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12 November 2020

The Manager, Companies
Australian Securities Exchange
Companies Announcement Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam,

GrainCorp Limited 2020 Annual Report

GrainCorp today announced its results for the full year ended 30 September 2020. Attached is the Appendix 4E and 2020 Annual Report including:

- Directors' Report
- Remuneration Report
- FY20 Financial Report

This announcement is authorised for market release by the GrainCorp Limited Board.

Yours faithfully,
GrainCorp Limited



Annerly Squires
Company Secretary

GrainCorp Limited

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GRAINCORP LIMITED

APPENDIX 4E

FOR THE YEAR ENDED 30 SEPTEMBER 2020

Results for Announcement to the Market				
	Up / Down	% Movement		2020 $ M
Revenue from ordinary activities	Up	3.6%	to	**3,660.9**
Profit before significant items[1] from ordinary activities after tax from continuing operations attributable to owners of GrainCorp Limited	Up	91.1%	to	**(15.9)**
Profit before significant items[1] from ordinary activities after tax from discontinued operation attributable to owners of GrainCorp Limited	Down	62.6%	to	**28.5**
Significant items[1] from ordinary activities net of tax	Up	>100%	to	**330.7**
Profit for the period from continuing operations attributable to owners of GrainCorp Limited	Up	>100%	to	**35.2**
Profit for the period from discontinued operation attributable to owners of GrainCorp Limited	Up	>100%	to	**308.1**
Net profit for the period attributable to owners of GrainCorp Limited	Up	>100%	to	**343.3**

Dividend Information	Amount per security	Franked amount per security at 30% tax
Final dividend per share	7.0	7.0
Record date for determining entitlements to the final dividend		26 November 2020
Payment date for final dividend		10 December 2020

Additional Information

Net Tangible Assets per share: $3.85 (2019: $5.62)[2].

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

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

Further information regarding the company and its business activities can be obtained by visiting the company's website at www.graincorp.com.au

[1] Significant items: GrainCorp defines significant items as not in the ordinary course of business, non-recurring and material in nature and amount. Significant items are shown in Note 1.5 of the Consolidated Financial Report for the year ended 30 September 2020.

[2] The calculation of net tangible assets per share as at 30 September 2020 includes right-of-use assets and lease liabilities. The comparative has not been restated for the adoption of AASB 16 *Leases*.

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GrainCorp Limited

Annual Report 2020



GrainCorp



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Contents

GrainCorp Overview	4
Chairman's Report	8
Managing Director & CEO's Report	10
Board of Directors	16
Executive Leadership Team	19
Directors' Report	20
Operating and Financial Review	23
Additional Disclosures	32
Remuneration Report	34
Auditor's Independence Declaration	53
2020 Financial Report	54
Notes to the Consolidated Financial Statements	60
Directors' Declaration	109
Independent Auditor's Report to the members of GrainCorp	110
Shareholder Information	117
Corporate Directory	IBC

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GrainCorp Overview

GrainCorp is a leading diversified Australian agribusiness, with an integrated operating model connecting growers to domestic and international consumers in over 50 countries.

Our Vision

Lead sustainable and innovative agriculture through another century of growth.

Our Purpose

Proudly connect with customers and rural communities to deliver value through innovation and expertise.

Our Integrated Operating Model

Origination & Accumulation

- Connecting 10,000+ customers across international markets

Storage & Logistics

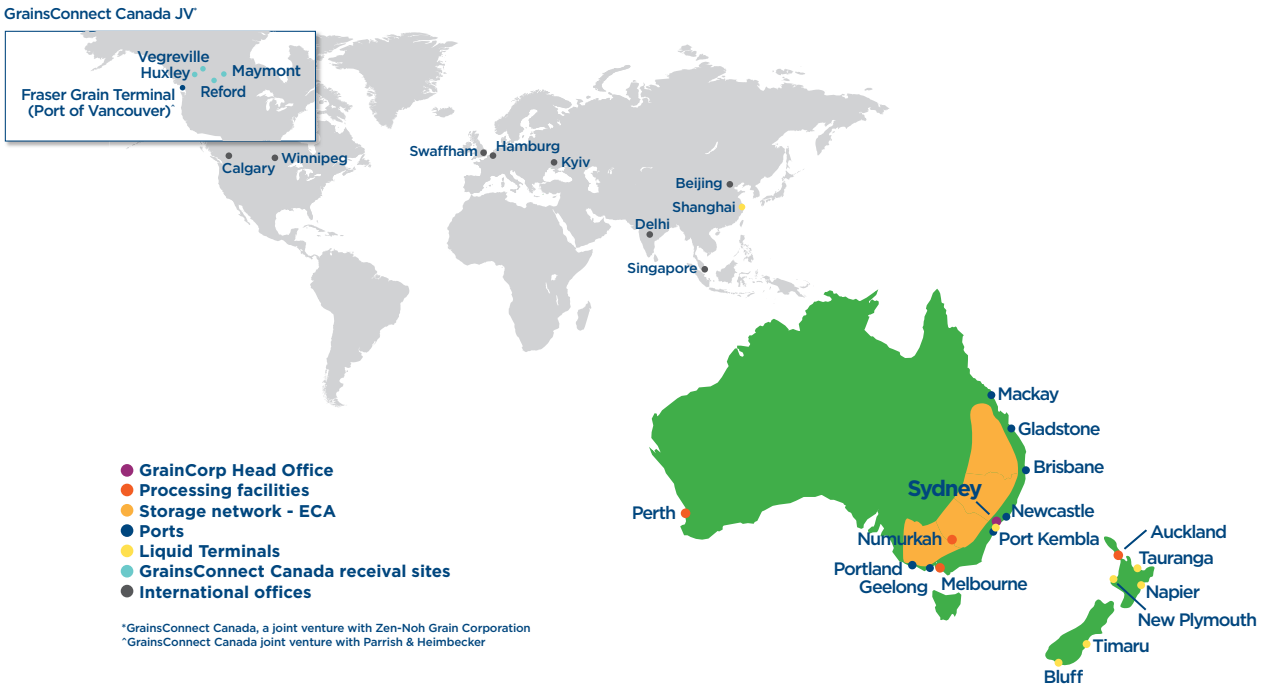
- ~145 country receival sites in Australia; four grain elevators in Canada
- Seven bulk ports in Australia; seven bulk liquid storage terminals in Australia, New Zealand and China
- Road and Rail - full freight connectivity
- Four liquid feeds distribution centres
- Six used cooking oil collection, recycling, and distribution centres

Sales, Marketing & Export

- Marketing offices in Australia, New Zealand, Canada, United Kingdom, Europe and Asia
- Commodities procurement and risk management
- Drives volumes through the GrainCorp network

Valued-added Processing

- Two oilseed crushing plants, two edible oils processing/refining plants in Australia and New Zealand
- Value-adding to grains and oils products
- Pulls products through the GrainCorp network



*GrainsConnect Canada, a joint venture with Zen-Noh Grain Corporation
^GrainsConnect Canada joint venture with Parrish & Heimbecker

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GrainCorp has the largest grain storage & handling business in eastern Australia, with ~145 country receival sites and seven bulk port terminals.



Year in Review

GrainCorp underwent a significant transformation in FY20, with the sale of the Australian Bulk Liquid Terminals, completion of the Demerger of the Malt business, and new appointments to the Board and Executive Leadership Team.



11 December 2019
Appointment of Robert Spurway as Managing Director and CEO of GrainCorp upon demerger of the Malt business

11 December 2019
Appointment Kathy Grigg and Jane McAloon as Non-Executive Directors of GrainCorp

31 December 2019
Completion of sale of Australian Bulk Liquid Terminals

14 February 2020
Demerger Scheme Booklet dispatched to shareholders

19 February 2020
FY19 AGM

- Retirement of Peter Housden and Rebecca Dee-Bradbury from GrainCorp Board
- Election by shareholders of Kathy Grigg and Jane McAloon to GrainCorp Board

11 March 2020
COVID-19 declared a global pandemic by the World Health Organisation:

- GrainCorp confirmed as an essential service
- All GrainCorp sites and offices continue to operate without interruption

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16 March 2020
Shareholders approve the Demerger of the Malt business

23 March 2020
Demerger Scheme becomes effective:

- Peter Richards assumes role as Chairman of GrainCorp
- Robert Spurway assumes role as Managing Director & CEO of GrainCorp

24 March 2020
United Malt Group shares commence trading on the ASX

31 March 2020
Initial payment ($52 million) received under the Crop Production Contract (total gross amount $58 million)

21 August 2020
Announcement of the formation of *FutureFeed*, a consortium including CSIRO, which will commercialise a livestock feed additive made from the seaweed Asparagopsis

31 August 2020
Appointment of Ian Morrison as Chief Financial Officer

8 September 2020
ABARES publishes Australian Crop Report - benchmark for Crop Production Contract - confirming above-average FY21 ECA winter crop forecast

Chairman's Report

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On behalf of the Board of Directors, I would like to welcome you as a shareholder of GrainCorp Limited. I have been on the Board of GrainCorp for five years and was honoured to be appointed Chairman in March this year. Founded over 100 years ago, GrainCorp is an iconic Australian company and FY20 was a year of significant transformation.

A transformational year

In March, GrainCorp successfully demerged its global malting and craft brewing business, creating a new independent ASX-listed company, United Malt Group (ASX: UMG). GrainCorp continues to hold a minority ownership interest of around 8.5 per cent in UMG providing useful financial flexibility. GrainCorp also completed the sale of its Australian Bulk Liquid Terminal (ABLT) business in December 2019. Both transactions successfully unlocked value for our shareholders, and positioned GrainCorp for future growth.

Responding to COVID

This year, COVID-19 has created challenges for companies and economies globally. Being in an essential industry, GrainCorp has continued to operate across all businesses without interruption. We have provided a practical and safe environment for our employees, whether at home or at site, and we have continued to increase our total number of employees in advance of the harvest period. During the crisis, GrainCorp has been fortunate to continue operating at full capacity without the need for government or other financial support. We will continue to work with State and Federal governments and key business organisations to ensure the requirements of the agricultural industry and its members are well understood and managed effectively.

Driving a strong safety culture

We continue to drive a strong safety culture throughout our organisation. I am pleased to report that each of our key safety metrics improved in FY20, reflecting our commitment to continuous improvement in this area.

Improved financial performance

GrainCorp's financial performance showed resilience in a third year of drought due to delivery of operational cost initiatives and stronger asset utilisation across both Agribusiness and Processing. GrainCorp reported underlying earnings before interest, tax, depreciation, and amortisation (EBITDA) from continuing operations of $108 million (FY19: $107 million loss). On a statutory basis, GrainCorp reported a net profit after tax of $343 million, reflecting the gain from the sale of ABLT and the profit on Demerger. The result also included a $58 million gross payment from the Crop Production Contract, an innovative derivative agreement entered in June 2019, which helps smooth GrainCorp's cash flows through the ECA crop cycle.

The Board declared a dividend of seven cents per share, fully franked, for the FY20 year. The Board is pleased to be in a position to pay a dividend, which reflects the strength of our balance sheet, the benefits of the Crop Production Contract and our confidence in the stability of future earnings and cash flows.

Leadership changes

In December 2019, the Board appointed Robert Spurway as Managing Director & CEO of GrainCorp following an extensive domestic and international search. He assumed the role on 23 March 2020 when the Demerger of the Malt business became effective. Robert brings a wealth of experience in the food and dairy industries, most recently as Chief Operations Officer, Global Operations, for Fonterra. The Board is delighted with Robert's appointment and by the energy and leadership which he has already brought to the role.

Ian Morrison was appointed interim Chief Financial Officer (CFO) in July 2020, and the Board was very pleased to confirm Ian's appointment as our permanent CFO in August. Ian brings almost ten years of GrainCorp experience across all key businesses.

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"Our connection to growers remains critical to the future success of GrainCorp."



Peter Richards
Chairman

In December 2019, we welcomed Kathy Grigg to the Board as a Non-executive Director and in February 2020, Kathy was elected by shareholders at the AGM. Kathy has an extensive background in finance and operational management and has been appointed Chair of the Audit & Risk Committee.

In recent months, the Board has worked closely with Robert and the Executive Leadership Team to develop GrainCorp's strategy. The priority of the new strategy is to enhance Return on Invested Capital by driving our existing assets and strengthening our core businesses. We have also identified specific growth areas, some of which build on our existing expertise and others which involve a step out from our core into adjacent, value accretive areas.

Our connection to growers remains critical to the future success of GrainCorp as we continue to strive to provide relevant, innovative, and value-added products and services.

After last year's drought and bushfires, we are delighted to see the sharp turnaround in growing conditions and look forward to a more positive season in FY21 which will benefit many regional communities across ECA.

On behalf of the Board, I would like to thank our employees and customers for their resilience and commitment to GrainCorp, particularly during the global pandemic. I also acknowledge the continued support of you, our shareholders.

Managing Director & CEO's Report

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I am proud to be leading GrainCorp in this exciting stage of our long history. Post the demerger of the Malt business, the Company is well-positioned to benefit from the much improved growing conditions across ECA and the strong harvest expected from the 2020/21 winter crop.

GrainCorp has been partnering with growers and producers for over one hundred years. We are a team of passionate, hardworking people, dedicated to agriculture and food production across Australia and New Zealand, and across the GrainCorp Group. Our unique asset base comprises high quality, strategically located storage, transport and processing sites and provides a strong platform for future growth.

Adapting to the post COVID world

At the outset of the pandemic, GrainCorp was confirmed as an essential service. Our staff have responded and continue to respond to the crisis with resilience and determination, ensuring that we are operating across all businesses without interruption. Operationally, we have put in place measures to protect our people, avoid disruption to our operations and ensure compliance with legislation in all relevant jurisdictions. In addition to the promotion of positive hygiene practices and social distancing across the business, we have accelerated our transition to contactless delivery at our grain receival sites. By expanding the use of our digital offerings including CropConnect and FastWeigh, and by working closely with growers and other stakeholders, we are making delivery to sites during harvest a safer and more efficient process.

Focus on safety and sustainability

Our goal is to embed a safety mindset into GrainCorp's culture and achieve zero harm to our people and the environments in which we work. We continued to make excellent progress, and I am pleased to report that our Recordable Injury Frequency Rate (RIFR) improved to 6.5 (FY19: 7.7) and Long Term Injury Frequency Rate (LTIFR) improved to 0.8 (FY19: 1.8).

Our commitment to sustainability is an integral part of business and operations at GrainCorp. The effective management of climate risk is of central importance to GrainCorp and our Crop Production Contract helps manage this risk, ensuring our cash flows are supported during drought. We also promote sustainable agriculture throughout our value chains, including investment in innovative technologies such as Future Feed, a seaweed-based animal feed designed to reduce methane emissions from livestock. Details of this new investment are set out in our 2020 Sustainability Report, located on GrainCorp's website.

Improved financial performance

GrainCorp reported an improved financial performance in FY20 despite a third year of drought. Underlying EBITDA from Continuing Operations was $108 million, up from a loss of $107 million.

Agribusiness reported underlying EBITDA of $79 million ($52 million excluding AASB-16), up from a loss of $94 million last year. With ECA grain production again adversely impacted by drought, we continued to trans-ship grain from other states throughout the year to manage ECA grain deficits. However, trans-shipments slowed in the second half as crop expectations for FY21 improved.

In the first year of the Crop Production Contract, we received a total gross payment of $58 million, reflecting the reduced size of the harvest. Having cash flow support in years where production is materially impacted by drought allows us to plan for the longer-term.

Our international trading business improved on last year in a more stable trading environment. During the year, we completed a comprehensive review of our trading risk management structure including strengthening controls, establishing revised dynamic limits by commodity and geography and improving the quality and frequency of internal measurement and reporting of risk. We will continue to focus on risk management in this area to ensure the optimum balance between risk and opportunity.

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"GrainCorp's financial strength and quality of assets gives us a privileged position from which to support growers and monetise the best ECA crop in some years."



Robert Spurway
Managing Director & CEO

Our Feeds, Fats & Oils (FFO) business performed strongly, with continued demand for liquid feeds, tallow and used cooking oil (UCO).

Processing reported EBITDA of $46 million ($41 million excluding AASB-16), up from $16 million in FY19. The increase was a result of delivering on the Numurkah crush capacity expansion and an improvement in crush margins due to increased canola supply and a reduction in canola freight costs, as well as an increase in both meal and oil values. Demand for meal was elevated due to the adverse impact of drought on pastures for animal grazing. The Foods business delivered an improved performance due to solid demand for spreads and oils and further operational efficiencies achieved at West Footscray, Melbourne.

Strategy to strengthen our core and pursue targeted growth opportunities

Following the Demerger, our strategy is focused on strengthening our core businesses and pursuing targeted growth opportunities.

Strengthening our core

GrainCorp will strengthen its core through:

- Delivery of international growth plan;
- Expansion of bulk materials (non-grain) portfolio;
- Growth of 'value-add' products at West Footscray food manufacturing facility;
- Innovation and new product development;
- LEAN capability deployment; and
- Systems and process improvement.

Managing Director & CEO's Report cont'd

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New growth opportunities

In addition to our core business strategy, GrainCorp will pursue targeted growth opportunities by expanding our service offering to include innovative and value-added products and services in agriculture and adjacent and related industries.

The **animal nutrition** sector has potential for growth and innovation, and we have an opportunity to leverage our assets and expertise in this area through our recently announced partnership with CSIRO to develop a seaweed-based animal feed product.

As the largest canola crusher and canola meal producer in Australia, GrainCorp is also well positioned in the fast-growing **alternative protein** market and we are exploring alternate uses of canola meal both for human and animal consumption.

AgTech is another growth area and will be an enabler for both our core and growth strategies. GrainCorp already has a strong digital presence through our *CropConnect* platform, which is a secure marketplace for grain in ECA. We are currently conducting pilots across a range of new technologies, including in crop forecasting, grain quality control and grain sampling.

Prudent balance sheet

GrainCorp finished the year with core debt (net debt less commodity inventory) at $37 million and a core debt gearing ratio of 3%. Our prudent balance sheet provides a strong platform for growth. Although there will be increased working capital requirements for a larger harvest in FY21, we expect healthy cash flow generation over the coming financial years.

Outlook for 2021 and beyond

Over the longer term, we expect to benefit from attractive industry fundamentals in Australia and around the world. Demand is being driven by increasingly health-conscious consumers, a rising middle class in developing nations and increasing rates of urbanisation. Consumers are increasingly seeking improved grain and edible oil quality which GrainCorp is well positioned to store, supply and deliver.

We are expecting a stronger underlying financial result in FY21 due to the potential for a much larger crop in ECA and the ongoing delivery of operational initiatives.

In Agribusiness, ECA weather conditions have remained favourable throughout Winter and Spring, and current estimates are for a 2020/21 winter crop significantly above average. As a result, we expect a strong increase in GrainCorp's total grain handled, particularly receivals and exports. Our network is well equipped after capital investments made in recent years, completion of a large-scale seasonal recruitment program in 2020 and the re-positioning of plant and equipment to manage this year's task. Our COVID-19 management practices have also been ramped up to ensure contactless grain sampling and delivery.

In Processing, we expect a continuation of strong oilseed crush margins and a more normalised demand for edible oils after elevated demand in FY20 due to COVID-19.

Conclusion

I would like to thank our employees for their resilience and hard work in a challenging but productive year. I would also like to thank our customers and stakeholders for their continued support. After a year of transition, I am confident we are well positioned to execute on our growth strategy and take advantage of the opportunities ahead.

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Resilience through COVID-19

As COVID-19 emerged in early 2020 and led to a global pandemic, GrainCorp responded quickly by establishing and deploying its Crisis Management Team to manage the developing situation and ensure that our people, our business and our prospects were protected.

The steps we have taken at each stage of the crisis have ensured that GrainCorp can continue to operate and provide essential goods and services to our customers, while maintaining the health and safety of our people and our stakeholders.

Our people

- 100% of operations maintained
- Vast majority of corporate office roles transitioned to temporarily working from home
- Procedures in place to ensure safety of staff through hygiene and social distancing measures in all office locations and on-site
- Staff provided with comprehensive information and additional resources to support good mental health and emotional wellbeing
- Crisis Management Team met three times each week when the pandemic arrived in Australia and continues to meet weekly to manage COVID-19 risks, ongoing State and Federal legislative changes and ensure employees are supported in remaining safe and productive
- Leadership Team conducts regular virtual communications sessions with staff to maintain connection and support resilience

Our business continuity

- Supply chain and processing plants largely uninterrupted
- Demand for GrainCorp's products and services has been maintained
- GrainCorp has remained financially self-sustaining throughout the pandemic, without the need for Government assistance such as the JobKeeper program
- Close monitoring of border conditions and requirements in relation to the movement of people, grain and equipment as the harvest period progresses
- Comprehensive COVID-19 health and safety plans in place at every site and office to support good hygiene practices and to ensure separation of site staff, truck drivers, growers and their representatives
- Leveraging our contactless digital platforms and technology including CropConnect and FastWeigh to minimise personal contact during the harvest period

Our stakeholders

- Engaging with industry and Federal and State Government to provide feedback on how legislation and regulations may impact the agriculture industry and on how best to support economic recovery
- Large regional recruitment program for current harvest, creating over 3,000 regional, community-based jobs throughout east coast Australia

Board of Directors



Peter I Richards

BCOM

Chairman and Non-executive Director

Peter Richards joined the Board in November 2015 and was appointed Chairman in March 2020. Mr Richards is a member of GrainCorp's Audit & Risk Committee, Remuneration & Nominations Committee and the Safety, Health & Environment Committee.

Mr Richards is currently Chairman of EMECO Holdings Limited (a director since 2010) and was appointed Chairman of Cirralto Limited in January 2018, having served as a Non-executive Director since December 2017. He was reappointed Chairman of Elmore Limited (previously IndiOre) in September 2018, having served as a Non-executive Director since 2010.

Mr Richards has over 40 years business experience with global companies, having worked in operational and business development roles in Australia, the United Kingdom and the United States. He has extensive experience acting as chairman and director on public company boards.



Robert Spurway

BE (Chemical and Materials)

Managing Director & CEO

Robert Spurway joined the Board as Managing Director & CEO in March 2020. He was previously Chief Operating Officer, Global Operations for Fonterra Co-operative Group and prior to this, Mr Spurway held operational roles with Fonterra including General Manager South Island Operations and Acting Director Operations & Logistics.

Mr Spurway has extensive leadership and operations experience and has held executive and senior operational roles across Australia and New Zealand. Mr Spurway held CEO positions in Australia between 2008 and 2011, initially as MD & CEO of Mrs Crocket's Kitchen, a salad and vegetable supplier, to prepare the business for sale, and then as CEO of Salad Fresh, a supplier of prepared salads.

Prior to this, Mr Spurway held senior operational roles with Mrs Crocket's Kitchen and Goodman Fielder in Queensland, South Australia and the Northern Territory, and Northland Dairy Company (now Fonterra) in New Zealand.

Mr Spurway has previously held the roles of Chairman of Kotahi Ltd, Deputy Chairman of Prolesur S.A in Chile and Director of DFE Pharma GmbH & Co.

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Daniel J Mangelsdorf
BAGEC(HONS), FAICD

Non-executive Director

Dan Mangelsdorf was first elected as an independent Director of GrainCorp Limited in 2008, after having served an earlier term on the Board as a major shareholder representative. Mr Mangelsdorf is Chairman of GrainCorp's Safety, Health & Environment Committee and a member of the Audit & Risk Committee and the Remuneration & Nominations Committee.

Mr Mangelsdorf owns and operates farming interests in NSW, and is an experienced public company director with agricultural, supply chain, international trade and risk management expertise. He is also the Non-executive Chairman of Warakirri Agricultural Trusts, and a Non-executive Director of Warakirri Asset Management Pty Ltd (since 2017) and Warakirri Holdings Pty Ltd (since 2017).



Kathy M Grigg
BEc, FAICD, FCPA

Non-executive Director

Kathy Grigg joined the Board in December 2019. Ms Grigg is Chair of GrainCorp's Audit & Risk Committee and a member of the Remuneration & Nominations Committee and the Safety, Health & Environment Committee.

Ms Grigg has an extensive background in finance and operational management, including as Finance Director of the Australian Wool Research and Promotion Corporation and leadership roles in agriculture sector organisations.

Ms Grigg is currently a Director of Suncorp Portfolio Services Limited (since 2015), a Council member and Deputy Chancellor of Deakin University and a member of the Audit Committee of the Australian Competition and Consumer Commission.

Ms Grigg's previous directorships include Director and Chair of the Audit and Risk Committee of Australian Pork Limited (resigned February 2020) and Director and Chair of the Audit Committee of Navy Health Limited (resigned November 2019).



Donald G McGauchie AO
FAICD

Non-executive Director

Donald McGauchie re-joined the Board in December 2009 (having previously served during the period from October 2000 to July 2003). Mr McGauchie is Chairman of GrainCorp's Remuneration & Nominations Committee and a member of the Audit & Risk Committee and the Safety, Health & Environment Committee.

Mr McGauchie is currently Chairman of the Australian Agricultural Company Limited (since 2010), Chairman of the Australian Wool Testing Authority, and a Non-executive Director of Special Olympics Australia. He was previously Chairman of Nufarm Limited (since 2003) until his resignation in September 2020.

Mr McGauchie has farming interests and extensive experience acting as chairman and director on public company boards.



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Executive Leadership Team

Robert Spurway | **Managing Director & CEO**
Refer to 'Board of Directors' section.

Stephanie Belton | **Group General Counsel**
Stephanie Belton was appointed Group General Counsel and Company Secretary in February 2019.

Ms Belton previously held General Counsel and senior management roles at SurfStitch Group Limited, Helloworld Limited, Qantas Airways Limited, and The Peninsular and Oriental Steam Navigation Company. Prior to Ms Belton's corporate roles, she worked in private practice at Linklaters in London.

Ms Belton holds a Bachelor of Laws (Hons) from the University of Strathclyde (Glasgow) and a Master of Business Administration from the University of Oxford. Ms Belton is admitted to practice in New South Wales and Scotland. Ms Belton is a member of the Australian Institute of Company Directors (AICD).

Cate Hathaway | **Chief People and Transformation Officer**
Cate Hathaway joined GrainCorp in July 2018 and was appointed Chief People & Transformation Officer in April 2019 with responsibility for transformational change, people, safety, environment and technology.

Ms Hathaway has previously held senior executive positions in the banking, building resources and insurance industries. She is a graduate member of AICD, fellow of the Australian Human Resources Institute (AHRI), a member of AHRI's Diversity and Inclusion Panel, a member of the Sydney University School of Business External Advisory Committee and Director of the Board of the Environmental Defenders Office.

Ms Hathaway holds a Bachelor of Commerce from the University of Western Sydney and an Executive Master of Business Administration (AGSM).

Ian Morrison | **Chief Financial Officer**
Ian Morrison was appointed Chief Financial Officer in July 2020. As Chief Financial Officer, Mr Morrison leads GrainCorp's finance and accounting, strategy, tax, treasury, risk management and shared services functions.

Mr Morrison has previously held a number of senior finance roles across GrainCorp including CFO of the Grains & Oils divisions and Group Financial Controller. Prior to joining GrainCorp in 2011, he worked with KPMG in the United Kingdom and Australia. Mr Morrison holds a Bachelor of Accounting and Finance (Hons) from the University of Glasgow and is a Chartered Accountant. He is a member of AICD.

Klaus Pamminger | **Chief Operating Officer**
Klaus Pamminger joined GrainCorp in 2007 and was appointed Chief Operating Officer in April 2019. Prior to this, he was Group General Manager – Grains, responsible for the Grains Operations and Trading businesses in Australia, Singapore, China, Europe and Canada. He was previously Group General Manager, GrainCorp Marketing.

Mr Pamminger is a Director of GrainsConnect Canada, a Director of FutureFeed and a member of AICD.

Prior to GrainCorp, Mr Pamminger worked for several companies in Australia and the US.

Directors' Report

Introduction

The following individuals were Directors of GrainCorp during the financial year 2020 and up to the date of this report:

- P I Richards (Chairman)
- R J Spurway (Managing Director & CEO) (appointed 23 March 2020)
- G J Bradley AM (ceased to be a Director on 23 March 2020)
- R P Dee-Bradbury (ceased to be a Director on 19 February 2020)
- B J Gibson (ceased to be a Director on 23 March 2020)
- K M Grigg (appointed 11 December 2019)
- P J Housden (ceased to be a Director on 19 February 2020)
- D J Mangelsdorf
- J F McAloon (appointed 11 December 2019, ceased to be a Director on 23 March 2020)
- D G McGauchie AO
- S L Tregoning (ceased to be a Director on 23 March 2020)

Details of the current members of the Board of Directors, including their experience, qualifications special responsibilities and term of office are included on pages 16 to 17 of the Annual Report.

Details of Directors' interests in shares and options of GrainCorp are set out in Section 7 of the Remuneration Report.

Group Company Secretary

Stephanie Belton *LLB, MBA*

Refer to 'Executive Leadership Team' section.

Annerly Squires *BCom, LLB*

Ms Annerly Squires joined GrainCorp as Group Legal Counsel and Company Secretary in November 2018. Ms Squires is responsible for the Group's Company Secretarial function. Prior to commencing at GrainCorp Ms Squires acted as Deputy Company Secretary at Pendal Group Limited and as Senior Legal Counsel and Assistant Company Secretary at Hills Limited. Ms Squires is admitted to practice in New South Wales.

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Board Committee Membership

The GrainCorp Board may from time to time establish and delegate powers to committees, in accordance with the GrainCorp Constitution, to assist in the discharge of its responsibilities. Following the demerger of the Malt business (effective 23 March 2020) (Demerger) the GrainCorp Board Committees comprised the Audit & Risk Committee (replacing the Board Audit Committee and the Board Risk Committee), the Remuneration & Nominations Committee and the Safety, Health & Environment Committee.

Membership of each of GrainCorp's current Committees of Directors is set out below:

Audit & Risk Committee:
- K M Grigg (Chair)
- P I Richards
- D J Mangelsdorf
- D G McGauchie

Remuneration & Nominations Committee:
- D G McGauchie (Chair)
- P I Richards
- K M Grigg
- D J Mangelsdorf

Safety Health & Environment Committee:
- D J Mangelsdorf (Chair)
- P I Richards
- K M Grigg
- D G McGauchie

Prior to Demerger, the structure and membership of each of GrainCorp's Committees of Directors was as follows:

Safety Health Environment & Governance Committee:
- B J Gibson (Chair)
- P I Richards
- S L Tregoning

People Remuneration & Nominations Committee:
- R P Dee-Bradbury (Chair)
- G J Bradley
- D G McGauchie
- S L Tregoning

Board Audit Committee:
- P J Housden (Chair)
- D J Mangelsdorf
- R P Dee-Bradbury
- P I Richards

Business Risk Committee:
- D J Mangelsdorf (Chair)
- P J Housden
- B J Gibson
- O Weiss (Independent External Adviser)

Each Business Risk Committee meeting was attended by Mr Ottmar Weiss. Mr Weiss joined GrainCorp in September 2008 as an independent external adviser to the Business Risk Committee and ceased to be a member following Demerger.

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Board and Board Committee Meetings

The following table sets out the number of meetings of GrainCorp's Board and Board Committees held during the 12 months to 30 September 2020. Following the Demerger, the Board Audit Committee and Board Risk Committee were combined to form the Audit & Risk Committee.

	Total Number of Meetings	Number of Meetings prior to Demerger	Number of Meetings post Demerger
Board	15	8	7
Audit & Risk Committee	2	Not applicable	2
Remuneration & Nominations Committee	6	2	4
Safety Health & Environment Committee	4	2	2
Board Audit Committee	2	2	Not applicable
Board Risk Committee	2	2	Not applicable

The number of meetings attended by each member is set out in the table below.

	Board	Audit & Risk Committee	Remuneration & Nominations Committee	Safety Health & Environment Committee	Board Audit Committee	Business Risk Committee
G J Bradley*	8	~	2	1#	2#	1#
R P Dee-Bradbury**	6	~	1	~	~	1#
B J Gibson*	7	~	~	2	~	2
K M Grigg^	12	2	4	2	1	~
P J Housden**	4	~	~	~	1	2
D J Mangelsdorf	15	2	4	1# (pre-Demerger) 2 (post Demerger)	2	2
J F McAloon^*	5	~	~	~	~	~
D G McGauchie	15	2	6	2	~	~
P I Richards	15	2	1# (pre-Demerger) 4 (post Demerger)	4	2	1#
R J Spurway^^	7	2#	4#	2#	Not applicable	Not applicable
S L Tregoning*	8	~	2	2	~	~
O Weiss* (Independent External Adviser)	~	~	~	~	~	2

^ Appointed as a Director on 11 December 2019
^^ Appointed as Managing Director & CEO on 23 March 2020
* Ceased to be a Director and/or Committee member following Demerger on 23 March 2020
** Ceased to be a Director effective 19 February 2020
# Attended by invitation
~ Not a member of the relevant Board or Committee

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Operating and Financial Review

About GrainCorp

Overview

GrainCorp is a leading Australian agribusiness and provides a wide range of services including storage and logistics, processing, sales and marketing, predominantly relating to commodities such as wheat, barley, canola, and sorghum. GrainCorp's customers include grain, oil, and oilseed producers, consumers and traders.

GrainCorp has approximately 2,000 full-time employees, mostly in Australia and New Zealand but also in the United Kingdom, Europe, Asia and North America. The number of employees, when including seasonal harvest casuals, is significantly higher during the harvest period depending on the size of the crop.

In the first half of FY20, GrainCorp reported results under three operating segments: Malt, Agribusiness and Processing. On 23 March 2020, GrainCorp successfully demerged its Malt business, United Malt Group Limited, which became a separately listed company on the Australian Securities Exchange (ASX:UMG).

In the second half of FY20, GrainCorp reports as two operating segments: Agribusiness and Processing. GrainCorp's FY19 and FY20 performance is shown in this report under the new operating segments.

Our Strategy

GrainCorp operates in a global grain market that offers considerable growth prospects in the demand for grain and processed grains such as edible oils. Population growth and rising affluence are projected to drive increases in both global grain demand and global grain trade.

GrainCorp's strategy is to apply its comparative advantages in the supply of grain and edible oils to participate in this growth opportunity, serving customers in Australia and internationally.

GrainCorp owns a large portfolio of infrastructure assets, located primarily in ECA, comprising country storage facilities, port terminals, and processing plants. The Company is currently focused on strengthening its core business and leveraging its assets, through the expansion of its bulk materials (non-grain) portfolio, development of value-added product offerings, delivering improved operational efficiencies, and through other initiatives. GrainCorp is also exploring growth opportunities in adjacent areas, such as animal nutrition, alternative protein, and AgTech.

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Group Financial Summary

Key Results ($M)[1]		2016	2017	2018	2019	2020
Revenue		4,158.3	4,575.7	4,253.1	4,849.7	4,287.2
Underlying EBITDA[2]		255.5	390.1	269.0	68.5	186.0
Underlying EBIT[3]		112.9	243.7	115.8	(73.9)	44.2
Net profit after tax		30.9	125.2	70.5	(113.0)	343.3
Dividend (cents per share)[4]		11.0	30.0	16.0	0.0	7.0
Financial Position						
Total assets	$ M	3,575.8	3,598.4	3,974.7	3,875.6	2,002.1
Total equity	$ M	1,742.0	1,860.4	1,942.2	1,836.3	1,095.3
Net assets per ordinary share	$	7.61	8.13	8.49	8.02	4.79
Net debt to net debt and equity[5]	%	33.4	27.2	32.4	38.2	17.9
Core debt to core debt and equity[6]	%	29.3	19.5	20.9	30.4	3.3
Shareholder Returns						
Basic earnings per ordinary share	cents	13.5	54.7	30.8	(49.4)	150.0
Return on equity (ROE)[7]	%	3.0	7.8	3.7	(4.4)	0.9
Return on invested capital (ROIC)[8]	%	2.7	6.3	3.5	(2.2)	1.6
Dividend per ordinary share[4]	cents	11.0	30.0	16.0	-	7.0
Dividend yield per ordinary share[9]	%	1.4	3.7	2.0	-	1.9
Business Drivers (million metric tonnes)						
Agribusiness						
Grain carry-in		1.6	1.7	3.3	2.3	1.5
Total ECA grain receivals (country + direct-to-port)		8.8	15.0	6.8	3.1	4.2
Imports		-	-	0.5	2.3	1.4
ECA grain exports		3.0	7.2	2.7	0.3	1.3
Domestic outload		5.7	6.2	5.6	5.8	5.1
Grain carry out		1.7	3.3	2.3	1.5	0.7
ECA bulk materials (non-grain) handled		3.0	2.8	2.9	2.9	2.1
Total contracted grain sales		3.1	8.3	6.9	7.7	8.2
Processing						
Oilseed crush volumes		0.3	0.3	0.3	0.4	0.4
Foods volumes		0.2	0.2	0.2	0.2	0.2

Segment Results ($M)	2020 Revenue	2020 Underlying EBITDA	2019 Revenue	2019 Underlying EBITDA
Agribusiness	3,415.0	78.5	3,285.4	(93.7)
Processing	621.3	45.5	541.3	15.7
Corporate and eliminations	(375.4)	(15.9)	(293.5)	(29.0)
Discontinued operation	626.3	77.9	1,316.5	175.5
Total	**4,287.2**	**186.0**	**4,849.7**	**68.5**

[1] All figures are presented as last reported, including discontinued operation.

[2] Underlying EBITDA is a non-IFRS measure representing earnings before interest, tax, depreciation and amortisation, excluding significant items which are detailed in note 1.5 of the Financial Report.

[3] Underlying EBIT is a non-IFRS measure representing earnings before interest and tax, excluding significant items which are detailed in note 1.5 of the Financial Report.

[4] All dividends were fully franked.

[5] Net debt is total debt less cash.

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

[7] ROE is defined as Group underlying Net Profit after Tax / average shareholders' equity.

[8] ROIC is defined as Group underlying Net Profit after Tax less interest expense (after tax) associated with core debt / Average net debt (excluding commodity inventory funding) + average total equity. ROIC is a non-IFRS measure.

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

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Group Financial Analysis and Commentary

For the 12 months ended 30 September 2020, GrainCorp reported a statutory net profit after tax of $343 million and net profit after tax from continuing operations of $35 million. Underlying earnings before interest, tax, depreciation, and amortisation (EBITDA) for continuing operations was $108 million, up from a $107 million loss in FY19. Revenue from continuing operations was $3,661 million (FY19: $3,533 million).

During the first half, GrainCorp completed a significant repositioning of the business as part of its portfolio review. This included the Demerger of United Malt Group (UMG) in March 2020, completion of the sale of Australian Bulk Liquid Terminals in December 2019, a restructure of the Group's financing to ensure GrainCorp had minimal core debt, and progression of operational initiatives to improve the underlying performance of the ongoing operations.

The demerger of UMG has been treated as a discontinued operation for this report. Significant items during the year have been disclosed in Note 1.5 of the Consolidated Financial Report.

Agribusiness

Business Overview

A leading Australian end-to-end grains and oils supply chain business

- Approximately 145 country receival sites in ECA with over 20 million metric tonnes (mmt) of storage capacity
- Seven bulk import/export terminals in ECA with 15 mmt of elevation capacity
- Trading offices in Australia, Canada, the UK, Germany, Ukraine, China, India, and Singapore
- Connecting more than 10,000 grower customers with more than 1,000 end-market customers in the food, beverage, edible oils, and animal feed industries
- Sells and delivers around eight mmt annually to 50+ countries
- Four liquid feeds distribution centres
- Six used cooking oil collection, recycling, and distribution centres
- Seven bulk liquid storage terminals
- Four grain elevators and a port terminal (under construction) in Canada, through GrainsConnect Canada JV.

FY20 Performance

ECA volumes (mmt)	FY20	FY19
Grain production (total winter + sorghum)	11.8	9.7
ABARES metric used for Crop Production Contract (total winter crop)	11.5	8.5

- FY20 Underlying EBITDA of $79 million, including $27 million relating to AASB-16 (FY19: $94 million loss)
- GrainCorp ECA receivals and exports below average as domestic demand secured supply
- GrainCorp ports continued to import grain from other states to manage ECA grain deficits and satisfy domestic demand. Trans-shipments slowed in second half as crop expectations for FY21 improved
- Grain carry-out (inventories at 30 September 2020) lowest in over a decade
- Bulk materials (non-grain) volumes down year on year due to a reduction in woodchip demand arising from COVID-19
- Non-repeat of negative impact from disrupted grain trade flows in FY19. Prudent risk management approach, with strengthened controls and an improved risk management framework in FY20
- Strong result from Feeds business with drought driving demand
- Result includes ~$58m gross payment from Crop Production Contract ($47m net of costs of $6 million and fair value adjustment of $5 million)

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Processing

Business Overview

A leading producer and distributor of edible oils in Australia and New Zealand, with crushing, refining, and packaging capabilities. Four manufacturing facilities as part of vertically integrated edible oils processing infrastructure, providing broad capabilities and low operating cost platform.

- Two oilseed crushing plants (one with refining capability). Over 425,000mt p.a. of oilseed crushing capacity
- Two edible oils processing and refining plants. Approximately 290,000mt p.a. of oil refining, bleaching and deodorising (RBD) capacity.

FY20 Performance

- FY20 EBITDA of $46 million, including $5 million impact relating AASB-16 (FY19: $16 million)
- **Oilseeds**: improved crush contribution due to:
  - Numurkah plant expansion – delivering on capital investment
  - Increased canola supply and reduction in canola freight costs
  - Meal and oil values attracted strong premiums
  - Improved crush margin management
  - Oilseed crush volumes 424 kmt (FY19: 371 kmt).
- **Foods**: solid performance due to good demand for spreads and oils, partially driven by COVID-19, and continued delivery of operational efficiencies at food manufacturing plants.

Outlook

We are expecting a stronger underlying financial result in FY21 due to the potential for a much larger crop in ECA and ongoing delivery of operational improvements.

In Agribusiness, ECA weather conditions remained favourable throughout autumn and winter, and current estimates are for a very strong 2020/21 winter crop. Our network is well equipped after capital investments made in recent years, completion of a large-scale seasonal recruitment program in 2020 and the re-positioning of plant and equipment to manage this year's task. Our COVID-19 management practices have also been ramped up to ensure contactless grain sampling and delivery.

In Processing, we expect a continuation of positive oilseed crush margins, partially offset by reduced meal values. We expect the Foods market to remain highly competitive.

Sustainability

GrainCorp has produced a 2020 Sustainability Report, which can be viewed on the Company's website. It details our commitment to responsibly manage GrainCorp's environmental, social and governance performance.

Our approach to sustainability focuses on Safety & Health, People, Environment, and Community. Below is a summary of GrainCorp's performance in these areas in 2020.

Safety and Health

We recognise a sustainable workplace is one where employees value the safety and health of themselves and their workmates. Our safety strategy focuses on embedding a safety mindset into the culture of our organisation by ensuring the right processes are in place to guide employee behaviour and to promote a continual awareness of the risks inherent in our operations.

In FY20, we recorded improvements to our key safety metrics with a Recordable Injury Frequency Rate (RIFR) of 6.5, down 16 per cent from last year (FY19: 7.7) and a Lost Time Injury Frequency Rate (LTIFR) of 0.8, down 56 per cent from last year (FY19: 1.8).

Injury reduction

The 'SHE Engagement' initiative was introduced last year as a way of encouraging conversations about safety and environmental hazards. SHE Engagements provide an opportunity for employees to prioritise safety, health and environmental management in work tasks and are focused on reinforcing positive practices. SHE Engagements are embedded in our culture and during FY20 approximately 14,600 were undertaken, compared to 6,500 last year.

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Health and wellbeing

In December 2019, GrainCorp introduced a Health & Wellbeing program for employees in partnership with Vitality Works. Recognising the importance of remaining active and mentally healthy during COVID-19, we introduced a suite of online packages including live fitness classes, mindfulness sessions, ergonomic assessments, pre-shift stretches and a COVID-19 tool kit. We also made available dedicated health coaches to promote and encourage connectedness in a virtual world.

Risk management

GrainCorp has identified 12 critical risks related to key activities that have the potential to cause serious harm. To support the awareness and management of the controls required to mitigate these risks, a series of Critical Risk Reviews was launched in 2019. These reviews have now become an integral part of our safety culture and make it simple for our teams to assess the safety of their work environment. The number of Critical Risk Reviews increased from 1,600 in FY19 to 7,100 in FY20.

People

Employee engagement

FY20 was a year of significant change for GrainCorp, with the demerger of the Malt business, the sale of our Australian Bulk Liquid Terminals business and several changes to the Board and Executive Leadership Team. Given the scale of organisational change, a formal employee engagement survey was not undertaken in FY20. It is scheduled for mid-2021.

We continue to respond to employee feedback from previous engagement surveys, onboarding, performance assessments, and stay / exit interviews. Change management and flexible workplace practices required higher levels of attention this year, particularly during the ongoing COVID-19 pandemic. These practices continue to be addressed through leadership development programs and revised leave policies.

Harvest recruitment

Each year, GrainCorp recruits a significant number of casuals to support the winter harvest program. In anticipation of a strong harvest in 2020/21, GrainCorp recruited over 3,000 casuals in 2020, the largest number for several years. Undertaking a large-scale recruitment program, after three years of drought and during the COVID-19 pandemic, was a welcome initiative for GrainCorp and our communities.

As part of pre-harvest training, our digital learning footprint was extended to include in-house training programs. This was beneficial for the company and the recruits, who were able to build their knowledge and skillsets while navigating travel and social distancing challenges.

Accord Program

As part of International Women's Day celebrations, we launched our inaugural Accord Program during the year, a program promoting gender equity and female leadership, with 46 employees from Australia, New Zealand, India, and China participating. The learning modules focus on various aspects of wellbeing including Addressing and Overcoming Our Own Challenges, Creating Impact Through Increased Self-Awareness, Moving the Dial on Gender Equity and Career and Professional Visioning.

Workplace diversity

GrainCorp's inclusion & Diversity Action Plan (iDAP) provides a centralised and action-focused resource, centred around six elements of diversity (Gender Participation; Indigenous Awareness; LBGTIQ+; Disability; Stage of Life; and Cultural & Language) with inclusion being the central theme.

During the year we commenced a Company-wide review of recruitment solutions to support our workforce planning, recognising the importance of diversity in this process. We are exploring partnerships with specialist disability and indigenous employment agencies and are extending our sourcing and attraction strategies to ensure greater cognitive diversity.

Another way in which GrainCorp fosters a more inclusive culture is by continuing to provide opportunities for employees to get involved in the various days of significance that occur throughout the year, through COVID-safe activities. GrainCorp celebrated a number of days of significance during the year, including RUOK Day, Waitangi Day (NZ), International Day of People with Disability, International Day of the World's Indigenous People and others.

Environment

We actively manage our environmental impact by focusing on Environmental Management, Climate Risks and Opportunities, Energy Efficiency and Waste Minimisation.

At a site and business unit level, we have implemented Obligations and Consent Registers, Aspects and Impacts Registers and Environmental Management Plans across operating sites. This ensures GrainCorp has a thorough understanding of its environmental obligations and our site teams have the knowledge and tools to support environmental compliance and risk management.

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Managing climate variability

As a company that stores, transports, processes and trades grain and oilseeds, GrainCorp is impacted by crop production variability. Managing variability on a seasonal basis is key to remaining operationally and financially sustainable. This is vital over the longer term, with expectations that climate variability in eastern Australia will increase over time[10].

In June 2019, GrainCorp established a 10-year Crop Production Contract to help manage the risk associated with East Coast Australia (ECA) winter crop production volatility. In FY20, the first year of the contract, GrainCorp received a gross payment of ~$58 million due to the impact of drought on ECA winter crop production.

Energy efficiency

GrainCorp's energy taskforce comprises 10 leaders from across the business who meet monthly to collaborate on: purchasing options for energy needs; energy efficiency and renewable energy opportunities; and energy awareness and education. Current projects include: the development of a formal energy management program, the validation of site-specific initiatives at our energy intensive processing facilities in West Footscray and Numurkah, and the installation of power factor correctors (PFC) that improve the efficiency of how energy is drawn from the grid at GrainCorp sites in Parkes and Junee.

Community

We value our relationships with communities, and we strive to contribute in a way that supports their social, economic, environmental, and cultural wellbeing.

Silo Art

GrainCorp has supported silo art projects since 2015, working with local councils to provide the 'canvases' for local artists to create powerful artworks in regional communities.

Due to the ongoing effects of the drought and unprecedented demand from communities, GrainCorp suspended its involvement in silo art in October 2019, to facilitate a review of procedures and streamline the application process. The review will ensure the safety of all stakeholders and the ongoing success of the program when GrainCorp relaunches its program in 2021.

Red Cross donation and support to Australian bushfire recovery

As a company whose operations are largely based in regional Australia, we felt deeply for the communities impacted by the devastating bushfires that engulfed part of the east coast of the country in 2019/2020.

GrainCorp donated AUD$50,000 to the Australian Red Cross Disaster and Relief Fund, which was used to distribute food, water and emergency supplies, support those in isolated areas and provide emergency cash grants to people who lost their homes.

GrainCorp also provided generators, water tanks, water pumps and a truck for transporting equipment towards firefighting efforts in fire-affected regions.

GrainCorp community funding and sponsorships

Following recent changes in our business, GrainCorp's strategy for local community funding and sponsorships was placed under review to improve the way we support our communities. We look forward to relaunching our community engagement program in 2021.

Risk

Risk Management

Overall accountability for risk management lies with the GrainCorp Board. The Audit and Risk Committee assists the Board in its oversight of risk management, financial and assurance matters. The Board annually review and approve the design of the risk management framework and set the risk appetite. The Board delegates responsibility for establishing and implementing the risk management framework and for implementing the internal controls and other systems and processes to manage risk, to the Managing Director & CEO, and the Executive Leadership Team.

GrainCorp actively manages a range of financial and non-financial business risks and uncertainties which can potentially have a material impact on the Group and its performance. There are various risks associated with owning shares in GrainCorp – some of these risks are specific to GrainCorp and its business while others are risks of a more general nature that apply to any stock market investment. Certain risks may be mitigated by appropriate controls, systems and other actions, but others will be outside the control of GrainCorp.

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

[10] GrainCorp 2018 Sustainability Report - Climate change research on 23 wheat cropping districts in eastern Australia – conducted by Ndevr Environmental.

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Risks affecting GrainCorp's business

- Strategy alignment and execution - GrainCorp may fail to implement or achieve its strategic objectives due to a range of factors, including management not prioritising delivery of the key pillars of the strategy, changes to the competitive environment that result in a change to the underlying assumptions of the strategy, poor cost management, loss of key management personnel, failure to effectively execute a project, or adverse economic shocks and uncertainty. A failure by GrainCorp to execute its strategy may result in a failure to maintain or increase operating margins and market share.
- Climate variability and weather conditions - Adverse weather conditions can cause variability in grain production, which may impact GrainCorp's operating results in several ways; including variability in the volume of grain that GrainCorp stores, handles, transports, trades, exports and uses in its business. GrainCorp is most exposed to climate variability risk in eastern Australia.

  Over the past eight years, GrainCorp has managed its exposure to cyclical weather conditions by diversifying its operations into downstream value-adding businesses and by diversifying its international origination footprint. To further mitigate and manage these risks, in 2019 GrainCorp entered into a 10-year Crop Production Contract with effect from FY20, which was designed to help smooth GrainCorp's cash flow, allowing for longer term capital allocation and business planning through the cycle. The Crop Production Contract is intended to provide GrainCorp with payment(s) during poor seasonal harvest periods where a total winter grain production on the east coast of Australia is within certain agreed thresholds (subject to agreed limits). In order to reduce the annual fixed cost of the Crop Production Contract, GrainCorp has also agreed to make payment(s) during strong seasonal harvest periods (subject to agreed limits). Because the payments under the Crop Production Contract will not be determined by direct reference to GrainCorp's operations, level of grain receivals, market share, revenue or profits, the Crop Production Contract may not adequately reduce the existing risks faced by GrainCorp. The Crop Production Contract may also create new or alter existing risk factors for GrainCorp, including (but not limited to) counterparty risk in the event that the counterparty to the Crop Production Contract fails to make payments owed to GrainCorp. Further detail concerning the Crop Production Contract can be found in GrainCorp's FY20 Results Presentation, which can be viewed in the Investors & Media section of GrainCorp's website (www.graincorp.com.au).

  GrainCorp also continues to streamline its country receival and storage network in eastern Australia, investing to improve efficiency at key sites and reducing fixed costs.

  To help inform GrainCorp's climate change impact assessment, in 2018 GrainCorp commissioned research into 23 key wheat cropping districts in eastern Australia, under likely climate scenarios to 2030 and 2050. The initial findings suggested that, despite a predicted increase in weather volatility and occurrence of extreme weather events, eastern Australia would continue to be a productive grain-producing region, capable of sustaining or perhaps even increasing existing crop volumes and quantities.
- Other external factors - GrainCorp's business and financial performance are subject to external factors, including farmer sowing decisions, levels of on-farm storage, domestic and international government farm support programs and policies, international trade policies, demand for biofuels, commodity price volatility, the outbreak of plant disease or pest and the occurrence of and resistance of pests to pesticides used to protect grain in storage. These factors may cause price and supply volume volatility and, consequently, volatility in GrainCorp's operating results.
- Regulation - GrainCorp's business is regulated by a range of laws and regulations in countries where GrainCorp operates. GrainCorp may be subject to costs, investigations, penalties, liabilities, loss of reputation and other adverse effects as a result of failure to comply with these laws and regulations. Further, the introduction of new laws and regulations could materially adversely impact GrainCorp's business and financial performance, for example by necessitating increased levels of expenditure on compliance, monitoring, controls, access regimes and arrangements and land use restrictions.
- Transportation and logistics supply chain risks - GrainCorp's operations rely on rail, road and sea transportation to move grain and oil commodities from their source location to storage sites, and from these sites to GrainCorp's port terminals and manufacturing plants and to other domestic consumers. A disruption or delay in rail transportation service provision, for instance as a result of temporary or permanent rail track closures, may adversely impact GrainCorp's operations and operating results. GrainCorp also co-ordinates road and/or rail freight and charters vessels in and to international jurisdictions to transport products to consumers. A disruption in international shipping activities, for instance ship diversion, port blockages or acts of piracy, may adversely impact GrainCorp. There is also a risk in successfully recouping losses from the insurer in a timely manner.

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- Operational risks - GrainCorp's business is subject to various operational risks, including claims and disputes in relation to grain or finished product inventory (from handling losses, infestation, damage or destruction to storage facilities, and theft), machinery breakdown, supply issues, farmer storage and transport decisions, extreme weather (such as cyclones, floods, drought and frost), fire, loss of long-term agreements for supply or for premises, regulatory requirements, workplace disputes and impacts of environmental obligations.
- Market demand risk - During times of reduced market demand for grain, GrainCorp may suspend or reduce operations and production at some of its facilities. The extent to which GrainCorp efficiently manages available capacity at its facilities will affect its profitability.
- Industry cyclicality and commodity price risk - GrainCorp's business may be adversely affected by changes in the price of commodities, additional raw materials, and processed products, caused by market fluctuations beyond GrainCorp's control, which have in the past, and could in the future, adversely affect margins. Additionally, market factors (such as weather, production, market demand and supply) in international jurisdictions may adversely impact supply and demand dynamics in Australia and, consequently, volumes and margins.
- Hedging and risk management risk - GrainCorp's business is affected by fluctuations in grain and other agricultural commodity prices, transportation costs, energy and utility prices, interest rates and foreign exchange currency rates. GrainCorp's hedging strategies may not be successful in minimising its exposure to these fluctuations. Further, it is possible that GrainCorp's control procedures and risk management policies may not successfully prevent GrainCorp's traders from entering into unauthorised transactions that have the potential to alter or impair GrainCorp's financial position.
- Food and feed industry risks - GrainCorp is subject to food and stockfeed industry risks including but are not limited to spoilage, contamination, fumigation or treatment applications which do not meet destination requirements, incorrect grade classification, tampering or other adulteration of products, product recalls, government regulation, destination or industry standards, shifting customer and consumer preferences and concerns, including concerns regarding genetically modified organisms and plants, and potential product liability claims. These matters could adversely affect GrainCorp's business and operating results.
- Changing consumer preferences risk - GrainCorp's business may be affected by changing consumer preferences due to increasing health awareness and demand for product premiumisation. In GrainCorp's Foods business, changing consumer preferences for manufactured oils and fats products could adversely impact financial performance.
- Capital requirements risk - GrainCorp requires significant amounts of capital to operate its business and fund capital expenditure. GrainCorp faces variations throughout the year in its draw on working capital, relating to customer purchasing behaviour and payment terms and commodity prices. If GrainCorp is unable to generate sufficient cash flows or raise sufficient external financing on acceptable terms to fund these activities, GrainCorp may be forced to limit its operations and growth plans, which may adversely impact efficiency, productivity, competitiveness and financial results.
- Debt obligations risk - GrainCorp's debt obligations are subject to certain operating, financial and other covenants. If GrainCorp fails to meet these covenants, GrainCorp may be forced to repay those debt obligations on demand. GrainCorp may also not be able to put in place new debt facilities on acceptable terms by the time existing debt facilities expire.
- Global and regional economic conditions risk - The level of demand for GrainCorp's services and products is affected by global and regional demographic and macroeconomic factors, including population growth rates and changes in standards of living. A significant downturn in global economic growth, or recessionary conditions in major geographic regions, may lead to a change in consumer preferences impacting demand for grain and agricultural commodities, such as flour, which could have a materially adverse effect on GrainCorp's business and financial performance.
- Customers and supplier risk - Weak global economic conditions and tight credit markets may adversely affect the financial viability of some of GrainCorp's customers, suppliers and other counterparties, which in turn may negatively impact GrainCorp's operations and financial performance. Equally, loss of customer supply agreements could negatively impact GrainCorp's financial and operational performance.
- Technology and Cyber security risk - GrainCorp relies on its own and third-party information technology infrastructure and systems for its day-to-day operations, including for processing transactions, maintaining its website, product ordering, stock management and logistics systems and maintaining other back-office functions. Any failure of, or disruption to, information technology infrastructure or systems could limit GrainCorp's ability to carry out its operations. Similarly, the unauthorised disclosure of confidential company, customer, team

member or third-party information, or a malicious attack on GrainCorp's infrastructure could impact reputation or competitive strength or result in litigation and/or regulatory enforcement.

- Utility prices and access to reliable water - Electricity and natural gas are key energy inputs in GrainCorp's storage and handling and manufacturing operations. As such, increases in energy prices may adversely impact GrainCorp's financial performance. Access to water may be impacted by climate variability, catastrophic drought or wide-spread contamination which may adversely impact financial performance.

General risks

- Economic risks - General economic conditions, fluctuations in interest and inflation rates, commodity prices, currency exchange rates, energy costs, changes in governments, changes in fiscal, monetary and regulatory policies, the development of new technologies and other changes to general market conditions may have an adverse effect on GrainCorp, its future business activities and the value of GrainCorp shares.
- Market conditions risk - Share market conditions may affect the value of shares regardless of GrainCorp's financial or operating performance. Share market conditions can be unpredictable and are affected by many factors including changes in investor sentiment toward particular market sectors (in particular agriculture and food supply) and the domestic and international economic outlook.
- Significant events risk - Significant events may occur in Australia or internationally that could impact the market for commodities relevant to GrainCorp, GrainCorp's operations, the price of shares and the economy generally. These events include war, terrorism, civil disturbance, political actions and natural events such as earthquakes and floods.
- Global and regional geopolitical and country / sovereign risk - As an international commodity trader, and importer and exporter of agricultural commodities, GrainCorp is vulnerable to geopolitical tensions which may impact global trade flows (including the implementation of trade agreements or accords between nations). There is a risk that GrainCorp's financial performance may be impacted when those tensions affect markets or commodities in which GrainCorp participates. GrainCorp is also vulnerable to country / sovereign risk, such as the imposition of tariff barriers, foreign exchange restrictions, and nationalisation of assets, which could adversely impact GrainCorp's financial performance.
- Global Pandemic - Pandemic events (large-scale outbreaks of infectious diseases) which impact health and wellbeing over a wide geographic area, can cause significant economic, operational and social disruption which may adversely affect our businesses. GrainCorp activates our Crisis Management Team to manage the response to crises, including a pandemic. We actively monitor and are guided by Government directives, Department of Health advice and trusted sources.
- COVID-19 - GrainCorp responded to the COVID-19 pandemic by putting in place all measures required to protect employees, avoid disruption to our operations and ensure full compliance with all relevant state and federal legislation. This included the ongoing support of all employees working from home, the creation and implementation of comprehensive COVID safe plans for all GrainCorp offices and sites and the promotion of positive hygiene practices and social distancing across the business. GrainCorp has also accelerated the transition to contactless delivery at our grain receival sites in advance of the 2020/21 harvest.

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Additional Disclosures

Earnings per share (EPS)

Basic EPS from continuing operations increased by 119% to 15.4 cents (2019: (82.7) cents).

Dividends

Since year end the Directors have approved the payment of a fully franked dividend totalling $16.0 million. This represents the equivalent of a final dividend of 7.0 cents per share on issue at the record date of 26 November 2020. The dividend will be paid on 10 December 2020.

Dividend	Date paid	Fully Franked Dividend per share	Total Dividend $M
Final dividend for the year ended 30 September 2020	10 December 2020	7.0 cents	16.0

- Interim dividend for the half-year ended 31 March 2019 was nil
- Final dividend for the year ended 30 September 2019 was nil
- Interim dividend for the half-year ended 31 March 2020 was nil.

Matters subsequent to the end of the financial year

No matters or circumstances have arisen since 30 September 2020 which have significantly affected or may significantly affect:

a) The Group's operations in future financial years; or

b) The results of those operations in future financial years; or

c) The Group's state of affairs in future financial years.

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Indemnities and insurance

Under the Company's Constitution each Director and Company Secretary of GrainCorp Limited is, to the maximum extent permitted by law, indemnified against any liability incurred by that person as an officer of GrainCorp Limited. The Directors and the Company Secretaries listed on page 20 and individuals who formerly held any of these positions have the benefit of the indemnity. Members of GrainCorp's Executive Team and certain former members of the Executive Team also have the benefit of an indemnity to the fullest extent permitted by law.

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

Proceedings on behalf of the Company

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

Audit services

Audit services during the year have been provided by PricewaterhouseCoopers (PwC), led by partners Kristin Stubbins and David Ronald. Details of the amounts paid to PwC for audit services are set out in note 5.1 of the Financial Report.

Non-audit services

The Company may decide to employ the external auditor on assignments additional to its statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important. Details of the amounts paid to the external auditor PwC for non-audit services provided during the year are set out in note 5.1 of the Financial Report.

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

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

A copy of the external auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 53 and forms part of this report.

Corporate governance statement

During the year ended 30 September 2020, the Company's corporate governance framework was consistent with the third edition of the Corporate Governance Principles and Recommendations released by the ASX Corporate Governance Council. GrainCorp's Corporate Governance Statement can be viewed at:

http://www.graincorp.com.au/about-graincorp/company/cgs

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Remuneration Report

Message from the Remuneration and Nominations Committee Chair

Dear Shareholder

On behalf of the Board, I am pleased to present GrainCorp's Remuneration Report for FY20.

The purpose of this introductory message is to:

- summarise the key remuneration changes in FY20 following the demerger of the Malt business (Demerger)
- summarise remuneration outcomes for FY20; and
- highlight the outcomes of a review of GrainCorp's Executive Remuneration Framework and some changes to FY21 reward arrangements.

The FY20 remuneration outcomes reflect an improved financial performance in a challenging external environment and the achievement of key milestones including completion of the Group portfolio review, successful completion of the Demerger, progress on delivery of operational initiatives and outstanding performance across all safety metrics.

The Board commends the Management team and all of our employees for their performance in FY20, notwithstanding the drought conditions and the onset of COVID-19 in the second half of the year. Throughout the pandemic, Management and employees have ensured that GrainCorp has continued to operate at full capacity, across the business, without government or other financial support and we continue to work with government and industry bodies to support our communities and industry.

Impact of Demerger on existing incentive arrangements

As stated in the Demerger Scheme Booklet, treatment of existing incentive arrangements changed to reflect the following:

Treatment of existing deferred Short-Term Incentive (STI) entitlements

To preserve the overall value of the deferred rights for GrainCorp employees who continued to be employees after Demerger, and to ensure that participants were not disadvantaged or advantaged by the Demerger, additional deferred rights were granted. The number of additional deferred rights was calculated using the average market prices of GrainCorp shares prior to the Demerger and the relative value of GrainCorp and United Malt Group (UMG) shares following the Demerger.

Treatment of existing Long-Term Incentive (LTI) entitlements

Unvested LTI awards were treated as follows:

- FY18 LTI award - the performance period for this award was scheduled to end on 30 September 2020. As 30 months of the 36-month performance period had elapsed by the time of the Demerger, performance was tested on 29 February against the performance measures. The outcome of the FY18 LTI award testing was that no vesting occurred, and the grant lapsed (further detail is outlined below in Section 3)
- FY19 LTI award - only half the 36-month performance period for this award had elapsed at the time of the Demerger and accordingly these awards were cancelled
- One-Off Award – Based on the required treatments for LTI awards outlined above, there were no long-term incentives that would vest in the three years following Demerger. As such, a new one-off award was made to eligible employees to encourage retention and alignment with Shareholders during the period following Demerger. Employees were awarded performance rights that vest based on performance measured using Absolute Total Shareholder Return (aTSR) and Return on Capital Employed (ROCE) for the period from 1 April 2020 to 30 September 2021 (One-Off Awards). Details of the performance conditions are contained in Section 3.

Summary of FY20 remuneration outcomes

Remuneration outcomes for FY20 reflected our overall Group financial results, despite strong results relative to crop conditions and a very solid year in our Processing and Feeds, Fats and Oils areas.

Fixed remuneration and Board fees

There were no increases to Executive Key Management Personnel (KMP) fixed remuneration or base Board and Committee fees. The Board fee policy was reviewed as part of the Demerger and fees lowered to reflect the smaller, post-Demerger business. Details are outlined in Section 6.

Short-term incentives (STI) outcomes

The Executive Team performed strongly during the year, including completing the Portfolio Review, the sale of Australian Bulk Liquid Terminals and the successful completion of the Demerger. In addition, the team oversaw the delivery of a number of our key operating initiatives leading to improved financial performance and the comprehensive and effective management of the Group during the COVID-19 crisis.

In FY19, the Board reviewed the effectiveness of our STI scheme to ensure ongoing alignment with our strategic objectives. The review found that, while the STI plan remained fit for purpose, a minimum level of guaranteed funding of the STI pool was considered necessary to ensure the plan's effectiveness during the prolonged drought conditions. Consequently, as outlined in the FY19 Remuneration Report and

prior to the Demerger, a minimum pool of funds ($6 million) was made available for distribution to participants in the STI Plan (Discretionary Pool). At Demerger, the Discretionary Pool was divided between GrainCorp and UMG with GrainCorp being allocated $5 million of the total $6 million pool for distribution to eligible GrainCorp employees.

This year, the Board also determined that, in addition to any STI award resulting from the Discretionary Pool, an additional discretionary award would be paid to the Executive Team to reflect their contribution and effort in FY20 in relation to the completion of the Portfolio review. The Board considered this award to be appropriate in light of the significant value for shareholders created by the successful completion of the sale of ABLT and the Demerger. The discretionary award was made in cash, with 50% paid in FY20, a further 25% to be paid in FY21 and the remainder to be paid in FY22. Further details of these awards are outlined in Section 4 below.

Details of performance against STI metrics are outlined in Section 3.

Long-term incentives (LTI) outcomes

Due to the Demerger, the LTI awards for the 2018 financial year (FY18) were tested prior to the end of the performance period. The relative TSR performance hurdle, measured over the period 1 October 2017 to 29 February 2020, was not met. Both the average ROE performance measured over both a two year and three-year period, and the 10-year average minimum ROE threshold were not met. Accordingly, the FY18 LTI grant lapsed and no vesting occurred. Further information on the performance against the LTI hurdles is outlined in Section 3.

As announced in the 2019 Remuneration Report, the two performance hurdles for the FY20 LTI award are Absolute Total Shareholder Return (aTSR) and Return on Capital Employed (ROCE), both measured over the period from Demerger to 30 September 2022.

The Board has not exercised any discretion in relation to STI outcomes, or LTI vesting, as a result of the COVID-19 pandemic.

Looking to the future

A holistic review of GrainCorp's Reward Framework was conducted following the Demerger. The review identified opportunities to strengthen alignment of the Executive rewards framework with shareholder interests, and further drive a performance culture. The review highlighted the importance of incentivising performance using factors that are within management's control and will provide an accurate measure of management effort and performance, notwithstanding external factors and conditions.

These changes will be implemented in FY21 and include:

STI

Executive KMP are assessed on a balanced scorecard of measures. The key changes to the scorecard for FY21 include:

- Fewer metrics with a higher weighting on financial measures (70%) to support greater alignment with shareholder expectations with financial measures to be based on budgeted EBITDA set with regards to the crop outlook and ensuring appropriately challenging to achieve
- A strategic milestone measure aligned to the emerging business strategy (20%)
- Continued use of a Safety measure (10%)
- Funding based on an aggregate of individual targets in order to reduce the impact of key factors outside of management's sphere of influence (e.g., crop size due to weather).

The final outcome of STI awards remains subject to the absolute discretion of the Board. The Board will adopt a set of principles to support decision-making around any application of this discretion to facilitate consistent and balanced decision-making in both favourable and unfavourable conditions. In light of the new changes to the STI framework, in exercising this discretion, the Board is likely to consider the relative difficulty of achieving Group budget in different weather and crop circumstances, together with other factors outside Management's influence or control. The Board may also apply discretion for matters relating to conduct, behaviour or culture. The principles supporting the exercise of Board discretion are summarised in Section 3.

LTI

To optimise alignment of shareholder interests with our business strategy, the performance hurdles for the LTI plan will be:

- Absolute TSR (aTSR) – 50% of grant: defined as the compound annual growth rate (CAGR) of the Company's TSR over the three-year vesting period. There is no change to this portion of the performance hurdles
- Return on Invested Capital (ROIC) – 50% of grant: defined as Group underlying Net Profit after Tax less interest expense (after tax) associated with core debt divided by average net debt (excluding commodity inventory funding) plus average total equity[11]. An average of three financial year ROIC outcomes will be calculated to determine the ROIC over the three-year vesting period. This metric is forward focussed, measured and reported regularly, aligned with strategy and shareholder interests, and can be benchmarked against global peers.

Further detail on the LTI plan will be outlined in the Notice of Meeting.

[11] ROIC is a non-IFRS measure.

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Volume Weighted Average Price (VWAP)

› The Board determines the number of performance rights granted as deferred STI and LTI at face value of GrainCorp shares based on the 20-trading-day volume weighted average price (VWAP) for GrainCorp shares. From FY21, for both the deferred STI and the LTI, the VWAP period will be the 20-trading days prior to the end of the financial year rather than the 20-trading days following the announcement of year-end results. This aligns more with market practice and allows the determination and award of rights to occur in line with the end of year remuneration cycle.

The performance and vesting periods will not change.

Board Fees

Recognising that the Board Fee policy was updated at Demerger, there will be no changes to fees for FY21.

As a Board, we believe this new remuneration framework is a true enabler of our strategy, and delivers on expectations from you, our Shareholders.



Donald McGauchie

Chair, Remuneration and Nominations Committee

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Introduction

The Directors of GrainCorp Limited (GrainCorp or the Company) present the Remuneration Report (Report) for the Company and its controlled entities (collectively the Group) for the financial year ended 30 September 2020 (FY20). The Report forms part of the Directors Report and has been prepared in accordance with section 300A of the *Corporations Act 2001* (Cth) and is audited.

1. KMP

GrainCorp is required to prepare a Remuneration Report in respect of the Group's KMP. In FY20, KMP comprised the non-executive directors (NED), the Managing Director & CEO (MD&CEO) and members of the Executive Leadership Team (ELT) who reported to the MD&CEO and led significant parts of the business, and were responsible for key business decisions, as consistent with the Australian Accounting Standards Board 124 *Related Party Disclosures* (AASB 124) definition.

This report incorporates the disclosure requirements of AASB 124, as well as those prescribed by the *Corporations Act 2001*. Details of equity holdings, loans, and other transactions with respect to KMP are disclosed in Section 7 of this report.

The table below outlines the KMP for FY20.

Name	Role	Period as KMP during FY20
Non-Executive Directors		
G J Bradley	Chairman and Non-Executive Director	Until 23 March 2020
P I Richards[12]	Chairman and Non-Executive Director	Full year
R P Dee-Bradbury	Non-Executive Director	Until 19 February 2020
B J Gibson	Non-Executive Director	Until 23 March 2020
K M Grigg	Non-Executive Director	From 11 December 2019
P J Housden	Non-Executive Director	Until 19 February 2020
D J Mangelsdorf	Non-Executive Director	Full year
J F McAloon	Non-Executive Director	From 11 December 2019 to 23 March 2020
D G McGauchie	Non-Executive Director	Full year
S L Tregoning	Non-Executive Director	Until 23 March 2020
Executive KMP		
M L Palmquist	Chief Executive Officer	Until 23 March 2020
R J Spurway	Managing Director and Chief Executive Officer	From 23 March 2020
A G Bell	Group Chief Financial Officer	Until 3 July 2020
C M Hathaway	Chief People and Transformation Officer	Full year
I Morrison[13]	Chief Financial Officer	From 4 July 2020
K Pamminger	Chief Operating Officer	Full year
D Smith	President GrainCorp Malt	Until 23 March 2020

There have been no changes to the KMP after the reporting date and before the date of signing this report.

[12] Mr Richards was appointed Chairman on the 23 March 2020 and prior to that held the position of Deputy Chairman.

[13] Mr Morrison was appointed to the interim role on the 4 July 2020 and appointed permanently on 1 September 2020.

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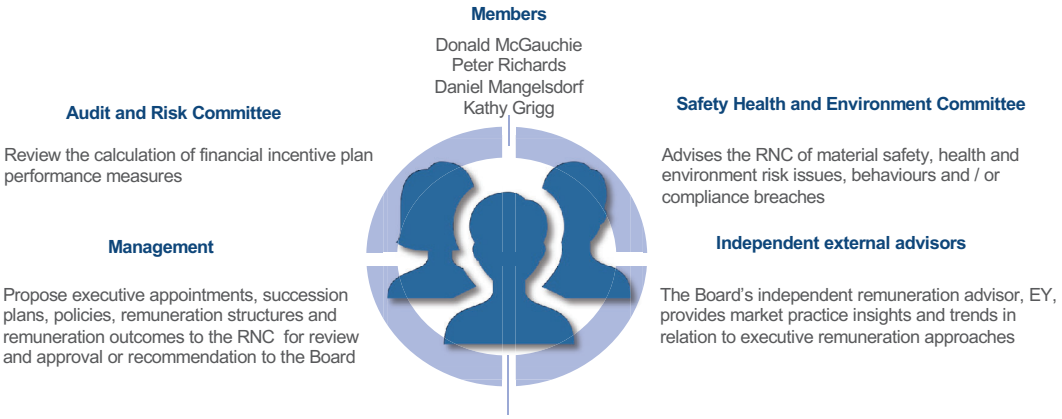
2. Executive remuneration governance

Role of the Remuneration and Nominations Committee

The Board, through the Remuneration and Nominations Committee (RNC), provides oversight of remuneration and incentive policies. The diagram below shows the interaction of the RNC with our shareholders, the Board, other committees and the MD&CEO and other ELT (including Executive KMP). Processes are in place to ensure delegation flows from the Board, appropriate input is sought from other committees as issues arise, and then through to the MD&CEO, ELT and into the organisation. At the same time, accountability flows back through from the organisation to shareholders. This process helps to ensure alignment with Shareholders.



No remuneration recommendations, as defined in the *Corporations Act*, were made by EY.

3. Executive remuneration overview

The delivery of our vision and strategy is supported by our remuneration strategy, principles and frameworks. No changes were made in FY20, on the basis that the Board, following Demerger, would review the remuneration approach and make any necessary changes required to reflect GrainCorp's renewed business strategy, for FY21.

Our Remuneration Strategy

To attract, retain and motivate the best people to create a great culture that delivers our business strategy and contributes to sustainable long-term returns.

Remuneration principles

CULTURE	ALIGNMENT TO PERFORMANCE	MARKET COMPETITIVE	SUSTAINABLE	SIMPLE AND TRANSPARENT
We align reward to our strong risk management, high performance, diverse and inclusive culture	We reward for performance aligned to our business strategy with an emphasis on equity ownership	We position reward opportunity to attract and retain the best talent	We appropriately reward for both financial and non-financial outcomes	We keep it simple and set clear expectations

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Executive KMP remuneration framework

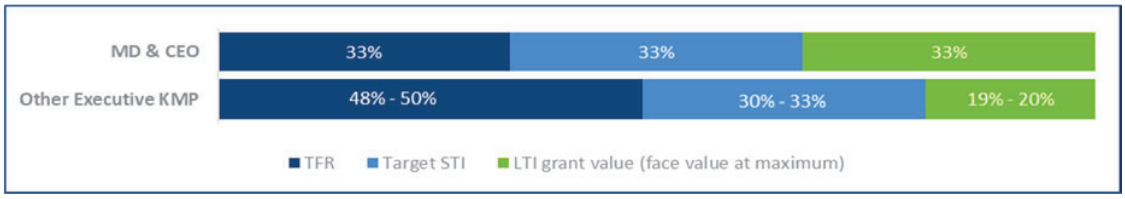
GrainCorp's remuneration strategy rewards Executive KMP for delivering the Group's business strategy.

The diagram below provides an overview of our approach in FY20.

Executive remuneration components

	Total Fixed Remuneration (TFR)	Short-Term Incentive (STI)	Long-term Incentive (LTI)
Purpose	Reward for role size/complexity responsibility and competence	Reward for performance against annual business goals and promote retention and alignment to shareholder interests	Reward for superior long-term performance, encourage retention and alignment to shareholder interest
Link to performance	Motivation to drive a great culture and deliver on the business strategy.	Strategic annual objectives embedded in each executives personalised scorecard of KPIs	Performance hurdles are set by the Board over multiple years to deliver sustained shareholder value
Performance measures	Significant position accountabilities that support the execution of the business strategy	Group financials, safety and environment, customer, and individual objectives	absolute TSR 50%; Return on Capital Employed 50%
Alignment	Attract and retain the best people based upon the competitive landscape among relevant peers	Reward year-on-year performance achieved in a balanced and sustainable manner	Encourage sustainable, long-term value creation through equity ownership
Delivery	Competitive market based fixed remuneration (Base Salary, Statutory Superannuation & benefits)	Annual cash payment (50%); Deferred rights (50%): 25% 1 year, 25% 2 years	Performance Rights 3 years

A significant proportion of executive remuneration is 'at-risk' to provide alignment with the Group's strategic objectives and shareholder interests. The percentages of total target remuneration comprising TFR, STI at target opportunity and LTI grant value (i.e., maximum LTI opportunity) for Executive KMP, are outlined in the table below.



Executive incentive plans

The following table outlines the executive STI and LTI plans under which awards were made in FY20.

Table 1: Incentive plans

Element	STI	LTI
Opportunity	The Board sets individual STI opportunity as a percentage of TFR. Individual performance is assessed against Group financial, safety, customer and individual KPIs on a scale from 0% to 150% of target.	The Board determines LTI opportunities as a percentage of TFR, converted to performance rights at face value of GrainCorp shares based on the 20-trading-day volume weighted average price (VWAP) for GrainCorp shares following the release of the Company's annual financial results. For the One-Off Award[14] and the FY20 LTI, the face value of the shares was based on the first 20 consecutive trading day period commencing immediately after the fourth day after 23 March.
Performance period	One financial year.	One-Off Award: 1 April 2020 – 30 September 2021 FY20 LTI: 1 April 2020 – 30 September 2022
Form of reward	Fifty percent cash and 50% rights (deferred).	Performance rights only [15].

[14] One-off award was made to eligible employees to encourage retention and alignment with Shareholders during the period following Demerger. Employees were awarded performance rights that vest based on performance for the period from grant to 30 September 2021 (One-Off Awards).

[15] Performance rights are rights to shares in the company awarded to executives for nil consideration, which vest only if certain company-wide performance and individual service conditions are met. They do not carry any voting or dividend rights.

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Element	STI	LTI
Deferral / performance period	For Executive KMP, 50% of awarded STI is deferred to rights and vests 50% after 12 months and 50% after 24 months under the Deferred Equity Plan (DEP).	No rights vest until performance outcomes against the performance hurdles have been determined.
Pool funding	STI payments are funded from an STI pool determined by the Board, based on GrainCorp's underlying Net Profit after Tax (NPAT). Individual STI amounts are adjusted up and down to reflect the size of the STI pool. A minimum (threshold) level of underlying NPAT is required before any payments are made. The proportion of the Discretionary Pool allocated to GrainCorp, being $5 million, was made available for distribution to all participants, to ensure the retention of employees who are key to the success of the business and reward performance in a challenging year positioning GrainCorp for growth in FY21. This pool was not subject to the Group level financial performance measures.	Not applicable.
Performance measures	Executive KMP are assessed on a balanced scorecard of measures. For FY20 the measures were: • Group Underlying NPAT (35%) • Group safety, health and environment (15%) • Group customer metrics (15%) • Individual KPIs based on agreed strategic project implementation and other targets (35%). The performance measures are reviewed annually to recognise that the business must respond to the changing business priorities and the significant variability in market conditions. Assessment of STI measures occurs following the end of the financial year, by the Board in relation to the MD&CEO and by the MD&CEO (and approved by the RNC) in relation to other Executive KMP. The scorecard measures, description, weighting and the Board's assessment of performance in FY20 are provided in Table 4.	FY20 awards are divided into two separate tranches, each 50% of the award, each with one performance hurdle: return on capital employed (ROCE) and absolute total shareholder return (aTSR). There is also an ongoing service condition. **ROCE** Earnings includes interest on commodity inventory funding[16]. Due to the mid-year Demerger and the length of the performance period, the weighting ratio below will be applied to the calculation of ROCE for the performance period.

ROCE	One -Off Award	FY20 LTI
FY20 H2	20%	10%
FY21	80%	45%
FY22	-	45%
Total	100%	100%

The proportion of rights that may vest for ROCE performance will be determined by the Board, based on the following vesting schedule.

Three-year average ROCE performance	Percentage of ROCE-tested rights to vest
Below minimum threshold of 8.6%	Nil
Minimum performance 8.6%	50%
Between 8.6-11.4%*	Straight line between 50% and 100%

*Straight line between minimum and maximum.

[16] ROCE is defined as earnings before interest and taxes (EBIT) divided by capital employed.

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<table>
<tr><th>Element</th><th>STI</th><th>LTI</th></tr>
<tr><td>Performance measures, continued</td><td></td><td>aTSR
aTSR is defined as the compound annual growth rate (CAGR) of the Company's TSR over the three-year vesting period.
The proportion of rights that may vest based on TSR performance is determined by the Board, based on the following vesting schedule.
<table><tr><th>Absolute TSR</th><th>Percentage of TSR-tested rights to vest</th></tr><tr><td>Below 6%</td><td>Nil</td></tr><tr><td>6-9%</td><td>Straight line between 50% and 100%</td></tr><tr><td>9%</td><td>100%</td></tr></table>No re-testing is allowed in relation to LTI awards. Vesting of all LTI awards is subject to Board discretion.</td></tr>
<tr><td>Malus</td><td colspan="2">The Board in its discretion may determine that some, or all, of an employee's deferred STI or unvested LTI should be forfeited for gross misconduct, material misstatement or fraud.</td></tr>
<tr><td>Cessation of Employment</td><td>Subject to Board discretion, incentives may:
• Remain on foot to be paid or granted in full at their normal payment or grant date for cessation of employment due to redundancy, disability, death or retirement
• Be forfeited for resignation or termination for cause.</td><td>Subject to Board discretion, incentives may:
• Be forfeited for resignation or termination for cause, or
• Be retained in full or on a pro-rata basis based on the proportion of the performance period that the participant was employed, and be tested and vest subject to the satisfaction of applicable performance conditions at the end of the performance period for cessation of employment due to redundancy disability, death or retirement.</td></tr>
<tr><td>Change of control</td><td>All short and long-term deferred incentives will be paid in full on change of control unless the Board determines otherwise.</td><td>Subject to testing, rights vest on change of control unless the Board determine otherwise. Rights that do not vest on change of control will lapse.</td></tr>
</table>

Hedging of unvested equity awards

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

Employment terms

GrainCorp's Executive KMP are employed by GrainCorp Operations Limited under common law contracts with no fixed term. Contracts may be terminated at any time if the notice period is given. A summary of key employment terms for Executive KMP is outlined in the table below.

Table 2: Employment terms

	MD&CEO[17]	Other Executive KMP
Notice period	Six months	Three to six months
Termination entitlements	Six months' severance	Not in excess of 52 weeks' base salary

Demerger and changes to FY21 STI and LTI Plans

No changes were made due to the Demerger to the executive remuneration framework for FY20 as it was expected that the new Board would review the remuneration approach and make any necessary changes, reflecting the new strategy, for FY21. Since Demerger, the Board has reviewed the effectiveness of our STI and LTI schemes to ensure ongoing alignment with our strategic objectives.

STI

Executive KMP are assessed on a balanced scorecard of measures. The review recognised that the business should respond to the transformed business following Demerger. For FY21 the scorecard will include:

- Fewer metrics with a higher weighting on financial measures (70%) to support greater alignment with shareholder expectations with financial measures to be based on budgeted EBITDA set with regards to the crop outlook and ensuring appropriately challenging to achieve
- A strategic milestone measure aligned to the emerging business strategy (20%)
- Continued use of a Safety measure (10%)

[17] MD&CEO total termination entitlements cannot be in excess of 52 weeks base salary.

- Funding based on an aggregate of individual targets to reduce the impact of key factors outside of management's sphere of influence (e.g., crop size due to weather).

In addition, prior to finalising STI outcomes at year end, the Board will continue to consider the appropriateness of STI outcomes relative to performance, including the relative difficulty of achieving budget in different weather and crop circumstances. Discretion, negative or positive, may be applied in circumstances where company performance is impacted by issues outside management's influence or control. For example, where significant and sustained drought results in low budgets and low profitability. In addition, other unforeseen performance or risk issues, such as conduct, behaviour or culture, may also result in the application of discretion. The Board will adopt a set of principles to support decision-making around any application of discretion to facilitate consistent and balanced decision-making in both favourable and unfavourable conditions. These principles are summarised below.

LTI

To optimise alignment of shareholder interests with our business strategy, the performance hurdles for the LTI plan will be:

- Absolute TSR (aTSR) – 50% of grant: defined as the compound annual growth rate (CAGR) of the Company's TSR over the three-year vesting period. There is no change to this portion of the performance hurdles
- Return on Invested Capital (ROIC) – 50% of grant: defined as Group underlying Net Profit after Tax less interest expense (after tax) associated with core debt divided by average net debt (excluding commodity inventory funding) plus average total equity[18]. An average of three financial year ROIC outcomes will be calculated to determine the ROIC over the three-year vesting period. This metric is forward focussed, measured and reported regularly, aligned with strategy and shareholder interests, and can be benchmarked against global peers.

Volume Weighted Average Price (VWAP)

- The Board determines the number of performance rights granted as deferred STI and LTI at face value of GrainCorp shares based on the 20-trading-day volume weighted average price (VWAP) for GrainCorp shares. From FY21, for both the deferred STI and the LTI, the VWAP period will be the 20-trading days prior to the end of the financial year rather than the 20-trading days following the announcement of year-end results. This aligns more with market practice and allows the determination and award of rights to occur in line with the end of year remuneration cycle.

  There will be no change to performance and vesting periods.

Board Discretion

In establishing the framework for discretion, the Board will seek to ensure that all decisions are:

- **Fair**: to balance reasonable remuneration outcomes for employees with outcomes for shareholders, which appropriately reward participants for their performance and contribution
- **Aligned**: ensure remuneration outcomes are aligned to company performance (financial and non-financial) and to the purpose and objectives of the remuneration structure
- **Consistent**: to maintain year-on-year clarity/consistency of application to employees and shareholders.

4. Executive KMP remuneration outcomes

This section details the FY20 KMP remuneration outcomes.

TFR adjustments

At the start of FY20, the Board reviewed the TFR of each of the Executive KMP. Based on the findings from the review, and current market conditions, no Executive KMP received a fixed remuneration increase. These amounts were disclosed in the Demerger Scheme Booklet, with no further changes since then.

STI outcomes

The proportion of the FY19 Pool allocated to GrainCorp, being $5 million, was made available for distribution across all participants in the STI Plan. This pool was not subject to the Group level financial performance measures. See Table 4 for assessment of performance by individual.

LTI

All LTI awards relating to FY18 lapsed. Further information on the performance against the LTI hurdles can be seen in Tables 6, 7 and 8.

COVID-19 Pandemic

The Board has not exercised any discretion in relation to STI outcome, or LTI vesting, as a result of the COVID-19 pandemic. As an essential service, GrainCorp has continued to operate across all business units without interruption and without government or other financial support.

[18] ROIC is a non-IFRS measure.

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Remuneration outcomes for FY20

Remuneration for Executive KMP for FY20 and FY19 is shown in the table below.

Table 3: Statutory executive KMP remuneration disclosures

		Short-term benefits			Post-employment		Other long-term benefits[19]				Additional Information		
	Year	Base salary and fees	Non-monetary benefits[20]	STI cash[21]	Superannuation benefits	Termination benefits	STI deferral	LTI awards	Long service leave	Total	Less: current year accruals[22]	Add: previously accrued amounts vested in current year[23]	Actual remuneration Received in FY20
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Current Executive KMP													
R J Spurway[24]	**2020**	**496**	**53**	**100**	**11**	**-**	**-**	**127[25]**	**8**	**795**	**(135)**	**-**	**660**
	2019	-	-	-	-	-	-	-	-	-	-	-	-
C M Hathaway[26]	**2020**	**461**	**8**	**128**	**20**	**-**	**31**	**152**	**8**	**808**	**(191)**	**-**	**617**
	2019	234	-	-	12	-	-	20	4	270	(24)	-	246
I Morrison[27]	**2020**	**118**	**-**	**22**	**5**	**-**	**-**	**-**	**2**	**147**	**(2)**	**-**	**145**
	2019	-	-	-	-	-	-	-	-	-	-	-	-
K Pamminger	**2020**	**696**	**27**	**189**	**20**	**-**	**95**	**245**	**18**	**1,290**	**(358)**	**65**	**997**
	2019	683	33	-	21	-	140	(1)	18	894	(157)	184	921
Former Executive KMP													
M L Palmquist[28]	**2020**	**611**	**119**	**-**	**-**	**-**	**-**	**635**	**10**	**1,375**	**(645)**	**-**	**730**
	2019	1,313	109	-	-	-	199	(38)	21	1,604	(182)	428	1,850
A G Bell[29]	**2020**	**515**	**10**	**201**	**16**	**426**	**32**	**151**	**8**	**1,359**	**(191)**	**158**	**1,326**
	2019	658	-	-	21	-	71	(6)	11	755	(76)	154	833
G A Friberg[30]	**2020**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2019[31]	164	5	-	-	-	30	(21)	-	178	(9)	206	375
D Smith[32]	**2020**	**304**	**10**	**-**	**5**	**-**	**(7)**	**105**	**-**	**417**	**(98)**	**-**	**319**
	2019[33]	463	15	-	10	-	22	39	-	549	(61)	61	549
S J Tainsh	**2020**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2019[34]	490	-	-	16	462	66	(6)	12	1,040	(534)	149	655
Total	**2020**	**3,201**	**227**	**640**	**77**	**426**	**151**	**1,415**	**54**	**6,191**	**(1,620)**	**223**	**4,794**
	2019	4,005	162	-	80	462	528	(13)	66	5,290	(1,043)	1,182	5,429

[19] The value of STI deferral and LTI awards represents the accounting value, rather than the cash value. It includes the value of equity grants under LTI and DEP Plans.

[20] Non-monetary benefits provided include the gross value of items such as flights, accommodation, health insurance, vehicle and tax advice.

[21] Includes cash payments under the STI and discretionary awards. The accounting value of STI deferred cash and share rights is reflected in the 'STI deferral' column.

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

[23] The value of previously accrued amounts vested in current year represents long service leave and deferred incentives vested during the year.

[24] Mr Spurway's 2020 remuneration in this table reflects his time as a KMP, which started on 23 March 2020.

[25] Mr Spurway's LTI refers to the FY20 LTI grant to be made after the AGM.

[26] Ms Hathaway's 2019 remuneration in this table reflects her time as a KMP, which started on 4 April 2019.

[27] Mr Morrison's 2020 remuneration in this table reflects his time as a KMP, which started on 4 July 2020.

[28] Mr Palmquist's 2020 remuneration in this table reflects his time as a KMP, which ended on 23 March 2020.

[29] Mr Bell's 2020 remuneration in this table is reflects his time as a KMP, which ceased on 3 July 2020. Termination benefits reflect contractual benefits paid out upon termination.

[30] Mr Friberg's remuneration has been converted from USD to AUD based on a rate of $0.6809 (average rate from 1 October 2018 to 30 September 2019).

[31] Mr Friberg's 2019 remuneration in this table reflects his time as a KMP, which ceased on 31 December 2018.

[32] Mr Smith's 2019 and 2020 remuneration in this table reflects his time as a KMP, which started on 1 January 2019 and ended on 23 March 2020.

[33] Mr Smith's remuneration has been converted from USD to AUD based on a rate of $0.6741 (average rate from 1 October 2019 to 23 March 2020).

[34] Mr Tainsh's 2019 remuneration in this table reflects his time as a KMP, which ceased on 4 July 2019.

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5. Company performance and remuneration outcomes

STI awarded in FY20

The table below outlines KMP performance against scorecard measures in FY20. There was strong performance in the safety, health and environment and the customer measures.

Table 4: FY20 STI performance ratings

Executive KMP	Financial measures weighting (%) and performance		Safety, health and environment weighting (%) and performance.	Customer weighting (%) and performance.	Non-financial weighting (%) and performance. Agreed objectives include talent management, project completion
Name Position Title	Group Underlying NPAT	Business Unit EBIT	Reportable Injury Frequency Rate (RIFR) / Critical Incident Frequency Rate (CIFR) / Environment	Customer Net Promoter Score (NPS)	
Current Executive KMP					
R J Spurway MD&CEO	(35%) ●	-	(15%) ●	(15%) ●	(35%) ●
C M Hathaway Chief People and Transformation Officer	(35%) ●		(15%) ●	(15%) ●	(35%) ●
I Morrison CFO	(35%) ●	-	(15%) ●	(15%) ●	(35%) ●
K Pamminger Chief Operating Officer	(15%) ●	(20%) ●	(15%) ●	(15%) ●	(35%) ●
Former Executive KMP					
A G Bell CFO	(35%) ●	-	(15%) ●	(15%) ●	(35%) ●

● Minimum performance threshold not achieved ● Threshold performance achieved ● Target performance achieved ● Stretch performance achieved

FY20 STI outcomes

The table below outlines FY20 STI outcomes.

Table 5: FY20 STI outcomes

	STI award as a % of fixed remuneration	STI awarded as % of target	STI award (S'000's)[35]	Cash Payment ($'000's)	Deferred amount (S'000s)	STI forfeited as % of target STI
Current Executive KMP						
R J Spurway	40	40	200	100	100	60
C M Hathaway	22	37	255	128	128	63
I Morrison	19	51	22	22	-	49
K Pamminger	23	33	379	189	189	67
Former Executive KMP						
A G Bell	20	33	309	201	-	67

[35] Ms Hathaway, Mr Pamminger and Mr Bell's actual STI awarded includes an additional discretionary award related to the portfolio review and Demerger. This has been excluded from the percentage calculations.

Vesting of LTI Grants

The LTI awards relating to FY18 were tested in FY20.

Performance against the relative TSR and ROE performance hurdles are outlined in the tables below.

Each of the performance hurdles, TSR and ROE, are weighted equally at 50%.

As a result of the Demerger, the performance period for the TSR hurdle was shortened to 1 October 2017 to 29 February 2020.

Table 6: FY18 LTI TSR performance measure results

The table below shows the percentile ranking against the peer group of companies

TSR percentile ranking	Percentage of grant vesting
22nd percentile	0%

As a result of the Demerger, the ROE hurdle was measured as follows on 29 February 2020:

- Using FY18 and FY19 audited ROE results only (two-year average)
- Using three-year average ROE performance as a proxy for FY20

Table 7: FY18 LTI ROE performance results

Financial year	Minimum of ROE target range	Maximum of ROE target range	Actual ROE performance	Percentage of grant vesting
2018	2.3%	2.5%	3.7%	-
2019	0.0%	0.0%	(4.4%)	-
2020	5.3%	5.8%	0.9%	-
2-year average	1.2%	1.3%	(0.3%)	-
3-year average	2.5%	2.8%	0.1%	-
10-year average minimum ROE threshold	**6.9%**			

Table 8: FY18 LTI grant remuneration outcomes

	Amount granted (number of rights)	% of grant that vested	% of grant that was forfeited
Current Executive KMP			
R J Spurway	-	-	-
C M Hathaway	-	-	-
I Morrison	-	-	-
K Pamminger	35,943	-	100%
Former Executive KMP			
M L Palmquist	162,387	-	100%
A G Bell	32,359	-	100%
D Smith	-	-	-

Only half the 36-month performance period for the FY19 LTI award had elapsed at the time of the Demerger and accordingly these awards were cancelled.

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Five-year financial performance

GrainCorp's performance on key metrics of sustainable value creation for the past five financial years is summarised below.

Table 9: Historical Company financial performance

		2020	2019	2018	2017	2016
Underlying NPAT	$M	13	(82)	71	142	53
Statutory NPAT	$M	343	(113)	71	125	31
ROE	%	0.9	(4.4)	3.7	7.8	3.0
ROIC	%	1.6	(2.2)	3.5	6.3	2.7
Basic EPS	cents	150.0	(49.4)	30.8	54.7	13.5
Total dividends per share	cents	7	Nil	16	30	11
Closing Share price (30 September)	$	3.78	7.91	7.90	8.16	7.85

6. NED fees framework

NED fees comprise a base fee plus a fee for participation in Board Committees (i.e., Committee Chairs and members). NEDs do not participate in any performance-related incentive awards.

The RNC regularly reviews NED fee arrangements to confirm fees remain competitive. This includes periodic benchmarking against companies of similar size and complexity to GrainCorp. Following a review undertaken in June 2019, there was no increase to NED base fees nor committee member fees for FY20.

The Board Fee Policy was reviewed during the course of FY20 and revised following the Demerger, with lower fees applied from 23 March 2020.

NED fees are paid from an aggregate annual fee pool of $1,500,000 (including superannuation contributions). In FY20, board fees paid totalled $1,177,000, or 78.5% of the available pool.

The Board Chair receives a higher fee to reflect the additional time commitment and responsibilities required of the role and does not receive any additional fees for participation in Board Committees.

The Board Fee Policy for the year ended 30 September 2020 is outlined in Table 10, overleaf.

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Table 10: Board fee policy

		FY20 fees ($) exclusive of superannuation (1 October 2019 – 22 March 2020)	FY20 fees ($) inclusive of superannuation (23 March 2020 – 30 September 2020)
Board			
Non-executive Chair		370,000[36]	270,000
NEDs		124,630	110,000
Board Committees			
Board Audit Committee	Chair	28,700	-
	Member	14,000	-
Audit and Risk Committee[37]	Chair	-	22,000
	Member	-	10,750
Remuneration and Nominations Committee	Chair	21,200	20,000
	Member	12,000	10,750
Business Risk Committee	Chair	21,200	-
	Member	11,600	-
Safety Health Environment & Governance Committee	Chair	21,200	-
	Member	11,600	-
Safety Health & Environment Committee	Chair	-	20,000
	Member	-	10,750
Other			
Due Diligence Committee	Member	14,000	-

[36] Board Chairman's fees are inclusive of superannuation.

[37] From 23 March 2020 the Board Audit and Board Risk committees were combined to form the Audit and Risk Committee.

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Remuneration for Non-Executive KMP for FY20 and FY19 is shown in the table below.

Table 11: Statutory NED remuneration disclosures

	Year	Base salary and fees $'000	Superannuation benefits $'000	Other Benefits $'000	Total $'000
Non-executive Directors					
P I Richards[38]	**2020**	**209**	**18**	**-**	**227**
	2019	157	15	-	172
K M Grigg[39]	**2020**	**108**	**10**	**-**	**118**
	2019	-	-	-	-
D J Mangelsdorf	**2020**	**149**	**14**	**-**	**163**
	2019	160	15	-	175
D G McGauchie	**2020**	**138**	**13**	**-**	**151**
	2019	137	13	-	150
Former Non-Executive Directors					
G J Bradley[40]	**2020**	**166**	**10**	**-**	**176**
	2019	349	21	-	370
R P Dee-Bradbury[41]	**2020**	**63**	**4**	**-**	**67**
	2019	160	15	-	175
B J Gibson[42]	**2020**	**81**	**8**	**-**	**89**
	2019	164	16	-	180
P J Housden[43]	**2020**	**65**	**6**	**-**	**71**
	2019	165	16	-	181
J F McAloon[44]	**2020**	**35**	**3**	**-**	**38**
	2019	-	-	-	-
S L Tregoning[45]	**2020**	**70**	**7**	**-**	**77**
	2019	148	14	-	162
Total	**2020**	**1,084**	**93**	**-**	**1,177**
	2019	1,440	125	-	1,565

[38] Mr Richards was appointed as Chairman on 23 March 2020.

[39] Ms Grigg was appointed as a non-executive director on 11 December 2019.

[40] Mr Bradley ceased to be Chairman on 23 March 2020.

[41] Ms Dee-Bradbury ceased to be a non-executive director on 19 February 2020.

[42] Ms Gibson ceased to be a non-executive director on 23 March 2020.

[43] Mr Housden ceased to be a non-executive director on 19 February 2020.

[44] Ms McAloon was appointed as a non-executive director on 11 December 2019 and ceased to be a non-executive director on 23 March 2020.

[45] Mr Tregoning ceased to be a non-executive director on 23 March 2020.

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7. Shareholdings and other mandatory disclosures

Movement of rights held during the reporting period

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

Table 12: Movement in number of performance rights during FY20

	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Forfeited, cancelled or lapsed during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Current Executive KMP						
R J Spurway	-	-	-	-	-	-
C M Hathaway	25,065	113,094	-	25,065	113,094	
I Morrison	-	-	-	-	-	-
K Pamminger	104,041	175,844	23,272	72,882	183,731	17,065
Former Executive KMP						
M L Palmquist	383,424	-	54,151	329,273	-	-
A G Bell[46]	91,835	157,895	19,476	230,254	-	-
D Smith	40,441	-	7,741	32,700	-	-

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

Details of the rights granted as remuneration and held, and vesting profile as at 30 September 2020 for each Executive KMP is presented in the table below. Rights are granted for nil consideration (i.e., zero exercise price) and automatically vest following performance testing (i.e., do not need to be exercised).

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

[46] Ceased as Executive KMP during the year, therefore performance rights disclosed as being Executive KMP become nil.

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Table 13: Number of rights granted, vested and forfeited during FY20

	Equity granted						Vested in FY20		
	Plan[47]	Number of rights	Grant date	Fair value at grant $'000	Financial year in which rights may vest	Maximum fair value yet to vest $'000	Vested in the year (%)	Forfeited in the year (%)[48]	Number of ordinary shares
Current Executive KMP									
C M Hathaway	LTI 2020	56,547	29 May 20	186	2022	171	-	-	
	One-Off LTI	56,547	29 May 20	197	2021	174	-	-	
	LTI 2019	25,065	16 Apr 19	177	2021	-	-	100%	-
K Pamminger	LTI 2020	83,333	29 May 20	274	2022	252	-	-	-
	One-Off LTI	83,333	29 May 20	290	2021	256	-	-	
	LTI 2019	36,939	1 Mar 19	281	2021	-	-	100%	-
	DEP 2018	15,774	29 Jan 19	116	2019 and 2020	-	50%	-	7,887
	DEP 2018	9,178	29 May 20	31	2020	-	100%	-	9,178
	LTI 2018	35,943	22 Feb 18	157	2020	-	-	100%	-
Former Executive KMP									
M L Palmquist	LTI 2019	166,886	1 Mar 19	1,267	2021	-	-	100%	-
	LTI 2018	162,387	22 Feb 18	709	2020	-	-	100%	-
A G Bell[49]	LTI 2020	75,023	29 May 20	246	2022	-	-	90%	-
	One-Off LTI	75,023	29 May 20	261	2021	-	-	83%	-
	LTI 2019	33,255	1 Mar 19	253	2021	-	-	100%	-
	DEP 2018	13,491	29 Jan 19	99	2019 and 2020	-	50%	-	6,746
	DEP 2018	7,849	29 May 20	26	2020	-	100%	-	7,849
	LTI 2018	32,359	22 Feb 18	141	2020	-	-	100%	-
D Smith	LTI 2019	29,760	1 Mar 19	226	2021	-	-	100%	-
	DEP 2018	5,880	29 Jan 19	43	2019 and 2020	-	-	50%	-

[47] DEP 2020 for Executive KMP will be granted after the end of the financial year and will therefore be reported in the FY21 report.

[48] LTI 2019 was cancelled in FY20 as part of the treatment of rights upon Demerger.

[49] Mr Bell ceased to be KMP during the year but retains eligibility to participate in the relevant vesting events for the One-Off and FY20 LTI grants.

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Shares held by KMP

KMP have a relevant interest in the following number of shares in the Company as at the date of this report.

Table 14: Number of shares held by KMP

Name	Balance at the start of the year	Received during the year on exercise of rights	Other changes during the year	Balance at the end of the year
Non-executive Directors				
P I Richards	10,000	-	-	10,000
K M Grigg[50]	-	-	8,000	8,000
D J Mangelsdorf	15,528	-	-	15,528
D G McGauchie	88,957	-	-	88,957
Executive KMP				
R J Spurway[51]	1,220	-	-	1,220
C M Hathaway	-	-	-	-
I Morrison[52]	13,305	-	-	13,305
K Pamminger	21,565	23,272	-	44,837
Former KMP				
Non-executive Directors				
G J Bradley[53]	33,500	-	(33,500)	-
R P Dee-Bradbury[54]	14,100	-	(14,100)	-
B J Gibson[55]	7,000	-	(7,000)	-
P J Housden[56]	8,083	-	(8,083)	-
J F McAloon[57]	-	-	-	-
S L Tregoning[58]	30,000	-	(30,000)	-
Executive KMP				
M L Palmquist[59]	228,322	54,151	(282,473)	-
A G Bell[60]	81,046	19,476	(100,522)	-
D Smith[61]	17,209	7,741	(24,950)	-

[50] Ms Grigg's starting balance reflects the number of shares held on 11 December 2019, the date she commenced as a Non-executive Director.

[51] Mr Spurway's starting balance reflects the number of shares held on 23 March 2020, the date he commenced employment with GrainCorp.

[52] Mr Morrison's starting balance reflects the number of shares held on 4 July 2020, the date he started as a KMP.

[53] Mr Bradley's end of year balance reflects the number of shares held on the 23 March 2020, the date he ceased to be a KMP.

[54] Ms Dee-Bradbury's end of year balance reflects the number of shares held on the 19 February 2020, the date she ceased to be a KMP.

[55] Ms Gibson's end of year balance reflects the number of shares held on the 23 March 2020, the date she ceased to be a KMP.

[56] Mr Housden's end of year balance reflects the number of shares held on the 19 February 2020, the date he ceased to be a KMP.

[57] Ms McAloon's starting balance reflects the number of shares held on 11 December 2019, the date she commenced as a Non-executive Director. Her end of year balance reflects the number of shares held on the 23 March 2020, the date she ceased to be a KMP.

[58] Mr Tregoning's end of year balance reflects the number of shares held on the 23 March 2020, the date he ceased to be a KMP.

[59] Mr Palmquist's end of year balance reflects the number of shares held on the 23 March 2020, the date he ceased to be a KMP.

[60] Mr Bell's end of year balance reflects the number of shares held on the 3 July 2020, the date he ceased to be a KMP.

[61] Mr Smith's end of year balance reflects the number of shares held on the 23 March 2020, the date he ceased to be a KMP.

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Loans to KMP and their related parties

No loans were provided to KMP or their related parties as at the date of this report.



Peter Richards
Chairman

Sydney
12 November 2020

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Auditor's Independence Declaration

As lead auditor for the audit of GrainCorp Limited for the year ended 30 September 2020, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

K. Stubbins

Kristin Stubbins
Partner
PricewaterhouseCoopers

Sydney
12 November 2020

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2020 Financial Report

2020 Financial Report 54
Consolidated Income Statement 55
Consolidated Statement of Comprehensive Income 56
Consolidated Statement of Financial Position 57
Consolidated Statement of Changes in Equity 58
Consolidated Statement of Cash Flows 59

Notes to the Consolidated Financial Statements 60
About this Report 60
1 Group Performance 62
1.1 Segment information 62
1.2 Revenue 64
1.3 Other income 65
1.4 Other expenses 66
1.5 Significant items 66
1.6 Taxation 67
1.7 Earnings per share 69
2 Capital and Financial Risk Management 70
2.1 Borrowings 70
2.2 Cash and cash equivalents 72
2.3 Contributed equity 73
2.4. Dividends 73
2.5 Commitments and guarantees 74
2.6 Financial instruments and risk management 75
3 Operating Assets and Liabilities 85
3.1 Trade and other receivables 85
3.2 Inventories 86
3.3 Property, plant and equipment 87
3.4 Intangible assets 89
3.5 Leased assets and liabilities 91
3.6 Assets held for sale 92
3.7 Trade and other payables 92
3.8 Provisions 93
3.9 Retirement benefit obligations 94
4 Group Structure 95
4.1 Subsidiaries 95
4.2 Deed of cross guarantee 97
4.3 Parent entity financial information 99
4.4 Investments accounted for using the equity method 100
4.5 Discontinued Operation 102
4.6 Related party transactions 104
5 Additional Notes 105
5.1 Remuneration of auditor 105
5.2 Share-based payments 105
5.3 Impact of new and revised accounting standards 107
5.4 Events subsequent to reporting date 108

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Consolidated Income Statement

For the year ended 30 September 2020

	Note	2020 $M	Restated 2019 $M
Revenue	1.2	3,660.9	3,533.2
Other income / (loss)	1.3	197.8	(73.5)
Goods purchased for resale		(3,049.9)	(2,877.4)
Raw materials and consumables used		(264.8)	(300.9)
Employee benefits expense	1.4	(231.2)	(227.7)
Finance costs		(26.6)	(32.3)
Depreciation and amortisation		(109.5)	(90.1)
Repairs and maintenance		(31.5)	(24.8)
Other expenses	1.4	(97.1)	(171.7)
Share of results of investments accounted for using the equity method	4.4	(1.4)	(5.4)
Profit / (loss) before income tax		**46.7**	**(270.6)**
Income tax (expense) / benefit	1.6	(11.5)	81.3
Profit / (loss) after tax from continuing operations		**35.2**	**(189.3)**
Profit after tax from discontinued operation - UMG	4.5	308.1	76.3
Profit / (loss) attributable to owners of GrainCorp Limited		**343.3**	**(113.0)**

	2020 Cents	Restated 2019 Cents
Earnings per share attributable to owners of GrainCorp Limited		
Basic earnings per share	150.0	(49.4)
Diluted earnings per share	149.4	(49.4)
Earnings per share attributable to owners of GrainCorp Limited from continuing operations		
Basic earnings per share	15.4	(82.7)
Diluted earnings per share	15.3	(82.7)

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

The Consolidated Income Statement for the year ended 30 September 2019 has been restated to present the Demerger of UMG as a discontinued operation.

The 30 September 2019 Consolidated Income Statement has not been restated for AASB 16 *Leases* impact as the modified retrospective approach was elected on transition to the new standard.

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Consolidated Statement of Comprehensive Income

For the year ended 30 September 2020

	Note	2020 $ M	Restated 2019 $ M
Profit / (loss) for the year		**343.3**	**(113.0)**
Other comprehensive income			
Items that will not be reclassified to profit and loss:			
Remeasurements of retirement benefit obligations	3.9	11.6	(14.9)
Income tax relating to these items		(2.5)	3.0
Items that may be reclassified to profit and loss:			
Changes in fair value of cash flow hedges		(8.2)	(11.5)
Income tax relating to these items	1.6	1.7	2.5
Exchange differences on translation of foreign operations		52.2	46.0
Reserves released to profit and loss on demerger		(181.5)	-
Other comprehensive (loss) / income for the year, net of tax		**(126.7)**	**25.1**
Total comprehensive income / (loss) for the year, net of tax		**216.6**	**(87.9)**
Total comprehensive income / (loss) for the year attributable to owners of GrainCorp Limited arises from:			
Continuing operations		30.3	(181.2)
Discontinued operation		186.3	93.3
		216.6	**(87.9)**

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

The Consolidated Income Statement for the year ended 30 September 2019 has been restated to present the Demerger of UMG as a discontinued operation.

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Consolidated Statement of Financial Position

As at 30 September 2020

	Note	2020 $M	2019 $M
Current assets			
Cash and cash equivalents	2.2	124.7	265.3
Trade and other receivables	3.1	260.6	624.0
Inventories	3.2	277.4	738.4
Derivative financial instruments	2.6	106.9	59.0
Current tax assets		0.1	11.1
Assets classified as held for sale	3.6	14.7	209.9
Total current assets		**784.4**	**1,907.7**
Non-current assets			
Trade and other receivables	3.1	-	0.6
Derivative financial instruments	2.6	1.5	1.9
Investments in other entities	2.6	110.0	3.5
Deferred tax assets	1.6	89.1	112.4
Property, plant and equipment	3.3	678.2	1,335.2
Right of use assets	3.5	177.1	-
Intangible assets	3.4	125.1	471.0
Retirement benefit asset	3.9	-	2.8
Investments accounted for using the equity method	4.4	36.7	40.5
Total non-current assets		**1,217.7**	**1,967.9**
Total assets		**2,002.1**	**3,875.6**
Current liabilities			
Trade and other payables	3.7	153.4	363.2
Deferred revenue		7.0	11.0
Lease liabilities	3.5	26.9	0.2
Borrowings	2.1	213.9	633.0
Derivative financial instruments	2.6	72.9	63.9
Current tax liabilities		0.4	0.1
Provisions	3.8	45.7	48.9
Liabilities directly associated with assets held for sale	3.6	-	12.2
Total current liabilities		**520.2**	**1,132.5**
Non-current liabilities			
Trade and other payables	3.7	11.3	32.8
Lease liabilities	3.5	204.9	8.3
Borrowings	2.1	150.0	760.0
Derivative financial instruments	2.6	10.0	5.3
Deferred tax liabilities	1.6	0.3	72.7
Provisions	3.8	10.1	10.5
Retirement benefit obligations	3.9	-	17.2
Total non-current liabilities		**386.6**	**906.8**
Total liabilities		**906.8**	**2,039.3**
Net assets		**1,095.3**	**1,836.3**
Equity			
Contributed equity	2.3	572.8	1,347.9
Reserves		16.3	151.2
Retained earnings		506.2	337.2
Total equity		**1,095.3**	**1,836.3**

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

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Consolidated Statement of Changes in Equity

For the year ended 30 September 2020

	Hedging reserve	Capital reserve	Share option reserve	Translation reserve	Total reserves	Contributed equity	Retained earnings	Total equity
	$ M	$ M	$ M	$ M	$ M	$ M	$ M	$ M
At 30 September 2018	**1.7**	**8.3**	**7.3**	**100.3**	**117.6**	**1,344.5**	**480.1**	**1,942.2**
Profit for the year / (loss)	-	-	-	-	-	-	(113.0)	(113.0)
Other comprehensive income:								
Exchange differences on translation of foreign operations	(1.3)	-	-	47.0	45.7	-	0.3	46.0
Changes in fair value of cash flow hedges	(11.5)	-	-	-	(11.5)	-	-	(11.5)
Remeasurements of retirement benefit obligations	-	-	-	-	-	-	(14.9)	(14.9)
Deferred tax credit / (expense)	2.5	-	-	-	2.5	-	3.0	5.5
Total other comprehensive income	**(10.3)**	**-**	**-**	**47.0**	**36.7**	**-**	**(11.6)**	**25.1**
Total comprehensive income for the year	(10.3)	-	-	47.0	36.7	-	(124.6)	(87.9)
Transactions with owners:								
Dividends paid	-	-	-	-	-	-	(18.3)	(18.3)
Share-based payments (note 5.2)	-	-	1.1	-	1.1	-	-	1.1
Treasury shares vested to employees	-	-	(4.2)	-	(4.2)	4.2	-	-
Treasury shares purchased	-	-	-	-	-	(0.8)	-	(0.8)
At 30 September 2019	**(8.6)**	**8.3**	**4.2**	**147.3**	**151.2**	**1,347.9**	**337.2**	**1,836.3**
Profit for the year / (loss)	-	-	-	-	-	-	343.3	343.3
Other comprehensive income:					-			
Exchange differences on translation of foreign operations	-	-	-	54.4	54.4	-	(2.2)	52.2
Changes in fair value of cash flow hedges	(8.2)	-	-	-	(8.2)	-	-	(8.2)
Remeasurements of retirement benefit obligations	-	-	-	-	-	-	11.6	11.6
Deferred tax credit / (expense)	1.7	-	-	-	1.7	-	(2.5)	(0.8)
Reserves released to profit and loss on demerger	16.7	-	-	(198.2)	(181.5)	-	-	(181.5)
Total other comprehensive income	**10.2**	**-**	**-**	**(143.8)**	**(133.6)**	**-**	**6.9**	**(126.7)**
Total comprehensive income for the year	10.2	-	-	(143.8)	(133.6)	-	350.2	216.6
Transactions with owners:								
Capital distribution and demerger dividend	-	-	-	-	-	(775.1)	(181.2)	(956.3)
Share-based payments (note 5.2)	-	-	1.8	-	1.8	-	-	1.8
Treasury shares vested to employees	-	-	(3.1)	-	(3.1)	3.1	-	-
Treasury shares purchased	-	-	-	-	-	(3.1)	-	(3.1)
At 30 September 2020	**1.6**	**8.3**	**2.9**	**3.5**	**16.3**	**572.8**	**506.2**	**1,095.3**

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

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Consolidated Statement of Cash Flows

For the year ended 30 September 2020

	Note	2020 $ M	2019 $ M
Cash flows from operating activities			
Receipts from customers		5,112.6	5,451.2
Payments to suppliers and employees		(4,879.0)	(5,462.7)
		233.6	(11.5)
Payments for bank loans – inventory funding		(208.6)	(51.5)
Interest received		0.3	4.8
Interest paid		(40.4)	(53.7)
Income taxes paid		(6.3)	(24.3)
Net proceeds from crop production contract	1.3	52.0	-
Net cashflows from operating activities	**2.2**	**30.6**	**(136.2)**
Cash flows from investing activities			
Payments for property, plant and equipment and computer software		(77.7)	(83.6)
Proceeds from sale of property, plant and equipment		3.3	2.2
Payments for investment / business		(1.7)	(13.8)
Proceeds from sale of investments / business	3.6	316.4	0.6
Dividends received		-	0.4
Net outflow from demerger	4.5	(121.5)	-
Net cashflows from investing activities		**118.8**	**(94.2)**
Cash flows from financing activities			
Proceeds from borrowings		1,030.8	954.8
Repayment of borrowings		(1,294.4)	(818.8)
Principal elements of lease payments		(33.6)	-
Dividends paid	2.4	-	(18.3)
Treasury shares purchased		(3.1)	(0.8)
Net cashflows from financing activities		**(300.3)**	**116.9**
Net (decrease) in cash and cash equivalents		(150.9)	(113.5)
Cash and cash equivalents at the beginning of the year		265.3	370.9
Effects of exchange rate changes on cash and cash equivalents		10.3	7.9
Cash and cash equivalents at the end of the year	**2.2**	**124.7**	**265.3**

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

The above cashflows are inclusive of the UMG discontinued operation cashflows for the period up to the date of Demerger.

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Notes to the Consolidated Financial Statements

For the year ended 30 September 2020

About this Report

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

The financial report of GrainCorp Limited for the year ended 30 September 2020 was authorised for issue in accordance with a resolution of the Directors on 12 November 2020. The Directors have the power to amend and reissue the financial report.

On 4 April 2019 GrainCorp announced its intention to demerge its international malting business. The Demerger of United Malt Group (UMG) was completed in March 2020. GrainCorp retained an ownership in UMG at Demerger (8.5% at 30 September 2020), which is classified as an investment in the GrainCorp consolidated statement of financial position as disclosed in note 2.6. The gain on Demerger is disclosed in note 4.5 and UMG has been reported in the financial statements as a discontinued operation in the financial statements for the period to the date of Demerger.

During the year to 30 September 2020, the infectious disease COVID-19 (Coronavirus) has spread rapidly throughout the world, including in Australia, causing significant disruption to business and economic activity. The Food and Agriculture industry has been declared an essential service by the Australian and New Zealand governments, enabling supply chains to continue operating. GrainCorp has solid business continuity procedures in place and is addressing health and safety risks whilst continuing to service its customers. GrainCorp's operations have been maintained with minimal disruption, its edible oil and food processing plants are operating at high utilisation and grain / oilseed supply chains remain unhindered. The company has taken extensive additional steps to ensure the safety and wellbeing of its people, customers, suppliers and stakeholders.

For the Group, the on-going COVID-19 pandemic has not significantly increased the estimation uncertainty in the preparation of the GrainCorp financial report. A thorough consideration of potential COVID-19 impacts on carrying values of assets and liabilities, contracts and potential liabilities has been made, with no material impact to the financial report.

a) Basis of preparation

This general purpose financial report:

i. has been prepared in accordance with the requirements of the *Corporation Act 2001*, Australian Accounting Standards (AASB) and other authoritative pronouncements of AASB and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board

ii. is presented in Australian dollars, with all values rounded off to the nearest 10th of a million dollars unless otherwise indicated, in accordance with ASIC Corporations (Rounding in Financial/Director's Report) Instrument 2016/191

iii. is presented under the historical cost basis apart from derivative financial instruments and commodity inventories which are measured at fair value

iv. presents reclassified comparative information where necessary to conform to changes in the current year

v. does not early adopt any Australian Accounting Standards and Interpretations that have been issued or amended but are not yet effective.

b) Key judgements and estimates

In applying the Group's accounting policies, management has made a number of judgements and applied estimates of future events. Judgement and estimations which are material to the financial report relate to the following areas:

	Note
Taxation	1.6
Financial instruments and risk management	2.6
Intangible assets	3.4
Provisions	3.8

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c) Significant accounting policies

Accounting policies are selected and applied in a manner that ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported. Other significant accounting policies are disclosed in the notes to the financial report to which they relate.

i. Foreign currency

These consolidated financial statements are presented in Australian dollars, which is the functional currency of the parent entity. Foreign currency transactions are translated into the functional currency using the exchange rates at the transaction date. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at reporting date exchange rates are generally recognised in profit or loss. Transactions, assets and liabilities denominated in foreign currencies are translated into Australian dollars at reporting date using the following applicable exchange rates:

Foreign currency amount	Applicable exchange rate
Transactions	Date of transaction
Monetary assets and liabilities	Reporting date
Non-monetary assets and liabilities carried at fair value	Date fair value is determined

Foreign exchange gains and losses resulting from translation are recognised in the consolidated statement of comprehensive income, except for qualifying cash flow hedges which are deferred to equity. Foreign exchange differences resulting from translation are initially recognised in the foreign currency translation reserve and subsequently transferred to profit or loss on disposal of the foreign operation. On consolidation, the assets, liabilities, income and expenses of foreign operations are translated into Australian dollars using the following applicable exchange rates:

Foreign currency amount	Applicable exchange rate
Income and expenses	Average exchange rate
Assets and liabilities	Reporting date
Equity	Historical date
Reserves	Reporting date

ii. Goods and Services Tax (GST)

Revenue, expenses and capital assets are recognised net of GST, except where the GST incurred is not recoverable from the taxation authority, in which case the GST is recognised as part of the expense or cost of the asset.

Receivables and payables are stated with the amount of GST included. The net amounts of GST recoverable from or payable to the taxation authorities are included as a current asset or liability in the consolidated statement of financial position.

Cash flows are included in the consolidated statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from or payable to taxation authorities are classified as operating cash flows.

d) Changes in accounting policies and disclosures

i. New and amended standards and interpretations

GrainCorp has adopted all the of the new and revised Standards issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current annual reporting period. For the year ended 30 September 2020 these include:

AASB 16 *Leases* (AASB 16) sets out the principles for the recognition, measurement, presentation and disclosure of leases. This standard results in almost all leases being recognised on the consolidated Statement of Financial Position of lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. Refer to notes 3.5 and 5.3 for further disclosure on the impact to the Group's Statement of Financial Position and additional disclosures of AASB 16.

e) Tax Governance

GrainCorp is committed to embedding risk management practices to support the achievement of compliance objectives and fulfilment of corporate governance obligations. Tax risk management is governed by both the GrainCorp Corporate Governance Statement and the GrainCorp Group Tax Risk Management Policy, ensuring corporate governance obligations with respect to tax risks are met. GrainCorp applies professional diligence and care in the management of all risks associated with tax matters and ensure governance and assurance procedures are appropriate while fostering a constructive, professional and transparent relations with tax authorities, based on the concepts of integrity, collaboration and mutual trust.

1 Group Performance

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

1.1 Segment information

a) Description of segments

For the 2019 financial year, GrainCorp had three operating segments: Grains, Oils and Malt. During 2019, GrainCorp announced that Grains and Oils would be combined into an integrated grains and edible oils business, as well as the intention to demerge its international malting business.

From 1 October 2019, the Group has reported its operating segments as Agribusiness and Processing, which reflects the operational activity, and review and use of internal reporting by the Chief Operating Decision Maker (Chief Executive Officer and Managing Director). At 30 September 2020 the Group is organised into two segments that are based on the operational activity of each segment. The comparative period has been restated to be in line with the current period reporting. The demerged Malt business has been reported as a discontinued operation in the segment reporting below.

Operating segment	Products and services
Agribusiness	A leading Australian end-to-end grains and oils supply chain business with diversified international grains and oils origination and destination capabilities. The key commodities and products handled and traded by this segment include wheat, coarse grains (including barley, sorghum and corn), oilseeds, pulses and organics.
Processing	A vertically integrated edible oils crushing, processing, manufacturing and distribution business with a strong and well-invested footprint across both Australia and New Zealand.

Corporate includes unallocated corporate costs such as group financing. Segment performance is based on a measure of underlying EBITDA. Underlying EBITDA is a non-IFRS measure representing earnings before net interest, tax, depreciation and amortisation, and excluding significant items.

b) Performance of segments

2020	Agribusiness $ M	Processing $M	Reportable segments $ M	Corporate $ M	Eliminations $ M	Total Continuing Operations $ M	Discontinued Operation[62] $ M
Reportable segment revenue							
External revenue	3,045.4	615.5	3,660.9	-	-	3,660.9	626.3
Intersegment revenue	369.6	5.8	375.4	-	(375.4)	-	-
Total reportable segment revenue	**3,415.0**	**621.3**	**4,036.3**	**-**	**(375.4)**	**3,660.9**	**626.3**
Reportable segment result	**79.9**	**45.5**	**125.4**	**(14.4)**	**-**	**111.0**	**77.9**
Share of results of joint ventures	(1.4)	-	(1.4)	-	-	(1.4)	-
Share of results of investment	-	-	-	(1.5)	-	(1.5)	-
Underlying EBITDA						**108.1**	**77.9**
Lease interest	(6.1)	(1.0)	(7.1)	(0.1)	-	(7.2)	(1.3)
Net interest	(8.8)	(1.6)	(10.4)	(8.8)	-	(19.2)	(6.7)
Depreciation and amortisation	(77.1)	(24.1)	(101.2)	(8.3)	-	(109.5)	(32.3)
Significant items (note 1.5)	86.1	-	86.1	(11.6)	-	74.5	299.0
Profit / (loss) before income tax	**72.6**	**18.8**	**91.4**	**(44.7)**	**-**	**46.7**	**336.6**
Other segment information							
Capital expenditure	35.5	10.0	45.5	0.1	-	45.6	29.0
Reportable segment assets	1,187.1	507.8	1,694.9	307.2	-	2,002.1	-
Reportable segment liabilities	(543.0)	(146.1)	(689.1)	(217.7)	-	(906.8)	-

[62] Discontinued operation relates to Malt business (UMG) which was demerged from the Group in March 2020. The date of Demerger for accounting purposes occurred prior to the end of the half-year reporting period. Revenue and expenses have been adjusted for the discontinued operation to reflect the difference. The impact on EBITDA and Profit Before Tax was not material.

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1.1 Segment information (continued)

2019 Restated	Agribusiness $'M	Processing $'M	Reportable segments $'M	Corporate $'M	Eliminations $'M	Total Continuing operations $'M	Discontinued Operation[63] $'M
Reportable segment revenue							
External revenues	2,995.4	537.8	**3,533.2**	-	-	**3,533.2**	**1,316.5**
Intersegment revenue	290.0	3.5	**293.5**	-	(293.5)	**-**	**-**
Total reportable segment revenue	**3,285.4**	**541.3**	**3,826.7**	**-**	**(293.5)**	**3,533.2**	**1,316.5**
Reportable segment result	**(88.4)**	**15.7**	**(72.7)**	**(28.9)**	**-**	**(101.6)**	**175.5**
Share of results of joint ventures	(5.3)	-	(5.3)	(0.1)	-	(5.4)	-
Underlying EBITDA						**(107.0)**	**175.5**
Net Interest	(15.3)	(2.7)	(18.0)	(13.5)	-	(31.5)	(18.6)
Depreciation and amortisation	(67.5)	(20.6)	(88.1)	(2.0)	-	(90.1)	(52.3)
Significant items (note 1.5)	-	-	-	(42.0)	-	(42.0)	(0.6)
Profit / (loss) before income tax	**(176.5)**	**(7.6)**	**(184.1)**	**(86.5)**	**-**	**(270.6)**	**104.0**
Other segment information							
Capital expenditure	28.5	7.5	36.0	3.7	-	39.7	47.7
Reportable segment assets	1,481.0	418.3	1,899.3	393.8	-	2,293.1	1,582.5
Reportable segment liabilities	(603.8)	(60.6)	(664.4)	(663.8)	-	(1,328.2)	(711.1)

c) Geographical information

Non-current assets based on geographical location of assets: [64]	2020 $ M	2019 $ M
Australasia	1,088.7	1,002.6
North America	35.8	642.0
Europe	2.1	205.6
Middle East and North Africa	-	-
Asia	0.5	0.6
	1,127.1	**1,850.8**

[63] Discontinued operation relates to Malt business (UMG) which was demerged from the Group in March 2020.

[64] Excludes derivative financial instruments, retirement benefit assets and deferred tax assets.

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1.2 Revenue

Total revenue from external customers	2020 Agribusiness $ M	2020 Processing $M	2020 Total Continuing Operations $M	2020 Discontinued Operation $M	Restated 2019 Agribusiness $ M	Restated 2019 Processing $M	Restated 2019 Total Continuing Operations $M	Restated 2019 Discontinued Operation $M
Reportable segment revenue								
Sale of commodities	2,793.0	-	2,793.0	27.6	2,715.0	7.9	2,722.9	-
Sale of finished goods	116.6	615.5	732.1	592.8	111.3	526.5	637.8	1,300.3
Service and other revenue	124.0	-	124.0	0.5	157.9	3.4	161.3	16.2
Rental income	11.8	-	11.8	5.4	11.2	-	11.2	-
External segment revenue	**3,045.4**	**615.5**	**3,660.9**	**626.3**	**2,995.4**	**537.8**	**3,533.2**	**1,316.5**
Australasia	1,779.5	552.6	2,332.1	49.6	1,714.8	513.0	2,227.8	97.3
North America	12.2	-	12.2	382.4	47.4	-	47.4	798.4
Europe	300.5	-	300.5	111.4	492.1	0.9	493.0	217.9
Asia	830.4	62.8	893.2	74.6	602.8	23.9	626.7	183.2
Middle East and North Africa	116.7	-	116.7	-	127.4	-	127.4	-
Other	6.1	0.1	6.2	8.3	10.9	-	10.9	19.7
By location of customer	**3,045.4**	**615.5**	**3,660.9**	**626.3**	**2,995.4**	**537.8**	**3,533.2**	**1,316.5**
Revenue recognised at point in time	3,008.4	615.5	3,623.9	623.6	2,953.2	537.8	3,491.0	1,310.6
Revenue recognised over time	37.0	-	37.0	2.7	42.2	-	42.2	5.9
Total external segment revenue	**3,045.4**	**615.5**	**3,660.9**	**626.3**	**2,995.4**	**537.8**	**3,533.2**	**1,316.5**

ACCOUNTING POLICY

Revenue from the sale of goods and services in the ordinary course of activities is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

- **Revenue from sale of commodities** is generated from the trading of bulk commodities overseas and domestically and is recognised at point in time, on the passing of control of goods to the customer in accordance with shipping terms.
- **Revenue from sale of finished goods** is generated from the production and sale of malt, canola oil and other processed goods, and is recognised at point in time, on the passing of control of goods to the customer in accordance with shipping terms.
- **Service, freight and other revenue** is generated through the provision of receival, storage, handling and other services including property rental. Revenue for receival, handling and chartering is recognised at point in time once the service is performed, and for storage and freight over the period service is performed.
- **Rental income** is recognised over time, on a straight-line basis over the lease term in accordance with AASB 16 *Leases*.
- **A contract liability** is recognised for deferred revenue for obligations under sales contract to deliver goods and services in future periods for which payment has already been received, in accordance with AASB 15 *Revenue from Contracts with Customers*.

  Where the period between when payment is received and performance obligations are considered met, is more than 12 months, an assessment will be made for whether a significant financing component is required to be accounted for.

  Deferred revenue liabilities unwind as revenue from contracts with customers, upon settlement of the obligation, and if a significant financing component associated with deferred revenue exists, this will be recognised as interest expense over the life of the contract. All deferred revenue from 2020 will be recognised in the Consolidated Income Statement in 2021 (2019 all recognised in 2020).

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1.3 Other income

	2020 $ M	Restated 2019 $ M
Net gain / (loss) on derivative / commodity trading:		
Net realised gain on financial derivatives	16.7	6.5
Net realised gain / (loss) on foreign currency derivatives	3.0	(23.4)
	19.7	**(16.9)**
Net unrealised (loss) / gain on financial derivatives	(8.0)	1.5
Net unrealised gain on commodity contracts (forward purchases and sales)	4.6	4.2
Net unrealised gain on foreign currency derivatives	31.4	0.1
Net unrealised gain / (loss) on commodity inventories at fair value less costs to sell	2.2	(67.3)
	30.2	**(61.5)**
Net realised gain on crop production contract[65]	52.0	-
Net unrealised loss on fair value of crop production contract	(5.0)	-
	47.0	**-**
Net gain / (loss) on derivative / commodity trading	**96.9**	**(78.4)**
Gain on sale of Australian Bulk Liquid Terminals[66]	86.1	-
Net change in fair value of investments	(1.5)	(2.5)
Interest income	0.2	0.7
Sale of assets	2.7	1.9
Sundry income	13.4	4.8
Total other income / (loss)	**197.8**	**(73.5)**

ACCOUNTING POLICY

- **Net gains / losses on fair value remeasurements** are recognised in accordance with the policies stated in note 2.6.
  Income is recognised as realised gain / loss when the underlying sales contract is closed and unrealised when the contract is open as at 30 September.
- **Unrealised gains / losses on commodity contracts (forward purchases and sales)** and commodity inventories will be recognised through revenue and goods purchased for resale respectively when the contract is executed.
- **Interest income** is recognised as it accrues using the effective interest method.
- **Sundry income** is comprised of one-off items not in the course of normal operations such as proceeds from asset sales and government grants.

[65] Includes receipt on the crop production contract of $58m and annual premium payment of $6m. Refer to note 2.6.

[66] Relates to the gain on sale (pre-tax) of the Australian Bulk Liquid Terminals business. Refer to note 3.6.

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1.4 Other expenses

	2020 $ M	Restated 2019 $ M
Employee benefits expense		
Defined contribution superannuation	9.9	10.2
Other employee benefits	221.3	217.5
Total employee benefits expense	**231.2**	**227.7**
Other expenses		
Consulting[67]	15.1	33.7
Software maintenance	15.6	10.2
Motor vehicle	5.8	6.9
Legal expenses[67]	6.2	9.7
Travel	3.3	6.0
Insurance	9.6	8.0
Lease expense (2019: operating leases)	10.8	46.1
Other	30.7	51.1
Total other expenses	**97.1**	**171.7**

ACCOUNTING POLICY

- **Employee benefits expense** includes salaries and wages, superannuation contributions, share-based payments and other entitlements. The Group's accounting policy for liabilities associated with employee benefits and share-based payments is contained in note 3.8 and 5.2 respectively.
- **Lease expense** includes variable lease payments, short term and low value lease payments. These are expensed as incurred. Refer to Note 3.5 & 5.3 for details of accounting policy on adoption of AASB 16 *Leases*.
- **Other expenses** are miscellaneous and are recognised as incurred.

1.5 Significant items

Net profit / (loss) after tax include significant items whose disclosure is relevant in explaining the financial performance of the Group. The Group defines significant items as those items not in the ordinary course of business, non-recurring and material in nature and amount.

30 September 2020		Profit before tax $ M	Tax $ M	NPAT $ M
Net significant items comprise:				
Profit on demerger[68]	Discontinued Operation	299.0	(19.4)	279.6
Gain on sale[69]	Agribusiness	86.1	(26.7)	59.4
Transaction related costs[70]	Corporate	(11.6)	3.3	(8.3)
Net significant items		**373.5**	**(42.8)**	**330.7**

30 September 2019		Profit before tax $ M	Tax $ M	NPAT $ M
Net significant items comprise:				
Transaction related costs[71]	Corporate, Discontinued Operation	(35.2)	9.1	(26.1)
Restructuring costs[72]	Corporate	(7.4)	2.2	(5.2)
Net significant items		**(42.6)**	**11.3**	**(31.3)**

[67] Consulting expenses of $15.1m and legal expenses of $6.2m include $10.3m transaction related costs (significant items) referred to above.

[68] Relates to the profit on Demerger of the Malt business net of associated tax and transaction costs. Refer to note 4.5.

[69] Relates to the gain on sale of the Australian Bulk Liquid Terminals business. Refer to note 3.6.

[70] Relates to costs incurred to support the Board and management in their Portfolio Review including the Demerger of the Malt business unit and sale of Australian Bulk Liquid Terminals.

[71] Relates to costs incurred to support the Board and management in their Portfolio Review including the Demerger of the Malt business unit, sale of Australian Bulk Liquid Terminals and response to the non-binding indicative offer from Long Term Asset Partners (LTAP) to acquire 100% of the shares in GrainCorp.

[72] Relates to one-off costs associated with preparation for the Demerger of the Malt business.

1.6 Taxation

a) Income tax expense

Income tax expense	2020 $ M	Restated 2019 $ M
Income tax expense / (benefit) recognised in consolidated income statement		
Current tax	10.3	0.8
Deferred tax	1.7	(83.3)
(Over) / under provision in prior years	(0.5)	1.2
	11.5	**(81.3)**
Reconciliation to effective tax rate		
Profit / (loss) from continuing operations before income tax expense	46.7	(270.6)
Less: equity accounted loss not subject to taxation	1.4	5.4
Profit / (loss) subject to tax	**48.1**	**(265.2)**
Income tax expense calculated at 30% (2019: 30%)	14.4	(79.6)
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income		
Non-deductible / non-assessable items	0.1	(2.8)
Recognition of previously unrecognised tax losses[73]	(1.9)	-
Under / (over) provision in prior years	(0.5)	1.2
Difference in overseas tax rates	(0.6)	(0.1)
Income tax expense / (benefit)	**11.5**	**(81.3)**
Effective tax rate[74]	**24.0%**	**30.6%**
Tax (credit) / expense relating to items of other comprehensive income		
Change in fair value of cash flow hedges	(1.8)	(1.2)
	(1.8)	(1.2)
Tax Losses		
Unused tax losses for which no deferred tax has been recognised	18.2	10.2

[73] On sale of Australian Bulk Liquid Terminals, GrainCorp was able to recognise carried forward tax capital losses which previously were not able to be recognised.

[74] Effective tax rate is calculated as the income tax expense divided by profit subject to tax (excluding equity accounted profit / loss).

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1.6 Taxation (continued)

b) Deferred tax assets and liabilities

Deferred tax assets	2020 $ M	Restated 2019 $ M
The balance comprises temporary differences attributable to:		
Tax losses recognised	59.3	90.2
Provisions and accruals	21.7	28.7
Deferred revenue	5.0	7.7
Leases	17.1	-
Intangible assets	4.8	-
Retirement benefit obligation	-	2.8
Other	15.7	6.7
Set-off deferred tax liabilities pursuant to set-off provision	(34.5)	(23.7)
Net deferred tax assets	**89.1**	**112.4**
Movements:		
Opening balance at 1 October	112.4	29.7
Recognised in the income statement	(0.4)	80.7
Recognised in other comprehensive income	-	2.0
Recognised in the income statement on Demerger of UMG	(22.9)	-
Closing balance at 30 September	**89.1**	**112.4**

Deferred tax liabilities	2020 $ M	Restated 2019 $ M
The balance comprises temporary differences attributable to:		
Property, plant and equipment	9.0	88.6
Intangible assets	-	2.7
Unrealised gains on derivative contracts	5.9	0.1
Investment in UMG	16.4	-
Other	3.5	5.0
Set-off deferred tax liabilities pursuant to set-off provision	(34.5)	(23.7)
Net deferred tax liabilities	**0.3**	**72.7**
Movements:		
Opening balance at 1 October	72.7	68.5
Recognised in the income statement	2.1	1.6
Recognised in other comprehensive income	(1.7)	(3.5)
Recognised in the income statement on Demerger of UMG	(82.5)	-
Exchange differences	9.7	6.1
Closing balance at 30 September	**0.3**	**72.7**

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ACCOUNTING POLICY

› Income taxes

Income tax expense is calculated at the applicable income tax rate for each jurisdiction and recognised in profit for the year, unless it relates to other comprehensive income or transactions recognised directly in equity.

The tax expense comprises both current and deferred tax. Broadly, current tax represents the tax expense paid or payable for the current year, using applicable tax rates at the balance sheet date in each jurisdiction. Deferred tax accounts for tax on temporary differences. Temporary differences generally occur when there is a timing difference in recognition between income and expenses are recognised by tax authorities and accounted for in different periods.

Deferred tax assets, including those arising from tax losses, are recognised to the extent it is probable that sufficient taxable profits will be available to utilise the related tax assets in the foreseeable future. There is no expiry date on the unused tax losses for which no deferred tax asset has been recognised. Deferred tax is not recognised on the following:

- The initial recognition of goodwill
- The initial recognition of assets or liabilities that affect neither accounting nor taxable profits; and
- Differences relating to investments in subsidiaries to the extent that they are probable not to reverse in the foreseeable future.

As the Group is subject to income taxes in Australia and jurisdictions where it has foreign operations, management consider the estimation and recognition of deferred tax balances in the consolidated statement of financial position to be an area of **judgement and estimation**. Changes in circumstances will alter expectations, which may impact the amount of provision for income taxes and deferred tax balances recognised.

› Tax consolidation

GrainCorp Limited is the head entity of the tax consolidated group. The entities in the tax consolidated group have entered a tax sharing agreement which, in the opinion of the Directors, limits the joint and several liability of the wholly owned entities in the case of a default by the head entity. The entities in the tax consolidated group have also entered into a tax funding agreement to fully compensate or be compensated by GrainCorp Limited for current tax balances and the deferred tax assets for unused tax losses and credits transferred.

1.7 Earnings per share

	2020	2019
Earnings per share attributable to owners of GrainCorp Limited		
Basic earnings per share (Cents)	150.0	(49.4)
Diluted earnings per share (Cents)	149.4	(49.4)
Earnings per share attributable to owners of GrainCorp Limited from continuing operations		
Basic earnings per share (Cents)	15.4	(82.7)
Diluted earnings per share (Cents)	15.3	(82.7)
Weighted average number of ordinary shares - basic	228,851,619	228,799,305
Adjustment for calculation of diluted earnings per share (performance rights)	990,915	-
Weighted average number of ordinary shares - diluted	229,842,535	228,799,305

Basic earnings per share (EPS) is calculated by dividing profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the financial year.

Diluted EPS is calculated by dividing the profit for the year attributable to ordinary shares by the weighted average number of ordinary shares outstanding, after adjusting for the effects of all dilutive potential ordinary shares. Dilutive potential ordinary shares relate to performance rights granted under the GrainCorp Performance Share Rights Plan. The performance rights are included in the calculation of diluted earnings per share for the year ended 30 September 2020. For the year ended 30 September 2019, the performance rights (1,330,731) were not included in the calculation of diluted earnings per share as they were antidilutive. Refer to note 5.2 for additional details on performance rights.

2 Capital and Financial Risk Management

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

The Group's capital consists of core debt, commodity inventory funding and equity. Core debt is calculated as borrowings, net of cash assets and commodity inventory. The capital structure is monitored using the core debt gearing ratio and net debt gearing ratio. The core debt gearing ratio is calculated as core debt divided by core debt plus equity. For the purposes of core debt, commodity inventory is defined as, trading grain and oilseed inventories. GrainCorp intends to maintain minimal core debt through the cycle. Net debt primarily consists of funding for commodity inventory and the net debt gearing ratio is calculated as net debt divided by net debt plus equity. Net debt fluctuates in line with seasonal working capital requirements increases e.g. larger harvest.

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

2.1 Borrowings

	2020 $M	2019 $M
Total borrowings	363.9	1,401.5
Cash and cash equivalents	(124.7)	(265.3)
Net debt	239.2	1,136.2
Commodity inventory[75]	(202.1)	(334.2)
Core debt	37.1	802.0
Total equity	1,095.3	1,836.3
Core debt gearing ratio	**3%**	**30%**

Finance lease liabilities are not included in net debt, and are recognised in accordance with AASB 16 and have been included in note 3.5.

ACCOUNTING POLICY

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost using the effective interest method.

a) Assets pledged as security

The carrying amounts of assets pledged as security for borrowings are as follows.

	2020 $M	2019 $M
Inventory	87.6	430.7
Total assets pledged as security	**87.6**	**430.7**

Inventory funding facilities are secured against the related inventory. The Group's secured inventory balance is GST exclusive. Lease liabilities are now accounted in accordance with AASB 16 and have been included in Section 3.

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

[75] Commodity inventory includes trading grain and oilseed inventories.

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2.1 Borrowings (continued)

b) Financing arrangements

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

		As at 5 November 2020	As at 30 September 2020
30 September 2020	Maturity date	Principal facility amount $M	Amount utilised $M
Term debt	March 2023	150.0	150.0
Commodity inventory funding[76]	November 2021	1,375.0	96.3
Trade Financing[77]	November 2021	14.0	-
Working capital[78]	November 2021	695.0	117.6
		2,234.0	**363.9**

		As at 8 November 2019	As at 30 September 2019
30 September 2019	Maturity date	Principal facility amount $M	Amount utilised $M
Term debt[79]	March 2023	400.0	500.0
Term debt[80]	November 2022	360.0	260.0
Commodity inventory funding[81]	November 2020	1,196.3	463.6
Trade Financing	November 2020	35.0	24.8
Working capital[82]	November 2020	160.0	50.0
Working capital[83]	November 2020	355.0	94.6
		2,506.3	**1,393.0**

[76] The maturity date and principal facility amount for the inventory funding facility is as at 5 November 2020. Subsequent to balance date, the maturity date was extended from November 2020 to November 2021 and the principal facility amount changed from $511.5 million to $1,375 million. This facility is renewed subsequent to balance date each year to align with the seasonal requirements of the Group.

[77] The maturity date and principal facility amount for the Trade Finance facility is as at 5 November 2020. Subsequent to balance date, the maturity date was extended from November 2020 to November 2021 and the principal facility amount changed from $35 million to $14 million.

[78] The maturity date and principal facility amount for the working capital facility is as at 5 November 2020. Subsequent to balance date, the maturity date was extended from November 2020 to November 2021 and the principal facility amount changed from $205 million to $695 million.

[79] This is an evergreen facility with an annual option to extend the term by 12 months. Subsequent to balance date, the principal facility amount changed from $500 million to $400 million.

[80] The maturity date and principal facility amount for the term debt facility is as at 8 November 2019. Subsequent to balance date, the maturity date was extended from April 2022 to November 2022 and the principal facility amount changed from $260 million to $360 million and is an evergreen facility

[81] The maturity date and principal facility amount for the inventory funding facility is as at 8 November 2019. Subsequent to balance date, the maturity date was extended from November 2019 to November 2020 and the principal facility amount changed from $683.8 million to $1,196.3 million. This facility is renewed subsequent to balance date each year to align with the seasonal requirements of the Group.

[82] The maturity date and principal facility amount for the working capital facility is as at 8 November 2019. Subsequent to balance date, the maturity date was extended from March 2020 to November 2020 and the principal facility amount changed from $50 million to $160 million.

[83] The maturity date and principal facility amount for the working capital facility is as at 8 November 2019. Subsequent to balance date, the maturity date was extended from November 2019 to November 2020 and the principal facility amount changed from $335 million to $355 million.

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2.2 Cash and cash equivalents

	2020 $ M	2019 $ M
Cash at bank and on hand	97.1	254.8
Deposits at call	27.6	10.5
Total cash and cash equivalents	**124.7**	**265.3**

ACCOUNTING POLICY

Cash and cash equivalents includes cash on hand, deposits held at call with banks and short-term investments with maturities of three months or less.

a) Reconciliation of profit after income tax to net cash flow from operating activities

	Note	2020 $ M	2019 $ M
Profit / (loss) for the year		**343.3**	**(113.0)**
Net gain on demerger		(279.6)	-
Net profit on sale of non-current assets	1.3	(62.1)	(1.6)
Non-cash employee benefits expense – share-based payments	5.2	1.8	1.1
Share of results of joint ventures not received as dividends		1.4	5.4
Depreciation and amortisation		141.8	142.4
Net change in fair value of investments	1.3	1.5	2.5
		148.1	36.8
Changes in operating assets and liabilities (net of demerger):			
(Increase) / decrease in inventories		(115.2)	34.6
Decrease / (Increase) in receivables		29.8	(73.0)
(Increase) / decrease in derivatives		(25.6)	4.3
Decrease / (Increase) in receivables		85.9	(94.2)
(Decrease) in trade payables		(81.0)	(31.8)
(Decrease) / increase in other liabilities		(16.2)	6.5
Increase / (decrease) in provisions		8.0	(2.8)
Increase / (decrease) in provision for income tax		4.5	(7.0)
(Decrease) in defined benefit pension plan liability		(7.7)	(9.6)
Net cashflows from operating activities		**30.6**	**(136.2)**

b) Net debt reconciliation

	Operating activities		Financing activities			
	Cash and cash equivalents	Inventory funding facilities	Short-term facilities	Leases	Term funding facilities	Total
	$M	$M	$ M	$ M	$M	$M
Net debt as at 30 September 2018	**(370.9)**	**511.5**	**26.2**	**8.8**	**754.3**	**929.9**
Cash flows	113.5	(51.5)	141.6	(0.3)	(5.4)	197.9
Foreign exchange movements	(7.9)	3.6	1.6	-	11.1	8.4
Net debt as at 30 September 2019	**(265.3)**	**463.6**	**169.4**	**8.5**	**760.0**	**1,136.2**
AASB 16 adoption*	-	-	-	(8.5)	-	(8.5)
Cash flows	23.5	(208.6)	(52.8)	-	(210.8)	(448.7)
Foreign exchange movements	10.3	12.1	0.9	-	28.2	51.5
Outflow from demerged entities	106.8	(170.8)	0.1	-	(427.4)	(491.3)
Net debt as at 30 September 2020	**(124.7)**	**96.3**	**117.6**	**-**	**150.0**	**239.2**

* Finance lease liabilities are now recognised in accordance with AASB 16 and have been included in note 3.5. Leases are not included in net debt. Note 3.5 presents the movement and cashflows of lease liabilities during the year.

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2.3 Contributed equity

Consolidated and Company	2020 Number	2020 $ M	2019 Number	2019 $ M
Fully paid ordinary shares	228,855,628	572.8	228,855,628	1,347.9
Less: Treasury shares	-	-	(1,900)	-
Total consolidated contributed equity	**228,855,628**	**572.8**	**228,853,728**	**1,347.9**

Movements in ordinary share capital of the Company during the past two years were as follows:

	Details	Total number of shares	Ordinary share capital $ M
30-Sep-18	Balance brought forward	228,855,628	1,347.9
30-Sep-19	Total contributed equity - Company	228,855,628	1,347.9
	Demerger capital distribution	-	(775.1)
30-Sep-20	**Total consolidated contributed equity - Company**	**228,855,628**	**572.8**

Ordinary shares

Ordinary shares issued are classified as equity and are fully paid, have no par value, carry one vote per share and the right to dividends.

Treasury shares

Treasury shares are shares in GrainCorp Limited that are held by the GrainCorp Employee Share Ownership Plan Trust (Trust) for the purpose of issuing shares under employee share plans including: the GrainCorp Long-term Incentive Plan and the GrainCorp Deferred Equity Plan (refer to note 5.2 for further information). Shares acquired by the Trust are consolidated and shown as a deduction from equity.

During the year, 369,836 shares were acquired on market for an average price of $8.35 (2019: 99,576 shares; average price $7.54). Under the employee share plans, 579,596 rights were granted or issued during the year (2019: 656,974). At 30 September 2020, the aggregate amount of unvested performance rights of 492,347 (2019: 1,174,278) as set out in note 5.2.

2.4 Dividends

	2020 $ M	2019 $ M
Dividends paid in the year:		
Final fully franked dividend for the year ended 30 September 2019 of 0 cents (2018: 8.0 cents)	-	18.3
Interim fully franked dividend for the half-year ended 31 March 2020 of 0 cents (2019: 0 cents)	-	-
Total dividends paid	**-**	**18.3**

Dividend not recognised at year end

Since the year end the Directors have approved the payment of a final dividend, expected to be paid on 10 December 2020.

Final fully franked dividend for the year ended 30 September 2020 of 7.0 cents (2019: 0 cents)	16.0

Franking credits available

	2020 $ M	2019 $ M
Franking credits available for the subsequent financial year	8.0	14.9

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

i. Franking debits that will arise from the receipts of the current tax liability
ii. Franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
iii. Franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date
iv. Franking credits that may be prevented from being distributed in subsequent financial years.

The impact on the franking account of the dividend approved by the Directors since year end, but not recognised as a liability at year end, will be a reduction in the franking account of $6.9 million (2019: Nil).

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2.5 Commitments and guarantees

a) Financial commitments

	2020 $ M	2019 $ M
Capital expenditure commitments		
Total capital expenditure contracted for at the reporting date but not provided for in payables:		
- Not later than one year	6.6	16.2
Total capital expenditure commitments	**6.6**	**16.2**

b) Financial guarantees

Financial guarantees are provided by Group entities as follows:

i. GrainCorp Operations Limited was a self-insurer for workers' compensation in NSW up to 29 June 2006. As required by the NSW workers' compensation self-insurance licensing requirements, a bank guarantee in favour of the WorkCover Authority NSW for $0.3 million (2019: $0.3 million) is in place, representing an actuarial assessment of the contingent liability arising from past self-insurance for periods prior to 29 June 2006.

ii. The Group enters into guarantees as part of the normal course of business. At 30 September 2020, these guarantees amounted to $168.3 million (2019: $21.7 million). The Group has a guarantee of $147.2 million (2019: $92.4 million) specific to the Crop Production Contract. The Directors do not believe any claims will arise in respect of these guarantees.

iii. GrainCorp and the wholly owned entities listed in note 4.1 are parties to a deed of cross guarantee as described in note 4.2. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees, to each creditor, payment in full of any debt in accordance with the deed of cross guarantee. No deficiency of net assets existed for the Group as at 30 September 2020.

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

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2.6 Financial instruments and risk management

The Group's treasury function is responsible for managing the liquidity requirements of the Group and mitigating any financial risks relating to the Group's operations through continuous monitoring and evaluation. These financial risks include:

- **Market risk** (refer to note 2.6.c)
- **Liquidity risk** (refer to note 2.6.e)
- **Credit risk** (refer to note 2.6.f)

The Group adheres to a set of policies approved by the Board of Directors which provides written principles on interest rate risk, liquidity risk, counter party credit risk, foreign currency risk and commodity trading risk including the setting of limits for derivatives trading. The Group treasury function reports on its compliance with the policy on a regular basis to the Board of Directors and such compliance is reviewed periodically by its internal auditors.

The Group's financial instruments comprise cash, short term deposits, receivables, loans, payables and derivative financial instruments. The Group uses derivative financial instruments to manage its exposure to financial risks arising from operating, financing and investing activities.

a) Classification of financial instruments

GrainCorp classifies its financial instruments into categories in accordance with AASB 9 *Financial instruments* depending on the purpose for which the financial instruments were acquired, which is determined at initial recognition based on the business model.

Financial assets & liabilities	2020 $M	2019 $M
Financial assets at amortised cost		
Cash and cash equivalents	124.7	265.3
Trade and other receivables	216.6	580.2
Financial assets at fair value through profit & loss		
Equity investments	110.0	3.5
Derivative financial instruments	108.4	60.9
Financial liabilities at amortised cost		
Trade and other payables	148.6	352.7
Borrowings at amortised cost	363.9	1,401.5
Derivative financial instruments	82.9	69.2

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2.6 Financial instruments and risk management (continued)

b) Fair value measurement

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

30 September 2020	Level 1 $ M	Level 2 $ M	Level 3 $ M	Total $ M
Current assets				
Derivative financial instruments – fair value through profit and loss				
Commodity futures and options	3.4	3.2	-	6.6
Commodity contracts (forward purchases and sales)	-	-	59.0	59.0
Foreign currency derivatives	-	40.5	-	40.5
Derivative financial instruments – cash flow hedge				
Foreign currency derivatives	-	0.8	-	0.8
Total current derivative financial instrument assets	**3.4**	**44.5**	**59.0**	**106.9**
Commodity inventory at fair value less costs to sell (note 3.2)	-	-	141.4	141.4
Total current financial assets	**3.4**	**44.5**	**200.4**	**248.3**
Non-current assets				
Derivative financial instruments – fair value through profit and loss				
Commodity contracts (forward purchases and sales)	-	-	0.3	0.3
Foreign currency derivatives	-	1.2	-	1.2
Derivative financial instruments – cash flow hedge				
Foreign currency derivatives	-	-	-	-
Investments in other entities				
Investments at fair value	104.8	-	5.2	110.0
Total non-current financial assets	**104.8**	**1.2**	**5.5**	**111.5**
Current liabilities				
Derivative financial instruments – fair value through profit and loss				
Commodity futures and options	9.8	-	-	9.8
Commodity contracts (forward purchases and sales)	-	-	48.6	48.6
Foreign currency derivatives	-	13.4	-	13.4
Derivative financial instruments – cash flow hedge				
Foreign currency derivatives	-	1.1	-	1.1
Total current financial liabilities	**9.8**	**14.5**	**48.6**	**72.9**
Non-current liabilities				
Derivative financial instruments – fair value through profit and loss				
Commodity futures and options	2.6	-	-	2.6
Commodity contracts (forward purchases and sales)	-	-	1.9	1.9
Foreign currency derivatives	-	0.2	-	0.2
Crop production contract	-	-	5.0	5.0
Derivative financial instruments – cash flow hedge				
Interest rate swap contracts	-	0.3	-	0.3
Total non-current financial liabilities	**2.6**	**0.5**	**6.9**	**10.0**

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2.6 Financial instruments and risk management (continued)

30 September 2019	Level 1 $ M	Level 2 $ M	Level 3 $ M	Total $ M
Current assets				
Derivative financial instruments – fair value through profit and loss				
Commodity futures and options	1.2	2.6	-	3.8
Commodity contracts (forward purchases and sales)	-	-	43.9	43.9
Foreign currency derivatives	-	9.5	-	9.5
Derivative financial instruments – cash flow hedge				
Foreign currency derivatives	-	1.8	-	1.8
Total current derivative financial instrument assets	**1.2**	**13.9**	**43.9**	**59.0**
Commodity inventory at fair value less costs to sell (note 3.2)	-	-	272.9	272.9
Total current financial assets	**1.2**	**13.9**	**316.8**	**331.9**
Non-current assets				
Derivative financial instruments – fair value through profit and loss				
Commodity futures and options	0.8	-	-	0.8
Commodity contracts (forward purchases and sales)	-	-	0.6	0.6
Foreign currency derivatives	-	0.3	-	0.3
Derivative financial instruments – cash flow hedge				
Foreign currency derivatives	-	0.2	-	0.2
Investments in other entities				
Investments at fair value	-	-	3.5	3.5
Total non-current financial assets	**0.8**	**0.5**	**4.1**	**5.4**
Current liabilities				
Derivative financial instruments – fair value through profit and loss				
Commodity futures and options	1.4	0.7	-	2.1
Commodity contracts (forward purchases and sales)	-	-	38.6	38.6
Foreign currency derivatives	-	16.0	-	16.0
Derivative financial instruments – cash flow hedge				
Foreign currency derivatives	-	4.9	-	4.9
Interest rate swap contracts	-	2.3	-	2.3
Total current financial liabilities	**1.4**	**23.9**	**38.6**	**63.9**
Non-current liabilities				
Derivative financial instruments – fair value through profit and loss				
Commodity contracts (forward purchases and sales)	-	-	-	-
Foreign currency derivatives	-	0.2	-	0.2
Derivative financial instruments – cash flow hedge				
Foreign currency derivatives	-	3.0	-	3.0
Interest rate swap contracts	-	2.1	-	2.1
Total non-current financial liabilities	**-**	**5.3**	**-**	**5.3**

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2.6 Financial instruments and risk management (continued)

ACCOUNTING POLICY

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered. Subsequently, at each reporting date, the gain or loss on remeasurement to fair value is recognised immediately in the Consolidated Income Statement, unless they qualify for hedge accounting as outlined in AASB 9 *Financial Instruments.*

The Group enters into certain **cash flow hedges** to hedge exposure to variability in cash flows that are attributable to the risk associated with the cashflows of recognised assets or liabilities and highly probably forecast transactions caused by interest rate and foreign currency movements. The Group's cash flow hedges include:

- Interest rate swap contracts
- Forward foreign exchange contracts

When a derivative financial instrument is designated as a cash flow hedge, the effective part of any gain or loss on the derivative financial instrument is recognised in other comprehensive income and accumulated in the cashflow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in Consolidated Income Statement, within other income/loss.

Amounts accumulated in equity are reclassified to the Consolidated Income Statement in the periods when the hedged item affects profit or loss.

When a hedging instrument expires, or is sold, terminated or exercised, but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss accumulated in equity is reclassified immediately into the Consolidated Income Statement.

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

- **Level 1** financial instruments held by the Group are instruments which are traded on an active market. The fair value of these financial instruments is the quoted market settlement price on the reporting date.
- **Level 2** financial instruments held by the Group are financial instruments that are not traded on an active market. The fair value is determined using valuation techniques which maximise observable market data and rely as little as possible on entity-specific estimates.
- **Level 3** financial instruments do not have quoted market prices available. If one or more of the significant inputs is not based on observable market data, the instrument is level 3. The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. Management considers the valuation of these financial instruments to be an area of **judgement and estimation**.

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2.6 Financial instruments and risk management (continued)

Fair value measurements using significant unobservable inputs (Level 3)

There were no transfers between fair value hierarchy levels during the year. The following table presents a reconciliation of the carrying value of Level 3 instruments and the movement recognised in the profit and loss during the year:

	2020			2019		
	Commodity contracts	Commodity inventory at fair value	Crop production contract	Commodity contracts	Commodity inventory at fair value	Crop production contract
	$M	$ M	$ M	$M	$ M	$ M
Opening balance as at 1 October	**5.9**	**272.9**	**-**	**12.7**	**326.7**	**-**
Unrealised gain / (loss)	4.6	2.2	(5.0)	(6.8)	(68.1)	-
Net acquisitions / (disposals)	(1.7)	(133.7)	-	-	14.3	-
Closing balance as at 30 September	**8.8**	**141.4**	**(5.0)**	**5.9**	**272.9**	**-**

Valuation inputs and relationships to fair value

The following summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements.

- **Commodity contracts and commodity inventory at fair value:** the fair values are calculated by amending market price values obtained from traders and brokers for location and grade differentials. The sensitivity analysis shows the impact on post tax profit if commodity prices changed by 20%. The 20% movement is calculated over the market value amount of the net exposure of the commodity physical and derivative contracts.

	2020 $M	2019 $M
Fair value of derivatives and physical inventory	**144.4**	281.3
Net effect of a 20% appreciation in price on post-tax profit or loss	4.1	(2.3)
Net effect of a 20% depreciation in price on post-tax profit or loss	(4.1)	2.3

- **Crop production contract:** the fair value of the crop production contract is determined using a valuation model which estimates future cashflows from the contract, discounted to present value. Future cashflows are determined by applying the crop production contract terms to estimated crop production levels for the remainder of the contract term. The fair value calculation is highly subjective given the degree of uncertainty in forecasting future weather patterns and crop production levels accurately.

  The fair value calculation uses the following inputs:
  - Cashflows are determined using the crop production contract terms:
    - GrainCorp receives a fixed payment of AUD $15 per tonne for each tonne of actual east coast of Australia winter crop production[84] in any given year which is below the lower production threshold (subject to an annual maximum of $80 million). The lower production threshold is 15.3 million tonnes
    - GrainCorp pays a fixed payment of $15 per tonne for each tonne above the upper production threshold (subject to an annual maximum of $70 million). The upper production threshold is 19.3 million tonnes
    - An aggregate net limit of payments to either GrainCorp or the contract counterparty of $270 million over the contract term
    - An annual contract premium is payable to the counterparty.
  - Historical crop production data published by the Australian Bureau of Agricultural and Resource Economics (ABARES): The historical ABARES dataset indicates a greater likelihood of smaller crop sizes, which in turn increases the likelihood of cash receipts to GrainCorp. This resulted in a positive (asset) fair valuation on inception. The historical production data used for accounting valuation purposes may not be indicative of future production volumes.
  - Estimated future production growth rates and probabilities are derived from historical crop production data.
  - Risk-adjusted discount rate based on the applicable zero-coupon AUD overnight index swap curve.

  The initial fair value of the crop production contract was estimated as $104.5m (asset). However, in accordance with AASB 9, the initial fair value has not been recognised in the Consolidated Income Statement as unobservable data points (as indicated above) were used for the initial fair value measurement.

[84] ABARES' winter crop production for the Australian states of Queensland, New South Wales and Victoria.

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2.6 Financial instruments and risk management (continued)

In accordance with AASB 9, after initial recognition GrainCorp shall recognise that deferred difference as a gain or loss in the Consolidated Income Statement only to the extent it arises from a change in a factor that market participants would take into account when pricing the contract. Such changes will reflect production payments / receipts, the annual premium, additional actual ABARES production data in future periods, changes in discount rates and changes in production growth rate assumptions over the remainder of the contract term. Derivative asset valuation gains / losses will be recognised in the Consolidated Income Statement at the point-in-time when the valuation model inputs change. GrainCorp expects that this would occur over the life of the contract once ABARES crop production data become publicly available for each given year, and as such the deferred amount would be gradually recognised in the Consolidated Income Statement.

Production payments / receipts are determined based on actual ABARES production in any given year only. In any given financial year, the realised gain / loss can range between the following:

- $74m realised gain (based on the annual maximum receipt of $80 million, less annual premium of $6m)
- $76m realised loss (based on the annual maximum payment of $70 million, plus annual premium of $6m).

The fair value of the crop production contract is disclosed in the table below.

There were no significant inter-relationships between unobservable inputs that materially affect fair value. There is a bank guarantee in place amounting to $147.2 million (2019: $92.4 million) as disclosed in note 2.5.

Fair value of contract using unobservable data	2020 $M	2019 $M
Fair value of crop production derivative recognised in the statement of financial position	89.1	104.5
Fair value of crop production derivative not recognised in the statement of financial position	(94.1)	(104.5)
Net position as presented in the consolidated statement of financial position	**(5.0)**	**-**

c) Market risk

The Group's activities expose it to the financial risks of changes in (i) commodity prices, (ii) foreign currency and (iii) interest rates.

Commodity price risk

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

The Group enters into forward physical purchase and sales contracts along with commodity derivative contracts to manage the underlying price risks in the purchase of raw materials for oils production and the subsequent sale of oils products. These contracts are entered into and continue to be held for the purpose of delivery of raw materials and subsequent sale of processed malt and oils and are therefore classified as non-derivative and not fair valued.

Foreign currency risk

The Group has exposure to movement in exchange rates through:

- Commodity futures denominated in foreign currency
- Export contracts for the sale of grain, edible oils and meal denominated in foreign currency
- Sale or purchase of edible oils and raw materials in foreign currency
- Translation of net investments in foreign subsidiaries denominated in foreign currencies.

To manage exposure to this risk, the Group enters into forward exchange contracts, foreign currency options and swap contracts, with the contracted time to mature when the relevant underlying contracts expire.

Expressed in Australian Dollars, the following table indicates exposure and sensitivity to movements in exchange rates on the profit or loss and equity of the Group, based on the global currency exposures at 30 September. The tables are based upon the Group's financial asset and liability profile at 30 September, which fluctuates over the course of normal operations.

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2.6 Financial instruments and risk management (continued)

2020	Exposure at reporting date $M	Impact on profit / (loss) after tax $ M		Impact on other components of equity $ M	
Movement in exchange rate		**10%**	**-10%**	**10%**	**-10%**
US Dollar	16.9	1.2	(1.2)	-	-
Canadian Dollar	(4.6)	(0.1)	0.1	(0.2)	0.2
UK Pound Sterling	(18.6)	(1.2)	1.2	(0.1)	0.1
New Zealand Dollar	11.1	0.8	(0.8)	-	-
Euro	(1.7)	(0.1)	0.1	-	-
Yen	-	-	-	-	-
Total	**3.1**	**0.6**	**(0.6)**	**(0.3)**	**0.3**

2019	Exposure at reporting date $M	Impact on profit / (loss) after tax $ M		Impact on other components of equity $ M	
Movement in exchange rate		**10%**	**-10%**	**10%**	**-10%**
US Dollar	85.4	2.6	(2.6)	3.4	(3.4)
Canadian Dollar	174.0	8.9	(8.9)	3.3	(3.3)
UK Pound Sterling	(14.4)	(5.4)	5.4	4.4	(4.4)
New Zealand Dollar	(3.7)	(0.3)	0.3	0.1	(0.1)
Euro	35.7	2.5	(2.5)	-	-
Yen	(54.8)	(3.8)	3.8	-	-
Total	**222.2**	**4.5**	**(4.5)**	**11.2**	**(11.2)**

d) Interest rate risk

The Group has exposure to interest rate risk as it borrows funds at both fixed and floating interest rates. The risk is managed by maintaining between 40% and 75% of long-term borrowings at fixed rates through the use of interest rate swap contracts.

Under interest rate swap contracts, the Group is entitled to receive interest at variable rates and is obliged to pay interest at fixed rates. The contracts require settlement of net interest receivable or payable at each reset period. The settlement dates coincide with the dates on which interest is payable on the underlying debt.

At 30 September 2020, after taking into account the effect of interest rate swap contracts, approximately 40% ($60.0 million) of the Group's long-term borrowings are at a fixed rate of interest (2019: 47%, $360.4 million).

The Group continuously monitors its interest rate exposure with consideration given to cash flows impacting on rollovers and repayments of debt, alternative hedging instruments and the mix of fixed and variable interest rates.

At balance date, the Group had the following mix of financial liabilities with interest at variable rates:

	2020		2019	
	Weighted average interest rate %	Balance $M	Weighted average interest rate %	Balance $M
Current				
Short-term facilities	1.03%	(117.6)	2.27%	(169.4)
Inventory funding facilities	1.14%	(96.3)	1.92%	(463.6)
Interest rate swaps (notional principal amount)	-	-	1.06%	238.0
Non-current				
Term facilities	1.55%	(150.0)	2.67%	(760.0)
Interest rate swaps (notional principal amount)	0.38%	60.0	1.83%	122.4
Net exposure to cash flow interest rate risk	**1.22%**	**(303.9)**	**2.27%**	**(1,032.6)**

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2.6 Financial instruments and risk management (continued)

Interest rate sensitivity analysis

At balance date, if interest rates had moved as illustrated in the table below, with all other variables held constant, profit and equity would have been affected as follows:

	2020		2019	
	Profit / (loss) $M	Increase / (decrease) in equity $M	Profit / (loss) $M	Increase / (decrease) in equity $M
+ 100 basis points	(1.8)	0.6	(7.7)	3.6
– 100 basis points	1.8	(0.6)	7.7	(3.6)

e) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and committed available credit facilities. The Group manages liquidity risk by regularly monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Group treasury aims at maintaining flexibility in funding by keeping committed credit lines available with a variety of counterparties. At balance date, the Group had approximately $537.5 million (2019: $465.4 million) of unused credit facilities available for immediate use.

The tables below show the contractual maturities of financial liabilities (lease liabilities cashflows have been disclosed in Note 3.5). Cash outflows associated with bank borrowings are inclusive of principal and interest including estimated interest payments. The amounts disclosed in the table are the contractual undiscounted cash flows.

30 September 2020	Carrying Value $M	Total $M	Less than 1 year $ M	Between 1 and 2 years $ M	Between 2 and 5 years $ M	Over 5 years $ M
Non-derivatives:						
Borrowings	(363.9)	(366.2)	(213.9)	-	(152.3)	-
Trade and other payables	(110.5)	(110.5)	(110.5)	-	-	-
Other payables	(38.1)	(38.1)	(38.1)	-	-	-
Derivatives:						
Interest rate swap contracts	(0.3)	(0.3)	-	-	(0.3)	-
Foreign currency derivatives						
(Outflow)	(14.7)	(804.3)	(799.7)	(4.6)	-	-
Inflow		789.6	785.2	4.4	-	-
Commodity futures and options:						
(Outflow)	(12.4)	(269.8)	(225.5)	(44.3)	-	-
Inflow		257.4	215.7	41.7	-	-
Commodity contracts (forward purchases and sales):						
(Outflow)	(50.5)	(1,047.7)	(1,019.8)	(27.9)	-	-
Inflow		997.2	971.2	26.0	-	-

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2.6 Financial instruments and risk management (continued)

30 September 2019	Carrying Value $M	Total $M	Less than 1 year $ M	Between 1 and 2 years $ M	Between 2 and 5 years $ M	Over 5 years $ M
Non-derivatives:						
Borrowings	(1,393.0)	(1,413.3)	(633.1)	-	(780.2)	-
Trade and other payables	(198.2)	(198.2)	(198.2)	-	-	-
Other payables	(154.5)	(154.5)	(153.7)	(0.8)	-	-
Derivatives:						
Interest rate swap contracts	(4.4)	(4.4)	(2.3)	-	(2.1)	-
Foreign currency derivatives						
(Outflow)	(24.1)	(872.5)	(722.5)	(101.9)	(48.1)	-
Inflow		848.4	701.6	100.0	46.8	-
Commodity futures and options:						
(Outflow)	(2.1)	(2.1)	(2.1)	-	-	-
Inflow		-	-	-	-	-
Commodity contracts (forward purchases and sales):						
(Outflow)	(38.8)	(677.2)	(675.8)	(1.4)	-	-
Inflow		638.6	637.3	1.3	-	-

f) Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Group. GrainCorp employs credit policies which include monitoring exposure to credit risk on an ongoing basis through management of concentration risk and ageing analysis. The Group is exposed to credit risk from its operating activities and financing activities. The Group's maximum exposure for credit risk is the carrying amount of all trade and other receivables, receivables from joint ventures, derivative asset balances, margin deposits and cash assets as set out in the consolidated statement of financial position.

Trade receivables

The credit risk on trade and other receivables which has been recognised on the consolidated statement of financial position is the carrying amount of trade debtors, net of allowances for impairment and further disclosed in note 3.1. The Group minimises credit risk associated with trade and other receivables by performing a credit assessment for all customers that wish to trade on credit terms. Credit limits are determined for each individual customer based on their credit assessment. These limits are approved under the credit policy that is approved by the Board. At 30 September 2020, 99% (2019: 96%) of trade receivables are due within 30 days and the Group does not have any significant credit risk exposure to a single customer or group of customers.

Financial instruments and cash deposits

To minimise the credit exposure to financial institutions that are counterparties to derivative contracts and cash, the Group has a panel of authorised counterparties who are principally large banks and recognised financial intermediaries with acceptable credit ratings determined by a ratings agency. The Group's net exposure and credit assessment of its counterparties are continuously monitored to ensure any risk is minimised.

The Group may also be subject to credit risk for transactions that are not included in the consolidated statement of financial position, such as when a guarantee is provided for another party.

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2.6 Financial instruments and risk management (continued)

g) Offsetting financial assets and liabilities

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

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

The following table presents the recognised financial instruments that are offset, or subject to offsetting arrangements mentioned above:

30 September 2020	Gross amounts $ M	Gross amount offset $ M	Net amount in statement of financial position $ M	Amounts that are not offset $ M	Net amount $ M
Financial assets					
Cash and cash equivalents	124.7	-	124.7	-	124.7
Trade and other receivables	260.6	-	260.6	-	260.6
Derivative financial instruments	110.3	(1.9)	108.4	(26.8)	81.6
Total assets	**495.6**	**(1.9)**	**493.7**	**(26.8)**	**466.9**
Financial liabilities					
Trade and other payables	148.6	-	148.6	-	148.6
Derivative financial instruments	84.8	(1.9)	82.9	(26.8)	56.1
Total liabilities	**233.4**	**(1.9)**	**231.5**	**(26.8)**	**204.7**

30 September 2019	Gross amounts $ M	Gross amount offset $ M	Net amount in statement of financial position $ M	Amounts that are not offset $ M	Net amount $ M
Financial assets					
Cash and cash equivalents	265.3	-	265.3	-	265.3
Trade and other receivables	631.1	(6.5)	624.6	-	624.6
Derivative financial instruments	64.6	(3.7)	60.9	(19.9)	41.0
Total assets	**961.0**	**(10.2)**	**950.8**	**(19.9)**	**930.9**
Financial liabilities					
Trade and other payables	359.2	(6.5)	352.7	-	352.7
Derivative financial instruments	72.9	(3.7)	69.2	(19.9)	49.3
Total liabilities	**432.1**	**(10.2)**	**421.9**	**(19.9)**	**402.0**

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3 Operating Assets and Liabilities

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

3.1 Trade and other receivables

Current	2020 $ M	2019 $ M
Trade receivables	197.6	530.5
Allowance for impairment	(0.6)	(2.9)
	197.0	527.6
Other receivables	5.3	18.8
GST receivables	13.7	33.3
Prepayments	14.1	33.9
Margin deposits	30.5	10.4
Total current trade and other receivables	**260.6**	**624.0**

Non-current	2020 $ M	2019 $ M
Loan to joint venture (note 4.5)	-	0.1
Other receivables	-	0.5
Total non-current trade and other receivables	**-**	**0.6**

ACCOUNTING POLICY

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are generally due for settlement within 30 days. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. GrainCorp holds trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

The Group applies the simplified approach to provision for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade and other receivables. Under this method, determination of the loss allowance provision and expected loss rate incorporates past experience and forward-looking information.

GrainCorp considers the probability of default upon initial recognition of an asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period, in addition to reviewing historical bad debt provision balances and write offs in accordance with AASB 9.

As at 30 September 2020 the Group has recognised an **allowance for impairment** for $0.6 million (2019: $2.9 million) based on the expected credit loss model. Refer to note 2.6 for details of the Group's credit exposures.

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3.2 Inventories

	2020 $ M	2019 $ M
Raw materials	57.7	250.9
Work in progress	8.2	18.6
Finished goods	22.5	174.6
Trading stock at net realisable value	47.6	21.4
Commodity inventory at fair value less cost to sell	141.4	272.9
Total inventories	**277.4**	**738.4**

Inventory expense

Write-downs of inventories to net realisable value recognised as an expense during the year ended 30 September 2020 amounted to $0.5 million (2019: $2.3 million). The expense is included in other expenses in the Consolidated Income Statement.

ACCOUNTING POLICY

Inventories are valued at lower of cost and net realisable value unless stated otherwise. Net realisable value is the estimated selling price less variable selling expenses. The method used to determine costs for inventory categories are:

- **Raw materials:** Purchase price of the goods.
- **Finished goods and work in progress:** Purchase price of raw materials, direct labour, other direct costs and production overheads.
- **Trading stock:** Purchase price of direct materials and a portion of variable overhead assigned on a weighted average basis.
- **Commodity inventory:** Grain inventory acquired with the purpose of selling in the near future and generating a profit from fluctuation in price or broker-traders' margin, is measured at fair value less costs to sell, with changes in fair value recognised in the Consolidated Income Statement.

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3.3 Property, plant and equipment

	Land	Buildings & structures	Leasehold improvements	Plant and equipment	Capital works in progress	Total
	$ M	$ M	$ M	$ M	$ M	$ M
At 30 September 2018						
Cost	115.4	467.1	43.9	1,960.9	107.1	2,694.4
Accumulated depreciation and impairment	(1.0)	(204.3)	(22.2)	(952.6)	-	(1,180.1)
Net book value	**114.4**	**262.8**	**21.7**	**1,008.3**	**107.1**	**1,514.3**
Movement						
Transfer between asset categories (note 3.4)	0.1	17.4	2.2	68.3	(95.0)	(7.0)
Transfer to assets held for sale (note 3.6)	(14.8)	(4.2)	-	(128.3)	(4.1)	(151.4)
Additions	1.4	0.3	0.1	14.1	61.4	77.3
Disposals	(0.1)	(0.2)	-	(2.3)	(0.9)	(3.5)
Depreciation[86]	-	(19.9)	(2.0)	(96.4)	-	(118.3)
Exchange differences	0.7	8.1	0.3	13.4	1.3	23.8
Closing net book value	**101.7**	**264.3**	**22.3**	**877.1**	**69.8**	**1,335.2**
At 30 September 2019						
Cost	102.7	489.6	46.5	1,923.8	69.8	2,632.4
Accumulated depreciation and impairment	(1.0)	(225.3)	(24.2)	(1,046.7)	-	(1,297.2)
Net book value	**101.7**	**264.3**	**22.3**	**877.1**	**69.8**	**1,335.2**
Movement						
Transfer between asset categories (note 3.4, 3.5)[85]	(11.1)	5.9	0.2	(8.8)	(13.3)	(27.1)
Additions	2.8	9.7	-	53.0	19.4	84.9
Depreciation[86]	-	(14.7)	(1.5)	(73.0)	-	(89.2)
Exchange differences	2.6	11.1	0.6	23.5	1.5	39.3
Disposals (including demerged entities)	(39.3)	(181.5)	(14.0)	(384.1)	(46.0)	(664.9)
Closing net book value	**56.7**	**94.8**	**7.6**	**487.7**	**31.4**	**678.2**
At 30 September 2020						
Cost	57.7	289.0	26.6	1,250.8	31.4	1,655.5
Accumulated depreciation and impairment	(1.0)	(194.2)	(19.0)	(763.1)	-	(977.3)
Net book value	**56.7**	**94.8**	**7.6**	**487.7**	**31.4**	**678.2**

Treatment of inactive sites

From time to time, the Group decides to close or suspend operations at certain sites based on consideration of market and other relevant factors. These sites can become operational in future periods. The Group conducts an impairment assessment for these inactive sites by comparing the carrying value of the assets with the recoverable value calculated at the higher of fair value less cost to sell or value in use. The total value of such sites as at 30 September 2020 amounts to $8.3 million (2019: $9.4 million).

[85] Land previously secured under finance lease now transferred to lease assets and recognised in accordance with AASB 16.

[86] Depreciation includes $23.0m attributable to the discontinued operation.

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3.3 Property, plant, and equipment (continued)

ACCOUNTING POLICY

› Carrying value

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses. Subsequent costs are capitalised when it is probable that future economic benefits associated with the expenditure will flow to the Group.

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

› Depreciation

Property, plant and equipment assets, other than freehold land, are depreciated on a straight-line basis over the useful lives of the assets. Useful lives are reviewed on an annual basis and have been assessed as follows:

- Freehold buildings: 3-50 years
- Leasehold improvements: Term of lease
- Plant & equipment: 1-50 years

› Assets held for sale

Assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Assets are classified as held for sale if their carrying amounts will be recovered through a sale transaction rather than through continuing use.

Assets held for sale are presented separately from other assets in the consolidated statement of financial position. Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

› Impairment

Tests for impairment on items of property, plant and equipment are conducted in accordance with the policy for impairment of non-financial assets. Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

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3.4 Intangible assets

	Computer software	Trade name	Customer relationship	Goodwill	Capital works in progress	Total
	$ M	$ M	$ M	$ M	$M	$ M
At 30 September 2018						
Cost or fair value	135.4	4.7	119.2	444.7	7.4	711.4
Accumulated amortisation and impairment	(93.8)	(1.4)	(113.3)	-	-	(208.5)
Net book value	**41.6**	**3.3**	**5.9**	**444.7**	**7.4**	**502.9**
Movement						
Transfer between asset categories (note 3.3)	11.7	(1.0)	-	-	(3.7)	7.0
Transfer to assets held for sale (note 3.6)	-	-	-	(37.2)	-	(37.2)
Additions	7.1	-	-	-	1.5	8.6
Amortisation charge[87]	(19.9)	-	(4.2)	-	-	(24.1)
Exchange differences	0.3	-	-	13.1	0.4	13.8
Closing net book value	**40.8**	**2.3**	**1.7**	**420.6**	**5.6**	**471.0**
At 30 September 2019						
Cost or fair value	155.6	3.7	122.2	420.6	5.6	707.7
Accumulated amortisation and impairment	(114.8)	(1.4)	(120.5)	-	-	(236.7)
Net book value	**40.8**	**2.3**	**1.7**	**420.6**	**5.6**	**471.0**
Movement						
Transfer between asset categories (note 3.3)	-	-	-	1.2	16.0	17.2
Additions	5.2	-	-	-	0.2	5.4
Amortisation charge[87]	(16.7)	-	(1.7)	-	-	(18.4)
Exchange differences	0.6	-	-	21.9	0.4	22.9
Disposals (including demerged entities)	(7.8)	(0.9)	-	(358.1)	(6.2)	(373.0)
Closing net book value	**22.1**	**1.4**	**-**	**85.6**	**16.0**	**125.1**
At 30 September 2020						
Cost or fair value	133.5	2.2	-	85.6	16.0	237.3
Accumulated amortisation and impairment	(111.4)	(0.8)	-	-	-	(112.2)
Net book value	**22.1**	**1.4**	**-**	**85.6**	**16.0**	**125.1**

Impairment test for goodwill

For purposes of impairment testing, goodwill acquired through business combination is allocated to cash-generating units (CGUs) as below. As at 1 October 2019 the Groups of CGU's were aligned to the new operating segments (previously Grains, Oils, Malt). A relative fair value approach was used to reallocate the goodwill.

	2020 $ M	2019 $ M
Agribusiness	47.0	45.7
Processing	38.6	38.6
Malt	-	336.3
Total goodwill	**85.6**	**420.6**

[87] Amortisation charge includes $3.7m attributable to the discontinued operation.

3.4 Intangible assets (continued)

ACCOUNTING POLICY

Goodwill and intangible assets with indefinite lives are tested for impairment annually or more frequently if circumstances indicate that an asset may be impaired. In assessing impairment, the recoverable amount of assets is estimated to determine the extent of the impairment loss. The recoverable amount of the identified CGU's has been assessed using the higher of value in use (VIU) and fair value less costs to sell (FVLCTS). Management uses **judgement and estimation** in determining the recoverable amount of assets including expected future cash flows, long term growth rates and discount rates.

Agribusiness

The carrying value of the Agribusiness Group of CGU's has been assessed using a VIU model, consistent with prior periods. In assessing VIU, estimated future cash flows are based on the Group's most recent Board approved business plan covering a period of five years. Projected cash flows are based on past performance and management's future expectations. Cash flows beyond the five-year period are extrapolated using an estimated growth rate of 2.5%. The growth rate does not exceed the long-term average growth rate for the business in which the Group of CGU's operate.

Estimated future cash flows are discounted to present value using pre-tax discount rate of 9.65%. These discount rates reflect the current market assessment of the time value of money and risks specific to the relative segment and its country of operation.

Processing

Management has determined the recoverable amount of the Processing Group of CGU's by assessing the fair value less costs to sell (FVLCTS) of the underlying assets using the income approach. The inputs to the FVLCTS model are considered to be Level 3 in the fair value hierarchy due to unobservable inputs. Management's approach and the key assumptions used to determine the Processing FVLCTS were as follows:

Unobservable Inputs	Value assigned to key assumptions	Approach to determining key assumptions
Cost of disposal	$7.1m	Estimated based on the company's experience with disposal of assets and on industry benchmarks.
Cost reductions	$8.5m	Estimated cost reductions are based on management's judgement and past experience with similar restructuring initiatives.
Cashflow forecast period	5 years	Board approved / reviewed five-year forecasts which are prepared by management and consistent with market participant assumptions.
Post tax discount rate	7.55%	Reflects specific risks relating to the segments and the countries in which it operates.
Long-term growth rate	2.50%	The growth rate does not exceed the long-term average growth rate for the business in which the Group of CGU's operate

Impact of possible changes in key assumptions

With regard to the assessment of the VIU of Agribusiness, management do not believe that a reasonably possible change in any one of the key assumptions would lead to an impairment charge.

With regard to the assessment of the FVLCTS of Processing, an impairment charge may be required if there is a significant decline in the current cashflow projections. The recoverable amount of the CGU would approximately equal its carrying value, if the key assumptions were to change as follows:

- a decline in management cash flow projections of over 10%; or
- a 0.75% increase in the post-tax discount rate from 7.55% to 8.30%; or
- a 0.95% decline in the terminal growth rate from 2.50% to 1.55%.

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3.5 Leased assets and liabilities

	Land	Building & structures	Rail	Motor Vehicles	Plant & equipment	Total right of use assets
	$M	$M	$M	$M	$M	$M
At 30 September 2019						
Carrying amount	11.1	-	-	-	-	11.1
Change in initial application of *AASB 16*	129.2	41.6	12.0	14.3	49.4	246.5
Restated balance at 1 October 2019	**140.3**	**41.6**	**12.0**	**14.3**	**49.4**	**257.6**
Movements						
Additions	4.4	40.2	16.3	8.7	7.6	77.2
Depreciation[88]	(6.8)	(12.9)	(3.4)	(7.7)	(3.5)	(34.3)
Exchange differences	0.6	-	-	-	6.0	6.6
Disposals (including demerged entities)	(58.4)	-	(12.1)	-	(59.5)	(130.0)
Closing net book value	**80.1**	**68.9**	**12.8**	**15.3**	**-**	**177.1**

Lease Liabilities	2020 $M
At 30 September 2019	
Carrying amount	8.5
Change in initial application of AASB 16	242.9
Restated balance at 1 October 2019	**251.4**
Movements	
Additions	143.7
Interest expense	8.5
Payments for interest component of lease liability	(8.5)
Repayment of lease liabilities	(33.6)
Exchange difference	(0.3)
Disposals	(129.4)
Closing net book value	**231.8**
Current	**26.9**
Non-current	**204.9**

Lease expense recognised in consolidated income statement	2020 $M
Interest expense on lease liabilities	8.5
Depreciation of right of use assets	34.3
Variable lease payments (included in other expenses)	6.6
Short term and low value lease payments (included in other expenses)	4.2

Total lease commitments	2020 $M
Not later than one year	33.5
Later than one year but not later than five years	161.6
Later than five years	121.8
Minimum lease payments	**316.9**
Future finance charges	(85.1)
Total lease liabilities	**231.8**

Refer to note 5.3 for further disclosures relating to the adoption of AASB 16 in the year ending 30 September 2020.

[88] Depreciation expense includes $6.2m attributable to the discontinued operation.

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3.6 Assets held for sale

GrainCorp has one property that has been classified as held for sale at 30 September 2020. In 2019, the assets and liabilities relating to the Australian Bulk Liquid Terminals business, in addition to other GrainCorp properties were classified as held for sale.

	2020 $ M	2019 $ M
Property, plant and equipment	14.7	165.9
Intangible assets	-	37.2
Other assets	-	6.8
Total assets classified as held for sale	**14.7**	**209.9**

	2020 $ M	2019 $ M
Total liabilities directly associated with assets held for sale	-	**12.2**

On 31 December 2019, GrainCorp sold the Australian Bulk Liquid Terminals business to ANZ Terminals Pty Ltd. The total sales proceeds were $316.4 million. Under the sale agreement, GrainCorp entered into a long term services agreement, and hence the sale has been treated as a sale and leaseback transaction in accordance with AASB 16. The gain on sale of $86.1 million has been recognised within Other income in the Consolidated Income Statement (refer to note 1.3). Transaction related costs of $4.8 million have been recognised in Other expenses with consulting, legal and other selling costs (refer to note 1.4).

3.7 Trade and other payables

Current	2020 $ M	2019 $ M
Trade payables	124.7	218.6
Income received in advance	4.8	11.8
Other payables	23.9	132.8
Total current trade and other payables	**153.4**	**363.2**

Non-current	2020 $ M	2019 $ M
Income received in advance	11.3	32.0
Other payables	-	0.8
Total non-current trade and other payables	**11.3**	**32.8**

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3.8 Provisions

	Customer claims $ M	Onerous contracts $ M	Employee benefits $ M	Other $ M	Total provisions $ M
At 1 October 2019	**8.6**	**1.8**	**43.1**	**5.9**	**59.4**
Additional provisions	0.2	0.3	16.8	6.9	24.2
Amounts utilised	(1.8)	(0.6)	(10.2)	(0.7)	(13.3)
Exchange differences	-	-	0.2	0.4	0.6
Disposal/demerger of controlled entities	-	-	(11.4)	(3.7)	(15.1)
At 30 September 2020	**7.0**	**1.5**	**38.5**	**8.8**	**55.8**
Current	7.0	0.9	35.1	2.7	45.7
Non-current	-	0.6	3.4	6.1	10.1

Customer claims

Customer claims can arise under contractual terms if the quantity or quality of grain owned by a customer is not available at a specific location. A provision is made for customer claims in relation to grain losses or damages in the normal course of operations. The provision is based on the estimated cost of customer claims, with reference to past experience, the level of historical claims paid, and the current location, grade profile and quantity of physical grain in the network relative to customer ownership as at 30 September 2020. Management considers the estimation of the provision to be an area of **judgement and estimation.**

Onerous contracts

A provision is made for the unavoidable costs of meeting contractual obligations where the costs of meeting those obligations exceed the economic benefits expected to be received from the contract. The unavoidable costs under the contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The amount recognised is the best estimate of the consideration required to settle the present obligation at the reporting dates, taking into account the risks and uncertainties surrounding the obligation. Management considers the estimation of the provision to be an area of **judgement and estimation.**

Employee benefits

The provision for employee benefits represents sick leave, annual leave and long service leave (LSL) entitlements. It is measured as the present value of expected future payments for the services provided by employees up to the point of reporting date. For provisions that are expected to be settled 12 months after year end, the Group uses corporate bond rates with maturities aligned to the estimated timing of future cash flows to discount expected future payments. In calculating the LSL provision, management judgement is required to estimate future wages and salaries, on cost rates and employee service period.

The Group's current provision for employee benefits includes $35.1 million (2019: $37.1 million) in respect to accrued annual leave, vesting sick leave and a portion of long service leave, where employees have completed the required period of service. As the Group does not have an unconditional right to defer settlement, the entire obligation is categorised as a current liability.

Based on past experience, the Group does not expect all employees to take the full amount of accrued long service leave or require payment within the next 12 months. Group long service leave obligations expected to be settled within the next 12 months amount to $1.4 million (2019: $1.4 million).

Other provisions

Other is made up of legal, restructuring, restoration and worker's compensation provisions.

ACCOUNTING POLICY

Provisions are recognised when:

- The Group has a present obligation as a result of past events;
- It is highly likely an outflow of resources will be required to settle the obligation; and
- A reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current markets assessment of the time value of money and the risks specific to the liability.

3.9 Retirement benefit obligations

Defined contribution plan

The majority of employees in Australia and New Zealand are part of a defined superannuation scheme and received fixed contributions from the Group in accordance with statutory requirements. Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered services entitling them to the contributions.

Defined benefit plan

The Group operated pension plans for some employees of its Malt businesses in US, Canada, UK and Australia. The plan is funded through contributions to the defined benefit plan as determined by annual actuarial valuations. A defined benefit plan is a pension plan that defines the amount of pension benefit an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. During the year, the Malt business was demerged with the financial results of UMG recognised as a discontinued operation, as such the associated retirement benefit liability and asset in the statement of consolidated position is nil as at 30 September 2020.

a) Reconciliations

	2020 $ M	2019 $ M
Reconciliation of the present value of the defined benefit obligations:		
At 1 October	211.4	178.7
Current service cost	0.8	1.2
Interest cost	2.4	5.6
Scheme participants contributions	0.0	0.1
Remeasurements	(26.4)	33.5
Benefits paid	(7.6)	(11.9)
Past service cost	1.1	0.4
Exchange differences	18.4	3.8
Balance released as part of the UMG demerger	(200.1)	-
At 30 September	**-**	**211.4**
Reconciliation of fair value of plan assets:		
At 1 October	197.0	172.1
Interest income	2.2	5.5
Remeasurements	(14.8)	18.6
Contributions by Group companies	3.2	9.2
Scheme participants contributions	0.0	0.1
Actual plan administration expense	(0.2)	(0.3)
Benefits paid	(7.6)	(11.9)
Exchange differences	17.2	3.7
Balance released as part of the UMG demerger	(197.0)	-
At 30 September	**-**	**197.0**

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4 Group Structure

This section provides information on how the Group structure affects the financial position and performance of the Group. The disclosures detail the types of entities and transactions included in the consolidation and those which are excluded.

4.1 Subsidiaries

The consolidated financial statements of the Group incorporate the assets, liabilities and results of all controlled entities. The Group controls an entity when it has power over the entity, is exposed to, and has the rights to, variable returns from its involvement with that entity and has the ability to affect those returns. Controlled entities are fully consolidated from the date control is obtained until the date that control ceases. All subsidiaries in the Closed Group and other consolidated entities of the Group are listed below.

Table A: Subsidiaries in the Closed Group (note 4.2)	Country of	Equity holdings	
Name of entity	incorporation	2020	2019
Auscol Pty Ltd	Australia	100%	100%
Champion Liquid Feeds Pty Limited	Australia	100%	100%
CropConnect Holdings Pty Ltd	Australia	100%	100%
CropConnect Custodian Pty Ltd	Australia	100%	100%
CropConnect Pty Ltd	Australia	100%	100%
Grainco Australia Pty Limited	Australia	100%	100%
GrainCorp Commodity Management (Holdings) Pty Ltd	Australia	100%	100%
GrainCorp Commodity Management Pty Ltd	Australia	100%	100%
GrainCorp Foods Australia Pty Ltd	Australia	100%	100%
GrainCorp Liquid Terminals Australia Pty Ltd [89]	Australia	-	100%
GrainCorp Oils Holdings Pty Ltd	Australia	100%	100%
GrainCorp Oilseeds Pty Ltd	Australia	100%	100%
GrainCorp Operations Limited	Australia	100%	100%
GrainCorp Services Limited	Australia	100%	100%
GrainCorp Warehouse Cashflow Pty Ltd	Australia	100%	100%
Hunter Grain Pty Limited	Australia	100%	100%
Hunter Grain Transport Pty Limited	Australia	100%	100%
Vicgrain (Assets) Pty Limited	Australia	100%	100%
Vicgrain Pty Limited	Australia	100%	100%

Table B: Other subsidiaries	Country of	Equity holdings	
Name of entity	incorporation	2020	2019
ABN 36 073 105 656 Pty Ltd[90]	Australia	100%	100%
GSEST Pty Ltd	Australia	-	100%
GrainCorp Canada Inc.	Canada	100%	100%
GrainCorp Operations Canada Inc.	Canada	100%	100%
Gardner Smith Commodities Trading (Shanghai) Co. Ltd	China	100%	100%
Shanghai Grand Port Liquid Storage Terminals Co. Ltd	China	100%	100%
GrainCorp Europe GmbH & Co. KG	Germany	100%	100%
GrainCorp Europe Management GmbH	Germany	100%	100%
GrainCorp Commodity Management (NZ) Limited	New Zealand	100%	100%
GrainCorp Feeds Limited	New Zealand	100%	100%
GrainCorp Foods NZ Limited	New Zealand	100%	100%
GrainCorp Liquid Terminals NZ Limited	New Zealand	100%	100%
GrainCorp Operations Asia Pte Ltd	Singapore	100%	100%
Gardner Smith Africa Pty Ltd[91]	South Africa	100%	100%
GrainCorp Europe (UK) Ltd	UK	100%	100%
Saxon Agriculture Limited	UK	100%	100%
GrainCorp (Black Sea) Holdings UK Limited	UK	100%	100%
GrainCorp Ukraine LLC	Ukraine	100%	100%
GrainCorp India Private Limited [92]	India	100%	-

[89] GrainCorp Liquid Terminals Australia Pty Ltd was sold on 31 December 2019.

[90] Subject to member's voluntary liquidation or deregistration.

[91] De-registered. Subject to completion of winding-up.

[92] GrainCorp India Private Limited was established on 3 October 2019.

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4.1 Subsidiaries (continued)

The below subsidiary entities were removed from the GrainCorp Group as part of the Demerger. All entities in the table below incorporated in Australia were part of the Closed Group up to the point of Demerger.

Table C: Demerged subsidiaries		Equity holdings	
Name of entity	Country of incorporation	2020	2019
GrainCorp UK Limited	UK	-	100%
Malt UK Holdco Limited	UK	-	100%
Maltco 3 Limited	UK	-	100%
Mark Lawrence (Grain) Limited	UK	-	100%
Moray Firth Maltings Limited	UK	-	100%
Norton Organic Grain Limited	UK	-	100%
Bairds Malt Limited	UK	-	100%
Bairds Malt (Pension Trustees) Limited	UK	-	100%
Brewers Select Limited	UK	-	100%
GrainCorp (Canada) Holdings UK Limited	UK	-	100%
Scotgrain Agriculture Limited	UK	-	100%
Ulgrave Limited	UK	-	100%
GrainCorp Holdings USA	USA	-	100%
GrainCorp USA	USA	-	100%
Great Western Malting Co	USA	-	100%
Malt US Holdco Inc	USA	-	100%
Schill Malz GmbH Co. KG	Germany	-	100%
Schill Malz Verwaltungs-GmbH	Germany	-	100%
Barrett Burston Malting Co (NZ) Limited	New Zealand	-	100%
Canada Malting Co. Limited	Canada	-	100%
Australia Malt Finco Pty Ltd	Australia	-	100%
Australia Malt Holdco Pty Ltd	Australia	-	100%
Barrett Burston Malting Co. Pty. Ltd.	Australia	-	100%
Barrett Burston Malting Company WA Pty Limited	Australia	-	100%
GrainCorp Australia Pty Ltd	Australia	-	100%
United Malt Group Pty Ltd (formerly GrainCorp Holdings Australia Pty Ltd)	Australia	-	100%
Malt Real Property Pty Limited	Australia	-	100%
Security Superannuation Fund Pty Limited	Australia	-	100%

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4.2 Deed of cross guarantee

The Group and subsidiaries included in Table A of note 4.1 have entered a Deed of Cross Guarantee under which each of the companies guarantees the debts of the other and are relieved from the requirement to prepare financial statements under ASIC Class Order No. 2016/785. These are collectively known as the Closed Group.

Set out below is the Consolidated Income Statement, a summary of movements in consolidated retained earnings and a Consolidated Statement of Financial Position for the Closed Group for the year ended 30 September 2020. The profit from discontinued operation includes the results of the demerged entities within the Closed Group up to the date of Demerger, in addition to the Gain on Demerger recognised in the parent entity of the Closed Group. This represents the fair value of UMG at date of settlement (refer to Note 4.5) less the carrying value of the investment in subsidiaries disposed. The 2019 prior year comparative has not been restated as the underlying operations of the entities within the discontinued operation (in the Closed Group) were not material.

Consolidated income statement	2020 $ M	2019 $ M
Revenue	3,479.8	3,730.6
Other income	(208.1)	(74.5)
Goods purchased for resale	(2,785.8)	(2,811.2)
Raw materials and consumables used	(386.0)	(549.9)
Employee benefits expense	(211.2)	(223.0)
Depreciation and amortisation	(102.6)	(100.4)
Finance costs	(26.6)	(42.5)
Repairs and maintenance	(29.3)	(23.0)
Other expenses	(103.6)	(163.5)
Share of results from investments accounted for using the equity method	-	(0.1)
Profit / (loss) for the year	(373.4)	(257.5)
Income tax (expense) / benefit	(23.1)	84.1
Loss for continuing operations	**(396.5)**	**(173.4)**
Profit from discontinued operation	1,093.1	-
Profit / (loss) for the year	**696.6**	**(173.4)**
Other comprehensive income:		
Changes in the fair value of cash flow hedges	(4.9)	1.0
Remeasurements of retirement benefit obligations	-	(0.1)
Income tax (expense) / benefit relating to components of other comprehensive income	1.5	(0.3)
Other comprehensive income / (loss) for the year, net of tax	(3.4)	0.6
Total comprehensive profit / (loss) for the year	**693.2**	**(172.8)**
Summary of movements in consolidated retained earnings		
Retained earnings at the beginning of the financial year	(95.1)	96.7
Profit / (Loss) for the year	696.6	(173.4)
Dividends paid	(181.2)	(18.3)
Remeasurement of retirement benefit obligations	-	(0.1)
Retained earnings / (losses) at the end of the financial year	**420.3**	**(95.1)**

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4.2 Deed of cross guarantee (continued)

Set out below is the Consolidated Statement of Financial Position of the Closed Group as at 30 September 2020.

Consolidated statement of financial position	2020 $ M	2019 $ M
Current assets		
Cash and cash equivalents	90.1	78.9
Trade and other receivables	213.6	392.4
Inventories	220.7	393.4
Derivative financial instruments	89.3	55.4
Assets classified as held for sale	14.7	209.9
Current tax assets	1.6	-
Total current assets	**630.0**	**1,130.0**
Non-current assets		
Trade and other receivables	-	22.7
Investment in subsidiaries	227.1	447.2
Investments accounted for using the equity method	1.0	1.0
Investments in other entities	110.0	1.0
Property, plant and equipment	653.5	820.9
Right of use assets	177.1	-
Deferred tax assets	88.1	102.1
Intangible assets	41.3	70.0
Derivative financial instruments	1.5	1.8
Total non-current assets	**1,299.6**	**1,466.7**
Total assets	**1,929.6**	**2,596.7**
Current liabilities		
Trade and other payables	217.8	182.7
Deferred revenue	7.4	11.0
Lease liabilities	24.0	-
Borrowings	213.9	490.5
Derivative financial instruments	62.4	57.5
Current tax liabilities	-	2.5
Liabilities directly associated with assets held for sale	-	12.2
Provisions	40.5	44.4
Total current liabilities	**566.0**	**800.8**
Non-current liabilities		
Trade and other payables	11.3	18.2
Borrowings	150.0	508.4
Lease liabilities	195.0	-
Derivative financial instruments	5.1	0.4
Provisions	5.6	7.4
Retirement benefit obligations	-	-
Total non-current liabilities	**367.0**	**534.4**
Total liabilities	**933.0**	**1,335.2**
Net assets	**996.6**	**1,261.5**
Equity		
Contributed equity	572.7	1,347.9
Reserves	3.6	8.7
Retained earnings / (losses)	420.3	(95.1)
Total equity	**996.6**	**1,261.5**

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4.3 Parent entity financial information

The financial information of the parent entity is prepared on the same basis as the consolidated financial statements, except as follows:

i. Investments in subsidiaries and associates are carried at cost; and

ii. Dividends received from associates are recognised in the profit and loss.

Statement of financial position	2020 $ M	2019 $ M
Current assets	6.2	1.2
Total assets	737.3	1,838.7
Current liabilities	0.2	0.5
Total liabilities	0.2	0.5
Shareholders' equity		
Contributed equity	572.8	1,347.9
Share option reserve	2.9	4.2
Capital reserve	8.3	8.3
Retained earnings	153.1	477.8
Total shareholders' equity	**737.1**	**1,838.2**
Profit for the year	**(143.4)**	**61.0**
Total comprehensive income	**(143.4)**	**61.0**

The parent entity is party to the Deed of Cross Guarantee and is subject to the terms of the deed as described in note 4.2. At 30 September 2020, the parent entity did not provide any other guarantees (2019: nil), contingent liabilities (2019: nil) or capital commitments (2019: nil).

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4.4 Investments accounted for using the equity method

a) Carrying amounts

All the joint ventures below are incorporated in Australia, except for GrainsConnect Canada which is incorporated in Canada.

Company	Principal activity	Ownership interest 2020	Ownership interest 2019	Carrying amount 2020 $ M	Carrying amount 2019 $ M
GrainsConnect Canada Operations Inc	Grain elevation and storage	50%	50%	35.7	39.5
National Grower Register Pty Ltd	Register management	50%	50%	1.0	1.0
ACN 168 101 335 Pty Ltd (in administration previously PumpFree Pty Ltd)	Liquid oil transportation	23%	23%	-	-
				36.7	**40.5**

b) Movements in carrying amounts

i. Summarised financial information of joint ventures

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

Summarised statement of financial position	GrainsConnect Canada Operations Inc[93] 2020 $ M	GrainsConnect Canada Operations Inc[93] 2019 $ M
Current assets	111.6	76.1
Non-current assets	225.7	235.0
Total assets	**337.3**	**311.1**
Current liabilities	87.9	175.0
Non-current liabilities	177.5	57.1
Total liabilities	**265.4**	**232.1**
Net assets	**71.9**	**79.0**
Reconciliation of carrying amounts:		
Balance at beginning of year	79.0	59.6
(Loss) for the year	(2.7)	(10.5)
Capital contributions	-	26.0
Exchange differences in translation of opening balances	(4.4)	3.9
Closing net assets	**71.9**	**79.0**
Group's share of net assets	**36.0**	**39.5**

Summarised statement of comprehensive income	GrainsConnect Canada Operations Inc 2020 $ M	GrainsConnect Canada Operations Inc 2019 $ M
Revenue	451.0	242.8
Operating (loss) after tax	**(2.7)**	**(10.5)**
Other comprehensive (loss)	-	-
Total comprehensive (loss)	**(2.7)**	**(10.5)**
Group's share of comprehensive (loss)	**(1.4)**	**(5.3)**

[93] GrainsConnect Canada's current assets includes $5.3m cash and cash equivalents (2019: $8.3m).
GrainsConnect Canada's liabilities includes $31.5m current borrowings (2019: $25.7) and $54.7 non-current borrowings (2019: $57.1m).

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4.4 Investments accounted for using the equity method (continued)

ii. Individually immaterial joint ventures

In addition to interest in joint ventures disclosed in (i), the Group also has an interest in several individually immaterial joint ventures that are accounted for using the equity accounting method.

	2020 $ M	2019 $ M
Reconciliation of carrying amounts:		
Balance at beginning of year	1.0	1.1
Share of (loss) after income tax	-	(0.1)
Aggregated carrying amount of individually immaterial joint ventures	**1.0**	**1.0**

iii. Group's share of commitments and contingent liabilities in respect of joint ventures

Group's share of joint venture's expenditure commitments:

	2020 $ M	2019 $ M
Capital commitments	-	3.2
	-	**3.2**

ACCOUNTING POLICY

Investments in joint ventures are accounted for using the equity method, whereby the share of profit or loss recognised is the Group's share of the investment's profit or loss based on ownership interest held. A joint venture is an arrangement where the Group has joint control over the activities and joint rights to the net assets.

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4.5 Discontinued Operation

a) Description

On 4 April 2019 GrainCorp announced its intention to demerge its international malting business. The Demerger of UMG was completed in March 2020. At date of Demerger GrainCorp retained a 10 per cent ownership in UMG, which is classified as an investment on the GrainCorp balance sheet (disclosed in note 2.6). UMG is reported in the financial statements as at 30 September 2020 as a discontinued operation. Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

The fair value of UMG at the date of settlement, being $1,062.6 million, was calculated using the volume weighted average price (VWAP) of UMG's shares as traded on the ASX over the first five trading days after the Demerger date ($4.1788) multiplied by the number of UMG shares on initial listing (254,284,032 ordinary shares).

The investment retained by GrainCorp at date of Demerger was initially valued at $106.3 million, applying the same methodology with a fair value loss of $1.5 million recognised on 30 September 2020. The total investment recognised on the Consolidated Statement of Financial Position is $104.8 million at 30 September 2020.

The Demerger distribution is accounted for as a reduction in equity, split between share capital of $775.1 million and retained earnings of $181.2 million as specified in the ATO ruling. The amount treated as a reduction in share capital has been calculated by reference to the market value of UMG shares and the market value of GrainCorp shares post Demerger. The difference between the fair value of the distribution and the capital reduction amount is the Demerger dividend.

b) Financial performance and cash flow information

The financial performance and cash flow information presented reflects the operations of UMG up the date of Demerger[94].

	2020 $ M	2019 $ M
Results of discontinued operation		
Revenue	626.3	1,316.5
Expenses	(590.3)	(1,216.6)
Other income	1.6	4.1
Profit before income tax	**37.6**	**104.0**
Income tax expense	(9.1)	(27.7)
Gain on demerger after income tax	279.6	-
Profit after tax from discontinued operation	**308.1**	**76.3**
Remeasurements of retirement benefit obligations	9.0	(11.9)
Changes in fair value of cash flow hedges	(8.5)	(9.4)
Exchange differences on translation of foreign operations	59.2	38.3
Reserves released to profit and loss on demerger	(181.5)	-
Other comprehensive income / (loss) from discontinued operation	**(121.8)**	**17.0**
Total comprehensive income for the period attributable to discontinued operation	**186.3**	**93.3**

	2020 $ M	2019 $ M
Cash flows of discontinued operation		
Net cash inflow from ordinary activities	11.3	93.0
Net cash (outflow) from investing activities	(29.0)	(46.5)
Net cash (outflow) from financing activities	(67.1)	(141.8)
Net cashflows for the period	**(84.8)**	**(95.3)**
Earnings per share – discontinued operation		
Basic earnings per share from discontinued operation (cents)	134.6	33.3
Diluted earnings per share from discontinued operation (cents)	134.1	33.2

[94] The date of Demerger for accounting purposes occurred prior to the end of the half-year reporting period. Revenue and expenses have been adjusted for the discontinued operation to reflect the difference. The impact on EBITDA and Profit Before Tax was not material.

4.5 Discontinued Operation (continued)

c) Assets and liabilities of controlled entities at date of Demerger

	2020 $ M
Assets	
Cash and cash equivalents	106.8
Trade and other receivables	276.6
Inventories	360.6
Right of use assets	90.2
Property, plant and equipment	659.3
Derivative financial instruments	16.1
Retirement benefit asset	3.9
Current tax assets	6.8
Deferred tax assets	10.4
Intangible assets	373.1
Other assets	1.8
Total assets demerged	**1,905.6**
Liabilities	
Trade and other payables	150.9
Borrowings	598.1
Lease liabilities	89.5
Deferred tax liabilities	89.3
Derivative financial instruments	36.7
Retirement benefit obligations	7.0
Provisions and other liabilities	14.8
Total liabilities demerged	**986.3**
Net assets demerged	**919.3**

d) Profit on Demerger

	2020 $ M
Allocation of deemed fair value of UMG at demerger	
Capital distribution	775.1
Demerger dividend	181.2
Fair value of GrainCorp's retained investment in UMG	106.3
Fair value at date of distribution	**1,062.6**
Gain on demerger	
Fair value of UMG demerger	1,062.6
Carrying amount of net assets	(919.3)
Gain on Demerger before income tax and reclassification of reserves	**143.3**
Reclassification of foreign currency translation reserve	198.2
Reclassification of hedging reserve	(16.7)
Gain on Demerger after income tax, before transaction costs	**324.8**
Transaction and separation costs	(25.8)
Income tax expense[95]	(19.4)
Gain on Demerger after income tax, after transaction costs	**279.6**

[95] Net tax impact relates to deferred tax asset write off in relation to foreign operation entities, offset by recognition of deferred tax liability on initial 10 per cent investment in UMG.

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4.6 Related party transactions

a) Transactions with related parties

Interests held in joint ventures by the Group are set out in note 4.4. Revenue earned by the Group during the year as a result of transactions with joint ventures and other investments the Group holds is as follows:

	Consolidated	
	2020 $'000	2019 $'000
Purchases from GrainsConnect Canada	74,444.3	28,739.0
Interest income from National Grower Register Pty Ltd (NGR)	0.5	6.0

b) Outstanding balances in relation to transactions with related parties

Interest held in joint ventures by the Group are set out in note 4.4. Balances outstanding at the end of the financial year are as follows:

	Consolidated	
	2020 $'000	2019 $'000
Loan to NGR (note 3.1)	-	125.0
Current (payable) / receivable from GrainsConnect Canada	(6,490.9)	4,810.0

c) KMP compensation

The remuneration disclosures are provided in Sections 1 to 7 of the Remuneration Report.

	2020 $'000	2019 $'000
Short-term employee benefits	5,152.0	5,607.0
Post-employment benefits	170.0	205.0
Long-term benefits	54.0	66.0
Share-based payments	1,566.0	515.0
Termination benefits	426.0	462.0
Total KMP compensation	**7,368.0**	**6,855.0**

d) Other transactions with KMP

Transactions for storage, handling, transport, testing, seed sales and purchase of grain, fertiliser and other agricultural products from Directors or Director related entities took place during both financial years covered by this report and occurred within a normal customer relationship on terms no more favourable than those available on similar transactions to other customers. Below are aggregate amounts due, from and to Directors, any other KMP and their Director related and KMP related entities at balance date. These balances are the result of transactions conducted under normal trading terms and conditions.

Directors and other KMP who transacted business with the Group were D J Mangelsdorf, D G McGauchie, K Pamminger and R J Spurway. (2019: D J Mangelsdorf, D G McGauchie, A G Bell, K Pamminger and G A Friberg).

	2020 $'000	2019 $'000
Current receivables	355.4	7,867.0
Current payables	6,490.9	-

Current payables: GrainsConnect Canada (FY20: $6,491,000, FY19: receivable $4,810,000) an entity of which K Pamminger and R Spurway are Directors.

Current receivables: Queensland Commodity Exports (FY20: $273,976, FY19: nil) an entity of which K Pamminger is a Director. Australian Agricultural Company Ltd (FY20: $81,442, FY19: $2,733,000) with transactions generating revenue of $17,050,737 (FY19: $26,621,000), an entity related to D G McGauchie.

During FY20 GrainCorp recognised revenue from the following related parties; Warakirri (FY20: $351,469, FY19: $444,844) and Daybreak Cropping (FY20: $163,426, FY19: $164,026). There is no outstanding receivable / payable balance at year end. Both entities are related to D J Mangelsdorf.

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5 Additional Notes

5.1 Remuneration of auditor

	2020 $'000	2019 $'000
PwC Australia		
Audit and review of financial reports and other work under the *Corporations Act 2001*	1,392	1,103
Other assurance services[96]	620	744
Total remuneration of PwC Australia	**2,012**	**1,847**
Overseas practices of PwC Australia		
Audit and review of financial reports	846	1,181
Other services	36	43
Total remuneration of related practices of PwC Australia	**882**	**1,224**
Total auditors' remuneration	**2,894**	**3,071**

5.2 Share-based payments

The Group operates long-term incentive and short-term incentive plans. Fully paid ordinary shares issued under these plans rank equally with all other existing fully paid ordinary shares.

a) Long-term incentive plan (LTIP)

Under the Group's LTIP, senior executives have the opportunity to be rewarded with fully paid ordinary shares, provided the LTIP meets minimum pre-determined hurdles for Total Shareholder Return (TSR) and Return on Capital Employed (ROCE) or Return on Invested Capital (ROIC) covering a three-year period, as set by the Remuneration and Nominations Committee. These shares are purchased on market or issued to the trustee once the LTIP vests.

Full details of the LTIP plan are included in Sections 1 to 7 of the Remuneration Report.

The fair value of performance rights are determined using an option pricing model with the following inputs:

Grant date	22 February 2018	1 March 2019	16 April 2019	29 May 2020	29 May 2020
Fair value at grant date (TSR)	$1.66	$6.02	$5.29	$2.69	$2.42
Fair value at grant date (ROCE)	-	-	-	$4.26	$4.15
Fair value at grant date (ROIC)	-	$9.17	$8.82	-	-
Fair value at grant date (ROE)	$7.07	-	-	-	-
Estimated vesting date	30 September 2020[97]	30 September 2021[98]	30 September 2021[98]	30 September 2021	30 September 2022
Share price at grant date	$7.70	$9.82	$9.42	$4.42	$4.42
Volatility	20%	25%	25%	30%	30%
Risk free interest rate	2.09%	1.68%	1.46%	0.25%	0.26%
Dividend yield	3.1%	2.5%	2.5%	2.5%	2.5%

Set out in the table below is a summary of the number of rights granted under the LTIP. The exercise price on outstanding options is zero.

Grant date	Expiry date	Balance at start of year	Granted during year	Exercised during the year	Forfeited during year	Expired during year	Balance at end of year	Exercisable at end of year
22-Feb-18	23-Mar-20 [97]	330,513	-	-	(330,513)		-	-
01-Mar-19	23-Mar-20 [98]	357,563	-	-	(357,563)	-	-	-
16-Apr-19	23-Mar-20 [98]	25,065	-	-	(25,065)	-	-	-
29-May-20	30-Sep-21	-	262,522	-	(62,520)	-	200,002	-
29-May-20	30-Sep-22	-	267,283	-	(67,521)	-	199,762	-
		713,141	**529,805**	**-**	**(843,182)**	**-**	**399,764**	**-**

[96] Other services include costs associated with the investigating accountant's report in the scheme booklet for the Demerger of the Malt business unit, company secretarial services and other specified agreed upon procedures.

[97] The FY18 LTI award's performance period was scheduled to end on 30 September 2020. The performance testing was brought forward to 23 March 2020 ahead of the Demerger against the award's performance measures. Refer to the Remuneration Report for further details.

[98] The FY19 LTI award was cancelled on 23 March 2020 ahead of the Demerger. Refer to the Remuneration Report for further details.

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5.2 Share-based payments (continued)

b) Deferred Equity Plan (DEP)

All senior executives are required to have a portion of their short-term incentives deferred and paid subject to executives remaining with the Company for subsequent periods.

For the CEO the 50% deferred component of STI is paid 12 months following the initial STI awards as rights. For other Executives, the deferred component is paid over two years as rights i.e. 50% deferred component at the end of year one and 50% of deferred component at the end of year 2.

The fair value of rights are determined using an option pricing model with the following inputs:

Grant date	31-Jan-18	31-Jan-18	27-Feb-18	27-Feb-18	29-Jan-19	29-Jan-19	29-May-20
Fair value at grant date	$7.25	$7.03	$7.77	$7.54	$7.46	$7.27	$3.36
Estimated vesting date	30-Sep-18	30-Sep-19	30-Sep-18	30-Sep-19	30-Sep-19	30-Sep-20	30-Sep-20
Share price at grant date	$7.40	$7.40	$7.91	$7.91	$7.58	$7.58	$4.42
Dividend yield	3.10%	3.10%	3.10%	3.10%	2.50%	2.50%	2.50%

Set out below is a summary of the number of rights granted under the DEP:

Grant date	Expiry date	Balance at start of year	Granted during year	Exercised during the year	Forfeited during year	Expired during year	Balance at end of year	Exercisable at end of year
31-Jan-18	30 Sep 2018 & 30 Sep 2019	212,434	-	(212,434)	-	-	-	-
27-Feb-18	30 Sep 2018 & 30 Sep 2019	14,918	-	(14,918)	-	-	-	-
29-Jan-19	30 Sep 2019 & 30 Sep 2020	233,785	-	(143,977)	(47,016)	-	42,792	42,792
29-May-20	30-Sep-20	-	49,791	-	-	-	49,791	49,791
		461,137	**49,791**	**(371,329)**	**(47,016)**	**-**	**92,583**	**92,583**

c) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expenses in the Consolidated Income Statement were as follows:

	2020 $ M	2019 $ M
Share-based payments expense	1.8	1.1

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5.2 Share-based payments (continued)

ACCOUNTING POLICY

The grant date fair value of equity-settled share-based payments is recognised as an expense proportionally over the vesting period, with a corresponding increase in equity.

The fair value of instruments with market-based performance conditions (e.g. TSR) is calculated at the date of grant using the Monte Carlo simulation model which is a commonly used valuation technique. The probability of achieving market-based performance conditions is incorporated into the determination of the fair value per instrument.

The fair value of instruments with non-market-based performance conditions (e.g. ROE, ROIC), service conditions and retention rights is calculated using the Black-Scholes option pricing model.

The amount recognised as an expense over the vesting period is adjusted to reflect the actual number of instruments that vest. The expense is recognised in full if the awards do not vest due to market condition not being met.

5.3 Impact of new and revised accounting standards

New accounting standards and interpretations that are applicable for the reporting period ended 30 September 2020 are detailed below.

AASB 16 *Leases*

GrainCorp adopted the modified retrospective approach, whereby the comparative information for the 30 September 2019 reporting period has not been restated in accordance with the standard. On adoption of AASB 16, the Group assessed whether existing contracts contained leases at the date of inception. These liabilities were measured at the present value of the remaining lease payments, discounted using an incremental borrowing rate at 1 October 2019, which contained the following components:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that are based on an index (CPI) or a fixed rate as outlined in the lease, initially measured using the index (CPI) or fixed rate as at the commencement date
- Amounts expected to be payable by the consolidated entity under residual value guarantees
- The exercise price of a purchase option if the consolidated entity is reasonably certain to exercise that option
- Lease payments with reasonably certain extension options.

In accordance with AASB 16, lease payments are discounted using the interest rate implicit in the lease, and if that rate cannot be readily determined, the Groups incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. The incremental borrowing rate is calculated by applying the interest rate on the Groups external borrowings for a term near equivalent to the lease. If there are no borrowings that mature within a reasonable proximity of the lease term, indicative pricing of where the consolidated entity can price a new debt capital market issue for a comparative term will be used in the calculation. The weighted average incremental borrowing rate applied to the lease liabilities on 30 September 2020 was 3.1% per annum.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in Consolidated Income Statement. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

The Group adopted AASB 16 using the modified retrospective method of adoption with the date of initial application of 1 October 2019. The Group elected to use the transition practical expedient approach allowing the following:

- Recognition exemptions for lease contracts that, at initial application date, have a remaining lease term of 12 months or less
- Recognition exemptions for lease contracts for which the underlying asset is of low value
- Apply a single discount rate to a portfolio of leases with reasonably similar characteristics
- Use of hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease
- Exclude initial direct costs from the measurement of the right-of-use asset at the date of initial application.

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5.3 Impact of new and revised accounting standards (continued)

The following table shows the adjustments for AASB 16 as recognised for each impacted financial statement line item.

	30 September 2019 originally presented $ M	Total AASB 16 impact $M	1 October 2019 Restated $ M
Current assets			
Trade and other receivables	624.0	(0.2)	623.8
Total current assets	1,907.7	(0.2)	**1,907.5**
Non-current assets			
Right of use asset	-	257.6	257.6
Property, plant and equipment	1,335.2	(11.1)	1,324.1
Total non-current assets	1,967.9	246.5	**2,214.4**
Current liabilities			
Lease liabilities	-	48.7	48.7
Borrowings	633.2	(0.2)	633.0
Total current liabilities	1,132.5	48.5	**1,181.0**
Non-current liabilities			
Lease liabilities	-	202.7	202.7
Borrowings	768.3	(8.3)	760.0
Provisions	10.5	3.4	13.9
Total non-current liabilities	906.8	197.8	**1,104.6**
Total equity	1,836.3	-	**1,836.3**

The lease liabilities as at 1 October 2019 can be reconciled to the operating lease commitments as of 30 September 2019 as follows:

Operating lease commitments disclosed as at 30 September 2019	295.9
Impact of discounting using incremental borrowing rate	(55.7)
Less:	
Short-term leases recognised on a straight-line basis as expense	(1.4)
Leases not yet commenced	(44.7)
Add:	
Receivable leases offset against 2019 disclosed commitments	44.9
Finance leases not previously disclosed as operating lease commitments	8.5
New contracts included at inception	3.9
Lease liabilities recognised as at 1 October 2019	**251.4**

For the year ended 30 September 2020 included in the Consolidated Income Statement is depreciation of right-of-use assets of $34.3m (continuing operations $28.1m and discontinued operation $6.2m) and interest expense of $8.5m (continuing operations $7.2m and discontinued operation $1.3m). Expense for these leases would have been recorded under rent expense prior to the adoption of AASB 16. After adoption of AASB 16, the Group's cash flows from operating activities include payments for the interest portion of lease payments (included in borrowing costs paid) and cash flows from financing include repayment of the principal portion of the lease liabilities.

5.4 Events subsequent to reporting date

No significant events subsequent to the balance date have occurred.

Directors' Declaration

In the Directors' opinion:

a) The financial statements and notes set out on pages 54 to 108 are in accordance with the *Corporations Act 2001*, including:

   i. Complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

   ii. Giving a true and fair view of the consolidated entity's financial position as at 30 September 2020 and of its performance for the financial year ended on that date; and

b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

c) At the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in note 4.2 will be able to meet any obligation or liabilities to which they are, or may become, subject to by virtue of a deed of cross guarantee described in note 4.2.

The Basis of Preparation note as disclosed on page 60 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

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



Peter Richards
Chairman

Sydney
12 November 2020

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Independent auditor's report

To the members of GrainCorp Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of GrainCorp Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 September 2020 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 30 September 2020
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated income statement for the year then ended
- the notes to the consolidated financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.



Materiality

- For the purpose of our audit we used overall Group materiality of $4 million, which represents approximately 5% of the Group's weighted average profit/loss before tax from continuing operations.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- This benchmark was considered appropriate, because, in our view, profit/loss before tax from continuing operations is the metric against which the performance of the Group is most commonly measured. A weighted average of the current and two previous years was used due to fluctuations in profit/loss from year to year driven by the cyclical nature of the business (weather conditions and crop quality). We selected a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

Audit Scope

- Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- Separate PwC firms in the relevant locations ("local PwC audit firms") performed an audit of the financial information prepared for consolidation purposes for selected components due to their significance to the Group, either by individual size or by risk. Certain components in the Group are selected every year due to their size or nature, whilst others are included on a rotational basis.
- In addition, local PwC audit firms performed risk focused targeted audit or specified procedures on selected transactions and balances for a further components which are not significant to the Group.
- The remaining components were financially insignificant and are considered as part of Group analytical procedures and other specified procedures.
- The PwC Australia Group audit team (the Group audit team) performed audit procedures over centrally managed



areas such as the impairment assessment of goodwill, share based payments, treasury and the consolidation process.

- The audit procedures were performed by PwC Australia and local PwC audit firms operating under the Group audit team's instructions. The Group audit team determined the level of involvement needed in the audit work of local PwC audit firms to be satisfied that sufficient audit evidence had been obtained for the purpose of the opinion. The Group audit team kept in regular communication with the local PwC audit firms throughout the year through videoconferences, phone calls, discussions and written instructions.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Board Audit and Risk Committee.

Key audit matter	*How our audit addressed the key audit matter*
Goodwill impairment assessment *Refer to Note 3.4* *$85.6 million* This was a key audit matter due to the financial size of the goodwill balance and because the assessment of potential impairment involves significant judgement by the Group in determining the recoverable amount of assets including expected future cash flows, long term growth rates and discount rates. Goodwill is formally tested by the Group annually regardless of whether there is an indicator of impairment, as required by Australian Accounting Standards.	We performed a number of procedures including the following: • Assessed whether the division of the Group's goodwill and other assets and liabilities into Cash Generating Units (CGUs) to assess impairment, was consistent with our understanding of the Group's operations and internal Group reporting. • Considered whether the methodology applied in the discounted cash flow models (the models) used to calculate the recoverable amount for each Group of CGUs was consistent with the basis required by Australian Accounting Standards. • Compared the cash flow forecasts for 2021 in the models to those in the latest Board approved budgets. • Assessed the Group's ability to forecast future cash flows for the business by comparing previous forecasts with reported actual results from recent history. • Compared the Group's key assumptions for growth rates in the model forecasts to historical results and economic and industry forecasts. • Evaluated the discount rates in the models, with the assistance of PwC experts by assessing the reasonableness of the relevant inputs in the calculation

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Key audit matter	*How our audit addressed the key audit matter*
	against available market data and industry research. • Evaluated the appropriateness of the terminal growth rate in the models by comparison to the long term average growth rates of the countries that the Group operates in. • Tested the mathematical accuracy of the impairment models' calculations. • Evaluated the adequacy of the disclosures made in Note 3.4, including those regarding the key assumptions and sensitivities to changes in such assumptions, against the requirements of Australian Accounting Standards.
Valuation of level 3 derivative financial instruments and commodity inventory held at fair value *Refer to Note 2.6* *Level 3 derivative financial instrument assets: $59.3 million;* *Level 3 derivative financial instrument liabilities: $55.5 million* *Commodity inventory at fair value less costs to sell: $141.4 million* At 30 September 2020 a valuation process was performed by the Group to determine the fair value of its derivative financial instruments and commodity inventory. The valuation of level 3 derivative financial instruments and commodity inventory held at fair value was a key audit matter given the significant level of estimation by the Group in calculating fair value of the level 3 derivative financial instruments and commodity inventory as observable market prices are not available, and because of the financial significance of these derivative financial instruments and commodity inventory. **Crop production contract** The Group holds a 10 year agreement terminating 30 September 2029 ("crop production contract") to manage the risk associated with the volatility of eastern Australian	We performed a number of procedures including the following: **Crop production contract** • Assessed the Group's key assumptions and inputs adopted in the valuation model used to estimate fair value. This included comparing: - the discount rate and historical production to third party information - key assumptions for growth rates to historical results and industry forecasts. • Together with PwC valuation experts, assessed the methodology and mathematical accuracy of the valuation model used to estimate fair value. • Considered whether the methodology, disclosures and accounting applied by the Group was consistent with the basis required by Australian Accounting Standards. **Commodity contracts and commodity inventory** • Where possible, assessed the valuation of a sample of commodity contracts and commodity inventory against independent third party prices.



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Key audit matter	*How our audit addressed the key audit matter*
winter crop production. The Group has determined that this crop production contract is a financial instrument and is accounted for in accordance with the requirements of AASB 9 *Financial Instruments*. This contract is a level 3 financial instrument and as such judgement is required in estimating the fair value of the instrument and in determining the appropriate model, assumptions and inputs. **Commodity contracts and commodity inventory** The Group held significant commodity contracts and commodity inventory which are deemed level 3 financial instruments because judgement is required in estimating the fair value and in determining the appropriate models, assumptions and inputs.	• Tested the Group's governance and monitoring of its fair value estimates of commodity contracts and commodity inventory. • For a sample of commodity contracts and commodity inventory balances, assessed the appropriateness of the valuation methodologies applied as well as the appropriateness of the inputs used.
Accounting for discontinued operation *Refer to Note 4.5* *Profit after tax from discontinued operation: $308.1 million* During the financial year the Group completed the demerger of United Malt Group (UMG). We consider the accounting of UMG as a discounted operation to be a key audit matter due to the financial size of the assets demerged and the gain after tax recognised.	We read the associated demerger scheme booklet to develop an understanding of the terms of the transaction and performed the following procedures amongst others: • Evaluated if the financial performance and cash flow information disclosed as a discontinued operation was accurate and related only to the UMG business that was demerged. • Together with PwC tax experts, tested the accuracy of the tax expense recorded in relation to the transaction. • Evaluated the calculation of the total gain recognised on demerger including: - assessing the key assumptions and inputs adopted in the valuation used to estimate the fair value at date of distribution - agreeing the value of the assets and liabilities derecognised as a result of the demerger to the completion balance sheet for the transaction - agreeing a sample of transaction costs and



Key audit matter	How our audit addressed the key audit matter
	separation costs to supporting documentation. • Evaluated the adequacy of the disclosures made in Note 4.5 against the requirements of Australian Accounting Standards.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 September 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

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A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 34 to 52 of the directors' report for the year ended 30 September 2020.

In our opinion, the remuneration report of GrainCorp Limited for the year ended 30 September 2020 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

PricewaterhouseCoopers

PricewaterhouseCoopers

K. Stubbins

Kristin Stubbins
Partner

Sydney
12 November 2020

David Ronald

David Ronald
Partner

Sydney
12 November 2020

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Shareholder Information

Holdings distribution as at 31 October 2020

Range	Securities	%	No. Of Holders	%
100,001 and Over	189,452,831	82.78	50	0.33
50,001 to 100,000	2,520,450	1.10	37	0.25
10,001 to 50,000	13,174,506	5.76	686	4.57
5,001 to 10,000	8,851,470	3.87	1,221	8.14
1,001 to 5,000	11,738,156	5.13	4,933	32.87
1 to 1,000	3,118,215	1.36	8,079	53.84
Total	**228,855,628**	**100.0**	**15,006**	**100.0**
Unmarketable parcels	**121,755**	**0.05**	**1,877**	**12.5**

Twenty largest shareholders as at 31 October 2020

Rank	Name	Shares held	Issued Capital
1	HSBC Custody Nominees (Australia) Limited	75,394,431	32.9%
2	J P Morgan Nominees Australia Pty Limited	36,630,390	16.0%
3	Citicorp Nominees Pty Limited	31,648,709	13.8%
4	National Nominees Limited	14,053,328	6.1%
5	BNP Paribas Noms Pty Ltd	5,328,000	2.3%
6	UBS Nominees Pty Ltd	5,113,012	2.2%
7	BNP Paribas Nominees Pty Ltd	4,565,507	2.0%
8	Jarjums Holdings Pty Limited	1,700,000	0.7%
9	Brispot Nominees Pty Ltd	1,534,808	0.7%
10	HSBC Custody Nominees (Australia) Limited – A/C 2	1,352,182	0.6%
11	Warbont Nominees Pty Ltd	1,173,416	0.5%
12	Mrs Ingrid Kaiser	1,133,976	0.5%
13	Citicorp Nominees Pty Limited	1,092,668	0.5%
14	HSBC Custody Nominees (Australia) Limited – GSCO ECA	908,146	0.4%
15	AMP Life Limited	834,009	0.4%
16	National Nominees Limited	787,128	0.3%
17	Pacific Custodians Pty Limited	529,634	0.2%
18	Merrill Lynch (Australia) Nominees Pty Limited	511,073	0.2%
19	HSBC Custody Nominees (Australia) Limited	461,496	0.2%
20	BNP Paribas Nominees Pty Ltd	350,000	0.2%
Total		185,101,913	80.9%
Balance of register		43,753,715	19.1%
Grand total		**228,855,628**	**100.0%**

Substantial shareholders

The following organisations disclosed a substantial shareholding notice in GrainCorp Limited by 31 October 2020:

Name	Notice Date	Shares held	Issued Capital
Perpetual Limited	4 June 2020	29,999,371	13.1%
Ethical Partners Funds Management	21 October 2020	19,918,495	8.7%
Dimensional Entities	21 August 2017	13,742,579	6.0%
Ellerston Capital	16 October 2020	12,451,661	5.4%
Vanguard Group	27 August 2019	11,493,404	5.0%

Voting rights

On a show of hands, every member present in person or by proxy shall have one vote, and upon each poll, each share shall have one vote.

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Corporate Directory

Board of Directors

Peter I Richards
(Chairman)

Robert Spurway
(Managing Director & CEO)

Daniel J Mangelsdorf
(Non-executive Director)

Kathy M Grigg
(Non-executive Director)

Donald G McGauchie AO
(Non-executive Director)

Company Secretary

Stephanie Belton

Annerly Squires

Registered Office

Level 28
175 Liverpool Street
Sydney NSW 2000
AUSTRALIA

Tel: + 61 2 9325 9100
Fax: + 61 2 9325 9180

Company website
www.graincorp.com.au

Share Registry

Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

Tel: +61 2 8280 7111

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Sydney NSW 2000, Australia

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