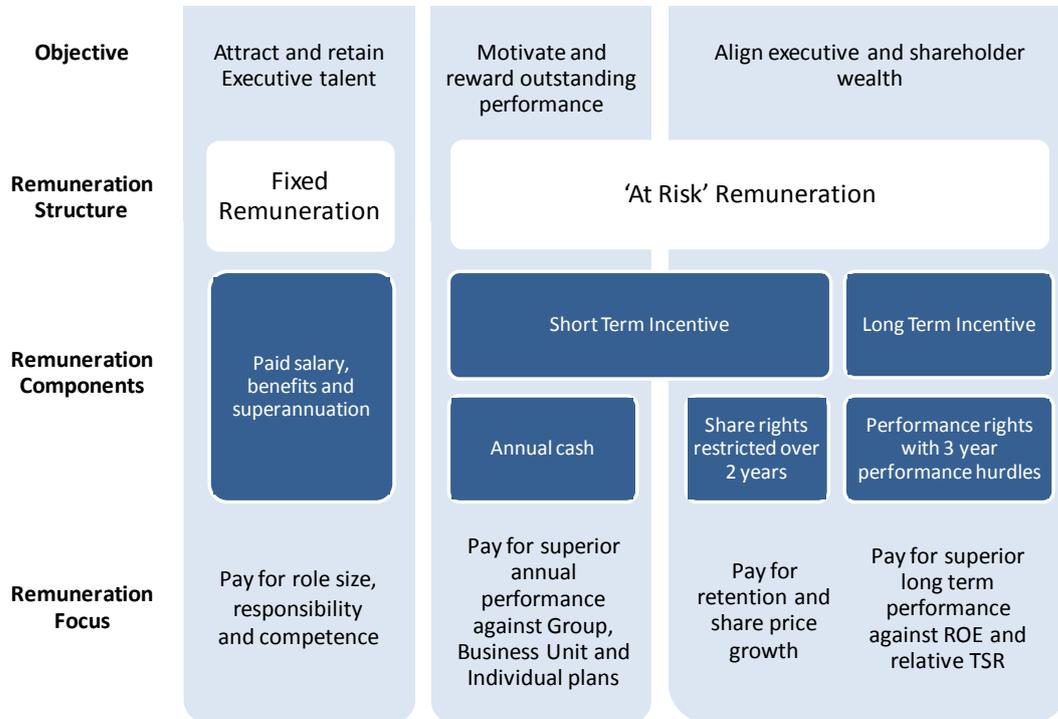
GrainCorp is managing the effect of production variability through broadening its involvement along the grain chain. The addition of Allied Mills in 2002, GrainCorp Malt in 2009, the growth of GrainCorp Marketing and the creation of GrainCorp Oils via the acquisitions of Gardner Smith and Integro Foods in October 2012, gives the Group a significant international presence in other major grain markets, access to multiple earnings streams and many future growth options.

GrainCorp's strategic objectives are to increase returns by reinvesting in and reshaping its assets for productivity and growth, managing variability by diversifying its earnings base, and increasing earnings and capturing synergies through profitable “bolt-on” acquisitions.

Remuneration strategy

The objective of the Executive remuneration strategy is to attract and retain Executive talent, motivate and reward outstanding performance and align Executive and shareholder interests. Achieving GrainCorp's business strategy requires a remuneration strategy that balances short term operational earnings and returns with longer term value through underlying earnings growth.

GrainCorp's remuneration framework shown below provides a mix of fixed remuneration and variable 'at-risk' pay to reward performance against short and medium term goals as well as focus on improving longer term share price and return on equity for shareholders.



Remuneration is benchmarked against ASX companies of a similar market capitalisation and geographic spread, with consideration applied to specific roles in peer companies.

GrainCorp's remuneration policy for Executive fixed remuneration is to position at the median of the market, with total remuneration through appropriately challenging short and long incentives, providing the opportunity for high performing individuals to earn up to the market 75th percentile. Actual remuneration varies by individual based on competence, experience, performance, value to GrainCorp, as well as internal relativities. Our remuneration policy for Director fees is to position between the median and the 75th percentile, consistent with our Executive remuneration policy.

5. Executive remuneration structure

Remuneration components

Disclosed Executives are rewarded using the following remuneration components:

Remuneration component	Purpose
Fixed remuneration	Fixed remuneration rewards the effective completion of day-to-day accountabilities and is made up of base salary (including salary sacrifice benefits and applicable fringe benefits) and superannuation.
Short term incentive	The short term incentive is an annual 'at risk' component of remuneration and rewards performance against the achievement of Board-approved key performance indicators ("KPIs"). The short term incentive is awarded in two components: <ul style="list-style-type: none"> • <i>Cash</i> – A percentage of no more than 60% of short term incentive to be paid annually in cash. • <i>Deferred Equity Plan</i> – A deferred component whereby at least 40% of short term incentive is deferred into share rights and then restricted for one year (50%) and two years (50%).
Long term incentive	A performance share rights plan where awards vest after three years subject to GrainCorp meeting ROE and relative TSR performance targets at completion of the three year period. There is no retesting if targets are not met.

Changes to Executive remuneration in 2013

In 2012, the HRC made some changes to Executive remuneration following a comprehensive market benchmarking review conducted by Ernst & Young, which indicated the Company's remuneration levels had fallen behind comparable market-competitive levels and the Company's stated remuneration policy. These gaps came about in part because the Company's size and market capitalisation has increased significantly since market benchmarking was last undertaken in 2010 (also by Ernst & Young), from approximately \$1.2 billion to in excess of \$1.8 billion when 2012 benchmarking was undertaken. The market capitalisation reference was prior to any takeover speculation and subsequent related share price increase.

Remuneration benchmarking data was presented by Ernst & Young to the HRC with no recommendations. The primary source of data chosen by the HRC was the 20 ASX200 companies below and 20 ASX200 companies above GrainCorp's market capitalisation, with the President & CEO of GrainCorp Malt benchmarked against a similar UK market capitalisation group.

The benchmarking showed that:

- The Managing Director & CEO's fixed remuneration was below market median. Short term incentive levels and the percentage deferred into equity were below market median. The maximum total cash opportunity (fixed remuneration plus maximum short term incentive) was below the market 75th percentile. The LTI levels were below the market median based on "face value". The remuneration structure and pay mix were generally in line with the market although a higher proportion of LTI's exist in the market.
- Executives' fixed remuneration was below market median. Short term incentive levels were below market median, with maximum levels and percentage deferred into equity at market median. LTI levels were below market median based on "face value". The remuneration structure and pay mix were generally in line with the market although a higher proportion of LTI's exist in the market.

The decisions taken by the HRC and approved by the Board for financial year 2013 (and communicated in the 2012 Remuneration Report) were:

- Fixed remuneration for the Managing Director & CEO increased from \$988,000 to \$1.2 million effective December 2012, to bring it in line with the market median. Overall fixed remuneration for Executives increased by 16% effective December 2012, bringing the majority of Executives to within 5% of the market median.
- The short term incentive maximum percentage payable to the Managing Director & CEO increased from 150% to 200% of fixed remuneration in order to position the maximum remuneration opportunity at the 75th percentile range of the market. For Executives, short term incentive "target" levels as a percentage of fixed remuneration were increased from 63.75% to 70% for Executives who manage an operating business unit ("Business Unit") and from 51% to 60% for functional Executives; in order to align target levels closer to market median.
- Although LTI levels were still below market median levels, the Board's preference was to retain the current proportion of LTI and to test the plan over its intended length of three years.

2013 Executive pay mix

Executives have different proportions of fixed and variable remuneration. The Managing Director & CEO's remuneration mix has remained unchanged and is made up of one-third fixed remuneration, one-third short term incentive and one-third LTI. For disclosed Executives running a Business Unit the target short term incentive is 33% of their Target Total Remuneration ("TTR") and for functional Executives 30%. All Executives have 20% of their TTR as LTI, with the exception of Greg Friberg who was not eligible for a 2013 LTI grant.

Name	Fixed remuneration	Short term incentive ⁸	Long term incentive ⁹
Executive Director			
A M Watkins	33%	33%	33%
Current Executives			
G A Friberg ¹⁰	67%		33%
N P Hart	47%	33%	20%
S J Tainsh	47%	33%	20%
K Pamminger	47%	33%	20%
A G Bell	50%	30%	20%

6. Short Term Incentives and link to performance

The short term incentive has a cash-based component and a deferred component. The actual incentive earned reflects achievement of KPIs for GrainCorp, the Business Unit (where applicable) and the individual. KPI targets and weightings are determined each year for each Executive, considering the role, the annual business plan and strategic plans. The KPI weightings are based on a balanced scorecard and vary depending on the Executive's role. Financial weightings vary from 30% to 55% of the target short term incentive, with 10% to 15% allocated to safety outcomes and the balance spread across areas such as customer, people, strategic, regulation and external objectives.

The Board approves the KPIs for the Managing Director & CEO at the beginning of the performance year, the achievement against each KPI at the end of the performance year and the associated short term incentive payments. The Managing Director & CEO assesses and recommends Executive KPIs and associated short term incentive payments to the HRC. These recommendations are then reviewed and approved by the HRC to ensure consistency and alignment to the Group's performance as a whole.

Detail regarding short term incentive outcomes

Each Executive has different target short term incentives as a percentage of their fixed remuneration depending on their role and overall performance. For achievement of target performance, the short term incentive for the Managing Director & CEO is equivalent to 100% of fixed remuneration, Executives who manage a Business Unit 70% of fixed remuneration, functional Executives 60% of fixed remuneration and the Acting President & CEO GrainCorp Malt 50% of fixed remuneration.

Executives can earn additional short term incentive for 'above target' performance. The maximum opportunity available for the Managing Director & CEO is 200% of fixed remuneration, Executives who manage a Business Unit 140% of fixed remuneration, Group General Manager GrainCorp Marketing 167% of fixed remuneration, functional Executives 120% of fixed remuneration and the Acting President & CEO GrainCorp Malt 100% of fixed remuneration. Achievement of the maximum amount would be unusual given the Board's approach to setting a range of stretch objectives.

⁸ Includes cash and deferred components.

⁹ Face value of awards at grant date.

¹⁰ Not eligible for a long term incentive grant during the financial year given acting position as an Executive.

Short term incentive targets and outcomes

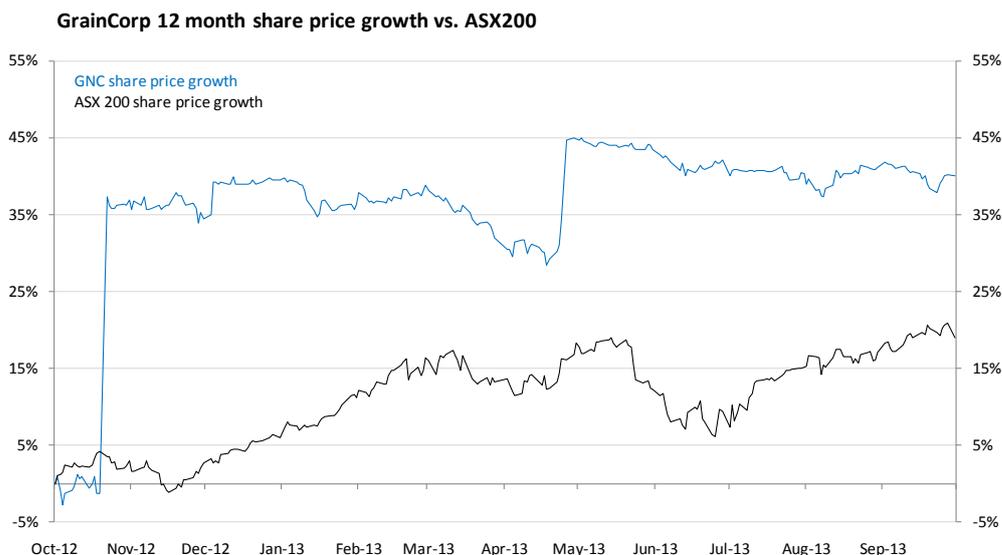
The table below shows representative priorities across the Group and the performance against these for financial year 2013. Due to the commercially sensitive nature of the information, this report does not disclose individual KPIs and targets.

Area of focus	Typical achievements required	Group performance
Financial	<ul style="list-style-type: none"> Achieve net profit after tax ("NPAT") budget. 	<ul style="list-style-type: none"> Above Target
Safety, Health and Environment	<ul style="list-style-type: none"> Improve Lost Time Injury Frequency Rate ("LTIFR") on previous year and zero fatalities. Deliver personal initiatives and leadership on safety and environment. 	<ul style="list-style-type: none"> Below Target At Target
Customer	<ul style="list-style-type: none"> Continue to build grower and end consumer relationships. Create value through more integration and planning across the supply chain. Improve supply chain performance for exporter customers. 	<ul style="list-style-type: none"> At Target At Target At Target
People & Organisational Capability	<ul style="list-style-type: none"> Improve employee engagement. Develop talent and more successors for critical roles. 	<ul style="list-style-type: none"> Below Target At Target
Strategic	<ul style="list-style-type: none"> Improve competitive position to build a strong future for GrainCorp. Delivery of strategic initiatives. Successfully integrate GrainCorp Oils. 	<ul style="list-style-type: none"> Above Target At Target Above Target
Regulation & External	<ul style="list-style-type: none"> Build investor and regulatory relationships. Manage internal operations to a high industry standard. 	<ul style="list-style-type: none"> Above Target At Target

Further detail on the achievements during the year is outlined below:

Financial:

- GrainCorp exceeded its NPAT target with strong results by GrainCorp Marketing and GrainCorp Oils and continued focus from the Executive team on creating value through collaboration between the businesses.
- The creation of GrainCorp Oils by way of the acquisition of the Gardner Smith and Integro Foods businesses has strengthened the benefits of being a more diversified business with earnings streams from GrainCorp Malt, GrainCorp Oils and GrainCorp Marketing augmenting our more cyclical GrainCorp Storage & Logistics business.
- GrainCorp Storage & Logistics benefited from a good crop and higher than average carry-in, firm receivables and a significant grain and non-grain export program. Second half performance was more challenging due to a large and relatively compressed export program, affecting the duration of storage at our country sites. Overall financial results were below target.
- GrainCorp Malt delivered a close to target EBITDA outcome as a result of continued strong barley procurement, capture of North American craft brewer segment growth, strong Country Malt Group volumes and high capacity utilisation. Profits also benefited from Malt's refreshed strategy; improving operational capability and cost efficiency initiatives across its businesses.
- GrainCorp Oils delivered better than target results in its first year, driven by solid results in its crushing and refining business and high capacity utilisation in its bulk liquid terminals business. Acquisition synergies were successfully delivered to plan across shared services, terminals and payroll and SAP systems.
- GrainCorp Marketing delivered above target financial results despite lower eastern Australian grain production volumes. This was driven by strong international grain demand, record sales of grain in containers and collaboration with the Storage & Logistics business to deliver a more efficient supply chain, resulting in reductions in demurrage and related delay costs and charges.
- Allied Mills delivered better than target earnings from value add product initiatives, expansion of its Tennyson Mill in Queensland, the acquisition of the Tullamarine bread facility in Melbourne and the acquisition of Grain Products Australia in Tamworth, NSW.
- GrainCorp returned a ROE result of 10.1%, with a 3 year average of 12.5%, as we continued to focus on improving the performance of our assets. In the 12 months to 30 September 2013, GrainCorp closed at \$12.35, or 40% higher, while the ASX200 finished the year 19% higher. GrainCorp has delivered a TSR over the past 3 years of 112%.



- GrainCorp paid a final year fully franked dividend of 20 cents per share, in addition to a fully franked interim dividend of 20 cents per share plus a 5 cents per share interim special dividend.
- As required by the *Corporations Act 2001*, the table below summarises GrainCorp's five-year earnings, share price and dividends of the Group.

	2013	2012	2011	2010	2009
Share price at 30 September (\$)	12.35	8.96	7.20	7.24	9.04
Total dividends paid per share (cents)	45.0	65.0	55.0	30.0	7.3
Basic earnings per share (cents)	61.9	102.6	86.2	39.6	34.1
Profit attributable to owners of GrainCorp Limited (\$ M)	140.9	204.9	171.6	80.2	63.2

Safety:

- GrainCorp reduced its LTIFR by 10.2% during the financial year, which was below the stretch target set by the Board of 32%. The Board and Management are committed to improving the Company's safety performance to achieve "Zero Harm - Safe for Life" and will continue to focus on reducing fatal level risks through physical, system and process improvements, and reducing the LTIFR in the year ahead.
- There has been good progress on lead indicators and improvement initiatives across the business in safety. These include increased safety inspections and toolbox talks, continued rollout of e-learning and behavioural programs (over 1,400 employees trained), continued investment in safety capital programs, detailed external auditing, increased calibre of senior safety professionals and implementation of an incident reporting system.
- During 2013, a global environmental strategy was agreed with improved shareholder and regulatory reporting on sustainability and a successful water recycling plant installed at GrainCorp Malt's operating sites in Witham (UK) and Calgary (Canada).

Customers:

- GrainCorp Storage & Logistics' receivals volumes were reflective of normalised eastern Australian crop production (10.4 million tonnes) and exports were strong through the ports network (8.3 million tonnes) with minimal disruption. To maximise efforts on attracting grain into our network and building stronger relationships with customers, strategic initiatives which translated into team and individual performance metrics were developed. These included customer action planning, receival efficiencies and speed for growers through deployment of new generation stackers, rail wagon load optimisation, more effective road time-slotting and improved planning with GrainCorp Marketing to reduce the costs associated with delayed vessel loading.
- GrainCorp Malt's global customers continue to respond well to our delivery of an integrated offering and supply chain, with positive results on the global brewer value proposition and the successful construction of facilities at the Port of Vancouver (Portland, USA). The launch of Brewers Select to service the craft market in the UK and continued success in the Northern American craft market are delivering quality products in this fast growing sector.
- GrainCorp Marketing volumes were high during the year with 6.1 million tonnes sold, against a background of well managed risk to generate and capture opportunities, particularly in the trade of barley. The Marketing team maintained market share with key customers, improved sales with international customers and delivered substantial reductions in delay costs through better planning with GrainCorp Storage & Logistics. The financial year also saw increased presence in

the Western Australian and South Australian markets and the successful deployment of a global trading and risk management platform in late 2013.

- GrainCorp Oils displayed strong customer focus amid increased competition and margin pressures. The Oils team has integrated well into the Group and has focused its customer service and offerings on its crushing (oil and meal) and refined products (oil and food products). The liquid terminals business continues to diversify its offering and is partnering with other areas of the business to capture synergies and deliver innovative customer offerings.

People and organisational capability:

- During the past 12 months, employee engagement as measured by Hewitt's engagement survey was maintained at 60%, but below our 2.5% improvement target. The GrainCorp Leadership Group (comprised of our 90 most senior leaders) engagement was at 84%.
- GrainCorp continued to invest and develop senior leaders and talent which has resulted in improved leadership capability, a positive increase in the number of successors for critical roles and improvements in the quality of individual and team goal setting. GrainCorp implemented an enhanced global 'Emerging Leaders' program to develop and retain the next generation of leaders and increased the pipeline of emerging leaders from 23 to 62 in the last two years, through a robust identification process, associated development programs and improved calibre and diversity of hires.
- Our continued focus on diversity and inclusion has resulted in a positive shift in the number of women in operational roles and improved workplace flexibility, particularly in office based roles. In addition, we have made excellent progress on our Reconciliation Action Plan ("RAP") which was recognised by Generation One.

Strategic:

- Our \$110 million EBITDA strategic growth initiatives are on track to deliver across our gamechangers, asset optimisation and port flexibility strategies.
- Our gamechanger highlights include improved country site efficiency through investment in 24 new mobile grain handling stackers, improved market access for growers and buyers through our smartphone application, improved rail load optimisation and planning, deployment of a global trading and risk management platform, completion of Port of Vancouver facilities and growth in servicing the craft brewing sector.
- Our asset optimisation and port flexibility highlights include the capture of GrainCorp Oils synergies in head office and IT systems, a development approval submitted for a Pinkenba fuel terminal, rollout of process improvement plans in grain port terminals, a new port protocol for bulk export grain and 3 year long term agreements in place for grain exporters for financial year 2014.

Regulation & external:

- The Board endorsed ADM's Offer of \$13.20 a share, including completing due diligence and achieving desired business continuity arrangements in the terms of the ADM offer. The ADM offer was rejected by the Federal Treasurer, as announced on 29 November 2013.
- We achieved a positive outcome with the ACCC in introducing Long Term Agreements under the Port Protocols.
- Gardner Smith and Integro Foods separate transactions closed concurrently, on time with all post close legal issues managed well.

Linking Executive team performance and short term incentive outcomes

The short term incentive payments for 2013 reflect achievements by the Company and of individual Executives against the balanced scorecard of targets. The table below shows the percentage of short term incentive payments awarded and forfeited for disclosed Executives for the past two years. For the purpose of this analysis, maximum is expressed at 100% and 50% represents target.

The Company's strong performance in 2013 has delivered "at target or above" short term incentive payments for the majority of Executives. The average short term incentive awarded in 2013 (as a percentage of maximum) is 55%.

The average short term incentive awarded in 2012 (as a percentage of maximum) was 82%, reflecting last year's outstanding year of performance by the Company which delivered short term incentive payments closer to maximum for most Executives.

Name	Year	Short term incentive	
		Paid / Award %	Forfeited %
Executive Director			
A M Watkins	2013	61%	39%
	2012	93%	7%
Executives			
G A Friberg	2013	47%	53%
	2012	-	-
N P Hart	2013	21%	79%
	2012	78%	22%
S J Tainsh	2013	67%	33%
	2012	89%	11%
K Pamminger	2013	76%	24%
	2012	72%	28%
A G Bell	2013	55%	45%
	2012	86%	14%
Former Executives			
S A Haydon	2013	50%	50%
	2012	69%	31%
H L Miles	2013	54%	46%
	2012	80%	20%
A N Johns	2013	66%	34%
	2012	88%	12%

Short term incentive deferred equity component:

Short term incentives awarded to Executives are paid in cash and deferred equity. A significant portion (50% for the Managing Director & CEO and at least 40% for other Executives) is deferred and paid subject to the Executive remaining with the company for subsequent periods during which such deferral is due to vest.

Element	Description
Award	<ul style="list-style-type: none"> A right that converts to a share at the end of the vesting period. Each right is a right to receive one share. Employees take on the price risk of the share from grant.
Quantum	<ul style="list-style-type: none"> Grant quantum is a deferred proportion of the prior financial year's total short term incentive. The dollar value is converted into the number of rights by dividing it by the Volume Weighted Average Price ("VWAP") of GrainCorp's shares over the 20 trading days after annual results are released.
Vesting period	<ul style="list-style-type: none"> The vesting period is 50% at the end of one year and 50% at the end of two years. Prior to vesting, GrainCorp purchases shares on market or issues new shares in order to satisfy awards.
Performance measures and clawbacks	<ul style="list-style-type: none"> The grant is determined by performance against short term incentive KPIs (set annually). Once rights have been granted, the vesting period must be served before the shares vest. The Board may alter the allocation of or entitlement to unvested rights at any time prior to vesting where in the Board's opinion an event or circumstance has arisen or may arise, which should be taken in to consideration and could impact the assessment of performance, such as short term incentives being incorrectly calculated. The Board may also alter unvested rights at any time prior to vesting if it becomes apparent that any activity was conducted beyond the Company's approved or delegated limits or approvals, outside of policy or delegation, or where fraudulent or inappropriate activity has occurred.
Treatment of dividends	<ul style="list-style-type: none"> Dividends are not paid on the rights held as shares by the trustee on behalf of participants in the plan during the period prior to vesting.
Cessation of employment	<ul style="list-style-type: none"> On an employee leaving GrainCorp, share rights under the plan vest as follows: <ul style="list-style-type: none"> Redundancy, disability, death or retirement: awards vest in full at normal vesting date, subject to Board discretion. Resignation/termination with cause: awards forfeited, subject to Board discretion.

Element	Description
Change of control	<ul style="list-style-type: none"> In the event of a change of control, any unvested rights will vest unless the Board determines that the circumstances surrounding the change of control warrant a different treatment (including, without limitation, whether equivalent awards are offered by the acquiring entity). Rights which do not vest on a change of control will lapse.

7. Long Term Incentive Plan and link to performance

The LTI plan is designed to provide longer term focus and alignment to business strategy and shareholder returns through performance hurdles of ROE and relative TSR.

TSR focuses Executives on delivering returns to shareholders relative to peer companies, while ROE focuses Executives on generating earnings that efficiently use shareholder capital. ROE has been chosen as an appropriate measure on the basis that GrainCorp is asset intensive and improving the performance of its assets is an important strategic objective. The Board believes focusing Executives on equity capital management ensures a close alignment to shareholder interests.

The LTI plans that have been granted to Executives are summarised below:

- The 2011 LTI plan has vested in 2013 at 100%, due to both ROE and relative TSR achieving above the maximum performance hurdles set by the Board.
- The 2012 LTI plan will vest in 2014, subject to performance conditions being met.
- The 2013 LTI plan was awarded as deferred cash grants, due to takeover speculation and share price volatility at the time of grant in December 2012. The deferred cash based awards maintain the same timing, vesting and performance conditions as existing LTI plans.
- For financial year 2014, the Board reviewed the existing LTI plan given the current challenge of measuring existing performance hurdles (TSR and ROE) whilst the Company was under the off-market takeover bid by ADM. The Board considered it appropriate to suspend the operation of the LTI plan during this period, as outlined in the Introduction to Remuneration on page 21. Following the rejection of the ADM bid for all the shares in GrainCorp by the Federal Treasurer on 29 November 2013, the Board is now considering reverting to substantially a similar arrangement for the LTI Plan, as was in place in financial year 2012 prior to the initial ADM approach. Any changes to the LTI plan for 2014 will be reported in the 2014 Remuneration Report.

The existing LTI plan elements are:

Element	Description
Award	<ul style="list-style-type: none"> A right that converts to a share at the end of the vesting period. Each right is a right to receive one share. Vesting of performance rights are subject to meeting certain performance conditions and hurdles split: <ul style="list-style-type: none"> 50% relative TSR. 50% ROE.
Quantum	<ul style="list-style-type: none"> Grant quantum is derived by a percentage of fixed remuneration as determined by the Board. The dollar value is converted into the number of rights by dividing it by the VWAP of GrainCorp's shares over the 20 trading days after annual results are released. No discounts to reflect the expected probability of vesting are applied. No dividends are payable on unvested rights.
TSR hurdle	<ul style="list-style-type: none"> TSR is the change in share price plus the value of dividends and distributions paid on the relevant shares. The hurdle is relative TSR measured against a peer group of 100 companies listed on the ASX. The peer group of companies for comparison is the 50 companies immediately above, and 50 companies immediately below GrainCorp based on market capitalisation. TSR is measured over a three year period starting on 1 October of the financial year to which the grant relates and ending on 30 September. TSR for GrainCorp and comparators are based on a starting 12 month average share price up to the start of the performance period. The end average share price is based on the 12 months up to and ending 30 September. The use of a 12 month average period for the starting and ending share price minimises the impact of within year fluctuations which can characterise agricultural companies such as GrainCorp. The Board believes this approach, consistently applied, neither advantages nor disadvantages Executives.

- The percentage of performance rights which vest based on TSR during the performance period if any, will be determined by the Board with reference to the percentile ranking achieved by GrainCorp over the three year performance period compared to the comparator peer group, as follows:

TSR growth – percentile ranking actual performance	TSR tested performance rights that vest
75th Percentile and above	100%
Between 51st to 75th percentile	Straight line between 50% and 100%
At or below 50th percentile	Nil

ROE hurdle

- ROE is defined as GrainCorp’s NPAT for the financial year (as set out in GrainCorp’s financial reports for that year), divided by the average shareholders’ equity for that financial year as determined by the Board from GrainCorp’s financial reports.
- The Board sets a one year ROE target range (“Target Range”) as part of the budgeting process each year in the three year performance period.
- The percentage of performance rights which vest based on ROE during the period, if any, is determined by the Board by reference to GrainCorp’s average ROE performance over the three year period against the average of the minimum of the Target Range and the average of the maximum of the Target Range over the three year performance period, as follows:

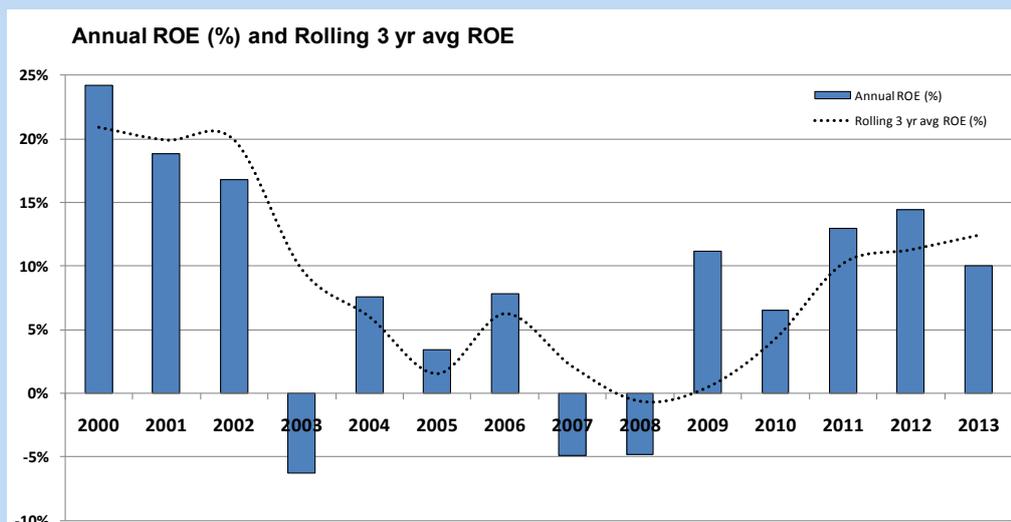
ROE actual performance	ROE tested performance rights that vest
At maximum of Target Range and above	100%
Within Target Range	Straight line between 50% and 100%
At minimum of Target Range	50%
Below minimum of Target Range	Nil

ROE target setting

- The setting of one year targets each year for three years allows the Board to take better account of the particular production conditions for the forthcoming year than is possible using a three year target, which may quickly prove too hard or too easy given the prevailing conditions.
- This approach also allows the Board to overlay near-term capital management objectives which may diverge from GrainCorp’s across-the-cycle gearing strategy (which is to retain core debt gearing not exceeding 25%), and to factor in the impact of acquisitions.

The chart below shows GrainCorp’s annual and rolling three average ROE since financial year 2000, highlighting the variability of agribusiness returns, the impact of acquisitions and capital raisings, and the need to set targets that reflect the conditions in a given year to be meaningful. For example, it shows a range of annual ROE performance since 2007 from -4.9% to 14.4%. In four of the past eight years ROE was less than 10%.

ROE target setting



- While our business is now more diversified following the Malt acquisition, and more recently, the Gardner Smith and Integro Foods acquisitions; environmental and weather conditions continue to be a variable factor affecting our earnings, specifically along the eastern states of Australia. The Board's view is that Management should improve ROE across the agricultural cycle, recognising there may still be individual years, or even three year periods where returns may decline from the prior period.
- The Board takes the following business drivers into account when considering the annual budget and setting the annual ROE target in November each year:
 - The mix of expected earnings by business area. This is based on the estimated production and market conditions for the forthcoming year for harvest volumes, receivables, export demand, malt contract sales, local and global trading environments, and the industry and climatic conditions expected for the rest of the year.
 - Consensus from external analysts covering GrainCorp in the November period.
 - External market forecasts such as the Australian Bureau of Agricultural Resource Economics and Sciences ("ABARES") and Australian Crop Forecasters ("ACF").
 - The capital investment strategy for the coming year and any impact on the accounting values that underlie the ROE metric.
 - Historical ROE performance.

Disclosing the ROE target

- The ROE target set is generally not disclosed to the market in November as this precedes the usual forecast earnings announcement in February / March. It is the Board's view that releasing the ROE target in advance of a forecast earnings announcement may lead to it being adopted as a proxy for earnings guidance. The ROE target and achievement against target is disclosed in the following year's Remuneration Report.

Performance testing and vesting period

- The performance testing and vesting period is three financial years with no retesting.
- Prior to vesting, GrainCorp purchases shares on market or issues new shares in order to satisfy awards.

Cessation of employment

- On an employee leaving GrainCorp, rights awarded under the plan vest as follows:
 - Retirement, redundancy, disability or death: Participant is entitled to a pro-rata amount of unvested rights and all other rights are forfeited. Any unvested rights which continue to be held will be tested at the end of the performance period, subject to Board discretion.
 - Resignation / termination with cause: Rights are forfeited, subject to Board discretion.

2011 Long Term Incentive plan performance

The 2011 LTI plan performance and vesting implications for financial year 2013 are as follows:

LTI plan 2011

- Grant date:**
- 28 February 2011
 - 30 March 2011 (Mr S Haydon, former President & CEO GrainCorp Malt)
- Performance hurdle**
- TSR and ROE
- TSR performance**
- Vesting based on relative TSR was externally tested according to the Plan Rules on 30 September 2013.
 - For the 2011 LTI plan, relative TSR performance over the 3 year period returned 132% which ranked GrainCorp at the 97th percentile of the TSR peer group.
 - The Board determined that this outstanding TSR would result in 100% performance rights vesting for the TSR hurdle component of the 2011 LTI plan, as per the Plan Rules. A summary is shown below:

Measurement Period	TSR growth*	Peer Group Ranking	Amount to Vest
Start: 12 month average share price up to 1 October 2010	132%	97 th percentile	100%
End: 12 month average share price up to 30 September 2013			

* TSR is the change in share price plus the value of dividends and distributions paid on the relevant shares.

- ROE 3 year performance**
- For the 2011 LTI plan, ROE performance over the 3 year period returned an average of 12.5% against the 3 year average Target Range of 9.2% and 10.1%.
 - The Board determined that this ROE would result in 100% performance rights vesting for the ROE hurdle component of the 2011 LTI plan.
 - A summary table of the outcome is shown below, followed by commentary on the target setting approach and ROE performance for each year of the plan.

Measurement Period	Minimum of ROE Target Range	Maximum of ROE Target Range	GrainCorp ROE performance	Testing Outcome	Amount to Vest
Financial Year 2011	8.0%	8.8%	13.0%		
Financial Year 2012	10.0%	11.0%	14.4%		
Financial Year 2013	9.6%	10.6%	10.1%		
3 year average	9.2%	10.1%	12.5%	Above maximum of Target Range	100%

- ROE performance financial year 2011**
- 1st year of LTI plan 2011
 - The ROE Target Range set by the Board for financial year 2011 was between 8.0% and 8.8% in line with the agreed budget and reflecting a significant improvement on the prior year (6.6%) and prior 3 years when the average was 4.3%. The ROE target range set was slightly below forecasts by external analysts covering GrainCorp in the November 2010 period (9.2%).
 - ROE performance for financial year 2011 was 13.0%, reflecting above forecast grain receivals and export volumes. This was combined with the successful execution of operational and pricing strategies to drive increased feed wheat participation, rail productivity, port volumes and Malt sales.

- ROE performance financial year 2012**
- 2nd year of LTI plan 2011
 - The ROE Target Range set by the Board for financial year 2012 was between 10% and 11% in line with the agreed budget and forecast earnings in November 2011. This target was slightly below forecasts by external analysts covering GrainCorp in the November 2011 period (11.2%).
 - ROE performance for financial year 2012 was 14.4%, reflecting another harvest result above expectations, stronger performance in receivals, record exports by the Storage & Logistics business and above budget performance by Marketing and Malt. Stretch performance was driven by the execution of a customer focused growth strategy that included better Malt operational performance and global customer management, and improved customer account and supply chain management across all Business Units.

LTI plan 2011

<p>ROE performance financial year 2013</p> <ul style="list-style-type: none"> • 3rd year of LTI plan 2011 	<ul style="list-style-type: none"> • The ROE Target Range set by the Board for financial year 2013 was between 9.6% and 10.6% in line with the agreed budget and forecast earnings in November 2012. This target was broadly in line with forecasts by external analysts covering GrainCorp in the November 2012 period (10.1%). • ROE performance for financial year 2013 was 10.1%, reflecting strong earnings from both GrainCorp's grain and processing businesses and continued focus on strategy execution, operational capability, asset utilisation and cost efficiency.
<p>Implications for vesting of the 2011 LTI Plan</p>	<ul style="list-style-type: none"> • As described above, TSR and ROE was tested 30 September 2013 resulting in the Board approving 100% vesting. • Vesting date: 15 November 2013.

2012 and 2013 Long Term Incentive ("LTI") plan performance

The existing 2012 and 2013 LTI plan performance and vesting implications are as follows:

	2012 LTI plan	2013 LTI plan
Grant date:	<ul style="list-style-type: none"> • 16 February 2012 	<ul style="list-style-type: none"> • 21 December 2012 (Deferred Cash Awards)
Performance hurdle	<ul style="list-style-type: none"> • TSR and ROE 	<ul style="list-style-type: none"> • TSR and ROE
TSR performance	<ul style="list-style-type: none"> • TSR will not be tested until the end of the three year performance period has been completed (30 September 2014). 	<ul style="list-style-type: none"> • TSR will not be tested until the end of the three year performance period has been completed (30 September 2015).
<p>ROE performance financial year 2012</p> <ul style="list-style-type: none"> • 1st year of LTI plan 2012 	<ul style="list-style-type: none"> • The ROE Target Range set by the Board for financial year 2012 was between 10% and 11% in line with the agreed budget and forecast earnings in November 2011. This target was slightly below forecasts by external analysts covering GrainCorp in the November 2011 period (11.2%). • ROE performance for financial year 2012 was 14.4%, reflecting another harvest result above expectations, stronger performance in receivables, record exports by the Storage & Logistics business and above budget performance by Marketing and Malt. Stretch performance was driven by the execution of a customer focused growth strategy that included better Malt operational performance and global customer management, and improved customer account and supply chain management across all Business Units. 	<ul style="list-style-type: none"> • Not applicable.
<p>ROE performance financial year 2013</p> <ul style="list-style-type: none"> • 2nd year of LTI plan 2012 • 1st year of LTI plan 2013 	<ul style="list-style-type: none"> • The ROE Target Range set by the Board for financial year 2013 was between 9.6% and 10.6% in line with the agreed budget and forecast earnings in November 2012. This target was broadly in line with forecasts by external analysts covering GrainCorp in the November 2012 period (10.1%). • ROE performance for financial year 2013 was 10.1%, reflecting sound earnings from both GrainCorp's grain and processing businesses and continued focus on strategy execution, operational capability, asset utilisation and cost efficiency. 	
Implications for vesting	<ul style="list-style-type: none"> • Vesting based on TSR and ROE is not tested until 30 September 2014. 	<ul style="list-style-type: none"> • Vesting based on TSR and ROE is not tested until 30 September 2015.

8. Remuneration summary table

The table on the following page sets out the remuneration for disclosed Executives for financial year 2013. Further explanation is provided below and in the footnotes contained in the table.

a) Statutory Information

This section of the table sets out the remuneration for disclosed Executives based on accounting disclosure requirements.

Please note that the Share Rights column includes the expense calculated in accordance with relevant accounting standards, for both equity and deferred cash based awards.

Understanding the increase in “statutory total” remuneration for Executives in 2013

The higher reported 2013 statutory total remuneration, compared to 2012, is partly as a result of increases to remuneration opportunities to bring Executives closer to the Company remuneration policy as outlined in Section 5 Executive remuneration structure.

Another factor in increasing 2013 statutory total remuneration is the reporting of three years of accounting value of “Share rights and deferred cash” for disclosed Executives. GrainCorp expenses its equity and deferred cash plans over a three year period. In comparison, financial year 2012 could only report two years of accounting value given the Deferred Equity Plan and the LTI plan were only in the second year of operation, as shown in the below table:

Financial year of grant	Plan	Plan Type	2013 accounting value	2012 accounting value
2011	2011 Retention Share Plan	Restricted Shares (legacy plan)	Yes	Yes
2012	2011 Deferred Equity Plan	Performance Rights	Yes	Yes
2013	2012 Deferred Equity Plan	Deferred Cash	Yes	Yes
2014	2013 Deferred Equity Plan	Deferred Cash	Yes	Not in operation
2011	2011 LTI plan	Performance Rights	Yes	Yes
2012	2012 LTI plan	Performance Rights	Yes	Yes
2013	2013 LTI plan	Deferred Cash	Yes	Not in operation

In addition, the 2013 report includes a full year's remuneration for Mr Klaus Pamminger for the first time, as he was appointed Group General Manager Marketing in August 2012.

b) Additional information

To aid with interpretation of the remuneration table values, which include awards over multiple years, GrainCorp has also provided an “additional information” section which includes non-statutory information.

This section shows the “total current year vested remuneration”, which discloses the actual amount Executives received during the financial year. This is made up of fixed salary (cash, superannuation and non-monetary benefits), the cash component of short term incentive for the current year (cash bonus), plus equity or deferred cash awarded in prior years which has vested in the current year.

Understanding the increase in “total current year vested remuneration” for Executives in 2013

Financial year 2013 has seen the vesting of equity and deferred cash awards based on multi-year performance of Executives. The overall value of 2013 “total current year vested remuneration” is significantly higher than in 2012 given:

- The vesting of the 2012 and 2013 Deferred Equity Plan.
- The 100% achievement of ROE and TSR performance hurdles in the 2011 LTI plan as outlined in Section 7.
- The final vesting of the legacy 2011 Retention Share Plan.
- The increase in value of vested awards due to the growth in GrainCorp's share price since the awards were granted two and three years ago.

The equity and deferred cash plans vesting in 2013, compared to 2012, is shown in the table below.

Financial year of grant	Plan	Plan Detail	2013 Vesting	2012 Vesting
2011	2011 Retention Share Plan (legacy plan)	Based on financial year 2010 short term incentive performance. Three year restricted shares.	100%	-
2011	2011 LTI plan	Three year performance rights based on ROE and relative TSR performance.	100%	-
2012	2011 Deferred Equity Plan	Based on financial year 2011 deferred component of short term incentive. 50% of performance rights vest in Year 1 and 50% in Year 2.	50%	50%
2013	2012 Deferred Equity Plan	Based on financial year 2012 deferred component of short term incentive. 50% of deferred cash granted in Year 1 and 50% in Year 2.	50%	-

Alignment to shareholder returns

The Board considers the vesting of these awards to Executives is appropriate given the strong performance of the Company over the period of 1 October 2010 to 30 September 2013.

Over this 3 year period, assuming a shareholder invested \$1.00 in GrainCorp shares on 1 October 2010, the value of this \$1.00 investment on 30 September 2013 would be \$2.12, a return of 112%. If the same \$1.00 investment was made in the ASX200, the value would be \$1.31, a return of 31%.

Subsequent events post 30 September 2013

The Board acknowledges subsequent events after 30 September 2013, notably the rejection of the ADM bid for all the shares in GrainCorp by the Federal Treasurer on 29 November 2013, have had a significant impact on GrainCorp's shareprice and returns for shareholders.

These events have occurred after the vesting of the above mentioned awards which were measured on performance up to 30 September 2013 and approved by the Board prior to releasing year end results on 14 November 2013.

For financial year 2014, the Board is considering reverting to substantially a similar arrangement for the Executive DEP and LTI Plan, as was in place in financial year 2012 prior to the initial ADM approach. Any changes to these plans for 2014 will be reported in the 2014 Remuneration Report.

The Board remains committed to aligning Executives' interests with those of shareholders and to disclosure that helps shareholders understand adjustments to the Company's remuneration framework.

Name	Year	a) Statutory Information								b) Additional information		
		Cash salary & fees \$'000	Cash bonus ¹¹ \$'000	Non-monetary benefits \$'000	Super-annuation \$'000	Long service leave \$'000	Retirement/ redundancy/ separation \$'000	Share rights ¹² / deferred cash \$'000	Total \$'000	Less: current year accruals ¹³ \$'000	Add: previously accrued amounts vested in current year ¹⁴ \$'000	Total current year vested remuneration ¹⁵ \$'000
Executive Director												
A M Watkins	2013	1,151	732	39	17	20	-	1,560	3,519	(1,580)	2,828	4,767
	2012	1,002	692	38	17	17	-	1,099	2,865	(1,115)	343	2,093
Executives												
G A Friberg¹⁶ Appointed to KMP role 1 July 2013	2013	99	35	5	1	-	-	19	159	(19)	115	255
	2012	-	-	-	-	-	-	-	-	-	-	-
N P Hart	2013	458	150	10	25	13	-	241	897	(254)	546	1,189
	2012	408	248	7	18	11	-	233	925	(244)	157	838
S J Tainsh	2013	476	274	5	27	13	-	406	1,201	(419)	865	1,647
	2012	400	276	2	28	11	-	356	1,073	(366)	195	902
K Pamminer Appointed to KMP role 28 Aug 2012	2013	407	317	-	25	7	-	390	1,146	(397)	482	1,231
	2012	30	26	-	2	1	-	24	83	(25)	183	241
A G Bell	2013	519	215	5	17	9	-	286	1,051	(295)	347	1,103
	2012	482	251	4	17	8	-	198	960	(206)	72	826
Former Executives												
S A Haydon¹⁷ Ceased KMP role 30 June 2013 and employment 30 September 2013	2013	374	247	15	27	-	-	263	926	(263)	220	883
	2012	373	199	17	30	-	-	143	762	(143)	56	675
H L Miles Ceased KMP role and employment 30 September 2013	2013	476	292	14	20	8	428 ¹⁸	349	1,587	(356)	315	1,546
	2012	395	204	-	44	7	-	176	826	(184)	74	716
A N Johns¹⁹ Ceased KMP role 25 February 2013	2013	153	81	5	11	7	-	105	362	(113)	495	744
	2012	348	201	21	27	16	-	188	801	(205)	71	667
TOTAL	2013	4,113	2,343	98	170	77	428	3,619	10,848	(3,696)	6,213	13,365
	2012	3,438	2,097	89	183	71	-	2,417	8,295	(2,488)	1,151	6,958

¹¹ The accounting value of short term incentive deferred share rights / deferred cash is reflected in the Share Rights column.

¹² The value of share rights / deferred cash represents the accounting value, rather than the cash value to participants. It includes the value of equity grants for legacy plans (Retention Share Plan) and new plans (LTI Plan and Deferred Equity Plan). It also includes the accounting value of the deferred cash based awards put in place of deferred equity (refer to Introduction to Remuneration, page 21).

¹³ The value of current year accruals represents the accounting value for share based payments, deferred cash and long service leave.

¹⁴ The value of previously accrued amounts vested in current year represents long service leave and share based payments vested during the year.

¹⁵ Total current year vested remuneration reverses share-based payments expense calculated in accordance with accounting standards and recognises the value of shares (valued at the share price at year end) and deferred cash which vested to the Executives. The accrual for long service leave is also reversed and the value of vested long service leave is recognised.

¹⁶ Converted from USD to AUD at the rate of 1.004 (average rate from 1 October 2012 to 30 September 2013).

¹⁷ Converted from GBP to AUD at the rate of 1.5568 (average rate from 1 October 2012 to 30 September 2013).

¹⁸ On 30 September, Ms Miles ceased employment with the Group. Ms Miles termination benefits received during the 2013 financial year include notice and severance payment. Ms Miles was entitled to the termination benefits under her employment contract.

¹⁹ With Mr Johns role as General Manager Ports effective 25 February 2013, Mr Johns ceased to be a member of the Executive Team and a KMP.

9. Legacy equity plans

GrainCorp has one legacy plan, the Retention Share Plan. The Retention Share Plan was discontinued and the last grant made on 15 December 2010.

Retention Share Plan details and performance

The Retention Share Plan was designed to focus participants on performance over the financial year, and provide a strong retention element over the medium to longer term, with shareholder alignment via deferral into shares. The Retention Share Plan was made up of the following elements:

Element	Description
Award	Grant of restricted shares.
Quantum	Grant quantum was derived by matching 100% of the prior financial year short term incentive award into shares.
Vesting period	<ul style="list-style-type: none"> Restricted shares or a portion thereof may vest early or be subject to forfeiture in the event a participant ceases employment with GrainCorp before the end of the restriction period, as the Board determines. Disposal restrictions applied to shares post-vesting. GrainCorp purchases the shares on market prior to vesting.
Performance measures	<ul style="list-style-type: none"> The grant was determined by performance against short term incentive KPIs (set annually). If in any financial year GrainCorp did not make a NPAT, the opportunity under the plan was capped at the level of the target short term incentive. Once restricted shares had been granted, the vesting period must have been served before the shares vested.
Treatment of dividends	Dividends were not paid on shares held by the trustee on behalf of participants in the plan during the restriction period.
Cessation of employment	<p>On an employee leaving GrainCorp, restricted shares under the plan vest as follows:</p> <ul style="list-style-type: none"> Retirement: awards vested pro-rata for time served. Redundancy, disability or death: awards vested in full, subject to Board discretion. Resignation / termination with cause: awards in full or in part may have vested or been subject to forfeiture as the Board may determine in the circumstances.

The Retention Share Plan performance and vesting implications for grants are as follows:

Retention Share Plan 2011	
Grant date:	15 December 2010
Performance hurdle:	100% matching of short term incentive.
Status at commencement of the financial year:	Granted based on financial year 2009 / 2010 short term incentive performance.
Summary of performance:	Not applicable.
Implications for vesting:	The Board approved the end of the restriction period for the plan on 30 September 2013, and as such 100% of restricted shares vested.

10. Details of equity grants made during the year

The following table summarises rights over ordinary shares in the Group that were granted as compensation to each disclosed Executive during the year and details on rights that vested during the year.

The number of ordinary shares issued on the exercise of rights previously granted as compensation is also disclosed.

	Number of rights granted during the financial year 2013 ²⁰	Number of rights vested during the financial year 2013 ²¹	Number of ordinary shares issued on exercise of rights during the financial year 2013 ²²
Executive Director			
A M Watkins	-	200,965	38,281
Executives			
G A Friberg	-	5,588	5,589
N P Hart	-	37,219	11,773
S J Tainsh	-	58,182	21,750
K Pamminger	-	29,590	20,474
A G Bell	-	20,971	8,056
Former Executives			
S A Haydon ²³	-	12,077	6,247
H L Miles ²⁴	-	19,675	8,287
A N Johns	-	34,420	7,956

No equity has been granted during or since the end of the financial year to any Directors or other Key Management Personnel of the Company.

Hedging policy

Executives are prohibited from hedging or otherwise reducing or eliminating the risk associated with equity incentives such as unvested shares, rights and options offered by the Company to the Executive. Where an Executive is in breach of this policy, the unvested shares, rights or options shall be forfeited or lapse.

²⁰ No rights granted as deferred cash was offered in place of issuing performance rights.

²¹ Includes vesting of the second 50% of the 2011 short term incentive deferred equity component, the 2011 LTI plan and the final vesting of the 2011 Retention Share Plan.

²² Represents shares issued on the exercise of rights which vested on 30 September 2012 (Deferred Equity Plan of the short term incentive).

²³ Actual vesting of performance rights associated with the LTI 2012 plan for Mr S Haydon will occur in November 2014. For accounting purposes, the LTI 2012 plan was vested in full during 2013.

²⁴ Actual vesting of performance rights associated with the LTI 2012 plan for Ms H Miles will occur in November 2014. For accounting purposes, the LTI 2012 plan was vested in full during 2013.

11. Detail regarding performance rights

The following disclosure on rights for Executives is presented in accordance with the *Corporations Act 2001* and accounting standards requirements.

For each grant of rights included in the tables in note 38 of the financial statements, the percentage of the grant that vested in the financial year and the percentage that was forfeited because the person did not meet the service and performance criteria are set out below. A summary of the terms and conditions and performance criteria of each grant is set out in note 38.

No performance rights or deferred cash awards vest if the conditions are not satisfied, hence the minimum value of the grants yet to vest is nil. The maximum value of the grants yet to vest has been determined as the amount of the grant date fair value that is yet to be expensed.

Name	Plan	Number of rights	Financial year granted	Vested %	Forfeited %	Financial year in which rights vest	Maximum total value of grant yet to vest \$'000
Executive Director							
A M Watkins	LTI 2012	129,894	2012	-	-	2014	273
	DEP 2011	76,562	2012	50%	-	2012 and 2013	0
	LTI 2011	146,604	2011	100%	-	2013	0
	RSP 2011	16,080	2011	100%	-	2013	0
Executives							
G A Friberg	DEP 2011	11,177	2012	50%	-	2012 and 2013	0
N P Hart	LTI 2012	22,853	2012	-	-	2014	48
	DEP 2011	23,545	2012	50%	-	2012 and 2013	0
	LTI 2011	10,416	2011	100%	-	2013	0
	RSP 2011	15,031	2011	100%	-	2013	0
S Tainsh	LTI 2012	21,938	2012	-	-	2014	46
	DEP 2011	43,498	2012	50%	-	2012 and 2013	0
	LTI 2011	10,277	2011	100%	-	2013	0
	RSP 2011	26,157	2011	100%	-	2013	0
K Pamminger	DEP 2011	40,946	2012	50%	-	2012 and 2013	0
	RSP 2011	9,118	2011	100%	-	2013	0
A G Bell	LTI 2012	24,309	2012	-	-	2014	51
	DEP 2011	16,111	2012	50%	-	2012 and 2013	0
	LTI 2011	12,916	2011	100%	-	2013	0
Former Executives							
S A Haydon	LTI 2012	20,401	2012	-	-	2014	0 ²⁵
	DEP 2011	12,494	2012	50%	-	2012 and 2013	0
	LTI 2011	5,830	2011	100%	-	2013	0
H L Miles	LTI 2012	21,170	2012	-	-	2014	0 ²⁶
	DEP 2011	16,574	2012	50%	-	2012 and 2013	0
	LTI 2011	11,388	2011	100%	-	2013	0
A N Johns	LTI 2012	18,884	2012	-	-	2014	40
	DEP 2011	15,911	2012	50%	-	2012 and 2013	0
	LTI 2011	10,000	2011	100%	-	2013	0
	RSP 2011	16,465	2011	100%	-	2013	0

LTI: Long Term Incentive plan

DEP: Deferred Equity Plan of the short term incentive

RSP: Retention Share Plan

²⁵ For accounting purposes, Mr S Haydon (who departed GrainCorp in financial year 2013) has the LTI 2012 Plan fully expensed and thus the value of the performance rights yet to vest is zero. Actual vesting of these performance rights will not occur until November 2014.

²⁶ For accounting purposes, Ms H Miles (who departed GrainCorp in financial year 2013) has the LTI 2012 Plan fully expensed and thus the value of the performance rights yet to vest is zero. Actual vesting of these performance rights will not occur until November 2014.

12. Detail regarding deferred cash based awards

The following disclosure contains details of deferred cash based awards granted under the same terms and conditions as the existing Deferred Equity Plan and LTI plan.

The use of deferred cash based awards, as outlined in the Introduction to Remuneration on page 21, has been in response to the extended takeover speculation affecting GrainCorp's share price since 2012.

Following the rejection of the ADM bid for all the shares in GrainCorp by the Federal Treasurer on 29 November 2013, the Board is now considering reverting to substantially a similar arrangement for the Executive DEP and LTI Plan as was in place prior to the initial ADM approach. Any changes to the deferred cash awards will be reported in the 2014 Remuneration Report.

No deferred cash awards vest if the conditions are not satisfied, hence the minimum value of the awards yet to vest is nil. The maximum value of the deferred cash awards yet to vest has been determined as the amount of the deferred cash award that is yet to be expensed.

Name	Plan	Value of deferred cash awards \$'000	Financial year awarded	Vested %	Forfeited %	Financial year in which award vests	Maximum total value of award yet to vest \$'000
Executive Director							
A M Watkins	DEP 2013	732	2014	-	-	2015	427
	LTI 2013	1,200	2013	-	-	2015	900
	DEP 2012	692	2013	50%	-	2013 and 2014	115
Executives							
G A Friberg	DEP 2013	58	2014	-	-	2015	34
	DEP 2012	92	2013	50%	-	2013 and 2014	15
N P Hart	LTI 2013	210	2013	-	-	2015	158
	DEP 2012	174	2013	50%	-	2013 and 2014	29
S Tainsh	DEP 2013	192	2014	-	-	2015	112
	LTI 2013	210	2013	-	-	2015	158
	DEP 2012	293	2013	50%	-	2013 and 2014	49
K Pamminger	DEP 2013	462	2014	-	-	2015	217
	LTI 2013	179	2013	-	-	2015	134
	DEP 2012	232	2013	50%	-	2013 and 2014	39
A G Bell	DEP 2013	151	2014	-	-	2015	88
	LTI 2013	220	2013	-	-	2015	165
	DEP 2012	176	2013	50%	-	2013 and 2014	29
Former Executives							
S A Haydon	LTI 2013	198	2013	-	-	2015	²⁷
	DEP 2012	142	2013	50%	-	2013 and 2014	²⁷
H L Miles	LTI 2013	180	2013	-	-	2015	²⁸
	DEP 2012	143	2013	50%	-	2013 and 2014	²⁸
A N Johns	DEP 2013	124	2014	-	-	2015	74
	LTI 2013	172	2013	-	-	2015	129
	DEP 2012	141	2013	50%	-	2013 and 2014	24

LTI: Long Term Incentive plan

DEP: Deferred Equity Plan of the short term incentive

²⁷ For accounting purposes, Mr S Haydon (who departed GrainCorp in financial year 2013) has their DEP 2012 and LTI 2013 Plan fully expensed and thus the value of the deferred cash based awards yet to vest is zero. Actual vesting of these performance rights will not occur until November 2014 for the DEP 2012 and November 2015 for the LTI 2013 plan.

²⁸ For accounting purposes, Ms H Miles (who departed GrainCorp in financial year 2013) has their DEP 2012 and LTI 2013 Plan fully expensed and thus the value of the deferred cash based awards yet to vest is zero. Actual vesting of these performance rights will not occur until November 2014 for the DEP 2012 and November 2015 for the LTI 2013 plan.

13. Executive contracts

Managing Director & CEO – Ms Alison Watkins

Due to the changes in the Executive remuneration structure, a new service agreement was established for the Managing Director & CEO and executed on 15 February 2011. In line with the previous service agreement which commenced on 30 July 2010, the contract will continue until terminated by either party in accordance with the relevant termination provisions.

The Managing Director & CEO's target remuneration package, reviewed annually, is made up of fixed remuneration of \$1,200,000, \$1,200,000 of short term incentive (50% paid in cash and 50% offered as rights in the Deferred Equity Plan) and \$1,200,000 of LTI. As discussed in the Introduction to Remuneration on page 21, the Board has decided to convert the LTI into short term incentive for 2014, such that the target short term incentive for 2014 will be \$1,800,000 and no LTI will be offered.

Termination notice by either party (including upon failure to perform duties for an extended period due to injury, illness or other cause and Company initiated without cause) is six months, and the Company may pay fixed remuneration in lieu of notice. Termination on grounds of redundancy or termination by Managing Director & CEO due to material adverse change in role includes six months' notice and an additional three months' severance payment. Company initiated termination with cause requires no notice. Upon termination (excluding with cause), eligibility for short term incentive will be at the discretion of the Board having regard to its assessment of performance to the date of termination and paid at the time GrainCorp pays bonuses to employees in the usual course of business.

Equity and deferred cash grants from the Deferred Equity Plan, LTI plan and Retention Share Plan (legacy plan) will be treated as per the relevant plan rules.

Other Disclosed Executives

All other Executives named in the remuneration tables are employed under common law employment contracts which provide for termination payments capped at the maximum permitted under the *Corporations Act 2001* without shareholder approval. Terms can be summarised as follows:

- All disclosed Executives have contracts of no fixed term.
- The contracts may be terminated by either party providing between 12 weeks and six months' notice to the other. On termination by GrainCorp, or in the case of retrenchment; or a material adverse change in role, in addition to notice, a severance payment is required to be paid by GrainCorp. The manner in which that severance payment is calculated varies between the Executives, but does not exceed 52 weeks total base salary under the *Corporations Act 2001*.
- In addition, an Executive may be eligible for a pro-rata short term incentive cash bonus for past performance subject to Managing Director & CEO's discretion, paid at the time GrainCorp pays bonuses to employees in the usual course of business.
- The Group may terminate an employment contract if it reasonably determines that the performance of the Executive has fallen below the standard required for the position, by providing between a minimum four weeks' and maximum eight weeks' notice. In the instance of serious misconduct, the Group can terminate employment at any time.
- Equity and deferred cash grants from the Deferred Equity Plan, LTI plan and the Retention Share Plan will be treated as per the relevant plan rules.

Leadership changes

Mr Steve Haydon

The contract of employment for Mr Steve Haydon, President & CEO GrainCorp Malt, came to an end effective 30 September 2013. Mr Greg Friberg, was appointed to the position of Acting President & CEO GrainCorp Malt effective 1 July 2013, and is considered a KMP for disclosure in this report. Mr Haydon is considered a KMP for disclosure in this report up to 30 June 2013.

Mr Haydon partially served his contractual notice period of 12 weeks, assisting Mr Friberg to transition in to the role of Acting President & CEO GrainCorp Malt during this time. On termination, Mr Haydon received accrued holiday leave to the value of £21,634 and financial contribution to external legal services incurred in connection with the preparation of documentation associated with the termination of his employment contract up to a maximum sum of £2,000.

The Managing Director & CEO recommended and the HRC approved a short term incentive cash bonus in relation to Mr Haydon's performance during financial year 2013, paid at and in the usual course of business. The Board resolved that Mr Haydon's rights or entitlements under the Deferred Equity Plan and LTI plan would remain unaffected by the termination of the employment contract and would be treated in accordance with the applicable plan rules.

Ms Heather Miles

The contract of employment for Ms Heather Miles, General Manager Corporate Services came to an end effective 30 September 2013.

The termination benefits arising under Ms. Miles' contract of employment included six months' payment in lieu of notice and 24 weeks' severance pay. Ms. Miles also received financial contribution towards external legal services incurred in connection with the preparation of documentation associated with the termination of her employment contract up to a maximum sum of \$12,500 plus GST. The total termination benefit does not exceed the maximum amount permitted to be paid under the

Corporations Act 2001 of 52 weeks base pay. The Managing Director & CEO recommended and the HRC approved a short term incentive cash bonus in relation to Ms. Miles past performance during financial year 2013, paid at and in the usual course of business. The Board resolved that Ms. Miles' rights or entitlements under the Deferred Equity Plan and LTI plan would remain unaffected by the termination of the employment contract and would be treated in accordance with the applicable plan rules.

Mr Neil Johns

On 25 February 2013, Mr Neil Johns (former Chief Development Officer) accepted the role of General Manager Ports in the Storage & Logistics business of GrainCorp, reporting to Mr Nigel Hart, Group General Manager Storage & Logistics. The General Manager Ports is not considered as a KMP for disclosure in this report, hence reporting for Mr Johns in this Report concludes as at 25 February 2013.

14. Non-executive Director remuneration

Approach to setting Non-executive Director fees

The HRC reviews Non-executive Director remuneration arrangements annually. Recommendations are then submitted to the Board for its review and approval.

In 2012 the HRC and Board approved a number of changes to Non-executive Director remuneration for the financial year 2013 which the Board elected to disclose in the 2012 Remuneration Report. These changes were made following a comprehensive market benchmarking review conducted by Ernst & Young, which indicated GrainCorp had fallen behind market-competitive levels and our stated remuneration policy, measured against across ASX100 comparator companies of a similar market capitalisation and complexity.

The decisions endorsed by the HRC and approved by the Board were:

- The Chairman's fees were increased from \$310,000 to \$330,000 to position between the median and the 75th percentile of market.
- Non-executive Director base fees were increased from \$95,000 to \$114,000 to position at the market median.
- No change to Committee fees.
- The total Non-executive Director fees increased by 13%, moving total fees from \$1.09 million to \$1.24 million, well within the aggregate fee pool of \$1.50 million.

For financial year 2014, the Board has decided that Non-executive Director fees will not change and will remain at 2013 levels, as outlined in the Introduction to Remuneration on page 21.

Maximum aggregate fee pool

- Non-executive Directors are paid fees from a maximum aggregate fee pool of \$1.50 million which was approved by shareholders at the February 2012 Annual General Meeting. No change to the aggregate fee pool of \$1.50 million has been made for financial year 2013.
- In addition, the Board has decided that the aggregate fee pool of \$1.50 million will also remain in place for the 2014 financial year.

Non-executive Director fees

The table below outlines the base and committee fees payable to Non-executive Directors as at 1 October 2012. The Chairman does not receive additional committee fees.

Position	Board Base Fees \$	Board Audit Committee Chair Fees \$	Business Risk and Human Resources Committee Chair Fees \$	Corporate Governance Committee Chair Fees \$	Committee Member Fees \$
Chairman	330,000	Nil	Nil	Nil	Nil
Non-executive Directors	114,000	27,100	20,000	16,300	10,900

The compulsory 9.25% Superannuation Guarantee Contribution is paid in addition to all fees except that it is included in the fees shown above for the Chairman. Non-executive Directors do not receive performance-based bonuses, share plans or participate in the Executive incentive plans.

Retirement benefits

In December 2003, the Board resolved to cease any further contributions to Non-executive Director retirement benefits other than statutory entitlements. The benefit accrued by the Chairman prior to 16 December 2003 has been preserved at the accrued level and will be paid on retirement in cash and not indexed from the cessation date. No other Non-executive Director is eligible for a retirement benefit.

Non-executive Directors' total remuneration

The following table sets out the financial year 2013 remuneration for Non-executive Directors.

Name	Year	Cash salary and fees \$'000	Superannuation \$'000	Total \$'000
D C Taylor - Chairman	2013	314	16	330
	2012	268	52	320
B J Gibson	2013	136	12	148
	2012	116	10	126
P J Housden	2013	141	13	154
	2012	126	11	137
D J Mangelsdorf	2013	145	13	158
	2012	125	11	136
D G McGauchie	2013	134	12	146
	2012	119	11	130
D B Trebeck	2013	141	13	154
	2012	131	12	143
S L Tregoning	2013	136	12	148
	2012	116	10	126
TOTAL	2013	1,147	91	1,238
	2012	1,001	117	1,118

15. Additional statutory disclosures

Rounding of amounts

The Company is of a kind referred to in Class Order 98/100 issued by the Australian Securities and Investments Commission ("ASIC"), relating to the "rounding off" of amounts in the Directors' report and financial report. The Group has elected to round off amounts in the financial reports and Directors' report to the nearest one hundred thousand dollars or in certain cases, to the nearest thousand dollars, as permitted by that Class Order.

This report is made in accordance with a resolution of the Directors.



D C Taylor
Chairman

Sydney
20 December 2013

Corporate Governance Statement

Introduction

This section of GrainCorp Limited's ("GrainCorp" or "the Company") 2013 Annual Report outlines the governance framework the Board has adopted for GrainCorp. The framework applies to all entities in the GrainCorp Group.

GrainCorp remains committed to ensuring that its systems, procedures and practices reflect a high standard of corporate governance. The Board believes that its governance framework provides clear guidance on how authority is exercised and fosters a culture of ethical behaviour, integrity and respect to protect shareholders' and other stakeholders' interests.

In December 2013, the Chairman, Mr Don Taylor was appointed to the temporary position of Executive Chairman as a result of the resignation of Ms Alison Watkins as Managing Director and Chief Executive Officer. During this interim period until a replacement Chief Executive Officer commences, Mr Taylor will no longer be classified as an independent Non-executive Director.

For the year ended 30 September 2013, GrainCorp considers that its governance structure complies with the ASX Corporate Governance Principles and Recommendations first introduced by the ASX Corporate Governance Council in 2003 and last amended in 2010 ("Recommendations"). Copies of the GrainCorp Charters and GrainCorp's Constitution are available on GrainCorp's website at www.graincorp.com.au/investors-and-media/investor-information/corporate-governance

The following sections provide details of GrainCorp's compliance with the governance framework and practices within the Recommendations.

Principle 1: *Lay solid foundations for management and oversight*

a) Primary objective of the Board

To build long term shareholder value with due regard to other stakeholder interests. The Board provides governance and strategic guidance for GrainCorp and effective oversight of management. The governance structure allows GrainCorp to set and achieve its profit and growth targets, while appropriately managing risk, and considering the interests of shareholders and other stakeholders.

b) Board Charter

To define its role the Board has formalised its authority, responsibilities and processes into a Board Charter. The Charter is consistent with GrainCorp's Constitution, including its role in strategy and planning, budgeting, financial reporting, employee and remuneration policies, risk management, audit and compliance and performance monitoring.

Under GrainCorp's Constitution, and as detailed in its Charter, the Board may delegate any of its powers to Committees of the Board. This allows the Board to spend additional time on specific issues. The standing Committees established by the Board are detailed on page 9.

c) Delegation to Managing Director & CEO

The Board has delegated authority for the day-to-day management of GrainCorp to the Managing Director & CEO, who manages GrainCorp according to strategies, budgets, policies and delegations approved by the Board.

The Managing Director & CEO has appointed a team of senior management ("Executive Team") to implement GrainCorp's strategic plans and manage the business operations. The Managing Director & CEO provides financial and operational reports to the Board to ensure they are fully informed of all material matters relating to GrainCorp.

The Board and its Committees monitor the decisions and actions of the Managing Director & CEO and the performance of GrainCorp as a whole to ensure achievement of strategies and plans.

d) Evaluation of performance of the Executive Team

The Managing Director & CEO is responsible for the performance of each member of the Executive Team and their succession.

The Executive Team comprised of the Managing Director & CEO, Group Chief Financial Officer (CFO), Group General Manager Storage & Logistics, Group General Manager Marketing, Group General Manager GrainCorp Oils, President & CEO GrainCorp Malt, Group General Manager Corporate Services and the Group General Counsel. The Executive Team meets regularly to review business performance and strategic issues, and to build alignment across the business.

All members of the Executive Team have written position descriptions, employment contracts and annual Key Performance Indicators ("KPIs") to assess performance each year.

The Managing Director & CEO reviews the performance of the Executive Team individually and collectively against their agreed KPIs and GrainCorp's values. The Board and its Committees also monitor the performance of Executives through regular reporting and face to face presentations.

The HRC and the Board formally review the performance of the Managing Director & CEO each year against agreed KPIs. Performance reviews of the Managing Director & CEO and of members of the Executive Team were conducted for the year ended 30 September 2013.

e) Board and Committee Meetings

The Board and its Committees meet regularly throughout the year according to an annual schedule of meetings, and at other times as required. Details of the number of meetings held and the attendance record of each Director, and Committee member, are on page 9 of the Directors' Report.

The CFO, Group Company Secretary, and the Group General Counsel attend each Board meeting. Other members of the Executive Team and senior managers from the business operations attend as required.

Principle 2: Structure the Board to add value

a) Structure of the Board

GrainCorp's Constitution has certain requirements concerning Board size, meetings, election of Directors and the powers and duties of Directors. Collectively the Board of GrainCorp aims to achieve a broad range and balance of skills, experience and expertise to effectively oversee GrainCorp's operations.

The Board comprised of seven Non-executive Directors and one Executive Director, being the Managing Director & CEO.

The Chairman of the Board is an independent Non-executive Director. The skills, experience and responsibilities of each Director are on page 6 to 7 of the Annual Report.

The Board determines its size and composition subject to the limits imposed by the Constitution, which requires a minimum of four Directors and maximum number of 10 Directors. The Board Charter provides further details on the composition of the Board and the particular leadership role performed by the Chairman.

b) Board independence

All of GrainCorp's Non-executive Directors are independent. The Board Charter details the criteria used to assess whether a Director has a relationship with GrainCorp which could, or be perceived to, impede independent decision making.

All Directors are required to notify the Group Company Secretary of their interests as well as any changes to those interests.

Directors are also required to notify the Chairman of any potential changes to their other Board appointments.

For the year ended 30 September 2013, the Nomination and Corporate Governance Committee ("NCGC") conducted its annual review of Non-executive Director independence, as specified in the Board Charter, with regard to independence as detailed in the Recommendations.

The NCGC considered all of the circumstances relevant to each Non-executive Director in determining whether the Director is free from any interest or other business or relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in GrainCorp's best interests and exercise unfettered and independent judgement.

Each of GrainCorp's Directors exercised judgement and discharged his or her responsibilities in an independent way at all times throughout the year.

During the year, a number of Directors, through their association with other entities, entered into transactions with GrainCorp in the ordinary course of its business. These arrangements were not considered to be material or to impact upon the independence of those Directors, as the transactions were conducted on ordinary "arms-length" commercial terms being no more or less favourable than other users of GrainCorp's services. Details of transactions with Directors are shown in Note 30.

c) Conflicts of interest

As well as ensuring independence, each Director has an ongoing responsibility to determine whether he or she has a potential or actual conflict of interest in relation to any material matter which comes before the Board. The Group Company Secretary maintains a Register of Directors' Interests.

The Board Charter details the obligations of Directors in dealing with any conflicts of interest. In such situations, the conflicted Director will not receive relevant Board papers and, unless the non-conflicted Directors resolve to the contrary, will not be present for Board deliberations on the matter and will not vote on any related Board resolutions. These procedures will be recorded in the minutes of the applicable Board meeting. The same procedures apply in the event of any conflict which may arise relating to any matter to be considered by any Board Committee.

GrainCorp's Code of Conduct provides guidelines for dealing with conflicts of interest, particularly for Executives and other employees.

d) Access to information and independent advice

Directors may access information and seek independent professional advice as they individually or collectively consider necessary to fulfil their responsibilities and permit independent judgement in decision making.

Any independent advice sought will be consented to by the Chairman, which will not be unreasonably withheld or delayed, will be shared with all other Directors unless precluded by any conflict situation, and will be at GrainCorp's expense.

e) Tenure and election at Annual General Meetings

GrainCorp's Constitution, consistent with the ASX Listing Rules, requires that a Non-executive Director must retire from office and may seek re-election by shareholders at the third Annual General Meeting ("AGM") after their election if they wish to continue in their role. The Constitution also requires that there be an election of Directors at every AGM of the Company. If no Director is to retire from office in accordance with their tenure, the Director to retire will be chosen from those who have held office for the longest period since last elected or re-elected. GrainCorp's Constitution does not impose a maximum number of terms of service on its Directors.

The Chairperson is appointed by his or her fellow Directors with the term of office determined by the remaining members of the Board. The Chairperson remains subject to the same re-election rules as apply to the other Non-executive Directors. The Chairperson appoints the Chairs and the members of the respective Board Committees and determines their tenures.

Subject to the provisions of GrainCorp's Constitution and the *Corporations Act 2001*, the Board may appoint a Director at any time but that Director must retire and, if they wish to continue in that role, seek election by shareholders at the first AGM to be held after their appointment. The Managing Director & CEO is not subject to the retirement and re-election rules.

f) Board Committees

As previously stated, the Board has the ability to delegate any of its powers to Board Committees. GrainCorp's Board has established the following standing Committees to assist it in discharging its responsibilities:

- Board Audit Committee ("BAC")
- Business Risk Committee ("BRC")
- Nominations and Corporate Governance Committee ("NCGC")
- Human Resources Committee ("HRC")

Each Committee is comprised of a majority of Non-executive Directors. The BRC comprises three independent Non-executive Directors, the Managing Director & CEO and an independent advisor who is not a member of the Board but who has the requisite skills and experience to assess and challenge management's performance, particularly in relation to the operations of GrainCorp's Marketing business. The NCGC comprises consists of four members, three independent Non-executive Directors and the Managing Director & CEO.

Membership of each Committee is determined by each Director's skills and experience, their ability to add value and to commit the necessary time to the Committee. The composition of each Committee is regularly reviewed by the Chairman of the Board.

Each Committee operates under a Board-approved Charter detailing its responsibilities and may have unrestricted access to GrainCorp's Executives and other employees and to information necessary for the discharge of its responsibilities. Each Committee may require the attendance of any GrainCorp employee or request the attendance of any external party at meetings as considered appropriate.

All Directors are entitled to attend meetings of any Committee and the Managing Director & CEO attends all meetings as appropriate, but does not attend any meetings where her remuneration is considered nor does she attend any Non-executive Director private sessions. The Chairman of the BAC has a standing invitation to attend all meetings of the BRC.

Minutes of all Committee meetings are provided to the Board as part of the Board papers for meetings. Proceedings of each Committee meeting are also reported by the respective Committee Chairman at the first Board meeting following the Committee meeting. Each Committee's Charter is available on GrainCorp's website.

Details of the Directors' attendance at Committee meetings during the year are contained in the Directors' Report on page 9.

g) Board composition, selection and appointment

It is the Board's policy to achieve a balance of relevant industry; technical and functional skills, experience, and diversity amongst its Directors. The NCGC has the responsibility to review and make recommendations to the Board regarding Board composition and the nomination process for Board appointments. It regularly reviews the size and composition of the Board to assess the need for any appointments.

As well as skills, experience and diversity, the NCGC considers factors such as personal qualities, ability and commitment to devote sufficient time to being a member of the Board and one or more of its Committees, the contribution the prospective Director could make to the Board and his or her professional reputation. Potential candidates are assessed by the NCGC with recommendations made to the Board for final determination.

All Directors are appointed subject to a formal letter of offer setting out the key terms and conditions of the appointment to ensure GrainCorp's and the Board's expectations for the position are clearly understood. New Directors undergo an induction program involving meetings with Executives and other employees, briefings on GrainCorp's business and strategic plans, independent meetings with GrainCorp's external and internal auditors, discussions with the Chairman and other Directors and the provision of relevant Charters, policies and other material.

The NCGC also reviews and recommends the process for the election of the Chairman by Directors and reviews succession planning for the Board, making recommendations as required.

h) Board performance

The Board reviews its performance and that of each Director on an annual basis either by self-evaluation or by independent review. The process for conducting the review is agreed by the Board, led by the Chairman, and covers matters such as:

- The Board's contribution to developing strategy and policy.
- The Board's performance relative to its responsibilities.
- The interaction between Board members and between the Board and GrainCorp's Executives.
- The Board's oversight of business and Executive performance, controls and compliance.
- The operation of the Board including the conduct and content of Board meetings.
- The performance of each Board Committee against the responsibilities of its respective Charter.
- The individual contribution of each Director.

Each Committee reviews its performance annually through discussion and questionnaires relevant to the Committee's performance during the year. The Chairman of the NCGC reviews the performance of the Chairman of the Board in consultation with other Directors.

The performance of the Managing Director & CEO is formally reviewed each year by the HRC and the Board.

In addition, the performance of a Non-executive Director is assessed when nominating for election or re-election at an AGM. In the particular Director's absence, the Board, through the NCGC, assesses whether to endorse the Director's election or re-election by shareholders.

During the year ended 30 September 2013 the Board Performance Review was conducted using a self evaluation questionnaire with overall findings that Directors were satisfied with the structure, process, role and performance of the Board. The Board questionnaire also identified a number of actions designed to further strengthen the Board's effectiveness. It is intended that the review to be conducted for the year ended 30 September 2014 will be an independent review. A self assessment Board performance review will be conducted every second year.

i) Nominations and Corporate Governance Committee

The NCGC acts as the "nomination committee" for the Board and is also responsible for assisting the Board in the oversight and evaluation of the effectiveness of GrainCorp's corporate governance framework and processes. The full responsibilities of the NCGC are detailed in its Charter.

The NCGC was formed as a separate Board Committee in February 2012 and is chaired by David Trebeck, an independent Non-executive Director. It also comprises Barbara Gibson and Simon Tregoning, who are both independent Non-executive Directors, in addition to the Managing Director & CEO. The NCGC meets separately from the Board with a separate agenda.

Details of the attendance of the members at meetings of the NCGC during the year are contained in the Directors' Report.

During the year the NCGC focussed on:

- Implementing the Board performance review under a self evaluation questionnaire and reviewing Board composition and succession planning.
- Reviewing the Environmental Stewardship Strategy.
- Reviewing the Sustainability Strategy and Report.
- Reviewing the Community Strategy.
- Reviewing and compliance with the Code of Conduct, Fraud and Corruption Controls, Share Trading and Whistleblower Policies.

A copy of the NCGC's Charter is available on GrainCorp's website.

Principle 3: *Promote ethical and responsible decision making*

a) Responsibilities of the Board, Executives and other employees

GrainCorp cares about the results it achieves and the manner in which they are achieved.

GrainCorp's values provide a common understanding of expected behaviours of Directors and employees towards customers, other stakeholders and the communities and environments in which we operate. The values are:

- Safety
- Our People
- Customers
- Excellence
- Integrity
- Our Community
- Sustainability

All Directors, Executives and other employees are responsible for ethical business conduct, and all are accountable for ensuring their decisions and actions are consistent with GrainCorp's values.

To support its values, GrainCorp has adopted a Code of Conduct ("Code"), which is consistent with the Recommendations.

Together they provide a set of guiding principles for acting honestly and with integrity and fairness at all times. The Code details policies, procedures and practices to ensure the highest ethical standards, corporate behaviour and accountability are maintained across GrainCorp. The Code requires compliance with the laws of every country in which GrainCorp operates or trades.

The principles underlying the Code include:

- Acting legally in the best interests of GrainCorp and valuing and protecting its reputation.
- Acting with honesty and integrity and treating others with dignity and respect, valuing diversity and maintaining a safe working environment.
- Identifying any potential, or actual, conflicts of interest and managing them responsibly.
- Refraining from giving or receiving any improper payments, benefits or other gains.
- Compliance with the spirit of the Code, all other applicable GrainCorp policies and procedures and the laws of each jurisdiction in which the Company operates.
- Immediately reporting, in good faith, any known or suspected breaches of the Code, other GrainCorp policies and procedures and the law.

GrainCorp's Code is supported by a number of policies and procedures at both a corporate and individual business unit or country level to further guide behaviours.

A copy of the Code is available on GrainCorp's website.

b) Dealing in GrainCorp securities

GrainCorp's Share Trading Policy prohibits dealing in GrainCorp's securities by all Directors, Executives and other employees, or their associates, when in possession of unpublished price sensitive information concerning the Company.

The Policy prohibits "Designated Officers" from dealing in GrainCorp's securities at all times other than during specific "Trading Window" periods after the release of the Company's half and full year results and after its AGM. A Designated Officer may only deal in a Trading Window when not in possession of price sensitive information concerning GrainCorp.

Directors are required to seek approval from the Chairman before they, or their associates, deal in the Company's securities.

The Chairman is required to seek approval from the Chairman of the BAC. All dealings in GrainCorp securities by Directors or their associates are notified to the ASX within five business days of the dealing. GrainCorp does not stipulate any minimum security holding requirement by its Directors.

Other Designated Officers are also required to seek approval from the Group Company Secretary before they, or their associates, deal in GrainCorp's securities.

The Policy also prohibits Designated Officers and their associates from providing GrainCorp securities as security in connection with any margin loan or similar financing arrangement without the approval of the Chairman, or in the Chairman's case the Chairman of the BAC.

Further, it is a condition of any grant to employees of any performance rights or deferred shares that no schemes are entered into that protect the value of such performance rights or shares before they vest. Any breach of this condition constitutes a breach of the terms of the grant and may result in the forfeiture of the performance rights.

A copy of the Share Trading Policy is lodged with the ASX and is available on GrainCorp's website.

c) Whistleblower protection

A principle underlying GrainCorp's Code is the requirement for any Director, Executive or other employee to immediately report, in good faith, any known or suspected breaches of the Code, other GrainCorp policies or the law.

GrainCorp's Whistleblower Policy provides a mechanism whereby such breaches may be reported on a confidential basis without fear of reprisal, dismissal or discriminatory treatment.

Reports may be made under this Policy to specified "Whistleblower Disclosure Officers" or to an independently managed "whistleblower hotline."

A copy of GrainCorp's Whistleblower Policy is available on GrainCorp's website.

d) Diversity

GrainCorp is committed to providing an inclusive culture that is aligned to our values.

Our aim is to mirror our customers and other stakeholders who have actively sought to become more diverse so that we better understand their needs and that we continue to deliver a superior level of service. Creating a diverse and inclusive workforce, supporting the communities that we operate in and minimising the impact of an ageing workforce are critical aspects of our people strategy.

The GrainCorp Board, Executive and senior leadership team believes our diversity and inclusion strategy will deliver:

- Greater access to a broader pool of talent and an increase in the attraction and retention of talent sources previously untapped or under developed.
- Increased employee engagement as a higher proportion of our workforce experiences inclusion, access to flexible working arrangements and more meaningful career development.
- Improved knowledge management and transfer from older employees to their younger colleagues through improved engagement and a structured process to ensure knowledge and expertise is retained as older employees leave GrainCorp’s workforce.
- Enhanced ability to deliver on GrainCorp’s strategy to expand its operations geographically.
- Enhanced brand awareness as an employer of choice within the sectors in which GrainCorp operates.

The percentage of women employed in permanent roles across GrainCorp at year end was:

Groups	2013		2012	
	Count	Percentage	Count	Percentage
Board of Directors	2	25%	2	25%
Executive Team	2	29%	3	33%
GrainCorp Leadership Group	8	9%	6	6%
People Leaders	104	19%	70	19%
Total GrainCorp workforce	599	21%	432	21%

GrainCorp’s diversity achievements in 2013

The diversity and inclusion strategy continues to be a priority for the Board, Executive and senior leadership teams and during the financial year under review we have continued to implement the three year diversity strategy adopted in 2011. In January 2013 we revised and refreshed our diversity strategy as well as our implementation approach. The key change was to not only to focus on attracting and retaining diverse talent but to build an inclusive employee culture.

The strategy is now focused on other minority groups with a strong emphasis on women. In addition, we changed our implementation approach by being more overt and transparent in relation to our strategy and initiatives across the business. We did this by forming a “Diversity and Inclusion Champions for Change” subcommittee which is chaired by the Managing Director & CEO, and includes three Executives and three male senior leaders. The committee objectives are to approve programme plans, set diversity targets and agree funding, track group initiatives and champion change across the business.

The committee meets bi-monthly.

Also, a diversity and inclusion working group comprising of human resources business leads has been formed, meeting monthly to develop specific business unit plans. We realised we needed to have a better understanding of our workforce and as such we included a workforce demographic questionnaire in our Engagement Survey for 2013. This questionnaire is designed to measure the diversity profile of GrainCorp and will provide the data required to understand the needs and challenges of our employees with respect to diversity now and in the future planning of strategies, programmes and initiatives.

Finally, we have significantly increased our internal and external communication using various communication channels to share knowledge and information, raise awareness and educate employees on the diversity agenda.

Strategy	Build a diverse and inclusive organisation and talent pools
Long term outcome	GrainCorp is an employer of choice, attracting new female talent. Identification and development of existing talent through targeted programs to strengthen skills and build aspirations.
Outcomes in 2013	GrainCorp is committed to building a diverse and inclusive organisation and talent pools, with the priority being attracting, developing and retaining women in operational roles. In November 2011, a target was set to increase Women in Management (“WIM”) to 25% by 2014. WIM defines the number of women in leadership roles as a percentage of overall leaders. Despite these efforts, our Women In Management (WIM) remains static at 19%. However we expect this to improve over the next 12 months with our continued focus on leadership accountability, stronger governance, education, more visible targets and improved data and reporting. Key initiatives/achievements over the past 12 months include: Attraction <ul style="list-style-type: none"> • Delivery of best practice recruitment processes ensuring fairness, transparency and equity as well as strong governance and reporting. • A revamped GrainCorp employment proposition to appeal to a stronger calibre of diverse candidates

	<p>and the selection of seven brand ambassadors with diverse backgrounds.</p> <ul style="list-style-type: none"> • A continued effort to ensure 30% of candidate shortlisted for operational and senior management roles are women which has led to an increase of appointments in operational roles. • Requesting females to be shortlisted by external recruitment agencies. • Creation of talent pools for regional women. • A continued focus on the development of strategic partnerships with universities and participation in community events to increase our employment brand and attract diverse talent. <p>Development</p> <ul style="list-style-type: none"> • Piloted an onboarding programme for women in operational roles. • A set target to attract 50% female participation into leadership and talent programs. • Implementation of a global "Emerging Leaders" program to develop and retain the next generation of leaders. Each Emerging Leader has a mentor from either the Executive Team or Global Leadership Group. Our talent pipeline of emerging leaders has significantly increased from 23 to 62 over the last 2 years through the attraction of a higher calibre of diverse talent, a robust identification process and a focus on development. • We have 34% female emerging leaders cohort and 33% female graduates. • A continued focus on the development of women in operational and leadership roles through individual development plans, mentoring programmes and holding women's network lunches sponsored by the Managing Director & CEO. • Piloted an Unconscious Bias Leadership programme with the senior leadership team in Storage & Logistics. • A continued effort to review female talent as part of our talent review process. <p>Performance & Reward</p> <p>Gender pay continues to remain a strong focus at GrainCorp throughout the employment lifecycle including recruitment, promotions and during the annual remuneration review. Due to this focus we have maintained pay equity on fixed remuneration in Australia with a slight increase from last year moving from 0.98% to 0.99% (female remuneration as a proportion of males). We use a structure that is underpinned by an internationally recognised job evaluation methodology and our reward strategy is modelled on a market based approach. The same process is applied within our international business with no identified gender based pay inequities.</p> <p>Our annual remuneration review takes place in November and in 2012 women received a higher fixed remuneration increase to men and also received higher performance ratings than their male counterparts. Our performance ratings are explicitly linked to our short-term incentive plan. In addition, 30% of award recipients in GrainCorp's prestigious annual recognition program were women. We ensure women on maternity leave receive fixed remuneration increases and are rewarded for their performance throughout the year by being eligible for a pro-rated short-term incentive bonus.</p>
Strategy	Enhance Workplace Flexibility for all people
Long term outcome	A culture which fosters balance between work, life and community.
Outcomes in 2013	<p>GrainCorp is committed to creating a flexible working environment to create a balance between, work, life and community. This includes formal and informal arrangements. We have set a target to increase workforce flexibility as part of our 3 year strategy.</p> <p>Key initiatives/achievements over the past 12 months include:</p> <ul style="list-style-type: none"> • Increased flexibility in working arrangements particularly in office based roles. 67% of employees believe GrainCorp offers flexible work arrangements that meet their needs, and 12% of our employees are on current flexible work arrangements as measured through the annual engagement survey. • Continued offering of paid parental leave of 8 weeks on top of legislated requirements. In addition, GrainCorp offers a 'return to work bonus' of 6 week pay. • Superannuation is also paid on all forms of paid parental leave. • Strengthened return to work rates at 86%.
Strategy	Minimise the impact of an aging workforce
Long term	Strong management of the exchange of knowledge and expertise as older employees exit GrainCorp and

outcome	support of older employees' health and well being.
Outcomes in 2013	Key initiatives/achievements over the past 12 months include: <ul style="list-style-type: none"> • Ongoing focus on the development and implementation of local workforce plans. • Continued rollout of trainee programmes. • Recognition of our long serving employees through service awards.
Strategy	Help make a difference to the community
Long term outcome	GrainCorp contribution to the social and economic development of indigenous communities.
Outcomes in 2013	We have made excellent progress on the implementation of the Reconciliation Action Plan (RAP) and continue to focus on building relationships, demonstrating respect and creating opportunities for Aboriginal and Torres Strait Islander people. Key initiatives/achievements include: <ul style="list-style-type: none"> • Appointment of a HR Partner, Aboriginal Employment. • Increased the number of Aboriginal and Torres Strait Islanders (ATSI) from 50 to 67. • Employment of 280 Aboriginal and Torres Strait Islanders during the 2012 harvest season. • Development of a pre employment programme in partnership with Wagga TAFE which has helped GrainCorp employ 10 Aboriginal people as harvest casuals in Southern NSW. • Sponsorship of the Clontarf Foundation and supporting Aboriginal students to gain school based traineeships with GrainCorp. • Held 6 cultural appreciation sessions across NSW in partnership with one of our formal Aboriginal partners. • Sponsorship of Aboriginal sporting teams or supporting local initiatives such as the donation to complete the Aboriginal Childcare Centre rebuild in Southern NSW. • Generation One for exceeding our targets.

Principle 4: *Safeguard integrity in financial reporting*

a) Board Audit Committee

The BAC was constituted by the Board of GrainCorp to assist the Board in fulfilling its oversight responsibilities in relation to financial reporting and internal control. The BAC reviews GrainCorp's financial reporting processes, systems of internal control and management of financial risks as well as the process, coverage, performance and independence of the internal and external audit functions. The responsibilities of the BAC are detailed in its Charter.

The BAC must comprise a majority of independent Directors, including at least one member who has formal financial qualifications. The Chairman of the BAC is an independent Director who is not the Chairman of the Board. The Chairman of the Board may however be a Committee member.

The current members of the BAC are Peter Housden (Chairman), Daniel Mangelsdorf and Simon Tregoning, all of whom are independent Non-executive Directors of GrainCorp. Each member has the technical expertise to enable the BAC to effectively discharge its responsibilities. Details of the BAC members' qualifications and experience are set out on pages 6 to 7 of the Annual Report.

The Managing Director & CEO, CFO and Group Company Secretary, as well as representatives of GrainCorp's external and internal auditors attend all meetings of the BAC by invitation. The BAC regularly meets with the external auditors without the presence of Executives.

Details of the attendance of members at meetings of the BAC during the year are contained in the Directors' Report.

The BAC's responsibilities are detailed in its Charter and include the monitoring and oversight of:

- GrainCorp's financial reporting policies and principles, controls and procedures.
- The effectiveness of GrainCorp's internal control and financial risk management framework.
- The annual internal audit review program.
- The integrity of GrainCorp's financial statements and reports, compliance with related regulatory requirements and the independent audit of those financial statements and reports.
- The external audit program and the performance of the external auditor.

- Implementation by the Executive Team of significant findings and recommendations made by the external auditor.

During the year the BAC also focussed on:

- Reviewing and approving an internal audit program for the year ending 30 September 2013 aligned to the Company's risks, monitoring progress against the program and monitoring management's response to the matters identified for improvement or rectification.
- Ensuring that agendas for its meetings remained aligned to its role and responsibilities as detailed in its revised Charter.

A copy of the BAC's Charter is available on GrainCorp's website.

b) External audit

PricewaterhouseCoopers ("PwC") has been GrainCorp's external auditor since 1998 and is responsible for reviewing and auditing the half year and full year financial statements and reports to provide an independent opinion that these statements and reports are true and fair and comply with applicable accounting standards and regulations.

PwC attends all meetings of the BAC by invitation and regularly meets with the BAC independently of management to raise and discuss matters that have arisen during the course of its reviews and audits. Representatives of PwC also attend GrainCorp's AGM to answer any shareholder questions on the conduct of the audit, the preparation of the audit opinion and any other related matters.

GrainCorp's Board has adopted an External Auditor Independence Policy ("Independence Policy") to govern the independence of the external auditor. The Independence Policy places restrictions on the range of non-audit services PwC can provide to GrainCorp and contains a requirement that the lead audit partner be rotated after five years, unless that appointment is extended by agreement under transition provisions.

The Independence Policy endorses the fundamental principles of auditor independence that, in order to be eligible to undertake any non-audit related assignments for GrainCorp, PwC must not:

- Create a mutual or conflicting interest with that of GrainCorp.
- Audit its own work.
- Act in a management capacity or as an employee of GrainCorp.
- Act as an advocate for GrainCorp.

The Independence Policy also details the type of non-audit services or assignments that PwC cannot undertake. In addition, any non-audit services or assignments that are not prohibited, with estimated fees in excess of \$100,000, must be approved by the BAC before that service or assignment commences. The CFO has been authorised to approve such services and assignments with fees estimated to be less than \$100,000.

No work will be awarded to PwC if the BAC or the CFO, as applicable, believe such work would give rise to a "self review" threat (as defined in APES110-Code of Conduct for Professional Accountants) or would create a conflict, or potential conflict, of interest for PwC or otherwise compromise PwC's independence.

Details of the amounts paid to PwC during the year, including for any non-audit services provided, are disclosed in Note 27 to the Financial Statements.

PwC has provided GrainCorp with the required full year certification of independence which is on page 61 of this Annual Report.

GrainCorp's current Audit Engagement Partner is, Matthew Lunn, who commenced this role for the audit of the financial statements and reports for the year ended 30 September 2012 and will rotate out of this role after completing five years as the lead engagement partner on the audit.

A copy of the Independence Policy, which forms part of the Charter of the BAC, is available on GrainCorp's website.

c) Management assurance to Directors

The Managing Director & CEO and the CFO have provided the following declaration to the Board in relation to the production of GrainCorp's full year financial statements and reports, as required by Section 295A of the *Corporations Act 2001*, namely in their opinion to the best of their knowledge and belief:

- The financial records of GrainCorp for the year ended 30 September 2013, have been properly maintained in accordance with Section 286 of the *Corporations Act 2001*.
- GrainCorp's financial statements, and the notes to those statements, for the year ended 30 September 2013, comply with the relevant accounting standards.
- GrainCorp's financial statements, and the notes to those statements, for the year ended 30 September 2013 give a true and fair view of the financial position and performance of GrainCorp.
- The statements referred to above are founded on a system of risk management and internal compliance and control which implements the policies adopted by the Board.

- GrainCorp's risk management and compliance and control system is operating effectively in all material respects in relation to financial reporting risks.

Supporting this declaration are certifications of assurance provided by other senior managers, including senior finance managers within GrainCorp. These certifications comprise representations and responses to questions concerning GrainCorp's financial results, disclosure processes and controls and other matters related to GrainCorp's external reporting obligations.

The effective control environment established by the Board, and reviewed by internal audit as part of its annual review program supports this declaration provided by the Managing Director & CEO and the CFO. However it should be noted that associated companies and joint ventures that are not controlled by GrainCorp are not covered by this declaration. Further the declaration provides a reasonable, but not absolute, level of assurance of GrainCorp's risk management, internal compliance and control systems, but does not imply a guarantee against any adverse events or more volatile conditions and outcomes that may occur in the future.

d) Internal Audit

The Board has appointed the audit firm, KPMG, to independently manage GrainCorp's internal audit function ("Internal Audit").

Internal Audit's role in relation to financial reporting is to provide the Board, through the BAC, with an effective and independent appraisal of GrainCorp's internal control framework and an assurance that material risks and compliance obligations are effectively managed.

Internal Audit operates under a Charter and an annual audit program approved by the BAC. Internal Audit reports to the BAC but also has a direct line of communication to the CFO.

The annual Internal Audit work program is developed in consultation with the BAC and the Executive Team after considering GrainCorp's risk profile and appetite.

Representatives of Internal Audit attend all meetings of the BAC and provide regular reports of progress against the annual program and detail any issues that have arisen. Internal Audit also monitors the Executive Team's progress in remediating any issues identified in previous audits and highlights the current status of any outstanding matters in its reporting to the BAC.

Principle 5: *Make timely and balanced disclosure*

a) Commitment to disclosure

GrainCorp seeks to provide shareholders and other interested parties with quality information in a timely way through the reporting of financial results, the provision of the Financial Report and Shareholder Review, as well as other announcements and briefings to the market, copies of which are available on GrainCorp's website. Teleconferencing and webcasting facilities are provided for market briefings.

GrainCorp is committed to:

- Ensuring that its shareholders and other stakeholders, are provided with timely and balanced disclosure of all material matters concerning GrainCorp.
- Complying with its continuous disclosure obligations as required by the *Corporations Act 2001*, ASX Listing Rules and the Recommendations.
- Ensuring that all stakeholders have equal and timely access to externally available information issued by GrainCorp.
- Its Continuous Disclosure and Financial Markets Communication Policy.

b) Continuous Disclosure and Financial Markets Communication Policy ("Communication Policy")

GrainCorp's Communication Policy supports the commitment to a fully informed market in its securities by ensuring that announcements are:

- Made to the market (via the ASX Announcement Platform) in a timely manner, are factual and contain all relevant material information.
- Expressed in a clear and objective manner that allows investment community stakeholders to assess the impact of the information when making investment decisions.

GrainCorp's Group Company Secretary is responsible for compliance with the continuous disclosure obligations and for overseeing and coordinating disclosures to the ASX and other interested parties. GrainCorp's Investor Relations Manager is responsible for all communications with shareholders.

A copy of the Communication Policy is available on GrainCorp's website.

Principle 6: *Respect the rights of shareholders*

GrainCorp is committed to ensuring its shareholders are provided with timely disclosure of all material matters concerning the Company.

GrainCorp encourages its shareholders to attend its AGM, where shareholders receive presentations on GrainCorp's performance and outlook and can raise any questions concerning the management of GrainCorp, the conduct of the annual audit, as well as questions on resolutions put to the AGM.

A Notice of Meeting ("Notice") convening the AGM is accompanied by explanatory notes regarding the resolutions to be put to the AGM. A copy of the Notice with the explanatory notes is lodged with the ASX and posted on GrainCorp's website.

Shareholders who are unable to attend the AGM in person may still vote by appointing a proxy using the form provided with notice or via an online facility or directly through the same online facility. Where a poll is to be taken on a resolution, shareholders, including those who have voted directly or their proxies can cast their votes on a confidential basis, with an independent party appointed to collate and verify the poll results.

The results of voting on all resolutions at the AGM are reported to the ASX and posted to GrainCorp's website as soon as possible after the meeting.

Shareholders are also invited to submit questions in advance of the AGM, so that GrainCorp can ensure issues are addressed.

GrainCorp's external audit partner attends the AGM and is available to answer questions on the conduct of the annual audit of GrainCorp's financial reports and statements and related matters. PwC may also answer any written questions shareholders have submitted prior to the AGM. No questions were directed to the external auditor in relation to the conduct of the audit of GrainCorp's 2012 financial reports and statements and no questions were directed to the external auditor at the Company's last AGM in December 2012.

Principle 7: *Recognise and manage risk*

a) Risks

GrainCorp is one of Australia's largest agribusinesses with a significant presence in the storage and logistics of grain and non-grain commodities, the marketing of grain domestically and internationally, the production and marketing of edible oil products, storage of oils, petroleum and chemical products; as well as the production of malt, flour and related consumer end products. Risk is therefore inherent in GrainCorp's daily operations and the ability to achieve its strategies depends heavily on how effectively risk is managed.

GrainCorp's risk management objective is to ensure all material risks are identified and, where practical and economically viable, measures implemented to mitigate or otherwise manage the impact those risks may have on GrainCorp's activities.

b) Risk management framework

GrainCorp's risk management framework identifies, assesses and manages GrainCorp's strategic, operational, financial and reputational risks. Key components of the framework include the Risk Management Policy & Guidelines (the "Policy") and the Statement of Risk Appetite.

The Policy, which is largely consistent with the Australian/New Zealand and International Standard on Risk Management: AS/NZS ISO 31000:2009, applies to all entities within GrainCorp. It:

- Provides a systematic approach to risk management aligned to GrainCorp's strategic objectives.
- Defines the processes by which GrainCorp determines its risk appetite and manages risk.
- Articulates the roles and accountabilities for the oversight, governance and management of risk within GrainCorp.

The Statement of Risk Appetite defines how much risk GrainCorp is willing to accept in certain situations and circumstances, as approved by the Board.

c) Risk management responsibilities and actions

i. Board of Directors

GrainCorp's Board is responsible for determining the risk profile, appetite and strategies and for monitoring the integrity of internal controls and other resources, processes and systems to manage and mitigate risks.

The Board has delegated direct oversight of risk management, other than financial risk management, within GrainCorp to the BRC.

The Board has delegated to the Executive Team the responsibility for establishing GrainCorp's risk framework and for implementing the internal controls and other systems and processes to manage risk.

ii. Business Risk Committee

The BRC oversees all aspects of risk within GrainCorp except for financial risks which remain the responsibility of the BAC subject to the overriding responsibilities of the Board.

The BRC's objectives are to review, monitor and report on the following matters:

- Strategic and operational risks which include, but are not limited to, business trading, ethical, safety and relevant regulatory risks.
- Compliance with applicable laws and regulations as well as GrainCorp's internal policies and procedures.

The full responsibilities of the BRC are detailed in its Charter, which is available on GrainCorp's website.

The BRC consists of five members, three independent Directors, the Managing Director & CEO and an independent advisor who is not a member of the Board, but who has the specialised skills and experience to critically assess and challenge management's performance in relation to managing risk, particularly the risks associated with the activities of GrainCorp Marketing. The current members are Daniel Mangelsdorf (Chairman), Barbara Gibson, Don Taylor, Ottmar Weiss (Independent Advisor) and the Managing Director & CEO. The Group General Manager GrainCorp Marketing, Group General Manager GrainCorp Oils, President and CEO GrainCorp Malt, Group General Manager Storage & Logistics, CFO and Group Company Secretary attend all meetings of the BRC by invitation. Other Executives, senior managers and employees attend meetings as required.

Details of the attendance of the members at meetings of the BRC during the year are contained in the Directors' Report.

To discharge its responsibilities the BRC receives regular reports from the Executive Team:

- That identify and evaluate the significant risks that may impact the achievement of GrainCorp's strategies and operations.
- On material business risks and progress against risk management plans and key performance indicators.
- On grain, malt, oil and other commodity trading strategies, and as required approve new trading business activities and control measures.
- Concerning credit, treasury, liquidity, foreign exchange, derivative, country and sovereign risks of the Marketing, Malt and Oils business units, and assesses their alignment to the Statement of Risk Appetite.
- Health, safety and environment performance and risks.

The BRC, in conjunction with the BAC, also receives regular reports from Internal Audit on internal controls and other risk matters.

During the year the BRC focussed on:

- Group safety reporting overseeing the continued development of safety strategies, performance reports, scorecards and risk management plans.
- Continual review of the Corporate Risk Register, Statement of Risk Appetite and Risk Management Plans produced by the business.
- Reviewing amendments to the Position and Trading Risk Management Policy to accommodate business growth with recent expansion into Canada and Germany.
- Reviewing the acquisition of the Gardner Smith and Integro Foods businesses and integration of these separate operations into the GrainCorp Oils business unit.
- Reviewing the Risk Register for the GrainCorp Oils business unit.

iii. Management and other employees

GrainCorp's Managing Director & CEO, supported by the Executive Team, has been delegated the responsibility for implementing the risk framework and risk strategies across GrainCorp, to ensure all risks identified as unacceptable are managed or mitigated, or otherwise dealt with.

Each business and function within GrainCorp is responsible for conducting risk assessments of its operations as well as developing, maintaining and reviewing relevant risk registers and risk management plans.

The Executive Team regularly monitors GrainCorp's risks and reviews the effectiveness of treatment strategies implemented to manage the risks identified. Supporting this process is a dedicated Group Risk and Insurance Manager whose responsibilities include the implementation, review and maintenance of GrainCorp's risk management framework and the provision of systems, advice and training.

Corporate strategic and business unit plans are reviewed at least annually, which enables the Executive Team to assess whether GrainCorp's risk profile has changed or any new risks emerged or existing risks increased, decreased or disappeared.

The Executive Team also reviews performance against the Statement of Risk Appetite via key risk indicators using a "traffic light" system whereby: Red - indicates the appetite is stretched or breached; Orange - indicates the appetite is stretched but tolerable; and Green - indicates the appetite is within acceptable parameters.

iv. External and Internal Audit

See Principle 4: Safeguard integrity in financial reporting on page 55.

d) Environmental risk and sustainability

The Board recognises that adopting sound environmental management practices and sustainable business operations are important to the long-term performance and growth of GrainCorp. The efficient and reduced use of energy, water and other resources in its plants are significant challenges being considered by the Company throughout its operations. The impacts of drought, the availability of cost effective energy supplies as well as the impact of environmental regulations have been identified as key risks and are addressed as part of GrainCorp's risk management framework.

In FY13, GrainCorp continued to execute its environmental strategy which was developed in FY12 with a focus on enhancing regulatory compliance, addressing gaps, capitalising on opportunities and improving the appropriate governance, accountability and communication of the strategy.

The Company is a registered participant in the Energy Efficiency Opportunities (“EEO”) Program and is a registered reporter of energy use and greenhouse gas emissions under the *National Greenhouse and Energy Reporting Act*. Sites within the Australian Oils business and Barrett Burston Malting that trigger thresholds under the National Pollutant Inventory are also subject to annual reporting.

Copies of the EEO public reports are available on GrainCorp’s website. GrainCorp’s energy consumption and emission totals can be found on the Clean Energy Regulator’s public website.

Principle 8: *Remunerate fairly and responsibly*

a) Human Resources Committee

The HRC assists the Board to consider human resource and remuneration strategies and issues within GrainCorp.

The objective of the HRC is to assist the Board discharge its responsibilities to shareholders and other stakeholders by ensuring that GrainCorp:

- Has coherent and transparent remuneration policies and practices that are consistent with the Company’s strategic goals and human resource objectives which enable it to attract, motivate and retain employees at all levels who will create value for shareholders.
- Fairly and responsibly remunerates Executives and other employees having regard to the performance of the Company, the performance of the Executive or employee and the general remuneration environment.

The responsibilities of the HRC are detailed in its Charter, available on GrainCorp’s website.

The HRC has three members who are appointed by the Chairman of the Board from the Non-executive Directors, and all of whom are independent. The HRC operates independently of the Executive Team and seeks its own advice, as considered necessary, to assist in its decision making processes.

The current members of the HRC are Donald McGauchie (Chairman), Don Taylor and David Trebeck. During the past year, the Managing Director & CEO and the General Manager Corporate Services attend all meetings of the HRC by invitation.

During the year the HRC focussed on:

- A review of the performance of the Managing Director & CEO and her direct reports.
- Ensuring that succession plans were updated for the Managing Director & CEO, members of the Executive Team and for other critical roles.
- Undertaking detailed external benchmarking of the remuneration of the Managing Director & CEO, Executives and the Non-executive Directors.
- Reviewing performance of the LTI plan to ensure it was delivering its objectives.
- Reviewing and tracking the overall people strategy of the business including recruitment, performance, learning, engagement, development and remuneration.
- Understanding the employee relations environment and trends across the business.

b) Non-executive Director remuneration

The remuneration of Non-executive Directors is fixed and is paid according to the role of the Director and the Board Committees on which they serve, and their role on those Committees.

Non-executive Directors do not participate in other remuneration components such as performance related short term or LTIs that are available to GrainCorp’s Executives and other employees.

c) Remuneration Report

Details of GrainCorp’s remuneration policies and practices and information relating to the remuneration of its KMP (including the Non-executive Directors) is disclosed in the Remuneration Report starting on page 21 in the Directors’ Report.

Conclusion and summary of compliance with the recommendations

The Board is satisfied with GrainCorp’s level of compliance with the Recommendations, but recognises that governance processes require continual monitoring and refinement. The Board, primarily through its NCGC, regularly reviews GrainCorp’s corporate governance framework to ensure it remains effective, compliant with changing requirements and relevant to GrainCorp’s increasingly international business.

Auditor's Independence Declaration



As lead auditor for the audit of GrainCorp Limited for the year ended 30 September 2013, I declare that, to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of GrainCorp Limited and the entities it controlled during the period.

A handwritten signature in blue ink, appearing to read 'M Lunn', is written over a faint horizontal line.

Matthew Lunn
Partner
PricewaterhouseCoopers

Sydney, 20 December 2013

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Consolidated Income Statement

For the year ended 30 September 2013

	Note	2013 \$ M	2012 \$ M
Revenue from continuing operations	5	4,462.0	3,329.4
Other income	6	23.6	77.0
Goods purchased for resale		(2,680.3)	(1,746.0)
Raw materials and consumables used		(825.5)	(750.7)
Employee benefits expense	8	(359.5)	(291.6)
Depreciation and amortisation expense	8	(118.8)	(91.1)
Finance costs	8	(48.8)	(42.5)
Repairs and maintenance		(49.1)	(42.2)
Operating leases	8	(64.0)	(61.6)
Other expenses	8	(113.5)	(99.5)
Acquisition and integration costs	7	(17.5)	(7.2)
Takeover response costs	7	(18.1)	-
Defined benefit plan adjustment	7	-	16.8
Share of results of investments accounted for using the equity method	7, 35	11.7	15.4
Profit before income tax		202.2	306.2
Income tax expense	7, 9	(61.3)	(101.3)
Profit from continuing operations		140.9	204.9
Profit attributable to owners of GrainCorp Limited		140.9	204.9

	Note	Cents	Cents
Earnings per share for profit from continuing operations attributable to owners of the Company			
Basic earnings per share	37	61.9	102.6
Diluted earnings per share	37	61.6	102.0
Earnings per share for profit attributable to owners of the Company			
Basic earnings per share	37	61.9	102.6
Diluted earnings per share	37	61.6	102.0

The above Consolidated Income Statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income

For the year ended 30 September 2013

	Note	2013 \$ M	2012 \$ M
Profit for the year		140.9	204.9
Other comprehensive income			
<i>Items that will not be reclassified to profit and loss:</i>			
Actuarial gain / (loss) on retirement benefit obligations	23	2.7	(13.6)
Income tax relating to these items	9	(1.8)	2.5
<i>Items that may be reclassified to profit and loss:</i>			
Changes in the fair value of cash flow hedges		(2.6)	7.4
Share of comprehensive income of jointly controlled entities	35	0.4	(0.1)
Exchange differences on translation of foreign operations		48.2	(11.9)
Income tax relating to these items	9	1.0	(2.0)
Other comprehensive income for the year, net of tax		47.9	(17.7)
Total comprehensive income for the year attributable to owners of GrainCorp Limited		188.8	187.2

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 September 2013

	Note	2013 \$ M	2012 \$ M
Current assets			
Cash and cash equivalents	10	255.0	350.3
Trade and other receivables	11	426.4	390.5
Inventories	12	535.1	551.5
Derivative financial instruments	13	59.7	77.2
Assets classified as held for sale	14	5.5	7.6
Total current assets		1,281.7	1,377.1
Non-current assets			
Trade and other receivables	11	19.5	20.0
Investments accounted for using the equity method	35	151.5	139.4
Other financial assets	15	1.8	1.5
Deferred tax assets	16	18.6	3.3
Property, plant and equipment	17	1,182.3	872.2
Intangible assets	18	512.6	370.8
Derivative financial instruments	13	2.3	0.9
Total non-current assets		1,888.6	1,408.1
Total assets		3,170.3	2,785.2
Current liabilities			
Trade and other payables	19	336.2	299.1
Borrowings	20	237.9	338.2
Derivative financial instruments	13	35.4	68.2
Other financial liabilities	21	0.2	0.2
Current tax liabilities		5.9	17.6
Provisions	22	80.2	70.4
Total current liabilities		695.8	793.7
Non-current liabilities			
Trade and other payables	19	20.0	10.3
Borrowings	20	595.0	339.9
Derivative financial instruments	13	1.6	4.9
Other financial liabilities	21	0.3	0.6
Deferred tax liabilities	16	57.9	52.9
Provisions	22	6.7	5.1
Retirement benefit obligations	23	34.4	37.3
Total non-current liabilities		715.9	451.0
Total liabilities		1,411.7	1,244.7
Net assets		1,758.6	1,540.5
Equity			
Contributed equity	24	1,338.3	1,171.8
Reserves		28.7	(19.6)
Retained earnings	25	391.6	388.3
Total equity		1,758.6	1,540.5

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 30 September 2013	Hedging	Capital	Share option	Translation	Total	Contributed	Retained	Total
	reserve	reserve	reserve	reserve	reserves	equity	earnings	equity
	\$ M	\$ M	\$ M	\$ M	\$ M	\$ M	\$ M	\$ M
At 30 September 2011	(4.6)	8.3	6.5	(25.2)	(15.0)	1,064.5	323.2	1,372.7
Profit for the year	-	-	-	-	-	-	204.9	204.9
Other comprehensive income:								
Exchange difference on translation of foreign operations	-	-	-	(11.9)	(11.9)	-	-	(11.9)
Gain / (loss) on cash flow hedges	7.4	-	-	-	7.4	-	-	7.4
Defined benefit plan actuarial gains and losses	-	-	-	-	-	-	(13.6)	(13.6)
Share of other comprehensive income of jointly controlled entities	(0.1)	-	-	-	(0.1)	-	-	(0.1)
Deferred tax credit / (expense)	(2.0)	-	-	-	(2.0)	-	2.5	0.5
Total other comprehensive income	5.3	-	-	(11.9)	(6.6)	-	(11.1)	(17.7)
Total comprehensive income	5.3	-	-	(11.9)	(6.6)	-	193.8	187.2
Transactions with owners:								
Dividends paid	-	-	-	-	-	-	(129.0)	(129.0)
Share issue (net of transaction costs)	-	-	-	-	-	104.4	-	104.4
Share-based payments	-	-	4.1	-	4.1	-	-	4.1
Deferred tax credit	-	-	-	-	-	0.8	-	0.8
Dividends received by Employee Trust	-	-	-	-	-	-	0.3	0.3
Less: Treasury shares	-	-	-	-	-	-	-	-
Less: Treasury shares vested to employees	-	-	(2.1)	-	(2.1)	2.1	-	-
Total transactions with owners	-	-	2.0	-	2.0	107.3	(128.7)	(19.4)
At 30 September 2012	0.7	8.3	8.5	(37.1)	(19.6)	1,171.8	388.3	1,540.5
Profit for the year	-	-	-	-	-	-	140.9	140.9
Other comprehensive income:								
Exchange difference on translation of foreign operations	-	-	-	49.9	49.9	-	(1.7)	48.2
Gain / (loss) on cash flow hedges	(2.6)	-	-	-	(2.6)	-	-	(2.6)
Defined benefit plan actuarial gains and losses	-	-	-	-	-	-	2.7	2.7
Share of other comprehensive income of jointly controlled entities	0.4	-	-	-	0.4	-	-	0.4
Deferred tax credit / (expense)	1.0	-	-	-	1.0	-	(1.8)	(0.8)
Total other comprehensive income	(1.2)	-	-	49.9	48.7	-	(0.8)	47.9
Total comprehensive income	(1.2)	-	-	49.9	48.7	-	140.1	188.8
Transactions with owners:								
Dividends paid	-	-	-	-	-	-	(137.0)	(137.0)
Share issue (net of transaction costs)	-	-	-	-	-	174.4	-	174.4
Share-based payments	-	-	(0.3)	-	(0.3)	-	-	(0.3)
Deferred tax credit	-	-	-	-	-	(0.1)	-	(0.1)
Dividends received by Employee Trust	-	-	-	-	-	-	0.2	0.2
Less: Treasury shares	-	-	-	-	-	(7.9)	-	(7.9)
Less: Treasury shares vested to employees	-	-	(0.1)	-	(0.1)	0.1	-	-
Total transactions with owners	-	-	(0.4)	-	(0.4)	166.5	(136.8)	29.3
At 30 September 2013	(0.5)	8.3	8.1	12.8	28.7	1,338.3	391.6	1,758.6

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 30 September 2013

	Note	2013 \$ M	2012 \$ M
Cash flows from operating activities			
Receipts from customers		4,701.0	3,707.5
Payments to suppliers and employees		(4,211.4)	(3,357.8)
		489.6	349.7
Transaction costs of business combinations		(12.8)	(0.9)
(Repayments) / proceeds of secured bank loan – commodity inventory funding		(131.8)	(73.0)
Interest received		11.8	13.1
Interest paid		(50.6)	(41.0)
Income taxes refunded / (paid)		(83.3)	(107.9)
Net inflow from operating activities	36	222.9	140.0
Cash flows from investing activities			
Payments for property, plant and equipment		(111.9)	(108.0)
Payments for computer software		(29.5)	(4.2)
Proceeds from sale of property, plant and equipment		0.5	0.1
Payments for investment/business (net of cash acquired)	32	(353.5)	(80.7)
Loans repaid by related parties		0.5	-
Net (outflow) from investing activities		(493.9)	(192.8)
Cash flows from financing activities			
Proceeds from borrowings		400.0	222.9
Repayment of borrowings		(146.5)	(100.0)
Proceeds from share issue	24	51.7	106.9
Dividend paid	26	(137.0)	(129.0)
Share issue transaction costs	24	(1.1)	(2.5)
Treasury shares purchased		(0.3)	-
Net inflow from financing activities		166.8	98.3
Net (decrease) / increase in cash and cash equivalents		(104.2)	45.5
Cash and cash equivalents at the beginning of the year		350.3	312.4
Effects of exchange rate changes on cash and cash equivalents		8.9	(7.6)
Cash and cash equivalents at the end of the year	10	255.0	350.3

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

For the year ended 30 September 2013

1. Summary of significant accounting policies

The financial report includes consolidated financial statements for GrainCorp Limited (“GrainCorp” or the “Company”) and its controlled entities (collectively the “Group”). GrainCorp Limited is a company incorporated in Australia, limited by shares which are publicly traded on the Australian Securities Exchange.

The financial report of GrainCorp Limited for the period ended 30 September 2013 was authorised for issue in accordance with a resolution of the Directors on 20 December 2013. The Directors have the power to amend and reissue the financial report.

The nature of the operations and principal activities of the Group are described in the Directors’ Report.

a) Basis of preparation

The financial report is a general purpose financial report prepared in accordance with Australia Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The accounting policies have been applied consistently to all periods presented in the financial report. New or amended accounting standards that have current year application did not have a significant impact on the presentation of the Group’s financial statements. No accounting standards issued but not yet effective have been early adopted in the financial year. The financial report has been prepared on a going concern basis.

i. Statement of compliance

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (“AIFRS”). Compliance with AIFRS ensures that the financial report of GrainCorp Limited complies with the International Financial Reporting Standards (“IFRS”).

ii. Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative instruments), and commodity inventories, at fair value through profit or loss.

iii. Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

iv. Rounding amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the “rounding off” of amounts in the financial report. The financial reports and Directors’ report have been rounded to the nearest hundred thousand dollars, or in certain cases, to the nearest thousand dollars.

b) Principles of consolidation

i. Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of GrainCorp as at 30 September 2013 and the results of all subsidiaries for the year then ended. GrainCorp and its subsidiaries together are referred to in these financial statements as the Group.

Subsidiaries are all entities (including special purpose entities) over which the parent entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the parent entity controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to note 1(h)).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

1. Summary of significant accounting policies (continued)

Non-controlling interests in the results and the equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

ii. *Jointly Controlled Entities*

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control (i.e. when the strategic financial and operating policy decisions relating to activities of the joint venture require the unanimous consent of the parties sharing control). Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities. Investments in jointly controlled entities are accounted for using the equity accounting method. The investments are carried at the lower of the equity accounted amount and the recoverable amount.

The Group's share of jointly controlled entities' post-acquisition profit or loss is recognised in the Consolidated Income Statement from the date that joint control commences until the date that joint control ceases. The Group's share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying value of the investment. Dividends reduce the carrying amount of the equity accounted investment.

When the Group's share of losses exceeds its equity accounted carrying value of a jointly controlled entity, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued, except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of a jointly controlled entity.

iii. *Employee share trust*

The Group has formed a trust to administer the Group's employee share schemes. This trust is consolidated, as the substance of the relationship is that the trust is controlled by the Group.

Shares held by the GrainCorp Employee Share Ownership Plan Trust are disclosed as treasury shares and deducted from contributed equity.

c) **Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, is the Managing Director & CEO (per note 4).

d) **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. Revenue from major business activities includes: revenue earned from the provision of services, including the handling, classification and storage of grains and other bulk commodities; management of grain pools; production of malt products and provision of brewing and distilling inputs; and the marketing and sale of grain.

i. *Sale of goods*

Revenue from sale of goods is recognised when the risks and rewards of the ownership of goods are transferred to the customer. This occurs upon delivery of the goods. In the case of export sales, the bill of lading (shipment) date is taken as the transaction date unless title is to pass at a materially different time.

ii. *Services*

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. Amounts billed in advance are recorded as a current liability until such time as the service is performed.

iii. *Rental income*

Rental income is recognised on a straight-line basis over the lease term.

iv. *Interest income*

Interest income is recognised using the effective interest method.

v. *Dividends*

Dividends are recognised as revenue when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits.

e) **Government grants**

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

Where Government grants take the form of a transfer of non monetary assets for the use of the entity, both the asset and grant are recorded at a nominal amount.

1. Summary of significant accounting policies (continued)

f) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributed to temporary differences between the tax bases of assets and liabilities and their carrying amount in the financial statements, and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

GrainCorp and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are offset in the consolidated financial statements.

g) Goods and services and other value-added taxes ("GST")

Revenues, expenses and assets are recognised net of the amount of associated GST, except where the amount of GST incurred is not recoverable from the taxation authority, in which case it is recognised as part of the cost of acquisition of an asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of other receivables or payables in the statement of financial position.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

h) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquirees' net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

1. Summary of significant accounting policies (continued)

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

i) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the consolidated statement of financial position.

j) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after period end.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of trade receivables is established when there is objective evidence that the Group will be unable to collect all amounts due according to the original terms of receivables. Movements in the amount of the provision are recognised in the income statement in other expenses.

k) Inventories

i. Consumable stores

Consumable stores held for own consumption are valued at the lower of cost and net realisable value.

ii. Raw materials

Raw materials held for own use in malting and oils processes, are valued at the lower of cost and net realisable value.

Cost also includes the transfer from equity of any gains/losses on qualifying cash flow hedges relating to the purchases of raw materials.

iii. Finished goods and work in progress

Finished goods and work in progress are stated at the lower of cost and net realisable value. Cost comprises raw materials, direct labour and other direct costs and related production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

iv. Trading inventory

Trading inventory is stated at the lower of cost and net realisable value. Cost comprises direct materials and an appropriate portion of variable overhead. Costs are assigned to individual items of inventory on the basis of weighted average costs.

v. Commodities inventory

Commodities inventory, principally grain inventories acquired with the purpose of selling in the near future and generating a profit from fluctuation in price or broker-traders' margin, is measured at fair value less costs to sell, with changes in fair value recognised in the income statement.

l) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

An impairment loss is recognised for any initial or subsequent write down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increase in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the income statement.

1. Summary of significant accounting policies (continued)

m) Investments and other financial assets

Classification

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

i. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial position.

iii. Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.

iv. Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the end of the reporting period. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when all rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Group measures a financial asset at fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit and loss are expensed in profit or loss.

Loans and receivables and held-to-maturity investments are subsequently carried at amortised costs using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary financial assets classified as available-for-sale are recognised in equity in the available-for-sale investments revaluation reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment securities.

Details on how the fair value of financial instruments is determined are disclosed in note 3.

Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its costs is considered an indicator that the assets are impaired.

1. Summary of significant accounting policies (continued)

i. *Assets carried at amortised cost*

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

ii. *Asset classified as available-for-sale*

If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement.

Impairment losses on equity instruments that were recognised in the income statement are not reversed through the income statement in a subsequent period.

If the fair value of a debt instrument classified as available-for-sale increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the income statement.

n) **Derivatives**

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges).
- Hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).
- Hedges of a net investment in a foreign operation (net investment hedges).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in the cash flows of hedged items.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as current assets or liabilities.

i. *Fair value hedge*

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in profit or loss within finance costs, together with changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk. The gain or loss relating to the ineffective portion is recognised in profit or loss within other income or other expenses.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity using a recalculated effective interest rate.

ii. *Cash flow hedge*

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within other income or other expense.

Amounts accumulated in equity are reclassified to the income statement in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or fixed assets), the gains and losses previously deferred into equity are transferred from equity and included in the initial measurement of the cost of the asset.

1. Summary of significant accounting policies (continued)

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at the time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement within other income or other expense.

iii. *Net investment hedges*

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other income or other expenses.

Gains and losses accumulated in equity are reclassified to the income statement when the foreign operation is partially disposed of or sold.

iv. *Derivatives that do not qualify for hedge accounting*

Where derivative instruments do not qualify for hedge accounting, changes in fair value are recognised immediately in the income statement and are included in other income or other expenses.

o) **Financial guarantee contracts**

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is measured at fair value and subsequently at the higher of the amount determined in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of subsidiaries or associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

p) **Property, plant and equipment**

i. *Cost of asset*

Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses. For acquired assets, cost includes the purchase price, costs that are directly attributable to bringing the asset to the necessary location and condition and an initial estimate of any dismantling, removal and restoration costs that have been recognised as provisions. For self constructed assets, cost includes the cost of all materials used in construction, direct labour and borrowing costs incurred during the construction.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

ii. *Depreciation*

Freehold land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate the cost over their estimated useful lives as follows:

- Freehold buildings – 20 to 50 years
- Leasehold improvements – 1 to 50 years
- Plant and equipment – 2 to 30 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Assets located at port sites are depreciated over useful lives based on management's judgement of the likelihood of continuing renewal of the underlying operating leases.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount, and are included in the income statement.

iii. *Leased Assets*

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations,

1. Summary of significant accounting policies (continued)

net of finance charges, are included in current and non-current borrowings. Each lease payment is allocated between the liability and finance charges and the interest element of the finance cost is charged to the income statement. The leased asset is depreciated on a straight-line basis over the shorter of the asset's useful life and the expected total lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the lease term.

Lease income from operating leases where the Group is lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the statement of financial position based on their nature.

iv. *Compensation for impairment*

Compensation payable by third parties for items of property, plant and equipment that are impaired, lost, or given up is included in other income when the compensation becomes receivable.

q) Intangible assets

i. *Computer software*

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to computer software. Costs capitalised include external direct costs of materials and service, direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight-line basis over an estimated useful life of 3 to 7 years.

Computer software development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the Group has an intention and ability to use the asset.

ii. *Goodwill*

The measurement of goodwill on acquisition is described in note 1(h).

Goodwill is not amortised. Instead, goodwill is tested for impairment at least annually and whenever there is indication that the goodwill may be impaired, and carried at cost less accumulated impairment losses. Refer note 1(r) for accounting policy on impairment. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity or operation sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash generating units or groups of cash-generating units that are expected to benefit from the business combination in which goodwill arose, identified according to operating segments.

iii. *Trade name*

Trade names acquired as part of a business combination are recognised separately from goodwill. Trade names are carried at fair value at the date of acquisition less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over the estimated useful life of 3 to 9 years.

iv. *Customer contracts and relationships*

Customer contracts and relationships acquired as part of a business combination are recognised separately from goodwill. The customer contracts and relationships are carried at their fair value at the date of acquisition less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over the estimated useful life of 5 to 10 years.

v. *Research and development*

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its costs can be measured reliably. The expenditure capitalised comprises all directly attributable costs, including costs of material, services, direct labour and an appropriate proportion of overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, which varies from 3 to 7 years.

r) Impairment of Assets

Assets that have an indefinite useful life, including goodwill, are not subject to amortisation and are tested at least annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less

1. Summary of significant accounting policies (continued)

costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows, cash generating units ("CGU").

s) Repairs and maintenance

Property, plant and equipment are required to be overhauled on a regular basis. This is managed as part of an ongoing major cyclical maintenance program. The costs of this maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised and depreciated. Other routine operating maintenance, repair and minor renewal costs are also charged as expenses as incurred.

t) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months of the reporting date.

u) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

v) Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that it is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

w) Employee benefits

i. *Wages, salaries, annual leave and sick leave*

Liabilities for wages and salaries are included in other payables. Non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in current provisions in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Non-accumulating sick leave is charged to expense as the leave is taken and measured at the rates paid or payable.

ii. *Long service leave*

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

iii. *Pension obligations*

Group companies operate various pension plans. The Group has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service, and remuneration. The schemes are funded through payments to trustee-administered funds determined by periodic actuarial calculations.

The liability or asset recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by

1. Summary of significant accounting policies (continued)

discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximately equal to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in income.

iv. *Life assurance and health insurance*

Some Group entities pay premiums for life assurance and health insurance. The payments are recognised as employee benefit expense when they are due.

v. *Termination benefits*

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or to providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

vi. *Share-based payments*

Share-based compensation benefits are provided to employees via GrainCorp's employee share plans (refer to note 1(x)).

vii. *Bonus plans*

The Group recognises a liability and an expense for bonuses. The liability is recognised where the Group has a contractual obligation or where there is a past practice that has created a constructive obligation.

x) **Share-based payments**

Share-based compensation benefits are provided to employees via the performance Share Rights Plan, Retention Share Plan, LTI Plan and the Deferred Equity Plan. Information relating to these schemes is set out in the note 38.

The fair value of share-based payment awards is recognised as an employee expense, with a corresponding increase in the share option reserve included in equity, over the period that the employees unconditionally become entitled to the awards. The total amount to be expensed is determined by reference to the fair value of the awards granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions. Non-market vesting conditions are included in assumptions about the number of awards that are expected to vest. At the end of each period, the entity revises its estimates of the number of awards that are expected to vest based on the non-market vesting conditions and any impact is recognised in the income statement with a corresponding adjustment to equity.

y) **Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as interest expense.

z) **Workers' Compensation**

The Group insures for workers' compensation through the relevant statutory funds in all Australian States and Territories. Premiums are recognised as an expense in the income statement as incurred.

Prior to 29 June 2006 the controlled entity GrainCorp Operations Limited was a self-insurer in New South Wales for workers' compensation liabilities. Provision is made for potential liability in respect of claims incurred prior to 29 June 2006 on the basis of an independent actuarial assessment.

aa) **Foreign currency translation**

i. *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is GrainCorp's functional and presentation currency.

1. Summary of significant accounting policies (continued)

ii. *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that related to borrowings are presented in the income statement, within finance costs. All other foreign exchange gains and losses are presented in the income statement on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in other comprehensive income.

iii. *Group companies*

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- i. Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position.
- ii. Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction date, in which case income and expenses are translated at the rate on the dates of the transactions).
- iii. All resulting exchange differences are recognised as a separate component of equity and disclosed in the Statement of comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, are recognised in other comprehensive income. When a foreign operation is sold, a proportionate share of such exchange differences is reclassified to profit and loss, as part of the gain and loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

ab) **Contributed equity**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

Shares acquired by an employee share trust that is consolidated are not cancelled, but are presented as a deduction from equity.

ac) **Earnings per share**

i. *Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year.

ii. *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

1. Summary of significant accounting policies (continued)

ad) Parent entity financial information

The financial information for the parent entity, GrainCorp Limited, disclosed in note 31 has been prepared on the same basis as the consolidated financial statements, except as set out below.

i. *Investments in subsidiaries and associates*

Investments in subsidiaries and associates are accounted for at cost in the financial statements of GrainCorp Limited. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

ii. *Tax consolidation legislation*

GrainCorp Limited is the head entity in a tax-consolidated group comprising the head entity and all of its wholly-owned Australian subsidiaries. The head entity, GrainCorp Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a standalone taxpayer in its own right.

In addition to its own current and deferred tax amounts, GrainCorp Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The members of the tax-consolidated group have entered into a tax funding agreement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. Under the terms of the agreement the wholly-owned entities fully compensate GrainCorp Limited for any current tax payable assumed and are compensated by GrainCorp Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to GrainCorp Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' accounts.

The amounts receivable/payable under the tax funding agreement is due on demand, subject to set-off or agreement to the contrary, and regardless of whether any consolidated group liability is actually payable by the head entity. These amounts are recognised as current inter-company receivables or payables. Any differences between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

iii. *Financial guarantees*

Where the parent entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

iv. *Share-based payments*

The grant by the company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

ae) Significant Items

GrainCorp defines significant items as not in the ordinary course of business, non-recurring and material in nature and amount.

af) New accounting standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 September 2013 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below.

AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (effective for annual reporting periods beginning on or after 1 January 2015)

AASB 9 introduces new requirements for the classification and measurement of financial assets. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. AASB 9 introduces additions relating to financial liabilities. The IASB currently has an active project that may result in limited amendments to the classification and measurement requirements of AASB 9 and add new requirements to address the impairment of financial assets and hedge accounting. AASB 9 will become mandatory for the group's 30 September 2016 Financial Statements. The Group has not yet determined the effect of this standard on the Group.

AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, revised AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards AASB 2012-10 Amendments to Australian Accounting Standards - Transition Guidance and Other Amendments (effective 1 January 2013)

1. Summary of significant accounting policies (continued)

In August 2011, the AASB issued a suite of five new and amended standards which address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements, and Interpretation 12 Consolidation – Special Purpose Entities. The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns before control is present. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. There is also new guidance on participating and protective rights and on agent/principal relationships. The Group does not expect the new standard to have a substantial impact on its composition.

AASB 11 introduces a principles based approach to accounting for joint arrangements. The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement. Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or a joint venture. Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted. Parties to a joint operation will account their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard. AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control. The Group does not expect the new standard to have any significant impact on its financial statements.

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 128. Application of this standard by the Group will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to the Group's investments.

AASB 127 is renamed Separate Financial Statements and is now a standard dealing solely with separate financial statements. Application of this standard by the Group will not affect any of the amounts recognised in the financial statements.

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not re-measure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa. The amendments also introduce a "partial disposal" concept. No impact is expected on the Group's financial statements from these amendments.

The Group does not intend to adopt the new standards before their operative date. They would therefore be first applied in the financial statements for the annual reporting period ending 30 September 2014.

AASB 13 Fair value measurement (effective 1 January 2013)

AASB 13 was released in September 2011. It explains how to measure fair value and aims to enhance fair value disclosures. The Group has determined the impact of the new guidance to be immaterial in future financial periods based on current exposures. Application of the new standard will impact the type of information disclosed in the notes to the financial statements. The Group does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 30 September 2014.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements (effective 1 July 2013)

In July 2011, the AASB decided to remove the individual KMP disclosure requirements from AASB124 Related Party Disclosures, to achieve consistency with the international equivalent standard and remove a duplication of the requirements with the *Corporations Act 2001*. While this will reduce the disclosures that are currently required in the notes to the financial statements, it will not affect any of the amounts recognised in the financial statements. The amendments apply from 1 July 2013 and cannot be adopted early. The *Corporations Act 2001* requirements in relation to the remuneration reports will remain unchanged for now, but these requirements are currently subject to review and may also be revised in the near future.

Revised AASB 119 Employee Benefits, AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) and AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements (effective 1 July 2013)

AASB 119 (2011) eliminates the use of the "corridor approach" and instead mandates immediate recognition of all re-measurements of a defined benefit liability and defined benefit assets (including actuarial gains and losses) in comprehensive income. The Group's current accounting policy does not utilise the "corridor approach" to account for actuarial gains and losses with respect to defined benefit superannuation plans. Under the revised standard, return on plan assets will be calculated based on the rate used to discount the obligations rather than the expected rate of return on these assets, which is not expected to have a material impact on the financial statements.

AASB 119 (2011) also changes the definition of short-term and long-term employee benefits. This change in classification is not expected to have a material impact on the financial statements.

1. Summary of significant accounting policies (continued)

Disclosures – Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 7) (effective for annual reporting periods on or after 1 July 2013) **Offsetting Financial Assets and Financial Liabilities (Amendments to AASB 132)** (effective for annual reporting periods on or after 1 July 2014)

In June 2012, the AASB approved amendments to the application guidance in AASB 132 Financial Instruments: Presentation, to clarify some of the requirements for offsetting financial assets and financial liabilities in the balance sheet. These amendments are effective from 1 January 2014. They are unlikely to affect the accounting for any of the entity's current offsetting arrangements. However, the AASB has also introduced more extensive disclosure requirements into AASB 7 which will apply from 1 January 2013. When they become applicable, the Group will have to provide a number of additional disclosures in relation to its offsetting arrangements. The Group does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 30 September 2014.

AASB 2013-4 Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting (effective 1 January 2014)

In July 2013, the AASB made amendments to AASB 139 Financial Instruments: Recognition and Measurement, which permits the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedging instrument and is novated from one counterparty to a central counterparty as a consequence of laws or regulations. Since the Group transacts derivatives directly with banks, the amendments are not expected to have a significant impact on the Group's financial statements. The Group does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 30 September 2015.

2. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

a) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below.

i. *Estimated impairment of goodwill and other assets*

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1(r). The recoverable amounts of cash-generating units have been determined based on higher of fair value less cost to sell and value-in-use calculations. These calculations require the use of assumptions. Refer note 18 for details of these assumptions.

ii. *Treatment of inactive sites*

From time to time, the Group decides to close and/or suspend operations at certain sites based on expected receipts in the coming year, or other relevant factors. These sites can become operational in future periods. The carrying value of such sites is considered for impairment annually. The total value of such sites as at 30 September 2013 amounts to \$19.4 million (2012: \$17.0 million).

iii. *Defined benefit pension plans' obligations*

The calculation of defined benefit pension plans' obligations is determined on an actuarial basis, using a number of assumptions including discount rates and expected returns on plan assets. Discount rates are based on interest rates applicable to high-quality corporate bonds that are denominated in the currency in which the benefits will be paid. Expected returns on plan assets are based in part on current market conditions. Refer note 23 for details of these assumptions.

iv. *Income taxes*

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group estimates its tax liabilities based on the Group's understanding of the tax law pertaining in each jurisdiction. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

b) Critical judgements in applying the entity's accounting policies

i. *Fair value where there is no organised market*

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Physical positions comprising inventory, forward sales and

2. Critical accounting estimates and judgements (continued)

forward purchases do not have quoted market prices available. Other techniques, such as obtaining bid values from a variety of commodity brokers and trade marketers, are used to determine fair value for these financial instruments. The fair value of interest-rate swap contracts is determined by reference to market values for similar instruments. The fair value of forward exchange contracts is determined using forward exchange market rates at the reporting date.

ii. Port leases and the useful lives of port assets

Operating leases over port facilities are on terms ranging from 3 to 99 years. The majority of these leases include options to extend terms. Given the nature of the Group's relationship with port operators it is anticipated that most leases will be continually renewed. As a result, the useful lives of certain port assets may be assessed by management to be in excess of the lease term of the underlying port lease.

iii. Ownership interest in Allied Mills

GrainCorp has a 60% equity interest in Allied Mills Australia Pty Limited ("Allied"), with the other 40% held by Cargill Australia Limited ("Cargill"). However, GrainCorp's voting rights in Allied are 50%, equal with Cargill.

GrainCorp entered into an agreement with Cargill on 2 October 2002 to establish Allied as a jointly operated company. The agreement establishes that neither party has control of Allied, due to the existence of 50% voting rights and equal Board representation between the two parties.

Therefore, although GrainCorp owns more than half of the equity interest in Allied, this ownership is not judged to constitute control. Hence the Group applies the concept of equity accounting and does not consolidate this entity.

iv. Judgements in providing for claims and disputes

Provision is made for various claims for losses or damages received from time-to-time in the ordinary course of business. Management estimates the provision based on historical information, business practices and its experience in resolving claims and disputes.

3. Financial risk management

Overview

The Group's activities expose it to a variety of financial risks including:

- Market risk - commodity price risk, utility price risk, foreign currency risk, interest rate risk
- Credit risk
- Liquidity risk

The overall management of these financial risks seeks to minimise any potential adverse effects on the Group's financial performance that may arise from the unpredictability of financial markets. All areas of risk management are subject to comprehensive policies, procedures and limits which are monitored by management and approved by the Board, the Board Audit Committee or the Business Risk Committee under authority from the Board.

Group Treasury manages interest rate risk, liquidity risk, counterparty credit risk and foreign currency risk in accordance with policies approved by the Board.

The Business Risk Committee reviews and agrees policies for managing risks arising from commodity trading and malt production and sales including the setting of limits for trading in derivatives to manage commodity price risk, foreign currency risk and utility price risk.

The Group's principal financial instruments comprise receivables, cash and short-term deposits, payables, bank loans and overdrafts, finance leases and derivative financial instruments.

Derivative financial instruments are utilised to manage commodity price risk, utility price risk, and foreign currency risk arising from trading in commodities, and malt and oils in the ordinary course of business; and to manage the inherent interest rate risk of Group borrowings. Certain foreign exchange derivatives for malt and oils sales and interest rate swaps currently qualify for hedge accounting as cashflow hedges.

The Group uses different methods to measure and manage the different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk; and assessments of market forecasts for interest rate, foreign exchange, commodity and utility prices. Ageing analysis and monitoring of specific credit limits are undertaken to manage credit risk. Liquidity risk is monitored through the use of rolling cash flow forecasts, and by comparing projected net debt levels against total committed facilities.

Market risk

Commodity price risk – commodity trading

Commodity price risk arises due to grain price fluctuations impacting on the value of commodity forward purchase and forward sales contracts written by the Group as part of its grain and meal marketing activities. The Group's policy is generally to lock in favourable margins between the purchase and sale price of commodities but differences in the timing of entering into these contracts create an exposure to commodity price risk.

To manage exposure to this commodity price risk, the Group enters into grain futures contracts, options contracts and over-the-counter contracts with terms between 2 and 24 months depending on the underlying transactions. These contracts are predominantly on Australia, New Zealand, US, Canada and Europe based financial markets and denominated in those currencies. Changes in fair value are recognised immediately in the income statement.

Commodity trading assets and liabilities subject to commodity price risk as at 30 September 2013:

Consolidated 30 September 2013	Fair value of derivatives and physical inventory \$ M	Net effect of a 20% appreciation in price on post-tax profit or loss \$ M	Net effect of a 20% depreciation in price on post-tax profit or loss \$ M
Commodity	184.0	(5.1)	5.1
Consolidated 30 September 2012	Fair value of derivatives and physical inventory \$ M	Net effect of a 20% appreciation in price on post-tax profit or loss \$ M	Net effect of a 20% depreciation in price on post-tax profit or loss \$ M
Commodity	309.6	4.1	(4.1)

3. Financial risk management (continued)

The fair value for commodity trading assets and liabilities subject to commodity risk is defined as follows:

- Inventory: the market value amount as at reporting date.
- Forward purchase and sales contracts: mark to market as at reporting date.
- Commodity futures: mark to market as at reporting date.
- Commodity options: market value amount as at reporting date.

Discussion of sensitivity analysis

A 20% movement in commodity prices has been determined as a reasonably possible change based on recent market history specific to agricultural commodities. However, due to controls the Group has in relation to commodity trading, such as trading limits and stop losses, it is not expected that a change of this magnitude would crystallise. The 20% movement is calculated over the market value amount of the net exposure of the commodity physical and derivative contracts.

Commonly traded commodities include wheat, sorghum, barley, tallow, vegetable oil, canola and pulses.

Commodity price risk – malt and oils production

The Group enters into forward physical purchase and sales contracts along with commodity derivative contracts to manage the underlying price risks in the purchase of raw materials for malt and oils production and the subsequent sale of malt and oils products from own use manufacture. These contracts are entered into and continue to be held for the purpose of delivery of raw materials and subsequent sale of processed malt and oils arising from the Group's expected purchase, sale or usage requirements; and are classified as non-derivative, and not fair valued.

Utility price risk – malt production

The Group enters into gas and electricity price swap contracts to fix utility costs incurred in malt processing. Changes in fair value are recognised immediately in the income statement.

Assets and liabilities subject to utility price risk as at 30 September 2013:

	2013 \$ M	2012 \$ M
Gas contracts at fair value:		
Liabilities	(0.1)	(2.4)
	(0.1)	(2.4)

At 30 September 2013, had the price of gas swap contracts moved, as illustrated in the table below, with all other variables held constant, profit after tax would have been affected as follows:

	2013 Impact on profit / (loss) after tax \$ M	2012 Impact on profit / (loss) after tax \$ M
20% increase		
Gas	0.3	0.8
Net effect of 20% increase	0.3	0.8
20% decrease		
Gas	(0.3)	(0.8)
Net effect of 20% decrease	(0.3)	(0.8)

Equity securities price risk

The Group has no exposure to equity securities price risk (2012: \$nil).

3. Financial risk management (continued)

Foreign currency risk

The Group is exposed to foreign currency risk arising from transactions entered into in its normal course of business and as a result of its investments in foreign operations. GrainCorp operates in six local currencies across its global operations: Australian dollar, the US dollar, Canadian dollar, the UK pound sterling, Euro and New Zealand dollar. The Australian dollar is the functional currency of the Group, and movements in foreign currency exchange rates will result in gains or losses in the income statement due to the revaluation of certain balances or in movements in the foreign currency translation reserve due to the revaluation of foreign operations.

The investment of capital in foreign operations, such as overseas subsidiaries, with functional currencies other than the Australian dollar exposes the Group to the risk of changes in foreign exchange rates. The Group's consolidated balance sheet is therefore affected by exchange differences between the Australian dollar and functional currencies of foreign operations. Variations in the value of these overseas operations arising as a result of exchange differences are reflected in the foreign currency translation reserve in equity. The Group monitors this risk via its foreign currency risk policy and conducts hedging, such as the use of net investment hedges, in accordance with this policy. Refer to note 1(n).

Transactional currency exposures arise from sales or purchases in currencies other than the Group's functional currencies. For example, the Group is exposed to transactional exposure in respect of non-functional currencies on foreign currency denominated contracts taken out on the Australian, US, Canadian and European markets to manage commodity price risk from commodity trading. In accordance with the Group's risk policy, forward exchange contracts and foreign currency options are utilised to manage this risk, with the contract timed to mature when the relevant underlying commodity contracts expire.

Expressed in Australian dollars, the table below indicates GrainCorp's exposure and sensitivity to movements in exchange rates on the profit or loss of the Group, based on the global currency exposures at 30 September.

	2013			2012		
	Exposure at reporting date	Impact on profit / (loss) after tax		Exposure at reporting date	Impact on profit / (loss) after tax	
	\$M	\$ M		\$ M	\$ M	
Movement in exchange rate		+10%	-10%		+10%	-10%
Australian dollar	(55.9)	(3.9)	3.9	(27.9)	(2.0)	2.0
US dollar	(7.5)	(0.5)	0.5	32.5	2.3	(2.3)
Canadian dollar	69.1	4.8	(4.8)	(7.8)	(0.5)	0.5
UK pound sterling	(5.3)	(0.4)	0.4	7.9	0.6	(0.6)
Euro	21.6	1.5	(1.5)	(7.3)	(0.5)	0.5
New Zealand dollar	0.3	-	-	-	-	-
Yen	(22.3)	(1.6)	1.6	-	-	-

This table is based upon the Group's financial asset and liability profile at 30 September and fluctuates over the course of normal operations.

Interest rate risk

The Group's interest-rate risk arises from interest obligations on all borrowings. Borrowings issued at variable rates expose the Group to cash flow interest-rate risk.

The Group's policy is to manage its finance costs using a mix of fixed and variable rate debt. Current policy is to maintain between 40% and 75% of long term borrowings at fixed rates inclusive of a natural hedge from a subordinated loan. To manage this mix, the Group predominantly uses interest rate swaps. Under interest rate swap contracts, the Group is entitled to receive interest at variable rates and is obliged to pay interest at fixed rates, calculated by reference to an agreed-upon notional principal amount. The contracts require settlement of net interest receivable or payable at each reset period. The settlement dates coincide with the dates on which interest is payable on the underlying debt.

At 30 September 2013, after taking into account the effect of interest rate swaps and a natural hedge from a fixed rate subordinated loan, approximately 57%, that is \$333.8 million of the Group's long term borrowings are at a fixed rate of interest (2012: 56%, \$183.3 million).

The Group constantly analyses its interest rate exposure with consideration given to cash flows impacting on rollovers/repayments of debt, alternative hedging instruments and the mix of fixed and variable interest rates.

3. Financial risk management (continued)

At balance date, having adjusted for the effect of interest rate swaps and a natural hedge from a subordinated loan, the Group had the following mix of financial assets and liabilities with interest at fixed and variable rates:

	2013 \$ M	2012 \$ M
Fixed rate instruments		
Financial assets	0.3	0.9
Financial liabilities	(325.5)	(179.3)
	(325.2)	(178.4)
Variable rate instruments		
Financial assets	255.0	350.3
Financial liabilities	(488.4)	(479.6)
	(233.4)	(129.3)

At balance date the Group had the following borrowings outstanding exposed to interest rate risk:

	30 September 2013		30 September 2012	
	Weighted average interest rate %	Balance \$ M	Weighted average interest rate %	Balance \$ M
<i>Current:</i>				
Short term facilities	1.35%	(75.3)	1.03%	(47.0)
Commodity inventory funding facility	3.85%	(162.4)	4.75%	(287.0)
	3.06%	(237.7)	4.23%	(334.0)
<i>Non-current:</i>				
Term facilities	2.76%	(584.5)	2.34%	(328.9)
Subordinated loan (jointly controlled entites)	5.02%	19.1	5.73%	19.1
Interest rate swaps (notional principal amount)	1.38%	314.7	1.07%	164.2
	4.32%	(250.7)	3.33%	(145.6)
Net exposure to cash flow interest rate risk		(488.4)		(479.6)

3. Financial risk management (continued)

Sensitivity analysis

At 30 September 2013, if interest rates had moved as illustrated in the table below, with all other variables held constant, profit and equity would have been affected as follows:

	2013 \$ M	2012 \$ M
Profit / (loss)		
+ 100 basis points	(9.8)	(6.3)
- 100 basis points	9.8	6.3
Increase / (decrease) in equity		
+ 100 basis points	2.8	1.6
- 100 basis points	(2.8)	(1.6)

Credit risk

The Group's exposure to credit risk arises from potential default of customers or counterparties. The carrying amount of financial assets represents the maximum exposure at the reporting date:

	2013 \$ M	2012 \$ M
Trade receivables	356.5	250.7
Other receivables	25.0	40.1
Derivative contracts at fair value	62.0	78.1
Amounts receivable from jointly controlled entities	19.8	20.3
Derivative contracts margin deposits	18.3	80.6
Bank balances and call deposits	255.0	350.3
	736.6	820.1

It is the Group's policy that customers who wish to trade on credit terms are subject to credit verification which may include an assessment of their independent credit rating (provided by an independent credit bureau), supplier references, financial position, country risk, past trading experience and industry reputation. Credit limits are determined for each individual customer based on the credit assessment. These limits are approved under the credit policy which is approved by the Board.

The Group does not have any significant credit risk exposure to a single customer or group of customers. Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is usually not significant but where appropriate, an allowance for doubtful debtors may be raised. On occasion, the Group may also hold collateral which may take the form of physical commodities, bank guarantees, personal guarantee or mortgage over property until the debt is recovered. There was no significant concentration of credit risk within the Group as it deals with a large number of customers, geographically dispersed.

The credit risk arising from favourable derivatives transactions and deposits with financial institutions exposes the Group if the contracting entity is unable to complete its obligations under the contracts. The Group has a panel of authorised counterparties. Authorised counterparties are principally large banks and recognised financial intermediaries with acceptable credit ratings determined by a rating agency. The Group's net exposure and credit assessment of its counterparties are continuously monitored to ensure any risk is minimised.

The Group may also be subject to credit risk for transactions which are not included in the statement of financial position, such as when a guarantee is provided for another party. Details of contingent liabilities are disclosed in note 28.

3. Financial risk management (continued)

The ageing of trade receivables at the reporting date was:

	2013		2012	
	Gross \$ M	Impairment \$ M	Gross \$ M	Impairment \$ M
Not past due	276.8	(0.3)	201.3	-
Past due up to 30 days	37.6	-	29.9	(0.1)
Past due 31 to 60 days	31.9	-	6.1	(0.2)
Past due 61 to 90 days	3.1	-	2.8	(0.3)
Past due over 90 days	7.1	(1.0)	10.6	(1.1)
	356.5	(1.3)	250.7	(1.7)

The movement in the provision for impairment in respect of trade receivables during the year was as follows:

	2013 \$ M	2012 \$ M
Balance at 1 October	(1.7)	(1.8)
Acquisition through business combinations	(0.1)	-
Provisions made during the year	(0.6)	(0.7)
Impairment loss recognised	0.7	0.3
Provisions reversed during the year	0.4	0.5
Balance at 30 September	(1.3)	(1.7)

With the exception of a \$1.5 million net receivable from MF Global included within derivative contracts margin deposits none of the Group's Other Receivables or Other Financial Assets are past due (2012: \$29.5 million).

No provision for impairment is recognised at 30 September 2013 in respect of advances to jointly controlled entities (2012: \$nil impaired).

3. Financial risk management (continued)

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, finance leases and committed available credit facilities. The Group manages liquidity risk by regularly monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities. Group Treasury aims at maintaining flexibility in funding by keeping committed credit lines available with a variety of counterparties.

At balance date, the Group had approximately \$354.8 million (2012: \$204.7 million) of unused credit facilities available for immediate use. For further details refer to note 20.

Maturity analysis of financial liabilities

The tables below show the contractual maturities of financial liabilities, including estimated interest payments²⁹. The amounts disclosed in the table are the contractual undiscounted cash flows:

At 30 September 2013	Less than 1 year \$ M	Between 1 and 2 years \$ M	Between 2 and 5 years \$ M	Over 5 years \$ M	Total \$ M
Non-derivatives:					
Bank borrowings	(244.3)	-	(600.7)	-	(845.0)
Trade payables	(297.4)	-	-	-	(297.4)
Other payables	(5.2)	-	-	-	(5.2)
Finance leases	(1.9)	(1.2)	(4.0)	(19.8)	(26.9)
Derivatives:					
Interest rate swap contracts	-	-	-	-	-
Forward foreign exchange contracts – held for trading:					
- outflow	(601.7)	(19.2)	(12.3)	-	(633.2)
- inflow	454.5	0.8	-	-	455.3
Commodity futures and options:					
- outflow	(90.3)	(3.0)	-	-	(93.3)
- inflow	156.7	3.6	-	-	160.3
Commodity contracts (forward purchases and sales):					
- outflow	(397.7)	(1.6)	-	-	(399.3)
- inflow	571.3	-	-	-	571.3
Utility contracts (utility swaps)					
- outflow	0.3	0.2	-	-	0.5
Embedded foreign exchange contracts:					
- outflow	(4.1)	-	-	-	(4.1)
- inflow	14.8	5.6	-	-	20.4

In addition to the cash flows above, financial guarantees (refer note 21a) would be payable immediately in the event that a default of terms occurred.

²⁹ The Group's bank borrowings facilities and maturity dates are set out in note 20(e).

3. Financial risk management (continued)

At 30 September 2012	Less than 1 year \$ M	Between 1 and 2 years \$ M	Between 2 and 5 years \$ M	Over 5 years \$ M	Total \$ M
Non-derivatives:					
Bank borrowings	(335.0)	(6.8)	(335.9)	-	(677.7)
Trade payables	(267.8)	-	-	-	(267.8)
Other payables	(2.3)	-	-	-	(2.3)
Finance leases	(5.0)	(1.1)	(3.8)	(15.1)	(25.0)
Derivatives:					
Interest rate swap contracts	(1.2)	(0.1)	-	-	(1.3)
Forward foreign exchange contracts – held for trading:					
- outflow	(342.3)	(1.5)	(5.1)	-	(348.9)
- inflow	341.5	1.2	-	-	342.7
Commodity futures and options:					
- outflow	(56.4)	(0.2)	-	-	(56.6)
- inflow	195.8	1.0	-	-	196.8
Commodity contracts (forward purchases and sales):					
- outflow	(266.6)	(15.1)	-	-	(281.7)
- inflow	330.7	8.9	-	-	339.6
Utility contracts (utility swaps)					
- outflow	(0.7)	-	-	-	(0.7)
Embedded foreign exchange contracts:					
- outflow	(7.7)	-	-	-	(7.7)
- inflow	60.0	14.0	2.5	-	76.5

3. Financial risk management (continued)

Fair value measurements

Financial instruments carried at fair value are classified by valuation method based on the following hierarchy:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets and liabilities.
- **Level 2:** inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- **Level 3:** inputs for the asset or liability that are not based on observable market data (use of unobservable inputs).

The following table presents the Group's assets and liabilities measured and recognised at fair value at 30 September 2013.

	Level 1 \$ M	Level 2 \$ M	Level 3 \$ M	Total \$ M
30 September 2013				
Assets				
Financial assets at fair value through profit or loss				
Trading derivatives	9.3	4.2	-	13.5
Commodity contracts	-	1.6	34.7	36.3
Derivatives used for hedging	12.2	-	-	12.2
Total assets	21.5	5.8	34.7	62.0
Liabilities				
Financial liabilities at fair value through profit or loss				
Trading derivatives	4.2	0.8	-	5.0
Commodity contracts	-	0.8	21.2	22.0
Derivatives used for hedging	10.0	-	-	10.0
Total liabilities	14.2	1.6	21.2	37.0
30 September 2012				
Assets				
Financial assets at fair value through profit or loss				
Trading derivatives	19.1	23.4	-	42.5
Commodity contracts	-	-	22.3	22.3
Derivatives used for hedging	7.2	6.1	-	13.3
Total assets	26.3	29.5	22.3	78.1
Liabilities				
Financial liabilities at fair value through profit or loss				
Trading derivatives	23.2	19.7	-	42.9
Commodity contracts	-	-	23.5	23.5
Derivatives used for hedging	6.7	-	-	6.7
Total liabilities	29.9	19.7	23.5	73.1

Fair value estimation

The fair value of financial assets and liabilities must be estimated for recognition and measurement for disclosure purposes. The fair values of financial assets and liabilities are shown in note 13.

The fair value of financial instruments traded on active markets (such as exchange traded commodity derivatives and forward exchange contracts) is based on the quoted markets prices and forward exchange market rates as at the reporting date. The quoted market price used for financial assets and liabilities held by the Group is the market settlement price on the reporting date. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market (for example, over the counter commodity and foreign currency derivatives) are determined using the Black Scholes pricing model, which is sourced from a widely used market pricing provider. The fair value of interest rate swap contracts is received from market counterparties as at balance

3. Financial risk management (continued)

date. The valuation methodology used by the counterparties reflects common market practice of net present value of estimated future cashflows determined by observable yield curves. These instruments are included in Level 2.

The fair value of physical positions comprising inventory, forward sales and forward purchases for commodity trading do not have quoted market prices available. To obtain the market prices, bid values are sourced from commodity brokers defined by commodity and grade type. The market prices are amended through location and grade differentials (market zone adjustments) to bring them to a common point. These instruments are included in Level 3.

The following table presents the changes in Level 3 instruments for the year ended 30 September 2013 and 30 September 2012.

	2013 \$ M	2012 \$ M
Opening balance as at 1 October	(1.2)	13.4
Gains / (losses) on new contracts	13.3	(1.6)
Gains / (losses) recognised in income statement on contracts carried forward	1.3	(13.0)
Closing balance as at 30 September	13.4	(1.2)

4. Segment information

For management purposes, the Group is organised into four business units based on their products and services, forming the four reportable segments reviewed by the Managing Director & CEO in making strategic decisions.

- **Storage & Logistics consists of:**
 - Country & Logistics – receivals, transport, testing and storage of grains and other bulk commodities.
 - Ports – storage and export / import of grain, and other bulk commodities.
- **Marketing** – marketing of grain and agricultural products, and the operation of grain pools.
- **Malt** – production of malt products, provision of brewing inputs and other malting services to brewers and distillers, sale of farm inputs, and export of malt .
- **Oils** – processing and crushing of oilseeds, supplying edible oils, operating bulk liquid port terminals, storage, packaging, transport and logistics operations.

Corporate includes the share of profit from equity accounted investments along with unallocated corporate costs.

Management measures performance based on a measure of EBITDA, after adjusting for the allocation of interest expense to the Marketing and Oils segments and significant items. Other than interest associated with Marketing and Oils, Group financing (including interest income and interest expense) and income taxes are managed on a Group basis and are not allocated to operating segments.

Revenue from external customers is measured in a manner consistent with that in the income statement. Inter-segment pricing is determined on an arm's length basis.

Segment assets reported to management are measured in a manner consistent with that of the financial statements, based on the operations of the segment.

2013	Storage & Logistics \$ M	Marketing \$ M	Malt \$ M	Oils \$ M	Reportable segments \$ M	Corporate \$ M	Eliminations \$ M	Total \$ M
Reportable segment revenue								
External revenues	443.5	2,132.4	976.6	909.5	4,462.0	-	-	4,462.0
Inter-segment revenue	211.8	36.9	-	52.1	300.8	0.2	(301.0)	-
Total reportable segment revenue	655.3	2,169.3	976.6	961.6	4,762.8	0.2	(301.0)	4,462.0
Dividends	-	-	-	-	-	-	-	-
Total revenue from continuing operations	655.3	2,169.3	976.6	961.6	4,762.8	0.2	(301.0)	4,462.0
Reportable segment result	179.3	54.3	101.2	75.3	410.1	(26.4)	-	383.7
Share of profit of jointly controlled entities	-	-	-	-	-	11.7	-	11.7
Profit before significant items, net interest, depreciation, amortisation and income tax								395.4
Net Interest	-	(17.1)	-	(1.4)	(18.5)	(20.3)	-	(38.8)
Depreciation and amortisation	(50.9)	(1.6)	(39.6)	(25.4)	(117.5)	(1.3)	-	(118.8)
Significant items (note 7)	-	-	1.8	(0.5)	1.3	(36.9)	-	(35.6)
Profit before income tax from continuing operations	128.4	35.6	63.4	48.0	275.4	(73.2)	-	202.2
Other segment information								
Capital expenditure	60.1	11.5	43.4	24.5	139.5	1.9	-	141.4
Reportable segment assets	547.9	378.2	1,441.8	600.2	2,968.1	202.2	-	3,170.3

4. Segment Information (continued)

2012	Storage & Logistics \$ M	Marketing \$ M	Malt \$ M	Oils \$M	Reportable segments \$ M	Corporate \$ M	Eliminations \$ M	Total \$ M
Reportable segment revenue								
External revenues	535.5	1,848.8	945.1	-	3,329.4	-	-	3,329.4
Inter-segment revenue	269.1	42.0	-	-	311.1	0.2	(311.3)	-
Total reportable segment revenue	804.6	1,890.8	945.1	-	3,640.5	0.2	(311.3)	3,329.4
Dividends	-	-	-	-	-	-	-	-
Total revenue from continuing operations	804.6	1,890.8	945.1	-	3,640.5	0.2	(311.3)	3,329.4
Reportable segment result	249.7	63.1	117.1	-	429.9	(26.2)	-	403.7
Share of profit of jointly controlled entities	-	-	-	-	-	10.2	-	10.2
Profit before significant items, net interest, depreciation, amortisation and income tax								413.9
Net Interest	-	(21.9)	-	-	(21.9)	(9.4)	-	(31.3)
Depreciation and amortisation	(53.3)	(0.4)	(36.5)	-	(90.2)	(0.9)	-	(91.1)
Significant items (note 7)	-	-	16.8	-	16.8	(2.1)	-	14.7
Profit before income tax from continuing operations	196.4	40.8	97.4	-	334.6	(28.4)	-	306.2
Other segment information								
Capital expenditure	64.2	9.9	37.5	-	111.6	0.6	-	112.2
Reportable segment assets ³⁰	586.0	604.2	1,285.0	-	2,475.2	310.0	-	2,785.2

Geographical information	2013 \$ M	2012 \$ M
Sales revenue from external customers based on the location of the customer:		
Australasia	1,924.2	1,286.5
North America	492.1	421.9
Europe	723.6	604.1
Asia	824.8	691.1
Middle East and North Africa	358.1	255.5
Other	139.2	70.3
	4,462.0	3,329.4
Non-current assets based on geographical location of assets ³¹ :		
Australasia	1,258.7	854.8
North America	387.7	345.8
Europe	220.1	203.3
Asia	1.2	-
	1,867.7	1,403.9

³⁰ Reportable segment assets have been restated to exclude all intercompany balances.

³¹ Excludes derivative financial instruments and deferred tax assets.

5. Revenue

	2013 \$ M	2012 \$ M
From continuing operations		
<i>Sales revenue</i>		
Sale of goods	4,022.4	2,818.9
Services	430.5	501.6
	4,452.9	3,320.5
<i>Other revenue</i>		
Rental income	9.1	8.9
	9.1	8.9
Total revenue from continuing operations	4,462.0	3,329.4

6. Other income

	2013 \$ M	2012 \$ M
Net gain / (loss) on derivative / commodity trading:		
Net realised gain / (loss) on foreign currency derivatives	(30.5)	2.4
Net realised gain / (loss) on financial derivatives	34.3	(19.9)
	3.8	(17.5)
Net unrealised gain / (loss) on foreign currency derivatives	0.1	22.7
Net unrealised gain / (loss) on financial derivatives	14.7	(28.6)
Net unrealised gain / (loss) on commodity contracts	11.6	(8.2)
Net unrealised gain / (loss) on commodity inventories at fair value less costs to sell	(43.5)	81.7
	(17.1)	67.6
Net gain / (loss) on derivative / commodity trading	(13.3)	50.1
In relation to the net unrealised gain/loss associated with the commodity inventory position, the sensitivity to a 20% movement in commodity prices is set out in Note 3 (see table on page 83).		
Compensation for impairment of assets received from third party	4.0	4.8
Interest	10.0	11.2
Sundry income	22.9	10.9
	23.6	77.0

7. Significant items

Net profit after tax for the current year includes the following items whose disclosure is relevant in explaining the financial performance of the Group.

	Business Unit	Profit before interest and tax \$ M	Tax \$ M	NPAT \$ M
Net significant items for 2013 comprise:				
Takeover response costs ³²	Corporate	(18.1)	5.3	(12.8)
GrainCorp Oils acquisition and integration costs ³³	Corporate	(19.3)	0.9	(18.4)
GrainCorp Malt acquisition trade tax and associated income ³⁴	Malt	1.8	(4.2)	(2.4)
Net significant items		(35.6)	2.0	(33.6)

	Business Unit	Profit before interest and tax \$ M	Tax \$ M	NPAT \$ M
Net significant items for 2012 comprise:				
Defined benefit plan adjustment ³⁵	Malt	16.8	(5.1)	11.7
GrainCorp Oils acquisition and integration costs ³⁶	Corporate	(7.2)	2.2	(5.0)
Adjustment to deferred tax ³⁷	Corporate	-	(11.8)	(11.8)
Share of jointly controlled entity result - Allied Mills insurance claim ³⁸	Corporate	5.1	-	5.1
Net significant items		14.7	(14.7)	-

³² Expenses of \$12.8 million (after tax) relate to the cost of advisors engaged to support the Board and management in their response to ADM's proposals.

³³ GrainCorp Oils acquisition and integration costs of \$18.4 million (after tax) primarily relate to stamp duty of \$13.5 million, along with advisory and integration costs of \$4.9 million. Refer to note 32.

³⁴ GrainCorp Malt acquisition trade tax of \$2.4 million (after tax) relates to net trade tax expense which was triggered as part of a GrainCorp Malt acquisition.

³⁵ Defined benefit plan adjustment reflects the remeasurement of the liability recognised in relation to the Australian top-up benefit fund due to curtailment of the obligation in the current period. Refer to note 23.

³⁶ GrainCorp Oils acquisition and integration costs comprise advisory costs incurred as at 30 September 2012 for the Group's acquisition.

³⁷ Adjustment to deferred tax reflects the impact of changes to the tax base for capitalised customer contracts. The change was required by the *Tax Laws Amendment (2012 Measure No. 2) Bill 2012* enacted 29 June 2012. Refer to note 9.

³⁸ Allied Mills insurance claim relates to an insurance settlement received by Allied Mills, a jointly controlled entity, in financial year 2012 relating to flood damage at Toowoomba. The amount reflects GrainCorp's post tax share of proceeds received net of an impairment relating to plant and equipment.

8. Expenses

	2013 \$ M	2012 \$ M
Employee benefit expense		
Defined contribution superannuation expense	14.0	34.4
Other employee benefit expenses	345.5	257.2
Total employee benefit expense	359.5	291.6
Finance costs		
Interest charges	48.8	42.5
Total finance costs	48.8	42.5
Depreciation		
Plant and equipment	72.2	47.9
Buildings and improvements	22.3	25.1
Total depreciation	94.5	73.0
Amortisation		
Intangible assets	24.3	18.1
Total amortisation	24.3	18.1
Total depreciation and amortisation	118.8	91.1
Operating leases		
Minimum lease payments	64.0	61.6
Total rental expenses relating to operating leases	64.0	61.6
Other		
Research and development costs	0.2	0.3
Provision for claims and disputes	7.4	12.6
Insurance	13.1	8.2
Motor vehicle cost	6.2	5.9
Other expenses	86.6	72.5
Total other expenses	113.5	99.5

9. Income tax expense

	2013 \$ M	2012 \$ M
a) Income tax expense		
Current tax	71.3	60.2
Deferred tax	(10.6)	41.4
Under / (over) provision in prior years	0.6	(0.3)
	61.3	101.3
Income tax expense attributable to:		
Profit from continuing operations	61.3	101.3
	61.3	101.3
Deferred income tax (revenue) / expense included in income tax expense comprises:		
(Increase) / decrease in deferred tax assets (note 16)	(6.6)	31.1
(Decrease) / increase in deferred tax liabilities (note 16)	(4.0)	10.3
	(10.6)	41.4
b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit from continuing operations before income tax expense	202.2	306.2
Operating profit / (loss) before income tax expense	202.2	306.2
Income tax calculated at 30% (2012: 30%)	60.7	91.9
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
- Other non-deductible items	6.7	5.7
- Intangible amortisation	-	1.4
- Interest expense	(2.0)	(3.7)
- Share of net (profit) / loss of jointly controlled entities	(3.5)	(4.6)
- Other non-assessable items	(2.0)	(0.8)
	59.9	89.9
Under / (over) provision in prior years	0.6	(0.3)
Difference in overseas tax rates	0.8	(0.1)
Changes in tax legislation ³⁹	-	11.8
Income tax expense	61.3	101.3

³⁹ The enactment of *Tax Laws Amendment (2012 Measure No. 2) Bill 2012* on 29 June 2012 resulted in changes to the tax base of capitalised customer contracts. Refer to note 7.

9. Income tax expense (continued)

	2013 \$ M	2012 \$ M
c) Amounts recognised directly in equity		
Deferred tax: transaction costs debited / (credited) directly in equity (note 16)	0.1	(0.8)
d) Tax expense (income) relating to items of other comprehensive income		
Change in fair value of cash flow hedges	(1.0)	2.0
Actuarial gains / (losses) on retirement benefit obligations	1.8	(2.5)
Share of other comprehensive income of jointly controlled entities	-	-
	0.8	(0.5)
e) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	31.5	6.0
f) Unrecognised temporary differences		
Temporary differences relating to investments in subsidiaries for which deferred tax liabilities / (assets) have not been recognised	79.0	67.2

10. Cash and cash equivalents

	2013 \$ M	2012 \$ M
Cash at bank and on hand	71.0	259.1
Deposits at call	184.0	91.2
	255.0	350.3

11. Trade and other receivables

	2013 \$ M	2012 \$ M
Current		
Trade receivables	356.5	250.7
Provision for impairment of trade receivables	(1.3)	(1.7)
	355.2	249.0
Other receivables	25.0	40.4
Prepayments	27.6	20.2
Margin deposits	18.3	80.6
Amounts receivable from jointly controlled entities (note 30)	0.3	0.3
	426.4	390.5
Non-current		
Loans to jointly controlled entities (note 30)	19.5	20.0
	19.5	20.0

a) Fair values

Current: due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

Non-current: all amounts in respect of non-current receivables approximate fair value.

b) Risk exposure

Information about the Group's exposure to credit risk, foreign exchange and interest rate risk is provided in note 3.

12. Inventories

	2013 \$ M	2012 \$ M
Consumable stores	1.2	1.3
Raw materials	176.7	126.3
Work in progress	21.4	11.7
Finished goods	143.5	98.0
Trading stock at net realisable value	24.8	2.2
Commodities inventory at fair value less cost to sell	167.5	312.0
	535.1	551.5

a) Inventory expense

Inventories recognised as an expense during the year ended 30 September 2013 amounted to \$3,005.6 million (2012: \$1,988.3 million).

Write-downs of inventories to net realisable value recognised as an expense during the year ended 30 September 2013 amounted to \$4.4 million (2012: \$3.4 million). The expense is included in other expenses in the income statement.

b) Secured inventory

The value of inventory secured against short term debt is \$162.4 million (2012: \$287.0 million). Refer to note 20.

13. Derivative financial instruments

The following table presents the Group's assets and liabilities measured and recognised at fair value at 30 September 2013.

	2013 \$ M	2012 \$ M
Current assets		
Commodity futures and options	9.2	42.4
Commodity contracts (forward purchases and sales)	35.6	22.2
Foreign exchange contracts	14.9	12.3
Utility swap contracts	-	0.3
Total current derivative financial instrument assets	59.7	77.2
Non-current assets		
Commodity futures and options	0.4	-
Commodity contracts (forward purchases and sales)	0.7	0.1
Foreign exchange contracts	0.9	0.8
Interest rate swaps contracts – cash flow hedges	0.3	-
Total non-current derivative financial instrument assets	2.3	0.9
Current liabilities		
Commodity futures and options	4.0	41.2
Commodity contracts (forward purchases and sales)	22.1	20.7
Foreign exchange contracts	9.3	2.4
Interest rate swaps contracts – cash flow hedges	-	1.2
Utility swap contracts	-	2.7
Total current derivative financial instrument liabilities	35.4	68.2
Non-current liabilities		
Commodity futures and options	0.3	1.6
Commodity contracts (forward purchases and sales)	-	2.8
Foreign exchange contracts	0.9	0.4
Interest rate swaps contracts – cash flow hedges	0.3	0.1
Utility swap contracts	0.1	-
Total non-current derivative financial instrument liabilities	1.6	4.9

a) Instruments used by the Group

The Group is party to derivative financial instruments in the normal course of business in order to manage financial risk and the financial exposure of commodity inventories in accordance with the Group's financial risk management policies (see note 3). Of the Group's derivative transactions only the interest rate swap contracts and some foreign exchange contracts currently qualify for hedge accounting as defined under AASB 139 *Financial Instruments: Recognition and Measurement*.

i. Interest rate swap contracts

It is the Group's policy to protect part of the loans from exposure to increasing interest rates. Accordingly, it entered into interest rate swap contracts under which the Group was entitled to receive interest at variable rates and obliged to pay interest at fixed rates. The contracts required settlement of net interest receivable or payable at each reset period. The settlement dates coincided with the dates on which interest became payable on the underlying debt.

13. Derivative financial instruments (continued)

The gain or loss from remeasuring the interest rate swap contracts at fair value is deferred in equity in the hedging reserve, to the extent that the hedge is effective, and reclassified into profit and loss when the hedged interest expense is recognised. In the year ended 30 September 2013, \$0.1 million was reclassified into profit and loss and included in finance costs (2012: \$0.2 million). There was no hedge ineffectiveness in the current or prior year.

ii. *Forward purchase and forward sale contracts*

As part of its grain marketing activities as a commodity trader the Group writes forward purchase and forward sales contracts. All open contracts are fair valued at balance date with any gains and losses on these contracts, together with the costs of the contracts, being recognised immediately through the income statement.

The Group also enters into forward purchase and grain future contracts to manage the underlying price risks in the purchase of raw materials for malt production and the subsequent sale of malt products from own use manufacture. These contracts are entered into and continue to be held for the purpose of delivery of raw materials and subsequent sale of processed malt arising from the Group's expected purchase, sale or usage requirements; and are classified as non-derivative, and not fair valued.

iii. *Commodity futures and option contracts*

To manage exposure to commodity price risk, the Group enters into grain commodity futures contracts and grain commodity options contracts.

iv. *Gas swap contract*

The Group manages exposure to utility price risk in malt and oils production, through the use of gas swap contracts. Gains and losses on these contracts are recognised immediately through the income statement.

v. *Foreign exchange contracts*

The Group manages currency exposures arising from grain futures taken out in the US, Canada, Europe and New Zealand and from export contracts for sales of grain and meal. In accordance with the Group's risk management policy, this exposure is managed through transactions entered into in foreign exchange markets. Forward exchange contracts and currency option contracts have been used for this purpose. The foreign exchange contracts are timed to mature when the grain futures contracts expire.

Transactional currency exposures arise from sales or purchases of malt and raw materials in currencies other than the Group's functional currencies. Group companies hedge their foreign currency exposure using forward exchange and swap contracts.

b) Risk exposures

Information about the Group's exposure to credit risk, foreign exchange and interest rate risk is provided in note 3.

14. Assets classified as held for sale

	2013 \$ M	2012 \$ M
Land	5.5	6.7
Plant and equipment	-	0.9
	5.5	7.6

From time to time, the Directors of GrainCorp resolve to sell certain sites which have been closed to operations based on their historic and expected receipts and production utilisation. As at 30 September 2013, one site was actively marketed for sale (2012: two sites). The assets are presented within total assets of the Malt segment in Note 4.

15. Other financial assets

	2013 \$ M	2012 \$ M
Investments in other entities – at cost	1.8	1.5

No impairment of investment in other entities was recognised this year (2012: nil).

16. Deferred tax assets and liabilities

	2013 \$ M	2012 \$ M
Deferred tax assets		
The balance comprises temporary differences attributable to:		
Unrealised losses on derivative contracts	0.5	1.6
Inventories	2.9	0.9
Share capital costs	3.8	2.9
Cash flow hedges	0.1	0.1
Creditors and other payables	8.4	10.9
Asset impairment	0.6	0.6
Pension deficit	-	2.5
Provisions and accruals	43.4	37.2
Tax losses recognised	1.4	1.7
Set off deferred tax liabilities pursuant to set off provision	(42.5)	(55.1)
Net deferred tax assets	18.6	3.3
Movements:		
Opening balance at 1 October	3.3	33.1
Take on balance through business combinations (note 32)	9.6	-
Credited / (charged) to the income statement (note 9)	6.6	(31.1)
Credited / (charged) to other comprehensive income	(0.8)	0.5
Credited / (charged) to equity	(0.1)	0.8
Closing balance at 30 September	18.6	3.3

Deferred tax assets recoverable within 12 months: \$14.6 million (2012: \$1.0 million).

	2013 \$ M	2012 \$ M
Deferred tax liabilities		
The balance comprises temporary differences attributable to:		
Prepayments	0.5	0.7
Inventories	4.0	17.0
Consumables	1.1	0.9
Creditors and other payables	1.3	2.5
Property, plant and equipment	65.3	61.0
Pension assets	0.2	1.6
Intangible assets	20.6	21.4
Unrealised gains on derivative contracts	7.4	2.9
Set off deferred tax liabilities pursuant to set off provision	(42.5)	(55.1)
Net deferred tax liabilities	57.9	52.9
Movements:		
Opening balance 1 October	52.9	41.3
Take on balance through business combinations (note 32)	5.3	1.8
Charged / (credited) to the income statement (note 9)	(4.0)	10.3
Credited / (charged) to other comprehensive income	-	0.6
Exchange differences	3.7	(1.1)
Closing balance 30 September	57.9	52.9

Deferred tax liabilities recoverable within 12 months: \$14.5 million (2012: \$23.9 million).

17. Property, plant and equipment

	Land \$ M	Buildings & structures \$ M	Leasehold improvements \$ M	Leased plant and equipment \$ M	Plant and equipment \$ M	Capital works in progress \$ M	Total \$ M
2013							
At 1 October 2012							
Cost or fair value	67.9	280.4	33.5	5.7	1,035.1	56.2	1,478.8
Accumulated depreciation and impairment	-	(137.2)	(7.6)	(4.6)	(457.2)	-	(606.6)
Net book value	67.9	143.2	25.9	1.1	577.9	56.2	872.2
Year ended 30 September 2013							
Opening net book value	67.9	143.2	25.9	1.1	577.9	56.2	872.2
Transfer (to) / from assets held for sale (note 14)	-	-	-	-	-	-	-
Transfer between asset categories (note 18)	0.7	24.8	0.1	-	41.7	(77.4)	(10.1)
Additions	13.6	7.3	0.1	1.0	45.7	62.9	130.6
Acquisitions through business combinations (note 32)	45.2	18.3	0.3	0.2	177.2	11.6	252.8
Disposals	(0.2)	-	-	(0.6)	(2.0)	-	(2.8)
Depreciation	-	(20.5)	(1.6)	(0.2)	(72.2)	-	(94.5)
Exchange difference	2.9	4.8	0.2	0.1	25.5	0.6	34.1
Closing net book value	130.1	177.9	25.0	1.6	793.8	53.9	1,182.3
At 30 September 2013							
Cost or fair value	130.1	327.4	34.2	6.6	1,313.0	53.9	1,865.2
Accumulated depreciation and impairment	-	(149.5)	(9.2)	(5.0)	(519.2)	-	(682.9)
Net book value	130.1	177.9	25.0	1.6	793.8	53.9	1,182.3

17. Property, plant and equipment (continued)

	Land \$ M	Buildings & structures \$ M	Leasehold improvements \$ M	Leased plant and equipment \$ M	Plant and equipment \$ M	Capital works in progress \$ M	Total \$ M
2012							
At 1 October 2011							
Cost or fair value	72.7	241.2	29.8	5.1	933.3	59.4	1,341.5
Accumulated depreciation and impairment	-	(113.6)	(6.1)	(4.5)	(409.4)	-	(533.6)
Net book value	72.7	127.6	23.7	0.6	523.9	59.4	807.9
Year ended 30 September 2012							
Opening net book value	72.7	127.6	23.7	0.6	523.9	59.4	807.9
Transfer (to) / from assets held for sale	(6.7)	-	-	-	(0.9)	-	(7.6)
Transfer between asset categories (note 18)	-	11.2	1.9	-	46.8	(63.0)	(3.1)
Additions	-	20.0	1.9	0.6	23.9	61.6	108.0
Acquisitions through business combinations (note 32)	2.6	10.0	-	-	39.1	-	51.7
Disposals	-	(0.3)	-	-	(1.4)	(0.5)	(2.2)
Depreciation	-	(23.6)	(1.5)	(0.1)	(47.8)	-	(73.0)
Exchange difference	(0.7)	(1.7)	(0.1)	-	(5.7)	(1.3)	(9.5)
Closing net book value	67.9	143.2	25.9	1.1	577.9	56.2	872.2
At 30 September 2012							
Cost or fair value	67.9	280.4	33.5	5.7	1,035.1	56.2	1,478.8
Accumulated depreciation and impairment	-	(137.2)	(7.6)	(4.6)	(457.2)	-	(606.6)
Net book value	67.9	143.2	25.9	1.1	577.9	56.2	872.2

18. Intangible assets

	Computer software \$ M	Trade name \$ M	Customer relationship \$ M	Goodwill \$ M	Total \$ M
2013					
At 1 October 2012					
Cost or fair value	38.3	1.5	108.2	275.9	423.9
Accumulated amortisation and impairment	(17.2)	(0.8)	(35.1)	-	(53.1)
Net book value	21.1	0.7	73.1	275.9	370.8
Year ended 30 September 2013					
Opening net book amount	21.1	0.7	73.1	275.9	370.8
Additions	17.5	0.3	0.3	-	18.1
Acquisitions through business combinations	-	1.4	8.3	103.0	112.7
Transfer between asset categories (note 17)	10.1	-	-	-	10.1
Disposals	-	-	-	-	-
Amortisation charge	(8.1)	(0.2)	(16.0)	-	(24.3)
Exchange difference	0.5	0.2	2.7	21.8	25.2
Closing net book value	41.1	2.4	68.4	400.7	512.6
At 30 September 2013					
Cost or fair value	66.4	3.4	121.1	400.7	591.6
Accumulated amortisation and impairment	(25.3)	(1.0)	(52.7)	-	(79.0)
Net book value	41.1	2.4	68.4	400.7	512.6
2012					
At 1 October 2011					
Cost or fair value	30.6	1.6	109.2	274.3	415.7
Accumulated amortisation and impairment	(11.1)	(0.7)	(23.2)	-	(35.0)
Net book value	19.5	0.9	86.0	274.3	380.7
Year ended 30 September 2012					
Opening net book amount	19.5	0.9	86.0	274.3	380.7
Additions	4.2	-	-	-	4.2
Acquisitions through business combinations	0.8	-	-	10.1	10.9
Transfer between asset categories (note 17)	3.1	-	-	-	3.1
Disposals	(0.2)	-	-	-	(0.2)
Amortisation charge	(6.1)	(0.1)	(11.9)	-	(18.1)
Exchange differences	(0.2)	(0.1)	(1.0)	(8.5)	(9.8)
Closing net book value	21.1	0.7	73.1	275.9	370.8
At 30 September 2012					
Cost or fair value	38.3	1.5	108.2	275.9	423.9
Accumulated amortisation and impairment	(17.2)	(0.8)	(35.1)	-	(53.1)
Net book value	21.1	0.7	73.1	275.9	370.8

18. Intangible assets (continued)

a) Impairment tests for goodwill

For the purposes of impairment testing, goodwill is allocated to the Group's operating segments ("CGU"s) which represent the lowest level within the Group at which goodwill is monitored for internal management purposes as follows:

	2013 \$ M	2012 \$ M
Storage and Logistics	10.2	10.2
Marketing	7.8	6.5
Malt	281.0	259.2
Oils	101.7	-
	400.7	275.9

The recoverable amount of the CGUs is determined as the CGU's value in use. These calculations use projected cash flows from financial budgets and a growth model based on an initial 5 year forecast which are approved by management. Projected cash flows are based on past performance and managements expectation of expected grain handling volumes for Storage & Logistics, expected trading volumes and market conditions for Marketing, expected malt sales volumes for Malt and expected Oils crushing and refining sales in Oils.

GrainCorp Oils was created on 2 October 2012 following the acquisition of Gardner Smith and Integro Foods. Refer to note 32 for details of goodwill acquired on these acquisitions.

b) Key assumptions used for value-in-use calculations

Cash flows beyond the five-year period are extrapolated using the estimated growth rate of 1.9% to 2.5%. The growth rate does not exceed the long-term average growth rate for the businesses in which the CGUs operate.

Post-tax discount rates of 7.1% to 8.6% (pre-tax discount rate 9.2% to 11.1%) have been applied to discount the forecast future attributable post-tax cash flows. These post-tax discount rates reflect specific risks relating to the relevant segment and its country of operation.

It is not considered likely that a reasonably possible change in any key assumption would cause a CGU's carrying amount to exceed its recoverable amount.

19. Trade and other payables

Current	2013 \$ M	2012 \$ M
Trade payables	297.4	267.8
Other payables	5.2	2.3
Income received in advance	33.6	29.0
	336.2	299.1

Non-current	2013 \$ M	2012 \$ M
Income received in advance	20.0	10.3
	20.0	10.3

Information about the Group's exposure to foreign currency risk is provided in note 3.

20. Borrowings

	2013 \$ M	2012 \$ M
Current		
Short term facilities – unsecured	75.3	47.0
Commodity inventory funding facility – secured	162.4	287.0
Leases – secured	0.2	4.2
Total current borrowings	237.9	338.2
Non-current		
Term funding facilities – unsecured	584.5	328.9
Leases – secured	10.5	11.0
Total non-current borrowings	595.0	339.9

a) Bank overdraft

No interest is payable on overdrawn amounts, providing the Group's cash position is positive.

b) Short term and commodity inventory funding facilities

These facilities are available to be drawn down on demand. The facilities are renewable at the option of the financier each 12 months. Interest was payable for the term drawn in the range 0.8% - 4.0% (2012: 0.8% - 6.1%).

c) Term funding facilities

Interest was payable for the term drawn in the range 1.3% - 4.8% (2012: 1.3% - 5.8%).

d) Assets pledged as security

Leases are secured by the underlying assets. The commodity inventory funding facility is secured against the related inventory. The total secured liabilities (current and non-current) are as follows:

	2013 \$ M	2012 \$ M
Lease liabilities	10.7	15.2
Commodity inventory funding facility (note 12)	162.4	287.0
	173.1	302.2

The carrying amounts of assets pledged as security for current and non-current borrowings are:

	2013 \$ M	2012 \$ M
Leased assets (note 17)	1.1	1.2
Commodity inventory	133.8	287.1
	134.9	288.3

Lease liabilities (other than liabilities recognised in relation to surplus space under non-cancellable operating leases) are effectively secured, as rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

The commodity inventory funding facility is secured against the related inventory.

Loans under term funding facilities are secured by a negative pledge that imposes certain covenants on the Group. The negative pledge states that (subject to certain exceptions) the subject entity will not provide any other security over its assets, and will ensure that certain financial ratios and limits are maintained at all times, including: interest cover, gearing ratios, and net tangible assets. All such borrowing covenant ratios and limits have been complied with during the financial year.

20. Borrowings (continued)

e) Financing arrangements

Borrowings are drawn under the following Group debt facilities as at the date of this report and the amount drawn at year end:

2013	Maturity date	Principal facility amount \$ M	Amount utilised \$ M
Term debt	July 2016	399.6	359.5
Term debt	October 2016	225.0	225.0
Commodity inventory funding	November 2014	630.0	162.4
Working capital ⁴⁰	October 2014	360.0	75.3
Working capital ⁴⁰	September 2014	30.0	-
		1,644.6	822.2

2012	Maturity date	Principal facility amount \$ M	Amount utilised \$ M
Term debt ⁴¹	July 2016	380.6	328.9
Commodity inventory funding	November 2013	550.0	287.0
Working capital	October 2013	200.0	47.0
		1,130.6	662.9

The increase in borrowings from 30 September 2012 reflects new banking facilities relating to the creation of GrainCorp Oils on 2 October 2012. These facilities consist of fully drawn term debt of \$225.0 million and partially drawn commodity funding and working capital facilities.

f) Risk exposures

Information about the Group's exposure to risks arising from current and non-current borrowings and interest rate and foreign currency movements is provided in note 3.

g) Fair value

Current and non-current liabilities are stated at costs which approximate fair value.

⁴⁰ During the year, the maturity date of the working capital facilities was extended from October 2013 to September 2014 and October 2014. All other conditions of the facilities remained the same.

⁴¹ During the prior year, the maturity date of the term debt facility was extended from July 2013 to July 2016. All other conditions of the facility remained the same.

21. Other financial liabilities

	2013 \$ M	2012 \$ M
Current		
Lease incentives	0.2	0.2
Non-current		
Lease incentives	0.3	0.6

a) Financial guarantees

Financial guarantees are provided by Group entities as follows:

- i. GrainCorp Operations Limited was a self-insurer for workers' compensation in NSW up to 29 June 2006. As required by the NSW workers' compensation self-insurance licensing requirements a bank guarantee in favour of the WorkCover Authority NSW for \$2.6 million is in place, representing an actuarial assessment of the contingent liability arising from past self-insurance for periods prior to 29 June 2006.
- ii. In the normal course of business the Group enters into guarantees. At 30 September 2013 they amounted to \$8.3 million (2012: \$13.2 million). The Directors do not believe any claims will arise in respect of these guarantees.
- iii. GrainCorp and the wholly owned entities listed in note 33 are parties to a deed of cross guarantee as described in note 34. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees, to each creditor, payment in full of any debt in accordance with the deed of cross guarantee. No deficiency of net assets existed for the Group as at 30 September 2013.

No liability was recognised by the Group in relation to these guarantees, as the fair value of the guarantees is immaterial.

22. Provisions

	2013 \$ M	2012 \$ M
Current		
Claims and disputes	25.9	26.0
Workers' compensation	0.2	1.0
Restoration	0.1	-
Onerous contracts	1.4	2.9
Employee benefits	52.6	40.5
	80.2	70.4
Non-current		
Workers' compensation	0.6	0.9
Restoration	3.4	0.5
Employee benefits	2.7	3.7
	6.7	5.1

a) Claims and disputes

Provision is made for various claims for losses or damages received from time-to-time in the ordinary course of business. Management estimates the provision based on historical information, business practices and its experience in resolving claims.

b) Workers' compensation

GrainCorp Operations Limited was a self-insurer for workers' compensation in NSW up to 29 June 2006. As required by the NSW workers' compensation self-insurance licensing requirements, provision is made based on an annual actuarial assessment for GrainCorp Operations Limited's potential liability arising from past self-insurance.

22. Provisions (continued)

c) Restoration

Provision is made to satisfy obligations to remove redundant plant and equipment, and for head office leased premises make good obligations.

d) Onerous contracts

Provision is made for the unavoidable costs of meeting contractual obligations where the costs of meeting those obligations exceed the economic benefits expected to be received from the contract.

e) Movements in provisions

2013	Claims & disputes	Workers' compensation	Restoration	Onerous contracts
	\$ M	\$ M	\$ M	\$ M
Carrying amount at beginning of year	26.0	1.9	0.5	2.9
Additional provisions recognised	13.3	-	3.0	-
Amounts used	(10.6)	(1.1)	-	(1.9)
Unused amounts reversed	(2.8)	-	-	-
Exchange difference	-	-	-	0.4
Carrying amount at end of year	25.9	0.8	3.5	1.4

f) Amounts not expected to be settled within the next 12 months

The Group's current provision for employee benefits includes \$52.6 million (2012: \$40.5 million) in respect to accrued annual leave, vesting sick leave and a portion of long service leave, where employees have completed the required period of service and, as the Group does not have an unconditional right to defer settlement, the entire obligation is categorised as a current liability. Based on past experience, the Group does not expect all employees to take the full amount of accrued long service leave or require payment within the next 12 months.

Group long service leave obligations expected to be settled within the next 12 months amount to \$0.4 million (2012: \$0.3 million).

23. Retirement benefit obligations

a) Retirement benefit plans

Defined contribution superannuation plans

Employees of the Group's Australian entities are entitled to benefits on retirement, disability or death from the Group's defined contribution superannuation plans. Contributions to these employee superannuation plans are charged as an expense as the contributions are paid or become payable. The Group's legal or constructive obligation is limited to these contributions. The expense recognised for the year is disclosed in note 8.

Defined benefit plans

The Group provides funded defined benefit plans for employees of its US, Canada, UK and Australia based Malt entities. These plans provide lump sum benefits based on years of service and final average salary. The following sets out details of the defined benefit plans.

b) Benefit asset / (liability) recognised in the statement of financial position

	2013 \$ M	2012 \$ M
Present value of the defined benefit obligations	(159.4)	(141.5)
Fair value of defined benefit plans assets	125.0	104.2
	(34.4)	(37.3)
Unrecognised past service plan assets	-	-
Net liability recognised in statement of financial position	(34.4)	(37.3)

The Group intends to continue to contribute to the defined benefit plans at a rate in line with the latest recommendations provided by the plans' actuaries.

The retirement benefit liability recognised in Australia represents that of the top-up defined benefit fund. This fund operates under terms that are similar in nature to a defined contribution fund, and as such does not have an investment in plan assets. However, contractual terms between the Company and certain employees result in an obligation that is in substance that of a defined benefit fund and this obligation has been recognised as a retirement benefit liability.

c) Categories of plan assets

	2013 %	2012 %
The major categories of plan assets are as follows:		
Cash	1%	1%
Equity instruments	52%	43%
Debt instruments	44%	52%
Other assets	3%	4%
Total	100%	100%

23. Retirement benefit obligations (continued)

d) Reconciliations

	2013 \$ M	2012 \$ M
Reconciliation of the present value of the defined benefit obligations:		
Balance at the beginning of the year	141.5	141.1
Current service cost	1.6	1.4
Interest cost	6.2	6.8
Scheme participants contributions	0.1	0.1
Actuarial (gains) / losses	3.4	17.4
Curtailments	-	(16.8)
Benefits paid	(6.4)	(8.6)
Exchange difference	13.0	0.1
	159.4	141.5
Reconciliation of fair value of plan assets:		
Balance at the beginning of the year	104.2	98.1
Expected return on plan assets	5.6	5.4
Actuarial gains / (losses)	6.1	3.8
Contributions by Group companies	4.9	5.0
Scheme participants contributions	0.1	0.1
Benefits paid	(6.4)	(7.5)
Exchange difference	10.5	(0.7)
	125.0	104.2

e) Amounts recognised in the income statement

	2013 \$ M	2012 \$ M
The amounts recognised in the income statement are as follows:		
Current service cost	1.6	1.4
Interest cost	6.2	6.8
Expected return on plan assets	(5.6)	(5.4)
Effect of curtailments ⁴²	-	(16.8)
Total expense / (income) included in employee benefits expense	2.2	(14.0)
Actual return on plan assets	11.3	8.8

⁴² This reflects the prior year remeasurement of the liability recognised in relation to the Australian Top-up Benefit Fund and has been disclosed as a Significant Item. Refer to note 7.

23. Retirement benefit obligations (continued)

f) Amounts recognised in other comprehensive income

	2013 \$ M	2012 \$ M
Actuarial gain / (loss) recognised in the year	2.7	(13.6)
Cumulative actuarial losses recognised	(23.0)	(25.7)

g) Principal actuarial assumptions

2013	North America	UK	Australia	Germany
Principal actuarial assumptions used (expressed as weighted averages):				
Discount rate	4.50%	4.40%	4.00%	0.80%
Expected return on plan assets	6.40%	4.40%	-	-
Future salary increases	3.00%	-	4.00%	-
Inflation increase	-	3.40%	-	-

2012	North America	UK	Australia	Germany
Principal actuarial assumptions used (expressed as weighted averages):				
Discount rate	4.90%	4.40%	3.00%	-
Expected return on plan assets	6.50%	4.60%	-	-
Future salary increases	3.00%	-	4.00%	-
Inflation increase	-	2.80%	-	-

The expected rate of return on assets has been based on historical and future expectations of returns for each of the major categories of asset classes in the plans as well as the expected and actual allocation of plan assets to each of these major categories. This resulted in the selection of a 4.4% - 7.5% rate of return gross of tax (and net of expenses) and a 3.3% - 4.9% rate of return net of tax (and expenses).

h) Employer contributions

Employer contributions to the defined benefit plans are based on the recommendations of the plans' actuaries. Actuarial assessments are made at time intervals as required by local regulations (ranging from annual to three year intervals).

Total employer contributions expected to be paid by Group companies for the year ended 30 September 2013 are \$7.7 million (2012: \$5.1 million).

i) Historic summary

	2013 \$ M	2012 \$ M	2011 \$ M	2010 \$ M	2009 \$ M
Defined benefit plan obligation	(159.4)	(141.5)	(141.1)	(141.1)	(130.1)
Plan assets	125.0	104.2	98.1	98.1	92.5
Deficit	(34.4)	(37.3)	(43.0)	(43.0)	(37.6)
Experience adjustments arising on plan liabilities	(0.6)	0.9	(1.3)	(1.3)	-
Experience adjustments arising on plan assets	(3.7)	(4.8)	2.6	2.6	-

24. Contributed equity

Consolidated and Company	2013		2012	
	Number	\$ M	Number	\$ M
Fully paid ordinary shares	228,855,628	1,347.9	210,467,800	1,173.6
Total contributed equity – Company				
Treasury shares	(893,517)	(9.6)	(198,275)	(1.8)
Total consolidated contributed equity		1,338.3		1,171.8

Movements in ordinary share capital of the Company during the past two years were as follows:

Details		Total number of shares	Ordinary share capital \$ M
30-Sep-11	Balance brought forward	198,318,900	1,068.4
	Share issue – institutional tranche	12,148,900	106.9
	Less: Transaction cost arising on share issue		(2.5)
	Add: Deferred tax credit recognised through equity		0.8
30-Sep-12	Total contributed equity – Company	210,467,800	1,173.6
	Deferred tax credit recognised through equity		(0.5)
	Share issue – Gardner Smith scrip consideration	11,899,710	116.5
	Less: Transaction cost arising on share issue		(0.3)
	Add: Deferred tax credit recognised through equity		0.1
	Share issue – retail tranche	5,873,971	51.7
	Less: Transaction cost arising on share issue		(1.1)
	Add: Deferred tax credit recognised through equity		0.3
	Share issue	614,147	7.6
30-Sep-13	Total contributed equity - Company	228,855,628	1,347.9
	Less: Treasury shares	(893,517)	(9.6)
30-Sep-13	Total consolidated contributed equity		1,338.3

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every member present in person or by proxy is entitled to one vote, and upon a poll each share shall have one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On 2 October 2012, as part of the consideration for the acquisition of the GrainCorp Oils acquisition, the company issued 11,899,710 ordinary shares at \$9.79 per share to the shareholders of the Gardner Smith Group. Under a retail entitlement offer, on 5 October 2012, an additional 5,873,971 fully paid ordinary shares were issued at \$8.80. Refer to note 32 for details of GrainCorp Oils acquisition.

On 21 December 2012, 614,147 ordinary shares were issued at \$12.30 per share in respect of the Group's Long Term Incentive and Deferred Equity Plans.

24. Contributed equity (continued)

Employee equity schemes

Details of employee share and rights schemes are set out in note 38.

Treasury shares

Treasury shares are shares in GrainCorp that are held by the GrainCorp Employee Share Ownership Plan Trust for purposes of issuing shares under employee share plans including: GrainCorp Exempt Share Plan, GrainCorp Deferred Share Plan, and GrainCorp Retention Share Plan (refer to note 38 for further information). On 21 November 2012, 21,025 shares were acquired on market (2012: nil shares). Under the employee share plans, no shares were granted or issued during the year (2012: 757,605). At 30 September 2013, the aggregate amount of unvested performance rights of 903,934 as set out in note 38, is partially covered by the Treasury shares above.

Capital risk management

The Group's objective when managing capital is to safeguard the Group's ability to maintain an optimal capital structure so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The capital structure of the Group consists of debt and equity and the mix of debt and equity is measured by reference to the Group's core debt gearing ratio. Core debt is the total debt net of cash and cash equivalents and Marketing grain inventory. The core debt ratio is core debt divided by core debt and equity.

The Group's objective is to maintain a core debt gearing ratio of less than 25%. At 30 September 2013, core debt gearing was low at 19% (2012: 1%).

The core debt gearing ratios were as follows:

	2013 \$ M	2012 \$ M
Total borrowings	833.0	678.1
Cash and cash equivalents	(255.0)	(350.3)
Net debt	578.0	327.8
Marketing and oils grain inventory (note 12)	(167.5)	(312.0)
Core debt	410.5	15.8
Total equity	1,758.6	1,540.5
Core debt gearing ratio	19%	1%

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Group complied with all borrowing covenant ratios and other capital requirements during the year.

25. Retained earnings and reserves

	2013 \$ M	2012 \$ M
Retained earnings		
Retained earnings at the beginning of the financial year	388.3	323.2
Net profit for the year	140.9	204.9
Items of other comprehensive income recognised directly in retained earnings:		
Actuarial (losses) / gains on retirement benefit obligations, net of tax	(0.8)	(11.1)
Dividends received by Employee Trust	0.2	0.3
Share of other comprehensive income of equity accounted jointly controlled entities, net of tax	-	-
Dividends provided for or paid (note 26)	(137.0)	(129.0)
Closing balance	391.6	388.3

25. Retained earnings and reserves (continued)

Nature and purpose of reserves

The reserves disclosed in the Statement of Changes in Equity (page 66) include the following:

- i. The hedging reserve is used to record gains and losses on hedging instruments in a cash flow hedge that are recognised directly in equity, as described in note 1(n) and note 3. Amounts are recognised in profit or loss when the associated hedged transaction affects profit or loss.
- ii. The capital reserve represents the residual equity component of reset preference shares of the Company, on their reclassification to an interest-bearing liability as at 1 October 2005. The reset preference shares were converted to ordinary shares on 30 September 2006.
- iii. The share option reserve is used to recognise the fair value of share rights accounted for as share-based payments issued but not exercised.
- iv. The translation reserve is used to recognise exchange differences arising on the translation of the financial statements of foreign operations.

26. Dividends

	2013 \$ M	2012 \$ M
Dividends paid in the year:		
Final fully franked dividend for the year ended 30 September 2012 of 20.0 cents (2011: 15.0 cents)	45.6	29.8
Special fully franked dividend for the year ended 30 September 2012 of 15.0 cents (2011: 20.0 cents)	34.2	39.6
Interim fully franked dividend for the half year ended 31 March 2013 of 20.0 cents (2012: 15.0 cents)	45.8	29.8
Special interim fully franked dividend for the half year ended 31 March 2013 of 5.0 cents (2012: 15.0 cents)	11.4	29.8
Total	137.0	129.0

Dividend not recognised at year end

Since year end the Directors have approved the payment of a final dividend, expected to be paid on 16 December 2013:

Final fully franked dividend for the year ended 30 September 2013 of 20.0 cents (2012: 20.0 cents final dividend and 15.0 cents special dividend)	45.8
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This dividend will be paid out of retained profits at 30 September 2013, but is not recognised as a liability at year end.

Franking credits available

	2013 \$ M	2012 \$ M
Franking credits available for the subsequent financial year	65.7	76.2

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- a) Franking credits that will arise from the payment of the current tax liability;
- b) Franking debits that will arise from the payment of dividends recognised as a liability at the reporting date;
- c) Franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date; and
- d) Franking credits that may be prevented from being distributed in subsequent financial years.

26. Dividends (continued)

The impact on the franking account of the dividend approved by the Directors since year end, but not recognised as a liability at year end, will be a reduction in the franking account of \$19.6 million (2012: \$34.2 million).

27. Remuneration of auditor

During the year the following fees were paid or payable for services provided by the auditor of the parent entity and its related practices:

	2013 \$'000	2012 \$'000
PwC Australia		
Audit and other assurance services		
(i) Audit services		
Audit and review of financial reports and other work under the <i>Corporations Act 2001</i>	943	810
	943	810
(ii) Other Services		
Other services	150	70
	150	70
Taxation services		
Tax compliance and advice	-	10
	-	10
Total remuneration of PwC Australia	1,093	890
Related practices of PwC Australia		
Audit and other assurance services		
(i) Audit services		
Audit and review of financial reports and other work under the <i>Corporations Act 2001</i>	441	470
(ii) Other services		
Secretarial services	10	37
Total remuneration of related practices of PwC Australia	451	507
Total auditors remuneration	1,544	1,397

Any PwC non-audit engagements are subject to the Group's corporate governance procedures, auditor independence policies and BAC approval.

28. Contingencies

- i. The Group may from time to time receive notices of possible claims for losses or damages. A provision of \$25.9 million (2012: \$26.0 million) has been recognised to cover any liabilities which may arise out of such claims. Based on information currently available, the Directors believe that no further provision is required at this time. A contingent liability exists for any amounts that ultimately become payable over and above current provisioning levels.
- ii. WorkCover NSW is currently investigating GrainCorp's compliance with the *Work Health and Safety Act 2001 (NSW)* in relation to fatal injuries sustained by an employee of a third party contractor at a site licensed by GrainCorp and operated by the third party contractor. A contingent liability exists for any amount that ultimately may become payable over and above current provisioning levels.

29. Commitments

	2013 \$ M	2012 \$ M
Capital expenditure commitments		
Total capital expenditure contracted for at the reporting date but not provided for in payables:		
- Not later than one year	53.4	28.4
- Later than one year and not later than five years	1.6	-
- Later than five years	0.6	-
	55.6	28.4
Lease commitments		
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:		
- Not later than one year	66.3	62.1
- Later than one year and not later than five years	44.2	36.6
- Later than five years	106.0	92.9
	216.5	191.6
Representing:		
Cancellable operating leases	0.4	0.8
Non-cancellable operating leases	216.1	190.8
	216.5	191.6
Operating leases		
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
- Not later than one year	66.1	62.0
- Later than one year but not later than five years	44.1	35.9
- Later than five years	106.0	92.9
	216.2	190.8
Finance leases		
Commitments in relation to finance leases are payable as follows:		
- Not later than one year	1.9	5.0
- Later than one year but not later than five years	5.2	4.8
- Later than five years	19.8	15.2
Minimum lease payments	26.9	25.0
Future finance charges	(16.2)	(9.8)
Total lease liabilities	10.7	15.2
Representing lease liabilities:		
Current (note 20)	0.2	4.2
Non-current (note 20)	10.5	11.0
	10.7	15.2

30. Key Management Personnel disclosures and related party transactions

1. Key Management Personnel (“KMP”) disclosures

a) KMP compensation

	2013 \$'000	2012 \$'000
Short-term employee benefits	7,679	6,625
Post-employment benefits	278	300
Long-term benefits	77	71
Share-based payments	3,617	2,417
Termination payments	428	-
	12,079	9,413

Detailed remuneration disclosures are provided in sections 1 to 14 of the Remuneration Report on pages 21 to 47.

b) Equity instrument disclosures relating to KMP

i. *Share Rights provided as remuneration and shares issued on exercise of such rights*

Details of rights provided as remuneration and shares issued on the exercise of such rights, together with terms and conditions of the rights, can be found in the Remuneration Report on pages 41 to 44.

ii. *Share Rights holdings*

The numbers of share rights in the Company held during the financial year by each Director of GrainCorp and other KMP of the Group, including their personally related entities, are set out below.

2013						
Name	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Forfeited or lapsed during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Executive Director						
A M Watkins	369,140	-	(38,281)	-	330,859	200,965
Current Executives						
G Friberg ⁴³	11,177	-	(5,589)	-	5,588	5,588
N P Hart	71,845	-	(11,773)	-	60,072	37,219
S J Tainsh	101,870	-	(21,750)	-	80,120	58,182
K Pamminger	50,064	-	(20,474)	-	29,590	29,590
A G Bell	53,336	-	(8,056)	-	45,280	20,971
Former Executives						
S A Haydon ⁴⁴	38,725	-	(6,247)	-	32,478	12,077
H L Miles ⁴⁵	49,132	-	(8,287)	-	40,845	19,675
A N Johns ⁴⁶	61,260	-	(7,956)	-	53,304	34,420

⁴³ Appointed as KMP on 1 July 2013.

⁴⁴ Ceased as KMP on 30 June 2013. Performance rights associated with LTI 2012 plan for Mr S Haydon were vested in full for accounting purposes during 2013. However, 20,401 share rights in connection with 2012 LTI plan will become exercisable in November 2014. These rights are not presented as vested and exercisable in the above table.

⁴⁵ Ceased as KMP on 30 September 2013. Performance rights associated with LTI 2012 plan for Ms H Miles were vested in full for accounting purposes during 2013. However, 21,170 share rights in connection with 2012 LTI plan will become exercisable in November 2014. These share rights are not presented as vested and exercisable in the above table.

⁴⁶ Ceased as KMP on 25 February 2013.

30. Key Management Personnel disclosures and related party transactions (continued)

The numbers of share rights in the Company held during the 2012 financial year by each Director of GrainCorp and other KMP of the Group, including their personally related entities, are set out below.

2012						
Name	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Forfeited or lapsed during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Directors of GrainCorp Limited						
A M Watkins	162,684	206,456	-	-	369,140	38,281
Other KMP of the Group						
A G Bell	12,916	40,420	-	-	53,336	8,056
N P Hart	62,839	46,398	(16,418)	(20,974)	71,845	11,773
S A Haydon	5,830	32,895	-	-	38,725	6,247
A N Johns	63,966	34,795	(16,527)	(20,974)	61,260	7,956
H L Miles	11,388	37,744	-	-	49,132	8,287
K Pamminger	59,176 ⁴⁷	-	-	(9,112)	50,064	20,473
S J Tainsh	79,091	65,436	(21,683)	(20,974)	101,870	21,749

⁴⁷ Balance at date of becoming KMP.

30. Key Management Personnel disclosures and related party transactions (continued)

iii. Share holdings

The numbers of shares in the Company and subsidiaries held during the financial year by each Director of GrainCorp Limited and other KMP of the Group, including their personally related entities, are set out in the following table:

2013	Balance at the start of the year	Received during the year on exercise of rights	Other changes during the year	Balance at the end of the year
Name				
Non-executive Directors				
D C Taylor	34,635	-	224	34,859
B J Gibson	-	-	-	-
P J Housden	7,410	-	674	8,084
D J Mangelsdorf	14,235	-	1,293	15,528
D G McGauchie	81,544	-	7,413	88,957
D B Trebeck	64,752	-	5,885	70,637
S L Tregoning	13,260	-	1,205	14,465
Executive Directors				
A M Watkins	55,000	38,281	5,000	98,281
Current Executives				
G Friberg ⁴⁸	-	5,589	-	5,589
N P Hart	37,801	11,773	-	49,574
S J Tainsh	27,787	21,750	(4,500)	45,037
K Pamminger	86	20,474	(20,474)	86
A G Bell	-	8,056	-	8,056
Former Executives				
S A Haydon ⁴⁹	-	6,247	-	6,247
H L Miles ⁵⁰	-	8,287	(4,143)	4,144
A N Johns ⁵¹	19,227	7,956	(7,956)	19,227

No shares were granted to KMP during the reporting period as compensation in the financial year ended 2012 or 2013.

c) Other transactions with KMP

Transactions for storage, handling, transport, testing, seed sales and purchase of grain, fertiliser and other agricultural products from Directors or Director-related entities took place during both financial years covered by this report and occurred within a normal customer relationship on terms no more favourable than those available on similar transactions to other customers. Below are aggregate amounts due, from and to Directors, any other KMP and their Director-related and KMP-related entities at balance date. These balances are the result of transactions conducted under normal trading terms and conditions.

Directors and other KMP who transacted business with the Group were D J Mangelsdorf, D G McGauchie, A M Watkins, B J Gibson, D B Trebeck and P Housden (2012: D J Mangelsdorf, D G McGauchie, A N Johns, A M Watkins, B J Gibson, D B Trebeck and P Housden).

⁴⁸ Appointed as KMP on 1 July 2013.

⁴⁹ Ceased as KMP on 30 June 2013.

⁵⁰ Ceased as KMP on 30 September 2013.

⁵¹ Ceased as KMP on 25 February 2013.

30. Key Management Personnel disclosures and related party transactions (continued)

	Consolidated	
	2013 \$'000	2012 \$'000
Director related and KMP related entities		
Current receivables	3,061	2,037
Current payables	102	29

2013: Current receivables include \$2,280,000 relating to Allied Mills Australia Pty Ltd of which A M Watkins is a Director. \$621,000 to Nuplex Industries Limited of which B Gibson is a Director and and \$160,000 receivable from Australian Agricultural Company Ltd, an entity related to D G McGauchie. Current payables include \$41,000 relating to Allied Mills Australia Pty Ltd of which A M Watkins is a director, \$60,000 payable to Nuplex Industries Limited of which B Gibson is a Director, and \$1,000 payable to Royal Wolf Trading Australia Pty Ltd, an entity related to P Housden.

2012: Current receivables include \$1,908,000 relating to Allied Mills Australia Pty Ltd of which A N Johns and A M Watkins are Directors and \$129,000 receivable from Australian Agricultural Company Ltd, an entity related to D G McGauchie. Current payables include \$28,000 relating to Allied Mills Australia Pty Ltd of which A N Johns and A M Watkins are Directors and \$1,000 payable to Royal Wolf Trading Australia Pty Ltd, an entity related to P Housden.

2. Related party transactions

a) Transactions with related parties – wholly-owned members of the Group

Details of wholly-owned members of the Group and ownership interests in controlled entities are set out in note 33. Aggregate amounts included in the determination of profit from ordinary activities before income tax that resulted from transactions with wholly-owned entities within the Group were as follows:

	Parent entity	
	2013 \$'000	2012 \$'000
Fee for liabilities guarantee	308	833
Interest expense payable to subsidiaries	2	2
Interest revenue from subsidiaries	64,506	56,518

b) Transactions with related parties

Details of related companies are shown in note 35. Aggregate amounts included in the determination of profit from ordinary activities before income tax that resulted from transactions with related parties were as follows:

	Consolidated		Parent entity	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Freight income from Allied Mills Australia Pty Ltd ("Allied Mills")	29,129	29,628	-	-
Rental charge from Allied Mills	-	-	-	-
Sales income from Allied Mills	79,546	103,057	-	-
Purchases from Allied Mills	16,764	3,185	-	-
Interest received from Allied Mills	1,054	1,269	1,054	1,269
Storage income from Allied Mills	10,865	13,457	-	-
Membership fees to National Grower Register Pty Ltd ("NGR")	279	228	-	-
Interest income from NGR	46	51	-	-

30. Key Management Personnel disclosures and related party transactions (continued)

c) Outstanding balances in relation to transactions with related parties

Aggregate amounts receivable from and payable to other related parties at the end of the reporting period were as follows:

	Consolidated		Parent entity	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Subsidiaries				
Non-current receivables (note 11)	-	-	1,438,701	1,185,470
Jointly Controlled Entities				
Loan to NGR (note 11)	350	800	-	-
Loan to Wheat Australia (note 11)	-	17	-	-
Loan to Allied Mills (note 11)	19,092	19,052	19,092	19,092
Loan interest receivable from Allied Mills (note 11)	285	277	285	277

30. Key Management Personnel disclosures and related party transactions (continued)

d) Terms and conditions

Transactions between GrainCorp and related parties in the Group during the years ended 30 September 2013 and 2012 consisted of:

- i. loans advanced and repaid within the Group;
- ii. payment of dividends to GrainCorp;
- iii. management fees for administrative services paid to GrainCorp;
- iv. liability guarantee fees paid to GrainCorp;
- v. sale of goods; and
- vi. reimbursement of expenses.

These transactions occurred within a normal customer relationship on terms no more favourable than those available on similar transactions to other customers, except when there is no interest or fixed terms for repayment on intercompany loans within the Group. Outstanding balances are unsecured and repayable in cash.

31. Parent entity financial information

a) Summary financial information

The individual financial statements for the parent entity (GrainCorp) show the following aggregate amounts:

	2013 \$ M	2012 \$ M
Statement of financial position		
Current assets	1.6	6.4
Total assets	1,680.0	1,431.6
Current liabilities	0.3	0.5
Total liabilities	0.5	0.7
Shareholders' equity		
Contributed equity	1,338.3	1,171.8
Share option reserve	8.1	8.5
Capital reserve	8.3	8.3
Retained profits	324.8	242.3
Total shareholders' equity	1,679.5	1,430.9
Profit for the year	210.9	259.2
Total comprehensive income	210.9	259.2

b) Guarantees entered into by the parent entity

GrainCorp and the wholly owned entities listed in note 33 are parties to a deed of cross guarantee as described in note 34. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees, to each creditor, payment in full of any debt in accordance with the deed of cross guarantee. No deficiency of net assets existed for the Group as at 30 September 2013.

No liability was recognised by GrainCorp in relation to these guarantees, as the fair value of the guarantees is immaterial.

31. Parent entity financial information (continued)

c) Contingent liabilities of the parent entity

GrainCorp did not have any contingent liabilities as at 30 September 2013 or 30 September 2012.

d) Contractual commitments for the acquisition of property, plant or equipment

GrainCorp did not have any commitments for the acquisition of property, plant and equipment as at 30 September 2013 or 30 September 2012.

32. Business combinations

a) Acquisitions in the year ended 30 September 2013

Creation of GrainCorp Oils

On 2 October 2012, GrainCorp Oils was created by the acquisition of Gardner Smith and Integro Foods. For the period from 2 October 2012 to 30 September 2013, the acquired businesses contributed revenues of \$909.5 million, profit before net interest, income tax, depreciation and amortisation of \$75.3 million and net profit before tax of \$48.0 million to the Group. The Group would anticipate no significant difference in revenue and net profit after tax contribution if the businesses were acquired on the 1 October 2012. Further details of these acquisitions are provided below.

Acquisition of Gardner Smith

i. Summary of acquisition

On 2 October 2012, the Group acquired 100% of Gardner Smith, a leading oilseed crusher and operator of bulk liquid port terminals, for the purchase consideration of \$323.3 million. The acquisition has built on GrainCorp's existing supply chain management, expanded the downstream operations into canola and other edible oils and provided potential for expansion of capacity at existing terminal sites. Details of the purchase consideration, net assets acquired and goodwill are as follows:

	\$ M
Cash consideration	206.8
Scrip consideration	116.5
Total purchase consideration	323.3
Fair value of net identifiable assets acquired	(240.7)
Goodwill	82.6

The assets and liabilities arising from the acquisition are as follows:

	Fair value \$ M
Cash and cash equivalent	6.7
Receivables	53.1
Inventory	40.1
Property, plant and equipment	176.3
Identifiable intangible assets	4.8
Other assets	5.6
Income tax receivable	2.0
Net deferred tax	0.8
Payables	(32.1)
Employee entitlements	(4.9)
Borrowings	(6.6)
Other liabilities	(5.1)
Net identifiable assets acquired	240.7

32. Business combinations (continued)

ii. Purchase consideration cash outflow

	\$ M
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	206.8
Less: Balance acquired	
Cash	6.7
Borrowings	(6.6)
	0.1
Outflow of Cash – investing activities	206.7

Acquisition related costs amounting to \$14.8 million have been excluded from the consideration transferred and recognised as an expense within the Consolidated Statement of Comprehensive Income.

The goodwill is attributable to the workforce, synergies and strategic location of the acquired business. It will not be deductible for tax purposes.

The accounting for the acquisition of Gardner Smith has been finalised. The changes from the provisional acquisition accounting at half year relate primarily to finalisation of deferred tax.

Acquisition of Integro Foods

On 2 October 2012, the Group acquired the assets and liabilities of Integro Foods, a commercial oilseed business for the purchase consideration of \$146.8 million. The acquisition complements the Company's current strategic focus on canola, one of its three main core grains and increased scale in the oil sector in Australia and New Zealand. Details of the purchase consideration, net assets acquired and goodwill are as follows:

	\$ M
Purchase consideration	146.8
Fair value of net identifiable assets acquired	(127.7)
Goodwill	19.1

The assets and liabilities arising from the acquisition are as follows:

	Fair value \$ M
Property, plant and equipment	76.5
Identifiable intangible assets	4.8
Inventory	50.6
Net deferred tax	3.5
Employee provisions	(7.6)
Other liabilities	(0.1)
Net identifiable assets acquired	127.7

Acquisition related costs amounting to \$6.0 million have been excluded from the consideration transferred and recognised as an expense within the Consolidated Statement of Comprehensive Income.

The goodwill is attributable to the workforce and synergies of the acquired business. It will not be deductible for tax purposes.

The accounting for the acquisition of Integro Foods has been finalised. The changes from the provisional acquisition accounting at half year relate primarily to finalisation of deferred tax.

32. Business combinations (continued)

b) Acquisitions in the year ended 30 September 2012

Acquisition of Schill Malz GmbH & Co. KG

i. Summary of acquisition

On 4 October 2011, the Group acquired 100% of Schill Malz GmbH & Co. KG for the purchase consideration of \$62.5 million.

The acquired business contributed revenues of \$79.6 million, loss before interest, tax, depreciation and amortisation of \$3.2 million and net loss before tax of \$7.4 million to the Group for the period from 4 October 2011 to 30 September 2012. Detail of the purchase consideration, net assets acquired and goodwill are as follows:

	\$ M
Purchase consideration	62.5
Fair value of net identifiable assets acquired	(52.4)
Goodwill	10.1

The assets and liabilities arising from the acquisition are as follows:

	Fair value \$ M
Cash and cash equivalents	0.5
Property, plant and equipment	51.7
Software	0.8
Inventory	21.8
Other assets	2.2
Trade receivables	11.7
Trade payables	(5.9)
Borrowings	(18.7)
Net deferred tax	(1.8)
Other liabilities	(9.9)
Net identifiable assets acquired	52.4

The goodwill is attributed to the synergies and strategic location of the acquired business. The accounting for the acquisition for Schill Malz GmbH & Co. KG business was finalised at 30 September 2012.

ii. Purchase consideration cash outflow

	\$ M
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	62.5
Less: Balance acquired	
Cash	0.5
Borrowings	(18.7)
	(18.2)
Outflow of Cash – investing activities	80.7

33. Subsidiaries

Name of entity	Class of shares	Country of incorporation	Equity holdings	
			2013	2012
ABN 18 052 348 973 Pty Ltd (formerly Ausfarmers Pty Limited) ⁵²	Ordinary	Australia	100%	100%
ABN 25 069 096 582 Pty Ltd (formerly GrainCorp Victoria Pty Limited) ⁵²	Ordinary	Australia	100%	100%
ABN 36 073 105 656 Pty Ltd (formerly Globex International Pty Limited) ⁵²	Ordinary	Australia	100%	100%
ABN 99 059 347 349 Pty Ltd (formerly Victorian Grain Services Pty Limited) ⁵³	Ordinary	Australia	-	100%
Agricultural Risk Management Services Pty Limited	Ordinary	Australia	100%	100%
Auscol Pty Ltd	Ordinary	Australia	100%	-
Australia Malt Finco Pty Ltd	Ordinary	Australia	100%	100%
Australia Malt Holdco Pty Ltd	Ordinary	Australia	100%	100%
Barrett Burston Malting Co. Pty. Ltd.	Ordinary	Australia	100%	100%
Barrett Burston Malting Company WA Pty Limited	Ordinary	Australia	100%	100%
Champion Liquid Feeds Pty Limited	Ordinary	Australia	100%	-
Containerlink Pty Limited ⁵²	Ordinary	Australia	100%	100%
Gardner Smith (Holdings) Pty Ltd	Ordinary	Australia	100%	-
Gardner Smith Pty Limited	Ordinary	Australia	100%	-
Grainco Australia Pty Limited	Ordinary	Australia	100%	100%
GrainCorp AG Finance Limited ⁵²	Ordinary	Australia	100%	100%
GrainCorp Australia Pty Ltd	Ordinary	Australia	100%	100%
GrainCorp Holdings Australia Pty Ltd	Ordinary	Australia	100%	100%
GrainCorp NZ Pty Limited ⁵²	Ordinary	Australia	100%	100%
GrainCorp Oils Holdings Pty Ltd	Ordinary	Australia	100%	100%
GrainCorp Operations Limited	Ordinary	Australia	100%	100%
GrainCorp Services Limited	Ordinary	Australia	100%	100%
GrainCorp Warehouse Cashflow Pty Ltd	Ordinary	Australia	100%	100%
GSEST Pty Ltd	Ordinary	Australia	100%	-
Hunter Grain Pty Limited	Ordinary	Australia	100%	100%
Hunter Grain Transport Pty Limited	Ordinary	Australia	100%	100%
Integro Foods Australia Pty Ltd	Ordinary	Australia	100%	100%
Malt Real Property Pty Limited	Ordinary	Australia	100%	100%
Pacific Terminals (Australia) Pty Ltd	Ordinary	Australia	100%	-
Riverland Oilseeds Pty Ltd	Ordinary	Australia	100%	-
Security Superannuation Fund Pty Limited	Ordinary	Australia	100%	100%
Vicgrain (Assets) Pty Limited	Ordinary	Australia	100%	100%
Vicgrain Pty Limited	Ordinary	Australia	100%	100%
Canada Malting Co. Limited	Ordinary	Canada	100%	100%
Coastal Containers Limited	Ordinary	Canada	100%	100%
GrainCorp Canada Inc.	Common	Canada	100%	100%
Gardner Smith Commodities Trading (Shanghai) Co., Ltd	Ordinary	China	100%	-

⁵² Subject to members' voluntary liquidation or deregistration

⁵³ Deregistered during financial year 2013

33. Subsidiaries (continued)

Name of entity	Class of shares	Country of incorporation	Equity holdings	
			2013	2012
Shanghai Grand Port Liquid Storage Terminals Co., Ltd	Ordinary	China	100%	-
GrainCorp Europe GmbH & Co. KG	-	Germany	100%	100%
GrainCorp Europe Management GmbH	Ordinary	Germany	100%	100%
Rhein-Ruhr-Malz GmbH	-	Germany	100%	100%
Schill Malz GmbH & Co. KG	Ordinary	Germany	100%	100%
Schill Malz Verwaltungs-GmbH	-	Germany	100%	100%
Thüringer Malz GmbH	-	Germany	100%	100%
BLM Feeds Limited	Ordinary	New Zealand	100%	-
Enzpro NZ Limited	Ordinary	New Zealand	100%	-
Gardner Smith NZ Limited	Ordinary	New Zealand	100%	-
Integro Foods NZ Limited	Ordinary	New Zealand	100%	100%
Pacific Terminals NZ Limited	Ordinary	New Zealand	100%	-
GrainCorp Operations Asia Pte Ltd	Ordinary	Singapore	100%	100%
Gardner Smith Africa Pty Ltd ⁵²	Ordinary	South Africa	100%	-
Bairds Malt Limited	Ordinary	UK	100%	100%
Bairds Malt (Pension Trustees) Limited	Ordinary	UK	100%	100%
Brewers Select Limited	Ordinary	UK	100%	100%
GrainCorp (Canada) Holdings UK Limited	Ordinary	UK	100%	100%
GrainCorp Europe (UK) Ltd	Ordinary	UK	100%	100%
GrainCorp UK Limited	Ordinary	UK	100%	100%
Malt UK Holdco Limited	Ordinary	UK	100%	100%
Maltco 3 Limited	Ordinary	UK	100%	100%
Mark Lawrence (Grain) Limited	Ordinary	UK	100%	100%
Moray Firth Maltings Limited	Ordinary	UK	100%	100%
Norton Organic Grain Limited	Ordinary	UK	100%	100%
Saxon Agriculture Limited	Ordinary	UK	100%	100%
Scotgrain Agriculture Limited	Ordinary	UK	100%	100%
Ulgrave Limited	Ordinary	UK	100%	100%
BC Holdings LLC	Ordinary	USA	100%	100%
GrainCorp Holdings USA	-	USA	100%	100%
GrainCorp USA	Ordinary	USA	100%	100%
Great Western Malting Co	Ordinary	USA	100%	100%
Malt US Holdco, Inc	Ordinary	USA	100%	100%

34. Deed of cross guarantee

GrainCorp and its wholly-owned Australian incorporated entities listed in note 33, with the exception of Agricultural Risk Management Services Pty Ltd, ABN 18 052 348 973 Pty Ltd, ABN 36 073 105 656 Pty Ltd, ABN 25 069 096 582 Pty Ltd, ABN 99 059 347 349 Pty Ltd, GrainCorp NZ Pty Ltd, GSEST Pty Ltd are parties to a deed of cross guarantee under which each of the companies guarantees the debts of the other and are thus relieved from the requirement to prepare a financial report and Directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investment Commission.

The above mentioned parties to the deed of cross guarantee represent a "Closed Group" for the purposes of the Class Order, and as there are no other parties in the deed of cross guarantee that are controlled by GrainCorp Limited, they also represent the "Extended Closed Group".

Set out below is the consolidated income statement, a consolidated statement of comprehensive income and a summary of consolidated retained earnings for the Closed Group for the year ended 30 September 2013.

Income statement	2013 \$ M	2012 \$ M
Revenue from continuing operations	3,271.7	2,396.2
Other income	10.7	58.2
Goods purchased for resale	(2,327.6)	(1,617.3)
Raw materials and consumables used	(168.4)	(94.0)
Employee benefits expense	(287.7)	(217.3)
Depreciation and amortisation expense	(88.5)	(68.4)
Finance costs	(40.4)	(25.9)
Repairs and maintenance	(47.7)	(42.2)
Operating leases	(50.1)	(49.1)
Other expenses	(136.4)	(105.4)
Share of net profits of jointly controlled entities accounted for using the equity method	11.7	15.4
Profit / (loss) before income tax	147.3	250.2
Income tax (expense) / benefit	(44.6)	(79.7)
Profit from continuing operations	102.7	170.5
Profit for the year	102.7	170.5
Other comprehensive income:		
Changes in the fair value of cash flow hedges	(1.4)	2.4
Share of comprehensive income of jointly controlled entities	0.4	(0.1)
Actuarial (losses) on retirement benefit obligations	1.1	(0.1)
Income tax relating to components of other comprehensive income	(0.1)	(0.7)
Other comprehensive income for the year, net of tax	-	1.5
Total comprehensive income for the year	102.7	172.0
Summary of movements in consolidated retained earnings		
Retained earnings at the beginning of the financial year	312.3	270.8
Profit after related income tax expense	102.7	170.5
Other comprehensive income recognised in retained earnings	0.7	-
Dividends provided for or paid	(137.0)	(129.0)
Retained earnings at the end of the financial year	278.7	312.3

34. Deed of cross guarantee (continued)

Set out below is the consolidated statement of financial position as at 30 September 2013 of the Closed Group.

Statement of financial position	2013	2012
	\$ M	\$ M
Current assets		
Cash and cash equivalents	174.1	292.0
Trade and other receivables	285.3	262.6
Inventories	257.7	325.9
Derivative financial instruments	48.5	54.0
Total current assets	765.6	934.5
Non-current assets		
Receivables	210.4	176.8
Investment in Subsidiaries	409.1	290.8
Investments accounted for using the equity method	151.5	139.9
Other financial assets	1.3	1.0
Property, plant & equipment	828.5	607.5
Deferred tax assets	5.2	-
Intangible assets	119.2	110.9
Derivative financial instruments	1.6	0.2
Total non-current assets	1,726.8	1,327.1
Total assets	2,492.4	2,261.6
Current liabilities		
Trade and other payables	199.3	188.0
Borrowings	174.0	291.1
Derivative financial instruments	31.9	51.5
Other financial liabilities	0.2	0.2
Current tax liabilities	7.4	26.1
Provisions	67.5	45.9
Total current liabilities	480.3	602.8
Non-current liabilities		
Trade and other payables	3.3	-
Borrowings	369.8	133.6
Derivative financial instruments	1.3	4.6
Other financial liabilities	0.3	0.6
Deferred tax liabilities	-	12.3
Provisions	3.7	5.1
Retirement benefit obligations	0.6	1.8
Total non-current liabilities	379.0	158.0
Total liabilities	859.3	760.8
Net assets	1,633.1	1,500.8
Equity		
Contributed equity	1,338.2	1,168.8
Reserves	16.2	19.7
Retained earnings	278.7	312.3
Total equity	1,633.1	1,500.8

35. Investments accounted for using the equity method

a) Carrying amounts

Company	Principal activity	Ownership interest		Carrying amount	
		2013	2012	2013 \$ M	2012 \$ M
Allied Mills Australia Pty Ltd ⁵⁴	Mixing & milling	60%	60%	149.8	137.7
National Grower Register Pty Ltd	Register management	50%	50%	1.7	1.7
Wheat Australia Pty Ltd	Wheat exportation	33.3%	33.3%	-	-
Flex Biofuels Pty Ltd	Sales and purchases of biofuels	50%	-	-	-
				151.5	139.4

All of the above jointly controlled entities are incorporated in Australia.

b) Movements in carrying amounts

	2013 \$ M	2012 \$ M
Carrying amount at the beginning of the financial year	139.4	124.1
Share of operating profits after income tax	11.7	15.4
Share of other comprehensive income / (loss) after income tax	0.4	(0.1)
Carrying amount at the end of the financial year	151.5	139.4
Group's share of jointly controlled entities' expenditure commitments, other than for supply of inventories:		
Capital commitments	16.7	19.3
Lease commitments	1.2	2.5
Contingent liabilities	-	0.9

Summarised financial information of jointly controlled entities:

	Group's share of:					
	Current Assets \$ M	Non Current Assets \$ M	Current Liabilities \$M	Non Current Liabilities \$M	Revenues \$ M	Profit \$ M
2013	112.9	172.2	81.3	51.6	286.4	11.7
2012	108.5	144.2	67.4	45.7	282.7	15.3

⁵⁴ Equity interest in Allied Mills is 60%, however, voting rights are 50%, refer note 1(b)(ii).

36. Reconciliation of profit after income tax to net cash flow from operating activities

	2013 \$ M	2012 \$ M
Profit / (loss) for the year	140.9	204.9
Net (profit) / loss on sale of non-current assets	(0.7)	(0.2)
Non-cash employee benefits expense – share based payments	1.9	4.1
Share of (profit) / loss of jointly controlled entity not received as dividends	(11.7)	(15.3)
Depreciation / amortisation	118.8	91.2
	249.2	284.7
Changes in operating assets and liabilities (net of acquired entities):		
(Increase) / decrease in inventories	(24.8)	(76.2)
(Increase) / decrease in deferred tax asset	6.9	12.3
(Increase) / decrease in derivatives	(19.6)	2.9
(Increase) / decrease in receivables	26.9	(50.7)
Increase / (decrease) in trade payables	5.3	(7.5)
Increase / (decrease) in other liabilities	5.5	(4.2)
Increase / (decrease) in provision for income tax	(10.4)	(50.2)
Increase / (decrease) in provision for deferred tax liability	(12.8)	26.6
Increase / (decrease) in defined benefit pension plan liability	(2.1)	(7.1)
Increase / (decrease) in provisions	(1.2)	9.4
Net cash provided by operating activities	222.9	140.0

37. Earnings per share

	2013 Cents	2012 Cents
Basic earnings per share:		
From continuing operations attributable to owners of the Company	61.9	102.6
From discontinued operations	-	-
Total basic earnings per share attributable to owners of the Company	61.9	102.6
Diluted earnings per share:		
From continuing operations attributable to owners of the Company	61.6	102.0
From discontinued operations	-	-
Total diluted earnings per share attributable to owners of the Company	61.6	102.0

	Number of ordinary shares	
Weighted average number of ordinary shares used as the denominator in the calculation of basic earnings per share ⁵⁵	227,771,279	199,793,259
Adjustment for calculation of diluted earnings per share:		
Performance rights	998,059	1,115,079
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in the calculation of diluted earnings per share	228,769,338	200,908,338

⁵⁵ The weighted average number of ordinary shares used as the denominator in the calculation for the prior year has been adjusted for the proportionate change in the number of ordinary shares resulting from the issue of shares at a discount during the year.

37. Earnings per share (continued)

	2013 \$ M	2012 \$ M
Reconciliation of earnings used in calculating earnings per share		
Basic and diluted earnings per ordinary share:		
From continuing operations	140.9	204.9
Earnings used in calculating basic and diluted earnings per ordinary share	140.9	204.9

Information concerning the classification of securities:

Performance rights

Performance rights first granted in 2005 under the GrainCorp Performance Share Rights Plan are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share. The rights have not been included in the determination of basic earnings per share. Details relating to the rights are set out in the Remuneration Report and note 38.

38. Share based payments

a) Long Term Incentive ("LTI") Plan

The LTI plan was designed to provide longer term focus and alignment to business strategy through performance hurdles of Return on Equity ("ROE") and relative Total Shareholder Return ("TSR").

Grant quantum is derived by a percentage of Fixed Remuneration as determined by the Board. The dollar value is converted into the number of rights by dividing it by the Volume Weighted Average Price ("VWAP") of GrainCorp's shares over the 20 trading days after annual results are released. The vesting period is 3 years subject to meeting ROE and relative TSR performance hurdles. Full details of the LTI plan and link to performance can be found in the Remuneration Report starting on page 21.

The grant-date fair value of the rights granted through the LTI plan was measured based on a Monte-Carlo simulation for the TSR component and a binomial tree valuation methodology for the ROE component. The inputs used in the measurement of the fair values at grant date for grants made include the following:

Grant date	28 February 2011	30 March 2011	16 February 2012
Fair value at grant date (TSR)	\$4.91	\$5.18	\$5.66
Fair value at grant date (ROE)	\$6.51	\$6.76	\$6.96
Estimated vesting date	30 September 2013	30 September 2013	30 September 2014
Share price at grant date	\$7.37	\$7.62	\$8.20
Volatility	35%	35%	30%
Risk free interest rate	5.00%	4.92%	3.50%
Dividend yield	4.5%	4.5%	5.9%

Set out below is a summary of the number of rights granted under the plan

Grant date	Expiry date	Balance at start of year	Granted during year	Exercised during the year	Forfeited during year	Expired during year	Balance at end of year	Exercisable at end of year
28 Feb 2011	30 Sep 2013	209,379	-	-	-	-	209,379	209,379
30 Mar 2011	30 Sep 2013	6,663	-	-	-	-	6,663	6,663
16 Feb 2012	30 Sep 2014	275,451	-	-	-	-	275,451	⁵⁶
		491,493	-	-	-	-	491,493	257,613

⁵⁶20,401 share rights granted to Mr S Haydon and 21,170 share rights granted to Ms H Miles in connection the 2012 LTI plan were vested in full for accounting purposes during 2013. They will become exercisable in November 2014. These share rights are not presented as exercisable at the end of the year in the table above.

38. Share based payments (continued)

The 2013 LTI plan was awarded as deferred cash grants due to takeover speculation and share price volatility at the time of the grant in December 2012. The deferred cash awards maintain the same time, vesting and performance conditions as existing LTI plans. Refer to Section 7 of the Remuneration report for further details.

b) Deferred Equity Plan ("DEP")

Short term incentives awarded to Executives are not paid out in full in the performance year. Rather a significant portion (50% for the Managing Director & CEO and at least 40% for other Executives) is deferred and paid subject to the Executive remaining with the company for subsequent periods. This reflects the Board's desire to encourage retention and ensure Executives are exposed to the GrainCorp share price.

Grant quantum is a deferred proportion of the prior financial year's total short term incentive. The dollar value is converted into the number of rights by dividing it by VWAP of GrainCorp's shares over the 20 trading days after annual results are released. The vesting period is 50% at the end of one year and 50% at the end of two years.

The inputs used in the measurement of the fair value at grant date for the grants made in the current financial year included the following:

Grant date	3 January 2012	3 January 2012
Fair value at grant date	\$7.49	\$7.07
Estimated vesting date	30 September 2012	30 September 2013
Share price at grant date	\$7.82	\$7.82
Dividend yield	5.9%	5.9%

Set out below is a summary of the number of rights granted under the plan to date.

Grant date	Expiry date	Balance at start of year	Granted during year	Exercised during the year	Forfeited during the year	Balance at end of year	Exercisable at end of year
3 Jan 2012	30 Sep 12 & 30 Sep 13	482,154	-	(241,093)	(523)	240,538	240,538 ⁵⁷

The 2012 and 2013 DEP were granted as deferred cash awards. The use of deferred cash based awards has been in response to the extended takeover speculation affecting GrainCorp's share price since 2012. The deferred cash awards maintain the same timing, vesting and performance conditions as existing DEPs. Refer to Section 6 of the Remuneration Report for further details.

c) Retention Share Plan (legacy plan)

The Retention Share Plan was introduced in the 2009 financial year for eligible employees (including Executive Directors).

Under the plan, eligible employees invited to participate are awarded restricted shares to the value of their prior year's short term incentive award amount received. The shares are purchased on market and held by the plan trustee subject to a three year sale restriction; vesting to the employee on the conclusion of three years service.

The restricted shares are subject to forfeiture in the event that a participant ceases employment within the Group before the end of the restriction period as a result of resignation or termination with cause.

Set out below is a summary of the number of rights granted under the plan to date.

Grant date	Expiry date	Balance at start of year	Granted during year	Exercised during the year	Forfeited during year	Balance at end of year	Exercisable at end of year
9 Dec 09	30 Sep 12	72,969	-	(72,969)	-	-	-
15 Dec 10	30 Sep 13	174,498	-	(2,595)	-	171,903	171,903 ⁵⁷
		247,467	-	(75,564)	-	171,903	171,903

⁵⁷ Opening balance of DEP 11 and RSP 10 restated as good leavers in FY12 should have been disclosed as vested but not exercised in FY12.

38. Share based payments (continued)

d) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expenses in the income statement were as follows:

	2013 \$ M	2012 \$ M
Share-based payments expense	1.9	4.1

39. Events occurring after the reporting period

Takeover bid from Archer Daniels Midland Company ("ADM")

On 4 October 2013, an interim order was signed under the *Foreign Acquisitions and Takeovers Act 1975* to extend the statutory time for the Australia Foreign Investment Review Board ("FIRB") to consider its decision on ADM's proposed acquisition of GrainCorp Limited to 17 December 2013.

On 1 November 2013, ADM extended the Offer close date from 16 November 2013 to 28 February 2014.

On 29 November 2013 the Australian Federal Treasurer made an order under the *Foreign Acquisitions and Takeovers Act 1975* prohibiting ADM's acquisition of 100% of the shares in GrainCorp. ADM subsequently withdrew their offer.

GrainCorp CEO resignation

On 2 December 2013, it was announced that Managing Director & Chief Executive Officer Ms Alison Watkins had advised the Board of her intention to resign. Mr Don Taylor has assumed a temporary role as Executive Chairman from 2 December 2013 and will be acting CEO from 13 January 2014, filling these roles until a replacement CEO commences.

Other than reported above, no other matter or circumstance has arisen since 30 September 2013 which has significantly affected or may significantly affect:

- a) the Group's operations in future financial years; or
- b) the results of those operations in future financial years; or
- c) the Group's state of affairs in future financial years.

Directors' Declaration

In the Directors' opinion:

- a) the financial statements and notes set out on pages 62 to 137 are in accordance with the *Corporations Act 2001*, including:
 - i. complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - ii. giving a true and fair view of the consolidated entity's financial position as at 30 September 2013 and of its performance for the financial year ended on that date; and
- b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- c) at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group identified in note 34 will be able to meet any obligation or liabilities to which they are, or may become, subject to by virtue of a deed of cross guarantee described in note 34.

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.



D C Taylor
Chairman

Sydney
20 December 2013

Independent Auditor's Report



Report on the financial report

We have audited the accompanying financial report of GrainCorp Limited (the company), which comprises the consolidated statement of financial position as at 30 September 2013, and the consolidated income statement, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the Directors' declaration for the GrainCorp Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The Directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1a), the Directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the consolidated entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

PricewaterhouseCoopers, ABN 52 780 433 757
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Liability limited by a scheme approved under Professional Standards Legislation.

*Auditor's opinion*

In our opinion:

- a) the financial report of GrainCorp Limited is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the consolidated entity's financial position as at 30 September 2012 and of its performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- b) the financial report and notes also comply with *International Financial Reporting Standards* as disclosed in Note 1a).

Report on the Remuneration Report

We have audited the remuneration report included in pages 21 to 47 of the Directors' report for the year ended 30 September 2013. The Directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of GrainCorp Limited for the year ended 30 September 2013 complies with section 300A of the *Corporations Act 2001*.

A handwritten signature in blue ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in blue ink that reads 'Matthew Lunn'.

Matthew Lunn
Partner

Sydney
20 December 2013

Shareholder Information

Holdings distribution as at 10 December 2013

Range	Securities	%	No. Of Holders	%
100,001 and Over	192,672,468	84.2	67	0.4
50,001 to 100,000	1,952,379	0.9	29	0.2
10,001 to 50,000	10,605,054	4.6	587	3.9
5,001 to 10,000	8,080,261	3.5	1,125	7.4
1,001 to 5,000	12,267,897	5.4	5,305	35.1
1 to 1,000	3,277,569	1.4	8,011	53.0
Total	228,855,628	100.0	15,124	100.0
Unmarketable Parcels	11,102	0.00	773	5.1

Twenty largest shareholders as at 10 December 2013

Rank	Name	Shares held	Issued Capital
1	ADM Australia Holdings II Pty Limited	45,420,054	19.9%
2	Citicorp Nominees Pty Limited	25,973,480	11.3%
3	HSBC Custody Nominees	21,401,010	9.3%
4	J P Morgan Nominees Australia	19,994,657	8.7%
5	CS Fourth Nominees Pty Ltd	14,225,494	6.2%
6	National Nominees Limited	10,733,815	4.7%
7	BNP Paribas Noms Pty Ltd	6,606,518	2.9%
8	Bainpro Nominees Pty Limited	6,591,019	2.9%
9	D Seaton Pty Ltd	5,237,738	2.3%
10	BNP Paribas Nominees Pty Ltd	4,075,000	1.8%
11	HSBC Custody Nominees (Austra	3,904,552	1.7%
12	J P Morgan Nominees Australia	3,338,338	1.4%
13	Ecapital Nominees Pty Limited	3,158,603	1.4%
14	HSBC Custody Nominees	2,213,466	1.0%
15	UBS Wealth Management	1,917,416	0.8%
16	Jarjums Holdings Pty Limited	1,786,011	0.8%
17	AMP Life Limited	1,742,788	0.8%
18	RBC Investor Services	1,415,310	0.6%
19	Donald Cameron Seaton	1,133,976	0.5%
20	National Nominees Limited	683,000	0.3%
Total		181,552,245	79.3%
Balance of Register		47,303,383	20.7%
Grand Total		228,855,628	100.00%

Substantial shareholders

The following organisations disclosed a substantial shareholding notice in GrainCorp Limited by 10 December 2013:

Name	Notice Date	Shares held	Issued Capital
ADM Group Company	2 December 2013	45,420,054	19.9%
UBS AG and its related bodies corporate	5 September 2013	22,878,690	10.0%
Credit Suisse Holdings (Australia) Limited	4 December 2013	15,690,596	6.9%
The Goldman Sachs Group, Inc.	4 December 2013	15,486,659	6.8%
Deutsche Bank Group	27 November 2013	14,082,173	6.2%

Voting rights

On a show of hands, every member present in person or by proxy shall have one vote, and upon each poll, each share shall have one vote.

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CORPORATE DIRECTORY

DIRECTORS

Don C Taylor

Executive Chairman

Alison M Watkins

Managing Director and Chief Executive Officer

Barbara J Gibson

Non-executive Director

Donald G McGauchie

Non-executive Director

Peter J Housden

Non-executive Director

Daniel J Mangelsdorf

Non-executive Director

David B Trebeck

Non-executive Director

Simon L Tregoning

Non-executive Director

COMPANY SECRETARIES

Andrew Horne

Betty Ivanoff

GRAINCORP LIMITED

ABN 60 057 186 035

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