AACL HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES

ABN 41 139 977 772

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2012

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CORPORATE INFORMATION

Directors

Chris Raymond Brooks
Non Executive Chairman
Appointed 20 October 2010

Peter Maxwell McEwen
Chief Executive Officer
Resigned 4 May 2012

Trevor Gordon Stoney
Non Executive Director
Appointed 1 July 2010

David William Mattiske
Non Executive Director
Resigned 21 June 2012

Nathan Omodei
Non Executive Director
Appointed 19 April 2012

Company Secretary

Ross Andrew Withers
Appointed 15 November 2011

Henry Thong
Resigned 21 October 2011

Share Registry

Advanced Share Registry Services
150 Stirling Highway
Nedlands WA 6009

Telephone: +61 8 9389 8033
Facsimile: +61 8 9389 7871

Solicitors to the Company

Clayton Utz
Level 27, 250 St Georges Terrace
Perth WA 6000

Auditors

Crowe Horwath Perth
Level 6
256 St George's Terrace
PERTH WA 6000

Registered Office

Level 1, Suite 5
12 – 20 Railway Road
SUBIACO WA 6008

Telephone: +61 8 9217 3777
Facsimile: + 61 8 9217 3799

Website

www.aacl.com.au

DIRECTORS' REPORT

The directors present their report, together with the financial statements of the Group, being the company and its controlled entities, for the financial year ended 30 June 2012.

1. Company Overview

AACL Holdings Ltd (AACL) is an agricultural investment and management company that operates one of the largest grain production enterprises in Australia. AACL's unique product (known as Grain Co-Production Project) brings investors and professional famers together to grow large scale crops such as wheat, barley and canola.

AACL obtains funding from two sources:

- Retail investor funding which invests directly in Grain Co-Production Projects; and
- Wholesale funding, where AACL invests the capital in the Grain Co-Production Projects in its own right.

AACL is a national business with its head office in Perth and regional offices across Western Australia, New South Wales, Victoria and South Australia.

AACL was admitted to the Official List of the ASX on Wednesday 7 April 2010.

2. Group Structure

There were no changes to the Group structure during the year. Refer to Note 7 below for expected changes in group structure post 30 June 2012.

3. Principal Activities and Significant Changes in Nature of Activities

The principal activities of the Consolidated Group during the financial year were the development and management of investments in the grain industry.

There were no other significant changes in the nature of the Consolidated Group's principal activities during the financial year.

4. Operating Results and Review of Operations for the Year

4.1 Operating Results

The total comprehensive income of the Consolidated Group amounted to a loss of $8,178,000 (2011: profit $141,000) after providing for income tax. The 2011 season although resulting in a high volume crop was, however, adversely affected by late and persistent summer rain resulting in a harvest of largely lower quality grain.

4.2 Review of Operations

The core business of AACL is its unique product known as Grain Co-Production Project, which partners investors and professional farmers to grow large scale crops such as wheat, barley and canola. A key component of the operations is raising retail investor funds and wholesale funding to then provide to contracted farmers. Farmers, investors and AACL then share in the harvest outcome.

The 2012 Grain Co-Production retail investment offering was released to the market in May 2012. Due to the low take-up of the offer, the Responsible Entity, AACL Funds Management Limited decided not to proceed with the retail raising and returned investors funds in accordance with the Product Disclosure Statement.

As a result, the funds invested with farmers for the 2012 season are predominantly made up of an investment by AACL Pty Ltd via a prepayment of grain and funding arrangement with Glencore, and a small amount of 2010 and 2011 retail Grain Co-Production Project investors.

4.3 Financial Position

The net assets/liability position of the Consolidated Group have decreased from a net asset position of $1,513,449 at 30 June 2011 to a net liability position of $4,556,102, at 30 June 2012.

4.4 Funding Arrangements

AACL executed a funding and marketing agreement with Glencore on 25 October 2010 for the 2011-12 to 2013-14 season. Under this arrangement Glencore has agreed to provide AACL with matching funding on a one-for-one basis of up to $50 million each season for investment in Grain Co-Production Projects. The funding agreement supplements AACL's existing funding from retail investors of $3 million to fund Grain Co-Production Project contracts with farmers across southern Australia.

5. Significant Changes to State of Affairs

The following significant changes in the state of affairs of the Group occurred during the financial year:

- AACL closed a fully underwritten renounceable rights issue on 5 August 2011 and issued 68,454,532 ordinary shares at 3 cents raising $2.054 million. The rights issue was 93% subscribed. The board approved the allocation of the remaining unsubscribed shares to Glencore Grain Pty Ltd on 22 September 2011.
- AACL Holdings Limited issued 4.5 million Employee options on the 1st January 2012. This was approved at the Company's Annual General Meeting on 29 November 2011.

6. Dividends Paid or Recommended

No dividends have been paid or declared since the start of the financial period and the directors do not recommend the payment of a dividend in respect of the financial period.

7. After Balance Date Events

On 10 September 2012, AACL Holdings Limited (AACL) announced that it had executed binding agreements with leading international commodities trader and marketer Glencore Grain Pty Limited (Glencore) for the proposed sale of AACL Pty Ltd (100% subsidiary of AACL) to Glencore, and the acquisition by AACL Pty Ltd of the grain assets of the 2010 and 2011 Grain Co Production Projects.

8. Future Developments, Prospects and Business Strategies

In light of the proposed transaction with Glencore, the Board is currently reviewing the Strategic Plan including the development of additional products and future business opportunities to ensure it remains relevant for the current and emerging business environment. The Board will ensure that the company and its executives remain focussed on delivering value for all shareholders.

9. Environmental Issues

The consolidated Group's operations are not subject to significant environmental regulations under the laws of the Commonwealth and State.

10. Information on the Directors

Trevor Gordon Stoney	***Non Executive Director, appointed 1 July 2010.***
Experience	Mr Stoney has been farming since 1962 in both Victoria and Western Australia and brings to AACL extensive experience from a wide range of farming locations and enterprises. Mr Stoney was initially involved in AACL at its inception, as a contracted farmer and became a Board member given his belief in the opportunities that AACL has to offer agriculture in Australia.
Directorships held in other entities during the three years prior to the current year	Currently a non executive director of ASX listed company Carbon Conscious Ltd (since 21 July 2010).
Interest in Shares and Options	25,400,000 ordinary shares in AACL Holdings Ltd. Mr Stoney is a shareholder of Broadacre Asset Management Ltd which holds 12,053,297 ordinary shares and 20,000,000 options over ordinary shares in the company.
Chris Raymond Brooks	***Non Executive Chairman, appointed to the board 20 October 2010, appointed to the chairmanship 29 June 2011***.
Experience	Mr Brooks has over 30 years experience in the Australian Grain industry including 12 years as the Managing Director and CEO of the Australian operations of Glencore Grain Pty Ltd up until his retirement in July 2011.
Interest in Shares and Options	Nil
Directorships held in other entities during the three years prior to the current year	Director - Australian Grain Exporters Association, Grain Industry of Victoria and Corporate Cropping Australia.
Nathan Omodei	***Non Executive Director, appointed 19 April 2012.***
Experience	Mr Omodei has extensive Agricultural business experience in particular as a director of DailyGrain Pty Ltd, a leading grain price discovery provider and was previously a founding director of Plum Grove Pty Ltd, a grain accumulation business and recognized as a leader in grain pool management in Australia. Mr Omodei holds a Bachelor of Commerce, a Post Graduate in Applied Finance and Investment (FINSIA) and is a Graduate of the Australian Institute of Company Directors.
Interest in Shares and Options	Nil
Directorships held in other entities	Director – DailyGrain Pty Ltd

11. Company Secretary – Ross Withers

Mr Withers was appointed Company Secretary on 15 November 2011. Mr Withers has over 20 years financial management experience, including several as the CFO of an ASX listed company. He brings to the Company financial management and corporate governance skills from various industries including Agribusiness and financial services. He holds a Bachelor of Business with major in Accounting and is a CPA.

12. Meetings of Directors

During the financial year, the number of meetings of directors (including committees of directors) held during the year and the number of meetings attended by each director was as follows:

	Number of meetings eligible to attend	Number of meetings attended
Peter McEwen (resigned 4 May 2012)	5	5
Chris Brooks	6	6
Trevor Stoney	6	6
David Mattiske (resigned 21 June 2012))	6	6
Nathan Omodei (appointed 19 April 2012)	2	2 (i)

(i) Mr Omodei was appointed on 19 April 2012 and was ineligible to attend board meetings prior to his appointment.

13. Indemnifying Officers or Auditor

During or since the end of the financial year, the company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

- The Company has paid insurance premiums during the year in respect of insuring each of the Directors and each officer of the Group against liabilities and expenses arising as a result of work performed in their respective capacities, to the extent permitted by law. The terms of the insurance contract prohibit the disclosure of the amount of premiums paid.

The Company has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the Company against a liability incurred as auditor.

14. Options

At the date of this report, the unissued ordinary shares of AACL Holdings Ltd under option are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Option
9 December 2009	30 April 2013	$0.40	20,000,000
23 March 2010	31 December 2012	$0.40	2,000,000
9 December 2009	31 December 2012	$0.40	375,000
29 June 2011	30 June 2013	$0.40	2,000,000
1 January 2012	1 March 2014	$0.14	3,350,000
			27,725,000

Option holders do not have any rights to participate in any issues of shares or other interests in the Company or any other entity.

For details of options issued to directors and executives as remuneration, refer to the Remuneration Report.

15. Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

16. Non-Audit Services

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the non-audit services provided by the external auditor do not compromise the external auditor's independence for the following reasons:

- All non-audit services are reviewed and approved by the board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- The nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

There were no fees paid or payable to Crowe Horwath Perth for non-audit services provided during the year ended 30 June 2012.

17. Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2012 has been received and can be found on page 16 of the Financial Report.

18. ASIC Class Order 98/100 Rounding of Amounts

The company is an entity to which ASIC Class Order 98/100 applies and, accordingly, amounts in the financial statements and Directors' Report have been rounded to the nearest thousand dollars.

19. Remuneration Report (Audited)

19.1 Remuneration Policy

The report outlines the remuneration arrangements in place for directors of AACL Holdings Ltd. The following persons acted as directors during or since the end of the financial year:

- Peter McEwen *(Resigned 4 May 2012)*
- Chris Brooks
- Trevor Stoney
- David Mattiske *(Resigned 21 June 2012)*
- Nathan Omodei *(Appointed 19 April 2012)*

The term 'key management personnel' or 'executive manager' is used in this remuneration report to refer to the following persons. Except as noted the named persons held their current position for the whole of the financial year and since the end of the financial year:

- Craig Milverton *(Resigned 14 July 2012)*
- Henry Thong *(Resigned 21 October 2011)*
- Robert Melville *(Resigned 3 August 2012)*
- Simon Foley
- Andrew Tasker *(Resigned 3 February 2012)*
- Ross Withers *(Appointed 15 November 2011)*

19.2 Remuneration Philosophy

The performance of the company depends upon the quality of the directors and executives. The philosophy of the company in determining remuneration levels is to:

- Set competitive remuneration packages to attract and retain high calibre employees;
- Link executive rewards to shareholder value creation; and
- Establish appropriate, demanding performance hurdles for variable executive remuneration.

Remuneration Committee

The Company conducts the affairs of the Remuneration Committee under a separate charter within the order of business of the full board of directors.

Remuneration Structure

In accordance with best practice Corporate Governance, the structure of non executive director and executive remuneration is separate and distinct.

Non Executive Director Remuneration

The Board seeks to set aggregate remuneration at a level that provides the company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The latest determination was at the initial meeting of members when shareholders approved an aggregate maximum remuneration of $200,000 per year. The total remuneration in 2011/12 for the non-executive directors was $100,053.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external shareholders as well as the fees paid to non executive directors of comparable companies when undertaking the annual review process.

Each non executive director receives a fee for being a director of the company with the exception of the directors representing Glencore Grain Pty Ltd. No fees are paid to remove any potential issue of conflict of interest. Executive director fees are incorporated into the salaried remuneration. There is no payment of additional fees for serving on a committee.

The remuneration of non-executive directors for the year 30 June 2012 is detailed under section 19.4.

Key Management Personnel and Executive Remuneration

Remuneration consists of mainly fixed remuneration. Variable remuneration comprising short-term and long-term incentive schemes will be implemented in future periods.

Fixed Remuneration

Fixed Remuneration is reviewed periodically by the Board. The process consists of a review of fees paid to relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices. The Board has access to external independent advice where necessary.

Senior managers are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating additional cost for the Company.

The fixed remuneration component of the most highly remunerated Company executives is detailed under section 19.4.

Employment Details and Contract Terms of Members of Key Management Personnel and Other Executives

The following table provides employment details and contract terms of persons who were, during the financial year, members of key management personnel and group executives receiving the highest remuneration.

19.3 Employment Details and Contract Terms of Members of Key Management Personnel and Other Executives

2012	Position held as at 30 June 2012 and any change during the year	Group start date (i)	Contract start date (ii)	Contract end date (iii)	Employment contract type (iv)	Paid rate per annum $
Group Key Management Personnel						
Peter McEwen	Chief Executive Officer	24/11/2009	26/07/2010	Resigned 04/05/2012	ESA	350,000
Craig Milverton	Chief Operating Officer	25/10/2010	25/10/2010	Resigned 14/07/2012	ESA	210,000
Henry Thong	Chief Financial Officer & Company Secretary	25/10/2010	25/10/2010	Resigned 21/10/2011	ESA	180,000
Ross Withers	Chief Financial Officer and Company Secretary	15/11/2011	15/11/2011	Not applicable	SEC	250,000
2012	**Position held as at 30 June 2012 and any change during the year**	**Group start date (i)**	**Contract start date (ii)**	**Contract end date (iii)**	**Employment contract type (iv)**	**Paid rate per annum $**
Other Executive						
Robert Melville	Executive Manager Capital Markets	13/10/2009	13/10/2009	Resigned 03/08/2012	ESA	150,000
Simon Foley	Executive Manager Grower Services	16/01/2006	16/01/2006	Not applicable	SEC	151,000
Andrew Tasker	Executive Manager Grain Marketing	19/04/2010	19/04/2010	Resigned 03/02/2012	ESA	170,000

(i) Group start date is the original date that the employee started within the group.
(ii) Contract start date is the start date of the SEC or the start date of the ESA, which in some cases may have been a period after their group start date.
(iii) Contract end date is the end date following the term of the agreement in the case of the ESA. A SEC does not have an end date.
(iv) The company has two types of employment contracts.

19.3 Employment Details and Contract Terms of Members of Key Management Personnel and Other Executives (continued)

Executive Service Agreement (ESA)

The executive service agreement contains a fixed term of employment. During the term the company may terminate due to the employee; becoming incapacitated, guilty of wilful misconduct, charged with any criminal offence, becomes of unsound mind, becomes bankrupt, significantly neglectful of duties or neglecting to comply with reasonable direction. The company may have to pay a termination payment of no less than 12 months or no more than the remaining unexpired term of the contract's salary depending on the circumstances of the termination. Following expiry of the term either the executive or the company may terminate by providing three months notice.

Standard Employment Contract (SEC)

The employment may be terminated by the Company by giving the other 1 months notice in writing. Alternatively, the employment may be terminated by the Company providing compensation instead of the period of notice required. Termination payments due are one months in lieu of notice if the termination period is not worked out. Termination payments are not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the Company can terminate employment at any time.

The amount paid in the table above is the rate per annum including any allowances but excluding superannuation, any performance based payments, value of options.

19.4 Remuneration Details for the Year Ended 30 June 2012

The following table of benefits and payments details, in respect to the financial year, the components of remuneration for each member of the key management personnel of the Consolidated Group and, to the extent different, and three company executives receiving the highest remuneration.

The benefits and payments are for the full year unless otherwise noted.

Table of Benefits and Payments for the Year Ended 30 June 2012

		Short-term benefits		Post-employment benefits	Long-term benefits	Equity-settled share-based payments	Termin-ation benefits	Total
	Financial Year	Salary, fees and leave	Profit share and bonuses	Pension and super-annuation	LSL	Options/ Rights		
Group Key Management Personnel (KMP)		**$**	**$**	**$**	**$**	**$**	**$**	**$**
Peter McEwen (i)	2011	328,331	-	29,526	-	-	-	357,857
	2012	329,536	-	40,791	-	-	150,000	520,327
Craig Milverton (ii)	2011	141,345	-	11,510	-	-	-	152,855
	2012	211,538	-	17,100	-	-	-	228,638
Henry Thong (iii)	2011	130,846	-	11,776	-	-	-	142,622
	2012	72,762	-	4,985	-	-	-	77,747
Andrew McBain (iv)	2011	92,514	-	-	-	-	-	92,514
	2012	-	-	-	-	-	-	-
Peter Morrison (v)	2011	150,000	-	13,500	-	-	-	163,500
	2012	150,000	-	13,500	-	-	-	163,500
Ross Withers (vi)	2011	-	-	-	-	-	-	-
	2012	158,653	-	12,851	-	-	-	171,504
Total KMP	**2012**	**922,489**	**-**	**89,227**	**-**	**-**	**150,000**	**1,161,716**
	2011	843,036	-	66,312	-	-	-	909,348
Other Executives								
Robert Melville (vii)	2011	100,000	5,640	9,508	-	-	-	115,148
	2012	134,615	2,560	12,345	-	-	-	149,520
Simon Foley	2011	140,949	-	14,242	-	-	-	155,191
	2012	150,000	-	11,700	-	-	-	161,700
Andrew Tasker (viii)	2011	170,000	-	13,500	-	-	-	183,500
	2012	110,039	-	8,567	-	-	-	118,606
Nathan Windebank (ix)	2011	63,288	-	5,691	-	-	-	68,979
	2012	-	-	-	-	-	-	-
Total Other Executive	**2012**	**394,654**	**2,560**	**32,612**	**-**	**-**	**-**	**429,826**
	2011	474,237	5,640	42,941	-	-	-	522,818

(i) Peter McEwen paid as Non-Executive Chairman from 24 November 2009 and then as Executive Chairman and CEO from 17 July 2010. Subsequently resigned on 4th May 2012

(ii) Craig Milverton was appointed on 25 October 2010. Subsequently resigned 14th July 2012

(iii) Henry Thong was appointed on 25 October 2010. Subsequently resigned on 21st October 2011.

(iv) Andrew McBain resigned on 18 June 2010 and was paid a consulting fee for a fixed period in 2011.

(v) Peter Morrison resigned on 29 June 2011 from the board of the holding company.

(vi) Ross Withers was appointed on 15 November 2011

(vii) Robert Melville resigned on 3 August 2012

(viii) Andrew Tasker resigned on 3 February 2012

(ix) Nathan Windebank resigned on 8 October 2010.

19.5 Share-based Payments

The following options were granted to Key Management Personnel on 1 January 2012. The options granted vest on 30 June 2012 and have an expiry date of 1 March 2014.

	Grant Details		For the Financial Year Ended 30 June 2012				
	No.	Value $	Exercised No.	Exercised $	Cancelled No.	Cancelled $	Vested No.
Peter McEwen (i)	750,000	-	-	-	750,000	-	-
Craig Milverton	500,000	-	-	-	-	-	500,000
Ross Withers	500,000	-	-	-	-	-	500,000
Simon Foley	200,000	-	-	-	-	-	200,000
Andrew Tasker	200,000	-	-	-	200,000	-	-

(i) Options granted to Peter McEwen and Andrew Tasker were cancelled following his resignation on 4 May 2012 and 3 February 2012 respectively.

The fair value of options granted during was calculated using the Black-Scholes option pricing model applying the following inputs:

Weighted average exercise price:	$0.14
Weighted average life of the option:	1.5 years
Expected share price volatility:	145%
Risk-free interest rate:	3.75%

The volatility factor has been determined with reference to the standard deviation of the Company's share price over 12 months.

End of Remuneration Report

This Report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.

Nathan Omodei

DIRECTOR

Dated this 28th day of September 2012

AUDITOR'S INDEPENDENCE DECLARATION

Crowe Horwath™

AUDITOR'S INDEPENDENCE DECLARATION

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of AACL Holdings Ltd for the year ended 30 June 2012, 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.

Crowe Horwath Perth

CROWE HORWATH PERTH

SEAN MCGURK
Partner

Signed at Perth, 28 September 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2012

	Note	2012 $000	2011 $000
Revenue	3	28,829	84,313
Other income	3	83	247
Agronomic costs	4	(27,198)	(79,047)
Administration expense		(704)	(388)
Compliance and regulatory expense		(259)	(416)
Consultancy expense		(416)	(416)
Depreciation and amortisation expense	4	(403)	(213)
Directors' benefit expense		(100)	(50)
Employee benefits expense		(3,880)	(3,850)
Finance expense	4	(17)	(449)
Marketing expense		(111)	(102)
Occupancy expense		(359)	(365)
Travel expense		(164)	(184)
Other expense		(46)	(33)
Impairment of intangible assets	15	(990)	-
Realised loss on disposal of available for financial assets	12	(2,443)	-
Loss before income tax		(8,178)	(953)
Income tax benefit/(expense)	5	-	-
Loss after income tax attributable to the members of the parent entity		(8,178)	(953)
Other comprehensive income			
- Changes in fair value of available for sale financial assets (net of tax)		-	1,094
Total comprehensive (loss)/income for the year attributable to the members of the parent entity		(8,178)	141
Loss per share			
Basic loss per share (cents)	8	(5. 93)	0.22
Diluted loss per share (cents)	8	(5. 93)	0.22

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2012

	Note	2012 $000	2011 $000
ASSETS			
Current Assets			
Cash And Cash Equivalents	9	5,882	4,238
Trade And Other Receivables	10	7,713	2,242
Inventories	11	24,962	480
Financial Assets	12	-	58,265
Other Assets	16	50	53
Total Current Assets		38,607	65,278
Non-Current Assets			
Property, Plant And Equipment	14	94	108
Intangible Assets	15	-	1,203
Total Non-Current Assets		94	1,311
Total Assets		38,701	66,589
LIABILITIES			
Current Liabilities			
Trade And Other Payables	17	8,604	14,592
Borrowings	18	34,436	50,284
Short-Term Provisions	20	217	200
Total Current Liabilities		43,257	65,076
Total Liabilities		43,257	65,076
Net (Liability)/Assets		(4,556)	1,513
EQUITY			
Issued capital	21	18,010	15,901
Reserves		-	1,094
Accumulated losses		(22,566)	(15,482)
Total Equity		(4,556)	1,513

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2012

	Share Capital Ordinary $000	Financial Asset Reserve $000	Retained Earnings $000	Total $000
Balance at 1 July 2010	15,411	-	(14,529)	882
Comprehensive income				
Loss for the year	-	-	(953)	(953)
Other comprehensive income for the year	-	1,094	-	1,094
Total comprehensive income for the year	-	1,094	(953)	141
Transactions with owner in their capacity as owner, and other transfers				
Issue of shares	490	-	-	490
Transaction costs on share issue	-	-	-	-
Balance at 30 June 2011	15,901	1,094	(15,482)	1,513
Balance at 1 July 2011	15,901	1,094	(15,482)	1,513
Comprehensive income				
Loss for the year	-	-	(8,178)	(8,178)
Transactions with owner in their capacity as owner, and other transfers				
Issue of shares	2,209	-	-	2,209
Transaction costs on share issue	(100)	-	-	(100)
Transfer of reserve on disposal of financial assets		(1,094)	1,094	-
Balance at 30 June 2012	18,010	-	(22,566)	(4,556)

The accompanying notes form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 June 2012

	Note	2012 $000	2011 $000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		32,702	54,056
Payments to suppliers and employees		(62,445)	(60,616)
Interest received		78	98
Interest paid		(17)	(8)
Net Cash Provided by (Used in) Operating Activities	25	(29,682)	(6,470)
CASH FLOWS FROM INVESTING ACTIVITIES			
Loans to related parties/ group companies		(3,907)	-
Proceeds from sale of property, plant and equipment		-	2
Purchase of units in Grain Co-Production Projects		-	(40,174)
Proceeds from sale of investments-GCPP		55,822	-
Purchase of other non-current assets		(176)	(438)
Net Cash Used in Investing Activities		51,739	(40,610)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		2,598	-
Costs on the issue of shares		-	(9)
Proceeds from acquisition		-	19
Proceeds from borrowings		30,350	66,789
Repayment of borrowings		(53,361)	(19,357)
Net Cash (Used In)/Provided by Financing Activities		(20,413)	47,442
Net (Decrease)/Increase in Cash and Cash Equivalents		1,644	362
Cash and Cash Equivalents at Beginning of Financial Year		4,238	3,876
Cash at and Cash Equivalents End of Financial Year	9	5,882	4,238

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2012

AACL Holdings Ltd (**Parent Entity** or **Company**) is a company domiciled in Australia. AACL Holdings Ltd is a company Ltd by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The consolidated financial statements of AACL Holdings Ltd for the year ended 30 June 2012 comprise the Company and its subsidiaries (**Consolidated Group** or **Group**).

Note 1: Statement of Significant Accounting Policies

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The separate financial statements of the parent entity, have not been presented within this financial report as permitted by amendment to the Corporations Act 2001, effective as at 28 June 2011.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Going Concern Basis

The Consolidated Group incurred a net loss of $ 8,178,000 for the year ended 30 June 2012 and has a net liability of $ 4,556,000 as at 30 June 2012. The Directors have prepared the financial statements on a going concern basis on the basis of completion of the proposed sale of AACL Pty Ltd to Glencore Grain Pty Limited as detailed in Note 29.

If the proposed sale of AACL Pty Ltd to Glencore Grain Pty Ltd does not occur then the going concern basis may not be appropriate as a result, the consolidated group may be required to realise its assets and extinguish it liabilities other than in the normal course of business and at amounts that differ from those stated in the report.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amount and classification of liabilities that may be necessary should the Company be unable to continue as a going concern.

Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by all entities in the Group.

(a) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by AACL Holdings Ltd at the end of the reporting period. A controlled entity is any entity over which AACL Holdings Ltd has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 13: Controlled Entities.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the Consolidated Group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed, where necessary, to ensure consistency with those adopted by the Parent Entity.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the Equity section of the consolidated Statement of Financial Position and Statement of Comprehensive Income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

(b) Income Tax

The income tax expense/ (revenue) for the year comprises current income tax expense (income) and deferred tax expense/ (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities/ (assets) are therefore measured at the amounts expected to be paid to/ (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense/ (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(c) Inventories

Inventories are measured in line with AASB 141: Agriculture and are valued at fair value less estimated point-of-sale costs at the point of harvest. The cost of planted crops is used as the approximate fair value due to little biological transformation having taken place since planting.

(d) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

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 are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets, is depreciated on a straight-line basis over the asset's useful life to the Consolidated Group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Office Equipment	20 - 40%
Fixtures and Fittings	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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 disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Comprehensive Income.

(e) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is transferred to entities in the Consolidated Group are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(f) Financial Instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

i. The amount at which the financial asset or financial liability is measured at initial recognition;
ii. Less principal repayments;
iii. Plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and
iv. Less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets.)

(ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other financial assets are classified as current assets.)

(iii) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the Statement of Comprehensive Income.

De-recognition

Financial assets are de-recognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are de-recognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(g) Impairment of Assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Comprehensive Income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

(h) Software

Software costs have a finite useful life. Software costs are capitalised and written off over the useful economic life of 2-3 years. Costs associated with developing or maintaining computer software programs are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets.

(i) Employee Benefits

A provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wages increases and the probability that the employee may satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Equity-settled compensation

The Group operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black–Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

(j) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(k) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the Statement of Financial Position.

(l) Revenue and Other Income

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 include: revenue earned from the provision of services, including management of the Grain Co-Production Projects and the marketing and sale of grain, revenue earned from the sale of grain, including sales made on a cash basis and sales made to grain pools.

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 grain sales, the delivery date is taken as the transaction date unless title is to pass at a materially different time. Revenue earned on grain sales made to grain pools is recognised on receipt of distributions from the pool, which occurs approximately four times per annum. Due to uncertainties on price and total pool sales data, it is only at this point that grain pool revenue can be reliably measured.

ii. Services

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

iii. Other revenue

Other revenue includes rental income which is recognised on a straight-line basis over the lease term, interest income which is recognised on a time proportion basis using the effective interest rate method and dividends which are recognised when the right to receive payment is established.

All revenue is stated net of the amount of goods and services tax (GST).

(m) Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Group during the reporting period which remains unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

(n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(o) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(p) Rounding of Amounts

The Parent Entity has applied the relief available to it under ASIC Class Order 98/100 and accordingly, amounts in the financial report and directors' report have been rounded off to the nearest $1,000.

(q) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key Estimates

Impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Share-based Payment Transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black- Scholes model, with the assumptions detailed in note 26.

The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

Fair Value of Available-For-Sale Financial Assets

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each reporting date. Refer to Note 12 for further information.

(r) Adoption of New and Revised Accounting Standards

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2011 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods. However, the adoption of AASB 1054 *Australian Additional Disclosures* and AASB 2011-1 *Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project* enabled the removal of certain disclosures in relation to commitments and the franking of dividends.

(s) New Accounting Standards for Application in Future Periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Group follows:

- AASB 9: Financial Instruments and AASB 2009 - 11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 32, 136, 139, 1023 and 1038 and Interpretations 10 and 12] (applicable for annual reporting periods commencing on or after 1 January 2013).

  These standards are applicable retrospectively and amend the classification and measurement of financial assets. The Group has not yet determined the potential impact on the financial statements.

  The changes made to accounting requirements include:

  - Simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
  - Simplifying the requirements for embedded derivatives;
  - Removing the tainting rules associated with held-to-maturity assets;
  - Removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
  - Allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; and
  - Reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on:

    (a) The objective of the entity's business model for managing the financial assets; and

    (b) The characteristics of the contractual cash flows.

- AASB 2009 - 4: Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 and 16] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2009 - 5: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 and 139] (applicable for annual reporting periods commencing from 1 January 2010).

These standards detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. No changes are expected to materially affect the Group.

- AASB 2009 - 12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 and 1031 and Interpretations 2, 4, 16, 1039 and 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).

  This standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the IASB. These amendments are not expected to impact the Group.

- AASB 2010–4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13] (applicable for annual reporting periods commencing on or after 1 January 2011).

  This Standard details numerous non-urgent but necessary changes to Accounting Standards arising from the IASB's annual improvements project. Key changes include:

  - clarifying the application of AASB 108 prior to an entity's first Australian-Accounting-Standards financial statements;
  - adding an explicit statement to AASB 7 that qualitative disclosures should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments;
  - amending AASB 101 to the effect that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income is required to be presented, but is permitted to be presented in the statement of changes in equity or in the notes;
  - adding a number of examples to the list of events or transactions that require disclosure under AASB 134; and
  - making sundry editorial amendments to various Standards and Interpretations.

  This Standard is not expected to impact the Group.

- AASB 2010–5: Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] (applicable for annual reporting periods beginning on or after 1 January 2011).

  This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. However, these editorial amendments have no major impact on the requirements of the respective amended pronouncements.

- AASB 2010–6: Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7] (applicable for annual reporting periods beginning on or after 1 July 2011).

  This Standard adds and amends disclosure requirements about transfers of financial assets, especially those in respect of the nature of the financial assets involved and the risks associated with them. Accordingly, this Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards, and AASB 7: Financial Instruments: Disclosures, establishing additional disclosure requirements in relation to transfers of financial assets.

- AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applies to periods beginning on or after 1 January 2013).

This Standard makes amendments to a range of Australian Accounting Standards and Interpretations as a consequence of the issuance of AASB 9: Financial Instruments in December 2010. Accordingly, these amendments will only apply when the entity adopts AASB 9.

As noted above, the Group has not yet determined any potential impact on the financial statements from adopting AASB 9.

The Group does not anticipate the early adoption of any of the above Australian Accounting Standards.

Note 2: Parent Information

The following information has been extracted from the books and records of AACL Holdings Ltd and has been prepared in accordance with the accounting standards.

	Note	2012 $000	2011 $000
STATEMENT OF FINANCIAL POSITION			
ASSETS			
Current Assets		27	12,592
Non Current Assets		-	-
Total Assets		27	12,592
LIABILITIES			
Current Liabilities		242	-
Total Liabilities		242	-
EQUITY			
Issued Capital		14,700	12,592
Accumulated losses		(14,915)	-
Total Equity		215	12,592
STATEMENT OF COMPREHENSIVE INCOME			
Total profit		(14,915)	-
Total Comprehensive Income		(14,915)	-

Guarantees

The Parent Entity has not entered into any guarantees, in the current or previous financial year, in relation to the debts of its subsidiaries.

Contingent Liabilities

The directors are not aware of any contingent liabilities or assets as at the date of these financial statements.

Contractual Commitments

At 30 June 2012 AACL Holdings Ltd had not entered into any contractual commitments for the acquisition of property, plant and equipment. (2011: Nil.)

Note 3: Revenue and Other Income

	Note	2012 $000	2011 $000
Sales revenue			
— Grain Co Production Project fees		23,069	77,751
— Wholesale grain sales		2,886	3,829
— Chemical/Fertiliser Sales		539	-
— Grain marketing fees		2,335	2,733
		28,829	84,313
Other revenue			
— interest received		78	169
— other revenue		5	78
		83	247
Total Revenue		28,912	84,560

Note 4: Expenses

Agronomic costs			
Planting costs		2,616	38,004
Harvest bonus payments		14,455	22,504
Harvest payments		6,340	8,340
Other agronomic costs		3,787	10,199
Agronomic costs		27,198	79,047
Finance Costs			
Interest expense on Convertible Note		-	8
Interest expense on borrowings		8	436
Other finance costs		9	5
Finance costs expensed		17	449
Depreciation and amortisation expense			
Plant and Equipment			
- Office equipment		44	52
Intangibles			
- System Software		359	161
Total depreciation and amortisation expense		403	213
Rental expense on operating leases		11	8

Note 5: Income Tax Expense

		Note	2012 $000	2011 $000
a.	The components of tax expense comprise:			
	Current tax		-	(281)
	Deferred tax		-	281
			-	-
b.	The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:			
	Prima facie tax payable on loss from ordinary activities before income tax at 30% (2011: 30%)		(2,453)	(286)
	Add:			
	Tax effect of:			
	— Deferred tax asset not brought to account		2,453	281
	— Non allowable items		-	5
	Less:			
	Tax effect of:			
	— capital profits not subject to income tax		-	-
	Income tax attributable to entity		-	-
	The applicable weighted average effective tax rates are as follows:		**Nil %**	**Nil %**

Note 6: Interests of Key Management Personnel

Refer to the Remuneration Report contained in the Directors' Report for details for the remuneration paid or payable to each member of the Group's Key Management Personnel (KMP) for the year ended 30 June 2012.

The totals of remuneration paid to KMP of the company and the Group during the year are as follows:

	2012 $000	2011 $000
Short-term employee benefits	1,319,703	1,322,913
Post-employment benefits	121,839	109,252
Termination benefits	150,000	-
Share-based payments	-	-
	1,591,542	1,432,165

KMP Options and Rights Holdings

The number of options over ordinary shares held by each KMP of the Group during the financial year is as follows:

30 June 2012	Balance at beginning of year	Granted as remuneration during the year	Exercised during the year	Other changes (i)	Balance at end of year	Vested during the year	Vested and exercisable
Peter McEwen(ii)	375,000	750,000	-	(750,000)	375,000	-	375,000
Craig Milverton	-	500,000	-	-	500,000	500,000	500,000
Ross Withers	-	500,000	-	-	500,000	500,000	500,000
Simon Foley	-	200,000	-	-	200,000	200,000	200,000
Andrew Tasker	-	200,000		(200,000)	-	-	-

(i) Other change relates to options cancelled following resignation by the respective key management personnel prior to options granted being vested.

(ii) Mr Peter McEwen resigned on 4th May 2012. The option holding reflected at 30 June 2012 reflects the options held at the date of resignation.

KMP Shareholdings

The number of ordinary shares in AACL Holdings Ltd held by each KMP of the Group during the financial year is as follows:

30 June 2012	Balance at beginning of year	Granted as remuneration during the year	Issued on exercise of options during the year	Other changes during the year	Balance at end of year
Peter McEwen*	80,000	-	-	796,000	876,000
Robert Melville	98,000	-	-	745,652	843,652
Simon Foley	12,000	-	-	-	12,000
Trevor Stoney	12,700,000	-	-	12,700,000	25,400,000
Peter Morrison	-	-	-	1,998,350	1,998,350

* Mr Peter McEwen resigned on 4th May 2012. The shareholding holding reflected at 30 June 2012 reflects the shares held at the date of resignation.

Other KMP Transactions

There have been no other transactions involving equity instruments other than those described in the tables above.

For details of other transactions with KMP, refer to Note 27: Related Party Transactions. For details of loans to KMP, refer to Note 10: Trade and Other Receivables.

Note 7: Auditors' Remuneration

	Note	2012 $000	2011 $000
Remuneration of the auditor of the Parent Entity for:			
- Auditing or reviewing the financial statements		65,800	77,500
- Other services		16,350	54,500
		82,150	132,000

Note 8: Earnings per Share

	Note	2012 $000	2011 $000
Earnings used to calculate basis/diluted earnings per share		(8,178)	141
Weighted average number of ordinary shares outstanding during the year used in calculating basic earnings per share		137,945,802	64,052,603
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive earnings per share		137,945,802	64,052,603

Note 9: Cash and Cash Equivalents

	Note	2012 $000	2011 $000
Cash at bank		5,882	4,238

The effective interest rate on short-term bank deposits was 4.17% (2010: 5.00%)

Note 10: Trade and Other Receivables

	Note	2012 $000	2011 $000
Trade receivables and prepayments		1,077	167
Amounts due from Grain Co-Production Projects		2,243	947
Receivable from related parties		4,349	248
Other receivables		44	880
Total current trade and other receivables		7,713	2,242

Note 11: Inventories

	Note	2012 $000	2011 $000
At fair value			
- Inventory: crop planted		24,962	480
		24,962	480

The movement in inventories are as follows:

	Note	2012 $000	2011 $000
Balance at the beginning of the financial year		480	1,998
Decrease attributable to sale		(480)	(1998)
Fair value of crops planted	11(a)	24,962	480
Balance at the end of the financial year		24,962	480

11(a) The fair value of crops planted at 30 June 2012 relates to Wheat, Barley and Canola. It is expected that these crops will be harvested between November 2012 and January 2013. The cost of planted crops is used as the approximate fair value due to little biological transformation having taken place since planting.

Note 12: Other Financial Assets

	Note	2012 $000	2011 $000
Available for sale financial assets:			
Investment in 2008 Grain Co Production Project	12(a)	-	5,315
Investment in 2010 Grain Co Production Project	12(a)	-	11,537
Investment in 2011 Grain Co-Production Project	12(a)	-	41,413
		-	58,265

12(a) The carrying value of the investments at 30 June 2011 in the 2008, 2010 and 2011 Grain Co-Production Projects was valued based on the expected distribution for the units held taking into consideration the actual performance of the Grain Co-Production Project in the 2010 and 2011 seasons.

The movement in the available for sale financial assets at fair value is as follows:

	Note	2012 $000	2011 $000
Balance at beginning of the financial year		58,265	16,997
Additions:			
Purchase of units in 2011 Grain Co Production Project		-	40,328
2007 Grain Co Production Project		-	(84)
Distributions received		(55,822)	-
Unrealised fair value gain		-	1,024
Realised fair value loss		(2,443)	-
Balance at the end of the financial year		-	58,265

Note 13: Controlled Entities

	Country of Incorporation	Percentage Owned (%)	
Subsidiaries of ***AACL Holdings*** Ltd		**2012**	**2011**
AACL Pty Ltd	Australia	100	100
AACL Wholesale Pty Ltd	Australia	100	100
AACL Services Pty Ltd	Australia	100	100
AACL Funds Management Ltd	Australia	100	100
AACL Fertiliser Pty Ltd	Australia	100	100

* Percentage of voting power is in proportion to ownership.

Note 14: Plant and Equipment

	Note	2012 $000	2011 $000
Plant and equipment			
At cost		386	356
Accumulated depreciation		(292)	(248)
Total plant and equipment		94	108

a. Movements in Carrying Amounts

Plant and Equipment	$000
Balance at 1 July 2010	158
Additions	5
Disposals	(3)
Depreciation expense	(52)
Balance at 30 June 2011	108
Additions	30
Depreciation expense	(44)
Balance at 30 June 2012	94

Note 15: Intangible Assets

	Note	2012 $000	2011 $000
Systems Software			
Cost		973	970
Work in Progress		755	611
Accumulated amortisation expense		(738)	(378)
Accumulated impairment loss		(990)	-
Net carrying value		-	1,203

a. Movements in Carrying Amounts

Software	$000
Consolidated Group:	
Year ended 30 June 2010	
Balance at the beginning of year	670
Additions	83
Work In progress	611
Amortisation expense	(161)
Balance at 30 June 2011	1,203
Balance at the beginning of year	1,203
Additions	3
Work in progress	144
Amortisation expense	(360)
Impairment loss	(990)
Closing value at 30 June 2012	-

Intangible assets have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense per the Statement of Comprehensive Income.

The directors consider it prudent to impair the carrying value of the intangible assets to Nil taking into consideration the conditions that existed at 30 June 2012 in respect of the matters outlined in Note 29.

Note 16: Other Assets

	Note	2012 $000	2011 $000
Deposits paid		50	53
		50	53

Note 17: Trade and Other Payables

	Note	2012 $000	2011 $000
Trade payables		1,061	153
Sundry payables and accrued expenses		248	(190)
Amounts due to farmers		7,206	14,601
Employee benefits		89	28
		8,604	14,592

Note 18: Borrowings

	Note	2012 $000	2011 $000
CURRENT			
Glencore Grain Pty Ltd - Grain purchase prepayment	18a	27,563	33,909
Borrowings from Glencore Grain Pty Ltd	18b	6,637	16,375
Other borrowings		236	-
Total current borrowings		34,436	50,284

a. Glencore Grain Pty Ltd - Grain purchase prepayment

2012 Seeding payments were financed by Glencore Grain in accordance with the Grain Purchase Prepayment Agreement. This agreement allows for the Group to draw up to $50 million in funding secured by the grain to be delivered from the season funded. Under this agreement the Group will deliver to Glencore Grain the value of grain up to the prepayment amount.

Borrowings from Glencore Grain Pty Ltd

The loan from Glencore Grain Pty Ltd is secured over grain planted to the value of the advanced amount plus interest costs. The company will pay interest at the cost of funds incurred by Glencore Grain Pty Ltd, calculated daily. As at 30 June 2012, the rate of interest is 7.15% on the outstanding advance of $6,636,577. The loan is secured over the value of the grain within the current season.

Note 19: Tax

Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 1(b) occur:

Note 20: Provisions

	Note	2012 $000	2011 $000
Employee annual leave – current		217	200
		217	200

Note 21: Issued Capital

	Note	2012 $000	2011 $000
147,200,001 (2011: 73,600,000) fully paid ordinary shares		18,010	15,901
		18,010	15,901

Ordinary shares have no par value. There is no limit to the authorised share capital of the Company.

	Note	Number	$000
Balance at 1 July 2011		73,600,001	15,901
Shares issued during the year:			
11 August 2011		68,454,532	2,054
20 September 2011		5,145,469	155
Transaction costs on shares issued:		-	(100)
Balance at 30 June 2012		147,200,002	18,010

Ordinary shares participate in dividends and the proceeds on winding up of the Parent Entity in proportion to the number of the shares held.

At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise the shareholder has one vote on a show of hands.

a. Options

i. For information relating to the AACL Holdings Ltd employee option plan, including details of options issued, exercised and lapsed during the financial year and the options outstanding at year-end, refer to Note 26: Share-based Payments.

ii. For information relating to share options issued to key management personnel and service providers during financial year, refer to Note 26: Share-based Payments.

b. Capital Management

Management controls the capital of the Group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the Group can fund its operation and continue as a going concern.

The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

Note 22: Capital and Leasing Commitments

	Note	2012 $000	2011 $000
Operating Lease Commitments			
Non-cancellable operating leases contracted for but not capitalised in the financial statements			
Not later than 1 year		165	13
Later than 1 year and not later than 5 years		244	24
Greater than 5 years		-	-
		409	37

The operating leases are for the office photocopier (expires September 2014) and building.

The company has reviewed its accommodation requirements and has extended its current lease expiring 31 December 2014.

Note 23: Contingent Liabilities and Contingent Assets

The directors are not aware of any contingent liabilities or assets as at the date of these financial statements.

Note 24: Operating Segments

a. Identification of Reportable Segments

The Group identifies its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group operates primarily in agricultural investments and management in Australia. The financial information presented in the Statement of Comprehensive Income and Statement of Financial Position is the same as that presented to chief operating decision maker.

b. Accounting Policies Adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker is in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Note 25: Cash Flow Information

Reconciliation of Cash Flow from Operations with Loss after Income Tax

	Note	2012 $000	2011 $000
Loss after income tax		(8,178)	(953)
Non-cash flows in loss			
- Employee entitlement provision		-	(64)
- Net loss on disposal of investments		2,443	-
- Impairment loss		990	-
- Depreciation and amortisation expense		403	213
- Other non cash		-	75
- Bad and doubtful debts		276	-
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries			
- (Increase)/decrease in trade and term receivables		(738)	5,688
- (Increase)/decrease in inventories		480	1,518
- Decrease in trade payables and accruals		(2,900)	(12,982)
- Increase/(decrease) in other assets		(22,458)	35
- Cash flows from operations		(29,682)	(6,470)

Note 26: Share based payments

A summary of the movements of all company options issues is as follows:

	Number	Weighted average exercise price
Options outstanding as at 30 June 2011	24,375,000	$0.40
Granted	3,350,000	$0.14
Options outstanding as at 30 June 2012	27,725,000	$0.37

Options exercisable as at 30 June 2012: 27,725,000 (2011: 24,375,000)

The weighted average fair value of options granted during the year was $0.00 (2011:$0.00). This value was calculated using the Black-Scholes option pricing model applying the following inputs:

Weighted average exercise price:	$0.14
Weighted average life of the option:	1.5 years
Expected share price volatility:	145%
Risk-free interest rate:	3.75%

The volatility factor has been determined with reference to the standard deviation of the Company's share price over 12 months.

a. Employee Share Option Plan

The Company has established an employee share option plan. Share options are granted to executives and senior staff at the discretion of the Board of Directors. The plan is designed to align participants' interests with those of shareholders by increasing the value of the Company's shares. Under the plan, the exercise price of the options is set by the Board of Directors.

Note 27: Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

	Note	2012 $000	2011 $000
Transactions with related parties:			
Management fees received from Carbon Conscious Ltd		-	78
Revenue received from Grain Co Production Project (for AACL Funds Management Ltd is the responsible entity)		23,069	80,484

	Note	2012 $000	2011 $000
Balances with related parties:			
Receivable from Broadacre Asset Management Ltd		-	83
Receivable from Glencore Grain Pty Ltd		4,350	-
Payable to Glencore Grain Pty Ltd		(118)	-
Glencore Grain Pty Ltd - Grain purchase prepayment	18	27,563	33,909
Borrowings from Glencore Grain Pty Ltd	18	6,637	16,375
Payable to Stoney Pastoral by AACL Pty Ltd		-	170

The related party balances are current and expected will be settled within 12 months. There are no terms or security over the amounts owing or receivable.

During the year harvest payments and seeding payments amounting to $388,511 was made to a party related to a director under normal terms and conditions for a farming contract.

Note 28: Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable and borrowings.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2012 $000	2011 $000
Financial Assets			
Cash and cash equivalents	9	5,882	4,238
Loans and receivables:			
-Trade receivables	10	7,713	2,242
Available for sale financial assets			
- Investments in Grain Co-Production Projects	12	-	58,265
Total Financial Assets		13,595	64,745
Financial Liabilities			
Financial liabilities at amortised cost			
- Trade and other payables	17	8,604	14,592
- Borrowings	18	34,436	50,284
Total Financial Liabilities		43,040	64,876

a. Financial Risk Management Policies

The directors' overall risk management strategy seeks to assist the Company in meeting its financial targets, whilst minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Board of Directors on a regular basis. These include the credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, foreign currency risk and commodity and equity price risk.

i. Credit Risk

Credit risk represents the risk that the counterparty to the financial instrument will fail to discharge an obligation and cause the Company to incur a financial loss.

Credit risk is managed through the maintenance of procedures such as utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counterparties, ensuring to the extent possible, that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating. The credit risk on liquid funds is Ltd because the Consolidated Entity banks with the major trading banks in Australia which have a AA credit rating.

Credit risk – trade and other receivables

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned with Note 10: Trade and Other Receivables. The class of assets described as Trade and Other Receivables is considered to be the main source of credit risk related to the Group.

The following table details the Group's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled, with the terms and conditions agreed between the Group and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group.

The balance of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

	Gross amount $000	Past due and impaired $000	Past due but not impaired (days overdue)			Within initial trade terms $000
			< 30 $000	31–60 $000	> 60 $000	
2011						
Trade receivables	167	-	-	-	-	167
Receivable from Grain Co-Production Projects	947	-	-	-	-	947
Receivable from related parties	248	-	-	-	-	248
Other receivables	880	-	-	-	-	880
Total	2,242	-	-	-	-	2,242
2012						
Trade receivables	1,077		-	-	-	1,077
Receivable from Grain Co-Production Projects	2,243		-	-	-	2,243
Receivable from related parties	4,350		-	-	-	4,350
Other receivables	43		-	-	-	43
Total	7,713		-	-	-	7,713

ii. Liquidity Risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- Preparing forward looking cash flow analysis in relation to its operational, investing and financing activities;
- Monitoring undrawn credit facilities;
- Obtaining funding from a variety of sources;
- Maintaining a reputable credit profile;
- Managing credit risk related to financial assets;
- Only investing surplus cash with major financial institutions; and
- Comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities. Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

Financial Liability and Financial Asset Maturity Analysis

	Within 1 Year		1 to 5 Years		Total	
	2011	2012	2011	2012	2011	2012
	$000	$000	$000	$000	$000	$000
Financial liabilities due for payment						
Borrowings	50,284	34,436	-	-	50,284	34,436
Trade and other payables	14,592	8,604	-	-	14,592	8,604
Total expected outflows	64,876	43,04.			64,876	43,040
Financial assets — cash flows realisable						
Cash and cash equivalents	4,238	5,882	-		4,238	5,882
Trade and other receivables	2,242	7,713	-		2,242	7,713
Available for sale financial assets	58,265	-	-		58,265	-
Total anticipated inflows	64,745	13,595	-	-	64,745	13,595
Net (outflow)/inflow on financial instruments	(131)	(29,445)	-	-	(131)	(29,445)

iii. Market Risk

a. Interest rate risk

The Group's main interest rate risk arises from borrowings. Borrowings at variable rates expose the Group to cash flow interest rate risk. Interest rates on the Group's borrowings outstanding at the end of 30 June 2011 and 2012 have been disclosed in Note 18: Borrowings.

The following table illustrates sensitivities to the Group's exposures to changes in interest rates. The risk arises where the amount of funds advanced are done so at variable interest rates. The table indicates the impact on how the loss reported for the period would have been affected by changes in the interest rate that management consider to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit $000	Equity $000
2012:+/-2% change in interest rates	134/(134)	134/(134)
2011: +- 2% change in interest rates	172/(172)	172/(172)

b. Price risk

The Group's price risk arises from the sales price of the grain for unsold grain only. The selling price of grains will impact the marketing fee received, whole sale of grain income received and farmer bonus payment done by the Group. As at June 30 2012 there was no unsold grain stock on hand.

The following table illustrates sensitivities to the Group's exposures to changes in price for unsold stock. The table indicates the impact on how the loss reported for the period would have been affected by changes in the grain price that management consider to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit $000	Equity $000
2012:+/-5% change in grain price	nil	Nil
2011: +/- 5% change in grain price	423/(423)	423/(423)

c. Funding Risk

The Group's ability to obtain funding will impact the number of farmers contracted. The Group has signed a 3 year funding deal of up to $50 million per season.

iv. Fair Values

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the Statement of Financial Position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

Differences between fair values and carrying values of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the Group. Most of these instruments which are carried at amortised cost (i.e. term receivables, held-to-maturity assets, loan liabilities) are to be held until maturity and therefore the net fair value figures calculated bear little relevance to the Group.

		2011		2012	
Consolidated Group	**Foot-note**	**Net Carrying Value $000**	Net Fair Value $000	**Net Carrying Value $000**	**Net Fair Value $000**
Financial assets					
Cash and cash equivalents	(i)	4,238	4,238	5,882	5,882
Trade and other receivables	(i)	2,242	2,242	7,713	7,713
Financial assets					
- Available for sale financial assets	(ii)	58,265	58,265	-	-
Total financial assets		64,745	64,745	13,595	13,595
Financial liabilities					
Trade and other payables	(i)	14,592	14,592	8,604	8,604
Borrowings	(iii)	50,284	50,284	34,437	34,437
Total financial liabilities		64,876	64,876	43,041	43,041

The fair values disclosed in the above table have been determined based on the following methodologies:

(i) Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables exclude amounts provided for annual leave, which is not considered a financial instrument.

(ii) Fair values available for sale financial assets are based valuation models using reasonable assumptions and estimations.

(iii) Borrowings are short-term instruments in nature whose carrying value is equivalent to fair value.

Financial Instruments Measured at Fair Value

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- Quoted prices in active markets for identical assets or liabilities (Level 1);
- 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 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

2012	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
Financial assets:				
Financial assets				
- At fair value through profit or loss	-	-	-	-
	-	-	-	-
2011				
Financial assets:				
Financial assets				
- At fair value through profit or loss	-	-	58,265	58,265
	-	-	58,265	58,265

Note 29: Subsequent Events

On 10 September 2012, AACL Holdings Limited (AACL) announced that it had executed binding agreements with leading international commodities trader and marketer Glencore Grain Pty Limited (Glencore) for the proposed sale of AACL Pty Ltd (100% subsidiary of AACL) to Glencore, and the acquisition by AACL Pty Ltd of the grain assets of the 2010 and 2011 Grain Co Production Projects.

Note 30: Reserves

a. Option Reserve

The option reserve records items recognised as expenses on valuation of employee share options

b. Financial Assets Reserve

The financial assets reserve records revaluation of financial assets.

Note 31: Company Details

The registered office of the company and principal place of business is:

AACL Holdings Ltd

Level 1, Suite 5 12-20 Railway Road Subiaco, WA, 6008

DIRECTORS' DECLARATION

For the year ended 30 June 2012

The directors of the Company declare that:

1 In the opinion of the directors of AACL Holdings Limited:

(a) the Group's financial statements and notes set out on pages 17 to 51 are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2012 and of its performance, for the financial period ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australia Accounting Interpretations) and the Corporations Regulations 2001;

(b) the financial report also complies with International Financial Reporting Standards as set out in Note 2(a);

(c) the remuneration disclosures that are contained in the remuneration report in the directors' report comply with Australian Accounting Standard AASB 124 Related Party Disclosures, the Corporations Act 2001 and the Corporations Regulations 2001.

(d) there are reasonable grounds to believe that the company will be able to pay its debts and when they become due and payable.

2 The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Financial Officer for the year ended 30 June 2012.

Signed in accordance with a resolution of the directors:

Nathan Omodei, DIRECTOR

Dated this 28th day of September 2012

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AACL HOLDINGS LTD

Report on the Financial Report
We have audited the accompanying financial report of AACL Holdings Ltd., which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report
The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, 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 about 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 judgment, 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 entity's preparation of the financial report that gives a true and fair view 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.

Opinion
In our opinion:

(a) the financial report of AACL Holdings Ltd. 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 June 2012 and of its performance for the year ended on that date; and
  (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(b) the consolidated financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report
We have audited the Remuneration Report included in pages 9 to 14 of the directors' report for the year ended 30 June 2012. 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.

Opinion
In our opinion, the Remuneration Report of AACL Holdings Ltd. for the year ended 30 June 2012 complies with section 300A of the Corporations Act 2001.

Material Uncertainty Regarding Continuation as a Going Concern
Without qualifying our opinion expressed above, attention is drawn to Note 1 in the financial report. The matters set forth in Note 1 indicate the existence of material uncertainty about the consolidated entity's ability to continue as a going concern.

Crowe Horwath Perth

CROWE HORWATH PERTH

SEAN MCGURK
Partner

Signed at Perth, 28 September 2012

ASX ADDITIONAL INFORMATION

Additional information required by the ASX Limited Listing Rules and not disclosed elsewhere in this report is set out below.

Shareholding (as at 30 June 2012)

Ordinary Share Capital

147,200,002 (2011: 73,600,001) shares are held by 342 (2011: 325) individual holders. All issued ordinary shares carry one vote per share.

Distribution of Shareholder Number

Category (size of holding)	Ordinary Shares	
	2012	2011
1 – 1,000	4	2
1,001 – 5,000	3	7
5,001 – 10,000	91	141
10,001 – 100,000	161	131
100,001 – 999,999,999,999	83	44
Total	342	325

The number of shareholdings held with less than marketable parcel is 131 (2011: 131).

Share Options (Unquoted)

Number of Options	Number of Holders	Exercise Price	Date of Expiry
22,375,000	3	40c	31 December 2012
2,000,000	1	40c	03 June 2013
3,350,000	21	14c	01 March 2014

Substantial Shareholders 30 June 2012

Name	Number of Ordinary fully paid shares held	% Held of Issued Ordinary Capital
STONEY PASTORAL CO PTY LTD	25,400,000	17.26
RENAISCO BV	24,345,468	16.54
MAC 110 NOMINEES PTY LTD	12,849,503	8.73
BROADACRE ASSET MANAGEMENT	12,053,297	8.19
KOUTA BAY PTY LTD	10,600,000	7.20
COLBERN FIDUCIARY NOMINEES PTY	9,352,000	6.35
MR MICHAEL GRAHAM SHIELDS	3,977,900	2.70
JASPER HILL RESOURCES PTY LTD	3,082,204	2.09

20 Largest Shareholders – Ordinary Shares 30 June 2012

Name	Number of Ordinary fully paid shares held	% Held of Issued Ordinary Capital
STONEY PASTORAL CO PTY LTD	25,400,000	17.26
RENAISCO BV	24,345,468	16.54
MAC 110 NOMINEES PTY LTD	12,849,503	8.73
BROADACRE ASSET MANAGEMENT	12,053,297	8.19
KOUTA BAY PTY LTD	10,600,000	7.20
COLBERN FIDUCIARY NOMINEES PTY	9,352,000	6.35
MR MICHAEL GRAHAM SHIELDS	3,977,900	2.70
JASPER HILL RESOURCES PTY LTD	3,082,204	2.09
MICHAEL HENDRIKS &	2,404,467	1.63
MR PETER MACARTHUR MORRISON &	1,978,350	1.34
MR MICHAEL FRANK MANFORD	1,856,306	1.26
FUTURE SUPER PTY LTD	1,495,958	1.02
MR KENT ROSS BURWASH &	1,404,467	0.95
MR SIMON MOORE	1,400,000	0.95
FOX COMMODITIES PTY LTD	1,370,000	0.93
WILNOM PTY LTD	1,355,000	0.92
LANZA HOLDINGS PTY LTD	1,218,743	0.83
MR NATHAN PAUL WINDEBANK	1,000,000	0.68
T T NICHOLLS PTY LTD	1,000,000	0.68
EASTERN PORPHRY PTY LTD	800,000	0.54
TOTALS	118,943,663	80.80