

14 November 2013

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

GRAINCORP LIMITED: GNC
APPENDIX 4E – PRELIMINARY FINAL REPORT
FINANCIAL YEAR ENDED 30 SEPTEMBER 2013

Please find attached the Appendix 4E relating to the financial year ended 30 September 2013.

Yours sincerely,



ANDREW HORNE
Company Secretary

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

**Preliminary Final Report for the year
ended 30 September 2013**



Results for Announcement to the Market

	Up / Down	Movement %		2013 \$ M
Revenue from ordinary activities	Up	34.0	to	4,462.0
Profit before significant items from ordinary activities after tax attributable to members	Down	14.8	to	174.5
Significant items ⁽¹⁾ from ordinary activities net of tax	n/a	n/a		(33.6)
Profit from ordinary activities after tax attributable to members ⁽²⁾	Down	31.2	to	140.9
Net profit for the period attributable to members	Down	31.2	to	140.9

Dividend Information	Amount per security	Franked amount per security at 30% tax
Interim dividend per share (paid 12 July 2013)	20.0 cents	20.0 cents
Interim special dividend per share (paid 12 July 2013)	5.0 cents	5.0 cents
Final dividend per share (to be paid 16 December 2013)	20.0 cents	20.0 cents
Record date for determining entitlements to the final dividend		2 December 2013
Payment date for final dividend		16 December 2013

Explanation of results

A detailed commentary of the results for the year is contained in the Investor Presentation dated 14 November 2013 accompanying this report.

Net tangible assets

Net tangible assets per share is \$5.62 (2012: \$5.79). This has been calculated by dividing net assets attributable to members less deferred taxes and intangibles, divided by the number of ordinary shares as at 30 September 2013.

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.

² Profit from ordinary activities is comprised of reported results less significant items. A reconciliation of statutory profit to ordinary activities is included in note 3.

Other information

On 26 April 2013 GrainCorp announced that it had entered into a takeover implementation deed ("ADM Offer") with Archer Daniels Midland Company ("ADM"). The due diligence phase of the ADM Offer was satisfied on 2 May 2013. On 24 June 2013 GrainCorp released its Target's Statement (which included the Independent Expert's Report prepared by Grant Samuel) in which the GrainCorp Directors unanimously recommended that shareholders accept the offer from ADM to acquire all of the GrainCorp shares not held by it ("Offer"), in the absence of a superior proposal.³

Should the Offer become unconditional, GrainCorp shareholders who accept the Offer and hold shares at the relevant times will receive cash payments of \$13.20 per share comprising:

- A payment from ADM of \$12.20 per share; and
- Permitted Dividends totalling \$1.00⁴ per share. The dividends are expected to be fully franked.

GrainCorp shareholders may also become entitled to receive an Earnings Dividend, being a dividend equal to 3.5 cents per share for each full month between 30 September 2013 and the Earnings Dividend end date (expected to be the date the regulatory conditions of the Offer have been satisfied or waived). The Earnings Dividend is expected to be fully franked. Payment of the Earnings Dividend is subject to GrainCorp being profitable over the period during which the Earnings Dividend accrues, the GrainCorp Directors maintaining their recommendation of the Offer over that period and the Offer becoming unconditional.

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

This report is based on the Annual Report for year ended 30 September 2013 which is currently being audited. The information provided in this report contains all the information required by ASX Listing Rule 4.3A.

³ Any GrainCorp Director may withdraw or change his or her recommendation if any of the Regulatory Conditions have not been satisfied or waived by 31 December 2013, the Independent Expert concludes in any written update to the Independent Expert's Report that the Offer is either not fair or not reasonable or that director ceases to be of the view that the Offer is in the best interests of Shareholders.

⁴ This amount includes the dividends of 45 cents per share relating to the 12 months ending 30 September 2013.

2013 Preliminary Final Report

Consolidated Income Statement

For the year ended 30 September 2013

	Note	2013 \$ M	2012 \$ M
Revenue from continuing operations		4,462.0	3,329.4
Other income	4	23.6	77.0
Goods purchased for resale		(2,680.3)	(1,746.0)
Raw materials and consumables used		(825.5)	(750.7)
Employee benefits expense		(359.5)	(291.6)
Depreciation and amortisation expense		(118.8)	(91.1)
Finance costs		(48.8)	(42.5)
Repairs and maintenance		(49.1)	(42.2)
Operating leases	5	(64.0)	(61.6)
Other expenses	5	(113.5)	(99.5)
Acquisition and integration costs	3	(17.5)	(7.2)
Takeover response costs	3	(18.1)	-
Defined benefit plan adjustment	3	-	16.8
Share of results of investments accounted for using the equity method	11	11.7	15.4
Profit before income tax		202.2	306.2
Income tax expense		(61.3)	(101.3)
Profit from continuing operations		140.9	204.9
Profit attributable to owners of GrainCorp Limited		140.9	204.9

	Cents	Cents
Earnings per share for profit from continuing operations attributable to owners of the Company		
Basic earnings per share	61.9	102.6
Diluted earnings per share	61.6	102.0
Earnings per share for profit attributable to owners of the Company		
Basic earnings per share	61.9	102.6
Diluted earnings per share	61.6	102.0

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

Consolidated Statement of Comprehensive Income

For the year ended 30 September 2013

	2013 \$ M	2012 \$ M
Profit for the year	140.9	204.9
Other comprehensive income		
<i>Items that will not be reclassified to profit and loss:</i>		
Actuarial gain / (loss) on retirement benefit obligations	2.7	(13.6)
Income tax relating to these items	(1.8)	2.5
<i>Items that may be reclassified to profit and loss:</i>		
Changes in the fair value of cash flow hedges	(2.6)	7.4
Share of comprehensive income of jointly controlled entities	0.4	(0.1)
Exchange differences on translation of foreign operations	48.2	(11.9)
Income tax relating to these items	1.0	(2.0)
Other comprehensive income for the year, net of tax	47.9	(17.7)
Total comprehensive income for the year attributable to owners of GrainCorp Limited	188.8	187.2

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

Consolidated Statement of Financial Position

As at 30 September 2013

	Note	2013 \$ M	2012 \$ M
Current assets			
Cash and cash equivalents		255.0	350.3
Trade and other receivables		426.4	390.5
Inventories		535.1	551.5
Derivative financial instruments		59.7	77.2
Assets classified as held for sale		5.5	7.6
Total current assets		1,281.7	1,377.1
Non-current assets			
Trade and other receivables		19.5	20.0
Investments accounted for using the equity method	11	151.5	139.4
Other financial assets		1.8	1.5
Deferred tax assets		18.6	3.3
Property, plant and equipment		1,182.3	872.2
Intangible assets		512.6	370.8
Derivative financial instruments		2.3	0.9
Total non-current assets		1,888.6	1,408.1
Total assets		3,170.3	2,785.2
Current liabilities			
Trade and other payables		336.2	299.1
Borrowings	8	237.9	338.2
Derivative financial instruments		35.4	68.2
Other financial liabilities		0.2	0.2
Current tax liabilities		5.9	17.6
Provisions		80.2	70.4
Total current liabilities		695.8	793.7
Non-current liabilities			
Trade and other payables		20.0	10.3
Borrowings	8	595.0	339.9
Derivative financial instruments		1.6	4.9
Other financial liabilities		0.3	0.6
Deferred tax liabilities		57.9	52.9
Provisions		6.7	5.1
Retirement benefit obligations		34.4	37.3
Total non-current liabilities		715.9	451.0
Total liabilities		1,411.7	1,244.7
Net assets		1,758.6	1,540.5
Equity			
Contributed equity		1,338.3	1,171.8
Reserves		28.7	(19.6)
Retained earnings		391.6	388.3
Total equity		1,758.6	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 year ended 30 September 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 30 September 2011	(4.6)	8.3	6.5	(25.2)	(15.0)	1,064.5	323.2	1,372.7
Profit for the year	-	-	-	-	-	-	204.9	204.9
Other comprehensive income:								
Exchange difference on translation of foreign operations	-	-	-	(11.9)	(11.9)	-	-	(11.9)
Gain / (loss) on cash flow hedges	7.4	-	-	-	7.4	-	-	7.4
Defined benefit plan actuarial gains and losses	-	-	-	-	-	-	(13.6)	(13.6)
Share of other comprehensive income of jointly controlled entities	(0.1)	-	-	-	(0.1)	-	-	(0.1)
Deferred tax credit / (expense)	(2.0)	-	-	-	(2.0)	-	2.5	0.5
Total other comprehensive income	5.3	-	-	(11.9)	(6.6)	-	(11.1)	(17.7)
Total comprehensive income	5.3	-	-	(11.9)	(6.6)	-	193.8	187.2
Transactions with owners:								
Dividends paid	-	-	-	-	-	-	(129.0)	(129.0)
Share issue (net of transaction costs)	-	-	-	-	-	104.4	-	104.4
Share-based payments	-	-	4.1	-	4.1	-	-	4.1
Deferred tax credit	-	-	-	-	-	0.8	-	0.8
Dividends received by Employee Trust	-	-	-	-	-	-	0.3	0.3
Less: Treasury shares	-	-	-	-	-	-	-	-
Less: Treasury shares vested to employees	-	-	(2.1)	-	(2.1)	2.1	-	-
Total transactions with owners	-	-	2.0	-	2.0	107.3	(128.7)	(19.4)
At 30 September 2012	0.7	8.3	8.5	(37.1)	(19.6)	1,171.8	388.3	1,540.5
Profit for the year							140.9	140.9
Other comprehensive income:								
Exchange difference on translation of foreign operations	-	-	-	49.9	49.9	-	(1.7)	48.2
Gain / (loss) on cash flow hedges	(2.6)	-	-	-	(2.6)	-	-	(2.6)
Defined benefit plan actuarial gains and losses	-	-	-	-	-	-	2.7	2.7
Share of other comprehensive income of jointly controlled entities	0.4	-	-	-	0.4	-	-	0.4
Deferred tax credit / (expense)	1.0	-	-	-	1.0	-	(1.8)	(0.8)
Total other comprehensive income	(1.2)	-	-	49.9	48.7	-	(0.8)	47.9
Total comprehensive income	(1.2)	-	-	49.9	48.7	-	140.1	188.8
Transactions with owners:								
Dividends paid	-	-	-	-	-	-	(137.0)	(137.0)
Share issue (net of transaction costs)	-	-	-	-	-	174.4	-	174.4
Share-based payments	-	-	(0.3)	-	(0.3)	-	-	(0.3)
Deferred tax credit	-	-	-	-	-	(0.1)	-	(0.1)
Dividends received by Employee Trust	-	-	-	-	-	-	0.2	0.2
Less: Treasury shares	-	-	-	-	-	(7.9)	-	(7.9)
Less: Treasury shares vested to employees	-	-	(0.1)	-	(0.1)	0.1	-	-
Total transactions with owners	-	-	(0.4)	-	(0.4)	166.5	(136.8)	29.3
At 30 September 2013	(0.5)	8.3	8.1	12.8	28.7	1,338.3	391.6	1,758.6

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

Consolidated Statement of Cash Flows

For the year ended 30 September 2013

	Note	2013 \$ M	2012 \$ M
Cash flows from operating activities			
Receipts from customers		4,701.0	3,707.5
Payments to suppliers and employees		(4,211.4)	(3,357.8)
		489.6	349.7
Transaction costs of business combinations	9	(12.8)	(0.9)
(Repayments) / proceeds of secured bank loan – commodity inventory funding		(131.8)	(73.0)
Interest received		11.8	13.1
Interest paid		(50.6)	(41.0)
Income taxes refunded / (paid)		(83.3)	(107.9)
Net inflow from operating activities		222.9	140.0
Cash flows from investing activities			
Payments for property, plant and equipment		(111.9)	(108.0)
Payments for computer software		(29.5)	(4.2)
Proceeds from sale of property, plant and equipment		0.5	0.1
Payments for investment / business (net of cash acquired)		(353.5)	(80.7)
Loans repaid by related parties		0.5	-
Net (outflow) from investing activities		(493.9)	(192.8)
Cash flows from financing activities			
Proceeds from borrowings		400.0	222.9
Repayment of borrowings		(146.5)	(100.0)
Proceeds from share issue		51.7	106.9
Dividend paid	6	(137.0)	(129.0)
Share issue transaction costs		(1.1)	(2.5)
Treasury shares purchased		(0.3)	-
Net inflow from financing activities		166.8	98.3
Net (decrease) / increase in cash and cash equivalents		(104.2)	45.5
Cash and cash equivalents at the beginning of the year		350.3	312.4
Effects of exchange rate changes on cash and cash equivalents		8.9	(7.6)
Cash and cash equivalents at the end of the year		255.0	350.3

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

Notes to the Preliminary Final Report

For the year ended 30 September 2013

1. Summary of significant accounting policies

The Preliminary Final Report (the "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 Stock Exchange.

a) Basis of preparation

The Report has been prepared in accordance with Australia Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The accounting policies in this Report are consistent with those applied by the Group in its consolidated financial statements for the year ended 30 September 2012. New or amended accounting standards that have current year application did not have a significant impact on the presentation of the Report. No accounting standards issued but not yet effective have been early adopted in the financial year.

The Report is prepared in Australian dollars.

Statement of compliance

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards ("AIFRS"). Compliance with AIFRS ensures that the Report of GrainCorp Limited complies with the International Financial Reporting Standards ("IFRS").

Historical cost convention

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

Critical accounting estimates

The preparation of this Report requires the use of certain critical accounting estimates. In preparing this Report, the significant judgements made by management in applying the Group's accounting policies and the key sources of uncertainty in estimation were the same as those applied to the Annual Financial Report for the year ended 30 September 2012.

Rounding amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Report. This Report has been rounded to the nearest hundred thousand dollars, or in certain cases, to the nearest thousand dollars.

b) Significant Accounting Policies

The accounting policies applied by the Group in this Report are the same as those applied by the Group in the Annual Financial Report for the year ended 30 September 2012.

c) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquirees' net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

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 Managing Director & CEO 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 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.

2013	Storage & Logistics \$ M	Marketing \$ M	Malt \$ M	Oils \$ M	Reportable segments \$ M	Corporate \$ M	Eliminations \$ M	Total \$ M
Reportable segment revenue								
External revenues	443.5	2,132.4	976.6	909.5	4,462.0	-	-	4,462.0
Inter-segment revenue	211.8	36.9	-	52.1	300.8	0.2	(301.0)	-
Total reportable segment revenue	655.3	2,169.3	976.6	961.6	4,762.8	0.2	(301.0)	4,462.0
Dividends	-	-	-	-	-	-	-	-
Total revenue from continuing operations	655.3	2,169.3	976.6	961.6	4,762.8	0.2	(301.0)	4,462.0
Reportable segment result	179.3	54.3	101.2	75.3	410.1	(26.4)	-	383.7
Share of profit of jointly controlled entities	-	-	-	-	-	11.7	-	11.7
Profit before significant items, net interest, depreciation, amortisation and income tax								395.4
Net Interest	-	(17.1)	-	(1.4)	(18.5)	(20.3)	-	(38.8)
Depreciation and amortisation	(50.9)	(1.6)	(39.6)	(25.4)	(117.5)	(1.3)	-	(118.8)
Significant items (note 3)	-	-	1.8	(0.5)	1.3	(36.9)	-	(35.6)
Profit before income tax from continuing operations	128.4	35.6	63.4	48.0	275.4	(73.2)	-	202.2
Other segment information								
Capital expenditure	60.1	11.5	43.4	24.5	139.5	1.9	-	141.4
Reportable segment assets	503.9	389.9	1,089.0	382.9	2,365.7	804.6	-	3,170.3

2. Segment information (Continued)

2012	Storage & Logistics \$ M	Marketing \$ M	Malt \$ M	Oils \$ M	Reportable segments \$ M	Corporate Eliminations \$ M	Total \$ M
Reportable segment revenue							
External revenues	535.5	1,848.8	945.1	-	3,329.4	-	3,329.4
Inter-segment revenue	269.1	42.0	-	-	311.1	0.2 (311.3)	-
Total reportable segment revenue	804.6	1,890.8	945.1	-	3,640.5	0.2 (311.3)	3,329.4
Dividends	-	-	-	-	-	-	-
Total revenue from continuing operations	804.6	1,890.8	945.1	-	3,640.5	0.2 (311.3)	3,329.4
Reportable segment result	249.7	63.1	117.1	-	429.9	(26.2)	403.7
Share of profit of jointly controlled entities	-	-	-	-	-	10.2	10.2
Profit before significant items, net interest, depreciation, amortisation and income tax							413.9
Net Interest	-	(21.9)	-	-	(21.9)	(9.4)	(31.3)
Depreciation and amortisation	(53.3)	(0.4)	(36.5)	-	(90.2)	(0.9)	(91.1)
Significant items (note 3)	-	-	16.8	-	16.8	(2.1)	14.7
Profit before income tax from continuing operations	196.4	40.8	97.4	-	334.6	(28.4)	306.2
Other segment information							
Capital expenditure	64.2	9.9	37.5	-	111.6	0.6	112.3
Reportable segment assets	535.4	615.6	981.6	-	2,132.6	652.6	2,785.2

Geographical information	2013 \$ M	2012 \$ M
Sales revenue from external customers based on the location of the customer:		
Australasia	1,924.2	1,286.5
North America	492.1	421.9
Europe	723.6	604.1
Asia	824.8	691.1
Middle East and North Africa	358.1	255.5
Other	139.2	70.3
	4,462.0	3,329.4
Non-current assets based on geographical location of assets ⁵ :		
Australasia	1,196.2	854.8
North America	387.7	345.8
Europe	282.6	203.3
Asia	1.2	-
	1,867.7	1,403.9

⁵ Excludes derivative financial instruments and deferred tax assets.

3. Significant items

Net profit after tax for the current year includes the following items whose disclosure is relevant in explaining the financial performance of the Group.

	Business Unit	Profit before interest and tax \$ M	Tax \$ M	NPAT \$ M
Net significant items for 2013 comprise:				
Takeover response costs ⁶	Corporate	(18.1)	5.3	(12.8)
GrainCorp Oils acquisition and integration costs ⁷	Corporate	(19.3)	0.9	(18.4)
GrainCorp Malt acquisition trade tax and associated income ⁸	Malt	1.8	(4.2)	(2.4)
Net significant items		(35.6)	2.0	(33.6)

	Business Unit	Profit before interest and tax \$ M	Tax \$ M	NPAT \$ M
Net significant items for 2012 comprise:				
Defined benefit plan adjustment ⁹	Malt	16.8	(5.1)	11.7
GrainCorp Oils acquisition and integration costs ¹⁰	Corporate	(7.2)	2.2	(5.0)
Adjustment to deferred tax ¹¹	Corporate	-	(11.8)	(11.8)
Share of jointly controlled entity result - Allied Mills insurance claim ¹²	Corporate	5.1	-	5.1
Net significant items		14.7	(14.7)	-

	2013 \$M	2012 \$M
Underlying NPAT	174.5	204.9
Defined benefit plan adjustment	-	16.8
Share of jointly controlled entity result - Allied Mills insurance claim	-	5.1
Takeover response costs	(18.1)	-
GrainCorp Oils acquisition and integration costs	(19.3)	(7.2)
GrainCorp Malt acquisition associated income	1.8	-
Tax on significant items	2.0	(14.7)
Statutory NPAT	140.9	204.9

⁶ Expenses of \$12.8 million (after tax) relate to the cost of advisors engaged to support the Board and management in their response to ADM's proposals.

⁷ GrainCorp Oils acquisition and integration costs of \$18.4 million (after tax) primarily relate to stamp duty of \$13.5 million, along with advisory and integration costs of \$4.9 million.

⁸ GrainCorp Malt acquisition trade tax of \$2.4 million (after tax) relates to net trade tax expense which was triggered as part of a GrainCorp Malt acquisition.

⁹ Defined benefit plan adjustment reflects the remeasurement of the liability recognised in relation to the Australian top-up benefit fund due to curtailment of the obligation in the current period.

¹⁰ GrainCorp Oils acquisition and integration costs comprise advisory costs incurred as at 30 September 2012 for the Group's acquisition.

¹¹ Adjustment to deferred tax reflects the impact of changes to the tax base for capitalised customer contracts. The change was required by the *Tax Laws Amendment (2012 Measure No. 2) Bill 2012* enacted 29 June 2012.

¹² Allied Mills insurance claim relates to an insurance settlement received by Allied Mills, a jointly controlled entity, in financial year 2012 relating to flood damage at Toowoomba. The amount reflects GrainCorp's post tax share of proceeds received net of an impairment relating to plant and equipment.

4. Other income

	2013 \$ M	2012 \$ M
Net gain / (loss) on derivative / commodity trading:		
Net realised gain / (loss) on foreign currency derivatives	(30.5)	2.4
Net realised gain / (loss) on financial derivatives	34.3	(19.9)
	3.8	(17.5)
Net unrealised gain / (loss) on foreign currency derivatives	0.1	22.7
Net unrealised gain / (loss) on financial derivatives	14.7	(28.6)
Net unrealised gain / (loss) on commodity contracts	11.6	(8.2)
Net unrealised gain / (loss) on commodity inventories at fair value less costs to sell	(43.5)	81.7
	(17.1)	67.6
Net gain / (loss) on derivative / commodity trading	(13.3)	50.1
Compensation for impairment of assets received from third party	4.0	4.8
Interest	10.0	11.2
Sundry income	22.9	10.9
	23.6	77.0

5. Expenses

	2013 \$ M	2012 \$ M
Employee benefit expense		
Defined contribution superannuation expense	14.0	34.4
Other employee benefit expenses	345.5	257.2
Total employee benefit expense	359.5	291.6
Finance costs		
Interest charges	48.8	42.5
Total finance costs	48.8	42.5
Depreciation		
Plant and equipment	72.2	47.9
Buildings and improvements	22.3	25.1
Total depreciation	94.5	73.0
Amortisation		
Intangible assets	24.3	18.1
Total amortisation	24.3	18.1
Total depreciation and amortisation	118.8	91.1
Operating leases		
Minimum lease payments	64.0	61.6
Total rental expenses relating to operating leases	64.0	61.6
Other		
Research and development costs	0.2	0.3
Provision for claims and disputes	7.4	12.6
Insurance	13.1	8.2
Motor vehicle cost	6.2	5.9
Other expenses	86.6	72.5
Total other expenses	113.5	99.5

6. Dividends

	2013 \$ M	2012 \$ M
Dividends paid in the 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
Interim fully franked dividend for the half year ended 31 March 2013 of 20.0 cents (2012: 15.0 cents)	45.8	29.8
Special interim fully franked dividend for the half year ended 31 March 2013 of 5.0 cents (2012: 15.0 cents)	11.4	29.8
Total	137.0	129.0

Dividend not recognised at year end

Since year end the Directors have approved the payment of a final dividend, expected to be paid on 16 December 2013:

Final fully franked dividend for the year ended 30 September 2013 of 20.0 cents (2012: 20.0 cents final dividend and 15.0 cents special dividend)	45.8
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This dividend will be paid out of retained profits at 30 September 2013, but is not recognised as a liability at year end.

Franking credits available

	2013 \$ M	2012 \$ M
Franking credits available for the subsequent financial year	65.7	76.2

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

- Franking credits that will arise from the payment of the current tax liability;
- Franking debits that will arise from the payment of dividends recognised as a liability at the reporting date;
- Franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date; and
- 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 \$19.6 million (2012: \$34.2 million).

7. Commitments

	2013 \$ M	2012 \$ M
Capital expenditure commitments		
Total capital expenditure contracted for at the reporting date but not provided for in payables:		
- Not later than one year	53.4	28.4
- Later than one year and not later than five years	1.6	-
- Later than five years	0.6	-
	55.6	28.4
Lease commitments		
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:		
- Not later than one year	66.3	62.1
- Later than one year and not later than five years	44.2	36.6
- Later than five years	106.0	92.9
	216.5	191.6
Representing:		
Cancellable operating leases	0.4	0.8
Non-cancellable operating leases	216.1	190.8
	216.5	191.6
Operating leases		
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
- Not later than one year	66.1	62.0
- Later than one year but not later than five years	44.1	35.9
- Later than five years	106.0	92.9
	216.2	190.8
Finance leases		
Commitments in relation to finance leases are payable as follows:		
- Not later than one year	1.9	5.0
- Later than one year but not later than five years	5.2	4.8
- Later than five years	19.8	15.2
Minimum lease payments	26.9	25.0
Future finance charges	(16.2)	(9.8)
Total lease liabilities	10.7	15.2
Representing lease liabilities:		
Current	0.2	4.2
Non-current	10.5	11.0
	10.7	15.2

8. Borrowings

	2013 \$ M	2012 \$ M
Current		
Short term facilities – unsecured	75.3	47.0
Commodity inventory funding facility – secured	162.4	287.0
Leases – secured	0.2	4.2
Total current borrowings	237.9	338.2
Non-current		
Term funding facilities – unsecured	584.5	328.9
Leases – secured	10.5	11.0
Total non-current borrowings	595.0	339.9

a) Bank overdraft

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

b) Short term and commodity inventory funding facilities

These facilities are available to be drawn down on demand. The facilities are renewable at the option of the financier each 12 months. Interest was payable for the term drawn in the range 0.8% - 4.0% (2012: 0.8% - 6.1%).

c) Term funding facilities

Interest was payable for the term drawn in the range 1.3% - 4.8% (2012: 1.3% - 5.8%).

d) 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:

	2013 \$ M	2012 \$ M
Lease liabilities	10.7	15.2
Commodity inventory funding facility	162.4	287.0
	173.1	302.2

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

	2013 \$ M	2012 \$ M
Leased assets	1.1	1.2
Commodity inventory	133.8	287.1
	134.9	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 financial year.

8. Borrowings (Continued)

e) Financing arrangements

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

2013	Maturity date	Principal facility amount \$ M	Amount utilised \$ M
Term debt	July 2016	399.6	359.5
Term debt	October 2016	225.0	225.0
Commodity inventory funding	November 2014	630.0	162.4
Working capital ¹³	October 2014	360.0	75.3
Working capital ¹³	September 2014	30.0	-
		1,644.6	822.2

2012	Maturity date	Principal facility amount \$ M	Amount utilised \$ M
Term debt ¹⁴	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.

f) Fair value

Current and non-current liabilities are stated at costs which approximate fair value.

¹³ During the year, the maturity date of the working capital facilities was extended from October 2013 to September 2014 and October 2014. All other conditions of the facilities remained the same.

¹⁴ During the prior year, the maturity date of the term debt facility was extended from July 2013 to July 2016. All other conditions of the facility remained the same.

9. Business combinations

a) Acquisitions in the year ended 30 September 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 30 September 2013, the acquired businesses contributed revenues of \$909.5 million, profit before net interest, income tax, depreciation and amortisation of \$75.3 million and net profit before tax of \$48.0 million to the Group. The Group would anticipate no significant difference in revenue and net profit after tax contribution if the businesses were acquired on the 1 October 2012. 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	(240.7)
Goodwill	82.6

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

	Fair value \$ M
Cash and cash equivalent	6.7
Receivables	53.1
Inventory	40.1
Property, plant and equipment	176.3
Identifiable intangible assets	4.8
Other assets	5.6
Income tax receivable	2.0
Net deferred tax	0.8
Payables	(32.1)
Employee entitlements	(4.9)
Borrowings	(6.6)
Other liabilities	(5.1)
Net identifiable assets acquired	240.7

9. 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 \$14.8 million have been excluded from the consideration transferred and recognised as an expense within the Consolidated Statement of Comprehensive Income.

The goodwill is attributable to the workforce, synergies and strategic location of the acquired business. It will not be deductible for tax purposes.

The accounting for the acquisition of Gardner Smith has been finalised. The changes from the provisional acquisition accounting at half year relate primarily to finalisation of deferred tax.

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	(127.7)
Goodwill	19.1

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

	Fair value \$ M
Property, plant and equipment	76.5
Identifiable intangible assets	4.8
Inventory	50.6
Net deferred tax	3.5
Employee provisions	(7.6)
Other liabilities	(0.1)
Net identifiable assets acquired	127.7

Acquisition related costs amounting to \$6.0 million have been excluded from the consideration transferred and recognised as an expense within the Consolidated Statement of Comprehensive Income.

The goodwill is attributable to the workforce and synergies of the acquired business. It will not be deductible for tax purposes.

The accounting for the acquisition of Integro Foods has been finalised. The changes from the provisional acquisition accounting at half year relate primarily to finalisation of deferred tax.

9. Business combinations (continued)

b) Acquisitions in the year ended 30 September 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

10. Subsidiaries

Name of entity	Class of shares	Country of incorporation	Equity holdings	
			2013	2012
ABN 18 052 348 973 Pty Ltd (formerly Ausfarmers Pty Limited) ¹⁵	Ordinary	Australia	100%	100%
ABN 25 069 096 582 Pty Ltd (formerly GrainCorp Victoria Pty Limited) ¹⁵	Ordinary	Australia	100%	100%
ABN 36 073 105 656 Pty Ltd (formerly Globex International Pty Limited) ¹⁵	Ordinary	Australia	100%	100%
ABN 99 059 347 349 Pty Ltd (formerly Victorian Grain Services Pty Limited) ¹⁶	Ordinary	Australia	-	100%
Agricultural Risk Management Services Pty Limited	Ordinary	Australia	100%	100%
Auscol Pty Ltd	Ordinary	Australia	100%	-
Australia Malt Finco Pty Ltd	Ordinary	Australia	100%	100%
Australia Malt Holdco Pty Ltd	Ordinary	Australia	100%	100%
Barrett Burston Malting Co. Pty. Ltd.	Ordinary	Australia	100%	100%
Barrett Burston Malting Company WA Pty Limited	Ordinary	Australia	100%	100%
Champion Liquid Feeds Pty Limited	Ordinary	Australia	100%	-
Containerlink Pty Limited ¹⁵	Ordinary	Australia	100%	100%
Gardner Smith (Holdings) Pty Ltd	Ordinary	Australia	100%	-
Gardner Smith Pty Limited	Ordinary	Australia	100%	-
Grainco Australia Pty Limited	Ordinary	Australia	100%	100%
GrainCorp AG Finance Limited ¹⁵	Ordinary	Australia	100%	100%
GrainCorp Australia Pty Ltd	Ordinary	Australia	100%	100%
GrainCorp Holdings Australia Pty Ltd	Ordinary	Australia	100%	100%
GrainCorp NZ Pty Limited ¹⁵	Ordinary	Australia	100%	100%
GrainCorp Oils Holdings Pty Ltd	Ordinary	Australia	100%	100%
GrainCorp Operations Limited	Ordinary	Australia	100%	100%
GrainCorp Services Limited	Ordinary	Australia	100%	100%
GrainCorp Warehouse Cashflow Pty Ltd	Ordinary	Australia	100%	100%
GSEST Pty Ltd	Ordinary	Australia	100%	-
Hunter Grain Pty Limited	Ordinary	Australia	100%	100%
Hunter Grain Transport Pty Limited	Ordinary	Australia	100%	100%
Integro Foods Australia Pty Ltd	Ordinary	Australia	100%	100%
Malt Real Property Pty Limited	Ordinary	Australia	100%	100%
Pacific Terminals (Australia) Pty Ltd	Ordinary	Australia	100%	-
Riverland Oilseeds Pty Ltd	Ordinary	Australia	100%	-
Security Superannuation Fund Pty Limited	Ordinary	Australia	100%	100%
Vicgrain (Assets) Pty Limited	Ordinary	Australia	100%	100%
Vicgrain Pty Limited	Ordinary	Australia	100%	100%
Canada Malting Co. Limited	Ordinary	Canada	100%	100%
Coastal Containers Limited	Ordinary	Canada	100%	100%
GrainCorp Canada Inc.	Common	Canada	100%	100%
Gardner Smith Commodities Trading (Shanghai) Co., Ltd	Ordinary	China	100%	-

¹⁵ Subject to members' voluntary liquidation or deregistration

¹⁶ Deregistered during financial year 2013

10. Subsidiaries (Continued)

Name of entity	Class of shares	Country of incorporation	Equity holdings	
			2013	2012
Shanghai Grand Port Liquid Storage Terminals Co., Ltd	Ordinary	China	100%	-
GrainCorp Europe GmbH & Co. KG	-	Germany	100%	100%
GrainCorp Europe Management GmbH	Ordinary	Germany	100%	100%
Rhein-Ruhr-Malz GmbH	-	Germany	100%	100%
Schill Malz GmbH & Co. KG	Ordinary	Germany	100%	100%
Schill Malz Verwaltungs-GmbH	-	Germany	100%	100%
Thüringer Malz GmbH	-	Germany	100%	100%
BLM Feeds Limited	Ordinary	New Zealand	100%	-
Enzpro NZ Limited	Ordinary	New Zealand	100%	-
Gardner Smith NZ Limited	Ordinary	New Zealand	100%	-
Integro Foods NZ Limited	Ordinary	New Zealand	100%	100%
Pacific Terminals NZ Limited	Ordinary	New Zealand	100%	-
GrainCorp Operations Asia Pte Ltd	Ordinary	Singapore	100%	100%
Gardner Smith Africa Pty Ltd ¹⁵	Ordinary	South Africa	100%	-
Bairds Malt Limited	Ordinary	UK	100%	100%
Bairds Malt (Pension Trustees) Limited	Ordinary	UK	100%	100%
Brewers Select Limited	Ordinary	UK	100%	100%
GrainCorp (Canada) Holdings UK Limited	Ordinary	UK	100%	100%
GrainCorp Europe (UK) Ltd	Ordinary	UK	100%	100%
GrainCorp UK Limited	Ordinary	UK	100%	100%
Malt UK Holdco Limited	Ordinary	UK	100%	100%
Maltco 3 Limited	Ordinary	UK	100%	100%
Mark Lawrence (Grain) Limited	Ordinary	UK	100%	100%
Moray Firth Maltings Limited	Ordinary	UK	100%	100%
Norton Organic Grain Limited	Ordinary	UK	100%	100%
Saxon Agriculture Limited	Ordinary	UK	100%	100%
Scotgrain Agriculture Limited	Ordinary	UK	100%	100%
Ulgrave Limited	Ordinary	UK	100%	100%
BC Holdings LLC	Ordinary	USA	100%	100%
GrainCorp Holdings USA	-	USA	100%	100%
GrainCorp USA	Ordinary	USA	100%	100%
Great Western Malting Co	Ordinary	USA	100%	100%
Malt US Holdco, Inc	Ordinary	USA	100%	100%
GrainCorp Canada Inc.	Common	Canada	100%	100%

11. Investments accounted for using the equity method

a) Carrying amounts

Company	Principal activity	Ownership interest		Carrying amount	
		2013	2012	2013 \$ M	2012 \$ M
Allied Mills Australia Pty Ltd ¹⁷	Mixing & milling	60%	60%	149.8	137.7
National Grower Register Pty Ltd	Register management	50%	50%	1.7	1.7
Wheat Australia Pty Ltd	Wheat exportation	33.3%	33.3%	-	-
Flex Biofuels Pty Ltd	Sales and purchases of biofuels	50%	-	-	-
				151.5	139.4

All of the above jointly controlled entities are incorporated in Australia.

b) Movements in carrying amounts

	2013 \$ M	2012 \$ M
Carrying amount at the beginning of the financial year	139.4	124.1
Share of operating profits after income tax	11.7	15.4
Share of other comprehensive income / (loss) after income tax	0.4	(0.1)
Carrying amount at the end of the financial year	151.5	139.4
Group's share of jointly controlled entities' expenditure commitments, other than for supply of inventories:		
Capital commitments	16.7	19.3
Lease commitments	1.2	2.5
Contingent liabilities	-	0.9

Summarised financial information of jointly controlled entities:

	Group's share of:					
	Current Assets \$ M	Non Current Assets \$ M	Current Liabilities \$ M	Non Current Liabilities \$ M	Revenues \$ M	Profit \$ M
2013	107.5	171.3	72.2	35.3	295.4	11.7
2012	108.5	144.2	67.4	45.7	282.7	15.3

¹⁷ Equity interest in Allied Mills is 60%, however, voting rights are 50%.

12. Events occurring after the reporting period

Takeover bid from Archer Daniels Midland Company (“ADM”)

On 4 October 2013, an interim order was signed under the *Foreign Acquisitions and Takeovers Act 1975* to extend the statutory time for the Australia Foreign Investment Review Board (“FIRB”) to consider its decision on ADM’s proposed acquisition of GrainCorp Limited to 17 December 2013.

On 1 November 2013, ADM extended the Offer close date from 16 November 2013 to 28 February 2014.

GrainCorp continues to work with ADM to progress the Offer.

Other than reported above, no other matter or circumstance has arisen since 30 September 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.