



Company Announcement

GrainCorp Limited ABN 60 057 186 035

Date: 16 May, 2013
To: The Manager - Announcements
Company Announcements Office
Australian Securities Exchange
20 Bridge Street, Sydney

Via On-Line Lodgement.

GRAINCORP LIMITED ("GNC")

APPENDIX 4D AND INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 MARCH 2013

A handwritten signature in black ink, appearing to read "A. Horne", is positioned above the printed name of the Company Secretary.

Andrew Horne
Company Secretary

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GRAINCORP LIMITED
APPENDIX 4D
FOR THE HALF YEAR ENDED 31 MARCH 2013

Results for Announcement to the Market				
	Up / Down	% Movement		2013 \$ M
Revenue from ordinary activities	Up	40.0	to	2,361.3
Profit before significant items from ordinary activities after tax attributable to members	Down	11.1	to	108.5
Significant items ⁽¹⁾ from ordinary activities net of tax	n/a	n/a		(20.3)
Profit from ordinary activities after tax attributable to members	Down	34.0	to	88.2
Net profit for the period attributable to members	Down	34.0	to	88.2

Dividend Information	Amount per security	Franked amount per security at 30% tax
Final dividend per share (paid 21 December 2012)	20.0 cents	20.0 cents
Final special dividend per share (paid 21 December 2012)	15.0 cents	15.0 cents
Interim dividend per share (to be paid 19 July 2013)	20.0 cents	20.0 cents
Interim special dividend per share (to be paid 19 July 2013)	5.0 cents	5.0 cents
Record date for determining entitlements to the interim dividend		5 July 2013
Payment date for interim dividend		19 July 2013

Additional Information

Net Tangible Assets per share: \$5.54 (2012: \$5.42)

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.

GrainCorp

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

**Interim Financial Report for the Half Year Ended
31 March 2013**



This Half Year 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 2012 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 2013.

Directors

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

D C Taylor (Chairman)

A M Watkins (Managing Director & Chief Executive Officer)

B J Gibson

P J Housden

D J Mangelsdorf

D G McGauchie AO

D B Trebeck

S L Tregoning

Review of operations

The Group recorded a profit after tax, including significant items, of \$88.2 million (\$108.5 million excluding significant items) for the half year ended 31 March 2013 compared to \$133.7 million for the corresponding half year (\$122.0 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 increased 40% to \$2,361.3 million (2012: \$1,685.9 million).

Total up-country grain receivals during the half year were 9.7 million tonnes (2012: 11.6 million tonnes) with 4.3 million tonnes exported through GrainCorp Ports (2012: 5.0 million tonnes). Grain in storage at the beginning of the half year was 4.3 million tonnes (2012: 6.0 million tonnes).

Marketing sales (including pools) were 3.5 million tonnes (2012: 3.9 million tonnes).

Malt sales volumes for the half year ended 31 March 2013 were 616.4 thousand tonnes (2012: 669.8 thousand tonnes).

The integration of Gardner Smith Group and Integro Foods to form GrainCorp Oils in October 2012 contributed revenue of \$439.0 million. This is as a result of strong sales and capacity utilisation in line with expectations.

On 26 April 2013 GrainCorp announced that it had entered into a takeover bid implementation deed with Archer Daniels Midland Company ("ADM"). Due diligence procedures have been completed and management is working with ADM to progress the takeover bid. Refer to Note 11, Events occurring after the reporting period, for further information.

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, as permitted by that Class Order.

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

A handwritten signature in black ink, appearing to read 'D. C. Taylor'.

D C Taylor
Chairman
Sydney
16 May 2013

Auditor's Independence Declaration



As lead auditor for the review of GrainCorp Limited for the half year ended 31 March 2013, 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', written over a faint horizontal line.

Matthew Lunn
Partner
PricewaterhouseCoopers

Sydney, 16 May 2013

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Liability limited by a scheme approved under Professional Standards Legislation.

Interim Financial Report

Consolidated Income Statement

For the half year ended 31 March 2013

	Note	Half-year	
		2013 \$ M	2012 \$ M
Revenue from continuing operations		2,361.3	1,685.9
Other income	5	8.5	72.1
Goods purchased for resale		(1,690.1)	(1,142.9)
Raw materials and consumables used		(158.5)	(127.8)
Employee benefits expense		(184.3)	(154.3)
Depreciation and amortisation expense		(56.1)	(42.8)
Finance costs		(25.9)	(21.6)
Repairs and maintenance		(26.3)	(21.6)
Other expenses	6	(82.7)	(74.9)
Share of results of associates accounted for using the equity method		5.2	4.2
Acquisition and integration costs	3	(11.1)	-
Takeover response costs	3	(9.0)	-
Defined benefit plan adjustment	3	-	16.8
Profit before income tax		131.0	193.1
Income tax expense		(42.8)	(59.4)
Profit from continuing operations for the half year		88.2	133.7
Profit attributable to owners of GrainCorp Limited		88.2	133.7

	Cents	Cents
Earnings per share for profit from continuing operations attributable to owners of the Company		
Basic earnings per share	38.7	67.1
Diluted earnings per share	38.6	66.7
Earnings per share for profit attributable to owners of the Company		
Basic earnings per share	38.7	67.1
Diluted earnings per share	38.6	66.7

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

Consolidated Statement of Comprehensive Income

For the half year ended 31 March 2013

	Note	Half year	
		2013 \$ M	2012 \$ M
Profit for the half year		88.2	133.7
Other comprehensive income			
<i>Items that will not be reclassified to profit and loss:</i>			
Actuarial losses on retirement benefit obligations		-	(2.9)
Exchange differences on translation of foreign operations		(14.1)	(13.5)
<i>Items that may be reclassified subsequently to profit and loss:</i>			
Changes in the fair value of cash flow hedges		(0.4)	7.4
Income tax relating to components of other comprehensive income		0.2	(1.0)
Other comprehensive income for the half year, net of tax		(14.3)	(10.0)
Total comprehensive income for the half year attributable to owners of GrainCorp Limited		73.9	123.7

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 2013

	Note	31 March 2013 \$ M	30 September 2012 \$ M
Current assets			
Cash and cash equivalents		221.7	350.3
Trade and other receivables		526.2	390.5
Inventories	7	831.8	551.5
Derivative financial instruments		65.9	77.2
Assets classified as held for sale		5.5	7.6
Total current assets		1,651.1	1,377.1
Non-current assets			
Trade and other receivables		19.8	20.0
Investments accounted for using the equity method		144.7	139.4
Other financial assets		1.7	1.5
Deferred tax assets		58.2	58.4
Property, plant and equipment		1,128.8	872.2
Intangible assets		477.6	370.8
Derivative financial instruments		0.7	0.9
Total non-current assets		1,831.5	1,463.2
Total assets		3,482.6	2,840.3
Current liabilities			
Trade and other payables		361.3	299.1
Borrowings	8	576.7	338.2
Derivative financial instruments		40.3	68.2
Other financial liabilities		0.2	0.2
Current tax liabilities		12.0	17.6
Provisions		75.2	70.4
Total current liabilities		1,065.7	793.7
Non-current liabilities			
Trade and other payables		-	10.3
Borrowings	8	557.8	339.9
Derivative financial instruments		15.0	4.9
Other financial liabilities		0.2	0.6
Deferred tax liabilities		102.1	108.0
Provisions		6.9	5.1
Retirement benefit obligations		33.7	37.3
Total non-current liabilities		715.7	506.1
Total liabilities		1,781.4	1,299.8
Net assets		1,701.2	1,540.5
Equity			
Contributed equity		1,338.4	1,171.8
Reserves		(34.0)	(19.6)
Retained earnings		396.8	388.3
Total equity		1,701.2	1,540.5

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 2013	Hedging reserve \$ M	Capital reserve \$ M	Share option reserve \$ M	Translation reserve \$ M	Total reserves \$ M	Contributed equity \$ M	Retained earnings \$ M	Total equity \$ M
At 1 October 2011	(4.6)	8.3	6.5	(25.2)	(15.0)	1,064.5	323.2	1,372.7
Profit for the half year	-	-	-	-	-	-	133.7	133.7
Other comprehensive income:								
Exchange differences on translation of foreign operations	-	-	-	(13.5)	(13.5)	-	-	(13.5)
Gain/(loss) on cash flow hedges	7.4	-	-	-	7.4	-	-	7.4
Defined benefit plan actuarial gains and losses	-	-	-	-	-	-	(2.9)	(2.9)
Deferred tax credit/(expense)	(1.4)	-	-	-	(1.4)	-	0.4	(1.0)
Other comprehensive income:	6.0	-	-	(13.5)	(7.5)	-	(2.5)	(10.0)
Total comprehensive income for the half year	6.0	-	-	(13.5)	(7.5)	-	131.2	123.7
Transactions with owners:								
Dividends paid	-	-	-	-	-	-	(69.4)	(69.4)
Share issue (net of transaction costs)	-	-	-	-	-	-	-	-
Share-based payments	-	-	2.2	-	2.2	-	-	2.2
Deferred tax credit	-	-	(0.1)	-	(0.1)	-	-	(0.1)
Dividends received by Employee Trust	-	-	-	-	-	-	0.2	0.2
Less: Treasury shares	-	-	-	-	-	-	-	-
Less: Treasury shares vested to employees	-	-	-	-	-	-	-	-
Total transactions with owners	-	-	2.1	-	2.1	-	(69.2)	(67.1)
At 31 March 2012	1.4	8.3	8.6	(38.7)	(20.4)	1,064.5	385.2	1,429.3
At 1 October 2012	0.7	8.3	8.5	(37.1)	(19.6)	1,171.8	388.3	1,540.5
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)
Total comprehensive income for the half year	(0.2)	-	-	(14.1)	(14.3)	-	88.2	73.9
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
At 31 March 2013	0.5	8.3	8.4	(51.2)	(34.0)	1,338.4	396.8	1,701.2

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 2013

	Note	Half year	
		2013 \$ M	2012 \$ M
Cash flows from operating activities			
Receipts from customers		2,476.5	1,617.0
Payments to suppliers and employees		(2,538.0)	(1,589.2)
		(61.5)	27.8
Transaction costs of business combinations		(13.9)	-
Proceeds of secured bank loan – commodity inventory funding		202.3	107.7
Interest received		1.2	6.5
Interest paid		(20.4)	(22.2)
Income taxes refunded / (paid)		(49.9)	(81.2)
Net inflow from operating activities		57.8	38.6
Cash flows from investing activities			
Payments for property, plant and equipment		(57.3)	(51.8)
Payments for computer software		(3.8)	(1.4)
Proceeds from sale of property, plant and equipment		0.5	-
Payments for investment / business (net of cash)	10	(353.5)	(80.7)
Loans repaid by related parties		0.2	-
Net (outflow) from investing activities		(413.9)	(133.9)
Cash flows from financing activities			
Proceeds from borrowings		306.9	152.1
Repayment of borrowings		(51.1)	(36.0)
Proceeds from share issue		51.7	-
Dividend paid	4	(79.8)	(69.4)
Share issue transaction costs		(1.1)	-
Purchase of Shares for Performance Share Rights vested		(0.3)	(0.1)
Net inflow from financing activities		226.3	46.6
Net increase in cash and cash equivalents		(129.8)	(48.7)
Cash and cash equivalents at the beginning of the period		350.3	312.4
Effects of exchange rate changes on cash and cash equivalents		1.2	(8.2)
Cash and cash equivalents at the end of the period		221.7	255.5

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 2013

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 2013 was authorised for issue in accordance with a resolution of the Directors on 16 May 2013. 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 one 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 2012 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 2013 reporting period. The Group has assessed the impact of these new standards and interpretations, and does not expect that initial application of these standards and interpretations 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 Financial Instruments	1 Jan 2015
• AASB 10 Consolidated Financial Statements	1 Jan 2013
• AASB 11 Joint Arrangements	1 Jan 2013
• AASB 12 Disclosure of Interest in Other Entities	1 Jan 2013
• AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13	1 Jan 2013
• AASB 119 Employee Benefits	1 Jan 2013

2. Segment information

For management purposes, the Group is organised into five business units based on their products and services, forming the five reportable segments reviewed by the Managing Director & CEO in making strategic decisions and as described below.

- **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 refining of oilseeds, operating bulk liquid port terminals, storage, packaging, transport and logistics operations
- **Corporate** – includes the share of profit from Associates along with 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 income statement. Inter-segment pricing is determined on an arm's length basis.

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

Half year 2013	Storage & Logistics \$ M	Marketing \$ M	Malt \$ M	Oils \$ M	Reportable segments \$ M	Corporate Eliminations \$ M	Total \$ M
Reportable segment revenue							
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	-
Total reportable segment revenue	385.0	1,212.1	461.0	461.5	2,519.6	0.1	2,361.3
Dividends	-	-	-	-	-	-	-
Total revenue from continuing operations	385.0	1,212.1	461.0	461.5	2,519.6	0.1	2,361.3
Reportable segment result	119.3	26.7	55.4	33.1	234.5	(12.3)	222.2
Share of profit of associates	-	-	-	-	-	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	543.6	659.2	958.0	561.3	2,722.1	760.5	3,482.6

2. Segment information (Continued)

Half year 2012	Storage & Logistics \$ M	Marketing \$ M	Malt \$ M	Oils \$M	Reportable segments \$ M	Corporate Eliminations \$ M	Total \$ M
Reportable segment revenue							
External revenues	299.1	919.1	467.7	-	1,685.9	-	1,685.9
Inter-segment revenue	139.9	17.7	-	-	157.6	(157.6)	-
Total reportable segment revenue	439.0	936.8	467.7	-	1,843.5	(157.6)	1,685.9
Dividends	-	-	-	-	-	-	-
Total revenue from continuing operations	439.0	936.8	467.7	-	1,843.5	(157.6)	1,685.9
Reportable segment result	146.5	37.9	59.2	-	243.6	(12.7)	230.9
Share of profit of associates	-	-	-	-	-	4.2	4.2
Profit before significant items, net interest, depreciation, amortisation and income tax							235.1
Net Interest	-	(11.3)	-	-	(11.3)	(4.7)	(16.0)
Depreciation and amortisation	(23.8)	-	(18.7)	-	(42.5)	(0.3)	(42.8)
Significant items (note 3)	-	-	16.8	-	16.8	-	16.8
Profit before income tax from continuing operations	122.7	26.6	57.3	-	206.6	(13.5)	193.1
Other segment information							
Capital expenditure	33.8	3.9	15.0	-	52.7	0.5	53.2
Reportable segment assets as at 30 September 2012	535.4	615.6	981.6	-	2,132.6	707.7	2,840.3

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.

	Business Unit	Profit before interest and tax \$ M	Tax \$ M	NPAT \$ M
Half year 2013				
Net significant items for 31 March 2013 comprise:				
Takeover response costs ¹	Corporate	(9.0)	2.7	(6.3)
GrainCorp Oils acquisition and integration costs ²	Corporate	(12.9)	1.3	(11.6)
GrainCorp Malt acquisition trade tax and associated income ³	Malt	1.8	(4.2)	(2.4)
Net significant items		(20.1)	(0.2)	(20.3)

	Business Unit	Profit before interest and tax \$ M	Tax \$ M	NPAT \$ M
Half year 2012				
Net significant items for 31 March 2012 comprise:				
Defined benefit plan adjustment ⁴	Malt	16.8	(5.1)	11.7
Net significant items		16.8	(5.1)	11.7

¹ Expenses of \$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 proposals.

² GrainCorp Oils acquisition and integration costs of \$11.6 million (after tax) primarily relate to stamp duty of \$9.0 million, along with advisory and integration costs of \$2.6 million.

³ 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 Defined benefit plan adjustment reflects the remeasurement of the liability recognised in relation to the Australian Top-up Benefit Fund due to a curtailment of the obligation in half year 2012.

4. Dividends

	2013 \$ M	2012 \$ M
Dividends paid in the half year:		
Final fully franked dividend for the year ended 30 September 2012 of 20.0 cents (2011: 15.0 cents)	45.6	29.8
Special fully franked dividend for the year ended 30 September 2012 of 15.0 cents (2011: 20.0 cents)	34.2	39.6
Total	79.8	69.4

Dividends not recognised at half year

Subsequent to the period end the Directors have approved the payment of the following dividends, expected to be paid on 19 July 2013:

Final fully franked dividend for the half year ended 31 March 2013 of 20.0 cents (2012: 15.0 cents)	45.8
Special fully franked dividend for the half year ended 31 March 2013 of 5.0 cents (2012: 15.0 cents)	11.4
Total	57.2

These dividends are to be paid out of retained profits at 31 March 2013, but are not recognised as a liability at the period end.

5. Other income

	Half year	
	2013 \$ M	2012 \$ M
Net gain / (loss) on derivative / commodity trading:		
Net realised gain on foreign currency derivatives	5.7	5.6
Net realised gain on financial derivatives	14.7	33.3
	20.4	38.9
Net unrealised gain / (loss) on foreign currency derivatives	(6.4)	11.8
Net unrealised gain / (loss) on financial derivatives	13.4	(29.9)
Net unrealised gain on commodity contracts	20.2	27.3
Net unrealised gain / (loss) on commodity inventories at fair value less costs to sell	(53.4)	6.9
	(26.2)	16.1
Net gain / (loss) on derivative/commodity trading	(5.8)	55.0
Compensation for impairment of assets received from third party	4.0	4.8
Interest	5.7	5.6
Sundry income	4.6	6.7
Total	8.5	72.1

6. Other expenses

	Half year	
	2013 \$ M	2012 \$ M
Included in other expenses:		
Operating leases	(25.3)	(24.0)
Occupancy cost	(8.1)	(6.9)
Software maintenance	(5.2)	(3.1)
Insurance	(4.8)	(3.7)
Consulting	(4.6)	(5.3)
Motor vehicle costs	(3.3)	(3.1)
Travel	(3.1)	(3.5)
Telephone expenses	(3.1)	(2.6)
Claims & Disputes	0.1	(4.9)
Other	(25.3)	(17.8)
	(82.7)	(74.9)

7. Inventory

	31 March 2013 \$ M	30 September 2012 \$ M
Consumable stores at cost	4.1	1.3
Raw materials	141.6	126.3
Work in progress	18.4	11.7
Finished goods	134.5	98.0
Trading stock at net realisable value	35.4	2.2
Commodities inventory	497.8	312.0
	831.8	551.5

The value of inventory secured against short term debt is \$458.4 million (2012: \$287.1 million). Refer to Note 8.

8. Borrowings

	31 March 2013 \$ M	30 September 2012 \$ M
Current		
Short term facilities – unsecured	79.4	47.0
Commodity inventory funding facility – secured	497.2	287.0
Leases – secured	0.1	4.2
Total current borrowings	576.7	338.2
Non-current		
Term funding facilities – unsecured	547.0	328.9
Leases – secured	10.8	11.0
Total non-current borrowings	557.8	339.9

a) Assets pledged as security

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

	31 March 2013 \$ M	30 September 2012 \$ M
Lease liabilities	10.9	15.2
Commodity inventory funding facility	497.2	287.0
	508.1	302.2

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

	31 March 2013 \$ M	30 September 2012 \$ M
Leased assets	0.5	1.2
Commodity inventory	458.4	287.1
	458.9	288.3

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 commodity inventory funding facility is secured against the related inventory.

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

8. Borrowings (Continued)

b) Financing arrangements

Borrowings are drawn under the following Group debt facilities:

31 March 2013	Maturity date	Principal facility amount \$ M	Amount utilised \$ M
Term debt	July 2016	374.2	322.0
Term debt	October 2016	225.0	225.0
Commodity inventory funding	November 2013	638.0	497.2
Working capital	October 2013	265.0	79.4
		1,502.2	1,123.6

30 September 2012	Maturity date	Principal facility amount \$ M	Amount utilised \$ M
Term debt	July 2016	380.6	328.9
Commodity inventory funding	November 2013	550.0	287.0
Working capital	October 2013	200.0	47.0
		1,130.6	662.9

The increase in borrowings from 30 September 2012 reflects new banking facilities relating to the creation of GrainCorp Oils on 2 October 2012. These facilities consist of fully drawn term debt of \$225.0 million and partially drawn commodity funding and working capital facilities.

9. Contingencies

- The Group may from time to time receive notices of possible claims for losses or damages. A provision of \$28.3 million (30 September 2012: \$26.0 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.
- 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. Business combinations

a) Acquisitions in the half year ended 31 March 2013

Creation of GrainCorp Oils

On 2 October 2012, GrainCorp Oils was created by the acquisition of the Gardner Smith Group ("Gardner Smith") and Integro Foods. For the period from 2 October 2012 to 31 March 2013, the acquired businesses contributed revenues of \$439.0 million, profit before interest, tax, depreciation and amortisation of \$33.1 million and net profit before tax of \$21.4 million to the Group. Further details of these acquisitions are provided below.

Acquisition of Gardner Smith

i. Summary of acquisition

On 2 October 2012, the Group acquired 100% of Gardner Smith, a leading oilseed crusher and operator of bulk liquid port terminals, for the purchase consideration of \$323.3 million. The acquisition has built on GrainCorp's existing supply chain management, expanded the downstream operations into canola and other edible oils and provided potential for expansion of capacity at existing terminal sites. Details of the purchase consideration, net assets acquired and goodwill are as follows:

	\$ M
Cash consideration	206.8
Scrip consideration	116.5
Total purchase consideration	323.3
Fair value of net identifiable assets acquired	(238.1)
Goodwill	85.2

The assets and liabilities arising from the acquisition are as follows:

	Provisional Fair value \$ M
Cash and cash equivalent	6.7
Receivables	53.1
Inventory	37.9
Property, plant and equipment	174.2
Identifiable intangible assets	4.8
Other assets	5.6
Income tax receivable	2.0
Net deferred tax	1.2
Payables	(32.0)
Employee entitlements	(4.9)
Borrowings	(6.6)
Other liabilities	(3.9)
Net identifiable assets acquired	238.1

10. Business combinations (Continued)

ii. Purchase consideration cash outflow

	\$ M
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	206.8
Less: Balance acquired	
Cash	6.7
Borrowings	(6.6)
	0.1
Outflow of Cash – investing activities	206.7

Acquisition related costs amounting to \$15.9 million have been excluded from the consideration transferred and recognised as an expense within the Consolidated Statement of Comprehensive Income.

The initial accounting for the acquisition of Gardner Smith has been provisionally determined based upon the best information available as at the reporting date. As permitted under AASB 3 Business Combinations, acquisition accounting will be finalised within twelve months from date of acquisition.

Acquisition of Integro Foods

On 2 October 2012, the Group acquired the assets and liabilities of Integro Foods, a commercial oilseed business for the purchase consideration of \$146.8 million. The acquisition complements the Company's current strategic focus on canola, one of its three main core grains and increased scale in the oil sector in Australia and New Zealand. Details of the purchase consideration, net assets acquired and goodwill are as follows:

	\$ M
Purchase consideration	146.8
Fair value of net identifiable assets acquired	(133.7)
Goodwill	13.1

The assets and liabilities arising from the acquisition are as follows:

	Provisional Fair value \$ M
Property, plant and equipment	81.3
Identifiable intangible assets	4.9
Inventory	53.4
Net deferred tax	1.2
Employee provisions	(6.8)
Other liabilities	(0.3)
Net identifiable assets acquired	133.7

Acquisition related costs amounting to \$3.8 million have been excluded from the consideration transferred and recognised as an expense within the Consolidated Statement of Comprehensive Income.

Additional stamp duty costs amounting to \$4.3 million have been excluded from the fair value of net identifiable assets acquired and these have been capitalised and included in the cost price of property, plant and equipment in the Consolidated Statement of Financial Position.

The initial accounting for the acquisition of Integro Foods has been provisionally determined based upon the best information available as at the reporting date. As permitted under AASB 3 Business Combinations, acquisition accounting will be finalised within twelve months from date of acquisition.

10. Business combinations (Continued)

b) Acquisitions in the half year ended 31 March 2012

Acquisition of Schill Malz GmbH & Co. KG

i. Summary of acquisition

On 4 October 2011, the Group acquired 100% of Schill Malz GmbH & Co. KG for the purchase consideration of \$62.5 million.

The acquired business contributed revenues of \$79.6 million, loss before interest, tax, depreciation and amortisation of \$3.2 million and net loss before tax of \$7.4 million to the Group for the period from 4 October 2011 to 30 September 2012. Details of the purchase consideration, net assets acquired and goodwill are as follows:

	\$ M
Purchase consideration	62.5
Fair value of net identifiable assets acquired	(52.4)
Goodwill	10.1

The assets and liabilities arising from the acquisition are as follows:

	Fair value \$ M
Cash and cash equivalents	0.5
Property, plant and equipment	51.7
Software	0.8
Inventory	21.8
Other assets	2.2
Trade receivables	11.7
Trade payables	(5.9)
Borrowings	(18.7)
Net deferred tax	(1.8)
Other liabilities	(9.9)
Net identifiable assets acquired	52.4

The goodwill is attributed to the synergies and strategic location of the acquired business.

The accounting for the acquisition for Schill Malz GmbH & Co. KG business was finalised at 30 September 2012.

ii. Purchase consideration cash outflow

	\$ M
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	62.5
Less: Balance acquired	
Cash	0.5
Borrowings	(18.7)
	(18.2)
Outflow of Cash – investing activities	80.7

11. Events occurring after the reporting period

On 26 April 2013 GrainCorp announced that it had entered into a takeover bid implementation deed ("ADM Offer") with Archer Daniels Midland Company ("ADM"). The due diligence phase of the ADM Offer was satisfied on 2 May 2013. Under the proposed takeover, GrainCorp shareholders will receive \$12.20 in cash per fully paid share, along with fully franked dividends totalling \$1.00 per share.

The proposed takeover is subject to a number of conditions including a minimum 50.1% GrainCorp shareholder approval and other regulatory approvals. Each GrainCorp Director has indicated that they would recommend the ADM Offer subject to it continuing to be in the best interest of the shareholders and:

- There being no superior proposal;
- An independent expert determining that the ADM Offer is fair and reasonable; and
- The regulatory conditions being satisfied or waived by 31 December 2013.

GrainCorp is working with ADM to progress the ADM Offer. Shareholders will be provided with further information (including an independent expert's report) in the bidder's and target's statements which are expected to be despatched in June.

Further information about the ADM Offer is available on the GrainCorp website (www.graincorp.com.au).

Other than reported above, no other matter or circumstance has arisen since 31 March 2013 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 20 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 2013 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
Chairman

Sydney
16 May 2013

Independent Auditor's Report



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

Report on the Interim Financial Report

We have reviewed the accompanying half year financial report, being a special purpose financial report, of GrainCorp Limited (the company), which comprises the balance sheet as at 31 March 2013, and the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for GrainCorp Limited (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at the half year end or 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 and fair presentation of the half year financial report in accordance with the accounting policies as described in Note 1 to the financial statements and have determined that the accounting policies in Note 1, which form part of the financial report, are appropriate to meet the needs of the members. The directors are also responsible 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 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, anything has come to our attention that causes us to believe that the financial report is not presented fairly, in all material respects, in accordance with the accounting policies as described in Note 1 to the financial report. As the auditor of the company, 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. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. 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.

Conclusion

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of GrainCorp Limited does not present fairly in all material respects, the consolidated entity's financial position as at 31 March 2013 and its performance for the half year ended on that date in accordance with the accounting policies as described in Note 1 to the financial report.

PricewaterhouseCoopers

PricewaterhouseCoopers

Matthew Lunn

Matthew Lunn
Partner

Sydney, 16 May 2013

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