

**GRAINCORP LIMITED**
**APPENDIX 4D**
**FOR THE HALF YEAR ENDED 31 MARCH 2014**

<b>RESULTS FOR ANNOUNCEMENT TO THE MARKET</b>				
	Up / Down	% Movement		2014 \$ M
Revenue from ordinary activities	Down	13.0%	to	2,055.5
Profit before significant items from ordinary activities after tax attributable to members	Down	43.6%	to	61.2
Significant items (1) from ordinary activities net of tax	Up	44.8%	to	(11.2)
Profit from ordinary activities after tax attributable to members	Down	43.3%	to	50.0
Net profit for the period attributable to members	Down	43.3%	to	50.0

<b>Dividend Information</b>	<b>Amount per security</b>	<b>Franked amount per security at 30% tax</b>
Final dividend per share (paid 16 December 2013)	20.0 cents	20.0 cents
Interim dividend per share (to be paid 18 July 2014)	15.0 cents	15.0 cents
<b>Record date for determining entitlements to the interim dividend</b>		4 July 2014
<b>Payment date for interim dividend</b>		18 July 2014

**Additional Information**

Net Tangible Assets per share: \$5.62 (2013: \$5.59)

Additional Appendix 4D disclosure requirements can be found in the attached Interim Financial Report.

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

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 3 in the Interim Financial Report.

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

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# **GrainCorp Limited (ABN 60 057 186 035) and Controlled Entities**

**Interim Financial Report for the Half Year Ended  
31 March 2014**



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This Interim Financial Report is provided to the Australian Stock Exchange (ASX) under ASX listing Rule 4.2A.3 and should be read in conjunction with the 2013 Annual Financial Report and any announcements made during the period.

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# Directors' Report

The Directors present their report on the consolidated entity (referred to hereafter as the "Group") consisting of GrainCorp Limited ("GrainCorp" or the "Company") and the entities it controlled at the end of, or during, the half year ended 31 March 2014.

## Directors

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

- D C Taylor (Executive Chairman, effective from 2 December 2013 and Interim CEO from 13 January 2014)
- A M Watkins (Managing Director & CEO, resigned effective 13 January 2014)
- B J Gibson
- P J Housden
- D J Mangelsdorf
- D G McGauchie AO
- D B Trebeck
- S L Tregoning

## Review of operations

### Group Financial Analysis and Commentary

The Group recorded a profit after tax, including significant items, of \$50.0 million (\$61.2 million excluding significant items) for the half year ended 31 March 2014 compared to \$88.2 million for the corresponding half year (\$108.5 million excluding significant items). Refer to Note 3, Significant items, for details of the pre and post-tax impact of significant items.

Revenue from continuing operations decreased 13.0% to \$2,055.5 million (2013: \$2,361.3 million).

Total country receivals during the half year were 7.6 million metric tonnes ("mmt") (2013: 9.7 mmt) with 2.8 mmt exported through GrainCorp Ports (2013: 4.3 mmt). Grain in storage at the beginning of the half year was 2.3 mmt (2013: 4.3 mmt).

Marketing sales (including pools) were 3.5 mmt (2013: 3.5 mmt).

Malt sales volumes for the half year ended 31 March 2014 were 0.62 mmt (2013: 0.62 mmt).

Oils recorded crushing and refining sales volumes of 0.27 mmt (2013: 0.28 mmt).

### GrainCorp Storage & Logistics

- Below average carry-in of 2.3 mmt
- Lower receivals compared to prior year due to smaller crop and increased demand from domestic end-users, limiting the amount of grain available for export
- Country receivals of 7.6 mmt (including 0.1 mmt summer crop) Grain exports of 2.8 mmt (including containers) and non-grain exports of 0.9 mmt

### GrainCorp Marketing

- Earnings reflective of lower availability of grain and significant competition for grain in eastern Australia
- 3.5 mmt sales delivered (1.4 mmt domestic, 2.1 mmt export and international)
- Increased volumes from South Australia and Western Australia

### GrainCorp Malt

- 0.62 mmt of sales in the first half of 2014
- 1.28 mmt sold for FY14 including forward sales
- Continued high capacity utilisation above 90%
- Gamechanger initiatives on track including implementation of operational excellence initiatives with additional sustainability benefits
- Favourable impact from foreign exchange rate in the first half of 2014

### GrainCorp Oils

- Crushing and refining sales of 0.27 mmt; slightly higher crushed volumes; pressure on refined volumes and sales mix
- Continued high capacity and utilisation for bulk liquid terminals
- Complementary businesses performing in line with expectations

**Allied Mills**

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

**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 3.

**Rounding of amounts**

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

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



D C Taylor  
Executive Chairman

Sydney  
15 May 2014

## Auditor's Independence Declaration



As lead auditor for the review of GrainCorp Limited for the half year ended 31 March 2014, I declare that to the best of my knowledge and belief, there have been:

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

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

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

Matthew Lunn  
Partner

Sydney  
15 May 2014

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# Interim Financial Report

## Consolidated Income Statement

For the half year ended 31 March 2014

	Note	Half year	
		2014 \$ M	2013 \$ M
Revenue from continuing operations		2,055.5	2,361.3
Other income	5	46.3	7.2
Goods purchased for resale		(1,512.9)	(1,690.1)
Raw materials and consumables used		(152.2)	(158.5)
Employee benefits expense		(176.0)	(184.3)
Depreciation and amortisation expense		(61.4)	(56.1)
Finance costs		(22.1)	(24.6)
Repairs and maintenance		(22.9)	(26.3)
Operating leases		(20.4)	(25.3)
Other expenses	6	(52.9)	(57.4)
Share of results of investments accounted for using the equity method		3.6	5.2
Acquisition and integration costs	3	-	(11.1)
Restructuring costs	3	(15.5)	-
Takeover response costs	3	(0.5)	(9.0)
<b>Profit before income tax</b>		<b>68.6</b>	<b>131.0</b>
Income tax expense		(18.6)	(42.8)
<b>Profit for the period</b>		<b>50.0</b>	<b>88.2</b>
<b>Profit for the period attributable to owners of GrainCorp Limited</b>		<b>50.0</b>	<b>88.2</b>

	Cents	Cents
<b>Earnings per share for profit attributable to owners of the Company</b>		
Basic earnings per share	21.9	38.7
Diluted earnings per share	21.9	38.6

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

## Consolidated Statement of Comprehensive Income

For the half year ended 31 March 2014

	Half year	
	2014 \$ M	2013 \$ M
<b>Profit for the period</b>	50.0	88.2
<b>Other comprehensive income</b>		
<i>Items that will not be reclassified to profit and loss:</i>		
Actuarial gain / (loss) on retirement benefit obligations	(0.8)	-
Income tax relating to these items	0.2	-
<i>Items that may be reclassified to profit and loss:</i>		
Changes in the fair value of cash flow hedges	(4.3)	(0.4)
Share of comprehensive income of jointly controlled entities	(0.3)	-
Exchange differences on translation of foreign operations	(3.4)	(14.1)
Income tax relating to these items	1.0	0.2
<b>Other comprehensive income for the period, net of tax</b>	(7.6)	(14.3)
<b>Total comprehensive income for the period attributable to owners of GrainCorp Limited</b>	42.4	73.9

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



## Consolidated Statement of Financial Position

As at 31 March 2014

	Note	31 March 2014 \$ M	30 September 2013 \$ M
<b>Current assets</b>			
Cash and cash equivalents		134.3	255.0
Trade and other receivables		519.3	426.4
Inventories	7	1,162.6	535.1
Derivative financial instruments	10	81.5	59.7
Current tax assets		16.7	3.7
Assets classified as held for sale		5.5	5.5
<b>Total current assets</b>		<b>1,919.9</b>	<b>1,285.4</b>
<b>Non-current assets</b>			
Trade and other receivables		19.4	19.5
Investments accounted for using the equity method		155.2	151.5
Other financial assets		1.7	1.8
Deferred tax assets		14.7	18.6
Property, plant and equipment		1,186.0	1,182.3
Intangible assets		513.7	512.6
Derivative financial instruments	10	2.1	2.3
<b>Total non-current assets</b>		<b>1,892.8</b>	<b>1,888.6</b>
<b>Total assets</b>		<b>3,812.7</b>	<b>3,174.0</b>
<b>Current liabilities</b>			
Trade and other payables		360.1	336.2
Borrowings	8	791.5	237.9
Derivative financial instruments	10	97.9	35.4
Other financial liabilities		0.2	0.2
Current tax liabilities		3.4	9.6
Provisions		75.3	80.2
<b>Total current liabilities</b>		<b>1,328.4</b>	<b>699.5</b>
<b>Non-current liabilities</b>			
Trade and other payables		19.2	20.0
Borrowings	8	592.9	595.0
Derivative financial instruments	10	1.6	1.6
Other financial liabilities		0.3	0.3
Deferred tax liabilities		59.0	57.9
Provisions		26.1	6.7
Retirement benefit obligations		30.2	34.4
<b>Total non-current liabilities</b>		<b>729.3</b>	<b>715.9</b>
<b>Total liabilities</b>		<b>2,057.7</b>	<b>1,415.4</b>
<b>Net assets</b>		<b>1,755.0</b>	<b>1,758.6</b>
<b>Equity</b>			
Contributed equity		1,344.7	1,338.3
Reserves		15.0	28.7
Retained earnings		395.3	391.6
<b>Total equity</b>		<b>1,755.0</b>	<b>1,758.6</b>

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

## Consolidated Statement of Changes in Equity

For the half year ended 31 March 2014	Hedging reserve \$ M	Capital reserve \$ M	Share option reserve \$ M	Translation reserve \$ M	Total reserves \$ M	Contributed equity \$ M	Retained earnings \$ M	Total equity \$ M
<b>At 1 October 2012</b>	<b>0.7</b>	<b>8.3</b>	<b>8.5</b>	<b>(37.1)</b>	<b>(19.6)</b>	<b>1,171.8</b>	<b>388.3</b>	<b>1,540.5</b>
Profit for the half year	-	-	-	-	-	-	88.2	88.2
Other comprehensive income:								
Exchange differences on translation of foreign operations	-	-	-	(14.1)	(14.1)	-	-	(14.1)
Gain / (loss) on cash flow hedges	(0.4)	-	-	-	(0.4)	-	-	(0.4)
Defined benefit plan actuarial gains and losses	-	-	-	-	-	-	-	-
Deferred tax credit / (expense)	0.2	-	-	-	0.2	-	-	0.2
Other comprehensive income:	(0.2)	-	-	(14.1)	(14.3)	-	-	(14.3)
<b>Total comprehensive income for the half year</b>	<b>(0.2)</b>	<b>-</b>	<b>-</b>	<b>(14.1)</b>	<b>(14.3)</b>	<b>-</b>	<b>88.2</b>	<b>73.9</b>
Transactions with owners:								
Dividends paid	-	-	-	-	-	-	(79.8)	(79.8)
Share issue (net of transaction costs)	-	-	-	-	-	174.2	-	174.2
Share-based payments	-	-	(0.1)	-	(0.1)	-	-	(0.1)
Deferred tax credit	-	-	-	-	-	(0.1)	-	(0.1)
Dividends received by Employee Trust	-	-	-	-	-	-	0.1	0.1
Less: Treasury shares	-	-	-	-	-	(7.5)	-	(7.5)
Less: Treasury shares vested to employees	-	-	-	-	-	-	-	-
Total transactions with owners	-	-	(0.1)	-	(0.1)	166.6	(79.7)	86.8
<b>At 31 March 2013</b>	<b>0.5</b>	<b>8.3</b>	<b>8.4</b>	<b>(51.2)</b>	<b>(34.0)</b>	<b>1,338.4</b>	<b>396.8</b>	<b>1,701.2</b>
<b>At 1 October 2013</b>	<b>(0.5)</b>	<b>8.3</b>	<b>8.1</b>	<b>12.8</b>	<b>28.7</b>	<b>1,338.3</b>	<b>391.6</b>	<b>1,758.6</b>
Profit for the half year	-	-	-	-	-	-	50.0	50.0
Other comprehensive income:								
Exchange differences on translation of foreign operations	-	-	-	(3.4)	(3.4)	-	-	(3.4)
Gain / (loss) on cash flow hedges	(4.3)	-	-	-	(4.3)	-	-	(4.3)
Defined benefit plan actuarial gains and losses	-	-	-	-	-	-	(0.8)	(0.8)
Share of other comprehensive income of associates	(0.3)	-	-	-	(0.3)	-	-	(0.3)
Deferred tax credit / (expense)	1.0	-	-	-	1.0	-	0.2	1.2
Other comprehensive income:	(3.6)	-	-	(3.4)	(7.0)	-	(0.6)	(7.6)
<b>Total comprehensive income for the half year</b>	<b>(3.6)</b>	<b>-</b>	<b>-</b>	<b>(3.4)</b>	<b>(7.0)</b>	<b>-</b>	<b>49.4</b>	<b>42.4</b>
Transactions with owners:								
Dividends paid	-	-	-	-	-	-	(45.8)	(45.8)
Share-based payments	-	-	0.1	-	0.1	-	-	0.1
Deferred tax credit	-	-	-	-	-	-	-	-
Dividends received by Employee Trust	-	-	-	-	-	-	0.1	0.1
Less: Treasury shares	-	-	-	-	-	(0.4)	-	(0.4)
Less: Treasury shares vested to employees	-	-	(6.8)	-	(6.8)	6.8	-	-
Total transactions with owners	-	-	(6.7)	-	(6.7)	6.4	(45.7)	(46.0)
<b>At 31 March 2014</b>	<b>(4.1)</b>	<b>8.3</b>	<b>1.4</b>	<b>9.4</b>	<b>15.0</b>	<b>1,344.7</b>	<b>395.3</b>	<b>1,755.0</b>

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

## Consolidated Statement of Cash Flows

For the half year ended 31 March 2014

	Note	Half year	
		2014 \$ M	2013 \$ M
<b>Cash flows from operating activities</b>			
Receipts from customers		2,187.1	2,476.5
Payments to suppliers and employees		(2,696.4)	(2,538.0)
		(509.3)	(61.5)
Transaction costs of business combinations		-	(13.9)
Proceeds from bank loans – inventory funding		569.5	202.3
Interest received		2.0	5.1
Interest paid		(19.6)	(24.3)
Income taxes refunded / (paid)		(32.0)	(49.9)
<b>Net inflow from operating activities</b>		<b>10.6</b>	<b>57.8</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(59.4)	(57.3)
Payments for computer software		(6.9)	(3.8)
Proceeds from sale of property, plant and equipment		-	0.5
Payments for investment / business (net of cash)		-	(353.5)
Loans repaid by related parties		-	0.2
<b>Net (outflow) from investing activities</b>		<b>(66.3)</b>	<b>(413.9)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		288.8	306.9
Repayment of borrowings		(307.7)	(51.1)
Proceeds from share issue		-	51.7
Dividend paid	4	(45.8)	(79.8)
Share issue transaction costs		-	(1.1)
Purchase of Shares for Performance Share Rights vested		-	(0.3)
<b>Net (outflow) / inflow from financing activities</b>		<b>(64.7)</b>	<b>226.3</b>
<b>Net (decrease) in cash and cash equivalents</b>		<b>(120.4)</b>	<b>(129.8)</b>
Cash and cash equivalents at the beginning of the period		255.0	350.3
Effects of exchange rate changes on cash and cash equivalents		(0.3)	1.2
<b>Cash and cash equivalents at the end of the period</b>		<b>134.3</b>	<b>221.7</b>

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

# Notes to the Financial Statements

For the half year ended 31 March 2014

## 1. Significant accounting policies

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

The Interim Financial Report of GrainCorp Limited for the period ended 31 March 2014 was authorised for issue in accordance with a resolution of the Directors on 15 May 2014. The Directors have the power to amend and reissue the financial report.

### a) Basis of preparation

The interim financial report is a general purpose financial report prepared in accordance with the Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The accounting policies have been applied consistently to all periods presented in the interim financial report. No accounting standards issued but not yet effective have been early adopted in the period. The financial report has been prepared on a going concern basis.

All amounts are presented in Australian Dollars, unless otherwise noted. The Company is of a kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with the Class Order, amounts in the interim financial report have been rounded off to the nearest hundred thousand dollars, unless otherwise stated.

### Statement of compliance

Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The consolidated half year financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the annual financial report of the Group as at 30 September 2013 and any public announcements made by GrainCorp Limited and its subsidiaries during the half year in accordance with continuous disclosure obligations under the *Corporations Act 2001*.

### Historical cost convention

This interim financial report has been prepared on the basis of the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative instruments) and commodity inventories, at fair value through profit or loss.

### b) Impact of standards issued but not yet applied by the entity

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 March 2014 reporting period. The Group has assessed the impact of this new standard, and does not expect that initial application of this will affect any of the amounts recognised in the financial report, but may change disclosures presently made in relation to the Group.

	Effective for annual reporting periods commencing
• AASB 9 <i>Financial Instruments</i>	1 Jan 2015

### c) Change in accounting policies

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 October 2013.

- AASB 10 *Consolidated Financial Statements*
- AASB 11 *Joint Arrangements*
- AASB 12 *Disclosure of Interest in Other Entities*
- AASB 13 *Fair Value Measurement*
- AASB 119 *Employee Benefits*

There is no material impact in the current and comparative period.

## 2. Segment information

For management purposes, the Group is organised into four business units based on their products and services, forming the four reportable segments reviewed by the Executive Chairman and Interim Chief Executive Officer in making strategic decisions.

- **Storage & Logistics consists of:**
  - Country & Logistics – receivals, transport, testing and storage of grains and other bulk commodities.
  - Ports – storage and export / import of grain, and other bulk commodities.
- **Marketing** – marketing of grain and agricultural products, and the operation of grain pools.
- **Malt** – production of malt products, provision of brewing inputs and other malting services to brewers and distillers, sale of farm inputs, and export of malt .
- **Oils** – processing and crushing of oilseeds, supplying edible oils, operating bulk liquid port terminals, storage, packaging, transport and logistics operations.

Corporate includes the share of profit from equity accounted investments along with unallocated corporate costs.

Management measures performance based on a measure of EBITDA, after adjusting for the allocation of interest expense to the Marketing and Oils segments and significant items. Other than interest associated with Marketing and Oils, Group financing (including interest income and interest expense) and income taxes are managed on a Group basis and are not allocated to operating segments.

Revenue from external customers is measured in a manner consistent with that in the Consolidated Income Statement. Inter-segment pricing is determined on an arm's length basis.

Segment assets and liabilities reported to management are measured in a manner consistent with that of the financial statements, based on the operations of the segment.

Half year 2014	Storage & Logistics \$ M	Marketing \$ M	Malt \$ M	Oils \$ M	Reportable segments \$ M	Corporate \$ M	Eliminations \$ M	Total \$ M
<b>Reportable segment revenue</b>								
External revenues	155.1	922.5	507.1	470.8	2,055.5	-	-	2,055.5
Inter-segment revenue	124.8	43.3	-	5.6	173.7	0.1	(173.8)	-
<b>Total reportable segment revenue</b>	<b>279.9</b>	<b>965.8</b>	<b>507.1</b>	<b>476.4</b>	<b>2,229.2</b>	<b>0.1</b>	<b>(173.8)</b>	<b>2,055.5</b>
Dividends	-	-	-	-	-	-	-	-
Total revenue from continuing operations	279.9	965.8	507.1	476.4	2,229.2	0.1	(173.8)	2,055.5
Reportable segment result	62.5	16.2	57.2	36.4	172.3	(9.8)	-	162.5
Share of profit of jointly controlled entities	-	-	-	-	-	3.6	-	3.6
Profit before significant items, net interest, depreciation, amortisation and income tax								166.1
Net Interest	-	(7.8)	-	(0.5)	(8.3)	(11.8)	-	(20.1)
Depreciation and amortisation	(24.1)	(1.9)	(22.2)	(12.5)	(60.7)	(0.7)	-	(61.4)
Significant items (note 3)	-	-	-	(15.5)	(15.5)	(0.5)	-	(16.0)
Profit before income tax from continuing operations	38.4	6.5	35.0	7.9	87.8	(19.2)	-	68.6
Other segment information								
Capital expenditure	28.6	3.7	12.6	21.1	66.0	0.3	-	66.3
Reportable segment assets	562.3	967.9	1,258.4	675.4	3,464.0	348.7	-	3,812.7
Reportable segment liabilities	(123.6)	(799.3)	(491.8)	(183.0)	(1,597.7)	(460.0)	-	(2,057.7)

## 2. Segment information (Continued)

Half year 2013	Storage & Logistics \$ M	Marketing \$ M	Malt \$ M	Oils \$ M	Reportable segments \$ M	Corporate \$ M	Eliminations \$ M	Total \$ M
<b>Reportable segment revenue</b>								
External revenues	263.9	1,197.4	461.0	439.0	2,361.3	-	-	2,361.3
Inter-segment revenue	121.1	14.7	-	22.5	158.3	0.1	(158.4)	-
<b>Total reportable segment revenue</b>	<b>385.0</b>	<b>1,212.1</b>	<b>461.0</b>	<b>461.5</b>	<b>2,519.6</b>	<b>0.1</b>	<b>(158.4)</b>	<b>2,361.3</b>
Dividends	-	-	-	-	-	-	-	-
Total revenue from continuing operations	385.0	1,212.1	461.0	461.5	2,519.6	0.1	(158.4)	2,361.3
Reportable segment result	119.3	26.7	55.4	33.1	234.5	(12.3)	-	222.2
Share of profit of jointly controlled entities	-	-	-	-	-	5.2	-	5.2
Profit before significant items, net interest, depreciation, amortisation and income tax								227.4
Net Interest	-	(10.2)	-	(0.6)	(10.8)	(9.4)	-	(20.2)
Depreciation and amortisation	(25.5)	(0.6)	(18.3)	(11.1)	(55.5)	(0.6)	-	(56.1)
Significant items (note 3)	-	-	1.8	-	1.8	(21.9)	-	(20.1)
Profit before income tax from continuing operations	93.8	15.9	38.9	21.4	170.0	(39.0)	-	131.0
Other segment information								
Capital expenditure	24.2	4.4	22.1	8.7	59.4	1.7	-	61.1
Reportable segment assets as at 30 September 2013 <sup>1</sup>	534.3	332.0	1,309.6	559.6	2,735.5	438.5	-	3,174.0
Reportable segment liabilities as at 30 September 2013	(131.5)	(248.4)	(556.3)	(86.9)	(1,023.1)	(392.3)	-	(1,415.4)

<sup>1</sup> Reportable segment assets have been restated to exclude all intercompany balances. Cash and cash equivalents across the Group have been reclassified to the Corporate segment.

### 3. Significant items

Net profit after tax ("NPAT") for the half year includes the following items whose disclosure is relevant in explaining the financial performance of the Group.

Half year 2014	Business Unit	Profit before interest and tax \$ M	Tax \$ M	NPAT \$ M
<b>Net significant items for 31 March 2014 comprise:</b>				
GrainCorp Oils restructuring costs <sup>2</sup>	Oils	(15.5)	4.7	(10.8)
Takeover response costs <sup>3</sup>	Corporate	(0.5)	0.1	(0.4)
<b>Net significant items</b>		<b>(16.0)</b>	<b>4.8</b>	<b>(11.2)</b>

Half year 2013	Business Unit	Profit before interest and tax \$ M	Tax \$ M	NPAT \$ M
<b>Net significant items for 31 March 2013 comprise:</b>				
Takeover response costs <sup>3</sup>	Corporate	(9.0)	2.7	(6.3)
GrainCorp Oils acquisition and integration costs <sup>4</sup>	Corporate	(12.9)	1.3	(11.6)
GrainCorp Malt acquisition trade tax and associated income <sup>5</sup>	Malt	1.8	(4.2)	(2.4)
<b>Net significant items</b>		<b>(20.1)</b>	<b>(0.2)</b>	<b>(20.3)</b>

<sup>2</sup> GrainCorp Oils restructuring costs of \$10.8 million (after tax) relate to the relocation of Murrarie operations, expansion and upgrade of refining and packing operations in Numurakah and West Footscray. The costs include redundancy costs, depreciation and impairment of plant and equipment.

<sup>3</sup> Expenses of \$0.4 million (after tax) (2013: \$6.3 million after tax) relate to the cost of advisors engaged to support the GrainCorp Board and management in their response to Archer Daniels Midland's takeover proposals.

<sup>4</sup> GrainCorp Oils acquisition and integration costs of \$11.6 million (after tax) incurred in Half Year 2013 primarily relate to stamp duty of \$9.0 million, along with advisory and integration costs of \$2.6 million.

<sup>5</sup> GrainCorp Malt acquisition trade tax of \$2.4 million (after tax) relates to net trade tax expense which was triggered as part of a GrainCorp Malt acquisition.

## 4. Dividends

	Half year	
	2014 \$ M	2013 \$ M
<b>Dividends paid in the half year:</b>		
Final fully franked dividend for the year ended 30 September 2013 of 20.0 cents (2012: 20.0 cents)	45.8	45.6
Special fully franked dividend for the year ended 30 September 2013 of 0.0 cents (2012: 15.0 cents)	-	34.2
	<b>45.8</b>	<b>79.8</b>

### Dividend not recognised at half year:

Subsequent to the period end the Directors have approved the payment of the following dividend, which is expected to be paid on 18 July 2014:

Interim fully franked dividend for the half year ended 31 March 2014 of 15.0 cents (2013: 20.0 cents)	34.3
	<b>34.3</b>

This dividend is to be paid out of retained profits at 31 March 2014, but is not recognised as a liability at the period end.

## 5. Other income

	Half year	
	2014 \$ M	2013 \$ M
<b>Net gain / (loss) on derivative / commodity trading:</b>		
Net realised gain on foreign currency derivatives	(2.0)	5.7
Net realised gain on financial derivatives	11.4	14.7
	9.4	20.4
Net unrealised gain / (loss) on foreign currency derivatives	14.8	(6.4)
Net unrealised gain / (loss) on financial derivatives	(10.0)	13.4
Net unrealised gain / (loss) on commodity contracts	(43.3)	20.2
Net unrealised gain / (loss) on commodity inventories at fair value less costs to sell	61.6	(53.4)
	23.1	(26.2)
Net gain / (loss) on derivative/commodity trading	32.5	(5.8)
Compensation for impairment of assets received from third party	4.6	4.0
Interest	2.0	4.4
Sundry income	7.2	4.6
	<b>46.3</b>	<b>7.2</b>



## 6. Other expenses

	Half year	
	2014 \$ M	2013 \$ M
<b>Included in other expenses:</b>		
Occupancy cost	(8.4)	(8.1)
Software maintenance	(5.0)	(5.2)
Insurance	(3.9)	(4.8)
Consulting	(4.4)	(4.6)
Motor vehicle costs	(3.2)	(3.3)
Travel	(3.7)	(3.1)
Telephone expenses	(2.8)	(3.1)
Claims & Disputes	4.2	0.1
Other	(25.7)	(25.3)
	<b>(52.9)</b>	<b>(57.4)</b>

## 7. Inventory

	31 March 2014 \$ M	30 September 2013 \$ M
	Consumable stores	1.5
Raw materials	239.7	176.7
Work in progress	22.3	21.4
Finished goods	149.3	143.5
Trading stock at net realisable value	8.6	24.8
Commodities inventory at fair value less cost to sell	741.2	167.5
	<b>1,162.6</b>	<b>535.1</b>

The value of inventory secured against short term debt is \$594.6 million (2013: \$133.8 million). Refer to Note 8.

## 8. Borrowings

	<b>31 March 2014 \$ M</b>	<b>30 September 2013 \$ M</b>
<b>Current</b>		
Short term facilities – unsecured	134.7	75.3
Inventory funding facilities – secured	656.2	162.4
Leases – secured	0.6	0.2
<b>Total current borrowings</b>	<b>791.5</b>	<b>237.9</b>
<b>Non-current</b>		
Term funding facilities – unsecured	582.8	584.5
Leases – secured	10.1	10.5
<b>Total non-current borrowings</b>	<b>592.9</b>	<b>595.0</b>

### a) Assets pledged as security

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

	<b>31 March 2014 \$ M</b>	<b>30 September 2013 \$ M</b>
Lease liabilities	10.7	10.7
Inventory funding facilities	656.2	162.4
	<b>666.9</b>	<b>173.1</b>

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

	<b>31 March 2014 \$ M</b>	<b>30 September 2013 \$ M</b>
Leased assets	0.5	1.1
Inventory	594.6	133.8
	<b>595.1</b>	<b>134.9</b>

Lease liabilities (other than liabilities recognised in relation to surplus space under non-cancellable operating leases) are effectively secured, as rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

The inventory funding facilities are secured against the related inventory.

Loans under term funding facilities are secured by a negative pledge that imposes certain covenants on the Group. The negative pledge states that (subject to certain exceptions) the subject entity will not provide any other security over its assets, and will ensure that certain financial ratios and limits are maintained at all times, including: interest cover; gearing ratios; and net tangible assets. All such borrowing covenant ratios and limits have been complied with during the half year.

## 8. Borrowings (Continued)

### b) Financing arrangements

Borrowings are drawn under the following Group debt facilities:

<b>31 March 2014</b>	<b>Maturity date</b>	<b>Principal facility amount \$ M</b>	<b>Amount utilised \$ M</b>
Term debt	July 2016	395.9	357.8
Term debt	October 2016	225.0	225.0
Inventory funding	November 2014	712.0	656.2
Working capital	October 2014	345.0	134.7
Working capital	September 2014	30.0	-
		<b>1,707.9</b>	<b>1,373.7</b>

<b>30 September 2013</b>	<b>Maturity date</b>	<b>Principal facility amount \$ M</b>	<b>Amount utilised \$ M</b>
Term debt	July 2016	399.6	359.5
Term debt	October 2016	225.0	225.0
Inventory funding	November 2014	630.0	162.4
Working capital	October 2014	360.0	75.3
Working capital	September 2014	30.0	-
		<b>1,644.6</b>	<b>822.2</b>

## 9. Contingencies

- i. The Group may from time to time receive notices of possible claims for losses or damages. A provision of \$25.2 million (30 September 2013: \$25.9 million) has been recognised to cover any liabilities which may arise out of such claims. Based on information currently available, the Directors believe that no further provision is required at this time. A contingent liability exists for any amounts that ultimately become payable over and above current provisioning levels.
- ii. WorkCover NSW is currently investigating GrainCorp's compliance with the *Work Health and Safety Act 2011 (NSW)* in relation to fatal injuries sustained by an employee of a third party contractor at a site licensed by GrainCorp and operated by the third party contractor. A contingent liability exists for any amounts that ultimately may become payable over and above current provisioning levels.

## 10. Fair value measurement of financial instruments

### Fair value measurements

Financial instruments carried at fair value are classified by valuation method based on the following hierarchy:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets and liabilities.
- **Level 2:** inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- **Level 3:** inputs for the asset or liability that are not based on observable market data (use of unobservable inputs).

The following table presents the Group's assets and liabilities measured and recognised at fair value at 31 March 2014.

31 March 2014	Level 1 \$ M	Level 2 \$ M	Level 3 \$ M	Total \$ M
<b>Assets</b>				
Financial assets at fair value through profit or loss				
- Trading derivatives	16.5	2.8	-	19.3
- Commodity contracts	-	1.3	32.8	34.1
Derivatives used for hedging	30.2	-	-	30.2
<b>Total assets</b>	<b>46.7</b>	<b>4.1</b>	<b>32.8</b>	<b>83.6</b>
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss				
- Trading derivatives	17.6	2.9	-	20.5
- Commodity contracts	-	-	66.0	66.0
Derivatives used for hedging	13.0	-	-	13.0
<b>Total liabilities</b>	<b>30.6</b>	<b>2.9</b>	<b>66.0</b>	<b>99.5</b>

30 September 2013	Level 1 \$ M	Level 2 \$ M	Level 3 \$ M	Total \$ M
<b>Assets</b>				
Financial assets at fair value through profit or loss				
- Trading derivatives	9.3	4.2	-	13.5
- Commodity contracts	-	1.6	34.7	36.3
Derivatives used for hedging	12.2	-	-	12.2
<b>Total assets</b>	<b>21.5</b>	<b>5.8</b>	<b>34.7</b>	<b>62.0</b>
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss				
- Trading derivatives	4.2	0.8	-	5.0
- Commodity contracts	-	0.8	21.2	22.0
Derivatives used for hedging	10.0	-	-	10.0
<b>Total liabilities</b>	<b>14.2</b>	<b>1.6</b>	<b>21.2</b>	<b>37.0</b>

### Fair value estimation

The fair value of financial assets and liabilities must be estimated for recognition, measurement and disclosure purposes.

The fair value of financial instruments traded on active markets (such as exchange traded commodity derivatives and forward exchange contracts) are based on the quoted markets prices and forward exchange market rates as at the reporting date. The quoted market price used for financial assets and liabilities held by the Group is the market settlement price on the reporting date. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market (for example, over the counter commodity and foreign currency derivatives) are determined using the Black Scholes pricing model, which is sourced from a widely used market pricing provider. The fair value of interest rate swap contracts is received from market counterparties as at balance date. The valuation methodology used by the counterparties reflects common market practice of net present value of estimated future cashflows determined by observable yield curves. These instruments are included in Level 2.

## 10. Fair value measurement of financial instruments (Continued)

The fair value of physical positions comprising inventory, forward sales and forward purchases for commodity trading do not have quoted market prices available. To obtain the market prices, bid values are sourced from commodity brokers defined by commodity and grade type. The market prices are amended through location and grade differentials (market zone adjustments) to bring them to a common point. These instruments are included in Level 3.

There were no changes made to any of the valuation techniques applied as of 30 September 2013.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There were no instruments reclassified between levels for the six months ended 31 March 2014. The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 31 March.

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

	\$ M
Opening balance as at 1 October	(1.2)
Gain / (loss) recognised in other comprehensive income	-
Gain / (loss) recognised in other income	14.6
<b>Closing balance as at 30 September</b>	<b>13.4</b>

The following table presents the changes in Level 3 instruments for the half year ended 31 March 2014.

	\$ M
Opening balance as at 1 October	13.4
Gain / (loss) recognised in other comprehensive income	-
Gain / (loss) recognised in other income	(46.5)
<b>Closing balance as at 31 March</b>	<b>(33.1)</b>

### ***Fair value of the other financial instruments***

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

## 11. Events occurring after the reporting period

No other matter or circumstance has arisen since 31 March 2014 which has significantly affected or may significantly affect:

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

## Directors' Declaration

In the Directors' opinion:

- a) the financial statements and notes set out on pages 4 to 19 are in accordance with the *Corporations Act 2001*, including:
  - i. complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - ii. giving a true and fair view of the consolidated entity's financial position as at 31 March 2014 and of its performance for the financial year ended on that date; and
- b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



D C Taylor  
Executive Chairman

Sydney  
15 May 2014

# Independent Auditor's Report



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

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of GrainCorp Limited (the Company), which comprises the statement of financial position as at 31 March 2014, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for GrainCorp Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled from time to time during the half-year.

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

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 March 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of GrainCorp Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

### Independence

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

### Conclusion

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

- a) giving a true and fair view of the consolidated entity's financial position as at 31 March 2014 and of its performance for the half-year ended on that date;
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in blue ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in blue ink that reads 'Matthew Lunn'.

Matthew Lunn  
Partner

Sydney  
15 May 2014

**PricewaterhouseCoopers, ABN 52 780 433 757**

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