13 November 2014

The Manager
Company Announcements Office
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

GRAINCORP LIMITED: GNC

APPENDIX 4E AND ANNUAL REPORT

FINANCIAL YEAR ENDED 30 SEPTEMBER 2014

Please find attached the Appendix 4E and Annual Report relating to the financial year ended 30 September 2014.

Yours sincerely,

GREGORY GREER
Company Secretary

GrainCorp Limited

Level 26, 175 Liverpool Street
Sydney NSW 2000

PO Box A268
Sydney South NSW 1235

T 02 9325 9100
F 02 9325 9180

ABN 60 057 186 035

graincorp.com.au

GRAINCORP LIMITED
APPENDIX 4E
FOR THE YEAR ENDED 30 SEPTEMBER 2014

RESULTS FOR ANNOUNCEMENT TO THE MARKET				
	Up / Down	% Movement		2014 $ M
Revenue from ordinary activities	Down	8.2%	to	**4,094.1**
Profit before significant items from ordinary activities after tax attributable to owners of GrainCorp Limited	Down	45.8%	to	**94.5**
Significant items[1] from ordinary activities net of tax	Up	31.5%	to	**44.2**
Profit from ordinary activities after tax attributable to owners of GrainCorp Limited	Down	64.3%	to	**50.3**
Net profit for the period attributable to owners of GrainCorp Limited	Down	64.3%	to	**50.3**

Dividend Information	**Amount per security**	**Franked amount per security at 30% tax**
Interim dividend per share (paid 18 July 2014)	15.0 cents	15.0 cents
Final dividend per share	5.0 cents	5.0 cents
Record date for determining entitlements to the final dividend		2 December 2014
Payment date for final dividend		16 December 2014

Additional Information

Net Tangible Assets per share: $5.48 (2013: $5.62)

Additional Appendix 4E disclosure requirements can be found in the attached Annual Report.

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.

[1] 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 8 of the Financial Report.

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Annual Report
2014

GrainCorp

OUR MISSION AND VISION

Our mission is to be an international leader in food ingredients and agribusiness, creating value by connecting consumers and producers.

Our vision is to grow as our customers' preferred partner – driven by our passionate people and assets around the world.

OUR VALUES

Our values help define our organisational culture by providing a common understanding of how we do things at GrainCorp and how we should behave towards each other, our customers and other stakeholders.

SAFETY – We act consciously every day to keep ourselves and our teams safe.

OUR PEOPLE – We work together as part of a high performing team and deliver what we promise.

CUSTOMERS – We build strong relationships and deliver value to customers.

EXCELLENCE – We consistently look for better ways to do things.

SUSTAINABILITY – We understand the bigger picture and add value to the bottom line.

OUR COMMUNITY – We support the communities in which we operate.

INTEGRITY – We act with high integrity, energy and passion.

GRAINCORP OVERVIEW

GrainCorp is a leading global food ingredients and agribusiness company with an integrated business model across three main grain activities: storage and logistics, marketing and processing.

GrainCorp focuses its activities on three core grains (wheat, barley and canola) where we have a comparative advantage through grain origination, freight differentials and technical expertise.

GrainCorp has operations in Australia, New Zealand, Asia, North America, Europe and the United Kingdom. These markets collectively represent over 50 percent of the global export trade in wheat, barley and canola.

GrainCorp has four reporting segments:

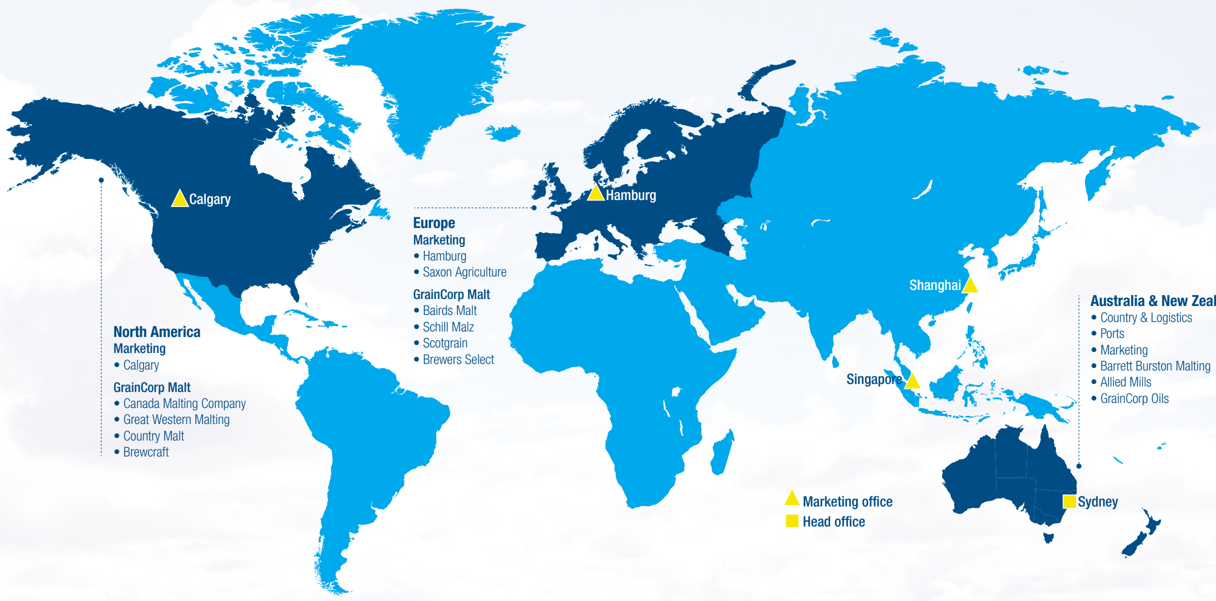
- GrainCorp Storage & Logistics
- GrainCorp Marketing
- GrainCorp Malt
- GrainCorp Oils

GrainCorp also owns 60 percent of Allied Mills.

OUR INTEGRATED SUPPLY CHAIN

GrainCorp is a leading Australian agribusiness with ownership of well-positioned international assets spanning the grain and oilseed supply chain.

OUR INTERNATIONAL OPERATIONS



CORPORATE CALENDAR

Annual General Meeting
18 December 2014, 10.00am
Pullman Sydney Hyde Park Hotel
36 College Street
Sydney NSW 2010

INTERIM RESULTS

Half year end – 31 March 2015
Results announcement – 14 May 2015

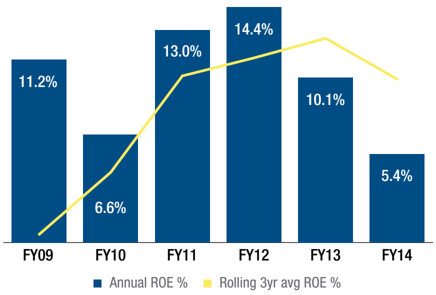
FULL YEAR RESULTS

Full year end – 30 September 2015
Results announcement – 12 November 2015

CONTENTS

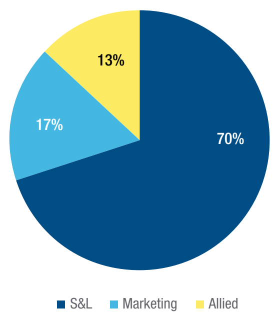
CHAIRMAN'S REVIEW

RETURN ON EQUITY

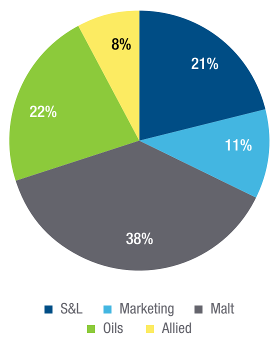


MANAGING VARIABILITY

FY09 EBITDA



FY14 EBITDA



While the past year presented its share of challenges, it was a year of significant opportunity and one in which we made exciting progress on our strategic projects.

For most of the previous year, we had faced uncertainty around our ownership and were then also faced with the task of searching for a new Managing Director & Chief Executive Officer. During this period it was essential for our customers, people and shareholders that we maintain strong focus and momentum across the business.

It is therefore pleasing to report a solid financial and operating result and positive progress on our strategic initiatives.

SAFETY PERFORMANCE

On safety, a 34 percent reduction in lost time injury frequency rate and 44 percent reduction in all injury frequency rate is pleasing. While we still have a long way to go to achieving our safety vision of "Zero Harm – Safe for Life", I remain confident we have made inroads over the last few years in improving our safety performance.

FINANCIAL PERFORMANCE

GrainCorp reported earnings before interest, tax, depreciation and amortisation of $293M and net profit after tax ("NPAT") of $95M before significant items.

The solid operating result despite low grain volumes highlights the importance of proactively managing earnings variability through diversification. The inclusion of GrainCorp Malt and GrainCorp Oils provides a broader earnings base, stability and more reliable returns through the cycle.

DIVIDEND IN LINE WITH POLICY

Shareholders will receive a dividend of 5 cents per share ("cps") for the six months ended September 2014, bringing total dividends for the year to 20 cps. This represents a payout ratio of 48 percent of the company's operating NPAT, consistent with our dividend policy of paying 40 to 60 percent of NPAT through the business cycle.

STRATEGIC INITIATIVES UNDERWAY

Supporting our corporate objectives of delivering growth and managing variability, we have invested approximately $111 million since 2013 to support the implementation of our strategic initiatives.

In the Oils business, we have progressed projects to expand on our strongly performing bulk liquid terminal portfolio. Developments at Port Kembla and Fremantle are now completed, on time and budget, and a third project at Pinkenba is on track. These three liquid terminal projects increase our bulk liquid storage capacity by approximately 30 percent. Our plan to optimise the footprint of our edible oils processing facilities is progressing on time.

GrainCorp Malt has successfully pursued operational efficiency projects at several of its plants. While individual projects are relatively small in scale, they deliver a compelling compound result.

GrainCorp Marketing's focus on expanding its grain origination footprint has seen increasing contributions from our international offices and activities in Western Australia and South Australia. Supporting these initiatives has been the successful rollout of a global trading and risk management platform in Australia, Canada and Germany. We continue to explore opportunities in expanding this grain origination capability.

During the year, GrainCorp Storage & Logistics announced a rationalisation and revitalisation of our country network. We expect to be well placed with a more efficient and less complex network that will deliver lower rail rates once

Don Taylor
CHAIRMAN

these initiatives are implemented. The full benefit to the industry will only be realised with additional funding from the government towards rail infrastructure improvements. We continue to work closely with the government and industry in this area.

Also in Storage & Logistics, various initiatives targeting improved customer service have been implemented, the benefits of which we expect to see in 'normal' or better grain production years.

EVOLVING COMPETITION AND PORT REGULATION

Competition for grain in eastern Australia continues to intensify. We saw additional export capacity announced by competitors this year which is expected to come online in late 2015. By this time, we expect that at least four of our ports will face direct bulk export competition.

The ports regulatory environment also continues to evolve. The discriminatory regulation that had hindered the efficiency of our ports was replaced with the Ports Code of Conduct ("Code") implemented in September. While our preferred outcome is deregulation to align wheat ports with those of other commodities, we are pleased that the new Code provides a level playing field for bulk wheat export terminals in eastern Australia and for potential further reduction of regulation in the future.

NEW MD & CEO

Mark Palmquist our new Managing Director and Chief Executive Officer joined GrainCorp in October from USA-based CHS Inc. where, over a 35 year career, he held senior leadership, executive and directorship roles in relevant sectors including storage and logistics, grain marketing, oil crushing and refining, liquid terminals and malt production. We are delighted to have an executive of Mark's calibre, international standing and extensive experience leading our business.

NEW NON-EXECUTIVE DIRECTOR

Earlier in the year we also outlined a plan to refresh the Board and bring new skills and perspectives to our business. The recent appointment of Rebecca Dee-Bradbury to the board as a Non-executive Director is the first step in this process. Rebecca brings significant experience in consumer and retail marketing, product innovation, and technology development.

CHALLENGING 2015

We expect 2015 to be the most challenging year in recent times. With low carry-in and grain production for eastern Australia forecast to be well below normal, we anticipate lower receivals and export volumes. We remain confident however in the earnings from our processing businesses which we continue to grow through our strategic initiatives.

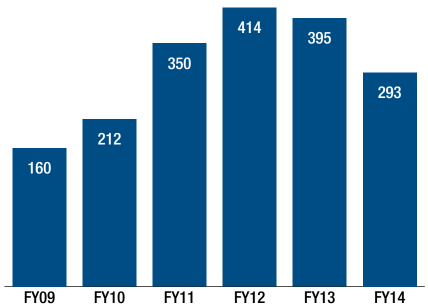
RECOGNISING OUR PEOPLE

As Interim CEO for most of 2014, I have witnessed first-hand the deep and unwavering commitment of our people to GrainCorp during an extraordinarily challenging period. I would like to thank the members of our executive team for the support they have provided me during the year and recognise our senior leadership group and teams all around the world for the way they have approached their work – with high integrity, energy and passion.

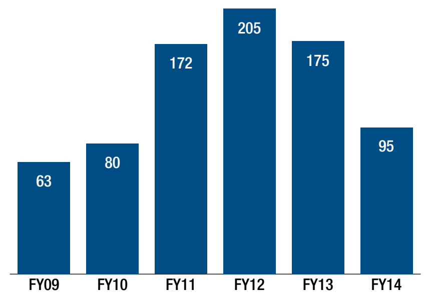
While the near term will also be challenging, the fundamental outlook for the business is strong and we will continue to pursue initiatives to grow GrainCorp into the future.

Don Taylor
Chairman

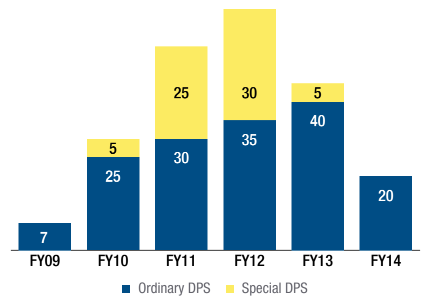
EBITDA



NPAT



DIVIDENDS



MANAGING DIRECTOR & CEO'S REVIEW

Mark Palmquist
MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

GrainCorp has enjoyed significant success over a number of years. During this time I have been a keen observer of the company's transformation from an eastern Australian grain handler to an integrated international agribusiness and food ingredients processor.

So it is with great pride that I join this exceptional organisation and I'm especially excited about our future.

FIRST IMPRESSIONS

Since joining GrainCorp, the characteristics most noticeable to me are the business' commitment to safety, its passionate people and its focus on customers. An ongoing dedication to these values will deliver benefits for all our stakeholders and it is pleasing to see the energy dedicated to them.

The other significant area of activity throughout the business is the implementation of the company's strategic initiatives. There are few companies of our size with such a large portfolio of organic projects and opportunities. I'm confident we are investing in the right areas of the business, and am determined that we execute flawlessly on promises we've made – we've promised a lot and now it's time to deliver a lot.

IMMEDIATE FOCUS

My primary focus is to ensure that we maintain our commitment to safety across the organisation. The company has delivered improved performance in this area, but there is always room for further progress, particularly where there remain preventable incidents that risk our people returning home safely.

It is also important that GrainCorp maintains its momentum in the areas of developing our people, serving our customers and upholding high standards of integrity.

The Board's brief to me is clear: deliver on the projects we have committed to and explore opportunities to build further on our model in a measured and sensible way over time.

In order to achieve this, we must ensure that our processes around capital investment are as robust as they can be. I am confident that the initiatives within each business unit are the right projects to pursue – Storage & Logistics looking to rationalise and revitalise the network, enhancing our customer intimacy and exploring additional non-grain opportunities; Marketing's focus on building our grain origination footprint; and for Oils and Malt, growing the underlying earnings base through expansions and operational efficiency improvements.

The growth projects in Malt and Oils are especially important because the more reliable earnings from those businesses will provide a greater and more stable platform from which to grow in the future.

OUTLOOK

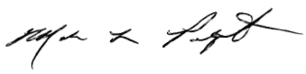
As the Chairman noted in his review, the 2015 year will be challenging. It's likely to be one of the most challenging years GrainCorp has faced in recent times, given the expected low grain volumes in eastern Australia. It's important that during this period, we demonstrate discipline while maintaining high standards of service and quality products for our customers.

We should also look through the cycle, at the fundamentals of the business and the industry. There are significant opportunities ahead of us which we will pursue with discipline and enthusiasm.

Given our strong position in Australia through our Storage & Logistics, Marketing, Oils and Malt businesses and our growing presence internationally particularly through Marketing and Malt, there are many avenues for future growth that we can explore.

While our traditional strength stems from our competitive positioning in grains handling, processing and marketing in eastern Australia, the opportunities for future growth extend across all three of our primary operating geographies and beyond.

GrainCorp occupies a unique and exciting place within the international agriculture and food ingredients industry and we are well positioned to capitalise on these opportunities as they arise.



Mark Palmquist
Managing Director & CEO

BOARD OF DIRECTORS

DON C TAYLOR BCom, CA, GradCertRurSc, FAICD
CHAIRMAN AND NON-EXECUTIVE DIRECTOR[1]

Don Taylor joined the GrainCorp Board in October 2003 and has been Chairman since December 2005. Prior to joining the Board, he was the Executive Chairman of Grainco Australia Limited. Mr Taylor is a member of the Business Risk Committee and the Safety Health Environment and Governance Committee, and attends all meetings of the Board Audit Committee and the People Remuneration and Nominations Committee. Mr Taylor is a member of the Agricultural Advisory Roundtable group to the Export Council of Australia, and has extensive experience as Chairman and Director on boards of public companies in the agriculture industry. Mr Taylor is a Director of Five Star Flour Mills.

MARK L PALMQUIST BBus
MANAGING DIRECTOR & CEO

Mark Palmquist joined the GrainCorp Board as Managing Director & CEO in October 2014. He was previously Executive Vice President and Chief Operating Officer, Ag Business, for CHS Inc., a leading global agribusiness, diversified in energy, grains and food. He has held a variety of leadership roles for a broad range of CHS agricultural inputs and marketing areas, retail businesses and grain-based food and food ingredients operations. Mr Palmquist was previously a Director of Rahr Malting, a leading US maltster. Mr Palmquist is a Director of Allied Mills Australia Pty Ltd.

REBECCA P DEE-BRADBURY BBus, GAICD
NON-EXECUTIVE DIRECTOR

Rebecca Dee-Bradbury joined the GrainCorp Board in September 2014. Ms Dee-Bradbury was previously Chief Executive Officer/President Developed Markets Asia Pacific and ANZ for Mondelēz from 2010 to 2014. Ms Dee-Bradbury is also a Non-executive Director of TOWER Limited and BlueScope Steel Limited. She brings to the Board significant experience in strategic brand marketing, customer relationship management and innovation.

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

Barbara Gibson joined the GrainCorp Board in March 2011. Ms Gibson is Chairman of the Safety Health Environment and Governance Committee and is a member of the Business Risk 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 a Director of Nuplex Industries Limited and Chairman of Warakirri Asset Management Pty Limited.

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 Chairman of Royal Wolf Holdings Limited and a Director of Alliance Aviation Services Limited, Calibre Group Limited and Magenta Shores Golf & Country Club Limited and Chairman of the Audit and Risk Committee for Sydney Trains (NSW Government). He has extensive experience acting on public company boards.

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 Chairman of Warakirri Agricultural Trust.

1. During the reporting year, Mr Taylor also assumed the role of Executive Chairman & Interim CEO while the Board commenced a search for the Company's new MD & CEO.

DONALD G McGAUCHIE AO FAICD
NON-EXECUTIVE DIRECTOR

Donald McGauchie re-joined the GrainCorp Board in December 2009 (having previously served during the period from October 2000 to July 2003). Mr McGauchie is a member of the People Remuneration and Nominations Committee and is 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), MEc, FAICD
NON-EXECUTIVE DIRECTOR

David Trebeck joined the GrainCorp Board in February 2002. Mr Trebeck is Chairman of the People Remuneration and Nominations Committee and is a member of the Safety Health Environment and Governance Committee. Mr Trebeck is Chairman of the ACT Churchill Fellow Selection Committee, a member of the National Board of the Winston Churchill Memorial Trust and a former Director of PrimeAg Australia Ltd and Penrice Soda Holdings Limited. He has farming interests and is an ACT divisional councillor of the Australian Institute of Company Directors.

SIMON L TREGONING BCom GAICD
NON-EXECUTIVE DIRECTOR

Simon Tregoning joined the GrainCorp Board in December 2008. Mr Tregoning is a member of the Board Audit Committee and the Safety Health Environment and Governance Committee. He is also a Director of Capilano Honey Limited. As well as having extensive Australian and overseas executive experience, most recently Regional Vice President Kimberly Clark Corporation, Mr Tregoning is an experienced public company director.

EXECUTIVE TEAM

ALISTAIR BELL
GROUP CHIEF FINANCIAL OFFICER

Alistair Bell was appointed Group CFO of GrainCorp in November 2010. Mr Bell leads the international finance, treasury, strategy and M&A, investor relations and IT teams. Prior to joining GrainCorp, Mr Bell held various CFO, COO and strategy positions with public, private equity and multinational companies spanning various industries. He is a Director of Allied Mills and Chairman of their Audit Committee, a Director of Alzheimer's Australia NSW, and a member of their Investment Committee and Chairman of the Audit & Risk Committee. Mr Bell is also a director of GrainCorp subsidiary companies.

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 (acquired by GrainCorp in 2009) 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 Legal, Company Secretariat, Risk & Insurance and Group Human Resources. Prior to joining GrainCorp, Ms Ivanoff held internal corporate counsel positions with companies including CSR Limited, Walter Constructions and Sinclair Knight Merz. Ms Ivanoff is vice president of a number of GrainCorp's North American companies and was previously a Director of Allied Mills.

KLAUS PAMMINGER
GROUP GENERAL MANAGER
GRAINCORP MARKETING

Klaus Pamminger was appointed Group General Manager GrainCorp 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. Mr Pamminger is also a director of GrainCorp subsidiary companies.

NEIL JOHNS
GROUP GENERAL MANAGER
GRAINCORP STORAGE & LOGISTICS

Neil Johns was appointed Group General Manager GrainCorp Storage & Logistics in November 2013. He has held a number of corporate and operating positions in the Company including General Manager Ports – Storage & Logistics, Chief Development Officer, 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 previously served as a Non-executive Director of Allied Mills. Mr Johns is also a director of GrainCorp subsidiary companies.

SAM TAINSH
GROUP GENERAL MANAGER
GRAINCORP OILS

Sam Tainsh was appointed Group General Manager GrainCorp Oils in August 2012, and is responsible for the edible oils crushing, refining, food ingredients, feeds, liquid 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. Mr Tainsh is also a director of GrainCorp subsidiary companies.

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 2014.

Directors

The following people were Directors of GrainCorp during the financial year 2014 and/or up to the date of this report:

- D C Taylor (Executive Chairman, effective from 2 December 2013 and Interim CEO from 13 January 2014. Mr Taylor resumed the position of Chairman on 1 October 2014)
- M L Palmquist (Managing Director & CEO, effective 1 October 2014)
- R P Dee-Bradbury (appointed 29 September 2014)
- B J Gibson
- P J Housden
- D J Mangelsdorf
- D G McGauchie AO
- D B Trebeck
- S L Tregoning
- A M Watkins (Managing Director & CEO, resigned as CEO effective 13 January 2014. Resigned as Director effective 31 January 2014)

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 Section 9 of the Remuneration Report.

Group Company Secretary

Gregory Greer *BCom, MPA, GIA(Cert)*

Gregory Greer joined GrainCorp in 2004 and was appointed by the Board as Group Company Secretary on 23 June 2014. Mr Greer is responsible for the Group's corporate governance, compliance, risk, insurance and company secretarial functions. Mr Greer has held a number of corporate positions in the Company, most recently as Group Risk & Insurance Manager.

Betty Ivanoff *LLB, Grad Dip Leg Prac, Legal Practitioner Admitted NSW Supreme Court 1999; MAICD*

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 Legal, Company Secretariat, Risk & Insurance and Group Human Resources. Prior to joining GrainCorp, Ms Ivanoff held internal corporate counsel positions with companies including CSR Limited, Walter Constructions and Sinclair Knight Merz. Ms Ivanoff is vice president of a number of GrainCorp's North American companies and was previously a Director of Allied Mills Australia Pty Ltd.

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

Andrew Horne served as Company Secretary from 27 March 2012 to 20 June 2014.

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 2014, and the number of meetings attended by each Director.

Director	Board		Audit Committee		People Remuneration & Nominations Committee		Business Risk Committee		Safety Health Environment & Governance Committee		Nominations & Corporate Governance Committee^		Human Resources Committee^	
	A	B	A	B	A	B	A	B	A	B	A	B	A	B
D C Taylor	11	11	~	5#	~	2#	4	4	2	1	~	2#	3	3
A M Watkins	4	4	~	1#	~	~	1	1	~	~	1	-	~	1#
B J Gibson	11	10	~	~	~	~	4	4	2	2	2	2	~	~
P J Housden	11	11	5	5	~	~	~	1#	~	~	~	~	~	~
D J Mangelsdorf	11	11	5	5	~	~	4	4	~	~	~	~	~	~
D G McGauchie	11	8	~	~	2	2	~	~	~	~	~	~	3	3
D B Trebeck	11	11	~	~	2	2	~	~	2	2	2	2	3	3
S L Tregoning	11	11	5	5	~	~	~	~	2	1	2	2	~	~
R P Dee-Bradbury*	-	-	~	~	~	~	~	~	~	~	~	~	~	~
M L Palmquist*	-	-	~	~	~	~	~	~	~	~	~	~	~	~

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.
^ The Nominations & Corporate Governance Committee was reconfigured and renamed as the Safety Health Environment & Governance Committee, and the Human Resources Committee was reconfigured and renamed as the People Remuneration & Nominations Committee. These changes came into effect in March 2014.
* Ms Dee-Bradbury was appointed to the Board on 29 September 2014. Mr Palmquist was appointed to the Board on 1 October 2014.

Operating and Financial Review

About GrainCorp

Our History

GrainCorp started in 1916 under the Grain Elevator Act and was 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 Australasia, North America and Europe (including the United Kingdom), the regions collectively represent over 50% of global export trade in wheat, barley and canola. GrainCorp has four reporting segments:

- Storage & Logistics
- Marketing
- Malt
- 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 61% of earnings before significant items during the last three years, at the top end of our dividend policy range of 40-60% through the business cycle.
- Delivering an average return on equity ('ROE') before significant items of 10.0% over the last three years.
- Reducing earnings volatility by growing earnings from business units with more stable earnings.
- Increasing earnings per share from 39.6 cents in 2010 to 41.3 cents in 2014 before significant items.
- Organic and acquisitive growth, supported by a strong and flexible balance sheet.
- Creating two new processing businesses during the last five 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 & 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 to high protein, white with high flour extraction. Ideal for use in Asian noodles and Middle Eastern 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.

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 – Implementing a plan to strengthen and optimise our Oils 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 within the Storage & Logistics business.

3. Port Flexibility

Ports – Seeking efficiencies and operating flexibility by adjusting to a changing regulatory environment, for example 3 year port long term agreements ('LTA's') from FY13, and the Ports Mandatory Code of Conduct from FY15.

4. Project Regeneration

Storage & Logistics – Project Regeneration is focused on the investment and transformation of our storage and handling network in four key areas: re-shaping our country network; localised cluster operations; end-to-end export logistics and rail loading improvements.

Group Financial Summary

Key Results ($ M)		2010	2011	2012	2013	2014
Revenue		2,002.9	2,776.8	3,329.4	4,462.0	4,094.1
Adjusted EBITDA[1]		211.5	349.6	413.9	395.4	293.3
Adjusted EBIT[2]		140.0	271.1	322.7	276.6	166.8
Net profit / (loss) after tax		80.2	171.6	204.9	140.9	50.3
Dividend (cents per share)[3]		30.0	55.0	65.0	45.0	20.0
Financial Position						
Total assets	$ M	2,130.2	2,635.2	2,840.3	3,170.3	3,333.2
Total equity	$ M	1,282.6	1,372.7	1,540.5	1,758.6	1,744.5
Net assets per ordinary share[4]	$	6.47	6.92	7.32	7.69	7.71
Net debt to net debt and equity[5]	%	15.7	19.4	17.5	24.8	29.8
Core debt to core debt and equity[6]	%	3.8	0.6	1.0	18.9	21.5
Shareholder Returns						
Basic earnings / (loss) per ordinary share	cents	39.6	86.2	102.6	61.9	22.0
Return on equity	%	6.6	13.0	14.4	10.1	5.4
Dividend per ordinary share[3]	cents	30.0	55.0	65.0	45.0	20.0
Dividend yield per ordinary share[7]	%	4.1	7.6	7.3	3.6	2.3
Business Drivers (million metric tonnes)						
Storage & Logistics						
Grain carry-in		2.9	2.6	6.0	4.3	2.3
Country network grain receivals		7.4	14.9	12.2	10.4	8.0
Grain received at port ex-farm and from other bulk handlers		1.0	2.3	3.0	2.2	1.7
Grain exports handled		3.5	8.1	10.6	8.3	4.4
Non-grain exports		1.4	1.5	1.8	1.9	1.9
Domestic outload		5.2	5.7	6.3	6.3	5.7
Grain carry-out		2.6	6.0	4.3	2.3	1.9
Grain throughput		13.9	24.1	28.5	23.8	15.7
Marketing						
Marketing sales (including Pools)		3.3	5.5	6.9	6.1	6.2
GrainCorp international grain sales		1.1	2.7	4.4	4.1	3.9
Malt						
Malt sales (2010 reflects 10.5 months trading only)		0.9	1.1	1.3	1.3	1.3
Oils						
Oils crushing & refining sales		-	-	-	0.6	0.5

Segment Results ($ M)	2013 Revenue	2013 Adjusted EBITDA[1]	2014 Revenue	2014 Adjusted EBITDA[1]
Storage & Logistics	655.3	179.3	443.8	71.8
Marketing	2,169.3	54.3	1,907.1	36.4
Malt	976.6	101.2	1,049.4	125.0
Oils	961.6	75.3	937.2	73.1
Allied Mills (60% share of NPAT)	-	11.7	-	9.6
Corporate and eliminations	(300.8)	(26.4)	(243.4)	(22.6)
Total	**4,462.0**	**395.4**	**4,094.1**	**293.3**

[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] All dividends were fully franked.

[4] Excludes reset preference shares at nominal value.

[5] Net debt is total debt less cash.

[6] Core debt is net debt less commodity inventory.

[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 $50.3 million for the financial year compared to a profit after tax of $140.9 million for the previous year. Adjusted earnings before interest, tax, depreciation and amortisation ('EBITDA') decreased from $395.4 million for FY13 to $293.3 million in FY14 (statutory EBITDA of $232.7 million including significant items of $61.6 million; significant items in prior year was $35.6 million).

Revenue from continuing operations decreased 8% to $4,094.1 million (2013: $4,462.0 million) due to lower commodity prices and harvest receivals.

Total country receivals during the year was 8.0 million metric tonnes ('mmt') (2013: 10.4 mmt) with 4.4 mmt exported (2013: 8.3 mmt). Grain in storage at the beginning of the year was 2.3 mmt, a decrease from 4.3 mmt in the previous year. Grain in storage at the end of the year was 1.9 mmt.

Malt sales volumes for the year were 1.3 mmt (2013: 1.3 mmt). Oils recorded crushing and refining sales volumes of 0.5 mmt (2013: 0.6 mmt).

Storage & Logistics

Business Unit Overview
GrainCorp has the largest grain storage & logistics network in eastern Australia, spanning regional storage facilities, rail/road and bulk grain ports.

From the farm gate to international export markets, GrainCorp's ownership of key supply chain assets allow us to source, store, handle and transport grain efficiently and securely.

Our supply chain assets also allow us to closely manage the quality of grain in our system and provide high quality assurance to our customers.
- Country receival sites with over 20 million tonnes of storage capacity and 15 million tonnes port elevation capacity
- More than 4 million tonnes rail freight capacity
- Largest bulk exporter of eastern Australian grain
- Over 150 active grain buyers competing in our system.

FY14 Performance
- Below average carry-in of 2.3 mmt (FY13: 4.3 mmt)
- Grain throughput of 15.7 mmt, lower than prior year (FY13: 23.8 mmt)
- Lower grain receivals compared to prior year due to smaller crop and increased demand from domestic end users, limiting the amount of grain available for export
- Country receivals of 8.0 mmt (including 0.3 mmt summer crop) (FY13: 10.4 mmt)
- Grain exports of 4.4 mmt (including containers) (FY13: 8.3 mmt)
- Non-grain exports of 1.9 mmt in line with prior year (FY13: 1.9 mmt)

FY15 Outlook
Lower than average forecast grain production in eastern Australia and lower carry-in of 1.9 mmt will reduce upcountry grain receivals and export volumes.

Marketing

Business Unit Overview
GrainCorp Marketing has direct connections with producers and grain buyers, both local and international. Our origination and marketing teams on the ground across four continents partner with our customers to analyse the market, manage price risk and create value at every stage of the supply chain
- One of the biggest sellers of grain into the local Australian market
- Sell and deliver around 6 million tonnes annually to 30+ countries

FY14 Performance
- Earnings reflective of lower availability of grain and significant competition for grain in eastern Australia
- 6.2 mmt sales delivered (2.3 mmt domestic, 3.9 mmt export and international)
- Increased volumes from South Australia and Western Australia

FY15 Outlook
With below normal grain production volumes in eastern Australia, the outlook for Marketing will be challenging in the near term due to mixed weather and strong competition.

Malt

Business Unit Overview
GrainCorp Malt offers deep grain expertise and tailored relationships with the advantage of a single point of contact worldwide.

GrainCorp Malt is one of the world's top five maltsters with malting houses in Australia, Canada, USA, UK and Germany. GrainCorp Malt supplies malt to global brewers, craft brewers and distillers.

- Global footprint offering security of supply
- Malting capacity of ~1.4 million tonnes per annum
- Single point of contact worldwide.

FY14 Performance

- Earnings reflective of continued high capacity utilisation above 90% with margins in line with expectations
- 1.30 mmt of malt sales
- Progress on a number of strategic initiatives with sustainability benefits (eg water and energy consumption)
- Favourable foreign exchange translation impact on earnings and export competitiveness
- Rationalisation of footprint in Germany with closure of Sangerhausen malt plant

FY15 Outlook
Continued strong capacity utilisation. 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. Concern around the barley harvest in North America could adversely impact production costs.

Oils

Business Unit Overview
GrainCorp Oils is a leading producer of edible oils in Australia. Locally grown and processed, our oil is used or consumed in making a wide range of food and animal feed products.

GrainCorp Oils' ownership and management of key assets in the oilseed supply chain along with GrainCorp Oils' size and quality assurance mean we are able to produce high quality products at competitive prices.

- Australia's largest integrated edible oils business
- Operations including crushing, storage, refining, recycling and animal liquid feeds
- Operating 14 bulk liquid terminals in Australia, New Zealand and China
- Production of over 500,000 tonnes of animal feed

FY14 Performance

- Crushing sales of 0.33 mmt
- Refining sales of 0.20 mmt, lower than prior year due to reduced customer volumes
- Continued high capacity and utilisation for bulk liquid terminals
- Solid contributions from liquid feeds and commodity management business

FY15 Outlook
High capacity utilisation expected for crushing facilities. Refining volumes stabilising. Continued high capacity utilisation across our bulk liquid terminals. Domestic competition and demand for crushed and refined products will continue to influence performance.

Allied Mills

Business Overview
GrainCorp has a 60% joint venture interest in Allied Mills, Australia's largest supplier of milled edible flour (for human consumption).

Allied Mills' offering includes value-added products including frozen, par-baked artisan bread and other frozen bakery products, pre mixes, batters and food coatings. Allied Mills has a network of seven flour mills and four mixing plants, four frozen product manufacturing facilities and a starch plant, supported by warehouse and distribution capabilities.

FY14 Performance

- Contributions from value add product initiatives
- Acquired The Pastryhouse business during the year to support value add product strategy
- Challenging milling market conditions

FY15 Outlook
Earnings expected to continue to be supported by value-add product initiatives and ranges such as frozen bakery products.

Sustainability

GrainCorp is committed to long-term sustainable value creation – balancing our financial performance with how we do business, how we treat our people, how we live our values and how we utilise natural resources responsibly.

Safety
Our safety vision is "Zero Harm – Safe for Life". We measure safety performance using a number of lag and lead indicators.

Lag indicators: lost time injury frequency rate (LTIFR), all injury frequency rate (AIFR), medical treatment incidents (MTI) on a 12 month rolling average.

Lead indicators: include the effective implementation of the key elements of the Safety, Health and Environment (SHE) management system.

FY14 performance

- 34% reduction LTIFR
- 44% reduction AIFR
- Endorsement of our global safety, health and environment (SHE) strategy by the board and executive leadership team
- Implementation of a system of internal and external audits to ensure line managers continued to focus on effectively implementing important elements of the SHE management system
- The results of these audits are now used as a baseline for providing a level of assurance for system compliance and for building capability and accountability

People
We recognise that our employees are fundamental to the sustained long-term success and growth of our business. Our capacity to attract, engage, develop, mobilise and retain people with the right capabilities in the right positions will unlock their potential, maximise their contribution and generate better business outcomes. Our areas of focus include:

- Employee engagement
- Talent attraction and retention
- Diversity, inclusion and equal opportunity
- Learning and development
- Indigenous employment

FY14 performance

Employee Engagement

- Engagement in line with previous year at 59%
- Senior leader engagement increased to 88% (from FY13 84%)
- Employee turnover of 13%, tracking lower than the current ASX100 turnover rate of 18%[8]

Diversity, Inclusion and Equal Opportunity

- Women occupied 20% of people leadership roles (from 19% in FY13 but below 25% target)
- Female representation at Board level consistent at 25%
- Female representation at executive level reduced from 2 to 1

Learning and Development

- Expanded online learning opportunities for employees through our *Learning@GrainCorp* platform
- Offered communication and coaching skills development to selected senior leaders
- Increased high potential Emerging Leader Group to 55 participants

Indigenous Employment

- Employed 89 indigenous employees, representing over 2% of the Storage & Logistics workforce, exceeding our target.

[8] 12 months to June 2014.

Environment
We recognise the importance of sound environmental management practices and the importance of utilising resources responsibly. Our approach to environmental management is underpinned by the identification, assessment and control of material risks across our operations. Our areas of focus include:

- Energy
- Emissions
- Water
- Effluents and waste

FY14 performance

Energy
- Implemented energy efficiency initiatives in construction projects at our oils facilities at Port Kembla, Pinkenba, West Footscray and Numurkah
- Benchmarked electricity and natural gas use across our Malt business against world best practice to identify "best-in-class" and set efficiency targets at each facility
- Fitted energy and natural gas monitoring software across the Malt business
- Established a baseline of our energy consumption
- Conducted external energy audits across our Oils business, identifying a range of energy efficiency opportunities

Emissions
- Established a baseline of our energy emissions

Water
- Implemented a number of new initiatives to reduce water use across the organisation
- Established baseline for water consumption

Effluent and Waste
- Recycling rates at 93%[9]

Community
The success of local communities in which we operate is fundamental to our business model. Our areas of focus include:

- Community support
- Indigenous community engagement

FY14 performance

Community support
- Awarded Innovation Community Support recognition by Foodbank
- Made community fund grants including:
  - Germany – assisting with expanding Diesterweg-Grundschule primary school afterschool centre
  - USA – assist with the construction of a walkway near Fisher's Landing Elementary School's playground
  - Canada – assisted with the construction of a new playground for the Ecole John Wilson Elementary School
  - New Zealand – assisted with the painting and modernising of the Te Puke Squash Club
  - Australia – helped with the building of a dedicated pedestrian crossing for the Warracknabeal Yarriambiack Creek Development Committee
  - Australia – Minyip Murtoa Football and Netball Club, Victoria; Chinchilla Family Support Centre, Queensland Salmon Gums Development Group, WA; and Trangie Action Group, NSW
- Sponsored regional sporting groups including Queensland Country Rugby Union, NSW Country Rugby Union, Netball NSW and Victorian Country Football League
- Supported The Clontarf Foundation and The Song Room with their educational programs
- Supported fundraising events including Movember, Sydney to Wollongong Bike Ride and Shave for a Cause Head Shave

Indigenous Community Engagement
- Facilitate international Indigenous art auction with Matraville Sports High School, Alexandria Park Community School and Glebe Public School
- Significant employee participation in National Aboriginal and Islander Day Observance Committee Week
- Welcome to Country and National Anthem in Dharawal language at the GrainCorp Leadership Group conference

[9] Data only recorded at GrainCorp Oils (Oilseeds and Foods divisions only).

- Seven cultural appreciation sessions across GrainCorp delivered by Yarnteen Aboriginal and Torres Strait Islander Corporation
- Riverina TAFE NSW arranged skills, development and support programs for 10 individuals who entered the harvest recruitment process
- Offered direct mentoring and support through our partnership with the Clontarf Foundation.

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

- **Weather conditions** - Weather conditions can cause variability in grain production, which may impact GrainCorp's operating results in a number of ways, including variability in the volume of grain that GrainCorp stores, handles, transports, trades, exports and uses in its business, as well as by affecting the creditworthiness of agricultural producers who transact with GrainCorp.
- **Other external factors** - GrainCorp's business and financial performance are subject to external factors, including farmer sowing decisions, domestic and international government farm support programs and policies, demand for biofuels, commodity price volatility, the outbreak of 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 have a materially adverse effect on 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, 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 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 51.1% to 30.3 cents (2013: 61.9 cents).

Dividends

Since year end the Directors have approved the payment of a fully franked final dividend totalling $11.4 million. This represents the equivalent of a final dividend of 5.0 cents per share on issue at the record date of 2 December 2014. The dividends will be paid on 16 December 2014.

Dividend	Date Paid	Fully Franked Dividend per Share	Total Dividend ($ M)
Final dividend for the year ended 30 September 2014	16 December 2014	5 cents	11.4

The following dividends on issued ordinary shares of GrainCorp have been paid since the end of the financial year 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
Interim dividend for the half year ended 31 March 2014	18 July 2014	15 cents	34.3

Significant changes in state of affairs during the financial year

Takeover bid from Archer Daniels Midland Company
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 its offer.

GrainCorp Managing Director & CEO Resignation
On 2 December 2013, GrainCorp announced that Managing Director & CEO Ms Alison Watkins had advised the Board of her intention to resign. Mr Don Taylor assumed a temporary role as Executive Chairman from 2 December 2013 and was Interim CEO from 13 January 2014 to 30 September 2014

GrainCorp Managing Director & CEO Appointment
On 12 August 2014, GrainCorp announced the appointment of Mr Mark Palmquist as Managing Director & CEO, commencing 1 October 2014.

Matters subsequent to the end of the financial year

GrainCorp Managing Director & CEO Commencement
Mr Mark Palmquist commenced as Managing Director & CEO on 1 October 2014.

Other than reported above, no other matter or circumstance has arisen since 30 September 2014 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 56 and forms part of this report.

Directors' Report - Remuneration Report

The table below summarises the main items of interest regarding remuneration during GrainCorp's 2014 financial year (FY14) which covers the period 1 October 2013 to 30 September 2014.

FY14 Highlights

Long term incentive (LTI) converted back to equity	The LTI grant for 2014 was delivered as cash through increased Short Term Incentive (STI) opportunity, due to the takeover bid implementation deed by Archer Daniels Midland (ADM). Subsequently, this increased STI opportunity was converted back to an equity-based LTI award. Refer to Section 5.2 LTI Plan - FY14 LTI awards for further detail.
STIs reflect challenging 2014 performance	Overall 2014 financial performance was At target, despite demanding external conditions, whilst performance against non-financial measures on balanced scorecard was Above target.
2012 LTI performance hurdles (83% achievement)	The 2014 vesting outcome of the 2012 LTI was 83%. This was due to full vesting (100%) for the Return on Equity (ROE) hurdle but partial vesting (65.7%) for Total Shareholder Return (TSR). Performance resulted in 83% of the award vesting.

Actual Executive remuneration for FY14

The table below outlines the actual value of remuneration realised by Executive KMP for FY14. The information in this table is different from the statutory disclosures in Section 9 of this report, with the difference being the value of deferred cash and equity. The remuneration values presented in Section 9 are based on the accounting standards principle of accrual accounting and do not necessarily reflect the amount of remuneration an Executive actually realises in a given year.

				Previous Years' Awards that vested in 2014[10]		
	Total Fixed Remuneration (TFR)[11]	2014 Cash STI	Special payments[12]	Deferred Cash awards[13]	Deferred Equity awards[14]	Total payments for the 2014 year
	$'000	$'000	$'000	$'000	$'000	$'000
Current Executives[15]						
A G Bell	564	196	-	88	248	**1,096**
G A Friberg[16]	488	334	250	50	68	**1,190**
B Ivanoff	404	180	-	56	304	**944**
A N Johns[17]	462	165	-	70	407	**1,104**
K Pamminger	467	181	-	116	350	**1,114**
S J Tainsh	500	222	-	147	689	**1,558**
D C Taylor	863	-	-	-	-	**863**
Total	**3,748**	**1,278**	**250**	**527**	**2,066**	**7,869**

[10] This represents the value of all cash and or equity awards that vested during FY14.

[11] Includes non-monetary benefits eg parking salary sacrifice.

[12] Includes a retention payment for Mr Friberg of USD167,254 related to post acquisition of Malt business by GrainCorp and a USD63,000 payment relating to prior loss of STI potential following the realignment of Malt variable incentives to the GrainCorp incentive framework. Converted from USD to AUD at rate of 0.921 (average rate from 1 October 2013 to 30 September 2014). Both amounts relate to Mr Friberg's previous remuneration arrangements prior to becoming a KMP.

[13] Relates to deferred STI only.

[14] Reflects a combination of deferred STI, LTI and final payment under the 2011 Retention Share Plan. Share value used in determining award value is $11.84 based on five day volume weighted average price at the time of vesting (18 November 2013).

[15] Executives as at 30 September 2014.

[16] Converted from USD to AUD at rate of 0.921 (average rate from 1 October 2013 to 30 September 2014). Cash STI also includes a further and final payment of USD63,000 relating to prior loss of STI potential, prior to Mr Friberg becoming a KMP.

[17] This reflects Mr Johns' remuneration as a KMP, effective from 4 November 2013.

The Remuneration Report ('Report') provides a summary of GrainCorp's remuneration policy and practice for FY14 as they relate to GrainCorp KMP. The Report covers:

1. Key Management Personnel (KMP)

This Report details the remuneration of GrainCorp's KMP for FY14. KMP are individuals who have authority and responsibility for the planning, directing and controlling of the activities of GrainCorp. GrainCorp KMP are Directors and Executives, as outlined in the table below.

Name	Position Title	Status	Effective date (if partial year)
Non-executive Directors			
D C Taylor	Chairman	Full year	
R P Dee-Bradbury	Non-executive Director	New appointment	29/09/2014
B J Gibson	Non-executive Director	Full year	
P J Housden	Non-executive Director	Full year	
D J Mangelsdorf	Non-executive Director	Full year	
D G McGauchie	Non-executive Director	Full year	
D B Trebeck	Non-executive Director	Full year	
S L Tregoning	Non-executive Director	Full year	
Executive Directors			
D C Taylor	Executive Chairman and Interim CEO	Changed position	13/01/2014
A M Watkins	MD & CEO	Resigned	31/01/2014
Executives			
A G Bell	Group Chief Financial Officer (CFO)	Full year	
G A Friberg[18]	President and CEO GrainCorp Malt	Full year	
N P Hart[19]	Group General Manager GrainCorp Storage & Logistics	Resigned	3/11/2013
B Ivanoff	Group General Counsel	Full year	
A N Johns[20]	Group General Manager GrainCorp Storage & Logistics	Changed position	4/11/2013
K Pamminger	Group General Manager GrainCorp Marketing	Full year	
S J Tainsh	Group General Manager GrainCorp Oils	Full year	

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 KMP are disclosed in Section 9 of the Report.

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

Changes since the end of the FY14 reporting period
Mr Mark Palmquist commenced as MD & CEO on 1 October 2014; he is therefore not included as KMP for FY14.

[18] Mr Friberg was formally appointed to the role on 5 December 2013. Previously Mr Friberg had acted in this role up until that date.
[19] Mr Hart ceased to be a KMP on 3 November 2013 and his resignation took effect from 6 December 2013.
[20] Mr Johns was in this role in an acting capacity and was formally appointed effective from 4 November 2013.

2. Executive remuneration governance

Remuneration at GrainCorp supports the achievement of corporate objectives by attracting, retaining and rewarding the individuals needed to make the Company successful. The graphic below shows how Executive remuneration decisions at GrainCorp are determined.

Role of the People Remuneration and Nominations Committee (PRNC)
The PRNC assists the Board in fulfilling its governance responsibilities and ensures GrainCorp's remuneration approach aligns with the business strategy and the interests of our shareholders. Detailed information on the PRNC's role, responsibilities and membership can be found in the PRNC Charter (see www.graincorp.com.au) and under Principle 2 of the Corporate Governance Statement.

Mr Taylor, in his role as Executive Chairman, also sits on the PRNC. Mr Taylor did not participate in any Executive incentive plans and was not present during discussions in relation to his own remuneration.

Support from management and external advisors
To ensure the Board is fully informed in its decision making process, the PRNC receives advice from management and the Company's external remuneration advisor, Ernst & Young (EY).

EY's engagement terms include protocols to maintain its independence. Throughout the year, the PRNC and the Board received external advice in relation to market practice of Director and Executive remuneration and incentive plans, and other general remuneration advice.

None of the advice provided during the year by EY included a remuneration recommendation (as defined in the *Corporations Amendment (Improving Accountability on Directors and Executive Remuneration) Act 2011*).

3. Executive Chairman & Interim Chief Executive Officer (CEO) remuneration

During the reporting year, Mr Taylor continued to undertake the responsibilities of Chairman of the Board, and was remunerated as previously disclosed from the NED Fee Pool.

In addition, Mr Taylor relocated to Sydney and assumed an Interim CEO's role, while the search for a new Managing Director & CEO was undertaken.

The Board deemed it prudent for Mr Taylor, while reverting to his Non-executive role as Chairman on 1 October 2014, to remain in Sydney to facilitate a thorough handover considering that Mr Palmquist is new to an ASX listed reporting environment. In particular, Mr Taylor undertook principal responsibility for finalising the FY14 year-end audit and accounts and related investor and market briefings, preparing for the Annual General Meeting and associated tasks. Accordingly Mr Taylor will continue to receive the Interim CEO fees and benefits for these additional commitments until 22 December 2014 on a pro rata basis, which will be reported in the Remuneration Report for financial year 2015 (FY15).

Mr Taylor received the following to reflect his increased responsibilities as Interim CEO:

- Board Chairman fees of $330,000 per annum (paid from the approved aggregate NED fee pool);
- TFR of $660,000 per annum, pro-rated for the duration of time served as Interim CEO; and
- Accommodation expenses due to the requirement to relocate to Sydney while in the role of Interim CEO.

Further details of Mr Taylor's remuneration are provided in Section 9 - KMP remuneration disclosures in detail.

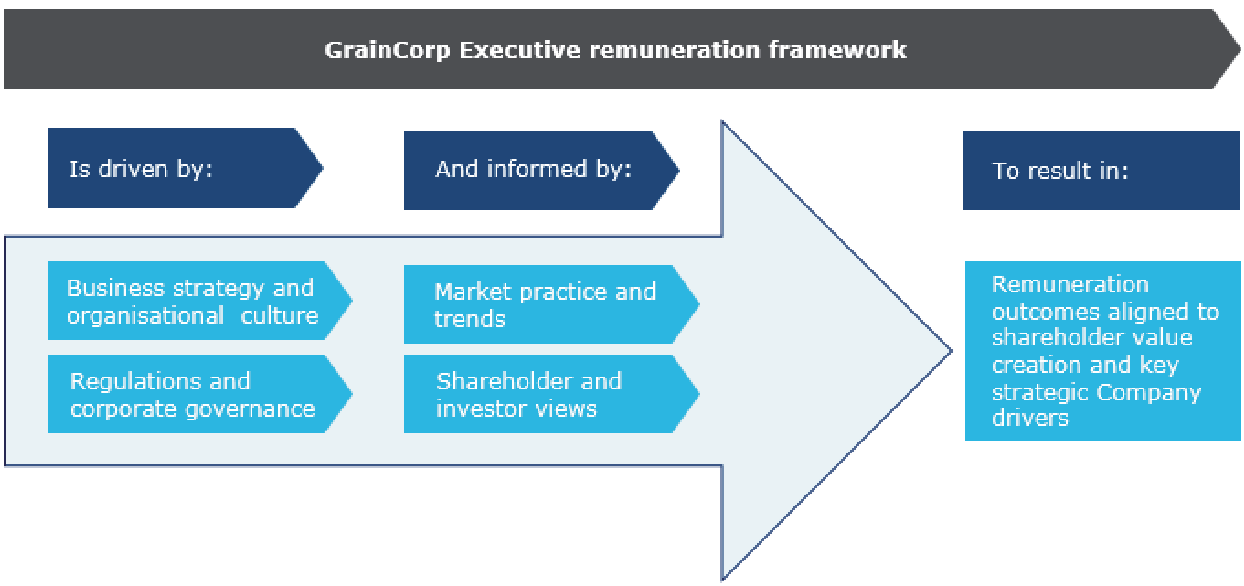
4. Incoming Managing Director & CEO (MD & CEO) remuneration

The remuneration for Mr Palmquist for FY15 is as follows:

Remuneration element	Terms
TFR	$1,200,000
STI target	100% of TFR for achievement of Key Performance Indicators (KPIs).
STI stretch	Up to 150% of TFR for significant outperformance of KPIs.
STI deferral	50% of awarded STI is subject to deferral for one year.
LTI	100% of TFR, granted in the form of performance rights and subject to shareholder approval.
Deferred sign-on payment	Up to $7,200,000 payable on the third anniversary of commencement. The deferred sign-on payment may be forfeited in the event of summary termination, underperformance, unethical or unprofessional business behaviour; or where employment has been terminated and the MD & CEO has subsequently been found to have acted contrary to the interests of GrainCorp. The maximum amount will be reduced by the quantum of TFR paid, STI at target and gross value of LTI, and the Board has discretion over the payment of any residual deferred sign-on element.

5. Executive remuneration framework

GrainCorp's Executive remuneration framework aims to attract, retain and reward high calibre Executives to achieve its business strategy and deliver shareholder value. As outlined in the diagram below, the inputs to the remuneration framework ensure reward elements are aligned to shareholder and Company objectives. Executive performance is assessed against these objectives to ensure focus on the appropriate activities.



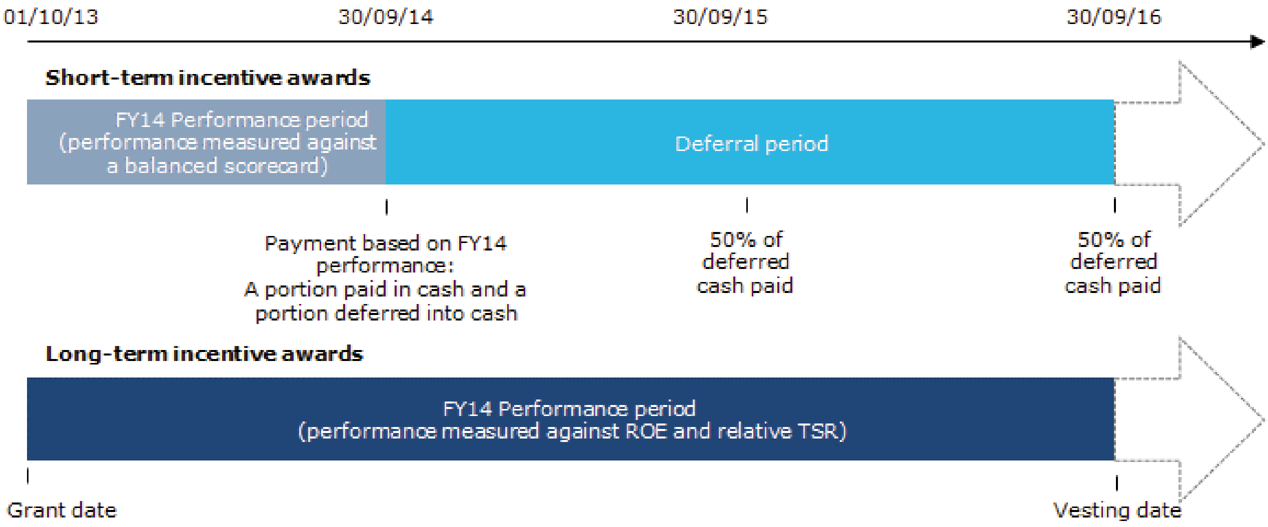
Summary of the Executive remuneration framework and alignment with corporate objectives

GrainCorp's remuneration strategy rewards Executives for the delivery of its business strategy. The diagram below provides an overview of this approach:

Objective	Attract and retain executive talent	Motivate and reward outstanding performance		Align shareholder and executive wealth
Remuneration structure	TFR	"At-risk" remuneration		
		STI		LTI
Remuneration components	Base salary, superannuation contributions and benefits	Annual cash	Deferred cash over two years (one year for incoming MD and CEO)	Performance rights with three year vesting period
Purpose	Reward for role size, complexity, responsibility and competence	Reward for superior annual performance	Reward for retention and performance	Reward for superior long-term performance and retention
Link to strategy	Review against external market benchmarking with increases reflecting value to GrainCorp within market context	Focus on GrainCorp's annual plan. Performance reviewed against individual objectives	Focus on longer term GrainCorp performance	Focus on Return on Equity (ROE) and relative Total shareholder return (TSR) performance

		'At-risk' remuneration			
GrainCorp corporate objectives	**Specific measures**	**STI cash**	**STI deferral**	**LTI award**	**FY14 performance**
Improving shareholder returns	Return on Equity (ROE)			✓	Above target (FY12 to FY14)
	Total shareholder return (TSR)			✓	58.5th percentile (FY12 to FY14)
Managing variability in earnings	Earnings Before Interest and Tax (EBIT)	✓	✓		At target
Delivering growth	Net Profit After Tax (NPAT)	✓	✓		At target
People and organisational capability	Employee engagement and talent management initiatives	✓	✓		Below target
The safety of our people	Lost Time Injury Frequency Rate (LTIFR)	✓	✓		Above target

As noted above, the at-risk components focus on a longer time horizon. The diagram below summarises the timing of 'at-risk' FY14 awards.[21]



Remuneration benchmarking
GrainCorp aims to provide competitive remuneration opportunities measured against comparable companies. The remuneration of Executives is benchmarked to comparable positions by independent remuneration advisors. External market benchmarks are determined with reference to disclosed data from relevant Australian and International listed companies.

Definition of market
In determining the relevant data for comparison, GrainCorp considers ASX-listed companies of similar size and considers the nature of the role in determining the comparator group. For Functional Executive roles, this is comparators within 50% to 200% of GrainCorp's market capitalisation and within 50% to 200% of revenue for Operational Executive roles.

Market positioning policy
GrainCorp's remuneration policy for Executive TFR is to position at around market median, with total remuneration opportunity, through appropriately challenging STI and LTI, providing the opportunity for high performing individuals to earn up to the market 75th percentile. Actual remuneration varies based consideration of individual performance, experience, skills, contribution and the size and complexity of the role.

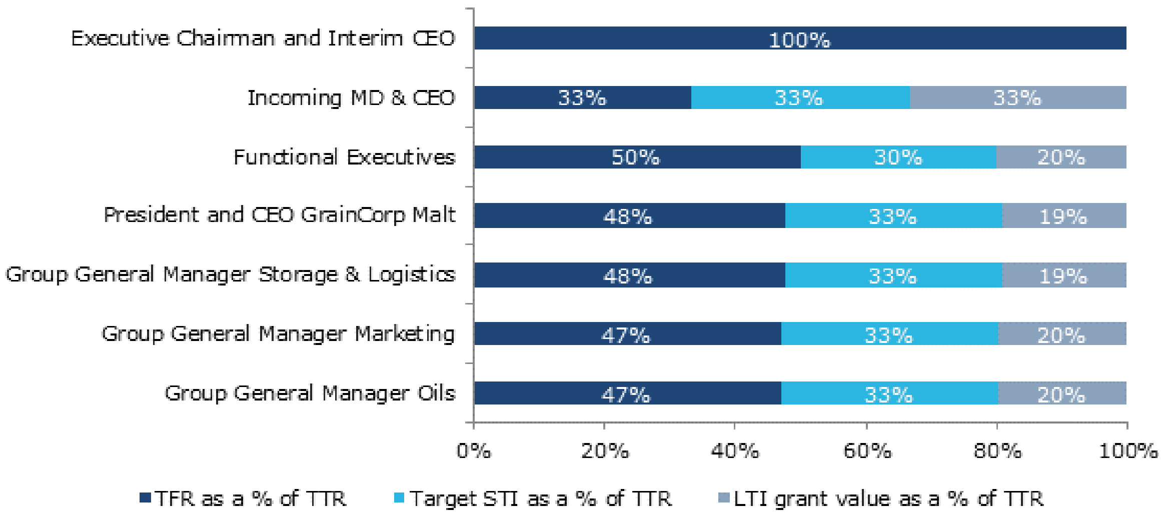
Remuneration mix
Executives receive a mixture of fixed and variable remuneration. The Board considers that a significant portion of Executive remuneration should be 'at-risk' to ensure alignment with the Company's strategic objectives.

The equal emphasis on short and long-term performance (ie through STI and LTI awards) ensures Executives are only rewarded for delivering sustained Company performance, despite the variable nature of the agricultural and food processing industries.

While all Executives have a significant portion of remuneration that is 'at-risk', target remuneration mix typically varies by role. For example, Operational Executives will have a greater proportion of their remuneration opportunity 'at-risk' than Functional Executives.

As 'at-risk' remuneration is tied to the achievement of Company, business unit and individual performance conditions; actual remuneration may vary from the target remuneration opportunity. The graph below summarises the target remuneration mix for Executives. Target remuneration mix is presented as a portion of total target remuneration (TTR) and comprises TFR, target STI opportunity and LTI grant value (ie maximum LTI opportunity).

[21] STI deferral for one year is in place for the incoming MD & CEO.



With reference to the above diagram, the pay mix for Mr Taylor in the role of Executive Chairman and Interim CEO was in the form of TFR only. The above pay mix for the Incoming MD & CEO, therefore relates to Mr Palmquist.

Functional Executives refer to the roles of Group CFO and Group General Counsel.

The pay mix for Group General Manager Marketing excludes the discretionary Marketing Incentive Plan.

The slight variation in pay mix for the Operational Executives, relates to LTI having been set at a slightly lower rate for the President and CEO GrainCorp Malt and the Group General Manager Storage & Logistics (40% of TFR as opposed to 42%), given they were new appointees to these roles.

5.1 STI plan

The STI is an annual 'at-risk' incentive award linked to the achievement of specific financial and non-financial Company, business-unit and individual targets. The STI rewards employees for their contribution to the delivery of annual business goals, as assessed against a balanced scorecard of measures. A summary of the STI terms are outlined in the table below.

Eligibility

- All Executives are eligible for participation in the STI. Other employees are eligible to participate as determined by the Board.

STI opportunity

- STI opportunity for participants is expressed as a percentage of their TFR.
- STI opportunity differs as a function of role and level within the Company.
- 'Target' STI is awarded for achieving on-target performance. Participants have the opportunity to earn up to a 'maximum' capped amount for achieving stretch performance (ie significant out-performance against defined measures).
- Target and maximum STI, expressed as a percentage of fixed remuneration for Executives, are outlined in the table below. There are two core Executive frameworks:
  - Functional Executive framework (STI range of 0-120% of TFR); and
  - Operational Executive framework (STI range of 0-167% of TFR).

Position title	Target STI as a % of TFR	Maximum STI as a % of TFR
Incoming MD & CEO	100%	150%
Functional Executives	60%	120%
Operational Executives	70%	140%
Group General Manager Marketing	70%	167%

Performance measures	• Achievement against Company, business-unit and individual KPIs determines the level of STI payments received by participants. KPIs and targets are determined prior to the start of each year. • KPIs for Executives are approved by the MD & CEO. The MD & CEO's KPIs are approved by the Board. • KPIs are directly linked to GrainCorp's annual goals through a balanced scorecard. Therefore KPIs cover a range of areas including financials; safety, health and environment; customer; people and organisational capability as well as strategic objectives. • The Board's assessment of performance against the balanced scorecard for FY14 is outlined in Section 6.
Timing and delivery	• The financial measure is assessed immediately prior to the release of the Company's financial statements in November. Non-financial measures are assessed as a part of the annual performance review process in September / October. • Following the assessment of performance, the MD & CEO's award will be recommended by the PRNC for Board approval. Executives' awards are recommended by the MD & CEO for PRNC approval. • STI payments to Executives are made in the form of cash, a portion of which is paid in December and a portion deferred.
STI deferral	• 50% of STI award for the incoming MD & CEO which is deferred for one year. • At least 40% for other Executives deferred for two years. • Deferral is in the form of cash.
Vesting of deferred awards	• For the incoming MD & CEO the 50% deferred component is paid 12 months following the initial STI award. • For other Executives the deferred component is paid over two years (ie 50% of the deferred component at the end of year one, and 50% of the deferred component at the end of year two), subject to the participant remaining employed by GrainCorp.
Clawback	• The Board in its discretion may determine that some, or all, of an employee's deferral is forfeited for gross misconduct, material misstatement or fraud.
Cessation of employment	• Subject to Board discretion the deferred component may: – Be forfeited for resignation or termination for cause; and – Be paid in full at their normal payment date for cessation of employment due to redundancy, disability, death or retirement.
Change of control	• The deferred component will be paid in full on change of control, unless the Board determines otherwise.

Marketing Incentive plan (MIP)

The MIP is an annual discretionary incentive plan (separate to the STI) that provides a market competitive reward mechanism to:

- Motivate and reward for exceptional performance within acceptable risk parameters;
- Act as a retention plan; and
- Drive cross-business unit focus to ensure collaboration.

The only eligible KMP is the Group General Manager Marketing (GGM Marketing), with other employees participating at the discretion of GGM Marketing based on their contribution to the performance of this business unit.

Payments are subject to approval by the MD & CEO and the Board. Amounts less than $15,000 are paid in cash, with amounts in excess of this deferred for up to two years and vesting as per STI plan rules. Clawback, cessation of employment and change of control conditions are also as per STI plan rules.

5.2 LTI plan

The LTI is complementary to the STI as it provides a performance-based 'at-risk' remuneration element over a longer time horizon. LTI provides participants the opportunity to be rewarded for shareholder value creation and the achievement of business strategy over the longer term. The table below summarises the main features of the Company's LTI plan.

For the FY14 grant, further detail is provided under FY14 LTI Awards.

Eligibility	• Executive KMP.
Award vehicle	• Awards are made in the form of Performance Rights to GrainCorp shares. Subject to the achievement of the performance measures, Rights convert to GrainCorp shares at the end of the performance period for nil consideration. Each Right entitles the participant to one ordinary GrainCorp share on vesting. Rights do not carry any dividend or voting rights.
LTI opportunity	• LTI opportunities are determined by the Board and expressed as a percentage of TFR. Each participant's LTI opportunity and granted award represents the maximum incentive opportunity under the award. • The number of Rights granted is based on the dollar value of the LTI divided by the volume weighted average price (VWAP) for GrainCorp shares over the 20 trading days following the release of the Company's annual financial results.
Performance measures	• The PRNC annually reviews the appropriateness of performance measures to ensure continued alignment to GrainCorp's business strategy, shareholder value creation and prevailing market practice. Awards are subject to two measures, weighted equally: ROE (50% of the award) and relative TSR (50% of the award). • ROE was selected as it focuses Executives on generating earnings that efficiently use shareholder capital and the reinvestment of earnings. As GrainCorp is asset intensive, improving the performance of its assets is critical to the Company's longer-term strategic objectives. Relative TSR was selected as it focuses Executives on shareholder value creation and is widely accepted and understood by shareholders. Further detail on each measure is provided below.
	ROE • ROE measures how well the Company has used shareholder funds and reinvested earnings to generate additional earnings. ROE is defined as NPAT divided by average shareholders' equity, as determined by the Board from the Company's financial reports. • The three-year ROE hurdle is the average of the three annual ROE targets set by the Board. Annual ROE targets are disclosed retrospectively. The Board believes that setting one-year targets allows the Company to best account for the variability within the agribusiness industry and overlay with near-term capital management objectives. One-year targets enable the Board to better account for the particular production conditions for the forthcoming year. • ROE targets are typically set in November each year. The following factors are considered by the Board in the target-setting process: – Expected earnings for each business area, overlaid with estimated production and market conditions for the forthcoming year (ie harvest volumes, receivals, export demand, malt contract sales, local and government trading environments and industry and climatic conditions); – External analysts' views of GrainCorp's performance; – External market forecasts (eg from the Australian Bureau of Agricultural Resource Economics and Sciences and Australian Crop Forecasters); – Capital investment strategy for the forthcoming year; and – Historical ROE performance. • The proportion of Rights that may vest based on ROE performance across the performance period will be determined by the Board, based on the following vesting schedule.

ROE performance	Percentage of ROE-tested rights to vest
Below minimum of target range	Nil
At minimum of target range	50%
Within target range	Straight line between 50% and 100%
At maximum of target range and above	100%

Relative TSR

- TSR measures the percentage change in a Company's share price, plus the value of dividends received during the period, assuming that all those dividends are re-invested into new shares.
- GrainCorp's TSR is measured relative to a peer group of 100 ASX-listed companies (ie 50 companies above, and 50 companies below GrainCorp's market capitalisation ranking).
- TSR performance is measured over three financial years (eg for the FY15 LTI grant this will be from 1 October 2014 to 30 September 2017).
- TSR for GrainCorp and comparator companies is based on the change in share price between the 12-month average share price up to (but not including) the start of the performance period and the 12-month average share price up to (and including) the end of the performance period plus dividends reinvested. This approach was amended for the FY14 LTI as outlined under the FY14 LTI award section.
- A 12-month averaging period is longer than market norms. The purpose of the longer period is to minimise the impact of share price volatility that is characteristic of an agribusiness that is dependent on climate and the external environment.
- The proportion of rights that may vest based on TSR performance across the performance period is measured by an independent consultant and approved by the PRNC and Board, based on the following vesting schedule.

Relative TSR (percentile ranking)	Percentage of TSR-tested rights to vest
At or below the 50th percentile	Nil
Above the 50th and below the 75th percentile	Straight line between 50% and 100%
At or above the 75th percentile	100%

Performance period and testing

- The performance period is three financial years, with no re-testing. A three-year performance period is:
  - Supportive of prevailing market practice;
  - Allows for the measurement of sustained long-term performance; and
  - Aligned to the strategic business plan.
- ROE and TSR hurdles are tested at the end of the performance period.

Cessation of employment

- Subject to Board discretion:
  - Rights are forfeited for resignation and termination for cause; and
  - Rights are pro-rated for the portion of the performance period served and vest at the normal vesting date for cessation of employment due to redundancy, disability, death or retirement.

Change of control

- Deferred Rights vest in full on change of control, unless the Board determines otherwise. Rights that do not vest on change of control will lapse.

Hedging of unvested equity awards

Executives cannot sell, transfer or otherwise deal with their Rights (for example, by using them as security for a loan). Executives may sell, transfer or deal with any shares received on vesting of their Rights subject to compliance with GrainCorp's Share Trading Policy.

FY14 LTI awards

As detailed in the FY13 Remuneration Report, the Board suspended the operation of the LTI plan for FY14 while the Company was subject to a takeover bid by ADM as the Board did not believe it was an appropriate time to grant an LTI which would potentially have been quickly subject to change of control provisions.

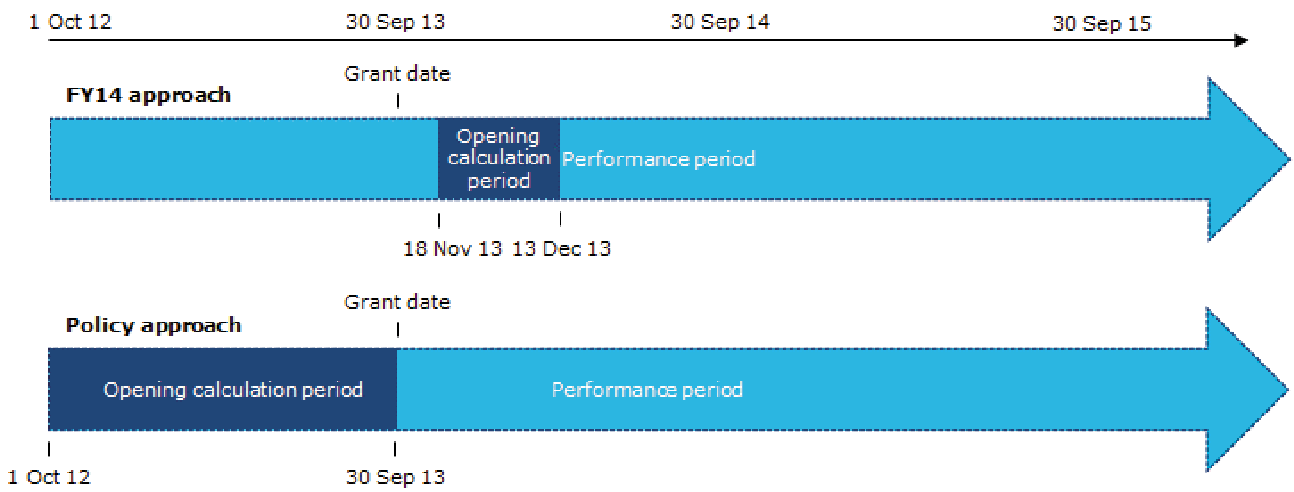
The Board applied a 50% conversion rate for LTI opportunity into STI. Thus for every one dollar of LTI opportunity, 50 cents was added to the existing STI opportunity for Executives. The maximum achievement of STI for any given Executive would therefore have equated to a maximum grant of LTI.

Following the rejection of the ADM bid by the Federal Treasurer on 29 November 2013 and as discussed at the 25 February 2014 AGM, the Board determined that the increased STI opportunity would be converted back to an equity-based LTI award.

The rationale for converting awards back to an equity based LTI was to align Executive and shareholder interests. The table below summarises the conversion methodology of the STI opportunity into equity. All other aspects of the LTI plan are consistent with the policy approach set out above.

Relative TSR calculation methodology	•	TSR for GrainCorp and comparator companies are calculated as the 12-month average share price up to (but not including) the start of the performance period (opening calculation period) and the 12-month average share price up to (and including) the end of the performance period.
	•	To ensure LTI awards neither advantaged nor disadvantaged Executives, the TSR start average period used for the FY14 grant was consistent with the approach in determining the number of rights granted.
	•	The TSR start average (opening calculation period) used was the 20-trading day VWAP following the release of GrainCorp's 2013 financial results (ie $9.02).
	•	This approach mitigated the effect of both the premium to share price of the ADM offer and subsequent impacts on share price post the Treasurer's announcement.
	•	Using a 12-month averaging period would have yielded a higher VWAP of $11.80 (ie 1 October 2012 to 30 September 2013) which would incorporate a premium resulting from the ADM bid. Using a higher base line would significantly reduce the probability of vesting for the TSR portion of FY14 awards when performance is measured in FY16.
	•	This approach is different for FY14, than our policy of using a 12-month averaging period.
	•	If this approach was adopted GrainCorp would be granting awards with limited probability of vesting. In addition to the diminutive incentive impact of awards, GrainCorp would effectively be expensing awards that are unlikely to deliver any value.[22]
LTI Opportunity	•	The number of Rights granted was based on the dollar value of the LTI divided by the VWAP for GrainCorp shares over the 20 trading days, in this case $9.02.

The diagram below summarises the change made to the opening calculation period (TSR start average share price) for the FY14 grant:



[22] Noting that the accounting expense for 'market-based' hurdles such as TSR cannot be reversed per AASB2.

6. Company performance and incentive plan outcomes

Performance against balanced scorecard of measures in FY14

The table below summarises GrainCorp's performance against the FY14 balanced scorecard of measures (as determined by the Board), and how performance translates to individual payment outcomes for Executive KMP.

KPI	Performance measure	Overall performance
Financial		
NPAT	Achieve net profit after tax ('NPAT') budget.	At target
Safety, Health and Environment (SHE)		
Zero harm and zero fatalities	Improve Lost time Injury Frequency rate (LTIFR) on prior year and zero fatalities.	Above target
Implement lead safety KPIs	Implement lead safety KPIs as identified in global SHE plan.	At target
Delivery on personal initiatives	Discretionary assessment by Interim CEO.	Above target
Customer		
Operational performance and ensuring emphasis on major customer groups	Combined measures between Marketing and Storage & Logistics. Delivery against identified KPIs for GrainCorp Malt and Oils. Typically measures around improvements in site availability/efficiency and customer satisfaction.	Above target
People & Organisational Capability		
Employee engagement	Improvement on 2013 engagement outcome.	Below target
Develop talent	Develop talent and identify successors for critical roles.	Above target
Strategic		
Achievement of strategic milestones	Delivery of strategic initiatives aimed at improving competitive position and operational efficiencies.	Above target
Regulation & External		
Regulatory framework	Discretionary assessment by Interim CEO informed via relevant internal/external stakeholder feedback.	Above target

Additional commentary is provided below:

Financial:

- GrainCorp NPAT achieved an At target result, lower than expected grain volumes within the system offset by strong performance of the Malt business.
- GrainCorp Storage & Logistics was affected by below average grain carry-in, lower grain throughput and lower grain receivals than in the previous year. A smaller crop and increased demand from domestic end users substantially limited the amount of grain available for export. Overall financial results were below target.
- GrainCorp Marketing also delivered below target outcomes for FY14, due to lower availability of grain and significant competition for grain in Eastern Australia, which was offset by increased volumes from South Australia and Western Australia.
- GrainCorp Malt delivered an above target EBIT outcome due to earnings reflecting continued high capacity utilisation. This result was boosted by improvement in operational and sustainability practices as well as a favourable foreign exchange translation impact on earnings.
- GrainCorp Oils delivered an at-target result in its second year, delivering higher crushing volumes than previous year and continued high capacity and utilisation for bulk liquid terminals; it was offset by lower refined volumes due to reduced customer demand.
- Allied Mills delivered $9.6m earnings due to contributions from value add product initiatives. This was offset by challenging milling market conditions.
- GrainCorp ROE delivered a result of 5.4%, with a three year average of 10.0%, as we continue to focus on improving the performance of our assets. GrainCorp has achieved a TSR over the past three years of 44%.
- GrainCorp declared a final year fully franked dividend of 5 cents per share, in addition to paying a fully franked interim dividend of 15 cents per share.

The table below summarises overall Company performance over the five financial years to 30 September 2014.

Year ended 30 September	NPAT ($M)	Basic earnings per share (cents)	Total dividends per share (cents)	Closing share price ($)	LTIFR (%)
2014	50	22.0	20	8.55	7.0
2013	141	61.9	45	12.35	10.7
2012	205	102.6	65	8.96[23]	11.9
2011	172	86.2	55	7.20	14.5
2010	80	39.6	30	7.24	11.7

Safety, Health and Environment:

- GrainCorp reduced its LTIFR by 34% during FY14, which was better than the outperformance target set (30% reduction in LTIFR).
- There continues to be good progress on lead indicators and improvement initiatives across the Company in safety. These include significant risk reviews, line leadership reviews and proactive hazard, near miss reporting, toolbox talks and rollout of e-learning and behavioural programmes.
- During 2014, external energy audits were conducted across the GrainCorp Oils business, as well as implementation of energy efficiency requirements in construction project design. Benchmarking of electricity and gas usage across global GrainCorp Malt was undertaken to set efficiency targets at various facilities.
- A number of operational excellence initiatives with sustainability benefits were implemented across various GrainCorp Malt sites, eg fitting out of sites with energy, gas and water monitoring software to enable better site management through analysis of real time data.

Customers:

- GrainCorp Storage & Logistics was substantially constrained by lower amounts of grain from a reduced crop, with throughput of 15.7 million metric tonnes (mmt), compared with 23.8 mmt in the prior year; similarly grain exports were subdued at 4.4 mmt relative to the previous year's 8.3 mmt.
- GrainCorp Marketing sold 6.2 mmt (2.3 mmt domestic and 3.9 mmt internationally), reflecting lower grain availability and significant grain competition in Eastern Australia. This was partially offset by increased volumes from South and Western Australia.
- GrainCorp Malt's global customers continue to show strong capacity utilisation. This business' reputation as a producer of quality malt and exposure in the craft beer and distilling sectors, being particularly attractive to customers.
- GrainCorp Oils has integrated well with the broader Company. A $125 million investment to strengthen the business' Australian edible oils manufacturing operations is underway to create a hub within Victoria much closer to important oilseed growing regions.

People and organisational capability:

- During the past 12 months, employee engagement as measured by Aon Hewitt's engagement survey was 59%, slightly below the previous year's result of 60%. In view of the distraction caused by the attempted takeover, this result was not surprising. The GrainCorp Leadership Group's (the Company's 90 most senior leaders) engagement score was 88%.
- GrainCorp has continued to invest in the development of senior leaders and talent across the Company. Enhancements have been made to existing talent programmes such as 'Emerging Leaders' with coaching and mentoring initiatives being undertaken.

Strategic:

- Project Regeneration (the largest capital investment in rail loading capability in the company's history at $200m) is underway. The investment will transform the GrainCorp Storage & Logistics business, by reshaping the country network, providing end-to-end export logistics, improving rail loading efficiency and speeds and localising cluster operations.
- A range of asset optimisation initiatives were undertaken across the various businesses. GrainCorp Malt initiatives sought to maximise operating plant quality, minimise costs and increase volumes. GrainCorp Oils further integrated and aligned its processes/systems with the broader GrainCorp framework.
- GrainCorp Marketing completed deployment of its global trading and risk management platform.

Regulation and external:

- Within GrainCorp Storage & Logistics, deregulation of Newcastle Port was achieved. The Australian Competition and Consumer Commission is subjecting this port to a lower level of regulation within the Ports Mandatory Code of Conduct, in light of the highly competitive environment for port service providers.

[23] Share price for Monday 1 October 2012.

STI performance outcomes for Executive KMP[24]

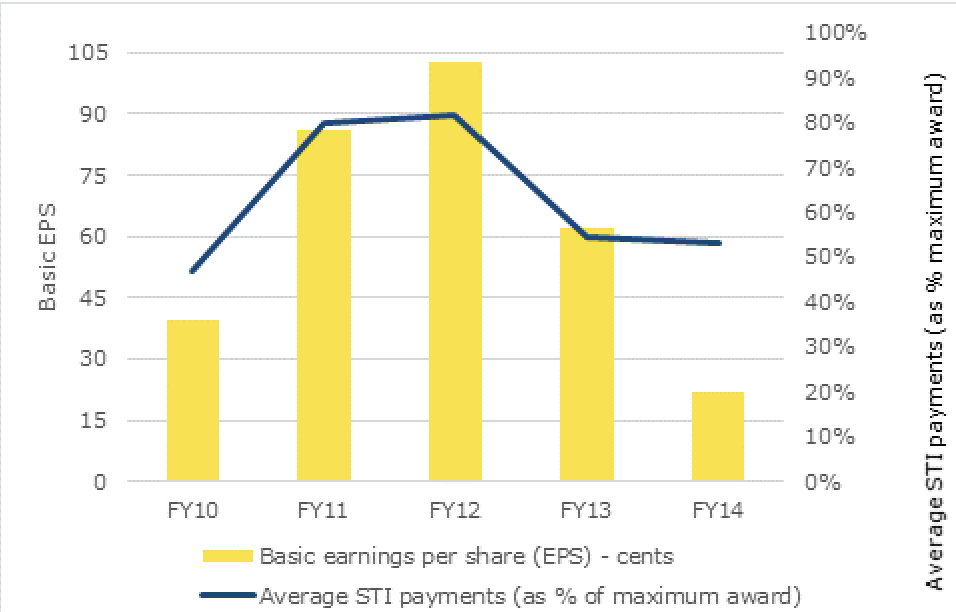
The table below summarises the actual STI outcomes for GrainCorp's Executive KMP in FY14. Within this table, maximum outperformance is represented at 100% and 50% represents target performance.

In what has been a demanding year for the company, STI payments to Executives ranged from 'Below target' to 'Above target'.

Name	Actual STI awarded as a % of target STI	Actual STI awarded ($'000s)	Amount paid in cash ($'000s)	Amount deferred ($'000s)	STI awarded as a % of maximum STI	STI forfeited as a % of maximum STI
Executive Directors						
A M Watkins[25]	175%	1,050	525	525	44%	56%
Executives						
A G Bell	99%	334	196	138	49%	51%
G A Friberg[26]	140%	452	266	186	70%	30%
N P Hart[27]	-	-	-	-	-	-
B Ivanoff	126%	306	180	126	63%	37%
A N Johns	88%	280	165	115	44%	56%
K Pamminger[28]	93%	458	181	277	39%	61%
S J Tainsh	108%	378	222	156	54%	46%

Relationship between STI outcomes and Company performance[29]

The following graph shows the longer term relationship between Executive remuneration and GrainCorp performance. The table shows close correlation between Executive KMP STI payments and basic earnings per share over the past five years.



[24] The information in this table is different from the statutory disclosures in Section 9 of this report, with the difference being the value of Amount deferred. The remuneration values in Section 9 are based on the accounting standards principle of accrual accounting and do not necessarily reflect the amount of remuneration an Executive actually realises in a given year.

[25] Ms Watkins was awarded (at board discretion) a pro-rated incentive for the 2014 performance year, the deferred component of $525,000 was forfeited on resignation.

[26] Mr Friberg's Actual STI awarded excludes those items that relate to his remuneration arrangements prior to becoming a KMP. These were a retention payment of USD167,254 relating to post acquisition of the Malt business by GrainCorp and a USD63,000 payment relating to prior loss of STI potential following the realignment of Malt variable incentives to the GrainCorp incentive framework (paid October 2013 and December 2013 respectively). A further and final payment of USD63,000 relating to prior loss of STI potential will be paid in December 2014. These amounts total AUD318,417 based on a conversion rate from USD to AUD of 0.921 (average rate from 1 October 2013 to 30 September 2014).

[27] Mr Hart was not awarded a FY14 STI.

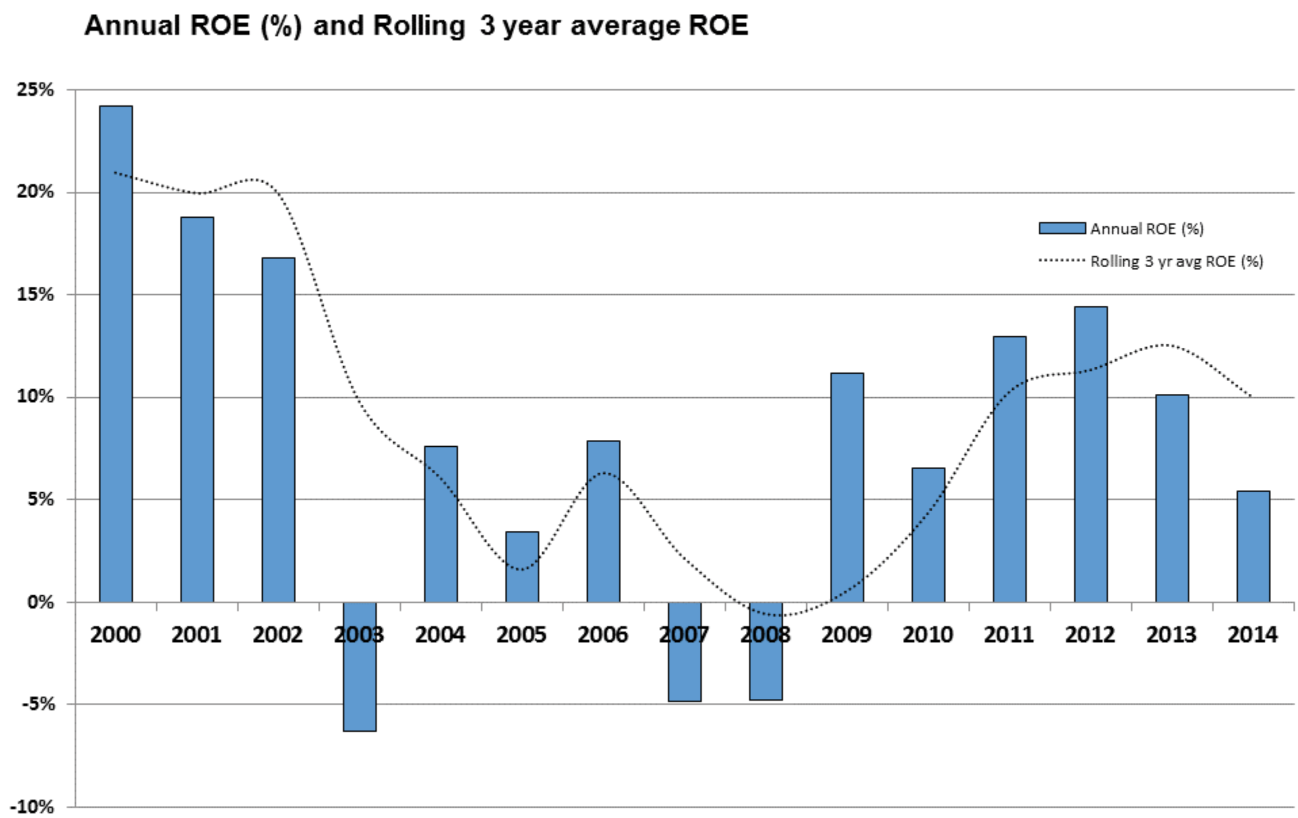
[28] Mr Pamminger's Actual STI awarded includes a deferred AUD150,000 under the MIP, which is excluded from the percentage calculations.

[29] FY14 average STI payments reflect Executive KMP as at 30 September 2014.

Performance against relative TSR and ROE measures in FY14
The table below summarises the performance of the 2011 and 2012 LTI plans, set against potential vesting implications for 2013 and 2014 LTI plans if current performance levels are maintained or exceeded.

	2011 LTI plan	2012 LTI plan	2013 LTI plan	2014 LTI plan
Grant date	28 February 2011 and 30 March 2011	16 February 2012	21 December 2012	2 May 2014
Vehicle	Performance rights/equity	Performance rights/equity	Deferred Cash	Performance rights/equity
Performance measures	ROE and relative TSR	ROE and relative TSR	ROE and relative TSR	ROE and relative TSR
Relative TSR performance	97.0th percentile	65.7th percentile	Tested at end of three year performance period (30 September 2015)	Tested at end of three year performance period (30 September 2016)
ROE performance	Above maximum	Above maximum	Tested at end of three year performance period (30 September 2015)	Tested at end of three year performance period (30 September 2016)
Potential vesting implications	100% vested	83% vested	Vesting based on TSR and ROE is not tested until 30 September 2015	Vesting based on TSR and ROE is not tested until 30 September 2016
Vesting date	30 September 2013	30 September 2014	30 September 2015	30 September 2016

The graphic below outlines annual ROE performance since 2000.



7. Summary of employment contracts and termination payments

Employment contracts

GrainCorp's Executive KMP are employed by GrainCorp Operations Limited under common law contracts with no fixed term. Contracts may be terminated at any time, provided that the notice period is given. The table below outlines the employment terms for the new MD & CEO's contract, along with other Executive KMP.

Service agreement	Notice period	Termination entitlement[30]	Treatment of deferred STI on cessation of employment	Treatment of LTI on cessation of employment
MD & CEO	Six months	Six months severance	Subject to Board discretion: • Resignation, dismissal for cause or poor performance or other circumstances determined by the Board to constitute a 'Bad Leaver': unvested rights immediately lapse. • For reasons other than a 'Bad Leaver' (redundancy, disability, death or retirement - 'Good Leaver'): unvested rights are retained	Subject to Board discretion: • Resignation, dismissal for cause or poor performance or other circumstances determined by the Board to constitute a 'Bad Leaver': unvested rights immediately lapse. • For reasons other than a 'Bad Leaver' ('Good Leaver'): a pro-rata amount of unvested rights (based on proportion of performance period employed) are retained and all other rights lapse.
Other Executives	Three to six months[31]	Not in excess of 52 weeks total base salary		

Executive movements and termination payments

Termination payments are determined by GrainCorp's policy and contractual entitlements in place for employees ceasing employment with the Company.

Ms Watkins resigned as MD & CEO in January 2014 and no termination payments were received by Ms Watkins. The Board did use its discretion to award her a pro-rated payment in recognition of her performance during FY14, as well as pro-rated vesting of historical deferred equity arrangements. These amounts totalled $938,667. The Board determined that these arrangements were appropriate in light of Ms Watkins' management contribution and exceptional performance throughout the ADM takeover offer period.

With Ms Watkins' departure, Mr Taylor assumed the role of Executive Chairman and Interim CEO from 13 January 2014. To ensure a seamless transition to Mr Palmquist, Mr Taylor will continue in an interim capacity until the completion and announcement of the Annual Results and Annual General Meeting on 18 December 2014, at which point he will revert solely to his position of Board Chairman.

Mr Hart's employment contract concluded on 6 December 2013. His final arrangements included a number of remuneration items relating to his service that vested prior to his departure (including FY10 Restricted Share Plan, FY11 and FY12 deferred STI awards and the FY11 LTI award).

[30] This reflects termination payments in the event of retrenchment. Company initiated termination with cause requires no notice.

[31] For Other Executives, if the Company deems that an individual's performance has fallen below the required standard, notice period is four weeks minimum up to a maximum of eight weeks.

8. Non-executive Director (NED) fees framework

Approach to setting NED fees
GrainCorp's NED fee policy is designed to attract and retain high calibre individuals who can discharge the roles and responsibilities required in terms of good governance, strong oversight, independence and objectivity. NEDs receive fees only and do not participate in any performance-related incentive awards.

The PRNC regularly reviews NED fee arrangements, which includes periodical benchmarking against companies of similar size and complexity to GrainCorp to represent the broad range of skills and experience required.

NED fees are paid from an aggregate annual fee pool of $1.5 million (including Superannuation contributions), as approved by shareholders at the 2012 AGM. In FY14 GrainCorp utilised 83% of the approved fee pool.

With GrainCorp's diversifying business operations, especially internationally, there is a need that the Board contains a broader knowledge and skills base.

To ensure there is sufficient headroom to support future growth, approval will be sought at the December 2014 AGM to increase the aggregate fee pool by $500,000, to total $2,000,000 (including superannuation contributions). This will provide the capacity for the appointment of additional NEDs, in addition to providing flexibility around fee arrangements and committee structures.

NED fee structure
NED fees comprise a base fee plus a fee for participation in Board Committees (ie Committee membership or Chairmanship). The Board Chairman (excluding his recent additional Interim CEO responsibilities) receives a higher fee to reflect the additional time commitment and responsibilities required of the role, but does not receive any additional fees for participation in Board Committees.

The table below outlines the Board and Committee fees payable to NEDs for the year ended 30 September 2014. With the exception of the fee policy for the Board Chairman, compulsory Superannuation contributions are paid in addition to fees set out below.

Board fees		FY14 fees ($)
Board		
Non-executive Chairman		330,000
NEDs		114,000
Board Committees		
Board Audit Committee	Chairman	27,100
	Member	10,900
People, Remuneration and Nominations Committee	Chairman	20,000
	Member	10,900
Business Risk Committee	Chairman	20,000
	Member	10,900
Safety, Health, Environment & Governance	Chairman	20,000
	Member	10,900

9. KMP (Executive and NED) remuneration disclosures in detail

Statutory remuneration disclosures

Remuneration for KMP for FY14 and FY13 is shown in the tables below.

		Short-term benefits			Post-employment		Other long-term benefits[32]			
	Year	Base salary and fees $'000	Non-monetary benefits $'000	STI cash[33] $'000	Superannuation benefits $'000	Termination benefits $'000	STI deferral[34] $'000	LTI awards $'000	Long service leave $'000	Total $'000
Executives										
A G Bell	**2014**	**541**	**5**	**196**	**18**	**-**	**150**	**62**	**10**	**982**
	2013	519	5	215	17	-	154	132	9	1,051
G A Friberg[35]	**2014**	**462**	**20**	**584**[36]	**6**	**-**	**117**	**24**	**-**	**1,213**
	2013	99	5	35	1	-	19	-	-	159
B Ivanoff[37]	**2014**	**376**	**-**	**180**	**28**	**-**	**124**	**42**	**7**	**757**
	2013	-	-	-	-	-	-	-	-	-
A N Johns[38]	**2014**	**422**	**15**	**165**	**25**	**-**	**116**	**46**	**19**	**808**
	2013	153	5	81	11	-	64	41	7	362
K Pamminger	**2014**	**440**	**-**	**181**	**27**	**-**	**347**	**11**	**8**	**1,014**
	2013	407	-	317	25	-	345	45	7	1,146
S J Tainsh	**2014**	**465**	**5**	**222**	**30**	**-**	**194**	**56**	**8**	**980**
	2013	476	5	274	27	-	288	118	13	1,201
Former Executives										
N P Hart[39]	**2014**	**132**	**3**	**-**	**5**	**-**	**29**	**(24)**	**-**	**145**
	2013	458	10	150	25	-	120	121	13	897
S A Haydon	**2014**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2013	374	15	247	27	-	76	187	-	926
H L Miles	**2014**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2013	476	14	292	20	428	102	247	8	1,587
A M Watkins[40]	**2014**	**409**	**11**	**939**	**6**	**-**	**(305)**	**(846)**	**-**	**214**
	2013	1,151	39	732	17	-	707	853	20	3,519
Total	**2014**	**3,247**	**59**	**2,467**	**145**	**-**	**772**	**(629)**	**52**	**6,113**
	2013	**4,113**	**98**	**2,343**	**170**	**428**	**1,875**	**1,744**	**77**	**10,848**

[32] The value of STI deferral and LTI awards 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.

[33] The accounting value of short term incentive deferred share rights / deferred cash is reflected in the 'STI deferral' column.

[34] Also includes the final equity grant for the legacy Retention Share Plan.

[35] Appointed to KMP role 1 July 2013. Amounts converted from USD to AUD at the rate of 0.921 for 2014 (average rate from 1 October 2013 to 30 September 2014) and 1.004 for 2013 (average rate from 1 October 2012 to 30 September 2013).

[36] Includes a retention payment for Mr Friberg of USD167,254 related to post acquisition of the Malt business by GrainCorp and a USD63,000 payment relating to prior loss STI potential following the realignment of Malt variable incentives to the GrainCorp incentive framework (paid October 2013 and December 2013 respectively). A further and final payment of USD63,000 relating to prior loss of STI potential will be paid in December 2014. These amounts came to a total of AUD318,417 based on a conversion rate from USD to AUD of 0.921 (average rate from 1 October 2013 to 30 September 2014).

[37] Appointed to KMP role 1 October 2013.

[38] Mr Johns re-commenced as KMP effective 4 November 2013. For the 2013 year Mr Johns was KMP up to 25 February 2013.

[39] Ceased KMP role on 3 November 2013 and resignation took effect from 6 December 2013.

[40] On 31 January 2014, Ms Watkins ceased employment with the Company. Ms Watkins' final payments received during the 2014 financial year included a pro-rated 2014 STI as well as pro-rated portions of previous deferred cash for the 2012 and 2013 STI and all unvested LTI awards were forfeited.

Interim CEO and NED remuneration

The following table sets out the financial year 2014 remuneration for Mr Taylor in his role as Executive Chairman & Interim CEO.

Interim CEO	Year	Base salary and fees $'000	Superannuation benefits $'000	Total $'000
D C Taylor - Interim CEO[41]	2014	512	21	533
D C Taylor - Chairman	2014	312	18	330
	2014	**824**	**39**	**863**

The following table sets out the financial year 2014 remuneration for the Executive Chairman and Non-executive Directors.

Interim CEO and NEDs	Year	Base salary and fees $'000	Superannuation benefits $'000	Total $'000
D C Taylor[42]	**2014**	**312**	**18**	**330**
	2013	314	16	330
R Dee-Bradbury[43]	**2014**	**-**	**-**	**-**
	2013	-	-	-
B J Gibson[44]	**2014**	**140**	**13**	**153**
	2013	136	12	148
P J Housden	**2014**	**141**	**13**	**154**
	2013	141	13	154
D J Mangelsdorf	**2014**	**145**	**14**	**159**
	2013	145	13	158
D G McGauchie[45]	**2014**	**132**	**12**	**144**
	2013	134	12	146
D B Trebeck[46]	**2014**	**142**	**13**	**155**
	2013	141	13	154
S L Tregoning	**2014**	**136**	**13**	**149**
	2013	136	12	148
Total	**2014**	**1,148**	**96**	**1,244**
	2013	1,147	91	1,238

[41] Mr Taylor's arrangements as Interim CEO also included accommodation costs to the value of $84,054, furthermore interim remuneration and accommodation costs are not sourced from the NED pool.

[42] Mr Taylor's fees as Chairman are also included in this table as they are paid from the approved aggregate NED fee pool.

[43] Ms Dee-Bradbury commenced on 29 September 2014, however no payments were received within FY14.

[44] Ms Gibson assumed Chair of the Safety, Health, Environment and Governance Committee effective 26 March 2014.

[45] Mr McGauchie ceased to be Chair of the former Human Resources Committee (now incorporated within the PRNC) from 26 March 2014. Remuneration includes an additional $2,543 relating to the handover period to Mr Trebeck.

[46] Mr Trebeck assumed Chair of the PRNC effective 26 March 2014.

Movement of rights held during the reporting period

Details of the movement in performance rights in the Company, during the reporting period are detailed in the table below.

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
Executives						
A G Bell	45,280	25,055	20,971	-	49,364	20,140
G Friberg	5,588	20,618	5,588	-	20,618	-
B Ivanoff	41,686	17,960	25,684	-	33,962	13,257
A N Johns	53,304	22,173	34,420	-	41,057	15,645
K Pamminger	29,590	22,118	29,590	-	22,118	-
S J Tainsh	80,120	23,282	58,182	-	45,220	18,175
Former Executives						
N P Hart[47]	60,072	-	37,219	6,349	16,504	13,673
A M Watkins[48]	330,859	-	200,965	129,894	-	-

Number and value of rights granted, vested and forfeited under the deferred STI and LTI awards

Details of the rights granted as remuneration and held, and vesting profile as at 30 September 2014 for each Executive director and Executive is presented in the table below. Rights are granted for nil consideration (ie zero exercise price) and automatically vest following performance testing (ie do not need to be exercised).

No performance rights vest if the conditions are not satisfied, hence minimum value 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.

	Equity granted						Vested in the year		
	Plan	Number of rights	Grant date	Fair value at grant $'000	Financial year in which rights may vest	Maximum fair value yet to vest $'000	Vested in the year (%)	Forfeited in the year (%)	Number of ordinary shares
Executives									
A G Bell	LTI 2014	25,055	02-May-14	138	2016	109	-	-	-
	LTI 2012	24,309	16-Feb-12	153	2014	-	83%	17%	20,140
G A Friberg	LTI 2014	20,618	02-May-14	114	2016	90	-	-	-
B Ivanoff	LTI 2014	17,960	02-May-14	99	2016	78	-	-	-
	LTI 2012	16,002	16-Feb-12	101	2014	-	83%	17%	13,257
A N Johns	LTI 2014	22,173	02-May-14	122	2016	96	-	-	-
	LTI 2012	18,884	16-Feb-12	119	2014	-	83%	17%	15,645
K Pamminger	LTI 2014	22,118	02-May-14	122	2016	96	-	-	-
S J Tainsh	LTI 2014	23,282	02-May-14	128	2016	101	-	-	-
	LTI 2012	21,938	16-Feb-12	138	2014	-	83%	17%	18,175
Former Executives									
N P Hart	LTI 2012	22,853	16-Feb-12	144	2014	-	60%	40%	13,673
A M Watkins	LTI 2012	129,894	16-Feb-12	820	2014	-	-	100%	-

[47] Ceased as KMP on 3 November 2013.

[48] Ceased as KMP on 31 January 2014.

Value of deferred cash awarded, vested and forfeited under the deferred STI and LTI awards

Details of the deferred cash awarded as remuneration and vesting profile as at 30 September 2014 for each Executive is presented in the table below.

No deferred cash awards vest if the conditions are not satisfied, hence minimum value 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.

		Deferred cash awarded					
	Plan	Value of deferred cash awarded $'000	Financial year awarded	Period of vesting	Maximum value yet to vest $'000	Vested in the year (%)	Forfeited in the year (%)
Executives							
A G Bell	DEP 2014	138	2015	2015 and 2016	80	-	-
	DEP 2013	151	2014	2014 and 2015	25	50%	-
	DEP 2012	176	2013	2014	-	50%	-
	LTI 2013	220	2013	2015	183	-	-
G A Friberg	DEP 2014	186	2015	2015 and 2016	109	-	-
	DEP 2013	58	2014	2014 and 2015	10	50%	-
	DEP 2012	92	2013	2014	-	50%	-
B Ivanoff	DEP 2014	126	2015	2015 and 2016	74	-	-
	DEP 2013	127	2014	2014 and 2015	21	50%	-
	DEP 2012	112	2013	2014	-	50%	-
	LTI 2013	150	2013	2015	125	-	-
A N Johns	DEP 2014	127	2015	2015 and 2016	74	-	-
	DEP 2013	124	2014	2014 and 2015	21	50%	-
	DEP 2012	141	2013	2014	-	50%	-
	LTI 2013	172	2013	2015	143	-	-
K Pamminger	DEP 2014	277	2015	2015 and 2016	162	-	-
	DEP 2013	462	2014	2014 and 2015	77	50%	-
	DEP 2012	232	2013	2014	-	50%	-
	LTI 2013	179	2013	2015	149	-	-
S J Tainsh	DEP 2014	156	2015	2015 and 2016	91	-	-
	DEP 2013	192	2014	2014 and 2015	32	50%	-
	DEP 2012	293	2013	2014	-	50%	-
	LTI 2013	210	2013	2015	175	-	-
Former Executives							
N P Hart[49]	DEP 2013	-	-	-	-	-	-
	DEP 2012	174	2013	2014	-	50%	-
	LTI 2013	210	2013	2015	61	-	61%
A M Watkins[50]	DEP 2013	732	2014	2014	-	25%	75%
	DEP 2012	692	2013	2014	-	67%	33%
	LTI 2013	1,200	2013	N/A	-	-	100%

[49] Mr Hart forfeited the deferred component of his 2013 STI upon resignation.

[50] Ms Watkins was paid a pro-rated portion of historical deferred STI upon resignation at board discretion.

Shares held by Directors and Executives

The Directors and other KMP have a relevant interest in the following number of shares in the Company as at the date of this report:

Name	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
Non-executive Directors				
D C Taylor	34,859	-	10,000	44,859
R P Dee-Bradbury	-	-	-	-
B J Gibson	-	-	-	-
P J Housden	8,084	-	-	8,084
D J Mangelsdorf	15,528	-	-	15,528
D G McGauchie	88,957	-	-	88,957
D B Trebeck	70,637	-	5,000	75,637
S L Tregoning	14,465	-	-	14,465
Executives				
A G Bell	8,056	20,971	-	29,027
G Friberg	5,589	5,588	-	11,177
B Ivanoff[51]	12,962	25,684	(37,000)	1,646
A N Johns[52]	19,227	34,420	(34,420)	19,227
K Pamminger	86	29,590	(29,676)	-
S J Tainsh	45,037	58,182	(103,155)	64
Former Executives				
N P Hart[53]	49,574	37,219	(86,793)	-
A M Watkins[54]	98,281	200,965	(299,246)	-

D C Taylor
Chairman

Sydney
13 November 2014

[51] Commenced as KMP 1 October 2013.
[52] Commenced as KMP 4 November 2013.
[53] Ceased as KMP on 3 November 2013.
[54] Ceased as KMP on 31 January 2014.

Corporate Governance Statement

Introduction

This section of GrainCorp Limited's ('GrainCorp' or 'the Company') 2014 Annual Report outlines the governance framework the Board has adopted for 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 promotes a culture of compliance, ethical behaviour, integrity and respect to protect shareholder and other stakeholder interests.

Annual Overview

On 2 December 2013, the Chairman, Mr Don Taylor was appointed to the temporary position of Executive Chairman, and from 13 January 2014 assumed the role of Interim CEO following the resignation of Ms Alison Watkins as Managing Director and Chief Executive Officer. Ms Watkins left GrainCorp on 31 January 2014. In this Corporate Governance Statement Mr Taylor's role as Executive Chairman & Interim CEO is referred to as 'Chief Executive Officer' or 'CEO'. For the majority of the 2014 financial year Mr Taylor was deemed not to be an independent Non-executive Director.

For the year ended 30 September 2014, GrainCorp considers that its governance structure complies with the ASX Corporate Governance Principles and Recommendations 2nd Edition last amended in 2010 ('Recommendations').

Copies of GrainCorp's Constitution, Charters and related governance materials are available on GrainCorp's website at www.graincorp.com.au/investors-and-media/investor-information/corporate-governance

From 1 October 2014, GrainCorp will comply with and report against the third edition of the ASX Corporate Governance Principles and Recommendations released by the ASX Corporate Governance Council on 27 March 2014.

The following sections provide details of GrainCorp's compliance with the adopted governance framework and its practices in accordance with 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 determines how GrainCorp sets and monitors 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 in a Board Charter. The Charter includes the Board's role in strategy and planning, budgeting, financial reporting, employee and remuneration policies, risk management, governance, safety, health and environment ('SHE') audit, compliance and performance monitoring. The Charter is consistent with GrainCorp's Constitution.

Under GrainCorp's Constitution, and as detailed in its Charter, the Board may delegate any of its powers to Committees of the Board. The standing Committees established by the Board are detailed on page 47.

c) Delegation to Managing Director & CEO

During the reporting period, the Board delegated authority for the day-to-day management of GrainCorp to the CEO, who manages GrainCorp according to strategies, budgets, policies and delegations approved by the Board.

The CEO has appointed a team of senior management ('Executive Team') to implement GrainCorp's strategic plans and manage the business operations. The CEO provides reports to the Board to ensure it is fully informed of all material matters.

The Board and its Committees monitor the decisions and actions of the CEO and the performance of the business as a whole.

Following the appointment of Mr Palmquist on 1 October 2014, these delegated authorities reverted to the Managing Director & Chief Executive Officer and Mr Taylor resumed his position as Chairman while undertaking a suitable period of handover.

d) Evaluation of performance of the Executive Team

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

During the reporting year the Executive Team comprised the individuals listed in the Key Management Personnel table in the Remuneration Report on page 24 of the Annual Report. The Executive Team meets regularly to review business performance and strategic issues, and to build alignment across the business. Each Executive has a written position description, employment contract and annual Key Performance Indicators ('KPIs').

The CEO reviews the performance of the Executive Team individually and collectively against their agreed KPIs, the Company's leadership framework and GrainCorp's values. The Board and its Committees also monitor the performance of the Executive Team through regular reporting and face-to-face presentations, as well as through formal mid-year and end of year performance appraisals. Performance reviews of the Executive Team were conducted for the year ended 30 September 2014.

The People Remuneration and Nominations Committee ('PRNC') and the Board formally review the performance of the CEO against agreed KPIs.

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 are on page 10 of the Directors' Report.

Principle 2: Structure the Board to add value

a) Structure of the Board

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

At the beginning of the financial year, until 31 January 2014, the Board comprised seven Non-executive Directors and one Executive Director, being the Managing Director & CEO. Following the resignation of the Managing Director & CEO, Ms Alison Watkins, the Board comprised six Non-executive Directors and one Executive Director, being the Executive Chairman and Interim CEO ('CEO'). On 29 September 2014, GrainCorp appointed an additional Non-executive Director to fill a casual vacancy, increasing the total of Non-executive Directors to seven at the balance date. On 1 October 2014, Mr Taylor resumed his position as Chairman and the Board comprised eight Non-executive Directors.

Prior to his appointment as CEO, the Chairman of the Board was an independent Non-executive Director. The skills, experience and responsibilities of each Director are on pages 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 and maximum of 10 Directors.

b) Board independence

Except to the extent detailed in (a) above, 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 could be perceived to, impede independent decision making.

All Directors are required to notify the Chairman and Company Secretary of their interests and other appointments as well as any changes to these.

For the year ended 30 September 2014, the People Remuneration and Nominations Committee ('PRNC') conducted an annual review of Non-executive Director independence. The PRNC 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 each Director's ability to act in GrainCorp's best interests and exercise unfettered and independent judgement.

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

During the reporting 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
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 Company maintains a Register of Directors' Interests which is regularly updated.

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. 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, well informed judgement in decision making.

Any request for access to information or independent advice sought will be consented to by the Chairman, and such consent will not be unreasonably withheld or delayed, and all such information and advice 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
Non-executive Directors 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 requires that there be an election of Directors at every AGM. If no Director is to retire from office in accordance with their tenure, the Director to retire will be the individual who has held office for the longest period since last elected or re-elected. GrainCorp's Constitution does not impose a maximum term of service on its Directors.

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

f) Board Committees
The Board has the ability to delegate any of its powers to Board Committees. In March 2014, the Board resolved to restructure the Committees to establish an oversight committee with a specific focus on safety, health and environment risks ('SHE'). This change resulted in a transfer of responsibilities between Committees, and amendments to Committee Charters. The following standing Committees have been established or reconfigured by the Board to assist it in discharging its responsibilities:

- Board Audit Committee ('BAC')
- Business Risk Committee ('BRC')
- Safety Health Environment and Governance Committee ('SHEGC'), previously the Nominations and Corporate Governance Committee ('NCGC')
- People Remuneration and Nominations Committee ('PRNC'), previously the Human Resources Committee ('HRC')

Each Committee is comprised of a majority of Non-executive Directors.

The composition of each Committee is regularly reviewed by the Chairman of the Board and annually by the PRNC. 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.

Each Committee operates under a Charter detailing its responsibilities and has unrestricted access to GrainCorp's Executives, advisors and other employees as well as to information necessary for the discharge of its responsibilities.

All Directors are entitled to attend meetings of any Committee and the CEO attends all meetings as appropriate, but does not attend any meetings where his performance, any conflicts, appointment or remuneration is considered.

Proceedings of each Committee meeting are reported by the respective Committee Chairman at the first Board meeting following the Committee meeting.

Details of the Directors' attendance at Committee meetings during the year are contained in the Directors' Report on page 10.

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 PRNC has the responsibility to review and make recommendations to the Board regarding composition and the nomination process for appointments. It regularly reviews the size, skills matrix and composition of the Board to assess the need for any new appointments or changes.

As well as skills, experience and diversity, the PRNC considers factors such as personal qualities, ability and commitment to devote sufficient time, the contribution the prospective Director could make to the Board, and his or her professional reputation. Potential candidates are assessed by the PRNC with recommendations made to the Board for final determination by the shareholders.

All Directors are appointed subject to a formal letter of offer setting out the terms and conditions of the appointment. New Directors undergo a company induction program involving meetings with Executives and employees, briefings on GrainCorp's business and strategic plans, independent meetings with external and internal auditors and other advisors, discussions with the Chairman and other Directors and the provision of relevant corporate material and information.

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, 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 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 stakeholder feedback relevant to the Committee's performance during the year. The Chairman of the PRNC reviews the performance of the Chairman of the Board in consultation with other Directors.

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, following recommendations from the PRNC, assesses whether to endorse the Director's election or re-election to shareholders.

During the year ended 30 September 2014, the Board Performance Review was conducted by an independent third party, following which the Directors were satisfied with the structure, process, role and performance of the Board. A self-assessment Board performance review will be conducted every second year, under the direction of the PRNC Chairman.

i) People Remuneration and Nominations Committee
The PRNC is the 'nominations committee' for the Board and is also responsible for assisting the Board in the oversight and evaluation of GrainCorp's people strategy and remuneration framework (detailed at Principle 8 of this Governance Statement). The full responsibilities of the PRNC are detailed in its Charter.

The current members of the PRNC are David Trebeck (Chairman), and Donald McGauchie. The CEO and Group General Counsel attend all meetings of the PRNC by invitation. The PRNC operates independently of the Executive and seeks its own advice, as considered necessary, to assist in its decision making processes.

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

During the reporting year the PRNC focused on:

- Facilitating the Board performance review by an independent third party.
- Reviewing Board composition, skills and succession planning.
- The appointment and performance of the Chairman as CEO.
- The recruitment and terms of appointment of the Company's Managing Director & CEO.
- The consideration of additional Non-executive Director candidates.
- The fee pool for Non-executive Directors.
- The performance assessment and remuneration benchmarking for Executives and the CEO. The Company's incentive plans, assessment of measures and defined benefit schemes.
- The People Roadmap and the Diversity and Inclusion Strategy.

Principle 3: Promote ethical and responsible decision making

a) Responsibilities of the Board, Executives and other employees

GrainCorp has adopted a Code of Conduct ('Code') which provides a set of guiding principles for acting honestly and with integrity and fairness at all times. The Company's values, outlined in the Code, provide a common understanding of expected behaviours of Directors and employees.

The Company's Code and values together form the Company's Charter, which is available on the Company'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' (as defined in the Policy) from dealing in GrainCorp's securities at all times other than during specific 'Trading Window' periods. A Designated Officer may only deal in a Trading Window when not in possession of price sensitive information.

The Policy outlines the requirements and process for Designated Officers to seek approval before they, or their associates, deal in the Company'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 prior approval.

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 the Company's website.

c) Whistleblower protection

A principle underlying GrainCorp's Code is the requirement for any person at GrainCorp 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' available in all the countries in which the Company has operations to all employees as well as to external parties.

The SHEG Committee has oversight of all whistleblower notifications. A copy of the Whistleblower Policy is available on the Company's website.

d) Diversity

GrainCorp is committed to:

- Building a workforce which reflects the diversity of the customers it serves and the communities in which it operates;
- Identifying and developing current and future leaders who are representative of the supply of diverse talent across its international operations;
- Promoting and maintaining a workplace culture that is inclusive and equitable to employees from every background, consistent with its values; and
- Supporting and promoting a more flexible work environment that appropriately balances the needs of its people with the needs of the business.

The GrainCorp Board, Executive and GrainCorp Leadership Group acknowledge the business case for a more diverse workforce at every level, and a more inclusive workplace. They also recognise that progress on these issues benefits not just GrainCorp's business, but all stakeholders, including employees, customers and communities, and shareholders.

GrainCorp will continue to invest in the effective execution of a diversity and inclusion strategy to achieve improved business outcomes and performance, including:

- Improved attraction and retention of the best talent available, irrespective of individual background or differences;

- Stronger customer and supplier relationships, deeper insight into and understanding of their needs, which enhances GrainCorp's ability to anticipate and exceed their expectations;
- Increased employee engagement and productivity, resulting from a more inclusive, flexible and empowered workplace;
- Support GrainCorp's ability to further expand into international markets through greater cultural awareness and cross-cultural capability;
- Greater innovation, agility and responsiveness to changes in the external commercial environment through the ability to foster and harness diversity of thinking; and
- Enhanced business and employer brands and reputation across GrainCorp's chosen markets.

In terms of gender diversity, the percentage of women employed in permanent roles across GrainCorp at 30 September 2014 was:

	2014		2013	
Groups	**Number**	**Percentage**	**Number**	**Percentage**
Board of Directors	2	25%	2	25%
Executive Team	1	17%	2	29%
GrainCorp Leadership Group	11	13%	8	9%
People Leaders	107	20%	104	19%
Total GrainCorp workforce	617	22%	599	21%

Further information on GrainCorp's Diversity and Inclusion Strategy is documented in the 2014 Sustainability Report available on the Company's website.

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 responsibilities in relation to financial reporting and internal controls. 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 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 discharge effectively its responsibilities. Details of the BAC members' qualifications, experience and attendance are set out on pages 6 to 7 of the Annual Report.

The CEO, Group CFO and Company Secretary, as well as representatives from GrainCorp's external and internal third party audit advisory teams, attend all meetings of the BAC by invitation. The BAC regularly meets with the external auditors and advisors without the presence of Executives or other management.

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 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 Group 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 Group 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 56 of this Annual Report.

GrainCorp's current Audit Engagement Partner is Matthew Lunn, who commenced his role for the audit of the financial statements and reports for the year ended 30 September 2012.

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

c) Management assurance to Directors

The CEO and the Group CFO have provided a 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.

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. 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').

The role of Internal Audit 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 Group 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.

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 Annual Report as well as other announcements and briefings to the market.

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.

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 Company Secretary is responsible for monitoring 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 the release of all communications with shareholders.

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, via an online facility or directly through the same online facility.

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 suitably considered and 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.

Principle 7: Recognise and manage risk

a) Risks

GrainCorp is one of Australia's largest agribusinesses and a global food ingredients business, with a significant presence in the storage & 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 goals 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 are 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.

The risk framework consists of the Risk Management Policy & Guidelines (the 'Policy'), which is largely consistent with the Australian/New Zealand and International Standard on Risk Management: AS/NZS ISO 31000:2009, and 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.

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 and SHE 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 ('BRC')

The BRC oversees all aspects of risk within GrainCorp except for financial risks, which remain the responsibility of the BAC, and SHE risks which are the responsibility of the SHEGC, 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, 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.

The current members of the BRC are Daniel Mangelsdorf (Chairman), Don Taylor, Barbara Gibson, and Ottmar Weiss (Independent Advisor). The business unit Group General Managers, Group CFO and Company Secretary attend all meetings of the BRC by invitation. Other Executives, senior managers and employees attend meetings as required.

Details of members' attendance 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 including credit and compliance risks.
- 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 company's risk appetite.
- On any related non-compliance, including with the Position and Trading Risk Management Policy.

During the year the BRC focused on:

- Continuous review of the Corporate Risk Register and Statement of Risk Appetite.
- Reviewing amendments to the Position and Trading Risk Management Policy to accommodate changing market dynamics and business growth.
- Reviewing commodity marketing and trading strategies, including assessment of new markets.
- Assessing customer credit reviews and setting of credit and trade limits.

iii. Safety, Health Environment & Governance Committee ('SHEGC')

The SHEGC has specific oversight of the Group's safety, health, environment and corporate governance responsibilities, as delegated by the Board.

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

- Safety, health and environment risks, including systems of audit, policies, processes and controls.
- Compliance with all applicable laws and regulations, including continuous disclosure obligations, share trading and other corporate governance responsibilities.

The full responsibilities of the SHEGC are detailed in its Charter.

The current members of the SHEGC are Barbara Gibson (Chairman), David Trebeck, Simon Tregoning, and Don Taylor. The Group CFO, Group General Counsel, Company Secretary and Group SHE Director attend all meetings of the SHEGC by invitation. Other Executives, senior managers and employees attend meetings as required.

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

During the year the SHEGC focused on:

- Reviewing the effectiveness of the 'Zero Incident Process' safety training program and related e-learning modules.
- Reviewing the Global Safety Health & Environment Management Manual and implementation of environmental assurance assessments.
- Reviewing safety performance reports, which include information on employee and contractor injuries and actions taken to reduce the risks of injury.
- Reviewing internal governance reports, including continuous disclosure obligations, Directors' material interests and compliance registers.

iv. Management and other employees

GrainCorp's CEO, supported by the Executive Team, has been delegated the responsibility for implementing the risk framework 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. 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.

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 use of energy, water and other resources in its production plants are significant challenges being considered regularly 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 major risks and are addressed as part of GrainCorp's risk management framework.

Details of GrainCorp's environmental strategy and performance is documented in the 2014 Sustainability Report available on the Company's website.

The Company 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, Allied Mills and Barrett Burston Malting that trigger thresholds under the National Pollutant Inventory are also subject to annual reporting. Information relating to GrainCorp's compliance with the *National Greenhouse and Energy Reporting Act* can be found on the Clean Energy Regulator's website.

Principle 8: Remunerate fairly and responsibly

a) People Remuneration and Nominations Committee

The PRNC assists the Board to consider people and remuneration strategies and related issues within GrainCorp, in addition to its 'nominations' responsibilities.

The role of the PRNC is to ensure that GrainCorp:

- Has coherent and transparent remuneration policies and practices that are consistent with the Company's strategic goals and people objectives, enabling it to attract, motivate and retain employees at all levels.
- 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 PRNC are detailed in its Charter.

Information concerning the members of the PRNC is detailed at Principle 2 section (i) of this Governance Statement.

b) Non-executive Director remuneration

The remuneration of Non-executive Directors is by way of a fee and is paid according to the role of the Director on the Board and the Board Committees on which they serve.

Non-executive Directors do not participate in other remuneration components such as performance related short term or long term incentives 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 Key Management Personnel (‘KMP’) (including the Non–executive Directors) is disclosed in the Remuneration Report starting on page 24 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 SHEGC, 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

pwc

As lead auditor for the audit of GrainCorp Limited for the year ended 30 September 2014, 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.

Mathew Lunn
Partner
PricewaterhouseCoopers

Sydney
13 November 2014

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2014 Financial Report

Consolidated Income Statement

For the year ended 30 September 2014

	Note	2014 $ M	2013 $ M
Revenue	5	4,094.1	4,462.0
Other income	6	75.0	23.6
Goods purchased for resale		(2,474.7)	(2,680.3)
Raw materials and consumables used		(882.0)	(825.5)
Employee benefits expense	7	(332.8)	(359.5)
Finance costs	7	(45.0)	(48.8)
Depreciation and amortisation	7	(126.5)	(118.8)
Operating leases	7	(52.5)	(64.0)
Repairs and maintenance	7	(41.3)	(49.1)
Other expenses	7	(97.2)	(113.5)
Significant items	8	(61.6)	(35.6)
Share of results of investments accounted for using the equity method	35	9.6	11.7
Profit before income tax		**65.1**	**202.2**
Income tax expense	8,9	(14.8)	(61.3)
Profit for the year		**50.3**	**140.9**
Profit attributable to owners of GrainCorp Limited		**50.3**	**140.9**

	Note	Cents	Cents
Earnings per share			
Basic earnings per share	37	22.0	61.9
Diluted earnings per share	37	22.0	61.6

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 2014

	Note	2014 $ M	2013 $ M
Profit for the year		**50.3**	**140.9**
Other comprehensive income			
Items that will not be reclassified to profit and loss:			
Remeasurements of retirement benefit obligations	23	(2.9)	2.7
Income tax relating to these items	9	(0.1)	(1.8)
Items that may be reclassified to profit and loss:			
Changes in the fair value of cash flow hedges		(3.8)	(2.6)
Share of comprehensive income of joint ventures	35	(0.1)	0.4
Exchange differences on translation of foreign operations		21.7	48.2
Income tax relating to these items	9	1.3	1.0
Other comprehensive income for the year, net of tax		**16.1**	**47.9**
Total comprehensive income for the year attributable to owners of GrainCorp Limited		**66.4**	**188.8**

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 2014

	Note	2014 $ M	2013 $ M
Current assets			
Cash and cash equivalents	10	206.2	255.0
Trade and other receivables	11	404.3	426.4
Inventories	12	576.2	535.1
Derivative financial instruments	13	153.0	59.7
Assets classified as held for sale	14	5.6	5.5
Current tax assets		23.1	3.7
Total current assets		**1,368.4**	**1,285.4**
Non-current assets			
Trade and other receivables	11	19.3	19.5
Investments accounted for using the equity method	35	161.5	151.5
Other financial assets	15	11.0	1.8
Deferred tax assets	16	26.8	18.6
Property, plant and equipment	17	1,216.6	1,182.3
Intangible assets	18	525.0	512.6
Derivative financial instruments	13	4.6	2.3
Total non-current assets		**1,964.8**	**1,888.6**
Total assets		**3,333.2**	**3,174.0**
Current liabilities			
Trade and other payables	19	268.9	336.2
Borrowings	20	352.5	237.9
Derivative financial instruments	13	127.2	35.4
Other financial liabilities	21	0.2	0.2
Current tax liabilities		1.8	9.6
Provisions	22	96.4	80.2
Total current liabilities		**847.0**	**699.5**
Non-current liabilities			
Trade and other payables	19	18.2	20.0
Borrowings	20	600.7	595.0
Derivative financial instruments	13	4.2	1.6
Other financial liabilities	21	0.2	0.3
Deferred tax liabilities	16	62.0	57.9
Provisions	22	24.3	6.7
Retirement benefit obligations	23	32.1	34.4
Total non-current liabilities		**741.7**	**715.9**
Total liabilities		**1,588.7**	**1,415.4**
Net assets		**1,744.5**	**1,758.6**
Equity			
Contributed equity	24	1,344.8	1,338.3
Reserves		40.8	28.7
Retained earnings	25	358.9	391.6
Total equity		**1,744.5**	**1,758.6**

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 2014

	Hedging reserve $ M	Capital reserve $ M	Share option reserve $ M	Translation reserve $ M	Total reserves $ M	Contributed equity $ M	Retained earnings $ M	Total equity $ M
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)
Remeasurements of defined benefit obligations	-	-	-	-	-	-	2.7	2.7
Share of other comprehensive income of joint ventures	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**
Profit for the year							50.3	50.3
Other comprehensive income:								
Exchange difference on translation of foreign operations	-	-	-	21.7	21.7	-	-	21.7
Gain / (loss) on cash flow hedges	(3.8)	-	-	-	(3.8)	-	-	(3.8)
Remeasurements of defined benefit obligations	-	-	-	-	-	-	(2.9)	(2.9)
Share of other comprehensive income of joint ventures	(0.1)	-	-	-	(0.1)	-	-	(0.1)
Deferred tax credit / (expense)	1.3	-	-	-	1.3	-	(0.1)	1.2
Total other comprehensive income	**(2.6)**	**-**	**-**	**21.7**	**19.1**	**-**	**(3.0)**	**16.1**
Total comprehensive income	(2.6)	-	-	21.7	19.1	-	47.3	66.4
Transactions with owners:								
Dividends paid	-	-	-	-	-	-	(80.1)	(80.1)
Share-based payments	-	-	(0.2)	-	(0.2)	-	-	(0.2)
Dividends received by Employee Trust	-	-	-	-	-	-	0.1	0.1
Less: Treasury shares	-	-	-	-	-	(0.3)	-	(0.3)
Less: Treasury shares vested to employees	-	-	(6.8)	-	(6.8)	6.8	-	-
Total transactions with owners	-	-	(7.0)	-	(7.0)	6.5	(80.0)	(80.5)
At 30 September 2014	**(3.1)**	**8.3**	**1.1**	**34.5**	**40.8**	**1,344.8**	**358.9**	**1,744.5**

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 2014

	Note	2014 $ M	2013 $ M
Cash flows from operating activities			
Receipts from customers		4,594.5	4,701.0
Payments to suppliers and employees		(4,425.2)	(4,211.4)
		169.3	489.6
Transaction costs of business combinations		-	(12.8)
Proceeds / (repayments) from bank loans – inventory funding		83.2	(131.8)
Interest received		11.3	11.8
Interest paid		(46.6)	(50.6)
Income taxes refunded / (paid)		(46.1)	(83.3)
Net inflow from operating activities	36	**171.1**	**222.9**
Cash flows from investing activities			
Payments for property, plant and equipment		(141.2)	(111.9)
Payments for computer software		(25.3)	(29.5)
Proceeds from sale of property, plant and equipment		0.8	0.5
Payments for investment / business (net of cash acquired)		(9.3)	(353.5)
Loans repaid by related parties		0.2	0.5
Net (outflow) from investing activities		**(174.8)**	**(493.9)**
Cash flows from financing activities			
Proceeds from borrowings		594.6	400.0
Repayment of borrowings		(564.6)	(146.5)
Proceeds from share issue	24	-	51.7
Dividend paid	26	(80.1)	(137.0)
Share issue transaction costs	24	-	(1.1)
Treasury shares purchased		-	(0.3)
Net (outflow) / inflow from financing activities		**(50.1)**	**166.8**
Net (decrease) / increase in cash and cash equivalents		**(53.8)**	**(104.2)**
Cash and cash equivalents at the beginning of the year		255.0	350.3
Effects of exchange rate changes on cash and cash equivalents		5.0	8.9
Cash and cash equivalents at the end of the year	10	**206.2**	**255.0**

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 2014

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 2014 was authorised for issue in accordance with a resolution of the Directors on 13 November 2014. 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 2014 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 group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the 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)).

1. Summary of significant accounting policies (continued)

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.

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. Joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control (ie 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 joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint venture. Investments in joint ventures 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 joint ventures' 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 joint venture, 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 joint venture.

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.

iv. Structured entity

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, for example when any voting rights relate to administrative tasks only, and key activities are directed by contractual agreement. Structured entities often have restricted activities and a narrow and well defined objective. Involvement with structured entities is disclosed in note 33.

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.

1. Summary of significant accounting policies (continued)

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.

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 balance sheet 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.

1. Summary of significant accounting policies (continued)

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.

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.

1. Summary of significant accounting policies (continued)

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.

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.

1. Summary of significant accounting policies (continued)

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. 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.

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.

1. Summary of significant accounting policies (continued)

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.

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.

1. Summary of significant accounting policies (continued)

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, 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.

1. Summary of significant accounting policies (continued)

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 costs to sell and value in use. For the purposes of assessing

1. Summary of significant accounting policies (continued)

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. Short term obligations

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. Other long-term employee benefit obligations

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

1. Summary of significant accounting policies (continued)

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. 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 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.

Remeasurements 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. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. 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 Plan, LTI Plan and the Deferred Equity Plan. Information relating to these schemes is set out in 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.

1. Summary of significant accounting policies (continued)

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.

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.

1. Summary of significant accounting policies (continued)

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.

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.

1. Summary of significant accounting policies (continued)

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 2014 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below.

AASB 9 Financial Instruments *(effective for annual reporting periods beginning on or after 1 January 2018)*

AASB 9 addresses the classification, measurement and recognition of financial assets and liabilities. AASB 9 will become mandatory for the Group's 30 September 2019 Financial Statements. The Group is currently assessing the impact of this standard.

IFRS 15 Revenue from Contracts with Customers *(effective for annual reporting period beginning on or after 1 January 2017)*

The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18, which covers contracts for goods and services and IAS 11, which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. IFRS 15 will become mandatory for the Group's 30 September 2018 Financial Statements. The Group is currently assessing the impact of this standard.

ag) New and amended standards adopted by the group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 October 2013:

AASB 10 Consolidated Financial Statements

AASB 10 introduced a new control model that is applicable to all investees, by focusing on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns.

The application of AASB 10 had no impact on the Group.

AASB 11 Joint Arrangements

Under AASB 11 the classification as either operations or joint ventures depends on the rights to the assets and obligations for the liabilities of the arrangements. When making this assessment, the Group considered the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances.

The application of AASB 11 has no impact on the Group.

AASB 12 Disclosure of Interests in Other Entities

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 has not affected any of the amounts recognised in the financial statements, but has impacted the type of information disclosed in relation to the Group's investments.

AASB 13 Fair value measurement

AASB 13 establishes a single framework for measuring fair value and making disclosures about fair value measures, when such measures are required or permitted by other AASBs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other AASBs, including *AASB 7 Financial Instruments: Disclosures*.

In accordance with the transitional provisions of AASB 13, the disclosures for the year ended 30 September 2014 have been provided in note 3. The application of AASB 13 had no significant impact on the measurements of the Group's carrying value of assets and liabilities.

1. Summary of significant accounting policies (continued)

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 could not 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. The amendments have been applied to the financial statements.

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 are calculated based on the rate used to discount the obligations rather than the expected rate of return on these assets, which does not 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 does not have a material impact on the financial statements.

AASB 2012-12 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)*

This amendment requires the disclosures regarding the effect or potential effect of netting arrangements on the Group's financial position. Refer to note 3 for disclosures about offsetting of financial assets and financial liabilities.

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 receivals 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 2014 amounts to $23.8 million (2013: $19.4 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. 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. Refer to note 23 for details of these assumptions.

2. Critical accounting estimates and judgements (continued)

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 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 joint venture. 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 losses

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

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:

2014	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	256.5	(2.9)	2.9

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

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.

3. Financial risk management (continued)

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:

	2014 $ M	2013 $ M
Gas contracts at fair value:		
Asset / (Liability)	0.2	(0.1)
	0.2	**(0.1)**

At 30 September 2014, 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:

	2014 Impact on profit / (loss) after tax $ M	2013 Impact on profit / (loss) after tax $ M
20% increase		
Gas	0.9	0.3
Net effect of 20% increase	**0.9**	**0.3**
20% decrease		
Gas	(0.9)	(0.3)
Net effect of 20% decrease	**(0.9)**	**(0.3)**

Equity price risk
The Group has no exposure to equity securities price risk (2013: $nil).

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, US dollar, Canadian dollar, UK pound sterling, Euro and New Zealand dollar. 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 from the revaluation of foreign operations. The Australian dollar is the presentation currency of the Group.

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).

3. Financial risk management (continued)

Transactional currency exposures arise from sales or purchases in currencies other than the functional currencies of each of the entities within the Group. 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 and equity of the Group, based on the global currency exposures at 30 September. The tables are based upon the Group's financial asset and liability profile at 30 September and fluctuates over the course of normal operations.

2014	Exposure at reporting date $M	Impact on profit / (loss) after tax $ M		Impacts on other components of equity $ M	
Movement in exchange rate		**+10%**	**-10%**	**+10%**	**-10%**
Australian dollar	(107.2)	0.6	(0.6)	(8.1)	8.1
US dollar	(19.7)	(4.0)	4.0	2.7	(2.7)
Canadian dollar	106.7	4.4	(4.4)	3.1	(3.1)
UK pound sterling	45.3	(1.3)	1.3	4.5	(4.5)
Euro	(54.8)	0.7	(0.7)	(4.5)	4.5
New Zealand dollar	27.2	(0.5)	0.5	2.4	(2.4)
Yen	2.5	0.2	(0.2)	-	-

2013	Exposure at reporting date $M	Impact on profit / (loss) after tax $ M		Impacts on other components of equity $ M	
Movement in exchange rate		**+10%**	**-10%**	**+10%**	**-10%**
Australian dollar	(174.9)	(4.5)	4.5	(7.7)	7.7
US dollar	28.2	(0.5)	0.5	2.5	(2.5)
Canadian dollar	113.9	4.8	(4.8)	3.1	(3.1)
UK pound sterling	54.3	(0.4)	0.4	4.2	(4.2)
Euro	(57.8)	0.5	(0.5)	(4.5)	4.5
New Zealand dollar	35.1	-	-	2.4	(2.4)
Yen	1.2	0.1	(0.1)	-	-

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 2014, after taking into account the effect of interest rate swaps and a natural hedge from a fixed rate subordinated loan, approximately 57%, that is $339 million of the Group's long term borrowings are at a fixed rate of interest (2013: 57%, $334 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:

	2014 $ M	2013 $ M
Fixed rate instruments		
Financial assets	0.2	0.3
Financial liabilities	(329.6)	(325.5)
	(329.4)	**(325.2)**
Variable rate instruments		
Financial assets	206.2	255.0
Financial liabilities	(604.3)	(488.4)
	(398.1)	**(233.4)**

At balance date the Group had the following borrowings outstanding exposed to variable interest rate risk:

	2014		2013	
	Weighted average interest rate %	Balance $ M	Weighted average interest rate %	Balance $ M
Current:				
Short term facilities	1.90%	(106.7)	1.35%	(75.3)
Inventory funding facilities	3.56%	(245.6)	3.85%	(162.4)
	3.06%	(352.3)	3.06%	(237.7)
Non-current:				
Term facilities	2.76%	(590.7)	2.76%	(584.8)
Subordinated loan	4.91%	19.3	5.02%	19.5
Interest rate swaps (notional principal amount)	1.37%	319.4	1.38%	314.6
	2.76%	(252.0)	2.76%	(250.7)
Net exposure to cash flow interest rate risk		**(604.3)**		**(488.4)**

Sensitivity analysis

At 30 September 2014, 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:

	2014 $ M	2013 $ M
Profit / (loss)		
+ 100 basis points	(9.4)	(9.8)
– 100 basis points	9.4	9.8
Increase / (decrease) in equity		
+ 100 basis points	3.2	2.8
– 100 basis points	(3.2)	(2.8)

3. Financial risk management (continued)

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:

	2014 $ M	2013 $ M
Trade receivables	351.9	356.5
Other receivables	27.9	25.0
Derivative contracts at fair value	157.6	62.0
Amounts receivable from joint ventures	19.6	19.8
Derivative contracts margin deposits	2.3	18.3
Bank balances and call deposits	206.2	255.0
	765.5	**736.6**

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.

The ageing of trade receivables at the reporting date was:

	2014		2013	
	Gross $ M	Impairment $ M	Gross $ M	Impairment $ M
Not past due	296.1	(0.5)	281.5	(0.3)
Past due up to 30 days	33.4	-	33.3	-
Past due 31 to 60 days	7.5	-	31.4	-
Past due 61 to 90 days	2.1	-	3.5	-
Past due over 90 days	12.8	(0.7)	6.8	(1.0)
	351.9	**(1.2)**	**356.5**	**(1.3)**

The movement in the provision for impairment in respect of trade receivables during the year was as follows:

	2014 $ M	2013 $ M
Balance at 1 October	(1.3)	(1.7)
Acquisition through business combinations	-	(0.1)
Provisions made during the year	(0.7)	(0.6)
Impairment loss recognised	0.6	0.7
Provisions reversed during the year	0.2	0.4
Balance at 30 September	**(1.2)**	**(1.3)**

3. Financial risk management (continued)

With the exception of a $0.6 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 (2013: $1.5 million).

No provision for impairment is recognised at 30 September 2014 in respect of advances to joint ventures (2013: $nil impaired).

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 $309.3 million (2013: $354.8 million) of unused credit facilities available for immediate use.

Maturity analysis of financial liabilities

The tables below show the contractual maturities of financial liabilities, including estimated interest payments.[55] The amounts disclosed in the table are the contractual undiscounted cash flows:

At 30 September 2014	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	(363.2)	-	(600.7)	-	(963.9)
Trade payables	(151.2)	-	-	-	(151.2)
Other payables	(93.0)	-	-	-	(93.0)
Finance leases	(1.3)	(1.1)	(4.6)	(18.8)	(25.8)
Derivatives:					
Interest rate swap contracts	-	-	-	-	-
Forward foreign exchange contracts – held for trading:					
- outflow	(653.6)	(49.2)	-	-	(702.8)
- inflow	437.4	22.5	-	-	459.9
Commodity futures and options:					
- outflow	(411.7)	(3.8)	-	-	(415.5)
- inflow	498.1	26.5	-	-	524.6
Commodity contracts (forward purchases and sales):					
- outflow	(342.2)	(9.6)	-	-	(351.8)
- inflow	429.5	0.9	-	-	430.4
Utility contracts (utility swaps):					
- outflow	-	-	-	-	-
Embedded foreign exchange contracts:					
- outflow	(6.4)	-	-	-	(6.4)
- inflow	14.4	4.2	-	-	18.6

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.

[55] The Group's bank borrowings facilities and maturity dates are set out in note 20(e).

3. Financial risk management (continued)

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	(185.8)	-	-	-	(185.8)
Other payables	(116.8)	-	-	-	(116.8)
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

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:

30 September 2014	Level 1 $ M	Level 2 $ M	Level 3 $ M	Total $ M
Assets				
Financial assets at fair value through profit or loss				
- Trading derivatives	36.5	68.5	-	105.0
- Commodity contracts	-	0.6	45.8	46.4
Derivatives used for hedging	6.2	-	-	6.2
Commodity inventory at fair value less cost to sell (note 12)	-	-	217.1	217.1
Total assets	**42.7**	**69.1**	**262.9**	**374.7**
Liabilities				
Financial liabilities at fair value through profit or loss				
- Trading derivatives	22.4	58.2	-	80.6
- Commodity contracts	-	-	27.1	27.1
Derivatives used for hedging	23.7	-	-	23.7
Total liabilities	**46.1**	**58.2**	**27.1**	**131.4**
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
Commodity inventory at fair value less cost to sell (note 12)	-	-	167.5	167.5
Total assets	**21.5**	**5.8**	**202.2**	**229.5**
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**

3. Financial risk management (continued)

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 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. Refer to commodity price risk for the sensitivity of fluctuations of unobservable inputs used to calculate the Level 3 instruments.

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 year ended 30 September 2014.

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 30 September.

The following table presents the changes in Level 3 instruments for the year ended 30 September 2014 and 30 September 2013.

	2014		2013	
	Commodity Contracts $M	Commodity inventory at fair value $ M	Commodity Contracts $M	Commodity inventory at fair value $ M
Opening balance as at 1 October	13.5	167.5	(1.2)	312.0
Gains / (losses) recognised in profit and loss	0.2	(8.7)	11.6	(43.5)
Net acquisitions and disposals	5.0	58.3	3.1	(101.0)
Closing balance as at 30 September	**18.7**	**217.1**	**13.5**	**167.5**

Fair value of other financial instruments

The carrying amounts of other financial assets and liabilities are reasonable approximations of their fair values.

3. Financial risk management (continued)

Offsetting financial assets and liabilities

Agreements with derivative counterparties are based on an International Swaps and Derivatives Association (ISDA) Master netting agreement. Under the terms of these agreements, only where certain credit events occur (such as default), the net position owing/receivable to a single counterparty in the same currency will be taken as owing and all the relevant arrangements terminated.

The ISDA agreements do not meet the criteria for offsetting in the statement of financial position. This is because the Group does not have any currently legal enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events such as default on the bank loans or other credit events.

The following table presents the recognised financial instruments that are offset, or subject to offsetting arrangements mentioned above, as at 30 September 2013 and 30 September 2014:

	Gross amounts	Gross amount set off	Net amount in statement of financial position	Amounts that are not offset	Net amount
30 September 2014	**$ M**	**$ M**	**$ M**	**$ M**	**$ M**
Financial assets					
Cash and cash equivalents	220.0	(13.8)	206.2	-	206.2
Trade and other receivables	429.8	(6.2)	423.6	(1.5)	422.1
Derivative financial instruments	164.9	(7.3)	157.6	(88.0)	69.6
Total assets	**814.7**	**(27.3)**	**787.4**	**(89.5)**	**697.9**
Financial liabilities					
Cash overdraft	13.8	(13.8)	-	-	-
Trade and other payables	250.4	(6.2)	244.2	-	244.2
Derivative financial instruments	138.7	(7.3)	131.4	(89.5)	41.9
Total liabilities	**402.9**	**(27.3)**	**375.6**	**(89.5)**	**286.1**
30 September 2013					
Financial assets					
Cash and cash equivalents	271.8	(16.8)	255.0	-	255.0
Trade and other receivables	448.8	(2.9)	445.9	-	445.9
Derivative financial instruments	65.1	(3.1)	62.0	(7.0)	55.0
Total assets	**785.7**	**(22.8)**	**762.9**	**(7.0)**	**755.9**
Financial liabilities					
Cash overdraft	16.8	(16.8)	-	-	-
Trade and other payables	305.5	(2.9)	302.6	-	302.6
Derivative financial instruments	40.1	(3.1)	37.0	(7.0)	30.0
Total liabilities	**362.4**	**(22.8)**	**339.6**	**(7.0)**	**332.6**

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 & Chief Executive Officer 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 and feeds, 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 Consolidated 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.

2014	Storage & Logistics $ M	Marketing $ M	Malt $ M	Oils $M	Reportable segments $ M	Corporate $ M	Eliminations $ M	Total $ M
Reportable segment revenue								
External revenues	270.1	1,839.4	1,049.4	935.2	4,094.1	-	-	4,094.1
Inter-segment revenue	173.7	67.7	-	2.0	243.4	0.3	(243.7)	-
Total reportable segment revenue	**443.8**	**1,907.1**	**1,049.4**	**937.2**	**4,337.5**	**0.3**	**(243.7)**	**4,094.1**
Reportable segment result	**71.8**	**36.4**	**125.0**	**73.1**	**306.3**	**(22.6)**	**-**	**283.7**
Share of profit of joint ventures	-	-	-	-	-	9.6	-	9.6
Profit before significant items, net interest, depreciation, amortisation and income tax								293.3
Net Interest	-	(15.7)	-	(1.4)	(17.1)	(23.0)	-	(40.1)
Depreciation and amortisation	(49.1)	(3.8)	(45.9)	(26.4)	(125.2)	(1.3)	-	(126.5)
Significant items (note 8)	(38.7)	-	(4.8)	(18.7)	(62.2)	0.6	-	(61.6)
Profit before income tax from continuing operations	**(16.0)**	**16.9**	**74.3**	**26.6**	**101.8**	**(36.7)**	**-**	**65.1**
Other segment information								
Capital expenditure	61.5	4.5	36.3	63.8	166.1	0.4	-	166.5
Reportable segment assets	525.8	440.9	1,287.1	636.3	2,890.1	443.1	-	3,333.2
Reportable segment liabilities	(134.0)	(388.2)	(545.3)	(111.4)	(1,178.9)	(409.8)	-	(1,588.7)

4. Segment information (continued)

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**
Reportable segment result	**179.3**	**54.3**	**101.2**	**75.3**	**410.1**	**(26.4)**	**-**	**383.7**
Share of profit of joint ventures	-	-	-	-	-	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 8)	-	-	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	534.3	332.0	1,309.6	559.6	2,735.5	438.5	-	3,174.0
Reportable segment liabilities	(131.5)	(248.4)	(556.3)	(86.9)	(1,023.1)	(392.3)	-	(1,415.4)

Geographical information	2014 $ M	2013 $ M
Sales revenue from external customers based on the location of the customer:		
Australasia	1,804.2	1,924.2
North America	530.7	492.1
Europe	569.7	723.6
Asia	747.6	824.8
Middle East and North Africa	385.5	358.1
Other	56.4	139.2
	4,094.1	4,462.0
Non-current assets based on geographical location of assets:[56]		
Australasia	1,291.2	1,258.7
North America	388.8	387.7
Europe	243.0	220.1
Asia	1.1	1.2
Middle East and North Africa	9.3	-
	1,933.4	1,867.7

[56] Excludes derivative financial instruments and deferred tax assets.

5. Revenue

	2014 $ M	2013 $ M
Sales revenue		
Sale of goods	3,848.0	4,022.4
Services	239.3	430.5
	4,087.3	4,452.9
Other revenue		
Rental income	6.8	9.1
	6.8	9.1
	4,094.1	**4,462.0**

6. Other income

	2014 $ M	2013 $ M
Net gain / (loss) on derivative / commodity trading:		
Net realised gain / (loss) on foreign currency derivatives	15.7	(30.5)
Net realised gain / (loss) on financial derivatives	39.6	34.3
	55.3	3.8
Net unrealised gain / (loss) on foreign currency derivatives	(15.9)	0.1
Net unrealised gain / (loss) on financial derivatives	20.4	14.7
Net unrealised gain / (loss) on commodity contracts (forward purchases and sales)	0.2	11.6
Net unrealised gain / (loss) on commodity inventories at fair value less costs to sell	(8.7)	(43.5)
	(4.0)	(17.1)
Net gain / (loss) on derivative / commodity trading	51.3	(13.3)
In relation to the net unrealised gain or 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 79).		
Compensation for impairment of assets received from third party	4.6	4.0
Interest	4.9	10.0
Sundry income	14.2	22.9
	75.0	**23.6**

7. Expenses

	2014 $ M	2013 $ M
Employee benefits expense		
Defined contribution superannuation expense	13.9	14.0
Other employee benefits expense	318.9	345.5
Total employee benefits expense	**332.8**	**359.5**
Finance costs		
Interest charges	45.0	48.8
Total finance costs	**45.0**	**48.8**
Depreciation		
Plant and equipment	75.6	72.2
Buildings and improvements	21.0	22.3
Total depreciation	96.6	94.5
Amortisation		
Intangible assets	29.9	24.3
Total amortisation	29.9	24.3
Total depreciation and amortisation	**126.5**	**118.8**
Operating leases		
Rental expense relating to operating leases	52.5	64.0
Total operating lease expense	**52.5**	**64.0**
Repairs and maintenance		
Repairs and maintenance costs	41.3	49.1
Total repairs and maintenance	**41.3**	**49.1**
Other		
Research and development costs	0.4	0.2
Insurance	8.4	13.1
Motor vehicle cost	11.8	12.3
Travel	7.1	7.3
Other expenses	69.5	80.6
Total other expenses	**97.2**	**113.5**

8. 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 tax $ M	Tax $ M	NPAT $ M
Net significant items for 2014 comprise:				
Claims and losses[57]	S&L	(27.5)	8.3	(19.2)
Restructuring costs [58]	S&L, Oils	(23.0)	6.9	(16.1)
Impairment of assets[59]	S&L, Malt, Oils	(11.7)	2.1	(9.6)
Takeover response costs[60]	Corporate	(0.4)	0.1	(0.3)
GrainCorp Oils acquisition and integration costs[61]	Corporate	1.0	-	1.0
Net significant items		**(61.6)**	**17.4**	**(44.2)**

	Business Unit	Profit before tax $ M	Tax $ M	NPAT $ M
Net significant items for 2013 comprise:				
Takeover response costs[60]	Corporate	(18.1)	5.3	(12.8)
GrainCorp Oils acquisition and integration costs[61]	Corporate	(19.3)	0.9	(18.4)
GrainCorp Malt acquisition trade tax and associated income[62]	Malt	1.8	(4.2)	(2.4)
Net significant items		**(35.6)**	**2.0**	**(33.6)**

[57] Increased allowance for claims resulting from a higher likelihood of claims arising due to low grain tonnages in the network, a second below-normal harvest and the emptying of closed country silos and consolidation of stock under Project Regeneration.

[58] Restructuring costs of $16.1 million (after tax) relate to GrainCorp Oils Network Optimisation and Storage & Logistics Project Regeneration costs. The costs include redundancy and depreciation.

[59] Impairment of assets of $9.6 million (after tax) relate to plant and equipment in connection to GrainCorp Oils Network Optimisation, assets in Storage & Logistics and a site closure in GrainCorp Malt.

[60] Expenses of $0.3 million (after tax) (2013: $12.8 million) relate to costs of advisors engaged to support the Board and management in their response to ADM's proposals.

[61] GrainCorp Oils acquisition and integration benefit of $1.0 million (after tax) (2013: expense of $18.4 million after tax) primarily relates to reversal of a provision for acquisition related stamp duty.

[62] 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.

9. Income tax expense

	2014 $ M	2013 $ M
a) Income tax expense		
Current tax	16.9	71.3
Deferred tax	0.9	(10.6)
Under / (over) provision in prior years	(3.0)	0.6
	14.8	61.3
Income tax expense attributable to:		
Profit from continuing operations	14.8	61.3
	14.8	61.3
Deferred income tax (revenue) / expense included in income tax expense comprises:		
(Increase) / decrease in deferred tax assets (note 16)	(7.6)	(6.6)
(Decrease) / increase in deferred tax liabilities (note 16)	8.5	(4.0)
	0.9	(10.6)

	2014 $ M	2013 $ M
b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit from continuing operations before income tax expense	65.1	202.2
Operating profit / (loss) before income tax expense	65.1	202.2
Income tax calculated at 30% (2013: 30%)	19.5	60.7
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
- Other non-deductible items	5.0	6.7
- Interest expense	(2.3)	(2.0)
- Share of net (profit) / loss of joint ventures	(2.8)	(3.5)
- Other non-assessable items	(2.1)	(2.0)
	17.3	59.9
Under / (over) provision in prior years	(3.0)	0.6
Difference in overseas tax rates	0.5	0.8
Income tax expense	**14.8**	**61.3**

	2014 $ M	2013 $ M
c) Amounts recognised directly in equity		
Deferred tax: transaction costs debited / (credited) directly in equity (note 16)	-	0.1

	2014 $ M	2013 $ M
d) Tax expense (income) relating to items of other comprehensive income		
Change in fair value of cash flow hedges	(1.3)	(1.0)
Remeasurement of retirement benefit obligations	0.1	1.8
	(1.2)	0.8

	2014 $ M	2013 $ M
e) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	32.0	31.5

	2014 $ M	2013 $ M
f) Unrecognised temporary differences		
Temporary differences relating to investments in subsidiaries for which deferred tax liabilities / (assets) have not been recognised	88.4	79.0

10. Cash and cash equivalents

	2014 $ M	2013 $ M
Cash at bank and on hand	131.4	71.0
Deposits at call	74.8	184.0
	206.2	**255.0**

11. Trade and other receivables

Current	2014 $ M	2013 $ M
Trade receivables	351.9	356.5
Provision for impairment of trade receivables	(1.2)	(1.3)
	350.7	355.2
Other receivables	27.9	25.0
Prepayments	23.1	27.6
Margin deposits	2.3	18.3
Amounts receivable from joint ventures (note 30)	0.3	0.3
	404.3	**426.4**

Non-current	2014 $ M	2013 $ M
Loans to joint ventures (note 30)	19.3	19.5
	19.3	**19.5**

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

	2014 $ M	2013 $ M
Consumable stores	2.4	1.2
Raw materials	185.3	176.7
Work in progress	22.8	21.4
Finished goods	121.1	143.5
Trading stock at net realisable value	27.5	24.8
Commodities inventory at fair value less cost to sell	217.1	167.5
	576.2	**535.1**

a) Inventory expense

Inventories recognised as an expense during the year ended 30 September 2014 amounted to $3,132.2 million (2013:$3,005.6 million).

Write-downs of inventories to net realisable value recognised as an expense during the year ended 30 September 2014 amounted to $2.1 million (2013: $4.4 million). The expense is included in other expenses in the income statement.

b) Secured inventory

The value of inventory secured against bank loans is $222.0 million (2013: $133.8 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.

Current assets	2014 $ M	2013 $ M
Commodity futures and options	98.9	9.2
Commodity contracts (forward purchases and sales)	46.3	35.6
Foreign currency derivatives	7.6	14.9
Utility swap contracts	0.2	-
Total current derivative financial instrument assets	**153.0**	**59.7**
Non-current assets		
Commodity futures and options	3.7	0.4
Commodity contracts (forward purchases and sales)	0.1	0.7
Foreign currency derivatives	0.5	0.9
Interest rate swaps contracts – cash flow hedges	0.3	0.3
Total non-current derivative financial instrument assets	**4.6**	**2.3**

Current liabilities	2014 $ M	2013 $ M
Commodity futures and options	79.4	4.0
Commodity contracts (forward purchases and sales)	26.5	22.1
Foreign currency derivatives	21.3	9.3
Total current derivative financial instrument liabilities	**127.2**	**35.4**
Non-current liabilities		
Commodity futures and options	0.6	0.3
Commodity contracts (forward purchases and sales)	0.6	-
Foreign currency derivatives	1.6	0.9
Interest rate swaps contracts – cash flow hedges	1.4	0.3
Utility swap contracts	-	0.1
Total non-current derivative financial instrument liabilities	**4.2**	**1.6**

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 trading 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.

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 2014, there were no balances reclassified into profit and loss and included in finance costs (2013: $0.1 million). There was no hedge ineffectiveness in the current or prior year.

13. Derivative financial instruments (continued)

ii. Commodity contracts (forward purchases sales)

As part of its grain marketing activities as a commodity trader the Group enters 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 and edible oil production and the subsequent sale of malt and edible oil 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 product 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

To manage exposure to commodity price risk, the Group enters into commodity futures contracts and commodity options contracts.

iv. Gas swap contract

The Group manages exposure to utility price risk in malt production, through the use of gas swap contracts. Gains and losses on these contracts are recognised immediately through the income statement.

v. Foreign currency derivatives

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, edible oils 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 futures contracts expire.

Transactional currency exposures arise from sales or purchases of malt, edible oils 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

	2014 $ M	2013 $ M
Land	5.6	5.5

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 receivals and production utilisation. As at 30 September 2014, two sites were actively marketed for sale (2013: one site).

15. Other financial assets

	2014 $ M	2013 $ M
Investments in other entities – at cost	11.0	1.8

No impairment of investment in other entities was recognised this year (2013: nil).

During the year, GrainCorp acquired a 10% shareholding in two Egyptian based entities being Five Star Feed Mills & Animal Produce Company SAE and Five Star Flour Mills Company SAE. The total cost of investment was $9.3 million.

16. Deferred tax assets and liabilities

Deferred tax assets	2014 $ M	2013 $ M
The balance comprises temporary differences attributable to:		
Unrealised losses on derivative contracts	1.2	0.5
Inventories	1.0	2.9
Cash flow hedges	3.8	0.1
Creditors and other payables	1.8	-
Asset impairment	-	0.6
Pension deficit	6.4	-
Provisions and accruals	41.8	42.7
Tax losses recognised	2.7	1.4
Deferred revenue	6.5	9.1
Other	4.2	3.8
Set-off deferred tax liabilities pursuant to set off provision	(42.6)	(42.5)
Net deferred tax assets	26.8	18.6
Movements:		
Opening balance at 1 October	18.6	3.3
Take on balance through business combinations	-	9.6
Credited / (charged) to the income statement (note 9)	7.6	6.6
Credited / (charged) to other comprehensive income	0.6	(0.8)
Credited / (charged) to equity	-	(0.1)
Closing balance at 30 September	**26.8**	**18.6**

Deferred tax assets recoverable within 12 months: $11.8 million (2013: $14.6 million).

Deferred tax liabilities	2014 $ M	2013 $ M
The balance comprises temporary differences attributable to:		
Prepayments	0.6	0.5
Inventories	2.3	4.0
Consumables	1.1	1.1
Creditors and other payables	3.4	1.3
Property, plant and equipment	69.7	65.3
Pension assets	-	0.2
Intangible assets	16.4	20.6
Unrealised gains on derivative contracts	7.1	7.4
Cash flow hedges	4.0	-
Set-off deferred tax liabilities pursuant to set off provision	(42.6)	(42.5)
Net deferred tax liabilities	62.0	57.9
Movements:		
Opening balance 1 October	57.9	52.9
Take on balance through business combinations	-	5.3
Charged / (credited) to the income statement (note 9)	8.5	(4.0)
Credited / (charged) to other comprehensive income	(0.6)	-
Exchange differences	(3.8)	3.7
Closing balance 30 September	**62.0**	**57.9**

Deferred tax liabilities recoverable within 12 months: $18.5 million (2013: $14.5 million).

17. Property, plant and equipment

2014	Land $ M	Buildings & structures $ M	Leasehold improvements $ M	Leased plant and equipment $ M	Plant and equipment $ M	Capital works in progress $ M	Total $ M
At 1 October 2013							
Cost	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**
Year ended 30 September 2014							
Opening net book value	130.1	177.9	25.0	1.6	793.8	53.9	1,182.3
Transfer (to) assets held for sale	-	-	-	-	-	-	-
Transfer between asset categories (note 18)	0.2	4.0	0.1	(0.1)	23.1	(37.9)	(10.6)
Additions	0.9	13.0	0.3	0.2	55.6	80.3	150.3
Acquisitions through business combinations	-	-	-	-	-	-	-
Disposals	-	(0.4)	(0.2)	-	(2.8)	(0.1)	(3.5)
Depreciation	-	(19.2)	(1.6)	(0.2)	(77.8)	-	(98.8)
Impairment	-	(1.1)	-	-	(8.5)	(2.1)	(11.7)
Exchange difference	0.9	-	0.1	0.1	7.2	0.3	8.6
Closing net book value	**132.1**	**174.2**	**23.7**	**1.6**	**790.6**	**94.4**	**1,216.6**
At 30 September 2014							
Cost or fair value	132.1	349.7	34.5	7.1	1,372.6	97.5	1,993.5
Accumulated depreciation and impairment	-	(175.5)	(10.8)	(5.5)	(582.0)	(3.1)	(776.9)
Net book value	**132.1**	**174.2**	**23.7**	**1.6**	**790.6**	**94.4**	**1,216.6**

17. Property, plant and equipment (continued)

2013	Land $ M	Buildings & structures $ M	Leasehold improvements $ M	Leased plant and equipment $ M	Plant and equipment $ M	Capital works in progress $ M	Total $ M
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 1(h))	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**

18. Intangible assets

2014	Computer software $ M	Trade name $ M	Customer relationship $ M	Goodwill $ M	Total $ M
At 1 October 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**
Year ended 30 September 2014					
Opening net book amount	41.1	2.4	68.4	400.7	512.6
Additions	16.2	-	6.7	-	22.9
Acquisitions through business combinations	-	-	-	-	-
Transfer between asset categories (note 17)	10.6	-	-	-	10.6
Disposals	-	-	-	-	-
Amortisation charge	(12.8)	(0.3)	(16.8)	-	(29.9)
Exchange difference	0.6	0.1	0.3	7.8	8.8
Closing net book value	**55.7**	**2.2**	**58.6**	**408.5**	**525.0**
At 30 September 2014					
Cost or fair value	94.1	3.5	124.9	408.5	631.0
Accumulated amortisation and impairment	(38.4)	(1.3)	(66.3)	-	(106.0)
Net book value	**55.7**	**2.2**	**58.6**	**408.5**	**525.0**

2013	Computer software $ M	Trade name $ M	Customer relationship $ M	Goodwill $ M	Total $ M
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**

18. Intangible assets (continued)

a) Impairment tests for goodwill

For the purposes of impairment testing goodwill acquired through business combinations is allocated to cash generating units ('CGU'). Management have identified the Group's operating segments as the lowest level within the Group at which goodwill is monitored for internal management purposes:

	2014 $ M	2013 $ M
Storage & Logistics	10.2	10.2
Marketing	8.0	7.8
Malt	288.6	281.0
Oils	101.7	101.7
	408.5	**400.7**

b) Key assumptions used for value-in-use calculations

The recoverable amount of the CGUs is determined based on value in use calculations undertaken at the CGU level. These calculations use projected cash flows from financial budgets and a growth model based on an initial five year forecast which are approved by management. Projected cash flows are based on past performance and management's expectation of grain handling volumes for Storage & Logistics, trading volumes and market conditions for Marketing, malt sales volumes for Malt and crushing and refining sales in Oils.

Cash flows beyond the five-year period are extrapolated using the estimated growth rate of 2.0% to 2.5%. The growth rate does not exceed the long-term average growth rate for the business in which the CGUs operate.

Post-tax discount rates of 8.0% to 8.5% (pre-tax discount rate 9.2% to 10.8%) have been applied to discount the forecast future attributable post-tax cash flows. These post-tax discount rates reflect specific risks relating to the relative segment and its country of operation.

Any reasonably possible change to the above key assumption would not cause the carrying value of a CGU to exceed its recoverable amount.

19. Trade and other payables

Current	2014 $ M	2013 $ M
Trade payables	151.2	185.8
Other payables	93.0	116.8
Income received in advance	24.7	33.6
	268.9	**336.2**

Non-current	2014 $ M	2013 $ M
Income received in advance	18.2	20.0
	18.2	**20.0**

Information about the Group's exposure to foreign currency risk is provided in note 3.

20. Borrowings

Current	2014 $ M	2013 $ M
Short term facilities – unsecured	106.7	75.3
Inventory funding facilities – secured	245.6	162.4
Leases – secured	0.2	0.2
Total current borrowings	**352.5**	**237.9**
Non-current		
Term funding facilities – unsecured	590.7	584.5
Leases – secured	10.0	10.5
Total non-current borrowings	**600.7**	**595.0**

a) Bank overdraft

No interest is payable on overdrawn amounts, providing the Group's cash position is positive.

b) Short term and 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 0.5% - 3.8% (2013: 0.8% - 4.0%).

c) Term funding facilities

Interest was payable for the term drawn in the range 1.3% - 3.9% (2013: 1.3% - 4.8%).

d) Assets pledged as security

Leases are secured by the underlying assets. The inventory funding facilities are secured against the related inventory. The total secured liabilities (current and non-current) are as follows:

	2014 $ M	2013 $ M
Lease liabilities	10.2	10.7
Inventory funding facility (note 12)	245.6	162.4
	255.8	**173.1**

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

	2014 $ M	2013 $ M
Leased assets (note 17)	0.4	1.1
Inventory	222.0	133.8
	222.4	**134.9**

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 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 under the following Group debt facilities as at the date of this report and amounts drawn at year end:

2014	Maturity date	Principal facility amount $ M	Amount utilised $ M
Term debt	July 2016	406.1	365.7
Term debt	October 2016	225.0	225.0
Term debt^	November 2019	210.0	-
Inventory funding	November 2015	1,048.0	245.6
Working capital	October 2015	390.0	106.7
		2,279.1	**943.0**

^ New Construction Facility executed on 12 November 2014.

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
Inventory funding	November 2014	630.0	162.4
Working capital	October 2014	360.0	75.3
Working capital	September 2014	30.0	-
		1,644.6	**822.2**

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.

21. Other financial liabilities

	2014 $ M	2013 $ M
Current		
Lease incentives	0.2	0.2
Non-current		
Lease incentives	0.2	0.3

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 $2.5 million (2013: $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 2014 they amounted to $10.1 million (2013: $8.3 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 32 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 2014.

No liability was recognised by the Group in relation to these guarantees, as the fair value of the guarantees is immaterial.

22. Provisions

Current	2014 $ M	2013 $ M
Claims and losses	44.7	25.9
Workers' compensation	0.1	0.2
Restoration	-	0.1
Onerous contracts	1.2	1.4
Restructuring	1.7	-
Employee benefits	48.7	52.6
	96.4	**80.2**

Non-current		
Workers' compensation	0.4	0.6
Restoration	3.8	3.4
Onerous contracts	5.2	-
Restructuring	12.1	-
Employee benefits	2.8	2.7
	24.3	**6.7**

a) Claims and losses

Provision is made for various claims for losses or damages received from time-to-time. 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.

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) Restructuring

Provisions for restructuring are recognised when a detailed plan has been approved and the restructuring has either commenced or been publicly announced, or firm contracts related to the restructuring have been entered.

f) Movements in provisions

2014	Claims and losses $ M	Workers' compensation $ M	Restoration $ M	Onerous contracts $ M	Restructuring Provision $ M
Carrying amount at beginning of year	25.9	0.8	3.5	1.4	-
Additional provisions recognised	33.3	-	0.3	6.7	17.3
Amounts used	(13.0)	(0.3)	-	(1.7)	(3.5)
Unused amounts reversed	(1.5)	-	-	-	-
Exchange difference	-	-	-	-	-
Carrying amount at end of year	44.7	0.5	3.8	6.4	13.8

22. Provisions (continued)

g) Amounts not expected to be settled within the next 12 months

The Group's current provision for employee benefits includes $48.7 million (2013: $52.6 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 $1.1 million (2013: $0.4 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 7.

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) Retirement benefit asset / (liability) recognised in the statement of financial position

	2014 $ M	2013 $ M
Present value of the defined benefit obligations	(184.0)	(159.4)
Fair value of defined benefit plans assets	151.9	125.0
Net liability recognised in statement of financial position	**(32.1)**	**(34.4)**

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

	2014 %	2013 %
The major categories of plan assets are as follows:		
Cash	1%	1%
Equity instruments	51%	52%
Debt instruments	45%	44%
Other assets	3%	3%
Total	**100%**	**100%**

23. Retirement benefit obligations (continued)

d) Reconciliations

	2014 $ M	2013 $ M
Reconciliation of the present value of the defined benefit obligations:		
Balance at the beginning of the year	159.4	141.5
Current service cost	1.2	1.6
Interest cost	7.1	6.2
Scheme participants contributions	0.1	0.1
Remeasurements	14.5	3.4
Benefits paid	(6.1)	(6.4)
Exchange difference	7.8	13.0
	184.0	159.4
Reconciliation of fair value of plan assets:		
Balance at the beginning of the year	125.0	104.2
Interest income	5.7	5.6
Remeasurements	11.6	6.1
Contributions by Group companies	10.4	4.9
Scheme participants contributions	0.1	0.1
Actual plan administration expense	(0.2)	-
Benefits paid	(6.1)	(6.4)
Exchange difference	5.4	10.5
	151.9	**125.0**

e) Amounts recognised in the income statement

	2014 $ M	2013 $ M
The amounts recognised in the income statement are as follows:		
Current service cost	1.2	1.6
Net interest expense / (income)	1.4	0.6
Total expense / (income) included in employee benefits expense	2.6	2.2

f) Amounts recognised in other comprehensive income

	2014 $ M	2013 $ M
Remeasurements recognised in the year	(2.9)	2.7
Cumulative actuarial losses recognised	(25.9)	(23.0)

23. Retirement benefit obligations (continued)

g) Principal actuarial assumptions

2014	North America	UK	Australia
Principal actuarial assumptions used (expressed as weighted averages):			
Discount rate	3.80%	3.90%	3.90%
Future salary increases	2.75%	3.20%	4.00%

2013	North America	UK	Australia
Principal actuarial assumptions used (expressed as weighted averages):			
Discount rate	4.50%	4.40%	4.00%
Future salary increases	3.00%	3.40%	4.00%

h) Sensitivity analysis

Changes in the following principal actuarial assumptions would have the following effect on the defined benefit pension obligation:

	2014 $ M Increase/(decrease)
Discount rate:	
0.25% increase	(6.9)
0.25% decrease	7.3
Inflation:	
0.25% increase	2.3
0.25% decrease	(2.3)

The sensitivity information has been derived for all plans using projected cash flows valued using the relevant assumptions and membership profiles as at 30 September 2014. Extrapolation of these results beyond the sensitivity figures shown may not be appropriate.

i) 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 2014 are $4.3 million (2013: $7.7 million).

24. Contributed equity

Consolidated and Company	2014 Number	2014 $ M	2013 Number	2013 $ M
Fully paid ordinary shares Total contributed equity – Company	228,855,628	1,347.9	228,855,628	1,347.9
Treasury shares	(290,162)	(3.1)	(893,517)	(9.6)
Total consolidated contributed equity		**1,344.8**		**1,338.3**

24. Contributed equity (continued)

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-12	Balance brought forward	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
30-Sep-14	Total contributed equity - Company	228,855,628	1,347.9
	Less: Treasury shares	(290,162)	(3.1)
30-Sep-14	**Total consolidated contributed equity**		**1,344.8**

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 shares held.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

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 Long Term Incentive Plans, GrainCorp Deferred Equity Plan, and GrainCorp Retention Share Plan (refer to note 38 for further information). During the year 26,852 shares were acquired on market (2013: 21,025 shares). Under the employee share plans, 131,206 shares were granted or issued during the year (2013: nil). At 30 September 2014, the aggregate amount of unvested performance rights of 256,556 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 (long term debt net of cash and cash equivalents to total equity).

The Group maintains a core debt gearing ratio of less than 25% although this may change as the earning base continues to diversify. At 30 September 2014, core debt gearing was low at 22% (2013: 18%).

24. Contributed equity (continued)

The core debt gearing ratios were as follows:

	2014 $ M	2013 $ M
Total borrowings	953.2	833.0
Cash and cash equivalents	(206.2)	(255.0)
Net debt	747.0	578.0
Commodity inventory[63]	(264.0)	(191.8)
Core debt	483.0	386.2
Total equity	1,744.5	1,758.6
Core debt gearing ratio	22%	18%

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

	2014 $ M	2013 $ M
Retained earnings		
Retained earnings at the beginning of the financial year	391.6	388.3
Net profit for the year	50.3	140.9
Items of other comprehensive income recognised directly in retained earnings:		
Actuarial (losses) / gains on retirement benefit obligations, net of tax	(3.0)	(0.8)
Dividends received by Employee Trust	0.1	0.2
Share of other comprehensive income of equity accounted joint ventures, net of tax	-	-
Dividends provided for or paid (note 26)	(80.1)	(137.0)
Closing balance	**358.9**	**391.6**

Nature and purpose of reserves

The reserves disclosed in the Consolidated Statement of Changes in Equity (page 61) 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.

The translation reserve is used to recognise exchange differences arising on the translation of the financial statements of foreign operations.

[63] Marketing and Oils grain and oilseed inventory.

26. Dividends

	2014 $ M	2013 $ M
Dividends paid in the year:		
Final fully franked dividend for the year ended 30 September 2013 of 20.0 cents (2012: 20.0 cents)	45.8	45.6
Special fully franked dividend for the year ended 30 September 2013 of 0.0 cents (2012: 15.0 cents)	-	34.2
Interim fully franked dividend for the half year ended 31 March 2014 of 15.0 cents (2013: 20.0 cents)	34.3	45.8
Special interim fully franked dividend for the half year ended 31 March 2014 of 0.0 cents (2013: 5.0 cents)	-	11.4
Total	**80.1**	**137.0**

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 2014:

Final fully franked dividend for the year ended 30 September 2014 of 5.0 cents (2013: 20.0 cents final dividend)	11.4

This dividend will be paid out of retained profits at 30 September 2014, but is not recognised as a liability at year end.

Franking credits available

	2014 $ M	2013 $ M
Franking credits available for the subsequent financial year	43.9	65.7

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

a) Franking debits that will arise from the receipts of the current tax asset;

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.

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 $4.9 million (2013: $19.6 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:

	2014 $'000	2013 $'000
PwC Australia		
Audit and other assurance services		
i. Audit services		
Audit and review of financial reports and other work under the *Corporations Act 2001*	1,026	1,122
	1,026	1,122
ii. Other Services		
Other services	147	209
	147	209
Taxation services		
Tax compliance and advice	-	-
	-	-
Total remuneration of PwC Australia	**1,173**	**1,331**
Related practices of PwC Australia		
Audit and other assurance services		
i. Audit services		
Audit and review of financial reports and other work under the *Corporations Act 2001*	651	592
ii. Other services		
Secretarial services	-	10
Total remuneration of related practices of PwC Australia	**651**	**602**
Total auditors remuneration	**1,824**	**1,933**

Any PwC non-audit engagements are subject to the Group's corporate governance procedures, auditor independence policies and BAC approval.

28. Contingencies

The Group may from time to time receive notices of possible claims for losses or damages. A provision of $44.7 million (2013: $25.9 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. Refer to note 20.

29. Commitments

	2014 $ M	2013 $ M
Capital expenditure commitments		
Total capital expenditure contracted for at the reporting date but not provided for in payables:		
- Not later than one year	101.5	53.4
- Later than one year and not later than five years	11.0	1.6
- Later than five years	-	0.6
	112.5	55.6
Lease commitments		
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:		
- Not later than one year	54.4	66.3
- Later than one year and not later than five years	158.9	183.2
- Later than five years	167.6	143.0
	380.9	392.5
Representing:		
Cancellable operating leases	0.1	0.4
Non-cancellable operating leases	380.8	391.9
	380.9	392.3
Operating leases		
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
- Not later than one year	54.3	66.1
- Later than one year but not later than five years	158.9	183.2
- Later than five years	167.6	143.0
	380.8	392.3
Finance leases		
Commitments in relation to finance leases are payable as follows:		
- Not later than one year	1.3	1.9
- Later than one year but not later than five years	5.7	5.2
- Later than five years	18.8	19.8
Minimum lease payments	25.8	26.9
Future finance charges	(15.6)	(16.2)
Total lease liabilities	10.2	10.7
Representing lease liabilities:		
Current (note 20)	0.2	0.2
Non-current (note 20)	10.0	10.5
	10.2	**10.7**

30. Key Management Personnel disclosures and related party transactions

1. Key Management Personnel ('KMP') disclosures

a) KMP compensation

	2014 $'000	2013 $'000
Short-term employee benefits	7,433	7,701
Post-employment benefits	262	261
Long-term benefits	417	2,351
Share-based payments	(222)	1,345
Termination payments	-	428
	7,890	**12,086**

Detailed remuneration disclosures including details of rights provided as remuneration and shares issues on the exercise of such rights, together with terms and conditions of rights are provided in sections 1 to 9 of the Remuneration Report on pages 22 to 44.

b) 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 A G Bell, B J Gibson, P J Housden, B Ivanoff, D J Mangelsdorf, D G McGauchie, K Pamminger, D C Taylor and D B Trebeck (2013: B J Gibson, P J Housden, D J Mangelsdorf, D G McGauchie, K Pamminger, D C Taylor, D B Trebeck and A M Watkins).

	Consolidated	
Director related and KMP related entities	**2014 $'000**	**2013 $'000**
Current receivables	3,821	3,061
Current payables	92	102

2014: Current receivables include $1,840,000 relating to Allied Mills Australia Pty Ltd of which A G Bell is a Director and B Ivanoff was a Director during the year. $1,981,000 receivable from Australian Agricultural Company Ltd of which D G McGauchie is a Director. Current payables include $75,000 relating to Allied Mills Australia Pty Ltd of which A G Bell is a Director and B Ivanoff was a Director during the year, $14,000 payable to Nuplex Industries Limited of which B J Gibson is a Director, and $1,800 payable to Royal Wolf Trading Australia Pty Ltd of which P J Housden is a Director and $1,000 payable to Klaus Trading Services Pty Ltd of which K Pamminger is a Director.

2013: Current receivables include $2,280,000 relating to Allied Mills Australia Pty Ltd of which A M Watkins was a Director. $621,000 to Nuplex Industries Limited of which B Gibson is a Director and $160,000 receivable from Australian Agricultural Company Ltd of which D G McGauchie is a Director. Current payables include $41,000 relating to Allied Mills Australia Pty Ltd of which A M Watkins was 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 of which P J Housden is a Director.

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 32. 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	
	2014 $'000	**2013 $'000**
Fee for liabilities guarantee	-	308
Interest expense payable to subsidiaries	3	2
Interest revenue from subsidiaries	69,492	64,506

30. Key Management Personnel disclosures and related party transactions (continued)

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	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Freight income from Allied Mills Australia Pty Ltd ('Allied Mills')	10,529	29,129	-	-
Rental charge from Allied Mills	-	-	-	-
Sales income from Allied Mills	71,000	79,546	-	-
Purchases from Allied Mills	2,099	16,764	-	-
Interest income from Allied Mills	934	1,054	934	1,054
Storage income from Allied Mills	7,979	10,865	-	-
Sales income from Five Star Flour Mills ('Five Star')	104,900	130,902	-	-
Membership fees to National Grower Register Pty Ltd ('NGR')	2	279	-	-
Interest income from NGR	18	46	-	-

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	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Subsidiaries				
Non-current receivables	-	-	1,419,178	1,438,701
Joint ventures				
Loan to NGR (note 11)	175	350	-	-
Loan to Allied Mills (note 11)	19,092	19,092	19,092	19,092
Current receivable Allied Mills	1,840	-	-	-
Current receivable Five Star	-	23,317	-	-
Loan interest receivable from Allied Mills (note 11)	279	285	279	285

d) Terms and conditions

Transactions between GrainCorp and related parties in the Group during the years ended 30 September 2014 and 2013 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:

	2014 $ M	2013 $ M
Statement of financial position		
Current assets	1.7	1.6
Total assets	1,657.9	1,680.0
Current liabilities	0.3	0.3
Total liabilities	0.5	0.5
Shareholders' equity		
Contributed equity	1,344.8	1,338.3
Share option reserve	1.1	8.1
Capital reserve	8.3	8.3
Retained profits	303.2	324.8
Total shareholders' equity	1,657.4	1,679.5
Profit for the year	**70.4**	**210.9**
Total comprehensive income	**70.4**	**210.9**

b) Guarantees entered into by the parent entity

GrainCorp and the wholly owned entities listed in note 32 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 2014.

No liability was recognised by GrainCorp in relation to these guarantees, as the fair value of the guarantees is immaterial.

c) Contingent liabilities of the parent entity

GrainCorp did not have any contingent liabilities as at 30 September 2014 or 30 September 2013.

d) Contractual commitments for the acquisition of property, plant or equipment

GrainCorp Limited did not have any commitments for the acquisition of property, plant and equipment as at 30 September 2014 or 30 September 2013.

32. Subsidiaries

Name of entity	Class of shares	Country of incorporation	Equity holdings 2014	Equity holdings 2013
ABN 18 052 348 973 Pty Ltd (formerly Ausfarmers Pty Limited)[64]	Ordinary	Australia	-	100%
ABN 25 069 096 582 Pty Ltd (formerly GrainCorp Victoria Pty Limited) [64]	Ordinary	Australia	-	100%
ABN 36 073 105 656 Pty Ltd (formerly Globex International Pty Limited)[65]	Ordinary	Australia	100%	100%
Agricultural Risk Management Services Pty Limited	Ordinary	Australia	100%	100%
Auscol Pty Ltd	Ordinary	Australia	100%	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%	100%
Containerlink Pty Limited[65]	Ordinary	Australia	100%	100%
Grainco Australia Pty Limited	Ordinary	Australia	100%	100%
GrainCorp AG Finance Limited[65]	Ordinary	Australia	100%	100%
GrainCorp Australia Pty Ltd	Ordinary	Australia	100%	100%
GrainCorp Commodity Management (Holdings) Pty Ltd (formerly Gardner Smith (Holdings) Pty Ltd)	Ordinary	Australia	100%	100%
GrainCorp Commodity Management Pty Ltd (formerly Gardner Smith Pty Limited)	Ordinary	Australia	100%	100%
GrainCorp Foods Australia Pty Ltd (formerly Integro Foods Australia Pty Ltd)	Ordinary	Australia	100%	100%
GrainCorp Holdings Australia Pty Ltd	Ordinary	Australia	100%	100%
GainCorp Liquid Terminals Australia Pty Ltd (formerly Pacific Terminals (Australia) Pty Ltd)	Ordinary	Australia	100%	100%
GrainCorp NZ Pty Limited[64]	Ordinary	Australia	-	100%
GrainCorp Oils Holdings Pty Ltd	Ordinary	Australia	100%	100%
GrainCorp Oilseeds Pty Ltd (formerly Riverland Oilseeds Pty Ltd)	Ordinary	Australia	100%	100%
GrainCorp Operations Limited	Ordinary	Australia	100%	100%
GrainCorp Services Limited	Ordinary	Australia	100%	100%
GrainCorp Superannuation Pty Ltd[65]	Ordinary	Australia	100%	100%
GrainCorp Warehouse Cashflow Pty Ltd	Ordinary	Australia	100%	100%
GSEST Pty Ltd[65]	Ordinary	Australia	100%	100%
Hunter Grain Pty Limited	Ordinary	Australia	100%	100%
Hunter Grain Transport Pty Limited	Ordinary	Australia	100%	100%
Malt Real Property Pty Limited	Ordinary	Australia	100%	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%	100%
Shanghai Grand Port Liquid Storage Terminals Co., Ltd	Ordinary	China	100%	100%

[64] Deregistered during financial year 2014.
[65] Subject to members voluntary liquidation or deregistration.

32. Subsidiaries (continued)

Name of entity	Class of shares	Country of incorporation	Equity holdings 2014	Equity holdings 2013
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%
Barrett Burston Malting Co (NZ) Limited[66]	Ordinary	New Zealand	100%	-
BLM Feeds Limited	Ordinary	New Zealand	100%	100%
Enzpro NZ Limited	Ordinary	New Zealand	100%	100%
GrainCorp Commodity Management (NZ) Limited (formerly Gardner Smith NZ Limited)	Ordinary	New Zealand	100%	100%
GrainCorp Foods NZ Limited (formerly Integro Foods NZ Limited)	Ordinary	New Zealand	100%	100%
GrainCorp Liquid Terminals NZ Limited (formerly Pacific Terminals NZ Limited)	Ordinary	New Zealand	100%	100%
GrainCorp Operations Asia Pte Ltd	Ordinary	Singapore	100%	100%
Gardner Smith Africa Pty Ltd[65]	Ordinary	South Africa	100%	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[67]	Ordinary	USA	-	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%

33. Unconsolidated structured entities

The term 'unconsolidated structured entities' refers to all structured entities that are not controlled by GrainCorp Operations Limited. GrainCorp Operations Limited enters into transactions on behalf of GrainCorp Pools Pty Ltd as authorised manager to facilitate customer transactions.

GrainCorp Operations has no intention, nor does it provide any financial support to GrainCorp Pools Pty Ltd.

GrainCorp Operations Limited received a management fee in the range of 2% to 3% based on the final pool return.

[66] Registered as a new entity during financial year 2014.

[67] Dissolved during financial year 2014.

34. Deed of cross guarantee

GrainCorp and its wholly-owned Australian incorporated entities listed in note 32, with the exception of Agricultural Risk Management Services Pty Ltd, ABN 36 073 105 656 Pty Ltd, Containerlink Pty Ltd ABN 050 628 227 Pty Ltd, GrainCorp AG Finance Limited ABN 096 359 447 Pty Ltd and 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 2014.

Income statement	**2014 $ M**	**2013 $ M**
Revenue from continuing operations	2,876.9	3,271.7
Other income	92.4	10.7
Goods purchased for resale	(2,198.2)	(2,327.6)
Raw materials and consumables used	(156.2)	(168.4)
Employee benefits expense	(256.9)	(287.7)
Depreciation and amortisation expense	(90.9)	(88.5)
Impairment of assets	(7.1)	-
Finance costs	(36.7)	(40.4)
Repairs and maintenance	(39.7)	(47.7)
Operating leases	(39.0)	(50.1)
Other expenses	(137.8)	(136.4)
Share of net profits of joint ventures accounted for using the equity method	9.6	11.7
Profit / (loss) before income tax	16.4	147.3
Income tax (expense) / benefit	5.3	(44.6)
Profit for the year	**21.7**	**102.7**
Other comprehensive income:		
Changes in the fair value of cash flow hedges	(1.4)	(1.4)
Share of comprehensive income of joint ventures	(0.1)	0.4
Actuarial (losses) on retirement benefit obligations	-	1.1
Income tax relating to components of other comprehensive income	0.4	(0.1)
Other comprehensive income for the year, net of tax	(1.1)	-
Total comprehensive income for the year	**20.6**	**102.7**
Summary of movements in consolidated retained earnings		
Retained earnings at the beginning of the financial year	278.7	312.3
Profit after related income tax expense	21.7	102.7
Other comprehensive income recognised in retained earnings	-	0.7
Dividends provided for or paid	(80.1)	(137.0)
Retained earnings at the end of the financial year	**220.3**	**278.7**

34. Deed of cross guarantee (continued)

Set out below is the consolidated statement of financial position as at 30 September of the Closed Group.

Statement of financial position	2014 $ M	2013 $ M
Current assets		
Cash and cash equivalents	71.4	174.1
Trade and other receivables	252.9	285.3
Inventories	317.1	257.7
Derivative financial instruments	149.5	48.5
Current tax assets	22.2	-
Total current assets	**813.1**	**765.6**
Non-current assets		
Receivables	225.8	210.4
Investment in Subsidiaries	409.2	409.1
Investments accounted for using the equity method	161.3	151.5
Other financial assets	10.5	1.3
Property, plant & equipment	862.7	828.5
Deferred tax assets	9.8	5.2
Intangible assets	127.5	119.2
Derivative financial instruments	4.1	1.6
Total non-current assets	**1,810.9**	**1,726.8**
Total assets	**2,624.0**	**2,492.4**
Current liabilities		
Trade and other payables	151.4	199.3
Borrowings	297.8	174.0
Derivative financial instruments	118.7	31.9
Other financial liabilities	0.2	0.2
Current tax liabilities	-	7.4
Provisions	81.9	67.5
Total current liabilities	**650.0**	**480.3**
Non-current liabilities		
Trade and other payables	7.0	3.3
Borrowings	369.7	369.8
Derivative financial instruments	5.3	1.3
Other financial liabilities	0.2	0.3
Provisions	16.2	3.7
Retirement benefit obligations	2.3	0.6
Total non-current liabilities	**400.7**	**379.0**
Total liabilities	**1,050.7**	**859.3**
Net assets	**1,573.3**	**1,633.1**
Equity		
Contributed equity	1,344.8	1,338.3
Reserves	8.2	16.2
Retained earnings	220.3	278.7
Total equity	**1,573.3**	**1,633.1**

35. Investments accounted for using the equity method

a) Carrying amounts

Company	Principal activity	Ownership interest 2014	Ownership interest 2013	Carrying amount 2014 $ M	Carrying amount 2013 $ M
Allied Mills Australia Pty Ltd[68]	Mixing & milling	60%	60%	160.7	151.3
National Grower Register Pty Ltd	Register management	50%	50%	0.5	0.2
Wheat Australia Pty Ltd	Wheat exportation	-	33.3%	-	-
Flex Biofuels Pty Ltd	Sales and purchases of biofuels	50%	50%	0.3	-
				161.5	**151.5**

All of the above joint ventures are incorporated in Australia.

b) Movements in carrying amounts

i. Group share of commitments and contingent liabilities in respect of joint ventures

Group's share of joint venture's expenditure commitments, other than for supply of inventories:

	2014 $ M	2013 $ M
Capital commitments	8.4	16.7
Lease commitments	2.8	1.2
Contingent liabilities	-	-
	11.2	**17.9**

ii. Summarised financial information of joint ventures

The tables below provide summarised financial information for those joint ventures that are material to the Group. The information disclosed reflects the amounts presented in the financial statements of the relevant joint venture and not the Group's share of those amounts.

	Allied Mills Australia Pty Ltd	
Summarised statement of financial position	**2014 $ M**	**2013 $ M**
Current assets	186.6	186.2
Non-current assets	303.7	286.9
Total assets	**490.3**	**473.1**
Current liabilities	135.6	135.5
Non-current liabilities	86.8	85.4
Total liabilities	**222.4**	**220.9**
Net Assets	**267.9**	**252.2**
Reconciliation of carrying amounts:		
Opening net assets 1 October	252.2	232.5
Profit / (loss) for the period	15.8	19.1
Other comprehensive income	(0.1)	0.6
Closing net assets	**267.9**	**252.2**
Group share of net assets	**160.7**	**151.3**

[68] Equity interest in Allied Mills is 60%, however, voting rights are 50%, refer note 2(b).

35. Investments accounted for using the equity method (continued)

	Allied Mills Australia Pty Ltd	
	2014	2013
Summarised statement of comprehensive income	$ M	$ M
Revenue	509.1	466.7
Profit from continuing operations	15.8	19.1
Other comprehensive income	(0.1)	0.6
Total comprehensive income[69]	**15.7**	**19.7**
Group share of comprehensive income	**9.4**	**11.8**

iii. Individually immaterial joint ventures

In addition to the interest in associates disclosed above, the group also has interest in a number of individually immaterial associates that are accounted for using the equity accounting method.

	2014	2013
	$ M	$ M
Aggregated carrying amount of individually immaterial associates	0.8	0.2
Aggregated amounts of the groups share of:		
Profit / (loss) from continuing operations	0.2	(0.1)
Other comprehensive income	-	-
Total comprehensive income[69]	0.2	(0.1)

36. Reconciliation of profit after income tax to net cash flow from operating activities

	2014	2013
	$ M	$ M
Profit / (loss) for the year	**50.3**	**140.9**
Net (profit) / loss on sale of non-current assets	-	(0.7)
Non-cash employee benefits expense – share based payments	(0.2)	1.9
Share of (profit) / loss of joint ventures not received as dividends	(9.6)	(11.7)
Depreciation / amortisation	126.5	118.8
Impairment expense	11.7	-
	178.7	249.2
Changes in operating assets and liabilities (net of acquired entities):		
(Increase) / decrease in inventories	42.1	(24.8)
(Increase) / decrease in deferred tax asset	(8.2)	6.9
(Increase) / decrease in derivatives	(2.0)	(19.6)
(Increase) / decrease in receivables	21.3	26.9
Increase / (decrease) in trade payables	(67.3)	5.3
Increase / (decrease) in other liabilities	(2.1)	5.5
Increase / (decrease) in provision for income tax	(27.2)	(10.4)
Increase / (decrease) in provision for deferred tax liability	4.3	(12.8)
Increase / (decrease) in defined benefit pension plan liability	(2.3)	(2.1)
Increase / (decrease) in provisions	33.8	(1.2)
Net cash provided by operating activities	**171.1**	**222.9**

[69] Total comprehensive income does not include interest on loan to joint ventures. Refer to note 30(b).

37. Earnings per share

	2014 Cents	2013 Cents
Earnings per share		
Basic earnings per share	22.0	61.9
Diluted earnings per share	22.0	61.6

	Number of ordinary shares	
Weighted average number of ordinary shares used as the denominator in the calculation of basic earnings per share	228,488,305	227,771,279
Adjustment for calculation of diluted earnings per share:		
Performance rights	359,921	998,059
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in the calculation of diluted earnings per share	228,848,226	228,769,338

	2014 $ M	2013 $ M
Reconciliation of earnings used in calculating earnings per share		
Basic and diluted earnings per ordinary share:		
Profit for the year	50.3	140.9
Earnings used in calculating basic and diluted earnings per ordinary share	**50.3**	**140.9**

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.

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	2 May 2014
Fair value at grant date (TSR)	$4.91	$5.18	$5.66	$2.84
Fair value at grant date (ROE)	$6.51	$6.76	$6.96	$8.17
Estimated vesting date	30 September 2013	30 September 2013	30 September 2014	30 September 2016
Share price at grant date	$7.37	$7.62	$8.20	$8.94
Volatility	35%	35%	30%	20%
Risk free interest rate	5.00%	4.92%	3.50%	2.72%
Dividend yield	4.5%	4.5%	5.9%	3.5%

38. Share based payments (continued)

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)	-	-	-	-
30 Mar 2011	30 Sep 2013	6,663	-	(6,663)	-	-	-	-
16 Feb 2012	30 Sep 2014	275,451	-	-	(129,894)	(20,207)	125,350	103,849
2 May 2014	30 Sep 2016	-	131,206	-	-	-	131,206	-
		491,493	131,206	(216,042)	(129,894)	(20,207)	256,556	103,849

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. The 2014 LTI plan was initially awarded as deferred cash grants for the same reasons. Following the rejection of the ADM bid by the Federal Treasurer on 29 November 2013, the Board determined that the award would be converted back to an equity-based LTI award. Refer to Section 5.2 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 performance.

For the incoming Managing Director & CEO the 50% deferred component of STI is paid 12 months following the initial STI awards as cash. For the other Executives the deferred component is paid over two years as rights (i.e., 50% of deferred component at the end of year one, and 50% of deferred component at the end of year two).

Grant quantum under the DEP 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 under the plan 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	240,538	-	(240,538)	-	-	-

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 5 of the Remuneration Report for further details.

38. Share based payments (continued)

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
15 Dec 10	30 Sep 13	171,903	-	(171,903)	-	-	-

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:

	2014 $ M	2013 $ M
Share-based payments expense	(0.2)	1.9

39. Events occurring after the reporting period

GrainCorp Managing Director & CEO Commencement
Mr Mark Palmquist commenced as Managing Director & CEO on 1 October 2014.

Other than reported above, no other matter or circumstance has arisen since 30 September 2014 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 57 to 125 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 2014 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
13 November 2014

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 2014, the consolidated income statement and 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 GrainCorp Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at 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*.

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pwc

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 2014 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*.

(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 22 to 44 of the directors' report for the year ended 30 September 2014. 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 2014 complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Matthew Lunn
Partner

Sydney
13 November 2014

Shareholder Information

Holdings distribution as at 31 October 2014

Range	Securities	%	No. Of Holders	%
100,001 and Over	192,234,564	84.0	50	0.3
50,001 to 100,000	2,273,326	1.0	33	0.2
10,001 to 50,000	10,420,972	4.6	572	3.8
5,001 to 10,000	8,080,818	3.5	1,131	7.5
1,001 to 5,000	12,586,155	5.5	5,399	35.6
1 to 1,000	3,259,793	1.4	7,980	52.6
Total	**228,855,628**	**100.0**	**15,165**	**100.0**
Unmarketable Parcels	**8,050**	**0.00**	**701**	**4.6**

Twenty largest shareholders as at 31 October 2014

Rank	Name	Shares held	Issued Capital
1	ADM Australia Holdings II Pty Limited	45,420,054	19.9%
2	J P Morgan Nominees Australia Limited	38,785,461	16.9%
3	National Nominees Limited	25,992,291	11.4%
4	HSBC Custody Nominees (Australia) Limited	23,943,224	10.5%
5	Citicorp Nominees Pty Limited	22,646,113	9.9%
6	BNP Paribas Noms Pty Ltd	6,412,703	2.8%
7	RBC Investor Services Australia Nominees Pty Limited	5,682,410	2.5%
8	D Seaton Pty Ltd	5,237,738	2.3%
9	RBC Investor Services Australia Nominees Pty Limited	2,262,081	1.0%
10	AMP Life Limited	2,180,363	1.0%
11	Jarjums Holdings Pty Limited	1,786,011	0.8%
12	Donald Cameron Seaton	1,133,976	0.5%
13	UBS Wealth Management Australia Nominees Pty Ltd	1,007,950	0.4%
14	RBC Investor Services Australia Nominees Pty Limited	901,828	0.4%
15	QIC Limited	764,514	0.3%
16	HSBC Custody Nominees (Australia) Limited	663,696	0.3%
17	HSBC Custody Nominees (Australia) Limited	607,570	0.3%
18	Warbont Nominees Pty Ltd	483,728	0.2%
19	Invia Custodian Pty Limited	481,820	0.2%
20	Mr William Glen McMillan & Mrs Debbie Caroline McMillan	421,812	0.2%
Total		**186,815,343**	**81.6%**
Balance of Register		**42,040,285**	**18.4%**
Grand Total		**228,855,628**	**100.00%**

Substantial shareholders

The following organisations disclosed a substantial shareholding notice in GrainCorp Limited by 31 October 2014:

Name	Notice Date	Shares held	Issued Capital
ADM Group Company	2 December 2013	45,420,054	19.9%
Ellerston Capital Limited	30 October 2014	25,580,893	11.2%
The Goldman Sachs Group, Inc.	22 October 2014	23,651,190	10.3%
Norges Bank	7 August 2014	11,563,332	5.1%
Perpetual Limited	1 October 2014	11,507,007	5.0%

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
Chairman

Mark L Palmquist
Managing Director and CEO

Rebecca P Dee-Bradbury
Non-executive Director

Barbara J Gibson
Non-executive Director

Peter J Housden
Non-executive Director

Donald G McGauchie
Non-executive Director

Daniel J Mangelsdorf
Non-executive Director

David B Trebeck
Non-executive Director

Simon L Tregoning
Non-executive Director

COMPANY SECRETARIES

Gregory Greer
Betty Ivanoff

GRAINCORP LIMITED

ABN 60 057 186 035

REGISTERED OFFICE

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Sydney NSW 2000

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F +61 2 9325 9180

COMPANY WEBSITE

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ASX Company Code: GNC

SHARE REGISTRY

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Sydney South NSW 1235

1300 883 034 (within Australia)
+61 1300 883 034 (outside Australia)

AUDITORS

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Darling Park Tower 2
201 Sussex Street
Sydney NSW 1171

MEDIA:

Director Government and Media, Angus Trigg

+61 2 9325 9132 or atrigg@graincorp.com.au

INVESTORS:

Investor Relations Manager, David Akers

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GrainCorp