

**GRAINCORP LIMITED**

**APPENDIX 4D**

**FOR THE HALF-YEAR ENDED 31 MARCH 2019**

Results for announcement to the market				
	Up / Down	% Movement		2019 \$ M
Revenue from ordinary activities	Up	25.5%	to	<b>2,492.9</b>
Profit before significant items <sup>1</sup> from ordinary activities after tax attributable to owners of GrainCorp Limited	Down	>100%	to	<b>(48.0)</b>
Significant items from ordinary activities net of tax	Down	>100%	to	<b>(10.9)</b>
Net profit for the period attributable to owners of GrainCorp Limited	Down	>100%	to	<b>(58.9)</b>

Dividend information	Amount per security	Franked amount per security at 30% tax
Final dividend per share (paid 13 December 2018)	8.0 cents	8.0 cents

The Company does not propose to pay an interim dividend for the half-year ended 31 March 2019.

<sup>1</sup> Significant items: GrainCorp defines significant items as not in the ordinary course of business, non-recurring and material in nature and amount. Significant items are shown in Note 1.2 of the Financial Report for the half-year ended 31 March 2019.

### Additional information

Net tangible assets per share: \$5.94 (30 September 2018: \$6.46)

The following were the interests in joint ventures held by the entity during the half-year. The aggregate share of loss from joint ventures is \$3.5 million (31 March 2018: profit \$0.1 million).

Company	Ownership interest	
	31 March 2019	30 September 2018
GrainsConnect Canada Operations Inc	50%	50%
National Grower Register Pty Ltd	50%	50%
Flex Biofuels Pty Ltd <sup>2</sup>	-	50%
PumpFree Pty Ltd	23%	23%

Additional Appendix 4D disclosure requirements can be found in the attached Financial Report for the half-year ended 31 March 2019.

This report is based on the consolidated financial statements and notes which have been reviewed by PricewaterhouseCoopers.

Further information regarding the company and its business activities can be obtained by visiting the company's website at [www.graincorp.com.au](http://www.graincorp.com.au).

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<sup>2</sup> The joint venture has been liquidated, effective 5 December 2018.



**GrainCorp**

**GrainCorp Limited**

# **2019 Half-year Financial Report**

**For GrainCorp Limited (ABN 60 057 186 035) and its controlled entities**

This Interim Financial Report is provided to the Australian Stock Exchange (ASX) under ASX listing Rule 4.2A and should be read in conjunction with the Annual Report of GrainCorp Limited for the year ended 30 September 2018 and any announcements made by the Company during the period in accordance with the continuous disclosure obligations of the ASX Listing Rules.

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# Directors' Report

The Directors present their report on the consolidated entity (collectively the 'Group') consisting of GrainCorp Limited ('GrainCorp' or the 'Company') and the entities it controlled at the end of, or during, the half-year ended 31 March 2019.

## Directors

The following people were Directors of GrainCorp during the half-year and up to the date of this report:

- › G J Bradley AM (Chairman)
- › M L Palmquist (Managing Director & CEO) (resigned as Managing Director on 26 April 2019)
- › R P Dee-Bradbury
- › B J Gibson
- › P J Housden
- › D J Mangelsdorf
- › D G McGauchie AO
- › P I Richards
- › S L Tregoning

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

## Review of operations

### Group Financial Analysis and Commentary

The Group recorded a statutory net loss after tax of \$58.9 million for the half-year ended 31 March 2019 compared to net profit after tax of \$36.1 million for the previous corresponding half-year. Revenue from continuing operations increased by 25.5% to \$2,493 million (HY18: \$1,987 million).

### Malt

- › Malt sales volumes steady, revenue up.
- › Lower ECA barley supply, weather issues in Canada.
- › Continued high utilisation across global portfolio of malting plants.
- › Continued solid demand for malt and brewing ingredients/products from craft and distilling customers. US craft beer industry sales volumes increased 4% in 2018<sup>1</sup>.
- › Commenced £51 million project to expand malting capacity in Scotland by 79,000 tonnes. The expansion, announced in October 2018 and due for completion by CY2021, involves upgrading Bairds Malt's existing Arbroath facility and building a new malting plant at its Inverness site. It supports growth in distilling production in Scotland and is backed by long-term malt supply agreements.

### Grains

- › Drought has had a significant impact on east coast Australia (ECA), with total ECA production estimate (winter + summer)<sup>2</sup> of 7.7mmt (FY18: 16.7mmt).
- › YTD<sup>3</sup> grain volumes:
  - total grain sales of 3.9mmt (HY18: 3.4mmt)
  - total grain receivals<sup>4</sup> of 2.3mmt (HY18: 5.6mmt)
  - grain exports of 0.2mmt (HY18: 1.5mmt)
  - non-grain handled of 1.5mmt (HY18: 1.6mmt)
  - grain trans-shipments (from WA and SA to ECA ports): 1.1mmt (HY18: NIL).

<sup>1</sup> Brewers Association.

<sup>2</sup> Eastern Australian production estimate for wheat, barley, canola, chickpea, sorghum, using average of ABARES' February 2019 forecast of 8.0mmt and ACF's April forecast of 7.4mmt.

<sup>3</sup> 1 October 2018 to 31 March 2019.

<sup>4</sup> Tonnes received up-country and direct-to-port YTD. Excludes third-party deliveries direct to port.



- › On 18 April 2019, Grains announced it had experienced a disruption to grain flows by grain trade conditions over the last six weeks of the half-year reporting period. This had been coupled with the impact of ongoing drought conditions in eastern Australia which significantly impacted summer crop production, most particularly sorghum. Consequently, Grains experienced a further deterioration of ~\$40 million in EBITDA in the last six weeks of the half-year reporting period.
- › Continued to progress international growth strategy:
  - origination out of South Australia, Western Australia, Europe, Canada and the Black Sea.
  - third (of four) GrainsConnect Canada site opened in April 2019. Announced securing of port access (Vancouver, B.C.).
  - announced opening of marketing office in India to increase exposure to growing pulses market.
- › Continued to focus on cost reduction, customer engagement and asset utilisation.
- › Utilisation of take-or-pay rail contracts has again been a burden with low grain volumes. Contracts expire end of FY19.

## Oils

- › **Oilseeds:** significant decline in oilseed crush margin due to ECA drought and impact on canola supply and freight costs, and lower canola meal pricing.
- › **Foods:** stable volumes, improved performance due to cost reduction and operational efficiency improvements.
- › **Feeds:** improved performance with increase in demand for supplementary feed.
- › **Liquid Terminals:** high utilisation, driven by strong customer demand across a range of product segments.

## Sale of Australian Bulk Liquid Terminals

On 4 March 2019, GrainCorp entered into an agreement to sell its Australian Bulk Liquid Terminals business to ANZ Terminals Pty Ltd. The transaction is subject to a number of conditions, including GrainCorp not entering into a change of control transaction or material alternative transaction before 10 May 2019, no material adverse change, regulatory approvals from the Foreign Investment Review Board and Australian Competition and Consumer Commission, lessors' consents and finalisation of the agreements required for the transition of the business. As part of the transaction, GrainCorp will enter into a long-term storage agreement with the purchaser. At 31 March 2019, the assets and liabilities relating to the Australian Bulk Liquid Terminals business, and other GrainCorp properties have been classified as held for sale.

## Events occurring after the reporting period

On 4 April 2019, GrainCorp announced its intention to demerge the Malt business which would result in the creation of two independent ASX-listed companies, referred to as 'MaltCo' and 'New GrainCorp'. The proposed demerger is expected to be implemented by the end of calendar year 2019 through a scheme of arrangement, subject to shareholder, final Board, court and regulatory approvals. In addition to this, GrainCorp also announced that the Grains and Oils business units will be combined into an integrated grains and edible oils business - New GrainCorp.

On 6 May 2019, GrainCorp Limited was informed by Long-Term Asset Partners Pty Ltd ("LTAP") that LTAP is unable to proceed with its non-binding, indicative proposal to acquire 100% of the shares in GrainCorp.

## Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

## Rounding of amounts

All figures in the financial statements are presented in Australian dollars and have been rounded off to the nearest hundred thousand dollars, or in certain cases, to the nearest thousand dollars in accordance with *ASIC Corporations (Rounding in Financial/Director's Reports) Instrument 2016/191*, unless otherwise indicated.

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



G J Bradley AM  
Chairman

Sydney  
9 May 2019

# Auditor's Independence Declaration



## Auditor's Independence Declaration

As lead auditor for the review of GrainCorp Limited for the half-year ended 31 March 2019, 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 review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

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

*K. Stubbins*

Kristin Stubbins  
Partner  
PricewaterhouseCoopers

Sydney  
9 May 2019

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# Half-year Financial Report

## Consolidated Income Statement

For the half-year ended 31 March 2019

	Note	Half-year	
		31 March 2019 \$ M	31 March 2018 \$ M
Revenue	1.1	2,492.9	1,986.8
Other income / (loss)	1.3	(61.1)	26.6
Goods purchased for resale		(1,570.8)	(1,084.3)
Raw materials and consumables used		(561.9)	(521.5)
Employee benefits expense		(172.8)	(180.0)
Finance costs		(28.7)	(21.9)
Depreciation and amortisation		(72.4)	(74.4)
Operating leases		(26.9)	(31.8)
Repairs and maintenance		(11.9)	(18.1)
Other expenses	1.4	(69.1)	(57.1)
Share of results of investments accounted for using the equity method		(3.5)	0.1
<b>Profit / (loss) before income tax</b>		<b>(86.2)</b>	<b>24.4</b>
Income tax benefit	1.5	27.3	11.7
<b>Profit / (loss) for the period attributable to equity holder of parent entity</b>		<b>(58.9)</b>	<b>36.1</b>

	Cents	Cents
<b>Earnings per share</b>		
Basic earnings per share	(25.7)	15.8
Diluted earnings per share	(25.6)	15.7

The above consolidated income statement should be read in conjunction with the accompanying notes.



## Consolidated Statement of Comprehensive Income

For the half-year ended 31 March 2019

	Half-year	
	31 March 2019 \$ M	31 March 2018 \$ M
<b>Profit / (loss) for the period</b>	<b>(58.9)</b>	<b>36.1</b>
<b>Other comprehensive income</b>		
<i>Items that will not be reclassified to profit and loss:</i>		
Remeasurement of retirement benefit obligations	(14.8)	(0.3)
Income tax relating to these items	2.2	(0.6)
<i>Items that may be reclassified to profit and loss:</i>		
Changes in fair value of cash flow hedges	(10.9)	(9.0)
Income tax relating to these items	2.4	3.2
Exchange differences on translation of foreign operations	6.9	17.4
<b>Other comprehensive income / (loss) for the period, net of tax</b>	<b>(14.2)</b>	<b>10.7</b>
<b>Total comprehensive income / (loss) for the period attributable to owners of GrainCorp Limited</b>	<b>(73.1)</b>	<b>46.8</b>

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

## Consolidated Statement of Financial Position

As at 31 March 2019

	Note	31 March 2019 \$ M	30 September 2018 \$ M
<b>Current assets</b>			
Cash and cash equivalents		282.8	370.9
Trade and other receivables		723.2	528.1
Inventories	3.1	1,265.4	824.5
Derivative financial instruments	2.3	84.1	128.5
Current tax assets		12.8	9.7
		<b>2,368.3</b>	<b>1,861.7</b>
Assets classified as held for sale	3.3	208.0	14.7
<b>Total current assets</b>		<b>2,576.3</b>	<b>1,876.4</b>
<b>Non-current assets</b>			
Trade and other receivables		2.4	2.3
Derivative financial instruments	2.3	1.1	7.2
Investments in other entities		3.9	5.8
Deferred tax assets		67.0	29.7
Property, plant and equipment		1,344.6	1,514.3
Intangible assets		455.4	502.9
Retirement benefit asset		3.3	5.2
Investments accounted for using the equity method		40.1	30.9
<b>Total non-current assets</b>		<b>1,917.8</b>	<b>2,098.3</b>
<b>Total assets</b>		<b>4,494.1</b>	<b>3,974.7</b>
<b>Current liabilities</b>			
Trade and other payables		341.8	395.5
Deferred revenue		16.6	13.3
Borrowings	2.1	1,268.8	537.9
Derivative financial instruments	2.3	54.9	121.2
Current tax liabilities		0.5	1.5
Provisions		55.7	58.5
		<b>1,738.3</b>	<b>1,127.9</b>
Liabilities directly associated with assets held for sale	3.3	10.6	-
<b>Total current liabilities</b>		<b>1,748.9</b>	<b>1,127.9</b>
<b>Non-current liabilities</b>			
Trade and other payables		36.3	44.5
Borrowings	2.1	758.1	762.9
Derivative financial instruments	2.3	5.4	6.9
Deferred tax liabilities		69.5	68.5
Provisions		7.4	10.0
Retirement benefit obligations		17.0	11.8
<b>Total non-current liabilities</b>		<b>893.7</b>	<b>904.6</b>
<b>Total liabilities</b>		<b>2,642.6</b>	<b>2,032.5</b>
<b>Net assets</b>		<b>1,851.5</b>	<b>1,942.2</b>
<b>Equity</b>			
Contributed equity		1,347.8	1,344.5
Reserves		113.0	117.6
Retained earnings		390.7	480.1
<b>Total equity</b>		<b>1,851.5</b>	<b>1,942.2</b>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

## Consolidated Statement of Changes in Equity

For the half-year ended 31 March 2019

	Hedging reserve \$ M	Capital reserve \$ M	Share option reserve \$ M	Translation reserve \$ M	Total reserves \$ M	Contributed equity \$ M	Retained earnings \$ M	Non- controlling interest \$ M	Total equity \$ M
<b>At 1 October 2017</b>	<b>6.5</b>	<b>8.3</b>	<b>6.8</b>	<b>42.7</b>	<b>64.3</b>	<b>1,343.8</b>	<b>450.8</b>	<b>1.5</b>	<b>1,860.4</b>
Profit for the period	-	-	-	-	-	-	36.1	-	36.1
<b>Other comprehensive income:</b>									
Exchange difference on translation of foreign operations	(0.2)	-	-	19.0	18.8	-	(1.4)	-	17.4
Changes in fair value of cash flow hedges	(9.0)	-	-	-	(9.0)	-	-	-	(9.0)
Remeasurement of retirement benefit obligations	-	-	-	-	-	-	(0.3)	-	(0.3)
Deferred tax benefit / (expense)	3.2	-	-	-	3.2	-	(0.6)	-	2.6
<b>Total other comprehensive income</b>	<b>(6.0)</b>	<b>-</b>	<b>-</b>	<b>19.0</b>	<b>13.0</b>	<b>-</b>	<b>(2.3)</b>	<b>-</b>	<b>10.7</b>
Total comprehensive income for the period	(6.0)	-	-	19.0	13.0	-	33.8	-	46.8
<b>Transactions with owners:</b>									
Dividends paid (note 2.2)	-	-	-	-	-	-	(34.3)	-	(34.3)
Share-based payments	-	-	1.8	-	1.8	-	-	-	1.8
Treasury shares vested to employees	-	-	(3.4)	-	(3.4)	3.4	-	-	-
Treasury shares purchased	-	-	-	-	-	(0.7)	-	-	(0.7)
<b>Transactions with non-controlling interests:</b>									
Change in ownership interest	-	-	-	-	-	-	-	0.1	0.1
<b>At 31 March 2018</b>	<b>0.5</b>	<b>8.3</b>	<b>5.2</b>	<b>61.7</b>	<b>75.7</b>	<b>1,346.5</b>	<b>450.3</b>	<b>1.6</b>	<b>1,874.1</b>
<b>At 1 October 2018</b>	<b>1.7</b>	<b>8.3</b>	<b>7.3</b>	<b>100.3</b>	<b>117.6</b>	<b>1,344.5</b>	<b>480.1</b>	<b>-</b>	<b>1,942.2</b>
Profit / (loss) for the period	-	-	-	-	-	-	(58.9)	-	(58.9)
<b>Other comprehensive income:</b>									
Exchange difference on translation of foreign operations	(1.1)	-	-	7.6	6.5	-	0.4	-	6.9
Changes in fair value of cash flow hedges	(10.9)	-	-	-	(10.9)	-	-	-	(10.9)
Remeasurement of retirement benefit obligations	-	-	-	-	-	-	(14.8)	-	(14.8)
Deferred tax credit / (expense)	2.4	-	-	-	2.4	-	2.2	-	4.6
<b>Total other comprehensive income</b>	<b>(9.6)</b>	<b>-</b>	<b>-</b>	<b>7.6</b>	<b>(2.0)</b>	<b>-</b>	<b>(12.2)</b>	<b>-</b>	<b>(14.2)</b>
Total comprehensive income for the period	(9.6)	-	-	7.6	(2.0)	-	(71.1)	-	(73.1)
<b>Transactions with owners:</b>									
Dividends paid (note 2.2)	-	-	-	-	-	-	(18.3)	-	(18.3)
Share-based payments	-	-	1.5	-	1.5	-	-	-	1.5
Treasury shares vested to employees	-	-	(4.1)	-	(4.1)	4.1	-	-	-
Treasury shares purchased	-	-	-	-	-	(0.8)	-	-	(0.8)
<b>At 31 March 2019</b>	<b>(7.9)</b>	<b>8.3</b>	<b>4.7</b>	<b>107.9</b>	<b>113.0</b>	<b>1,347.8</b>	<b>390.7</b>	<b>-</b>	<b>1,851.5</b>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

## Consolidated Statement of Cash Flows

For the half-year ended 31 March 2019

	Note	Half-year	
		31 March 2019 \$ M	31 March 2018 \$ M
<b>Cash flows from operating activities</b>			
Receipts from customers		2,599.6	2,186.2
Payments to suppliers and employees		(3,315.4)	(2,733.6)
		(715.8)	(547.4)
Proceeds from bank loans – inventory funding		574.2	531.0
Interest received		1.4	1.5
Interest paid		(31.2)	(21.7)
Income taxes paid		(10.1)	(2.0)
<b>Net (outflow) from operating activities</b>		<b>(181.5)</b>	<b>(38.6)</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(31.5)	(50.4)
Payments for computer software		(2.8)	(8.7)
Proceeds from sale of property, plant and equipment		1.5	2.6
Payments for investment / business (net of cash acquired)		(12.7)	(1.0)
<b>Net (outflow) from investing activities</b>		<b>(45.5)</b>	<b>(57.5)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		594.3	264.7
Repayment of borrowings		(436.7)	(231.3)
Dividends paid	2.2	(18.3)	(34.3)
Non-controlling interest		-	0.1
Treasury shares purchased		(0.8)	(0.7)
<b>Net inflow / (outflow) from financing activities</b>		<b>138.5</b>	<b>(1.5)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(88.5)</b>	<b>(97.6)</b>
Cash and cash equivalents at the beginning of the period		370.9	388.9
Effect of exchange rate changes on cash and cash equivalents		0.4	1.4
<b>Cash and cash equivalents at the end of the period</b>		<b>282.8</b>	<b>292.7</b>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

# Notes to the Financial Statements

For the half-year ended 31 March 2019

## About this report

The financial report for the half-year ended 31 March 2019 includes consolidated financial statements for GrainCorp Limited ('GrainCorp' or the 'Company') and its controlled entities (collectively the 'Group'). GrainCorp Limited is a company incorporated and domiciled in Australia, limited by shares that are publicly traded on the Australian Securities Exchange.

The GrainCorp Limited financial report for the half-year ended 31 March 2019 was authorised for issue in accordance with a resolution of the Directors on 9 May 2019. The Directors have the power to amend and reissue the financial report.

### a) Basis of preparation

This general purpose financial report for the half-year ended:

- i. has been prepared in accordance with the Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*;
- ii. does not include all of the information required for an Annual Report, and should be read in conjunction with the Annual Report of the Group as at 30 September 2018 and any public announcements made by GrainCorp Limited during the half-year in accordance with continuous disclosure obligations arising under the *Corporations Act 2001* and ASX Listing Rules;
- iii. is presented under the historical cost basis apart from derivative financial instruments and commodity inventories which are measured at fair value;
- iv. presents reclassified comparative information where necessary to conform to changes in the current year; and
- v. does not early adopt any Australian Accounting Standards and Interpretations that have been issued or amended but are not yet effective.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the 30 September 2018 Annual Report, except for the impact of the adoption of the new and revised accounting policies discussed below. These accounting policies are consistent with the respective Australian Accounting Standards.

### b) New accounting standards and interpretations

#### i. New and amended standards and interpretations adopted by the Group

GrainCorp has adopted all the of the new and revised Standards issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current annual reporting period.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Company include:

#### AASB 9 *Financial Instruments* and related amending Standards

GrainCorp has adopted AASB 9 *Financial Instruments* from 1 October 2018 (the start of the current financial period), which replaces AASB 139 *Financial Instruments: Recognition and Measurement* and consequential amendments. AASB 9 introduces new requirements for the classification, measurement and derecognition of financial assets and financial liabilities, an expected credit loss impairment model and new requirements for hedge accounting. There were no material financial impacts on the Group following the adoption of this standard.

#### AASB 15 *Revenue from Contracts with Customers*

GrainCorp has adopted AASB 15 *Revenue from Contracts with Customers* from 1 October 2018 (the start of the current financial period), which replaces AASB 118 *Revenue*, AASB 111 *Construction Contracts* and other revenue related accounting interpretations. AASB 15 is based on the principle that revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects consideration to which the Group expects to be entitled in exchange for those goods or services. There were no material financial impacts on the Group following the adoption of this standard.

#### ii. New and amended standards and interpretations not yet adopted by the Group

#### AASB 16 *Leases*

AASB 16 *Leases* is applicable to GrainCorp from 1 October 2019. It requires a lessee to recognise all qualifying leases on the balance sheet in the form of a lease liability and right-of-use asset. Upon application of AASB 16, key balance sheet metrics such as gearing and finance ratios, and profit or loss metrics such as earnings before interest, tax, depreciation and amortisation (EBITDA) will be impacted. The consolidated cash flow statement will also be impacted as payments for the principal portion of the lease liability will be presented within financing activities.

GrainCorp is in the process of computing the estimated lease liability and right-of-use assets to be recognised on transition. This process will be finalised during 2019, followed by consideration of broader business impacts, in readiness for implementation on 1 October 2019. Considerable progress has been made to assess the impact and estimates are being prepared for 30 September 2019 to be disclosed in the full year annual report.

## 1. Group Performance

This section of the Financial Report focuses on disclosures most relevant to understanding the financial performance of the Group during the half-year. Segment reporting provides a breakdown of profit and revenue by operational activity. The key line items of the consolidated income statement along with their components provide detail behind the reported balances. Group performance also impacts earnings per share.

### 1.1 Segment information

#### a) Description of segments

The Group is organised into three segments that are based on the operational activity of each segment. These segments are consistent with internal reports that are reviewed and used by the Group's chief operating decision maker, the Managing Director & Chief Executive Officer, in assessing performance and determining the allocation of resources.

Operating Segment	Products and Services
Grains	Grain receivals, transport, testing, storage of grains and export / import of grain and other bulk commodities. 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 and feeds, operating bulk liquid port terminals, storage, packaging, transport and logistics operations.

Corporate includes the share of profit from equity accounted investments and unallocated corporate costs such as Group financing and income taxes. Segment performance is based on a measure of underlying EBITDA<sup>5</sup>.

#### b) Performance of segments

Half-year 2019	Grains \$ M	Malt \$ M	Oils \$ M	Reportable segments \$ M	Corporate \$ M	Eliminations \$ M	Total \$ M
<b>Reportable segment revenue</b>							
External revenue	1,412.1	609.5	471.3	2,492.9	-	-	2,492.9
Intersegment revenue	96.2	-	-	96.2	-	(96.2)	-
<b>Total reportable segment revenue</b>	<b>1,508.3</b>	<b>609.5</b>	<b>471.3</b>	<b>2,589.1</b>	<b>-</b>	<b>(96.2)</b>	<b>2,492.9</b>
<b>Reportable segment result</b>	<b>(48.6)</b>	<b>72.7</b>	<b>21.6</b>	<b>45.7</b>	<b>(15.7)</b>	<b>-</b>	<b>30.0</b>
Share of results of joint ventures	(3.4)	-	-	(3.4)	(0.1)	-	(3.5)
Underlying EBITDA <sup>5</sup>							26.5
Net interest	(9.0)	-	(1.6)	(10.6)	(16.1)	-	(26.7)
Depreciation and amortisation	(29.8)	(25.5)	(16.3)	(71.6)	(0.8)	-	(72.4)
Significant items (note 1.2)	-	-	-	-	(13.6)	-	(13.6)
<b>Profit / (loss) before income tax from continuing operations</b>	<b>(90.8)</b>	<b>47.2</b>	<b>3.7</b>	<b>(39.9)</b>	<b>(46.3)</b>	<b>-</b>	<b>(86.2)</b>
<b>Other segment information</b>							
Capital expenditure	19.0	21.4	4.4	44.8	2.2	-	47.0
Reportable segment assets	1,672.1	1,527.4	929.5	4,129.0	365.1	-	4,494.1
Reportable segment liabilities	(1,052.0)	(632.3)	(246.7)	(1,931.0)	(711.6)	-	(2,642.6)

Half-year 2019	Grains \$ M	Malt \$ M	Oils \$ M	Total reportable segments \$ M
<b>Reportable segment revenue</b>				
Sale of commodities	1,334.9	24.6	216.1	1,575.6
Sale of finished goods	-	584.5	236.3	820.8
Service revenue	71.4	0.4	18.9	90.7
Other	5.8	-	-	5.8
<b>Total external segment revenue</b>	<b>1,412.1</b>	<b>609.5</b>	<b>471.3</b>	<b>2,492.9</b>
Revenue recognised at point in time	1,404.0	606.6	456.7	2,467.3
Revenue recognised over time	8.1	2.9	14.6	25.6
<b>Total external segment revenue</b>	<b>1,412.1</b>	<b>609.5</b>	<b>471.3</b>	<b>2,492.9</b>

<sup>5</sup> Underlying EBITDA is a non-IFRS measure representing earnings before net interest, tax, depreciation and amortisation, and excluding significant items.



## 1.1 Segment information (continued)

Half-year 2018	Grains \$ M	Malt \$ M	Oils \$ M	Reportable segments \$ M	Corporate \$ M	Eliminations \$ M	Total \$ M
<b>Reportable segment revenue</b>							
External revenue	963.2	534.1	489.5	1,986.8	-	-	1,986.8
Intersegment revenue	63.5	-	-	63.5	-	(63.5)	-
<b>Total reportable segment revenue</b>	<b>1,026.7</b>	<b>534.1</b>	<b>489.5</b>	<b>2,050.3</b>	<b>-</b>	<b>(63.5)</b>	<b>1,986.8</b>
<b>Reportable segment result</b>	<b>29.4</b>	<b>74.6</b>	<b>28.8</b>	<b>132.8</b>	<b>(13.7)</b>	<b>-</b>	<b>119.1</b>
Share of results of joint ventures	0.2	-	-	0.2	(0.1)	-	0.1
Underlying EBITDA <sup>6</sup>							119.2
Net interest	(5.9)	-	(0.5)	(6.4)	(14.0)	-	(20.4)
Depreciation and amortisation	(31.3)	(25.9)	(16.4)	(73.6)	(0.8)	-	(74.4)
Significant items (note 1.2)	-	-	-	-	-	-	-
<b>Profit before income tax from continuing operations</b>	<b>(7.6)</b>	<b>48.7</b>	<b>11.9</b>	<b>53.0</b>	<b>(28.6)</b>	<b>-</b>	<b>24.4</b>
<b>Other segment information</b>							
Capital expenditure	28.2	11.0	18.2	57.4	1.7	-	59.1
Reportable segment assets	1,458.8	1,432.2	858.0	3,749.0	342.8	-	4,091.8
Reportable segment liabilities	(839.0)	(600.2)	(168.9)	(1,608.1)	(609.6)	-	(2,217.7)

Half-year 2018	Grains \$ M	Malt \$ M	Oils \$ M	Total reportable segments \$ M
<b>Reportable segment revenue</b>				
Sale of commodities	832.2	19.5	238.3	1,090.0
Sale of finished goods	-	514.6	230.6	745.2
Service revenue	124.6	-	20.6	145.2
Other	6.4	-	-	6.4
<b>Total external segment revenue</b>	<b>963.2</b>	<b>534.1</b>	<b>489.5</b>	<b>1,986.8</b>
Revenue recognised at point in time	952.1	530.8	475.0	1,957.9
Revenue recognised over time	11.1	3.3	14.5	28.9
<b>Total external segment revenue</b>	<b>963.2</b>	<b>534.1</b>	<b>489.5</b>	<b>1,986.8</b>

<sup>6</sup> Underlying EBITDA is a non-IFRS measure representing earnings before net interest, tax, depreciation and amortisation, and excluding significant items.

## 1.2 Significant items

Net loss after tax for the half-year includes the following items whose disclosure is relevant in explaining the financial performance of the Group. The Group defines significant items as those items not in the ordinary course of business, non-recurring and material in nature and amount.

31 March 2019

Half-year 2019	Business Unit	Profit before income tax \$M	Tax \$ M	NPAT \$ M
<b>Net significant items comprise:</b>				
Transaction related costs <sup>7</sup>	Corporate	(13.6)	2.7	(10.9)
<b>Net significant items</b>		<b>(13.6)</b>	<b>2.7</b>	<b>(10.9)</b>

31 March 2018

There are no significant items in the half-year ended 31 March 2018.

## 1.3 Other income

	Half-year	
	31 March 2019 \$ M	31 March 2018 \$ M
<b>Net gain / (loss) on derivative / commodity trading:</b>		
Net realised gain / (loss) on financial derivatives	(1.8)	7.6
Net realised gain / (loss) on foreign currency derivatives	(4.9)	5.7
	<b>(6.7)</b>	<b>13.3</b>
Net unrealised gain / (loss) on financial derivatives	12.2	(2.4)
Net unrealised gain / (loss) on commodity contracts (forward purchases and sales)	17.3	23.7
Net unrealised gain / (loss) on foreign currency derivatives	(2.5)	(9.3)
Net unrealised gain / (loss) on commodity inventories at fair value less costs to sell	(85.8)	(9.5)
	<b>(58.8)</b>	<b>2.5</b>
<b>Net gain / (loss) on derivative / commodity trading</b>		
	<b>(65.5)</b>	<b>15.8</b>
Net change in fair value of investments	(2.1)	-
Interest income	2.0	1.5
Sundry income	4.5	9.3
<b>Total other income / (loss)</b>	<b>(61.1)</b>	<b>26.6</b>

Unrealised gains / losses on commodity contracts (forward purchases and sales) and commodity inventories will be recognised through revenue and goods purchased for resale respectively when the contract is executed.

## 1.4 Other expenses

	Half-year	
	31 March 2019 \$ M	31 March 2018 \$ M
Consulting <sup>8</sup>	18.5	6.4
Software maintenance	7.7	6.7
Motor vehicle	5.7	6.5
Travel	5.5	5.2
Insurance	3.9	4.1
Communication	2.1	2.3
Other	25.7	25.9
<b>Total other expenses</b>	<b>69.1</b>	<b>57.1</b>

<sup>7</sup> Relates to cost of advisors engaged to support the Board and management in their Portfolio Review including proposed sale of Australian Bulk Liquid Terminals and response to the non-binding indicative offer from Long Term Asset Partners ('LTAP') to acquire 100% of the shares in GrainCorp Limited.

<sup>8</sup> Consulting expenses of \$18.5m includes \$13.6m of transaction related costs (significant items) referred to in note 1.2.

## 1.5 Taxation

	Half-year	
	31 March 2019 \$ M	31 March 2018 \$ M
<b>Income tax (benefit) / expense recognised in consolidated income statement</b>		
Current tax	11.6	11.2
Deferred tax	(39.4)	(23.4)
Under provision in prior years	0.5	0.5
	<b>(27.3)</b>	<b>(11.7)</b>
<b>Reconciliation to effective tax rate</b>		
Profit / (loss) from continuing operations before income tax	(86.2)	24.4
Less: equity accounted (profit) / loss not subject to taxation	3.5	(0.1)
Profit / (loss) subject to tax	(82.7)	24.3
Income tax (benefit) / expense calculated at 30% (2018: 30%)	(24.8)	7.3
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income		
Non-deductible / non-assessable items	(1.1)	(0.2)
Change in US tax rate <sup>9</sup>	-	(18.7)
Under provision in prior years	0.5	0.5
Difference in overseas tax rates	(1.9)	(0.6)
<b>Income tax (benefit)</b>	<b>(27.3)</b>	<b>(11.7)</b>
<b>Effective tax rate</b>	<b>33.0%</b>	<b>(48.1%)</b>

## 2. Capital and Financial Risk Management

The Group manages its capital to safeguard its ability to maintain an optimal capital structure so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Group's capital consists of core debt and equity. Core debt is calculated as borrowings, net of cash assets and commodity inventory. The capital structure is monitored using the core debt gearing ratio. The ratio is calculated as core debt divided by core debt plus equity. The Group targets a core debt gearing ratio of approximately 30%, though this may fluctuate due to changes in the underlying capital structure and earnings base.

The capital structure of the Group is continuously monitored and can be changed by adjusting the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. At 31 March 2019, the core debt gearing ratio is as follows:

	31 March 2019 \$ M	30 September 2018 \$ M
Total borrowings (note 2.1)	2,026.9	1,300.8
Cash and cash equivalents	(282.8)	(370.9)
Net debt	1,744.1	929.9
Commodity inventory <sup>10</sup>	(864.2)	(415.7)
Core debt	879.9	514.2
Total equity	1,851.5	1,942.2
<b>Core debt gearing ratio</b>	<b>32%</b>	<b>21%</b>

## 2.1 Borrowings

	31 March 2019 \$ M	30 September 2018 \$ M
<b>Current</b>		
Commodity inventory funding facilities – secured	1,080.3	511.5
Trade financing – unsecured	10.3	-
Working capital – unsecured	178.0	26.2
Lease liabilities – secured	0.2	0.2
<b>Total current borrowings</b>	<b>1,268.8</b>	<b>537.9</b>
<b>Non-current</b>		
Term debt facilities – unsecured	749.6	754.3
Lease liabilities – secured	8.5	8.6
<b>Total non-current borrowings</b>	<b>758.1</b>	<b>762.9</b>

<sup>9</sup> On 22 December 2017, US tax reform legislation was enacted which reduced the US Federal Corporate Tax rate from 35% to 21%. The initial impact of this change was to adjust the carrying value of the Group's US deferred tax balances which resulted in a deferred tax credit of \$18.7m.

<sup>10</sup> Grains trading and Oils grain and oilseed inventories.

## 2.1 Borrowings (continued)

### a) Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current borrowings are as follows:

	31 March 2019 \$ M	30 September 2018 \$ M
Leased assets	11.1	11.2
Inventory <sup>11</sup>	990.3	475.8
<b>Total assets pledged as security</b>	<b>1,001.4</b>	<b>487.0</b>

Lease liabilities are effectively secured as rights to the leased assets recognised in the financial statements revert to the lessor in the event of default. Inventory funding facilities are secured against the related inventory.

Loans under term and working capital funding facilities are secured by a negative pledge and these facilities provide the related entities in the Group that are party to the pledge the flexibility in funding their respective liquidity requirements as needed. The facilities impose certain financial covenants on the Group. All covenant ratios have been complied with during the half-year.

### b) Financing arrangements

Borrowings are drawn under the following Group debt facilities:

31 March 2019	Maturity date	Principal facility amount \$ M	Amount utilised \$ M
Term debt <sup>12</sup>	March 2023	500.0	500.0
Term debt	April 2022	249.6	249.6
Commodity inventory funding	November 2019	1,302.9	1,080.3
Trade Financing	March 2020	28.2	10.3
Working capital	March 2020	50.0	-
Working capital	November 2019	265.0	178.0
<b>Total financing arrangements</b>		<b>2,395.7</b>	<b>2,018.2</b>

30 September 2018	Maturity date <sup>13</sup>	Principal facility amount \$ M <sup>13</sup>	Amount utilised \$ M <sup>14</sup>
Term debt	November 2019	385.0	280.5
Term debt	April 2020	225.0	225.0
Term debt	April 2022	248.8	248.8
Commodity inventory funding <sup>15</sup>	November 2019	1,256.6	511.5
Working capital <sup>16</sup>	November 2019	265.0	26.2
<b>Total financing arrangements</b>		<b>2,380.4</b>	<b>1,292.0</b>

<sup>11</sup> The Group's secured inventory balance is GST exclusive.

<sup>12</sup> This is an Evergreen facility with an annual option to extend the term by 12 months.

<sup>13</sup> As at 9 November 2018.

<sup>14</sup> As at 30 September 2018.

<sup>15</sup> The maturity date and principal facility amount for the inventory funding facility is as at 9 November 2018. Subsequent to balance date, the maturity date was extended from November 2018 to November 2019 and the principal facility amount changed from \$720.3 million to \$1,256.6 million. This facility is renewed subsequent to balance date each year to align with the seasonal requirements of the Group.

<sup>16</sup> The maturity date and principal facility amount for the working capital facility is as at 9 November 2018. Subsequent to balance date, the maturity date was extended from November 2018 to November 2019. The principal facility amount changed from \$390 million to \$265 million.

## 2.2 Dividends

	Half-year	
	31 March	31 March
	2019	2018
	\$ M	\$ M
<b>Dividends paid in the half-year:</b>		
Final fully franked dividend for the year ended 30 September 2018 of 8 cents (2017: 15 cents)	18.3	34.3
<b>Total dividends paid</b>	<b>18.3</b>	<b>34.3</b>

## 2.3 Financial instruments

### Fair value measurements

The Group's derivative instruments are measured at fair value at the end of each reporting period. Derivative instruments are grouped into Levels 1 to 3 based on the degree to which fair value measurement inputs are observable. The fair value of derivative instruments has been determined as follows:

- ▶ **Level 1** derivative financial instruments held by the Group are instruments which are traded on an active market. The fair value of these financial instruments is the quoted market settlement price on the reporting date.
- ▶ **Level 2** derivative financial instruments held by the Group are financial instruments that are not traded on an active market. The fair value is determined using valuation techniques which maximise observable market data and rely as little as possible on entity-specific estimates.
- ▶ **Level 3** derivative financial instruments do not have quoted market prices available. The fair values are calculated by amending market price values obtained from traders and brokers for location and grade differentials.

The following table presents the Group's assets and liabilities measured and recognised at fair value at balance date:

31 March 2019	Level 1 \$ M	Level 2 \$ M	Level 3 \$ M	Total \$ M
<b>Assets</b>				
<i>Derivative financial instruments – fair value through profit and loss</i>				
Commodity futures and options	13.0	2.5	-	15.5
Commodity contracts (forward purchases and sales)	-	1.6	57.4	59.0
Foreign currency derivatives	-	8.5	-	8.5
<i>Derivative financial instruments – cash flow hedge</i>				
Foreign currency derivatives	-	1.9	-	1.9
Interest rate swap contracts	-	0.3	-	0.3
<b>Total derivative financial instrument assets</b>	<b>13.0</b>	<b>14.8</b>	<b>57.4</b>	<b>85.2</b>
Commodity inventory at fair value less costs to sell (note 3.1)	-	11.2	719.0	730.2
<b>Total financial assets</b>	<b>13.0</b>	<b>26.0</b>	<b>776.4</b>	<b>815.4</b>
<b>Liabilities</b>				
<i>Derivative financial instruments – fair value through profit and loss</i>				
Commodity futures and options	3.3	-	-	3.3
Commodity contracts (forward purchases and sales)	-	0.1	28.9	29.0
Foreign currency derivatives	-	21.9	-	21.9
<i>Derivative financial instruments – cash flow hedge</i>				
Foreign currency derivatives	-	2.5	-	2.5
Interest rate swap contracts	-	3.6	-	3.6
<b>Total financial liabilities</b>	<b>3.3</b>	<b>28.1</b>	<b>28.9</b>	<b>60.3</b>

## 2.3 Financial instruments (continued)

### Fair value measurements (continued)

30 September 2018	Level 1 \$ M	Level 2 \$ M	Level 3 \$ M	Total \$ M
<b>Assets</b>				
<i>Derivative financial instruments – fair value through profit and loss</i>				
Commodity futures and options	12.1	1.4	-	13.5
Commodity contracts (forward purchases and sales)	-	1.0	99.4	100.4
Foreign currency derivatives	-	15.4	-	15.4
<i>Derivative financial instruments – cash flow hedge</i>				
Foreign currency derivatives	-	4.0	-	4.0
Interest rate swap contracts	-	2.4	-	2.4
<b>Total derivative financial instrument assets</b>	<b>12.1</b>	<b>24.2</b>	<b>99.4</b>	<b>135.7</b>
Commodity inventory at fair value less costs to sell (note 3.1)	-	9.2	317.5	326.7
<b>Total financial assets</b>	<b>12.1</b>	<b>33.4</b>	<b>416.9</b>	<b>462.4</b>
<b>Liabilities</b>				
<i>Derivative financial instruments – fair value through profit and loss</i>				
Commodity futures and options	11.9	0.4	-	12.3
Commodity contracts (forward purchases and sales)	-	0.2	87.5	87.7
Foreign currency derivatives	-	22.3	-	22.3
<i>Derivative financial instruments – cash flow hedge</i>				
Foreign currency derivatives	-	2.6	-	2.6
Interest rate swap contracts	-	3.2	-	3.2
<b>Total financial liabilities</b>	<b>11.9</b>	<b>28.7</b>	<b>87.5</b>	<b>128.1</b>

### Fair value estimation

The fair value of financial assets and liabilities must be estimated for recognition, measurement and disclosure purposes. There were no changes made to any of the valuation techniques applied since 30 September 2018. The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 31 March 2019.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There were no instruments reclassified between levels for the half-year ended 31 March 2019.

The following table presents the changes in Level 3 financial assets and liabilities for the half-year ended 31 March 2019 and the year ended 30 September 2018.

	Half-year 2019		Full year 2018	
	Commodity Contracts \$ M	Commodity inventory at fair value \$ M	Commodity Contracts \$ M	Commodity inventory at fair value \$ M
Opening balance as at 1 October 2018	11.9	317.5	(15.8)	214.1
Gain / (loss) recognised in profit and loss	18.0	(86.2)	33.7	44.8
Net acquisitions / (disposals)	(1.4)	487.7	(6.0)	58.6
<b>Closing balance as at 31 March 2019</b>	<b>28.5</b>	<b>719.0</b>	<b>11.9</b>	<b>317.5</b>

### Financial risk management – commodity price risk

Commodity price risk arises due to grain and edible oil price fluctuations impacting on the value of commodity forward purchase and forward sales contracts written by the Group as part of its grain, meal and edible oil marketing activities. The Group's policy is 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 risk, the Group enters into various exchange traded commodity derivative contracts (futures and options) as well as OTC contracts with terms between two and 24 months. These contracts are predominantly in Australia, New Zealand, US, Canada and Europe based financial markets and denominated in the currencies of those jurisdictions.

This sensitivity analysis shows the impact on post-tax profit if commodity prices changed by 20%. The 20% movement is calculated over the market value amount of the net exposure of the commodity physical and derivative contracts as at 31 March 2019 and 30 September 2018.

	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
31 March 2019	772.4	3.1	(3.1)
30 September 2018	340.7	17.9	(17.9)



### 3. Operating Assets and Liabilities

This section shows the assets used to generate the Group's trading performance and liabilities incurred as a result. Liabilities relating to the Group's financing activities are addressed in Section 2. Capital and Financial Risk Management.

#### 3.1 Inventories

	31 March 2019 \$ M	30 September 2018 \$ M
Raw materials	323.1	296.3
Work in progress	17.8	16.9
Finished goods	179.1	159.3
Trading stock at net realisable value	15.2	25.3
Commodity inventory at fair value less costs to sell	730.2	326.7
<b>Total inventories</b>	<b>1,265.4</b>	<b>824.5</b>

#### 3.2 Contingencies

The Group may from time to time receive notices of possible claims for losses or damages. A provision of \$7.2 million (2018: \$5.9 million) has been recognised to cover any liabilities that 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.

#### 3.3 Assets held for sale

GrainCorp operates eight liquid terminals sites across Australia, specialising in storage and handling of bulk liquid fats and oils, fuels and chemicals for a range of customers. On 4 March 2019, GrainCorp entered into an agreement to sell its Australian Bulk Liquid Terminals business to ANZ Terminals Pty Ltd. The transaction is subject to a number of conditions, including GrainCorp not entering into a change of control transaction or material alternative transaction before 10 May 2019, no material adverse change, regulatory approvals from the Foreign Investment Review Board and Australian Competition and Consumer Commission, lessors' consents and finalisation of the agreements required for the transition of the business. As part of the transaction, GrainCorp will enter into a long-term storage agreement with the purchaser. Assets and liabilities relating to the Liquid Terminals business are carried at the lower of carrying amount and fair value less costs to sell in accordance with AASB 5.

At 31 March 2019, the assets and liabilities relating to the Australian Bulk Liquid Terminals business, and other GrainCorp properties have been classified as held for sale (2018: other GrainCorp properties have been classified as held for sale).

	31 March 2019 \$ M	30 September 2018 \$ M
Property, plant and equipment	163.6	14.7
Intangible assets	37.1	-
Other assets	7.3	-
<b>Total assets classified as held for sale</b>	<b>208.0</b>	<b>14.7</b>

	31 March 2019 \$ M	30 September 2018 \$ M
<b>Total liabilities directly associated with assets held for sale</b>	<b>10.6</b>	<b>-</b>

### 4. Other

#### 4.1 Events occurring after the reporting period

On 4 April 2019, GrainCorp announced its intention to demerge the Malt business which would result in the creation of two independent ASX-listed companies, referred to as 'MaltCo' and 'New GrainCorp'. The proposed demerger is expected to be implemented by the end of calendar year 2019 through a scheme of arrangement, subject to shareholder, final Board, court and regulatory approvals. In addition to this, GrainCorp also announced that the Grains and Oils business units will be combined into an integrated grains and edible oils business - New GrainCorp.

On 6 May 2019, GrainCorp Limited was informed by Long-Term Asset Partners Pty Ltd ("LTAP") that LTAP is unable to proceed with its non-binding, indicative proposal to acquire 100% of the shares in GrainCorp.

## Directors' Declaration

In the Directors' opinion:

- a) The financial statements and notes set out on pages 6 to 19 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 GrainCorp Limited and its controlled entities' financial position as at 31 March 2019 and of its performance for the half-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.

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



G J Bradley AM  
Chairman

Sydney  
9 May 2019

# Independent Auditor's Report



## Independent auditor's review report to the members of GrainCorp Limited

### *Report on the Half-Year Financial Report*

We have reviewed the accompanying half-year financial report of GrainCorp Limited (the Company), which comprises the consolidated statement of financial position as at 31 March 2019, the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and consolidated income statement for the half-year ended on that date, selected other explanatory notes and the directors' declaration for GrainCorp Group. The Group comprises the Company and the entities it controlled during that half-year.

### *Directors' responsibility for the half-year financial report*

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement whether due to fraud or error.

### *Auditor's responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 March 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of GrainCorp Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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### Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of GrainCorp Limited is not in accordance with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 31 March 2019 and of its performance for the half-year ended on that date;
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

*PricewaterhouseCoopers*

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*K. Stubbins*

Kristin Stubbins  
Partner

Sydney  
9 May 2019

*David Ronald*

David Ronald  
Partner

Sydney  
9 May 2019