12 November 2015

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

GRAINCORP LIMITED: GNC

APPENDIX 4E AND ANNUAL REPORT

FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

Please find attached the Appendix 4E and Annual Report relating to the financial year ended 30 September 2015.

Yours sincerely,

Gregory Greer
Company Secretary

GrainCorp Limited

Level 28, 175 Liverpool Street
Sydney NSW 2000

PO Box A268
Sydney South NSW 1235

T 02 9325 9100
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ABN 60 057 186 035

graincorp.com.au

GrainCorp

GRAINCORP LIMITED

APPENDIX 4E

FOR THE YEAR ENDED 30 SEPTEMBER 2015

RESULTS FOR ANNOUNCEMENT TO THE MARKET				
	Up / Down	% Movement		**2015 $ M**
Revenue from ordinary activities	Down	0.2%	to	**4,085.5**
Profit before significant items from ordinary activities after tax attributable to owners of GrainCorp Limited	Down	52.9%	to	**44.5**
Significant items[1] from ordinary activities net of tax	Down	71.9%	to	**(12.4)**
Profit from ordinary activities after tax attributable to owners of GrainCorp Limited	Down	36.2%	to	**32.1**
Net profit for the period attributable to owners of GrainCorp Limited	Down	36.2%	to	**32.1**

Dividend Information	**Amount per security**	**Franked amount per security at 30% tax**
Interim dividend per share (paid 17 July 2015)	7.5 cents	7.5 cents
Final dividend per share	2.5 cents	2.5 cents
Record date for determining entitlements to the final dividend		1 December 2015
Payment date for final dividend		15 December 2015

Additional Information

Net Tangible Assets per share: $5.64 (2014: $5.48)

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

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

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

[1] Significant items: GrainCorp defines significant items as not in the ordinary course of business, non-recurring and material in nature and amount. Significant items are shown in Note 8 of the Annual Report.

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Annual Report 2015

GrainCorp

GRAINCORP OVERVIEW

GrainCorp is a leading global food ingredients and agribusiness company with an integrated business model across three main grain activities: supply chain, origination and processing.

GrainCorp Overview

GrainCorp focuses its activities on three core grains (wheat, barley and canola) where we have a comparative advantage through grain origination, freight differentials and technical expertise.

GrainCorp has operations in Australia, New Zealand, Asia, North America, Europe and the United Kingdom. These markets collectively represent over 50 percent of the global export trade in wheat, barley and canola.

GrainCorp has four reporting segments:

- GrainCorp Storage & Logistics
- GrainCorp Marketing
- GrainCorp Malt
- GrainCorp Oils

GrainCorp also owns 60 percent of Allied Mills.

Our Mission and Vision

Our mission is to be an international leader in food ingredients and agribusiness, creating value by connecting consumers and producers.

Our vision is to grow as our customers' preferred partner – driven by our passionate people and strategic assets around the world.

Our Integrated Supply Chain

Accumulation – Largest regional accumulation network.

Storage – Over 20mmt of country storage and handling capacity.

Marketing – Marketing to local and global markets.

Road & Rail – Full freight connectivity for rapid turnaround.

Ports – 7 bulk grain ports with 15mmt elevation capacity 14 bulk liquid terminals.

Processing – A key end producer of malt, oils and flour.

Our Values

Our values help define our organisational culture by providing a common understanding of how we do things at GrainCorp and how we should behave towards each other, our customers and other stakeholders.

Safety – We act consciously every day to keep ourselves and our teams safe.

Our People – We work together as part of a high performing team and deliver what we promise.

Customers – We build strong relationships and deliver value to customers.

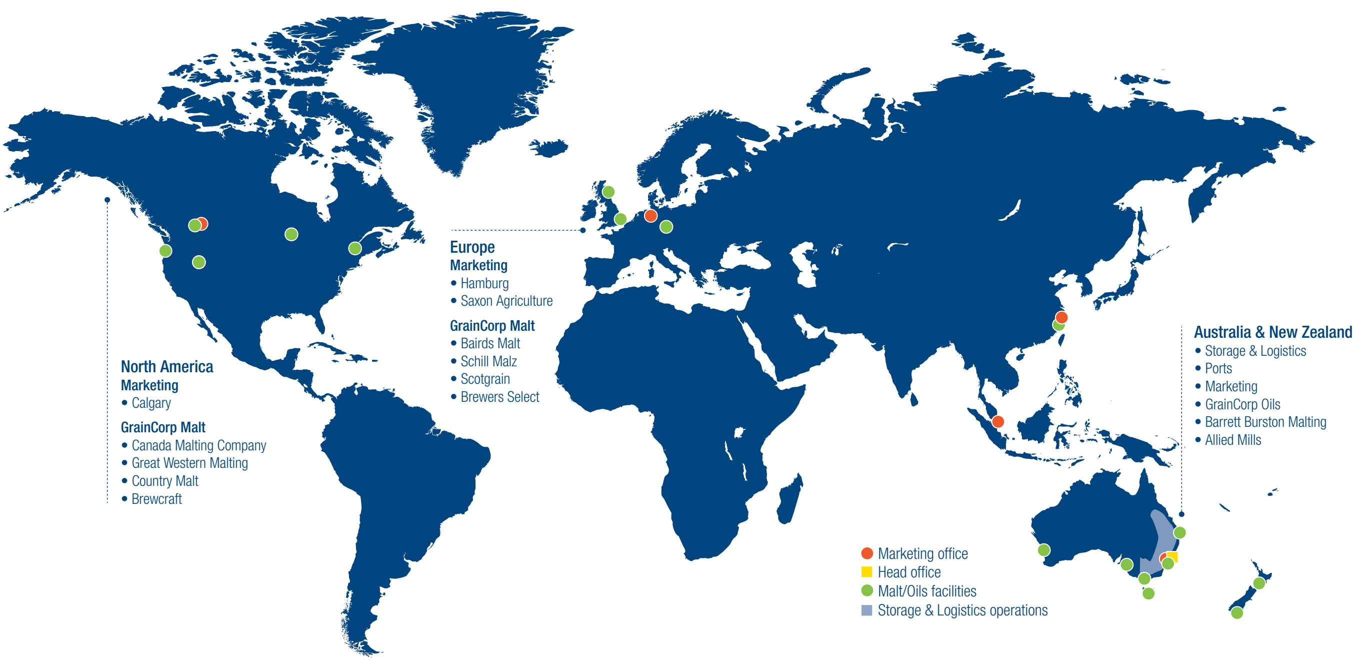
Excellence – We consistently look for better ways to do things.

Sustainability – We understand the bigger picture and add value to the bottom line.

Our community – We support the communities in which we operate.

Integrity – We act with high integrity, energy and passion.

Our international operations



Contents

Annual General Meeting
18 December 2015, 10.00am
Pullman Sydney Hyde Park Hotel
36 College Street
Sydney NSW 2010

Interim Results
Half year end – 31 March 2016
Results announcement – 11 May 2016

Full Year Results
Full year end – 30 September 2016

CHAIRMAN'S REVIEW

We are pleased with the progress made this year on our strategic initiatives. Under the leadership of our new Managing Director and Chief Executive Officer Mark Palmquist, we delivered according to our plans and announced two additional expansions in our processing businesses. It was, however, a challenging year financially, highlighting the importance of the diversification strategy we are pursuing.

Financial performance

GrainCorp reported underlying earnings before interest, tax, depreciation and amortisation ('EBITDA') of $235 million and underlying net profit after tax ('NPAT') of $45 million. Our processing businesses contributed a significant proportion of our earnings while our grains businesses experienced some challenges.

Dividend in line with policy

The Board has declared a dividend of 2.5 cents per share for the period to 30 September 2015, taking the total dividend for the year to 10.0 cents per share. This represents a payout ratio of 51 percent for the year and, over a five-year period, the payout ratio is 61 percent, in line with our policy of paying 40 to 60 percent of NPAT through the cycle.

We continue to play an important role in the Australian and international agriculture and food ingredients industries

Performance on corporate objectives

While the Company's earnings were lower this year, we continued to make solid progress towards managing our earnings variability for the future, by investing in the growth of our processing businesses and progressing several initiatives. These included driving operational improvements across our global malt portfolio, optimising our oils processing footprint and expanding our network of bulk liquid terminals. We have maintained a strong focus on improving the capabilities of our grains businesses, through rationalising and revitalising our storage and handling network and increasing our capability to originate grain outside of eastern Australia.

I would like to note that earnings on a per-share basis remains below our expectations, as does return on equity. We are confident that we are investing in the right areas of the business to ensure that over the longer term, our performance on these metrics will improve.

Another challenging year ahead

We expect 2016 to be another year impacted by lower grain production. We face low carry-in and the recent hot and dry conditions in southern growing regions is likely to impact volumes. Nonetheless, we continue to have confidence in the earnings from our processing businesses, especially as we make further progress on our major development projects.

Board renewal update

In 2014 we outlined a plan to refresh the Board and bring new skills and perspectives to our business. We recently announced the appointment of Peter Richards to the Board as a Non-executive Director.

Peter brings skills that will complement and further enhance the collective talent of the Board, particularly given his experience in international operations, supply chain management and stakeholder engagement.

We also announced that David Trebeck will retire from the Board. David has been an outstanding Director, completely devoted to guiding and overseeing the continued success of the company. We sincerely thank David for his tireless contribution to GrainCorp for over 13 years.

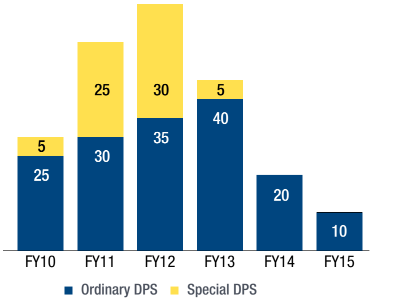
Our leading industry position & passionate people

GrainCorp continues to play an important role in the Australian and international agriculture and food ingredients industries. I am proud of how hard our team has worked in a challenging environment to maintain focus on delivery and manage risks. We have passionate and well engaged people at GrainCorp, which gives me continued confidence for the future of this Company.

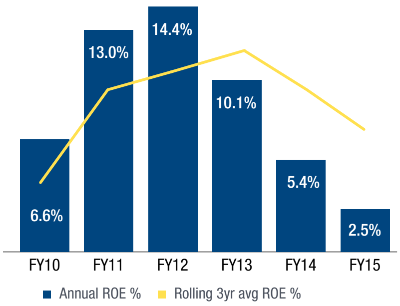
I would also like to acknowledge the company's executive team, led by Mark Palmquist in his first year as our Managing Director and Chief Executive Officer. To achieve our strategic objectives it is important that we plan thoroughly, set the right direction, and execute flawlessly. I am confident that we have the leadership team and people that can achieve this for GrainCorp.

Don C Taylor
Chairman

Dividends

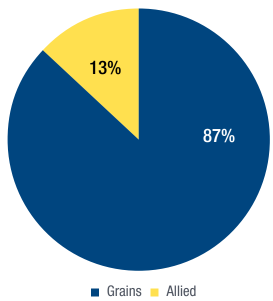


Return on Equity

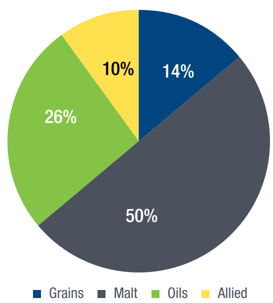


Managing Variability

FY09 EBITDA



FY15 EBITDA



MANAGING DIRECTOR & CEO'S REVIEW

When I joined GrainCorp the three characteristics that were immediately apparent were the business' strong commitment to safety, its passionate people and its focus on customers. I've been pleased to see the continued development of these strengths as we pursue our strategic priorities of strengthening our supply chains, removing complexity within and across the business and delivering growth initiatives.

While it was a more challenging year financially, this is part of the cyclical nature of our industry. Looking through the cycle, we see strong underlying fundamentals and have substantially progressed the projects that will deliver less variable earnings in the future.

Safety performance

Safety continues to be a critically important indicator for our business. I am pleased to report a 46 percent reduction in the lost time injury frequency rate and 36 percent reduction in our all injury frequency rate. We have made substantial inroads toward improving our safety culture by empowering our people to take responsibility for their safety each and every day. However, there were still injuries to 88 of our people this year. This is too many and we still have a long way to go to achieve our safety vision – "Zero Harm – Safe for Life".

Financial performance

Our segment results highlight the significance of our diversification strategy, with the processing businesses contributing approximately 85 percent of this year's earnings.

Malt delivered an excellent result, with sales volumes of 1.25mmt and EBITDA of $140 million. The result was particularly pleasing given the poor quality barley crop in North America which the team dealt with extremely well.

Oils performed solidly, reporting EBITDA of $73 million. Volumes in the Foods division stabilised while crushing volumes were slightly higher this year. GrainCorp Liquid Terminals' performance was steady.

Storage & Logistics started the year with low carry-in and faced another smaller crop. Nonetheless, the business reported EBITDA of $43 million, which was better than expected, due to improvements in cost management and a strong summer crop export program. The team should be congratulated on this performance.

Marketing delivered sales of 6.0mmt, slightly higher than last year, but an EBITDA loss of $2 million. The adverse conditions included lower grain production in eastern Australia, resulting in intense competition to buy grain and larger crops in other regions, resulting in strong competition to supply grain to customers. This situation was exacerbated by lower fuel costs and ocean freight rates, which reduced Australia's freight advantage to major export regions. While the difficult conditions persisted, our team maintained discipline and performed relatively well.

Executing on strategic plans

GrainCorp has a strong pipeline of organic growth opportunities. I'm delighted that we've progressed a number of strategic initiatives this year.

In Storage & Logistics we have progressed Project Regeneration, removing cost by rationalising the country network, reconfiguring our operating zones, introducing Export Direct and prioritising approximately $60 million of capital expenditure for 13 sites which are being built, upgraded or enhanced to revitalise the network and improve customer service.

GrainCorp Marketing has enhanced its origination capabilities with additional volumes sourced in Western Australia, South Australia, North America and Europe. While the volumes are incremental to our overall sales, it is important that we maintain our customer relevance by further enhancing this capability.

Our segment results highlight the significance of our diversification strategy

GrainCorp Oils achieved a number of significant milestones: enhancing the capabilities at the West Footscray refining facility, successful delivery of two bulk liquid terminals projects and progress of works at a third facility at Pinkenba in Brisbane. Responding to customer needs, we also announced a plan to invest approximately $50 million in expanding our crushing facility at Numurkah in Victoria.

GrainCorp Malt is pursuing growth opportunities in craft beer in North America and other emerging regions. We were excited to announce in May a plan to invest approximately $95 million to increase production at our malt plant in Pocatello, Idaho, USA. The expansion is backed by support from a number of existing customers and continued demand for malt from the North American craft beer sector.

Disciplined capital management

With approximately $325 million of projects announced and underway, it's important that we maintain a disciplined approach to capital management. The majority of these investments are in our processing businesses which will generate less variable earnings. We also have some flexibility with regard to the timing of investment for a number of the opportunities.

Executive leadership

This year we also expanded our executive leadership team welcoming Andrew Baker as Chief Information Officer, Marcus Kennedy as Chief Development Officer and Phil Caris as Group General Manager Human Resources. I am pleased we have attracted such a high calibre group of executives who will complement and support the strong work of our existing Executive Team.

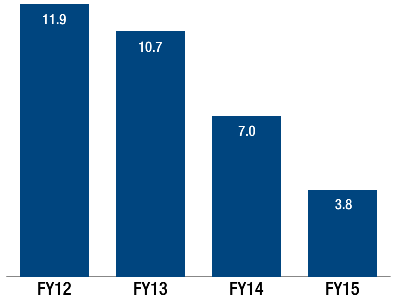
Sustainable performance

As a business tied so closely to the land and production cycles, sustainability has always been central to our business approach. We have published our second Sustainability Report and I am pleased with the incremental improvements we have made in a number of areas this year. Our long term objectives in sustainability go hand in hand with value creation for our shareholders, long term economic vitality for our customers and the positive outcomes this will have on our people, our communities and overall, our long term sustainability as an organisation.

I would like to thank the Executive Team and our people around the world for their hard work this year in serving our customers and delivering on our promises.

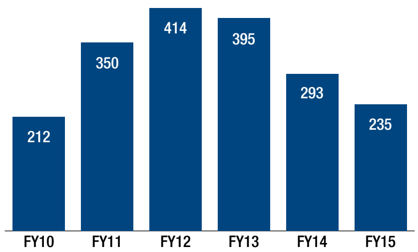
Mark Palmquist
Managing Director & CEO

Lost Time Injury Frequency Rate (LTIFR)[1]

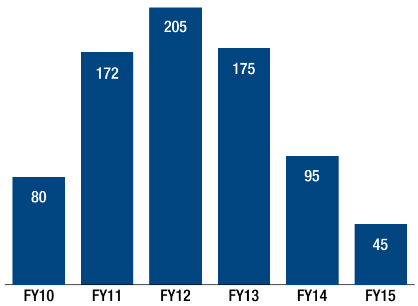


1. Lost Time Injury Frequency Rate ("LTIFR") calculated as the number of Lost Time Injuries per million hours worked. Includes permanent and casual employees and GrainCorp controlled contractors.

Underlying EBITDA



Underlying NPAT



BOARD OF DIRECTORS

DON C TAYLOR
BCom, CA, GradCertRurSc, FAICD
Chairman and Non-executive Director

Don Taylor joined the GrainCorp Board in October 2003 and has been Chairman since December 2005. Prior to joining the Board, he was the Executive Chairman of Grainco Australia Limited. Mr Taylor is a member of the Business Risk Committee and the People Remuneration and Nominations Committee, and attends all meetings of the Board Audit Committee and Safety Health and Environment Governance Committee. Mr Taylor is a Non-executive Director of Beston Global Foods Limited, GrainCorp's appointed director on the Board of Five Star Flour Mills, member of the Agricultural Advisory Roundtable group to the Export Council of Australia, and has extensive experience as Chairman and Director on boards of public companies in the agriculture industry.

MARK L PALMQUIST
BBus
Managing Director & Chief Executive Officer

Mark Palmquist joined the GrainCorp Board as Managing Director & CEO in October 2014. He was previously Executive Vice President and Chief Operating Officer, Ag Business, for CHS Inc., a leading global agribusiness, diversified in energy, grains and food. He has held a variety of leadership roles for a broad range of CHS agricultural inputs and marketing areas, retail businesses and grain-based food and food ingredients operations. Mr Palmquist was previously a Director of Rahr Malting, a leading US maltster. Mr Palmquist is a Director of Allied Mills Australia Pty Ltd.

REBECCA P DEE-BRADBURY
BBus, GAICD
Non-executive Director

Rebecca Dee-Bradbury joined the GrainCorp Board in September 2014. Ms Dee-Bradbury is a member of the Board Audit Committee. She was previously Chief Executive Officer/President Developed Markets Asia Pacific and ANZ for Mondelēz from 2010 to 2014. Ms Dee-Bradbury is also a Non-executive Director of TOWER Limited and BlueScope Steel Limited, an Honorary Fellow of the University of Melbourne, and was recently appointed as an inaugural member of the Business Advisory Board at Monash Business School. She brings to the Board significant experience in strategic brand marketing, business integration and transformation, customer relationship management and innovation.

DONALD G McGAUCHIE AO
FAICD
Non-executive Director

Donald McGauchie re-joined the GrainCorp Board in December 2009 (having previously served during the period from October 2000 to July 2003). Mr McGauchie is a member of the People Remuneration and Nominations Committee and is a Director of James Hardie plc, Chairman of Nufarm Limited and Chairman of Australian Agricultural Company Limited. Mr McGauchie has farming interests and extensive experience acting as chairman and director on public company boards.

PETER I RICHARDS
BCom
Non-executive Director

Peter Richards joined the GrainCorp Board in November 2015. Mr Richards was formerly the Managing Director of Norfolk Group Limited in 2013, and Managing Director and Chief Executive Officer of Dyno Nobel Limited from 2005 to 2008, having held various senior positions in the company since 1990. Prior to joining Dyno Nobel, Mr Richards worked for Wesfarmers Limited and BP Petroleum plc. Mr Richards has over 35 years business experience with global companies, having worked in operational and business development roles in Australia, the United Kingdom and the United States. Mr Richards is also a Non-executive Director of Cockatoo Coal Limited, Emeco Holdings Limited, Sedgman Limited and NSL Consolidated Limited.

DAVID B TREBECK
BScAgr(Hons), MEc, FAICD
Non-executive Director

David Trebeck joined the GrainCorp Board in February 2002. Mr Trebeck is Chairman of the People Remuneration and Nominations Committee and is a member of the Safety Health Environment and Governance Committee. Mr Trebeck is Chairman of Australia's Oyster Coast Limited and the ACT Churchill Fellow Selection Committee and a member of the National Board of the Winston Churchill Memorial Trust. He has farming interests and is an ACT divisional councillor of the Australian Institute of Company Directors.

BARBARA J GIBSON

BSc, MAICD, FTSE

Non-executive Director

Barbara Gibson joined the GrainCorp Board in March 2011. Ms Gibson is Chairman of the Safety Health Environment and Governance Committee and is a member of the Business Risk Committee. Ms Gibson is an experienced executive having spent 20 years with Orica Limited. She is a fellow of the Australian Academy of Technological Sciences and Engineering and is a Director of Nuplex Industries Limited and Chairman of Warakirri Asset Management Pty Limited.

PETER J HOUSDEN

BCom, FCPA, FAICD

Non-executive Director

Peter Housden joined the GrainCorp Board in October 2008. Mr Housden is Chairman of the Board Audit Committee and is Chairman of Royal Wolf Holdings Limited and a Director of Alliance Aviation Services Limited and Calibre Group Limited and Chairman of the Audit and Risk Committee for Sydney Trains (NSW Government). He has extensive experience acting on public company boards.

DANIEL J MANGELSDORF

BAgEc(Hons), FAICD

Non-executive Director

Dan Mangelsdorf was elected as an independent Director of GrainCorp Limited in 2008, after having served as a major shareholder representative director from 2005. Mr Mangelsdorf is Chairman of the Business Risk Committee and a member of the Board Audit Committee. Mr Mangelsdorf owns and operates farming interests in NSW, and is an experienced company director with agricultural, supply chain, international trade and risk management expertise. He is also Chairman of Warakirri Agricultural Trust.

SIMON L TREGONING

BCom, FAICD

Non-executive Director

Simon Tregoning joined the GrainCorp Board in December 2008. Mr Tregoning is a member of the Board Audit Committee and the Safety Health Environment and Governance Committee. He is also a Director of Capilano Honey Limited. Mr Tregoning was previously Vice-President of Kimberly Clark Corporation, has extensive overseas senior executive experience and is an experienced company director.

EXECUTIVE LEADERSHIP TEAM

ANDREW BAKER
Chief Information Officer

Andrew Baker was appointed Chief Information Officer in July 2015. Mr Baker has experience across a variety of industries including resources, industrial and fast moving consumer products. He has held several IT leadership roles in Accenture, Mars Corporation and was previously the Chief Information Officer at BlueScope Steel.

ALISTAIR BELL
Group Chief Financial Officer

Alistair Bell was appointed Group CFO in November 2010. Mr Bell leads the international finance, treasury, investor relations and shares services. Prior to joining GrainCorp, Mr Bell held various CFO, COO and strategy positions with public, private equity and multinational companies spanning various industries. He is a Director of Allied Mills and Chairman of their Audit Committee, a Director of Alzheimer's Australia NSW, and a member of its Investment Committee and Chairman of its Audit & Risk Committee. Mr Bell is also a director of GrainCorp subsidiary companies.

PHIL CARIS
Group General Manager Human Resources

Phil Caris was appointed Group General Manager Human Resources in September 2015. Mr Caris leads GrainCorp's global people and culture strategy and is responsible for leadership, talent, engagement, employee relations, performance, reward and diversity & inclusion. Prior to joining GrainCorp, Mr Caris was Executive General Manager of Human Resources and Safety at Coates Hire and has held a number of other senior human resource leadership roles with companies including BHP, Coca-Cola and TNT both in Australia and overseas.

BETTY IVANOFF
Group General Counsel

Betty Ivanoff joined GrainCorp in 2008, and is Group General Counsel and Joint Company Secretary, managing the company's legal and compliance affairs. Ms Ivanoff's portfolio includes various corporate services, namely Legal, Company Secretariat and Risk & Insurance. Prior to joining GrainCorp, Ms Ivanoff held internal corporate counsel positions with companies including CSR Limited, Walter Constructions and Sinclair Knight Merz. Ms Ivanoff is vice president of a number of GrainCorp's North American companies and was previously a Director of Allied Mills.

MARCUS KENNEDY
Chief Development Officer

Marcus Kennedy was appointed Chief Development Officer in August 2015. Mr Kennedy is responsible for corporate strategy development, implementation and governance. He joined GrainCorp in 2012 and was most recently the General Manager Strategy & Business Improvement for GrainCorp Oils. Mr Kennedy has held several senior commercial and strategy leadership roles across a variety of industries including financial services, insurance, resources and agriculture.

GREG FRIBERG
President and CEO GrainCorp Malt

Greg Friberg was appointed President and CEO GrainCorp Malt in July 2013. Mr Friberg joined United Malt Holdings (acquired by GrainCorp in 2009) in 1999 and has held a number of senior management and commercial roles across the Group. Mr Friberg has extensive experience across the grains and malting industries having previously worked for ConAgra Grain Company and Columbia Grain Inc.

NEIL JOHNS
Group General Manager GrainCorp Storage & Logistics

Neil Johns was appointed Group General Manager GrainCorp Storage & Logistics in November 2013. He has held a number of corporate and operating positions in the Company including General Manager Ports – Storage & Logistics, Chief Development Officer, Deputy Divisional Manager for Southern NSW, Grain Trading Manager and Customer Marketing Manager. He is a Non-executive Director of Grain Trade Australia and has previously served as a Non-executive Director of Allied Mills. Mr Johns is also a director of GrainCorp subsidiary companies.

KLAUS PAMMINGER
Group General Manager GrainCorp Marketing

Klaus Pamminger was appointed Group General Manager GrainCorp Marketing in August 2012. Mr Pamminger joined GrainCorp in 2007 and was previously Trading Manager GrainCorp Marketing. Mr Pamminger is responsible for all domestic and international grain and oilseed marketing and trading activities. Before joining GrainCorp, he worked for a number of companies in Australia and the USA. Mr Pamminger is also a director of GrainCorp subsidiary companies.

SAM TAINSH
Group General Manager GrainCorp Oils

Sam Tainsh was appointed Group General Manager GrainCorp Oils in August 2012, and is responsible for the edible oils crushing, refining, food ingredients, feeds, liquid terminals and used oils businesses. Mr Tainsh joined GrainCorp in July 2001 and was previously Group General Manager GrainCorp Marketing. Before joining GrainCorp, he worked as a commodity trader at Louis Dreyfus Corporation in Australia and the USA. Mr Tainsh is also a director of GrainCorp subsidiary companies.

DIRECTORS' REPORT

Directors' Report

Introduction

The following people were Directors of GrainCorp during the financial year 2015 and up to the date of this report:

- D C Taylor (Chairman)
- M L Palmquist (Managing Director & CEO)
- R P Dee-Bradbury
- B J Gibson
- P J Housden
- D J Mangelsdorf
- D G McGauchie AO
- P I Richards (appointed 9 November 2015)
- D B Trebeck
- S L Tregoning

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated. Details of the current members of the Board of Directors, including their experience, qualifications, special responsibilities and term of office are included on pages 6 to 7 of the Annual Report.

Details of Directors' interests in shares and options of GrainCorp are set out in Section 6 of the Remuneration Report.

Group Company Secretary

Gregory Greer *BCom, MPA, GIA(Cert)*

Gregory Greer joined GrainCorp in 2004 and was appointed by the Board as Group Company Secretary on 23 June 2014. Mr Greer is responsible for the Group's corporate governance, compliance, risk, insurance and company secretarial functions. Mr Greer has held a number of corporate positions in the Company, most recently as Group Risk & Insurance Manager.

Betty Ivanoff *LLB, Grad Dip Leg Prac, Legal Practitioner Admitted NSW Supreme Court 1999; MAICD*

Betty Ivanoff joined GrainCorp in 2008, and is Group General Counsel and Joint Company Secretary, managing the company's legal and compliance affairs. Ms Ivanoff's portfolio includes various corporate services, namely Legal, Company Secretariat, and Risk & Insurance. Prior to joining GrainCorp, Ms Ivanoff held internal corporate counsel positions with companies including CSR Limited, Walter Constructions and Sinclair Knight Merz. Ms Ivanoff is Vice President of a number of GrainCorp's North American companies and was previously a Director of Allied Mills Australia.

Meetings of Directors

The following table sets out the number of meetings of GrainCorp's Directors (including meetings of committees of Directors) held during the 12 months to 30 September 2015, and the number of meetings attended by each Director.

Director	Board		Board Audit Committee		People Remuneration & Nominations Committee		Business Risk Committee		Safety, Health, Environment & Governance Committee	
	A	B	A	B	A	B	A	B	A	B
D C Taylor[1]	9	9	~	4#	5	5[2]	4	4	~	4#
M L Palmquist	9	9	~	4#	~	5#	~	4#	~	4#
R P Dee-Bradbury[3]	9	9	4	3	~	~	~	~	~	~
B J Gibson	9	8	~	~	~	~	4	3	4	4
P J Housden	9	9	4	4	~	~	~	1#	~	~
D J Mangelsdorf	9	9	4	4	~	~	4	4	~	~
D G McGauchie	9	9	~	~	5	5	~	~	~	~
D B Trebeck	9	8	~	~	5	5	~	~	4	4
S L Tregoning	9	9	4	4	~	~	~	~	4	3

A Number held during period in office.
~ Not a member of the relevant committee.
B Number attended by members of the committee and other Directors.
Attended by invitation.

[1] Mr Don Taylor stepped down as a permanent member of the Safety, Health, Environment & Governance Committee following approval from the Board on 26 February 2015.

[2] Mr Don Taylor was appointed to the People, Remuneration & Nominations Committee as a permanent member following approval from the Board on 26 February 2015.

[3] Ms Rebecca Dee-Bradbury was appointed as a permanent member of the Board Audit Committee following approval from the Board on 26 February 2015.

Operating and Financial Review

About GrainCorp

Our History

GrainCorp started in 1916 under the *Grain Elevator Act* and was administered as a branch, called the Government Grain Elevators ('GGE'), of the New South Wales ('NSW') Government's Department of Agriculture. The GGE led the development of Australia's first bulk grain handling system with the construction of 200 country elevators linked by rail to shipping terminals at Sydney and Newcastle. By October 1989, the GGE had gone through a number of changes and was known as the Grain Handling Authority of NSW ('GHA'). At this time the GHA was corporatised and became the NSW Grain Corporation. The NSW Grain Corporation was privatised in April 1992 and sold to the grain grower owned Prime Wheat Association that became GrainCorp. GrainCorp listed on the then Australian Stock Exchange ('ASX') in 1998.

GrainCorp has grown through acquisition and organic growth. GrainCorp acquired Victorian based Vicgrain in 2000, Allied Mills in a joint venture with Cargill Australia in 2002, Queensland based Grainco in 2003, an international portfolio of malt businesses from United Malt Holdings in 2009, Schill Malz in October 2011 and edible oils businesses Gardner Smith and Integro Foods in October 2012. In 1996, GrainCorp was the first Australian bulk handler to trade grain in the Australian domestic market, and in 2008 commenced exporting wheat to international markets following the removal of the export single wheat desk.

Overview

GrainCorp is Australia's leading agribusiness with an integrated business model across three grain activities: supply chain, origination and processing. GrainCorp focuses its activities on the core grains of wheat, barley, canola and sorghum where the Company has comparative advantages through grain origination, freight differentials and technical expertise. GrainCorp has operations in Australasia, North America and Europe (including the United Kingdom), with these regions collectively representing over 50% of global export trade in wheat, barley and canola.

GrainCorp has four reporting segments:

- Storage & Logistics
- Marketing
- Malt
- Oils

In addition to the above reporting segments, GrainCorp owns 60% of Allied Mills.

Our Corporate Objectives

We aim to:

- Manage earnings variability by participating in multiple grain chains and geographies.
- Improve shareholder returns by creating and capturing value along the grain supply chain. Grow to realise opportunities and be competitive in the global grain market.

We have made significant achievements in meeting these corporate objectives through:

- Dividends to shareholders representing 61% of earnings before significant items during the past 5 years, in line with our dividend policy of paying 40-60% of NPAT through the business cycle.
- Delivering an average return on equity ('ROE') before significant items of 9.1% over the past 5 years since the commencement of the diversification strategy.
- Reducing earnings volatility by growing earnings from business units with more stable earnings.
- Organic and acquisitive growth, enabled by a strong and flexible balance sheet.
- Creating two new processing businesses since 2009 – GrainCorp Malt and GrainCorp Oils.

Our Business Model

We operate a business model based on:

- **Our core grains** – wheat, barley, canola and sorghum. We focus on the 'drier climate' grains where we have comparative advantages of grain origination, freight differentials and technical expertise.
- **Our integrated activities** – supply chain, origination and processing. We create and capture value in our core grains along the grain chain, with insight into consumer requirements in these grains.
- **Our operating geographies** – Australasia, North America and Europe. These regions collectively service over 50% of the global trade in our core grains; providing market insight, price risk management and multi-origin capability.

Our Strategy

We operate in a global grain market that offers considerable growth prospects in the demand for grain and processed grains such as malt and edible oils.

Population growth and rising affluence over the next 40 years is projected to drive a 50% increase in global grain demand and 100% increase in the global trade in grains.

Our strategy is to apply our comparative advantages in the supply of grain, malt and edible oils to participate in this growth opportunity, serving customers in Australia and internationally.

Creating Value

We create and capture value for consumers, growers and shareholders from the following competitive advantages:

- **Strategic assets** – our unique 'end-to-end' infrastructure network at all stages of the grain chain in our core grains.
- **Freight advantage** – proximity to the world's growth markets for grain in Asia, the Middle East and Africa.
- **Grain origination** – access to grain with strong quality advantages to satisfy a diversified range of consumer products:
  - Wheat: dry, clean, mid to high protein, white with high flour extraction. Ideal for use in Asian noodles and Middle Eastern flat bread markets.
  - Barley: dry, clean with desirable characteristics. Ideal for use in Chinese malt and Middle Eastern feed markets.
  - Canola: desirable oil content.

Group Financial Summary

Key Results ($ M)		2011	2012	2013	2014	2015
Revenue		2,776.8	3,329.4	4,462.0	4,094.1	4,085.5
Underlying EBITDA[4]		349.6	413.9	395.4	293.3	235.4
Underlying EBIT[5]		271.1	322.7	276.6	166.8	99.1
Net profit after tax		171.6	204.9	140.9	50.3	32.1
Dividend (cents per share)[6]		55.0	65.0	45.0	20.0	10.0
Financial Position						
Total assets	$ M	2,635.2	2,840.3	3,170.3	3,333.2	3,673.7
Total equity	$ M	1,372.7	1,540.5	1,758.6	1,744.5	1,821.8
Net assets per ordinary share[7]	$	6.92	7.32	7.69	7.62	7.97
Net debt to net debt and equity[8]	%	19.4	17.5	24.8	29.8	29.0
Core debt to core debt and equity[9]	%	0.6	1.0	18.9	21.5	23.4
Shareholder Returns						
Basic earnings per ordinary share	cents	86.2	102.6	61.9	22.0	14.0
Return on equity	%	13.0	14.4	10.1	5.4	2.5
Dividend per ordinary share[6]	cents	55.0	65.0	45.0	20.0	10.0
Dividend yield per ordinary share[10]	%	7.6	7.3	3.6	2.3	1.1
Business Drivers (million metric tonnes)						
Storage & Logistics						
Grain carry-in		2.6	6.0	4.3	2.3	1.9
Country network grain receivals		14.9	12.2	10.4	8.0	7.4
Grain received at port ex-farm and from other bulk handlers		2.3	3.0	2.2	1.7	1.4
Grain exports handled		8.1	10.6	8.3	4.4	3.5
Non-grain exports		1.5	1.8	1.9	1.9	2.5
Domestic outload		5.7	6.3	6.3	5.7	5.6
Grain carry-out		6.0	4.3	2.3	1.9	1.6
Grain throughput		24.1	28.5	23.8	15.7	14.6
Marketing						
Total Marketing sales (including Pools)		5.5	6.9	6.1	6.2	6.0
GrainCorp international grain sales		2.7	4.4	4.1	3.9	3.6
Malt						
Malt sales		1.1	1.3	1.3	1.3	1.3
Oils						
Oils crushing & refining sales		-	-	0.6	0.5	0.6

Segment Results ($ M)	2014 Revenue	2014 Underlying EBITDA[4]	2015 Revenue	2015 Underlying EBITDA[4]
Storage & Logistics	443.8	71.8	390.1	42.5
Marketing	1,907.1	36.4	1,858.6	(2.0)
Malt	1,049.4	125.0	1,126.4	140.0
Oils	937.2	73.1	933.3	72.6
Allied Mills (60% share of NPAT)	-	9.6	-	8.8
Corporate and eliminations	(243.4)	(22.6)	(222.9)	(26.5)
Total	**4,094.1**	**293.3**	**4,085.5**	**235.4**

[4] Underlying EBITDA is a non-IFRS measure representing earnings before interest, tax, depreciation and amortisation, excluding significant items.

[5] Underlying EBIT is a non-IFRS measure representing earnings before interest and tax, excluding significant items.

[6] All dividends were fully franked.

[7] Excludes reset preference shares at nominal value.

[8] Net debt is total debt less cash.

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

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

Group Financial Analysis and Commentary

The Group recorded an underlying net profit after tax ('NPAT') of $44.5 million for the financial year compared to an underlying profit after tax of $94.5 million for the previous year. Underlying earnings before interest, tax, depreciation and amortisation ('EBITDA') decreased from $293.3 million for FY14 to $235.4 million in FY15.

Revenue from continuing operations decreased 0.2% to $4,085.5 million (2014: $4,094.1 million) due to lower commodity prices and harvest receivals.

Total country receivals during the year were 7.4 million metric tonnes ('mmt') (2014: 8.0 mmt) with 3.5 mmt exported (2014: 4.4 mmt). Grain in storage at the beginning of the year was 1.9 mmt; a decrease from 2.3 mmt in the previous year. Grain in storage at the end of the year was 1.6 mmt.

Malt sales volumes for the year were 1.3 mmt (2014: 1.3 mmt). Oils recorded crushing and refining sales volumes of 0.6 mmt (2014: 0.5 mmt).

Storage & Logistics

Business Unit Overview
GrainCorp has the largest grain storage & logistics network in eastern Australia, spanning regional storage facilities, rail/road and bulk grain ports.

From the farm gate to international export markets, GrainCorp's ownership of key supply chain assets allow us to source, store, handle and transport grain efficiently and securely.

Our supply chain assets also allow us to closely manage the quality of grain in our system and provide high quality assurance to our customers.

- Approximately 175 country receival sites with over 20 million tonnes of storage capacity.
- 7 port terminals with 15 million tonnes of elevation capacity.
- More than 4 million tonnes of rail freight capacity.
- Largest bulk exporter of eastern Australian grain.
- Over 150 active grain buyers competing in our system.

FY15 Performance
- Carry-in of 1.9 mmt (FY14: 2.3 mmt).
- Grain throughput of 14.6 mmt, lower than prior year (FY14: 15.7 mmt).
- Country receivals of 7.4 mmt (including 0.7 mmt summer crop) (FY14: 8.0 mmt).
- Grain exports of 3.5 mmt (including containers) (FY14: 4.4 mmt).
- Non-grain exports of 2.5 mmt (FY14: 1.9 mmt).

FY16 Outlook
Lower than average forecast grain production in eastern Australia and lower carry-in of 1.6 mmt will again put pressure on country grain receivals and export volumes.

Marketing

Business Unit Overview
GrainCorp Marketing has direct connections with producers and grain buyers, both local and international. Our origination and marketing teams on the ground across four continents partner with our customers to analyse the market, manage price risk and create value at every stage of the supply chain.

- One of the biggest sellers of grain into the local Australian market.
- Sell and deliver around 6 million tonnes annually to 30+ countries.

FY15 Performance
- Earnings reflective of lower availability of grain and significant competition for grain in eastern Australia.
- Strong competition from alternative supply origins and reduced freight advantage to major export regions making Australian grain less competitive.
- Lower fuel costs and ocean freight rates, reducing Australia's freight advantage to major export destinations and making Australian grain more expensive.
- 6.0 mmt sales delivered (2.4 mmt domestic, 3.6 mmt export and international).

FY16 Outlook
With below normal grain production volumes in eastern Australia, and higher production in other regions, the outlook for Marketing will remain challenging in the near term.

Malt

Business Unit Overview
GrainCorp Malt offers deep grain expertise and tailored relationships with the advantage of a single point of contact worldwide.

GrainCorp Malt the world's fourth largest commercial maltster with malting houses in Australia, Canada, USA, UK and Germany. GrainCorp Malt supplies malt to global brewers, craft brewers and distillers.
- Global footprint offering security of supply.
- Malting capacity of ~1.3 million tonnes per annum.
- Single point of contact worldwide.

FY15 Performance
- Earnings reflective of continued high capacity utilisation above 90%.
- 1.25 mmt of malt sales.
- Continued incremental operational improvements from strategic initiatives being realised.
- Favourable foreign exchange translation impact on earnings and improved export competitiveness for malt exports from Australia.
- Final compensation receipt from Port of Vancouver received in March 2015.

FY16 Outlook
Continued strong capacity utilisation. Utilisation above industry averages is due to our reputation as a producer of quality malt and our penetration in the craft beer sector and distilling sectors, particularly in North America and Scotland respectively.

Oils

Business Unit Overview
GrainCorp Oils is a leading producer of edible oils in Australasia. Locally grown and processed, our oil is used or consumed in making a wide range of food and animal feed products.

GrainCorp Oils' ownership and management of key assets in the oilseed supply chain along with GrainCorp Oils' size and quality assurance mean we are able to produce high quality products at competitive prices.
- Operations including crushing, storage, refining, packaging, recycling and animal liquid feeds.
- Australia's largest integrated edible oils business.
- Operating 14 bulk liquid terminals in Australia, New Zealand and China.
- Production of over 500,000 tonnes of animal feed in Australia and New Zealand.

FY15 Performance
- High capacity utilisation for crushing with sales of 0.34 mmt.
- Stabilisation of refining volumes with sales of 0.21 mmt, however volumes at lower margins.
- Continued high capacity and utilisation for bulk liquid terminals.
- Complementary contributions from commodity management businesses offset by low volumes for NZ Feeds.

FY16 Outlook
Continued high capacity utilisation expected for crushing facilities and bulk liquid terminals. Refining volumes to remain stable. Expected earnings uplift following completion of network optimisation and completion of bulk liquid terminal project. Domestic competition and demand for crushed and refined products will continue to influence performance.

Allied Mills

Business Overview
GrainCorp has a 60% joint venture interest in Allied Mills, Australia's largest supplier of milled edible flour (for human consumption).

Allied Mills' offering includes value-added products such as frozen, par-baked artisan bread and other frozen bakery products, pre mixes, batters and food coatings. Allied Mills has a network of seven flour mills and four mixing plants, four frozen product manufacturing facilities and a starch plant, supported by warehouse and distribution capabilities.

FY15 Performance
- Tullamarine expansion of frozen bakery products completed.
- Contributions from value add initiatives.

FY16 Outlook
Earnings expected to continue to be supported by value add product initiatives and ranges such as frozen bakery products.

Sustainability

GrainCorp is committed to long-term sustainable value creation. Our long-term objectives in sustainability go hand in hand with value creation for our shareholders.

Safety
Safety is our core value and we are committed to achieving best practice safety standards. Initiatives undertaken this year were focused upon three key safety drivers:

- **Engagement** – Employees working together for a common goal.
- **Empowerment** – People owning their safety and the safety of their workmates.
- **Embedding** – Building a robust learning culture where innovative ideas are shared across all teams, business units and geographies.

FY15 performance

- 46% reduction in lost time injury frequency rate ('LTIFR').
- 36% reduction in all injury frequency rate ('AIFR').
- Implementation of monthly near miss reporting as a lead measure to drive accountability in each business unit.
- Monthly significant risk and line leadership reviews used to identify and control significant safety and environmental risks across all business units. Progress tracked and communicated to business units and executive leadership teams.
- Successful roll out of a staff training program in relation to the Safety, Health and Environment (SHE) Management System.
- GrainCorp SHE leadership model introduced and leaders given an action to identify development areas for themselves and their teams.
- Health & Wellbeing Plan 2015 and beyond was introduced offering a three-pillared framework aimed at ensuring an employee's health and wellbeing. The pillars relate to maintaining fitness for work and prompt management of injuries.
- Manual handling risk reduction program was devised and launched across the Storage & Logistics business.

People
GrainCorp acknowledges that the success of our business relies on our people. We recognise that in order to create the optimal working environment we need to continually develop our employees and keep them engaged to attract and retain talent and to maintain a rich and diverse workforce.

FY15 performance

- Leadership development workshops launched in direct response to employee engagement survey outcomes.
- Learning@GrainCorp development platform extended to include accessibility to video content for all employees.
- Survey conducted across more than 300 members of the GrainCorp Leadership Group and their direct reports on how to continue to make GrainCorp a world class organisation.
- Initiated the use of a talent pool as a "first stop" when seeking to fill roles.
- Women occupied 26% of people leadership roles (from 20% in FY14).
- Female representation at Board level remained at 25%.
- Female representation at Executive level remained at 1.

Environment
We recognise that it is our responsibility to our employees, our investors, our business partners and the communities in which we operate to be conscientious in our environmental management practices. We seek to continually assess and manage immediate risks and take a long-term view with respect to our operations. Our four areas of focus are:

- **Energy** – Our approach aims to continuously improve energy efficiency and reduce the carbon intensity of our operations.
- **Emissions** – Our approach is to target our most energy intensive operations and seek energy efficiencies to reduce our emissions.
- **Water** – Our approach is to limit the amount of water used in our processes while improving the quality of any water that we discharge. We aim to recycle and reuse water wherever possible.
- **Effluent and Waste** – Minimising waste is fundamental to our sustainable operations. When using natural resources we apply the framework – avoid, reduce, reuse, recycle.

FY15 performance

- Total energy use of 5.3m GJ.
- Energy use per tonne of 0.99 GJ.
- Recycling rate of waste of 89% versus waste to landfill of 11%.
- Total water usage per tonne of 1.23 KL[11].
- Trade Waste Discharge per tonne of 1.35 KL[11].
- Significant reductions in energy consumption, emissions, water use and waste have been achieved via the continuation of GrainCorp Malt's Operational Excellence Program and the groupwide "World Environment Day Awards". These awards resulted in the implementation of 53 initiatives across the business and provided the impetus for GrainCorp sites across the globe to review their greenhouse gas reduction strategies, water use and waste management processes.
- Over the year GrainCorp Malt's formal water management frameworks in Australia were reviewed and a project commenced to establish a baseline for water usage. The information will be used to develop a water management program that will optimise water management practices across GrainCorp Malt's operations.
- During the year we have focused on implementing systems to better capture waste and recycling data across the business. The implementation of waste minimisation plans at each site has been progressed and reporting on this is now part of each business unit's monthly significant risk review.

Community

GrainCorp seeks to contribute positively to each of the communities it operates in around the world. One of the ways this is achieved is via financial support to community-minded initiatives through the GrainCorp Community Fund. Funding is allocated according to objectives that are centred upon sustainable investments. GrainCorp also supports employees who donate their time and resources to valuable causes and we actively seek to be involved with the initiatives of our customers. Having significant operations in rural geographies we recognise that engaging with stakeholders in these areas is important to ensuring we remain in touch with and relevant to local communities.

FY15 performance

Our employees support charities of their choice through volunteering and fundraising. Many of our employees volunteer in their local communities, either individually or as part of a team. Employee efforts are supported with paid leave for volunteering. Examples of GrainCorp's support to local communities include:

Funding of community initiatives

- GrainCorp Malt donated generously to the Watrous Playground Committee. The playground, in Watrous, Saskatchewan, is a wheelchair accessible playground which gives children with disabilities a place to play.
- GrainCorp helped fund an additional portable classroom to accommodate the increasing demand for after school care at Diesterweg School – the local school near the GrainCorp Malt facility at Worms (outside Frankfurt). Many of the children who require after school care have parents who work at the plant.
- GrainCorp held its second annual international Indigenous art auction with funds raised donated to participating schools to fund Indigenous programs.
- GrainCorp Oilseeds are major sponsors of "Show us Ya Wheels" – a local committee in Numurkah dedicated to preserving rail history. Funds from GrainCorp helped restore the rail yard's turntable which is displayed at the park around the corner from the Numurkah site.
- GrainCorp donated new gloves and boxing equipment to the National Centre of Indigenous Excellence in Australia.

Employee involvement in community initiatives

- Members from GrainCorp Malt's Calgary team participated in the "Electro Dash 5k Dance Party". Proceeds went to the WinSport Academy. The Academy is a community of professionals dedicated to athlete development and performance.
- The GrainCorp Marketing operations team in Sydney spent a day at the Royal Far West School in Manly moving furniture, stripping back and painting outdoor furniture and filling up bean bags. The school works with over 1,500 students each year aged 3-18, all from country New South Wales and often from remote areas of the state.
- GrainCorp employees in Hamburg make regular donations of clothes and other items to refugees, especially children.
- The team from the Gladstone Port terminal held a working bee to help repair damage caused within the Jambin Community in Central Queensland by Cyclone Marcia. GrainCorp also donated to the Thangool State Primary School which was badly damaged in the cyclone.

[11] Calculated as the average water use/trade waste (KL) per production/throughput tonne. Water sourced from municipal water supplies or other activities includes discharges after treatment into municipal sewers. Excludes Malt plants in Fletcher, South Holland and Champlain.

Engaging stakeholders in local communities

- The Storage & Logistics team in New South Wales conduct quarterly grower focus groups. These round table discussions focus on operational issues, projects, marketing and local site issues. The discussion provides a forum for receiving feedback from growers and the growers value this opportunity to connect and engage.
- The Storage & Logistics area managers attended the "Approaching Ag" Fair at Charles Sturt University in Wagga Wagga which provides information to students on the careers available in Agriculture.
- GrainCorp Oils teamed up with GrainCorp domestic marketing to showcase the best of GrainCorp at Beef Week Australia. Beef Week is held every three years and allows GrainCorp the opportunity to connect with key stakeholders in the Australian beef industry, from smaller farmers and major corporates to processors and live trade exporters.

Risk

There are various risks associated with owning shares in GrainCorp. Some of these risks are specific to GrainCorp and its business while others are risks of a more general nature that apply to any stock market investment.

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

Risks affecting GrainCorp's business

- **Weather conditions** - Weather conditions can cause variability in grain production, which may impact GrainCorp's operating results in a number of ways, including variability in the volume of grain that GrainCorp stores, handles, transports, trades, exports and uses in its business, as well as by affecting the creditworthiness of agricultural producers who transact with GrainCorp.
- **Other external factors** - GrainCorp's business and financial performance are subject to external factors, including farmer sowing decisions, domestic and international government farm support programs and policies, demand for biofuels, commodity price volatility, the outbreak of plant disease or pest and the occurrence of and resistance of pests to pesticides used to protect grain in storage.
- **Regulation** - GrainCorp's business is regulated by a range of laws and regulations in countries where GrainCorp operates. GrainCorp may be subject to costs, investigations, penalties, liabilities, loss of reputation and other adverse effects as a result of failure to comply with these laws and regulations. Further, the introduction of new laws and regulations could materially adversely impact GrainCorp's business and financial performance, for example by necessitating increased levels of expenditure on compliance, monitoring, controls, access regimes and arrangements and land use restrictions.
- **Transportation** - GrainCorp's operations rely on rail and road transportation to move grain from farms into country storage sites, and from these sites to port terminals and domestic consumers. A disruption or delay in rail transportation service provision, for instance as a result of temporary or permanent rail track closures, may adversely impact GrainCorp's operations and operating results. GrainCorp also charters vessels in and to international jurisdictions to transport products to consumers. A disruption in international shipping activities, for instance ship diversion, port blockages or acts of piracy, may adversely impact GrainCorp.
- **Operational risks** - GrainCorp's business is subject to various operational risks, including claims and disputes in relation to grain or finished product inventory, machinery breakdown, supply issues, loss of long term agreements for supply or for premises, regulatory requirements, workplace disputes and impacts of environmental obligations.
- **Market demand** - During times of reduced market demand for grain, GrainCorp may suspend or reduce operations and production at some of its facilities. The extent to which GrainCorp efficiently manages available capacity at its facilities will affect its profitability.
- **Commodity prices** - GrainCorp's business may be adversely affected by changes in the price of commodities, additional raw materials, the cost of energy and other utility costs caused by market fluctuations beyond GrainCorp's control, which have in the past, and could in the future, adversely affect margins.
- **Hedging risk** - GrainCorp engages in hedging transactions to manage risks associated with fluctuations in the price of commodities, transportation costs, energy and utility prices, interest rates and foreign currency exchange rates. However, GrainCorp's hedging strategies may not be successful in minimising its exposure to these fluctuations. Further, it is possible that GrainCorp's risk management policies may not successfully prevent GrainCorp's traders from entering into unauthorised transactions that have the potential to alter or impair GrainCorp's financial position.
- **Food and feed industry risks** - GrainCorp is subject to food and stockfeed industry risks such as spoilage, contamination, fumigation or treatment applications which do not meet destination requirements, incorrect grade classification, tampering or other adulteration of products, product recalls, government regulation, destination or industry standards, shifting customer and consumer preferences and concerns and potential product liability claims. These matters could adversely affect GrainCorp's business and operating results.

- **Capital requirements** - GrainCorp requires significant amounts of capital to operate its business and fund capital expenditure. If GrainCorp is unable to generate sufficient cash flows, or raise sufficient external financing on acceptable terms to fund these activities, GrainCorp may be forced to limit its operations and growth plans, which may adversely impact efficiency, productivity, competitiveness and financial results.
- **Debt obligations** - GrainCorp's debt obligations are subject to certain operating, financial and other covenants. If GrainCorp fails to meet these covenants, GrainCorp may be forced to repay those debt obligations on demand. GrainCorp may also not be able to put in place new debt facilities on acceptable terms by the time existing debt facilities expire.
- **Global and regional economic conditions** - The level of demand for GrainCorp's services and products is affected by global and regional demographic and macroeconomic factors, including population growth rates and changes in standards of living. A significant downturn in global economic growth, or recessionary conditions in major geographic regions, may lead to a change in consumer preferences impacting demand for grain and agricultural commodities, such as malt and flour, which could have a materially adverse effect on GrainCorp's business and financial performance.
- **Customers and suppliers** - The current weak global economic conditions and the tightening of credit markets have adversely affected, and may in the future continue to adversely affect, the financial viability of some of GrainCorp's customers, suppliers and other counterparties, which in turn may negatively impact GrainCorp's operations and financial performance.

General risks

- **Economic risks** - General economic conditions, fluctuations in interest and inflation rates, commodity prices, currency exchange rates, energy costs, changes in governments, changes in fiscal, monetary and regulatory policies, the development of new technologies and other changes to general market conditions may have an adverse effect on GrainCorp, its future business activities and the value of GrainCorp shares.
- **Market conditions** - Share market conditions may affect the value of shares regardless of GrainCorp's financial or operating performance. Share market conditions can be unpredictable and are affected by many factors including changes in investor sentiment toward particular market sectors (in particular agriculture and food supply) and the domestic and international economic outlook.
- **Significant events** - Significant events may occur in Australia or internationally that could impact the market for commodities relevant to GrainCorp, GrainCorp's operations, the price of shares and the economy generally. These events include war, terrorism, civil disturbance, political actions and natural events such as earthquakes and floods.

Additional Disclosures

Earnings per share ('EPS')

Basic EPS from continuing operations decreased 36.4% to 14.0 cents (2014: 22.0 cents).

Dividends

Since year end the Directors have approved the payment of a fully franked final dividend totalling $5.7 million. This represents the equivalent of a final dividend of 2.5 cents per share on issue at the record date of 1 December 2015. The dividends will be paid on 15 December 2015.

Dividend	Date Paid	Fully Franked Dividend per Share	Total Dividend ($ M)
Final dividend for the year ended 30 September 2015	15 December 2015	2.5 cents	5.7

The following dividends on issued ordinary shares of GrainCorp have been paid since the end of the financial year 2014:

Dividend	Date Paid	Fully Franked Dividend per Share	Total Dividend ($ M)
Final dividend for the year ended 30 September 2014	16 December 2014	5.0 cents	11.4
Interim dividend for the half year ended 31 March 2015	17 July 2015	7.5 cents	17.2

Significant changes in state of affairs during the financial year

GrainCorp Managing Director & CEO Appointment

On 1 October 2014, Mr Mark Palmquist commenced as Managing Director & CEO.

Matters subsequent to the end of the financial year

Mr Peter Richards was appointed as a Non-executive Director of the Company on 9 November 2015.

No other matters or circumstances have arisen since 30 September 2015 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.

Insurance of officers

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

Proceedings on behalf of the Company

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

Non-audit services

The Company may decide to employ the external auditor on assignments additional to its statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important. Details of the amounts paid to the external auditor PwC for audit and non-audit services provided during the year are set out in note 7.

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

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

A copy of the external auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 55 and forms part of this report.

Directors' Report - Remuneration Report

1. Remuneration at a glance

Overview of performance
This report outlines how GrainCorp's performance for the 2015 financial year ('FY15') has determined the remuneration outcomes for its Key Management Personnel. It forms part of the Directors' Report and has been audited in accordance with the *Corporations Act 2001*. The report sets out remuneration information for the Company's Non-executive Directors, Managing Director & Chief Executive Officer and senior executives ('Executive KMP').

These people are accountable for planning, directing and controlling the affairs of the Company and its controlled entities. Collectively, they are the KMP of the Company. The broader management group (who also participate in the various reward programs) are referred to as executives.

Detailed below is a summary of the remuneration outcomes during the year.

Total fixed remuneration ('TFR')
All eligible Executive KMP received a fixed pay increase of between 2.5 and 2.8 per cent, effective 1 December 2014.

Short term incentive ('STI')
The MD & CEO's performance outcome was 64% of maximum performance, while other Executive KMP outcomes ranged from 40% to 84% of maximum performance. The range in STI outcomes delivered to Executive KMPs generally reflected strong financial performance against budget (specifically in the Storage & Logistics and Malt business units). Significantly improved outcomes against safety, health and environment measures also contributed to above target performance.

While external operating conditions remained challenging over the year, the Board believes that Executive KMP have performed well in these difficult circumstances. These outcomes are consistent with the Board's philosophy that the plan should balance shareholder outcomes over the short term, with the need to recognise executive performance and contribution during a period of volatility and challenging budgets. The STI results appropriately reward our people for their significant achievements during FY15 and remain a mechanism for the motivation and retention of a stable Executive Team - critical for the achievement of GrainCorp's strategy.

Long term incentive ('LTI')
During the year the People, Remuneration and Nominations Committee ('PRNC') undertook a review of the executive remuneration strategy. The outcome of this review has been the introduction of a minimum performance threshold (or 'gate-opener') for the Return on Equity ('ROE') performance hurdle. This change was in recognition that the LTI plan needs to provide greater alignment between executives and shareholders' interests.

The PRNC reviewed the appropriateness of the ROE hurdle, specifically under a potential scenario where the ROE hurdle is met or exceeded (and full vesting achieved), while at the same time, GrainCorp fails to achieve an acceptable return on equity outcome for shareholders. To more closely align LTI outcomes with shareholder interests, the Board introduced a minimum performance threshold for the ROE performance hurdle. This means that vesting under the ROE hurdle will not occur unless the average of the ten year rolling period (prior to the end of the performance period for the LTI plan) is met or exceeded.

LTI awards relating to the 2013 financial year ('FY13') achieved a vesting of 25% based on three-year performance. GrainCorp did not meet the minimum performance threshold for the relative Total Shareholder Return ('TSR') performance hurdle, but achieved the minimum performance threshold under the Return on Equity ('ROE') performance hurdle

Total reward
The table below outlines the Executive KMP remuneration outcomes for FY15.

The information contained in this table is different from the statutory disclosures in Section 6 (which are based on the accounting standards), as it reflects only remuneration that was actually awarded or vested during the 12 month period, while the statutory disclosures also include the value of conditional awards that may or may not vest.

The STI values represent the cash portion of awards earned in FY15 (but paid in December 2015) and the vested portion of deferred awards from FY13 and FY14. The LTI value represents the value of vested amounts from FY13 grant.

	TFR[12] $'000	Cash STI earned in FY15 $'000	Other Benefits $'000	Deferred STI vesting in FY15 $'000	LTI vested in FY15[13] $'000	Total $'000
Executive Director						
M L Palmquist	1,190	682	205[14]	-	-	**2,077**
Executive KMP[15]						
A G Bell	579	264	1[16]	163	169	**1,176**
G A Friberg[17]	583	368	-	95	-	**1,046**
B Ivanoff	415	194	-	119	111	**839**
A N Johns	513	354	-	132	132	**1,131**
K Pamminger	487	162	-	347	-	**996**
S J Tainsh	521	255	-	243	153	**1,172**
Total	**4,288**	**2,279**	**206**	**1,099**	**565**	**8,437**

For more detail on performance and remuneration outcomes, please see Section 3 of this report.

Frequently asked questions

Frequently asked questions - remuneration		
1	How do remuneration outcomes reflect shareholder value?	A significant portion of on-target Executive KMP remuneration is 'at-risk', contingent on the achievement of measures related to overall Company performance and aligned to Company strategy and shareholder interests. Specifically, financial incentive performance measures (ie NPAT in the STI and TSR and ROE in the LTI) provides a direct link between Executive KMP reward outcomes and the delivery of shareholder value over the short- and long-term.
2	How does GrainCorp address the challenges to target-setting in light of variability in external / environmental conditions?	To ensure we appropriately account for this variability, the Board conducts regular reviews of performance measures and targets (eg the one-year target setting approach for ROE). During the target-setting process, the Board sets challenging targets that reflect GrainCorp's budgets to ensure the executives continue to drive Company performance, while cognisant of external conditions. GrainCorp also uses longer averaging periods to determine the number of rights granted (ie 20-trading-day volume weighted average price ('VWAP') and in calculating TSR (ie a 12-month start and end averaging period) to mitigate against share price volatility (up or down), which may either advantage or disadvantage plan participants.
3	Why isn't the actual financial STI target disclosed (eg NPAT budget)?	GrainCorp's objective is to be as transparent as possible, without disclosing commercially sensitive information. Consequently, while the STI scorecard measures, description, weighting and performance in FY15 for Executive KMP have been provided, the specific targets for measures such as NPAT have not. Please see Section 3 for further detail.
4	Why has a minimum performance threshold been introduced for the ROE performance hurdle of the LTI?	The Board believes that one of the objectives of the LTI is to align Executive KMP remuneration outcomes with shareholder value creation. Commencing with the FY15 grant, the LTI will be subject to a minimum performance threshold based on the rolling ten-year average ROE performance. This is to address the continued variability in GrainCorp's year-on-year ROE and ensure a long term view of shareholder value creation.
5	Why does GrainCorp use a broad comparator group for the relative TSR measure in the LTI?	GrainCorp is uniquely positioned in the Australian-listed environment in terms of its operations and as for many Australian companies, there are limited Australian-listed comparators within the industry in which we operate in. Consequently, the selected TSR comparator group represents GrainCorp's competitors in terms of organisations of similar size and complexity.

[12] Total fixed remuneration includes non-monetary benefits eg parking salary sacrifice and superannuation contributions.

[13] Share value used in determining award value is $8.410 based on 5-trading-day VWAP at the time of vesting (17 November 2014).

[14] This amount represents the gross value of benefits provided to Mr Palmquist as part of his relocation and ongoing residence in Australia. It includes the gross value of items such as airline flights, accommodation, health insurance and tax advice. This amount varies from the non-monetary benefits disclosed in Section 6 as the car parking benefit is included in the TFR column in this table.

[15] Executive KMP as at 30 September 2015.

[16] This amount represents the gross value of a flight provided to Mr Bell's spouse. This amount varies from the non-monetary benefits disclosed in Section 6 as the car parking benefit is included in the TFR column in this table.

[17] Converted from USD to AUD at rate of 0.786 (average rate from 1 October 2014 to 30 September 2015).

Frequently asked questions - remuneration

6	Why is the LTI performance period only three years?	The Board's view is that a three year performance period appropriately aligns with the performance horizons in the strategic business plans and allows for the measurement of sustained long-term performance. The current structure of the LTI plan has been effective in achieving its dual objectives of Executive KMP retention and alignment with shareholder interests.
7	Can the Company claw back any incentive awards?	Yes, STI or LTI awards can be clawed back if there is gross misconduct, material misstatement or fraud.
8	Has the Company considered the introduction of a mandatory shareholding requirement for executives?	While the Board has considered a mandatory shareholding requirement, it believes shareholder and Executive KMP alignment is already achieved as a significant portion of Executive KMP reward is delivered through equity (ie STI deferral and LTI awards). Shares held by Key Management Personnel are outlined in Section 6 of this report.

9	Has the Company made any changes to fees for Non-executive Directors?	While Non-executive Director fees remained unchanged for FY15, the Board is proposing to apply the following increases, effective 1 October 2015:
		• Non-executive Director base fees will increase from $114,000 to $117,500 per annum (excluding superannuation);
		• The Chairman's fee will remain unchanged at $330,000 per annum (including superannuation);
		• Committee Chairman fees will increase as follows:
		  – Chairman of the Board Audit Committee will increase from $27,100 to $27,900 per annum (excluding superannuation; and
		  – Chairman of the remaining Committees will increase from $20,000 to $20,600 per annum (excluding superannuation);
		• Committee member fees will increase from $10,900 to $11,250 per annum (excluding superannuation); and
		• The aggregate fee pool of $2,000,000 will remain unchanged.

2. Key Management Personnel

This report details the remuneration of GrainCorp's KMP for FY15. All incumbents were employed in their respective positions for the duration of the financial year, unless otherwise stated.

	Position title
Non-executive Directors	
D C Taylor	Chairman
R P Dee-Bradbury	Non-executive Director
B J Gibson	Non-executive Director
P J Housden	Non-executive Director
D J Mangelsdorf	Non-executive Director
D G McGauchie	Non-executive Director
P I Richards	Non-executive Director (appointed 9 November 2015)
D B Trebeck	Non-executive Director
S L Tregoning	Non-executive Director
Executive Director	
M L Palmquist	Managing Director and Chief Executive Officer ('MD & CEO')
Executive KMP	
A G Bell	Group Chief Financial Officer ('CFO')
G A Friberg	President and CEO GrainCorp Malt
B Ivanoff	Group General Counsel
A N Johns	Group General Manager ('GGM') GrainCorp Storage & Logistics
K Pamminger	GGM GrainCorp Marketing
S J Tainsh	GGM GrainCorp Oils

This report incorporates the disclosure requirements of accounting standard AASB 124 *Related Party Disclosures*, as well as those prescribed by the *Corporations Act 2001*. Details of equity holdings, loans and other transactions with respect to KMP are disclosed in Section 6 of this report.

3. The link between remuneration and performance

Short-term incentives

FY15 STI opportunity

Executive KMP and other employees as determined by the Board are eligible to participate in the STI plan. Target STI is awarded for achieving on-target performance. Participants have the opportunity to earn up to a maximum capped amount for achieving stretch performance (ie significant out-performance against defined measures). Executive KMP STI opportunities are shown below.

Role	Target STI as a % of TFR	Maximum STI as a % of TFR
MD & CEO	100%	150%
Functional Area Executive KMP	60%	120%
Operational Executive KMP	70%	140%
GGM Marketing	70%	167%

The STI opportunity for the GGM Marketing represents participation in an additional Marketing Incentive Plan ('MIP') that rewards for strong performance contributing to the Marketing business unit .

FY15 STI performance

Performance is assessed against a balanced scorecard of measures aligned to GrainCorp's annual plan. Targets for each scorecard measure are determined prior to the start of the performance period. The table below outlines GrainCorp's performance in FY15.

	Financial measures weighting (%) and performance		Safety, health and environment weighting (%) and performance. Agreed objectives include reduction in Annual Injury Frequency Rate ('AIFR')		Non-financial weighting (%) and performance. Agreed objectives include talent management, project completion
Name Position Title	**Group NPAT**	**Business Unit Financial**	**Group SHE**	**Business Unit SHE**	
M L Palmquist MD & CEO	60 🟡	-	10 🟢	-	30 🟡
A G Bell CFO	60 🟡	-	10 🟢	-	30 🟡
G A Friberg President and CEO GrainCorp Malt	20 🟡	40 🟢	5 🟢	5 🟡	30 🟡
B Ivanoff Group General Counsel	60 🟡	-	10 🟢	-	30 🟡
A N Johns GGM GrainCorp Storage & Logistics	20 🟡	40 🟢	-	10 🟡	30 🟡
K Pamminger GGM GrainCorp Marketing	20 🟡	40 🔴	5 🟢	-	35 🟡
S J Tainsh GGM GrainCorp Oils	20 🟡	40 🟡	-	10 🟡	30 🟡

🔴 Minimum performance threshold not met 🟡 Minimum performance threshold met or exceeded 🟢 Stretch/maximum performance achieved

Performance is assessed on a scale from 0% to 200%. With 100% representing target performance and 200% representing maximum performance. The table below details the performance outcome against target performance (at 100%) and maximum performance (at 200%).

	Performance outcome as a % of target	Performance outcome as a % of maximum
Executive Director		
M L Palmquist	127[18]	64
Executive KMP		
A G Bell	129	65
G A Friberg	161	81
B Ivanoff	132	66
A N Johns	168	84
K Pamminger	81	40
S J Tainsh	121	61

FY15 awarded STI outcomes

In what has been a demanding year for the company, STI payments to Executive KMPs ranged from 'Below target' to 'Above target'. The table below outlines FY15 STI outcomes.

	Actual STI awarded as a % of target STI	Actual STI awarded ($'000s)	Amount paid in cash ($'000s)	Amount deferred ($'000s)[19]	STI awarded as a % of maximum STI	STI forfeited as a % of maximum STI
Executive Director						
M L Palmquist	114	1,363	682	681	76	24
Executive KMP						
A G Bell	129	449	264	185	65	35
G A Friberg[20]	161	627	368	259	81	19
B Ivanoff	132	329	194	135	66	34
A N Johns	168	602	354	248	84	16
K Pamminger	81	276	162	114	34	66
S J Tainsh	121	434	255	179	61	39

Deferral of awarded STI

For STI awards earned in FY15, 50% of the awarded STI for the MD & CEO is deferred into cash, while 41.2% of awarded STI for other Executive KMP is deferred into rights. For awards made in FY16 and going forward, any deferred STI will be into performance rights, with the exception of the MD & CEO.

Deferred awards for the MD & CEO vest after 12 months. Deferred awards for other Executive KMP vest 50% after 12 months, and 50% after 24 months. There are no other performance conditions on the deferred portion of awards beyond continued employment by GrainCorp.

[18] The maximum STI for the MD & CEO is 150% of TFR. This means that a performance outcome of 127 equates to an STI payment of 114% of TFR.

[19] The STI deferred amount represents the portion earned in FY15 that is to be deferred into rights for all Executive KMP, with the exception of the MD & CEO who has his STI deferred into cash. The amounts presented differ from the statutory disclosures that are prepared in accordance with the accounting standards in Section 6 of this report.

[20] Converted from USD to AUD at rate of 0.786 (average rate from 1 October 2014 to 30 September 2015).

Long-term incentives granted in FY15

FY15 LTI opportunity
Executive KMP are eligible to participate in the LTI award.

The Board determines LTI opportunities based on a percentage of TFR. Current LTI opportunities are outlined in the table below. LTI opportunities represent the maximum incentive opportunity under the award.

Eligible participants are granted rights to GrainCorp shares for nil consideration. Rights vest subject to the achievement of the specified performance measures and do not carry any voting or dividend rights.

LTI opportunities are converted to a number of rights that are granted using a face value approach, ie based on the 20-trading-day VWAP for GrainCorp shares following the release of the Company's annual financial results. Using a 20 trading-day VWAP helps mitigate against share-price volatility at the time of grant.

Role	LTI opportunity as a % of TFR
MD & CEO	100%
Group CFO	40%
President and CEO GrainCorp Malt	40%
Group General Counsel	40%
GGM GrainCorp Storage & Logistics	40%
GGM GrainCorp Marketing	42%
GGM GrainCorp Oils	42%

LTI performance measures for the FY15 grant
FY15 awards are subject to two separate tranches, each with one performance hurdle and an ongoing service condition: ROE (50% of the award) and relative TSR (50% of the award), both measured over a three-year performance period.

ROE
ROE focuses Executives on generating earnings that efficiently use shareholder capital and the reinvestment of earnings. ROE is defined as underlying NPAT divided by average shareholders' equity, as determined by the Board from the Company's financial results.

Due to the volatility in production conditions and seasonal variability, GrainCorp's Board sets a one-year ROE target range as part of the budgeting process each year. The three-year ROE hurdle is the average of the three annual targets set by the Board. Annual ROE targets are set in November each year and disclosed following the end of the performance period.

One-year targets allow the Company to account for the variability in the agribusiness industry and for near-term capital management objectives. The following factors are considered by the Board in the target-setting process:

- Expected earnings for each business area, overlaid with estimated production and market conditions for the forthcoming year (ie harvest volumes, receivals, export demand, malt contract sales, local and government trading environments and industry and climactic conditions);
- External analysts' views of GrainCorp's performance;
- External market forecasts (eg from the Australian Bureau of Agricultural Resource Economics and Sciences and Australian Crop Forecasters);
- Capital investment strategy for the forthcoming year; and
- Historical ROE performance.

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

Three-year average ROE performance	Percentage of ROE-tested rights to vest
Below minimum of target range	Nil
At minimum of target range	50%
Within target range	Straight line between 50% and 100%
At maximum of target range and above	100%

To further align Executive KMP remuneration outcomes with shareholder value creation, the Board determined that from FY15, LTI ROE performance conditions would be subject to a minimum performance threshold, based on the rolling ten-year average ROE performance. This is to address the continued variability in GrainCorp's year-on-year ROE and ensure a long term view of shareholder value creation.

While the Board will continue to set challenging annual ROE targets, the ROE portion of LTI awards will not vest if GrainCorp's three-year average ROE performance is below the rolling ten-year average ROE as at the time of measurement (ie the end of the relevant performance period).

Relative TSR
Relative TSR focuses Executive KMP on shareholder value creation as it measures the percentage change in a Company's share price, plus the value of dividends received during the period.

GrainCorp's TSR is measured relative to a peer group of 100 ASX-listed companies (ie 50 companies above and 50 companies below GrainCorp's market capitalisation ranking). The peer group is defined at the start of the performance period. As GrainCorp is uniquely positioned in the Australian-listed environment (in terms of operations), the selected comparator group represents GrainCorp's competitors in terms of organisations of similar size and complexity.

For the FY15 LTI grant only, rather than applying a 12 month opening/base line reporting period for calculating relative TSR, a 10 month opening/base line reporting period will be applied. This means that, rather than applying a 12 month period from 1 October 2013 to 30 September 2014, a ten month period from 2 December 2013 (being the date of rejection of the ADM bid by the Federal Treasurer) to 30 September 2014 will be adopted. The rationale for this change is to help remove the share price volatility associated with ADM bid and is consistent with the relative TSR measurement approach taken for the FY14 LTI grant.

The proportion of Rights that may vest based on TSR performance is determined by the Board, based on the following vesting schedule.

Relative TSR (percentile ranking)	Percentage of TSR-tested rights to vest
At or below the 50th percentile	Nil
Above the 50th and below the 75th percentile	Straight line between 50% and 100%
At or above the 75th percentile	100%

Long-term incentives vesting in FY15

Key details of the FY13 LTI grant and vesting outcomes
The table below summarises the Company performance that determined vesting levels for the 2013 LTI plan.

As discussed in the FY13 Remuneration Report the Board adjusted its approach to executive remuneration due to the extended ADM takeover bid in FY12 and FY13. In response to the challenges of granting new equity awards, the Board determined that deferred cash awards were in the best interests of shareholders, while continuing to motivate and reward Executive KMP performance. Deferred cash awards replaced grants of rights for the 2013 LTI plan, granted on 21 December 2012. The Board reverted subsequent LTI plans back to an equity-based LTI following the 2014 AGM.

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

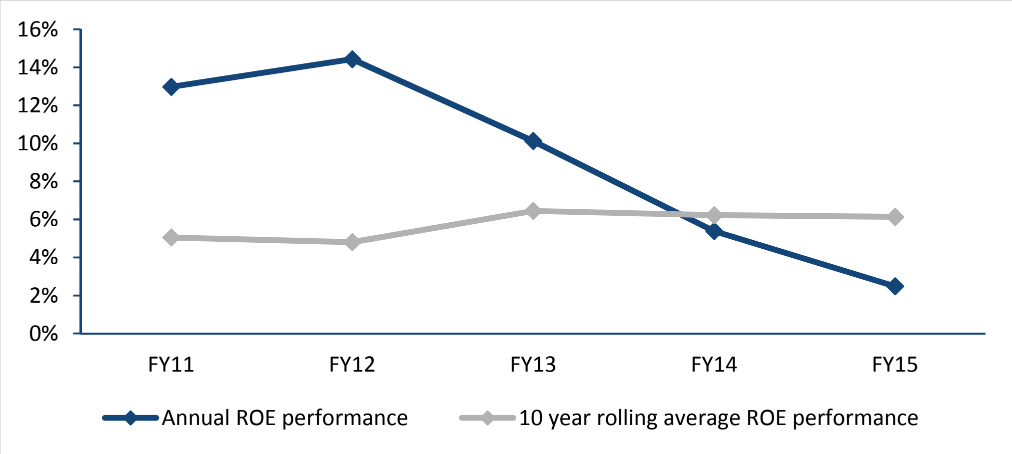
TSR percentile ranking	Amount to vest
Below the 50^{th} percentile	0%

Financial year	Minimum of ROE target range	Maximum of ROE target range	GrainCorp ROE performance	Amount to vest
2013	9.6%	10.6%	10.1%	-
2014	6.0%	6.6%	5.4%	-
2015	2.4%	2.6%	2.5%	-
3 year average	6.0%	6.6%	6.0%	50% of ROE-tested rights to vest

The 2013 LTI plan vested at 25% this year, based on at target ROE and below target TSR performance for the three-year performance period. The MD & CEO commenced employment with GrainCorp on 1 October 2014 and consequently did not participate in the 2013 LTI plan.

Historical ROE performance

The graph below outlines GrainCorp's annual ROE performance over the prior ten years. The variability in ROE performance is characteristic of the industry in which we operate, where performance is subject to the weather, grain production volumes, commodity prices, global economic conditions and exchange rates.



Five year financial performance

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

		2015	2014	2013	2012	2011
Underlying NPAT	$M	45	95	175	205	172
Statutory NPAT	$M	32	50	141	205	172
Basic EPS	cents	14.0	22.0	61.9	102.6	86.2
Total dividends per Share	cents	10	20	45	65	55
Closing Share price	$	9.05	8.55	12.35	8.96[21]	7.20

[21] Share price for Monday 1 October 2012.

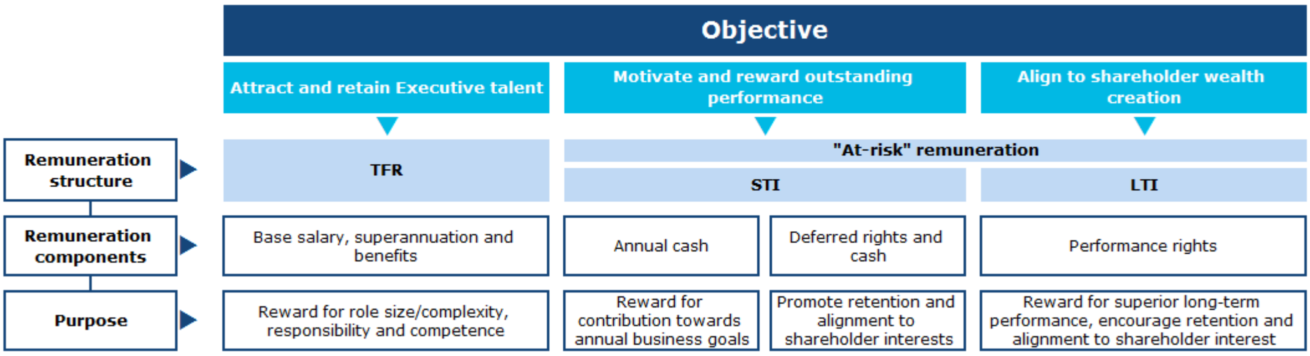
4. Executive KMP remuneration framework and governance

Executive KMP remuneration framework

Remuneration benchmarking
GrainCorp aims to provide competitive remuneration opportunities measured against comparable companies. GrainCorp benchmarks roles against ASX-listed companies of similar size and complexity, using external market benchmarks conducted by independent remuneration advisors. Comparators are within 50% to 200% of GrainCorp's market capitalisation for Functional Area Executive KMP roles, and within 50% to 200% of revenue accountability for Operational Executive KMP roles.

Market positioning policy
GrainCorp's target positioning for fixed remuneration is market median, with total remuneration opportunity up to the 75th percentile for the achievement of stretch STI and LTI targets.

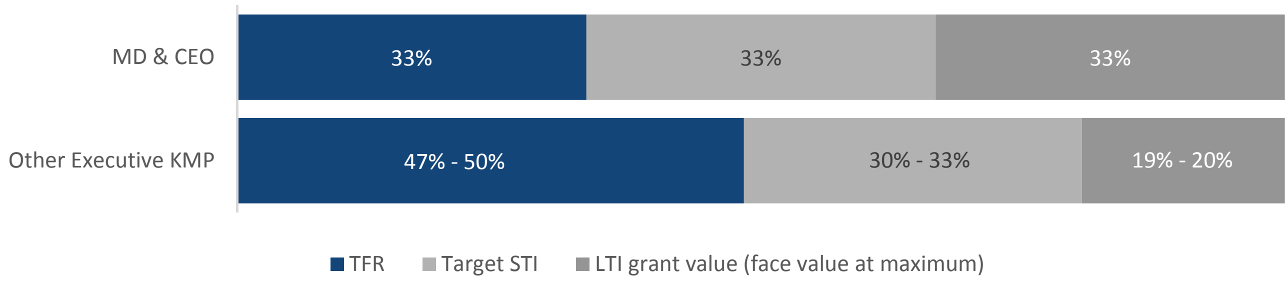
Summary of the Executive KMP remuneration framework
GrainCorp's remuneration strategy rewards Executive KMP for the delivery of its business strategy. The diagram below provides an overview of this approach.



On-target Executive KMP remuneration opportunities and mix
A significant portion of executive remuneration is 'at-risk' to ensure alignment with the Company's strategic objectives. Executives are only rewarded for delivering performance aligned to GrainCorp's short-term and long-term strategy. The table below outlines on-target Executive KMP remuneration opportunities.

Role	TFR	Target STI	LTI grant value (face value at maximum)	Total target remuneration
MD & CEO	33%	33%	33%	100%
Group CFO	50%	30%	20%	100%
President and CEO GrainCorp Malt	48%	33%	19%	100%
Group General Counsel	50%	30%	20%	100%
GGM GrainCorp Storage & Logistics	48%	33%	19%	100%
GGM GrainCorp Marketing	47%	33%	20%	100%
GGM GrainCorp Oils	47%	33%	20%	100%

Executive KMP target remuneration mix is summarised in the graph below. Remuneration mix is presented as a portion of total target remuneration and comprises TFR, target STI opportunity and LTI grant value (ie maximum LTI opportunity).



Executive remuneration governance

Role of the People Remuneration and Nominations Committee
The PRNC assists the Board to ensure GrainCorp's remuneration approach aligns with the business strategy and the interests of our shareholders. The PRNC reviews proposals made by management and makes recommendations to the Board on individual remuneration arrangements, target-setting, performance assessment of incentive plans, succession planning for the MD & CEO, and NED fee arrangements. Detailed information on the PRNC's role, responsibilities and membership can be found in the PRNC Charter (see www.graincorp.com.au) and under Principle 2 of the Corporate Governance Statement.

Mr Taylor, in his role as Executive Chairman, also sits on the PRNC. Mr Taylor did not participate in any executive incentive plans and was not present during discussions in relation to his own remuneration.

Support from management and external advisors
To ensure the Board's decisions are fully informed, the PRNC receives advice from management and the Company's external remuneration advisor, Ernst & Young (EY).

EY's engagement terms include protocols to maintain its independence. Throughout the year, the PRNC and the Board received external advice in relation to market practice of Director and Executive KMP remuneration and incentive plans, a review of the Executive KMP remuneration strategy and other general remuneration advice.

None of the advice provided during the year by EY included a remuneration recommendation (as defined in the *Corporations Amendment (Improving Accountability on Directors and Executive Remuneration) Act* 2011).

Incentive plan governance

The STI is an annual 'at-risk' incentive award linked to the achievement of specific financial and non-financial Company, business-unit and individual targets. The LTI is complementary to the STI as it provides a performance-based 'at-risk' remuneration element over a longer time horizon. A summary of the key governance elements of both plans are provided below.

	STI	LTI
Performance measures / assessment	• KPIs and STI outcomes for the MD & CEO are approved by the Board. KPIs and STI outcomes for Executive KMP are approved by the MD & CEO.	• The LTI is typically granted (or awarded) around November of each year and vests (depending on performance against the performance measures) on 30 September at the end of the three year performance period. • The appropriateness of the relative TSR and ROE measures are reviewed annually by the PRNC to ensure alignment to GrainCorp's business strategy and shareholder value creation.
Clawback	• The Board in its discretion may determine that some, or all, of an employee's STI deferral is forfeited for gross misconduct, material misstatement or fraud.	• The Board in its discretion may determine that some, or all, of an employee's LTI award is forfeited for gross misconduct, material misstatement or fraud.
Cessation of employment	• Subject to Board discretion the deferred component may: – Be forfeited for resignation or termination for cause; and – Be paid in full at their normal payment date for cessation of employment due to redundancy, disability, death or retirement.	• Subject to Board discretion: – Rights are forfeited for resignation and termination for cause; and – Rights are pro-rated for the portion of the performance period served and vest at the normal vesting date for cessation of employment due to redundancy, disability, death or retirement.
Change of control	• The deferred component will be paid in full on change of control, unless the Board determines otherwise.	• Rights vest in full on change of control, unless the Board determines otherwise. Rights that do not vest on change of control will lapse.

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

Summary of employment terms

Employment terms
GrainCorp's Executive KMP are employed by GrainCorp Operations Limited under common law contracts with no fixed term. Contracts may be terminated at any time, provided that the notice period is given. The table below outlines a summary of key employment terms for Executive KMP.

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

As noted in the FY14 Remuneration Report, the MD & CEO is entitled to receive a deferred sign-on payment of up to $7,200,000 payable on the third anniversary of commencement. The deferred sign-on payment may be forfeited in the event of summary termination, underperformance, unethical or unprofessional business behaviour; or where employment has been terminated and the MD & CEO has subsequently been found to have acted contrary to the interests of GrainCorp.

The maximum amount will be reduced by the quantum of TFR paid, STI at target and gross value of LTI as these amounts are awarded, and the Board has discretion over the payment of any residual deferred sign-on element. Section 6 details the amounts paid to the MD & CEO during the FY15 period.

5. Non-executive Director (NED) fees framework

The PRNC regularly reviews NED fee arrangements to ensure fees remain competitive. This includes periodical benchmarking against companies of similar size and complexity to GrainCorp.

NED fees are paid from an aggregate annual fee pool of $2,000,000 (including superannuation contributions), as approved by shareholders at the 2014 AGM.

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

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

The fee policy for the year ended 30 September 2015 is outlined below. With the exception of the Board Chair, compulsory superannuation contributions are paid in addition to fees set out below.

Board fees		FY15 fees ($)
Board		
Non-executive Chair		330,000
NEDs		114,000
Board Committees		
Board Audit Committee	Chair	27,100
	Member	10,900
People, Remuneration and Nominations Committee	Chair	20,000
	Member	10,900
Business Risk Committee	Chair	20,000
	Member	10,900
Safety, Health, Environment & Governance Committee	Chair	20,000
	Member	10,900

6. Mandatory disclosures in detail

Statutory remuneration disclosures

Remuneration for Executive KMP for FY15 and FY14 is shown in the tables below.

		Short-term benefits			Post-employment		Other long-term benefits[22]			
	Year	Base salary and fees $'000	Non-monetary benefits $'000	STI cash [23] $'000	Super-annuation benefits $'000	Termination benefits $'000	STI deferral $'000	LTI awards $'000	Long service leave $'000	Total $'000
Executive Director										
M L Palmquist	**2015**	**1,189**	**206**	**682**	**-**	**-**	**341**	**84**	**20**	**2,522**
	2014	-	-	-	-	-	-	-	-	-
Executive KMP										
A G Bell	**2015**	**555**	**6**	**264**	**19**	**-**	**160**	**63**	**10**	**1,077**
	2014	541	5	196	18	-	150	62	10	982
G A Friberg	**2015**	**554**	**21**	**368**[24]	**8**	**-**	**195**	**38**	**-**	**1,184**
	2014	462	20	584[25]	6	-	117	24	-	1,213
B Ivanoff	**2015**	**386**	**-**	**194**	**29**	**-**	**130**	**45**	**7**	**791**
	2014	376	-	180	28	-	124	42	7	757
A N Johns	**2015**	**484**	**-**	**354**	**29**	**-**	**177**	**54**	**22**	**1,120**
	2014	422	15	165	25	-	116	46	19	808
K Pamminger	**2015**	**457**	**-**	**162**	**30**	**-**	**240**	**55**	**8**	**952**
	2014	440	-	181	27	-	347	11	8	1,014
S J Tainsh	**2015**	**485**	**5**	**255**	**31**	**-**	**171**	**59**	**9**	**1,015**
	2014	465	5	222	30	-	194	56	8	980
Total	**2015**	**4,110**	**238**	**2,279**	**146**	**-**	**1,414**	**398**	**76**	**8,661**
	2014	2,706	45	1,528	134	-	1,048	241	52	5,754

[22] The value of STI deferral and LTI awards represents the accounting value, rather than the cash value to participants. It includes the value of equity grants for LTI Plan and Deferred Equity Plans. It also includes the accounting value of the deferred cash based awards put in place of deferred equity.

[23] The accounting value of short term incentive deferred share rights / deferred cash is reflected in the 'STI deferral' column.

[24] Includes final retention payment of USD63,000 relating to prior loss of STI potential.

[25] Includes a retention payment for Mr Friberg of USD167,254 related to post acquisition of the Malt business by GrainCorp and a USD63,000 payment relating to prior loss of STI potential following the realignment of Malt variable incentives to the GrainCorp incentive framework (paid October 2013 and December 2013 respectively). These amounts total AUD318,417 based on a conversion rate from USD to AUD of 0.921 (average rate from 1 October 2013 to 30 September 2014) and relate to Mr Friberg's previous remuneration arrangements prior to being a KMP.

From 1 October 2014 to 1 January 2015, Mr Taylor provided a hand-over to the incoming MD & CEO. The table below details both Mr Taylor's fees for the period of the hand-over and his Chairman's fees.

Interim CEO	Year	Base salary and fees $'000	Superannuation benefits $'000	Total $'000
D C Taylor - Handover period & Interim CEO	**2015**	**178**	**-**	**178**
	2014	512	21	533
D C Taylor - Chairman	**2015**	**296**	**34**	**330**
	2014	312	18	330
Total	**2015**	**474**	**34**	**508**
	2014	824	39	863

Non-executive Directors	Year	Base salary and fees $'000	Superannuation benefits $'000	Total $'000
D C Taylor	**2015**	**296**	**34**	**330**
	2014	312	18	330
R P Dee-Bradbury[26]	**2015**	**120**	**11**	**131**
	2014	-	-	-
B J Gibson	**2015**	**145**	**14**	**159**
	2014	140	13	153
P J Housden	**2015**	**141**	**13**	**154**
	2014	141	13	154
D J Mangelsdorf	**2015**	**145**	**14**	**159**
	2014	145	14	159
D G McGauchie[27]	**2015**	**125**	**12**	**137**
	2014	132	12	144
D B Trebeck[28]	**2015**	**145**	**14**	**159**
	2014	142	13	155
S L Tregoning	**2015**	**136**	**13**	**149**
	2014	136	13	149
Total	**2015**	**1,253**	**125**	**1,378**
	2014	1,148	96	1,244

Movement of rights held during the reporting period

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

	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Forfeited or lapsed during the year	Balance at the end of the year	Vested and exercisable at the end of the year
Executive Director						
M L Palmquist	-	147,601	-	-	147,601	-
Executive KMP						
A G Bell	49,364	28,494	20,140	4,169	53,549	-
G Friberg	20,618	25,264	-	-	45,882	-
B Ivanoff	33,962	20,425	13,257	2,745	38,385	-
A N Johns	41,057	25,215	15,645	3,239	47,388	-
K Pamminger	22,118	25,158	-	-	47,276	-
S J Tainsh	45,220	26,476	18,175	3,763	49,758	-

[26] Ms Dee-Bradbury commenced on 29 September 2014, however no payments were received within FY14.

[27] Mr McGauchie ceased to be Chair of the former Human Resources Committee (now incorporated within the PRNC) from 26 March 2014. Mr McGauchie's remuneration includes an additional $2,543 relating to the handover period to Mr Trebeck.

[28] Mr Trebeck assumed Chair of the PRNC effective 26 March 2014.

Number and value of rights granted, vested and forfeited under the deferred STI and LTI awards
Details of the rights granted as remuneration and held, and vesting profile as at 30 September 2015 for each Executive KMP is presented in the table below. Rights are granted for nil consideration (ie zero exercise price) and automatically vest following performance testing (ie do not need to be exercised).

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

	Equity granted						Vested in FY15		
	Plan[29]	Number of rights	Grant date	Fair value at grant $'000	Financial year in which rights may vest	Maximum fair value yet to vest $'000	Vested in the year (%)	Forfeited in the year (%)	Number of ordinary shares
Executive Director									
M L Palmquist	LTI 2015	147,601	17-Dec-14	786	2017	702	-	-	-
Executive KMP									
A G Bell	LTI 2015	28,494	17-Dec-14	152	2017	135	-	-	-
	LTI 2014	25,055	02-May-14	138	2016	80	-	-	-
G A Friberg	LTI 2015	25,264	17-Dec-14	135	2017	120	-	-	-
	LTI 2014	20,618	02-May-14	114	2016	66	-	-	-
B Ivanoff	LTI 2015	20,425	17-Dec-14	109	2017	97	-	-	-
	LTI 2014	17,960	02-May-14	99	2016	57	-	-	-
A N Johns	LTI 2015	25,215	17-Dec-14	134	2017	120	-	-	-
	LTI 2014	22,173	02-May-14	122	2016	71	-	-	-
K Pamminger	LTI 2015	25,158	17-Dec-14	134	2017	120	-	-	-
	LTI 2014	22,118	02-May-14	122	2016	71	-	-	-
S J Tainsh	LTI 2015	26,476	17-Dec-14	141	2017	126	-	-	-
	LTI 2014	23,282	02-May-14	128	2016	74	-	-	-

Value of deferred cash awarded, vested and forfeited under the deferred STI and LTI awards
Details of the deferred cash awarded as remuneration and vesting profile as at 30 September 2015 for each Executive is presented in the table below. No deferred cash awards vest if the conditions are not satisfied (minimum value yet to vest is nil). The maximum value of the deferred cash awards yet to vest has been determined as the amount of the deferred cash award that is yet to be expensed.

	Deferred cash awarded					Vested in FY15	
	Plan	Value of deferred cash awarded $'000	Financial year awarded	Period of vesting	Maximum value yet to vest $'000	Vested in the year (%)	Forfeited in the year (%)
Executive Director							
M L Palmquist	DEP 2015[30]	682	2016	2016	341	50%	-
Executive KMP							
A G Bell	DEP 2014	138	2015	2015 and 2016	23	50%	-
	DEP 2013	151	2014	2015	-	50%	-
	LTI 2013	220	2013	2015	-	25%	75%
G A Friberg	DEP 2014	186	2015	2015 and 2016	31	50%	-
	DEP 2013	58	2014	2015	-	50%	-
B Ivanoff	DEP 2014	126	2015	2015 and 2016	21	50%	-
	DEP 2013	127	2014	2015	-	50%	-
	LTI 2013	150	2013	2015	-	25%	75%
A N Johns	DEP 2014	127	2015	2015 and 2016	21	50%	-
	DEP 2013	124	2014	2015	-	50%	-
	LTI 2013	172	2013	2015	-	25%	75%
K Pamminger	DEP 2014	277	2015	2015 and 2016	46	50%	-
	DEP 2013	462	2014	2015	-	50%	-
	LTI 2013	179	2013	2015	-	25%	75%
S J Tainsh	DEP 2014	156	2015	2015 and 2016	26	50%	-
	DEP 2013	192	2014	2015	-	50%	-
	LTI 2013	210	2013	2015	-	25%	75%

[29] DEP 2015 for Executive KMP will be granted following the 20-trading-day VWAP period after the announcement of results and will therefore be reported in the FY16 report.

[30] Mr Palmquist's DEP 2015 is paid as cash, whereas DEP 2015 for the remaining Executive KMP will be granted as performance rights.

Shares held by KMP

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

Name	Balance at the start of the year	Received during the year on exercise of rights	Other changes during the year	Balance at the end of the year
Non-executive Directors				
D C Taylor	44,859	-	-	44,859
R P Dee-Bradbury	-	-	2,400	2,400
B J Gibson	-	-	7,000	7,000
P J Housden	8,083	-	-	8,083
D J Mangelsdorf	15,528	-	-	15,528
D G McGauchie	88,957	-	-	88,957
P I Richards	-	-	-	-
D B Trebeck	75,637	-	-	75,637
S L Tregoning	14,465	-	-	14,465
Executive Director				
M L Palmquist	-	-	9,679	9,679
Executive KMP				
A G Bell	29,027	20,140	(19,000)	30,167
G Friberg	11,177	-	-	11,177
B Ivanoff	1,646	13,257	-	14,903
A N Johns	19,227	15,645	-	34,872
K Pamminger	-	-	-	-
S J Tainsh	64	18,175	-	18,239

Loans to KMP and their related parties

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

D C Taylor
Chairman

Sydney
12 November 2015

Corporate Governance Statement

Introduction

This section of GrainCorp Limited's ('GrainCorp' or 'the Company') 2015 Annual Report outlines the governance framework the Board has adopted for all entities in the GrainCorp Group.

GrainCorp remains committed to ensuring that its systems, procedures and practices reflect a high standard of corporate governance. The Board believes that its governance framework provides clear guidance on how authority is exercised and promotes a culture of compliance, ethical behaviour, integrity and respect to protect shareholder and other stakeholder interests.

Annual Overview

On 1 October 2014, Mr Mark Palmquist was appointed Managing Director & CEO ('CEO'). Following this, Mr Don Taylor resumed his position as Chairman and independent Non-executive Director.

For the year ended 30 September 2015, GrainCorp considers that its governance structure complies with the third edition of the ASX Corporate Governance Principles and Recommendations ('Recommendations').

Copies of GrainCorp's Constitution, Charters and related governance materials are available on GrainCorp's website at www.graincorp.com.au/investors-and-media/investor-information/corporate-governance

The following sections provide details of GrainCorp's compliance with the adopted governance framework and its practices in accordance with the Recommendations.

Principle 1: Lay solid foundations for management and oversight

a) Primary objective of the Board

To build long term shareholder value with due regard to other stakeholder interests. The Board provides governance and strategic guidance for GrainCorp and effective oversight of management. The governance structure determines how GrainCorp sets and monitors its profit and growth targets, while appropriately managing risk, and considering the interests of shareholders and other stakeholders.

b) Board Charter

To define its role the Board has formalised its authority, responsibilities and processes in a Board Charter. The Charter includes the Board's role in strategy and planning, budgeting, financial reporting, employee and remuneration policies, risk management, governance, safety, health and environment ('SHE') audit, compliance and performance monitoring. The Charter is consistent with GrainCorp's Constitution.

Under GrainCorp's Constitution, and as detailed in its Charter, the Board may delegate any of its powers to Committees of the Board. The standing Committees established by the Board are detailed on page 45.

c) Delegation to Managing Director & CEO

During the reporting period, the Board delegated authority for the day-to-day management of GrainCorp to the CEO, who manages GrainCorp according to strategies, budgets, policies and delegations approved by the Board.

The CEO has appointed a team of senior management ('Executive Team') to implement GrainCorp's strategic plans and manage the business operations. The CEO provides reports to the Board to ensure it is fully informed of all material matters.

The Board and its Committees monitor the decisions and actions of the CEO and the performance of the business as a whole.

Following the appointment of Mr Palmquist on 1 October 2014, these delegated authorities reverted to the CEO and Mr Taylor resumed his position as Chairman while undertaking a suitable period of handover.

d) Board composition, selection and appointment of new directors

It is the Board's policy to achieve a balance of relevant industry, technical and functional skills, experience, and diversity amongst its Directors. The People Remuneration and Nominations Committee ('PRNC') has the responsibility to review and make recommendations to the Board regarding composition and the nomination process for appointments. It regularly reviews the size, skills matrix and composition of the Board to assess the need for any new appointments or changes.

As well as skills, experience and diversity, the PRNC considers factors such as personal qualities, ability and commitment to devote sufficient time, the contribution the prospective Director could make to the Board, and his or her professional reputation. Background checks are also performed prior to any recommendations being made to the Board. Following this, the PRNC assesses potential candidates and makes recommendations to the Board for final determination by shareholders. Through the Notice of Meeting, which is distributed to shareholders prior to the Annual General Meeting ('AGM'), the Board aims to provide shareholders with all material information disclosed to the Board and relevant to a decision on whether or not to elect or re-elect a director.

All Directors and Executives are appointed subject to a written agreement with GrainCorp setting out the terms and conditions of their appointment.

e) The role of the Company Secretary

The appointment or removal of the Company Secretary is a decision made by the Board. The Company Secretary is accountable to the Board and works closely with the Chairman to manage the distribution of information between the Board, its Committees and the Executive Team. The Company Secretary provides advice and support to the Board and its Committees on governance-related matters, and is responsible for organising and managing the induction of all new and existing directors. All directors have a right of access to information and advice, which is facilitated through the Company Secretary and the Chair of each Committee. The Company Secretary's qualifications and experience are set out in the Directors' Report on page 10.

f) Evaluation of performance of the Board

The Board reviews its performance and that of each Director on an annual basis either by self-evaluation or by independent review. The review covers matters such as:

- The Board's contribution to developing strategy and policy.
- The Board's performance relative to its responsibilities.
- The interaction between Board members and between the Board and Executives.
- The Board's oversight of the business and Executive performance, controls and compliance.
- The operation of the Board including the conduct and content of Board meetings.
- The performance of each Board Committee against the responsibilities of its respective Charter.
- The individual contribution of each Director.

Each Committee reviews its performance annually through discussion and stakeholder feedback. The Chairman of the PRNC reviews the performance of the Chairman of the Board in consultation with other Directors.

In addition, the performance of a Non-executive Director is assessed when nominating for election or re-election at an AGM. In the particular Director's absence, the Board, following recommendations from the PRNC, assesses whether to endorse the Director's election or re-election to shareholders.

An external performance review is to be conducted every second year, under the direction of the PRNC Chairman. During the year ended 30 September 2015, a Board Performance Self-Assessment was conducted, following which the Directors were satisfied with the structure, process, role and performance of the Board.

g) Evaluation of performance of the Executive Team

The CEO is responsible for monitoring the performance of each member of the Executive Team. The CEO is also responsible for ensuring there is an effective succession planning process for each Executive Team member.

During the reporting year the Executive Team comprised the individuals listed on page 8 of the Annual Report. The Executive Team meets regularly to review performance and strategic issues, and to build alignment across the business. Each Executive has a written position description, employment contract and annual Key Performance Indicators ('KPIs').

The CEO reviews the performance of the Executive Team individually and collectively against their agreed KPIs, the Company's leadership framework and GrainCorp's values. The Board and its Committees review the performance of the Executive Team through reporting of formal mid-year and end-of-year performance appraisals. Performance reviews of the Executive Team were conducted by the CEO for the year ended 30 September 2015.

The PRNC and the Board formally review the performance of the CEO against agreed KPIs.

h) Board and Committee Meetings

The Board and its Committees meet regularly throughout the year according to an annual schedule of meetings, and at other times as required. Details of the number of meetings held and the attendance record of each Director are on page 11 of the Directors' Report.

i) Diversity

GrainCorp's diversity objective is to value and respect the different perspectives and experiences of its people through harnessing the business benefits and opportunities that these diverse viewpoints and ideas bring to both GrainCorp and its stakeholders. GrainCorp's commitment to recognising the importance of diversity extends to all areas of the business and our people strategy, including recruitment, leadership, succession planning and workplace policies and procedures. GrainCorp believes that treating our people with respect and providing an inclusive environment where they are seen and heard is critical to long term business performance.

In 2011, the Board approved GrainCorp's diversity and inclusion strategy. Annually the People Remuneration and Nominations Committee ('PRNC') approves measurable objectives set in accordance with this strategy. Over the past 12 months, the following specific activities occurred which were consistent with the company's objectives:

Objective	Activities
Build a diverse talent pool focusing initially on women	Promoting "International Women's Day" through a Group wide communication program, encouraging employees to reflect on progress made for equality, to call for change and to celebrate acts of courage and determination by women who have played an extraordinary role in the history of their countries and communities. Celebrating "International Day of Rural Women" which aims to highlight the vital contributions women make within rural and country communities.
Enhance workplace flexibility	Trialling of a number of working from home and remote location flexible working arrangements.
Champion diversity from the top	Facilitating a diversity and inclusion workshop at the annual GrainCorp Leadership Group Conference, attended by 90 of the Company's most senior leaders, which elevated the need and identified opportunities to promote a more diverse workplace.
Minimise the impact of an aging workforce	Trialling mentorship programs to help facilitate the transfer of knowledge and expertise. Providing flexible part-time working arrangements.
Help make a difference to our indigenous community	Ongoing support of the Clontarf Foundation, in particular, the ability to offer school based traineeships for students to gain work experience in GrainCorp's Storage & Logistics business.

GrainCorp continues its commitment to:

- Building a workforce which reflects the diversity of the customers it serves and the communities in which it operates;
- Identifying and developing current and future leaders who are representative of the supply of diverse talent across its international operations;
- Promoting and maintaining a workplace culture that is inclusive and equitable to employees from every background, consistent with its values; and
- Supporting and promoting a more flexible work environment that appropriately balances the needs of its people with the needs of the business.

The number and percentage of women employed in permanent roles across GrainCorp at 30 September over the past three years were:

	2015		2014		2013	
Groups	**Number**	**Percentage**	**Number**	**Percentage**	**Number**	**Percentage**
Board of Directors	2	25%	2	25%	2	25%
Executive Team	1	10%	1	17%	2	29%
GrainCorp Leadership Group	10	12%	11	13%	8	9%
People Leaders	90	21%	107	20%	104	19%
Total GrainCorp workforce	772	25%	617	22%	599	21%

GrainCorp is deemed to be a 'relevant employer' under the *Workplace Gender Equality Act 2012*, and has received notification that it is compliant with the provisions of the Act.

Further information on GrainCorp's diversity and inclusion performance is documented in the 2015 Sustainability Report available on the Company's website.

Principle 2: Structure the Board to add value

a) Structure of the Board

GrainCorp's Constitution has certain requirements concerning Board size, meetings, and election, powers and duties of Directors. Collectively the Board aims to achieve a broad range and balance of skills, experience and expertise to effectively oversee GrainCorp's operations. The Company's Constitution stipulates a minimum of four and a maximum of ten Directors.

At the beginning of the financial year, the Board comprised eight Non-executive Directors and one Executive Director, being the Managing Director & CEO (with Mr Palmquist having been appointed with effect from 1 October 2014). At the AGM on 18 December 2014, Ms Barbara Gibson and Mr Daniel Mangelsdorf were re-elected as Non-executive Directors, and Ms Rebecca Dee-Bradbury was elected as a Non-executive Director following her appointment to fill a casual vacancy. Mr Peter Richards was appointed as a Non-executive Director to fill a casual vacancy on 9 November 2015, and will be eligible for election at the AGM to be held on 18 December 2015.

The Chairman of the Board remains an independent Non-executive Director. The skills, experience and responsibilities of each Director are on pages 6 to 7.

Details of the period of office held by each Director and the year of their last election are as follows:

Director	Appointed	Last Elected at an AGM	Independence
Don Taylor	1 October 2003	20 December 2012	Independent
Rebecca Dee-Bradbury	29 September 2014	18 December 2014	Independent
Barbara Gibson	3 March 2011	18 December 2014	Independent
Peter Housden	17 October 2008	25 February 2014	Independent
Donald McGauchie	23 December 2009	20 December 2012	Independent
Daniel Mangelsdorf	17 February 2005	18 December 2014	Independent
Peter Richards	9 November 2015	Eligible for election	Independent
David Trebeck	27 February 2002	20 December 2012	Independent
Simon Tregoning	2 December 2008	25 February 2014	Independent
Mark Palmquist	1 October 2014	Not Applicable	Not Independent

The Board has assessed Mr Taylor's independence following the period in which he acted as Executive Chairman & Interim CEO (from 2 December 2013 to 1 October 2014). Given the short tenure of Mr Taylor's executive position the Board considers Mr Taylor to be an Independent Non-executive Director for the full year.

b) Board independence

All of GrainCorp's Non-executive Directors are deemed independent. The Board Charter details the criteria used to assess whether a Director has a relationship with GrainCorp, which could, or could be perceived to, impede independent decision making.

All Directors are required to notify the Chairman and Company Secretary of their interests and other appointments as well as any changes to these.

For the year ended 30 September 2015, the PRNC reviewed Non-executive Director independence. The PRNC considered all of the circumstances relevant to each Non-executive Director in determining whether the Director is free from any interest or other business or relationship which could, or could reasonably be perceived to, materially interfere with each Director's ability to act in GrainCorp's best interests and exercise unfettered and independent judgement.

Each of GrainCorp's Non-executive Directors exercised judgement and discharged his or her responsibilities in an independent way at all times throughout the year.

During the reporting year, a number of Directors, through their association with other entities, entered into transactions with GrainCorp in the ordinary course of its business. These transactions were neither material nor impacted upon the independence of those Directors, as they were conducted on ordinary 'arms-length' commercial terms, being no more or less favourable than other users of GrainCorp's services. Details of transactions with Directors are shown in note 34.

c) Conflicts of interest

Each Director has a responsibility to determine whether he or she has a potential or actual conflict of interest in relation to any material matter which comes before the Board. The Company maintains a Register of Directors' Interests which is regularly updated.

The Board Charter details the obligations of Directors in dealing with any conflicts of interest. In such situations, the conflicted Director will not receive relevant Board papers and, unless the non-conflicted Directors resolve to the contrary, will not be present for Board deliberations on the matter and will not vote on any related Board resolutions. The same procedures apply in the event of any conflict which may arise relating to any matter to be considered by any Board Committee.

GrainCorp's Code of Conduct provides guidelines for dealing with conflicts of interest, particularly for Executives and other employees.

d) Access to information and independent advice

Directors may access information and seek independent professional advice which they individually or collectively consider necessary to fulfil their responsibilities and permit independent, well informed judgement in decision making.

Any request for access to information or independent advice sought will be consented to by the Chairman, and such consent will not be unreasonably withheld or delayed, and all such information and advice will be shared with all other Directors unless precluded by any conflict situation, and will be at GrainCorp's expense.

e) Tenure and election at Annual General Meetings

Non-executive Directors must retire from office and may seek re-election by shareholders at the third AGM after their election if they seek to continue in their role. The Constitution requires that there be an election of Directors at every AGM. If no Director is to retire from office in accordance with their tenure, the Director to retire will be the individual who has held office for the longest period since last elected or re-elected. GrainCorp's Constitution does not impose a maximum term of service on its Directors.

The Chairman is appointed by his or her fellow Directors with the term of office determined by the remaining members of the Board. The Chairman remains subject to the same re-election rules as apply to the other Non-executive Directors.

f) Board Committees

The Board has the ability to delegate any of its powers to Board Committees. The standing Committees are as follows:

- Board Audit Committee ('BAC')
- Business Risk Committee ('BRC')
- Safety Health Environment and Governance Committee ('SHEGC')
- People Remuneration and Nominations Committee ('PRNC')

Each Committee is comprised of a majority of Non-executive Directors.

The composition of each Committee is regularly reviewed by the Chairman of the Board and annually by the PRNC. Membership of each Committee is determined by each Director's skills and experience, their ability to add value and to commit the necessary time to the Committee.

Each Committee operates under a Charter detailing its responsibilities and has unrestricted access to GrainCorp's Executives, advisors and other employees as well as to information necessary for the discharge of its responsibilities.

All Directors are entitled to attend meetings of any Committee and the CEO attends all meetings as appropriate, but does not attend any meetings where his performance, any conflicts, appointment or remuneration are considered.

Proceedings of each Committee meeting are reported by the respective Committee Chairman at the first Board meeting following the Committee meeting.

Details of the Directors' attendance at Committee meetings during the year are contained in the Directors' Report on page 11.

g) People Remuneration and Nominations Committee

The PRNC is the 'nominations committee' for the Board and is also responsible for assisting the Board in the oversight and evaluation of GrainCorp's people strategy and remuneration framework (detailed at Principle 8 of this Governance Statement). The full responsibilities of the PRNC are detailed in its Charter.

The current members of the PRNC are David Trebeck (Chairman), Donald McGauchie and Don Taylor. The CEO and Group General Manager Human Resources (previously the Group General Counsel) attend all meetings of the PRNC by invitation. The PRNC operates independently of the Executive and seeks its own advice, as considered necessary, to assist in its decision making processes.

Details of the attendance of the members at meetings of the PRNC during the year are contained in the Directors' Report.

During the reporting year the PRNC focused on:

- Conducting a reward strategy workshop to ensure that GrainCorp's reward policies and strategies were aligned with and supported the business strategy.
- Development and implementation of an industrial relations strategy to provide a greater focus on workplace efficiency and productivity.
- Reviewing the Long Term Incentive Plan to ensure greater executive alignment with shareholder interests over the longer term, with the introduction of a minimum performance threshold for the ROE performance hurdle.
- GrainCorp's recruitment and sourcing strategy to ensure that the Company has the skills and capability needed to execute its business strategy over the short and longer term.

h) Board Skills, Experience and Attributes

GrainCorp seeks to maintain a Board of Directors who possess the right balance of skills, knowledge and experience to oversee the business and add value to the Company. The Board recognises that having a diversity of attributes, skills, and experience represented amongst its Directors is critical to maintain effective and robust decision-making processes.

The Board and PRNC regularly review the performance of Directors against the skills and experience needed to deliver the Company's strategy and initiatives.

The following matrix sets out the skills and expertise across the Board and Committees:

Skills and Experience
Financial and Risk Management Senior leadership experience in financial accounting, corporate finance, tax, trading and operational risk and internal controls
Safety, Health and Environment Experience related to managing safety, health and environment programs
Fast Moving Consumer Goods ('FMCG') and Manufacturing Experience in the FMCG or manufacturing industries
Agribusiness / Supply Chain Experience in the agricultural industry or supply chain management
Mergers and Acquisitions Experience in merger and acquisition activities and business integration strategies
Non-executive Director and Governance Prior experience as a Non-executive Director with strong governance acumen
International Operations Experience managing or leading global operations, especially in fields relating to GrainCorp's business

i) Director Induction, Training and Ongoing Development

All new Directors of GrainCorp undertake a company induction program which is tailored to their individual needs. Typically, GrainCorp's induction program involves meetings with Executives and employees, briefings on GrainCorp's business and strategic plans, independent meetings with external and internal auditors and other advisors, discussions with the Chairman and other Directors, and the provision of relevant corporate material and information. New Directors are encouraged to visit GrainCorp's assets as soon as practicable to gain a thorough appreciation of the Group's asset profile, business drivers and risk factors. In her first year on the Board, Ms Dee-Bradbury toured a number of GrainCorp locations, which included malt manufacturing operations and warehouse and distribution facilities in North America.

Training and development for Directors focuses on skills and knowledge enhancement through Company initiated activities and individual actions. The PRNC oversees the training and development program for Directors and each individual Director is responsible for understanding their own development needs.

At least once a year the Board undertakes site visits with the purpose of enhancing each individual Director's knowledge about the business and its operating environment. These visits focus on, but are not limited to, capital projects and business process improvements, market dynamics and industry developments, safety, health and environment aspects and the competitive landscape. Additionally, Directors are encouraged to undertake individual actions which can include management briefings, continuous education through third party providers, membership affiliations and networking.

During the financial year, Directors (individually or collectively) participated in the following non-exhaustive list of activities:

- Site inspections and staff engagement across Storage and Logistics country and port facilities.
- Construction inspection and project update at GrainCorp Foods, West Footscray Victoria.
- Site inspections, staff engagement and business strategy update at Great Western Malting Company, Country Malt Group, and Brewcraft USA, Vancouver Washington.
- Site inspection, community interaction and construction project review at Great Western Malting Company, Pocatello Idaho.
- Customer relationship engagements throughout Portland Oregon and Yakima Valley Washington.
- Inspection of a GrainCorp Liquid Terminals facility, Tauranga New Zealand.

Principle 3: Promote ethical and responsible decision making

a) Responsibilities of the Board, Executives and other employees

GrainCorp has adopted a Code of Conduct ('Code') which provides a set of guiding principles for acting honestly and with integrity and fairness at all times. The Company's values, outlined in the Code, provide a common understanding of expected behaviours of Directors and employees.

The Company's Code and values together form the Company's Charter, which is available on the Company's website.

b) Dealing in GrainCorp securities

GrainCorp's Share Trading Policy prohibits dealing in GrainCorp's securities by all Directors, Executives and other employees, or their associates, when in possession of unpublished price sensitive information concerning the Company.

The Policy prohibits 'Designated Officers' (as defined in the Policy) from dealing in GrainCorp's securities at all times other than during specific 'Trading Window' periods. A Designated Officer may only deal in a Trading Window when not in possession of price sensitive information.

The Policy outlines the requirements and process for Designated Officers to seek approval before they, or their associates, deal in the Company's securities.

The Policy also prohibits Designated Officers and their associates from providing GrainCorp securities as security in connection with any margin loan or similar financing arrangement without prior approval.

Further, it is a condition of any grant to employees of any performance rights or deferred shares that no schemes are entered into that protect the value of such performance rights or shares before they vest. Any breach of this condition constitutes a breach of the terms of the grant and may result in the forfeiture of the performance rights.

A copy of the Share Trading Policy is lodged with the ASX and is available on the Company's website.

c) Whistleblower protection

A principle underlying GrainCorp's Code is the requirement for any person at GrainCorp to immediately report, in good faith, any known or suspected breaches of the Code, other GrainCorp policies or the law.

GrainCorp's Whistleblower Policy provides a mechanism whereby such breaches may be reported on a confidential basis without fear of reprisal, dismissal or discriminatory treatment.

Reports may be made under this Policy to specified 'Whistleblower Disclosure Officers' or to an independently managed 'whistleblower hotline' available in all the countries in which the Company has operations to all employees as well as to external parties.

The SHEG Committee has oversight of all whistleblower notifications. A copy of the Whistleblower Policy is available on the Company's website.

Principle 4: Safeguard integrity in financial reporting

a) Board Audit Committee

The BAC was constituted by the Board of GrainCorp to assist the Board in fulfilling its responsibilities in relation to financial reporting and internal controls. The BAC reviews GrainCorp's financial reporting processes, systems of internal control and management of financial risks as well as the process, coverage, performance and independence of the internal and external audit functions. The responsibilities of the BAC are detailed in its Charter.

The current members of the BAC are Peter Housden (Chairman), Rebecca Dee-Bradbury, Daniel Mangelsdorf and Simon Tregoning, all of whom are independent Non-executive Directors of GrainCorp. Each member has the technical expertise to enable the BAC to discharge effectively its responsibilities. Details of the BAC members' qualifications, experience and attendance are set out on pages 6 to 11.

The CEO, Group CFO and Company Secretary, as well as representatives from GrainCorp's external and internal audit advisory teams, attend all meetings of the BAC by invitation. The BAC regularly meets with the external auditors and advisors without the presence of Executives or other management.

b) External audit

PricewaterhouseCoopers ('PwC') has been GrainCorp's external auditor since 1998 and is responsible for reviewing and auditing the half year and full year financial statements and reports to provide an independent opinion that these statements and reports are true and fair and comply with applicable accounting standards and regulations.

PwC attends all meetings of the BAC by invitation and regularly meets with the BAC independently of management to raise and discuss matters that have arisen during the course of its reviews and audits. Representatives of PwC also attend GrainCorp's AGM to answer any shareholder questions on the conduct of the audit, the preparation of the audit opinion and any other related matters. A representative from PwC has attended all AGMs since 1998.

GrainCorp's Board has adopted an External Auditor Independence Policy ('Independence Policy') to govern the independence of the external auditor. The Independence Policy places restrictions on the range of non-audit services PwC can provide to GrainCorp and contains a requirement that the lead audit partner be rotated after five years, unless that appointment is extended by agreement under transition provisions.

The Independence Policy also details the type of non-audit services or assignments that PwC cannot undertake. In addition, any non-audit services or assignments that are not prohibited, with estimated fees in excess of $100,000, must be approved by the BAC before that service or assignment commences. The Group CFO has been authorised to approve such services and assignments with fees estimated to be less than $100,000.

No work will be awarded to PwC if the BAC or the Group CFO, as applicable, believe such work would give rise to a 'self-review' threat (as defined in APES110-Code of Conduct for Professional Accountants) or would create a conflict, or potential conflict, of interest for PwC or otherwise compromise PwC's independence.

Details of the amounts paid to PwC during the year, including for any non-audit services provided, are disclosed in note 7 to the Financial Statements.

PwC has provided GrainCorp with the required full year certification of independence which is on page 55.

GrainCorp's current Audit Engagement Partner is Matthew Lunn, who commenced his role for the year ended 30 September 2012.

A copy of the Independence Policy, which forms part of the BAC Charter, is available on the Company's website.

c) Management assurance to Directors

The CEO and the Group CFO have provided a declaration to the Board in relation to the production of GrainCorp's full year financial statements and reports, as required by Section 295A of the *Corporations Act 2001*.

Supporting this declaration are certifications of assurance provided by other senior managers, including senior finance managers within GrainCorp. These certifications comprise representations and responses to questions concerning GrainCorp's financial results, disclosure processes and controls and other matters related to GrainCorp's external reporting obligations.

The effective control environment established by the Board, and reviewed by internal audit as part of its annual review program supports this declaration. Associated companies and joint ventures that are not controlled by GrainCorp are not covered by this declaration. Further, the declaration provides a reasonable, but not absolute, level of assurance of GrainCorp's risk management, internal compliance and control systems, but does not imply a guarantee against any adverse events or more volatile conditions and outcomes that may occur in the future.

Principle 5: Make timely and balanced disclosure

a) Commitment to disclosure

GrainCorp seeks to provide shareholders and other interested parties with quality information in a timely way through the reporting of financial results, the provision of the Annual Report as well as other announcements and briefings to the market.

GrainCorp is committed to:

- Ensuring that its shareholders and other stakeholders are provided with timely and balanced disclosure of all material matters concerning GrainCorp.
- Complying with its continuous disclosure obligations as required by the *Corporations Act 2001*, ASX Listing Rules and the Recommendations.
- Ensuring that all stakeholders have equal and timely access to externally available information issued by GrainCorp.

b) Continuous Disclosure and Financial Markets Communication Policy ('Communication Policy')

GrainCorp's Communication Policy supports the commitment to a fully informed market in its securities by ensuring that announcements are:

- Made to the market (via the ASX Announcement Platform) in a timely manner, are factual and contain all relevant material information.
- Expressed in a clear and objective manner that allows investment community stakeholders to assess the impact of the information when making investment decisions.

GrainCorp's Company Secretary is responsible for monitoring compliance with the continuous disclosure obligations and for overseeing and coordinating disclosures to the ASX and other interested parties. GrainCorp's Investor Relations Manager is responsible for the release of all communications with shareholders.

Principle 6: Respect the rights of shareholders

a) Annual General Meeting of Shareholders

GrainCorp is committed to ensuring its shareholders are provided with timely disclosure of all material matters concerning the Company.

GrainCorp encourages its shareholders to attend its AGM, where shareholders receive presentations on GrainCorp's performance and outlook and can raise any questions concerning the management of GrainCorp, the conduct of the annual audit, as well as questions on resolutions put to the AGM.

The Notice convening the AGM is accompanied by explanatory notes regarding the resolutions to be put to the AGM. A copy of the Notice with the explanatory notes is lodged with the ASX and posted on GrainCorp's website.

Shareholders who are unable to attend the AGM in person may vote by appointing a proxy using the form provided with the notice, via an online facility or directly through the same online facility.

The results of voting on all resolutions at the AGM are reported to the ASX and posted to GrainCorp's website as soon as possible after the meeting.

Shareholders are also invited to submit questions in advance of the AGM, so that GrainCorp can ensure issues are suitably considered and addressed.

GrainCorp's External Audit Engagement Partner attends the AGM and is available to answer questions on the conduct of the annual audit of GrainCorp's financial reports and statements, and may also answer any written questions shareholders have submitted prior to the meeting.

b) Access to Company Information

The Corporate Governance section on the Company's website contains access to all relevant corporate governance information regarding the Board, Executive Team and Committees, Charters and Company policies. This section is located at http://www.graincorp.com.au/about-graincorp/company/corporate-governance.

The Board and Executives section on the Company's website provides profiles on the Non-executive Directors and the Executive Team. This section is located at http://www.graincorp.com.au/about-graincorp/company/board-and-executives.

c) Investor Relations Program

The Company's investor relations program is designed to promote understanding amongst shareholders and other stakeholders of the Group's businesses, governance framework, financial and operational performance, and outlook. The investor relations team is responsible for gauging and understanding shareholder feedback, and receiving comments and questions received at investment briefings and strategy days.

Throughout the financial year, the investor relations team interacts with institutional investors, private investors, analysts, proxy advisers and the financial media. Investor days take place on a regular basis and roadshows are held following the release of the Half Year results and End of Year results which the investor team, the CEO, the Chairman and some of the Non-executive Directors attend. Feedback from shareholders is regularly reported to the Board.

The Investor section on the company's website can be found at http://www.graincorp.com.au/investors-and-media/investor-information/index.htm. This section provides an overview of the business, share price information, analyst coverage, corporate governance and dates for upcoming investor presentations and events.

d) Electronic Communications

Shareholders have the ability to elect to receive communications and other shareholding information electronically. GrainCorp's share registry is managed by Link Market Services, who can be contacted at: www.linkmarketservices.com.au, gnc@linkmarketservices.com.au, or 1300 883 034. Shareholders can contact GrainCorp electronically by sending an email to companysecretary@graincorp.com.au, enquiries@graincorp.com.au or visiting the website www.graincorp.com.au.

Principle 7: Recognise and manage risk

a) Risks

GrainCorp is one of Australia's largest agribusinesses and a global food ingredients business, with a significant presence in the storage and logistics of grain and non-grain commodities, the marketing of grain domestically and internationally, the production and marketing of edible oil products, storage of oils, petroleum and chemical products; as well as the production of malt, flour and related consumer end-products. Risk is therefore inherent in GrainCorp's daily operations and the ability to achieve its goals depends heavily on how effectively risk is managed.

GrainCorp's risk management objective is to ensure all material risks are identified and, where practical and economically viable, measures are implemented to mitigate or otherwise manage the impact those risks may have on GrainCorp's activities.

b) Risk management framework

GrainCorp's risk management framework identifies, assesses and manages GrainCorp's strategic, operational, financial and reputational risks.

The risk framework consists of the Risk Management Policy and Guidelines ('Policy'), which is largely consistent with the Australian/New Zealand and International Standard on Risk Management: AS/NZS ISO 31000:2009, and applies to all entities within GrainCorp. It:

- Provides a systematic approach to risk management aligned to GrainCorp's strategic objectives.
- Defines the processes by which GrainCorp determines its risk appetite and manages risk.
- Articulates the roles and accountabilities for the oversight, governance and management of risk within GrainCorp.

c) Risk management responsibilities and actions

i. Board of Directors

GrainCorp's Board is responsible for determining the risk profile, appetite and strategies and for monitoring the integrity of internal controls and other resources, processes and systems to manage and mitigate risks.

The Board has delegated direct oversight of risk management, other than financial risk management and SHE risk management, to the BRC.

The Board has delegated to the Executive Team the responsibility for establishing GrainCorp's risk framework and for implementing the internal controls and other systems and processes to manage risk.

ii. Business Risk Committee ('BRC')

Subject to the overriding responsibilities of the Board, the BRC oversees all aspects of risk within GrainCorp except for financial risks, which remain the responsibility of the BAC, and SHE risks, which are the responsibility of the SHEGC.

The BRC's objectives are to review, monitor and report on:

- Strategic and operational risks which include, but are not limited to, business trading, ethical, and relevant regulatory risks.
- Compliance with applicable laws and regulations as well as GrainCorp's internal policies and procedures.

The full responsibilities of the BRC are detailed in its Charter.

The members of the BRC are Daniel Mangelsdorf (Chairman), Don Taylor, Barbara Gibson, and Ottmar Weiss (Independent Advisor). The business unit Group General Managers, Group CFO and Company Secretary attend all meetings of the BRC by invitation. Other Executives, senior managers and employees attend meetings as required.

Details of members' attendance at meetings of the BRC during the year are contained in the Directors' Report.

To discharge its responsibilities the BRC receives regular reports from the Executive Team:

- That identify and evaluate the significant risks that may affect the achievement of GrainCorp's strategies and operations, including credit and compliance risks.
- On material business risks and progress against risk management plans and key performance indicators.
- On grain, malt, oil and other commodity trading strategies, and as required approve new trading business activities and control measures.
- Concerning credit, treasury, liquidity, foreign exchange, derivative, country and sovereign risks of the Marketing, Malt and Oils business units, and assesses their alignment to the company's risk appetite.
- On any related non-compliance, including with the Position and Trading Risk Management Policy.

During the year the BRC:

- Commissioned an external review of GrainCorp's Risk Management Framework.
- Reviewed and monitored the Corporate Risk Register, and Statement of Risk Appetite.
- Reviewed amendments to the Position and Trading Risk Management Policy to accommodate business growth.
- Reviewed commodity marketing and trading strategies, including assessment of new customers and markets.
- Assessed customer credit reviews and setting of credit and trade limits.

iii. Safety, Health Environment & Governance Committee ('SHEGC')

The SHEGC has specific oversight of the Group's safety, health, environment and corporate governance responsibilities, as delegated by the Board.

The SHEGC's objectives are to review, monitor and report to the Board on the following matters:

- Safety, health and environment risks, including systems of audit, policies, processes and controls.
- Compliance with all applicable laws and regulations, including continuous disclosure obligations, share trading and other corporate governance responsibilities.

The full responsibilities of the SHEGC are detailed in its Charter.

The current members of the SHEGC are Barbara Gibson (Chairman), David Trebeck, and Simon Tregoning. The Group CFO, Group General Counsel, Company Secretary and Group SHE Director attend all meetings of the SHEGC by invitation. Other Executives, senior managers and employees attend meetings as required.

Details of members' attendance at meetings of the SHEGC during the year are contained in the Directors' Report.

During the year the SHEGC:

- Reviewed the content and development of GrainCorp's first Sustainability Report.
- Reviewed safety performance reports, which include information on employee and contractor injuries and actions taken to reduce the risks of injury.
- Reviewed and approved policy and procedure updates, such as the Share Trading Policy, Privacy Policy, Whistleblower Policy, as well as the introduction of the Anti-Bribery and Corruption framework and associated policies.
- Reviewed internal governance reports, including whistleblower notifications, continuous disclosure obligations, Director's material interests and compliance registers.

iv. Management and other employees

GrainCorp's CEO, supported by the Executive Team, has been delegated the responsibility for implementing the risk framework across GrainCorp, to ensure all risks identified as unacceptable are managed or mitigated, or otherwise dealt with.

Each business and function within GrainCorp is responsible for conducting risk assessments of its operations as well as developing, maintaining and reviewing relevant risk registers and risk management plans.

The Executive Team regularly monitors GrainCorp's risks and reviews the effectiveness of treatment strategies. Corporate strategic and business unit plans are reviewed at least annually, which enables the Executive Team to assess whether GrainCorp's risk profile has changed or any new risks emerged or existing risks increased, decreased or disappeared.

d) Material Risk Exposures – Economic, Environmental and Social Sustainability

The Board recognises that adopting sustainable business operations and sound environmental management practices are important to the long-term performance and growth of GrainCorp.

i. Economic Sustainability Risk

Like all businesses, GrainCorp has an exposure to economic sustainability risk. The Company operates along the entire supply chain and across multiple industries, from accumulation and storage of grain, transport and logistics, to manufacturing and distribution of products to customers and end consumers. GrainCorp is exposed to a variety of financial, operational, market and regulatory risks and is therefore continuously reviewing and managing these to ensure its operations are sustainable over the longer term. A non-exhaustive list of economic risks to which the Company is exposed is listed on pages 19 to 20 of the Directors' Report.

GrainCorp's corporate strategy reflects its mission to be *"An international leader in food ingredients and agribusiness, creating value by connecting consumers and producers".* This strategy has a five year time horizon and is reviewed and updated annually by the management team and the Board. An integral aspect of GrainCorp's strategy has been to reduce the influence of cyclical weather conditions, especially the impacts of drought. Over the past six years the Company has successfully managed this exposure, having diversified its operations into downstream value adding businesses in Australia and overseas. Through this diversification, GrainCorp has broadened its earnings base and reduced the economic impact that drought can have on its profitability.

GrainCorp's strategic planning process aims to enhance the business through understanding and responding to its competitive environment, local and global macroeconomic conditions, customer and consumer preferences as well as its own ability to manage change.

ii. Environmental Sustainability Risk

GrainCorp has an exposure to environmental sustainability risk. The availability of cost effective energy, water and other resources is fundamental to the Company.

GrainCorp uses water and energy in its manufacturing operations and produces a moderate amount of waste to landfill. The Company strives to reduce its impact on the environment and increase the efficiency of its water and energy use. The Company has described a number of environmental process improvements in its 2015 Sustainability Report, see: http://www.graincorp.com.au/about-graincorp/company/corporate-governance. These projects are part of a continuous improvement program, as increasing water and energy efficiency and reducing waste to landfill are both environmentally sustainable and economically beneficial to the Company.

The Company is a registered reporter of energy use and greenhouse gas emissions under the *National Greenhouse and Energy Reporting Act*. Sites within the Australian Oils business, Allied Mills and Barrett Burston Malting that trigger thresholds under the National Pollutant Inventory are also subject to annual reporting. Information relating to GrainCorp's compliance with the *National Greenhouse and Energy Reporting Act* can be found on the Clean Energy Regulator's website.

iii. Social Sustainability Risk

GrainCorp does not have a material exposure to social sustainability risk. The Company has long established and sound relationships with the communities and customers with whom it engages, all over the world. For almost 100 years, GrainCorp has been at the forefront of agricultural supply chain solutions for Australian growers. Over that time the Company has been meeting the needs of its farming partners. Similarly, GrainCorp has developed long term customer and supplier relationships that are built on trust, transparency and quality service.

GrainCorp contributes tangibly to rural and regional communities across the world through the GrainCorp Community Fund. The Company donates money to select community organisations following an evaluation process. Details of GrainCorp's Community Fund contributions in 2015 can be found in the 2015 Sustainability Report, see: http://www.graincorp.com.au/about-graincorp/company/corporate-governance.

In addition to maintaining strong customer, supplier and other stakeholder relationships, GrainCorp is committed to developing its people, building an inclusive workforce and ensuring the Company and its people uphold the highest moral, ethical and social values. GrainCorp has a governance framework, through its Code of Conduct, that ensures its staff understand the values the Company aspires to, and expects of everyone in the workplace.

e) Internal Audit

The Board has appointed the audit firm, KPMG, to manage GrainCorp's internal audit function ('Internal Audit').

The role of Internal Audit in relation to financial reporting is to provide the Board, through the BAC, with an effective and independent appraisal of GrainCorp's internal control framework and an assurance that material risks and compliance obligations are effectively managed.

Internal Audit operates under a Charter and an annual audit program approved by the BAC. Internal Audit reports to the BAC but also has a direct line of communication to the Group CFO.

The annual Internal Audit work program is developed in consultation with the BAC and the Executive Team after considering GrainCorp's risk profile and appetite.

Representatives of Internal Audit attend all meetings of the BAC and provide regular reports of progress against the annual program and detail any issues that have arisen.

Principle 8: Remunerate fairly and responsibly

a) People Remuneration and Nominations Committee

The PRNC assists the Board to consider people and remuneration strategies and related issues within GrainCorp, in addition to its 'nominations' responsibilities.

The role of the PRNC is to ensure that GrainCorp:

- Has coherent and transparent remuneration policies and practices that are consistent with the Company's strategic goals and people objectives, enabling it to attract, motivate and retain employees at all levels.
- Fairly and responsibly remunerates Executives and other employees having regard to the performance of the Company, the performance of the Executive or employee and the general remuneration environment.

The responsibilities of the PRNC are detailed in its Charter.

Information concerning the members of the PRNC is detailed at Principle 2 section (g) above.

b) Non-executive Director remuneration

The remuneration of Non-executive Directors is by way of a fee and is paid according to the role of the Director on the Board and the Board Committees on which they serve.

Non-executive Directors do not participate in other remuneration components, such as performance related short term or long term incentives that are available to GrainCorp's Executives and other employees.

c) Remuneration Report

Details of GrainCorp's remuneration policies and practices and information relating to the remuneration of its Key Management Personnel ('KMP') (including the Non–executive Directors) are disclosed in the Remuneration Report starting on page 23 in the Directors' Report.

Conclusion and summary of compliance with the recommendations

The Board is satisfied with GrainCorp's level of compliance with the Recommendations, but recognises that governance processes require continual monitoring and refinement. The Board, primarily through its SHEGC, regularly reviews GrainCorp's corporate governance framework to ensure it remains effective, compliant with changing requirements and relevant to GrainCorp's increasingly international business.

This Corporate Governance Statement is current as at 12 November 2015, and was approved by the Board on 12 November 2015.

Auditor's Independence Declaration

As lead auditor for the audit of GrainCorp Limited for the year ended 30 September 2015, I declare that to the best of my knowledge and belief, there have been:

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

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

Matthew Lunn
Partner
PricewaterhouseCoopers

Sydney
12 November 2015

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2015 Financial Report

Consolidated Income Statement

For the year ended 30 September 2015

	Note	2015 $ M	2014 $ M
Revenue	4	4,085.5	4,094.1
Other income	5	(21.5)	75.0
Goods purchased for resale		(2,137.2)	(2,109.0)
Raw materials and consumables used		(1,155.5)	(1,238.0)
Employee benefits expense	6	(335.4)	(331.7)
Finance costs		(43.0)	(45.0)
Depreciation and amortisation	15, 16	(136.3)	(126.5)
Operating leases		(35.7)	(39.0)
Repairs and maintenance		(39.4)	(41.3)
Other expenses	6	(130.5)	(121.5)
Significant items	8	(16.5)	(61.6)
Share of results of investments accounted for using the equity method	31	9.1	9.6
Profit before income tax		**43.6**	**65.1**
Income tax expense	9	(11.5)	(14.8)
Profit for the year		**32.1**	**50.3**
Profit attributable to owners of GrainCorp Limited		**32.1**	**50.3**

	Note	Cents	Cents
Earnings per share			
Basic earnings per share	24	14.0	22.0
Diluted earnings per share	24	14.0	22.0

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 2015

	Note	2015 $ M	2014 $ M
Profit for the year		**32.1**	**50.3**
Other comprehensive income			
Items that will not be reclassified to profit and loss:			
Remeasurements of retirement benefit obligations	21	(1.1)	(2.9)
Income tax relating to these items	9	0.6	(0.1)
Items that may be reclassified to profit and loss:			
Changes in fair value of cash flow hedges		(21.6)	(3.8)
Share of comprehensive income of joint ventures	31	0.1	(0.1)
Income tax relating to these items	9	5.2	1.3
Exchange differences on translation of foreign operations		89.2	21.7
Other comprehensive income for the year, net of tax		**72.4**	**16.1**
Total comprehensive income for the year attributable to owners of GrainCorp Limited		**104.5**	**66.4**

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 2015

	Note	2015 $ M	2014 $ M
Current assets			
Cash and cash equivalents	10	374.0	206.2
Trade and other receivables	11	474.6	404.3
Inventories	12	554.9	576.2
Derivative financial instruments	13	91.5	153.0
Assets classified as held for sale	15	0.4	5.6
Current tax assets		2.5	23.1
Total current assets		**1,497.9**	**1,368.4**
Non-current assets			
Trade and other receivables	11	0.2	19.3
Derivative financial instruments	13	5.7	4.6
Investments in other entities		15.4	11.0
Deferred tax assets	14	63.8	26.8
Property, plant and equipment	15	1,375.5	1,216.6
Intangible assets	16	545.6	525.0
Investments accounted for using the equity method	31	169.6	161.5
Total non-current assets		**2,175.8**	**1,964.8**
Total assets		**3,673.7**	**3,333.2**
Current liabilities			
Trade and other payables	17	348.7	268.9
Borrowings	18	329.3	352.5
Derivative financial instruments	13	103.7	127.2
Other financial liabilities	19	0.1	0.2
Current tax liabilities		7.8	1.8
Provisions	20	81.4	94.7
Total current liabilities		**871.0**	**845.3**
Non-current liabilities			
Trade and other payables	17	41.0	18.2
Borrowings	18	789.1	600.7
Derivative financial instruments	13	21.2	4.2
Other financial liabilities	19	2.5	0.2
Deferred tax liabilities	14	78.0	62.0
Provisions	20	11.9	26.0
Retirement benefit obligations	21	37.2	32.1
Total non-current liabilities		**980.9**	**743.4**
Total liabilities		**1,851.9**	**1,588.7**
Net assets		**1,821.8**	**1,744.5**
Equity			
Contributed equity	22	1,346.0	1,344.8
Reserves		116.8	40.8
Retained earnings		359.0	358.9
Total equity		**1,821.8**	**1,744.5**

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 2015

	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
As at 30 September 2013	**(0.5)**	**8.3**	**8.1**	**12.8**	**28.7**	**1,338.3**	**391.6**	**1,758.6**
Profit for the year	-	-	-	-	-	-	50.3	50.3
Other comprehensive income:								
Exchange difference on translation of foreign operations	-	-	-	21.7	21.7	-	-	21.7
Changes in fair value of cash flow hedges	(3.8)	-	-	-	(3.8)	-	-	(3.8)
Remeasurements of defined benefit obligations	-	-	-	-	-	-	(2.9)	(2.9)
Share of other comprehensive loss of joint ventures	(0.1)	-	-	-	(0.1)	-	-	(0.1)
Deferred tax credit / (expense)	1.3	-	-	-	1.3	-	(0.1)	1.2
Total other comprehensive income	**(2.6)**	**-**	**-**	**21.7**	**19.1**	**-**	**(3.0)**	**16.1**
Total comprehensive income	(2.6)	-	-	21.7	19.1	-	47.3	66.4
Transactions with owners:								
Dividends paid	-	-	-	-	-	-	(80.1)	(80.1)
Share-based payments	-	-	(0.2)	-	(0.2)	-	-	(0.2)
Dividends received by Employee Trust	-	-	-	-	-	-	0.1	0.1
Less: Treasury shares	-	-	-	-	-	(0.3)	-	(0.3)
Less: Treasury shares vested to employees	-	-	(6.8)	-	(6.8)	6.8	-	-
Total transactions with owners	-	-	(7.0)	-	(7.0)	6.5	(80.0)	(80.5)
As at 30 September 2014	**(3.1)**	**8.3**	**1.1**	**34.5**	**40.8**	**1,344.8**	**358.9**	**1,744.5**
Profit for the year	-	-	-	-	-	-	32.1	32.1
Other comprehensive income:								
Exchange difference on translation of foreign operations	(0.6)	-	-	92.7	92.1	-	(2.9)	89.2
Changes in fair value of cash flow hedges	(21.6)	-	-	-	(21.6)	-	-	(21.6)
Remeasurements of defined benefit obligations	-	-	-	-	-	-	(1.1)	(1.1)
Share of other comprehensive income of joint ventures	0.1	-	-	-	0.1	-	-	0.1
Deferred tax credit	5.2	-	-	-	5.2	-	0.6	5.8
Total other comprehensive income	**(16.9)**	**-**	**-**	**92.7**	**75.8**	**-**	**(3.4)**	**72.4**
Total comprehensive income	(16.9)	-	-	92.7	75.8	-	28.7	104.5
Transactions with owners:								
Dividends paid	-	-	-	-	-	-	(28.6)	(28.6)
Share-based payments	-	-	1.4	-	1.4	-	-	1.4
Less: Treasury shares vested to employees	-	-	(1.2)	-	(1.2)	1.2	-	-
Total transactions with owners	-	-	0.2	-	0.2	1.2	(28.6)	(27.2)
As at 30 September 2015	**(20.0)**	**8.3**	**1.3**	**127.2**	**116.8**	**1,346.0**	**359.0**	**1,821.8**

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 2015

	Note	2015 $ M	2014 $ M
Cash flows from operating activities			
Receipts from customers		4,315.5	4,594.5
Payments to suppliers and employees		(4,006.9)	(4,425.2)
		308.6	169.3
Proceeds from bank loans – inventory funding		9.1	83.2
Interest received		2.6	11.3
Interest paid		(42.6)	(46.6)
Income taxes paid		(6.6)	(46.1)
Net inflow from operating activities	32	**271.1**	**171.1**
Cash flows from investing activities			
Payments for property, plant and equipment		(223.6)	(141.2)
Payments for computer software		(12.8)	(25.3)
Proceeds from sale of property, plant and equipment		6.2	0.8
Payments for investment / business (net of cash acquired)		(2.3)	(9.3)
Dividends received		0.2	-
Loans repaid by related parties		19.1	0.2
Net outflow from investing activities		**(213.2)**	**(174.8)**
Cash flows from financing activities			
Proceeds from borrowings		679.8	594.6
Repayment of borrowings		(561.8)	(564.6)
Dividend paid	23	(28.6)	(80.1)
Net inflow / (outflow) from financing activities		**89.4**	**(50.1)**
Net increase / (decrease) in cash and cash equivalents		**147.3**	**(53.8)**
Cash and cash equivalents at the beginning of the year		206.2	255.0
Effects of exchange rate changes on cash and cash equivalents		20.5	5.0
Cash and cash equivalents at the end of the year	10	**374.0**	**206.2**

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

Notes to the Financial Statements

For the year ended 30 September 2015

1. Summary of significant accounting policies

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

The financial report of GrainCorp Limited for the period ended 30 September 2015 was authorised for issue in accordance with a resolution of the Directors on 12 November 2015. The Directors have the power to amend and reissue the financial report.

The nature of the operations and principal activities of the Group are described in the Directors' Report.

a) Basis of preparation

The financial report is a general purpose financial report prepared in accordance with Australia Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001.*

The accounting policies have been applied consistently to all periods presented in the financial report. New or amended accounting standards that have current year application did not have a significant impact on the presentation of the Group's financial statements. No accounting standards issued but not yet effective have been early adopted in the financial year. The financial report has been prepared on a going concern basis.

i. Statement of compliance

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

Certain comparative amounts have been reclassified to align with current period presentation.

ii. Historical cost convention

These financial statements have 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.

iii. Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

iv. 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 financial report. The financial reports and Directors' report have been rounded to the nearest hundred thousand dollars, or in certain cases, to the nearest thousand dollars.

b) Principles of consolidation

i. Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of GrainCorp as at 30 September 2015 and the results of all subsidiaries for the year then ended. GrainCorp and its subsidiaries together are referred to in these financial statements as the Group.

Subsidiaries are all entities (including special purpose entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to note 1(g)).

1. Summary of significant accounting policies (continued)

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and the equity of subsidiaries are shown separately in the Consolidated Income Statement, Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Financial Position, respectively.

ii. Joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity that is subject to joint control (ie when the strategic financial and operating policy decisions relating to activities of the joint venture require the unanimous consent of the parties sharing control). Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are referred to as joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint venture. Investments in joint ventures are accounted for using the equity accounting method. The investments are carried at the lower of the equity accounted amount and the recoverable amount.

The Group's share of joint ventures' post-acquisition profit or loss is recognised in the Consolidated Income Statement from the date that joint control commences until the date that joint control ceases. The Group's share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying value of the investment. Dividends reduce the carrying amount of the equity accounted investment.

When the Group's share of losses exceeds its equity accounted carrying value of a joint venture, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued, except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of a joint venture.

iii. Employee share trust

The Group has formed a trust to administer the Group's employee share schemes. This trust is consolidated, as the substance of the relationship is that the trust is controlled by the Group.

iv. Structured entity

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, for example when any voting rights relate to administrative tasks only, and key activities are directed by contractual agreement. Structured entities often have restricted activities and a narrow and well defined objective. Involvement with structured entities is disclosed in note 29.

Shares held by the GrainCorp Employee Share Ownership Plan Trust are disclosed as treasury shares and deducted from contributed equity.

c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid.

i. Sale of goods

Revenue is generated from the marketing and sale of grain, production and provision of malt products, processing and crushing of oilseeds and the supply of edible oils and feeds. Revenue is recognised when the risks and rewards of the ownership of goods are transferred to an external party. This is either when goods are delivered, or for export sales it is in accordance with the shipping terms.

ii. Services

Service revenue is earned from grain handling services including receival, storage and handling of grain. Revenue recognition for receival and handling occurs as the service is rendered and for storage, it is recognised over the storage period.

iii. Rental income

Rental income is recognised on a straight-line basis over the lease term.

iv. Interest income

Interest income is recognised as the interest accrues using the effective interest method.

1. Summary of significant accounting policies (continued)

v. Dividends

Dividends are recognised as revenue when the right to receive payment is established.

d) Government grants

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

Where government grants take the form of a transfer of non-monetary assets for the use of the entity, both the asset and grant are recorded at a nominal amount.

e) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributed to temporary differences between the tax bases of assets and liabilities and their carrying amount in the financial statements, and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

GrainCorp and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are offset in the consolidated financial statements.

f) Goods and services tax ('GST') and other value-added taxes

Revenues, expenses and assets are recognised net of the amount of associated indirect taxes, except where the amount of GST incurred is not recoverable from the taxation authority, in which case it is recognised as part of the cost of acquisition of an asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of other receivables or payables in the statement of financial position.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

1. Summary of significant accounting policies (continued)

g) 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 the income statement 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 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.

h) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Consolidated Statement of Financial Position.

i) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after period end.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written-off. A provision for impairment of trade receivables is established when there is objective evidence that the Group will be unable to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and present value of estimated future cash flows. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. Movements in the amount of the provision are recognised in the income statement.

j) Inventories

i. Consumable stores
Consumable stores held for own consumption are valued at the lower of cost and net realisable value.

ii. Raw materials
Raw materials held for own use are valued at the lower of cost and net realisable value. Cost also includes the transfer from equity of any gains/losses on qualifying cash flow hedges relating to the purchases of raw materials.

iii. Finished goods and work in progress
Finished goods and work in progress are stated at the lower of cost and net realisable value. Cost comprises raw materials, direct labour and other direct costs and related production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

1. Summary of significant accounting policies (continued)

iv. Trading inventory

Trading inventory is stated at the lower of cost and net realisable value. Cost comprises direct materials and an appropriate portion of variable overhead. Costs are assigned to individual items of inventory on the basis of weighted average costs.

v. Commodities inventory

Commodities inventory, principally grain inventories acquired with the purpose of selling in the near future and generating a profit from fluctuation in price or broker-traders' margin, is measured at fair value less costs to sell, with changes in fair value recognised in the income statement.

k) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

An impairment loss is recognised for any initial or subsequent write down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increase in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the Consolidated Statement of Financial Position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the Consolidated Statement of Financial Position.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the Consolidated Income Statement.

l) Investments and other financial assets

Classification

The Group classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

i. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the Consolidated Statement of Financial Position.

iii. Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.

iv. Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-

1. Summary of significant accounting policies (continued)

current assets unless management intends to dispose of the investment within 12 months of the end of the reporting period. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when all rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Group measures a financial asset at fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit and loss are expensed in profit or loss.

Loans and receivables and held-to-maturity investments are subsequently carried at amortised costs using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary financial assets classified as available-for-sale are recognised in equity in the available-for-sale investments revaluation reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the Consolidated Income Statement as gains and losses from investment securities.

Details on how the fair value of financial instruments is determined are disclosed in note 33.

m) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges).
- Hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).
- Hedges of a net investment in a foreign operation (net investment hedges).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in the cash flows of hedged items.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as current assets or liabilities.

i. Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in profit or loss within finance costs, together with changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk. The gain or loss relating to the ineffective portion is recognised in profit or loss within other income or other expenses.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity using a recalculated effective interest rate.

1. Summary of significant accounting policies (continued)

ii. Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within other income or other expense.

Amounts accumulated in equity are reclassified to the income statement in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or fixed assets), the gains and losses previously deferred into equity are transferred from equity and included in the initial measurement of the cost of the asset.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at the time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement within other income or other expense.

iii. Net investment hedges

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other income or other expenses.

Gains and losses accumulated in equity are reclassified to the income statement when the foreign operation is partially disposed of or sold.

iv. Derivatives that do not qualify for hedge accounting

Where derivative instruments do not qualify for hedge accounting, changes in fair value are recognised immediately in the income statement and are included in other income or other expenses.

n) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is measured at fair value and subsequently at the higher of the amount determined in accordance with *AASB 137 Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of subsidiaries or associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

o) Property, plant and equipment

i. Cost of asset

Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses. For acquired assets, cost includes the purchase price, costs that are directly attributable to bringing the asset to the necessary location and condition and an initial estimate of any dismantling, removal and restoration costs that have been recognised as provisions. For self-constructed assets, cost includes the cost of all materials used in construction, direct labour and borrowing costs incurred during the construction.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

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

1. Summary of significant accounting policies (continued)

ii. Depreciation

Freehold land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate the cost over their estimated useful lives as follows:

- Freehold buildings – 2 to 50 years
- Leasehold improvements – 3 to 40 years
- Plant and equipment – 1 to 50 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Assets located at port sites are depreciated over useful lives based on management's judgement of the likelihood of continuing renewal of the underlying operating leases.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount, and are included in the Consolidated Income Statement.

iii. Leased Assets

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in current and non-current borrowings. Each lease payment is allocated between the liability and finance charges and the interest element of the finance cost is charged to the income statement. The leased asset is depreciated on a straight-line basis over the shorter of the asset's useful life and the expected total lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the lease term.

Lease income from operating leases where the Group is lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the statement of financial position based on their nature.

iv. Compensation for impairment

Compensation payable by third parties for items of property, plant and equipment that are impaired, lost, or given up is included in other income when the compensation becomes receivable.

p) Intangible assets

i. Computer software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to computer software. Costs capitalised include external direct costs of materials and service, direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight-line basis over an estimated useful life of 3 to 7 years.

Computer software development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the Group has an intention and ability to use the asset.

ii. Goodwill

The measurement of goodwill on acquisition is described in note 1(g).

Goodwill is not amortised but is tested for impairment at least annually and whenever there is indication that the goodwill may be impaired. Goodwill is stated at cost less accumulated impairment losses. Refer note 1(q) for accounting policy on impairment. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity or operation sold.

iii. Trade name

Trade names acquired as part of a business combination are recognised separately from goodwill. Trade names are carried at fair value at the date of acquisition less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over the estimated useful life of 3 to 9 years.

1. Summary of significant accounting policies (continued)

iv. Customer contracts and relationships

Customer contracts and relationships acquired as part of a business combination are recognised separately from goodwill. The customer contracts and relationships are carried at their fair value at the date of acquisition less accumulated amortisation and impairment losses. Amortisation is calculated on a straight-line basis over the estimated useful life of 5 to 10 years.

v. Research and development

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its costs can be measured reliably. The expenditure capitalised comprises all directly attributable costs, including costs of material, services, direct labour and an appropriate proportion of overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, which varies from 3 to 7 years.

q) Impairment of assets

Assets that have an indefinite useful life, including goodwill, are not subject to amortisation and are tested at least annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows, cash-generating units ('CGU').

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash generating units or groups of cash-generating units that are expected to benefit from the business combination in which goodwill arose, identified according to operating segments.

r) Repairs and maintenance

Property, plant and equipment are required to be overhauled on a regular basis. This is managed as part of an ongoing maintenance program. The costs of this maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised and depreciated. Other routine operating maintenance, repair and minor renewal costs are also charged as expenses as incurred.

s) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. These amounts are unsecured and are generally paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months of the reporting date.

t) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

1. Summary of significant accounting policies (continued)

u) Employee benefits

i. Short term obligations

Liabilities for wages and salaries are included in other payables. Non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in current provisions in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Non-accumulating sick leave is charged to expense as the leave is taken and measured at the rates paid or payable.

ii. Other long-term employee benefit obligations

The liability for long service leave is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates on high quality corporate bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

iii. Pension obligations

Group companies operate various pension plans. The Group has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service, and remuneration. The schemes are funded through payments to trustee-administered funds determined by periodic actuarial calculations.

The liability or asset recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximately equal to the terms of the related pension liability.

Remeasurements arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past-service costs are recognised immediately in income.

iv. Life assurance and health insurance

Some Group entities pay premiums for life assurance and health insurance. The payments are recognised as employee benefit expense when they are due.

v. Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or to providing termination benefits as a result of an offer made to encourage voluntary redundancy. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

vi. Share-based payments

Share-based compensation benefits are provided to employees via the LTI Plan. Information relating to these schemes is set out in note 35.

The fair value of share-based payment awards is recognised as an employee expense, with a corresponding increase in the share option reserve included in equity, over the period that the employees unconditionally become entitled to the awards. The total amount to be expensed is determined by reference to the fair value of the awards granted, which includes any market performance conditions and the impact of any non-vesting conditions but excludes the impact of any service and non-market performance vesting conditions. Non-market vesting conditions are included in assumptions about the number of awards that are expected to vest. At the end of each period, the entity revises its estimates of the number of awards that are expected to vest based

1. Summary of significant accounting policies (continued)

on the non-market vesting conditions and any impact is recognised in the income statement with a corresponding adjustment to equity.

vii. Bonus plans

The Group recognises a liability and an expense for bonuses. The liability is recognised where the Group has a contractual obligation or where there is a past practice that has created a constructive obligation.

v) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as interest expense.

w) Workers' Compensation

The Group insures for workers' compensation through the relevant statutory funds in all Australian States and Territories. Premiums are recognised as an expense in the income statement as incurred.

Prior to 29 June 2006 the controlled entity GrainCorp Operations Limited was a self-insurer in New South Wales for workers' compensation liabilities. Provision is made for potential liability in respect of claims incurred prior to 29 June 2006 on the basis of an independent actuarial assessment.

x) Foreign currency translation

i. Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is GrainCorp's functional and presentation currency.

ii. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that related to borrowings are presented in the income statement, within finance costs. All other foreign exchange gains and losses are presented in the Consolidated Income Statement on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in other comprehensive income.

1. Summary of significant accounting policies (continued)

iii. Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position.

ii. Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction date, in which case income and expenses are translated at the rate on the dates of the transactions).

iii. All resulting exchange differences are recognised as a separate component of equity and disclosed in the Statement of Comprehensive Income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, are recognised in other comprehensive income. When a foreign operation is sold, a proportionate share of such exchange differences is reclassified to profit and loss, as part of the gain and loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

y) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

Shares acquired by an employee share trust that is consolidated are not cancelled, but are presented as a deduction from equity.

z) Earnings per share

i. Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issued during the year.

ii. Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

aa) Parent entity financial information

The financial information for the parent entity, GrainCorp Limited, disclosed in note 27 has been prepared on the same basis as the consolidated financial statements, except as set out below.

i. Investments in subsidiaries and associates

Investments in subsidiaries and associates are accounted for at cost in the financial statements of GrainCorp Limited. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

ii. Tax consolidation legislation

GrainCorp Limited is the head entity in a tax consolidated group comprising the head entity and all of its wholly-owned Australian subsidiaries. The head entity, GrainCorp Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a standalone taxpayer in its own right.

The members of the tax consolidated group have entered into a tax funding agreement which sets out the funding obligations of members of the tax consolidated group in respect of tax amounts. Under the terms of the agreement the wholly-owned entities fully compensate GrainCorp Limited for any current tax payable

1. Summary of significant accounting policies (continued)

assumed and are compensated by GrainCorp Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to GrainCorp Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' accounts.

The amounts receivable/payable under the tax funding agreement is due on demand, subject to set-off or agreement to the contrary, and regardless of whether any consolidated group liability is actually payable by the head entity. These amounts are recognised as current inter-company receivables or payables. Any differences between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

iii. Financial guarantees

Where the parent entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

iv. Share-based payments

The grant by the Company of rights over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

ab) Significant Items

GrainCorp defines significant items as not in the ordinary course of business, non-recurring and material in nature and amount.

ac) New and amended standards adopted by the group

The Group has applied the following amended Australian Accounting Standards and AASB Interpretations as of 1 October 2014:

- AASB 2013-3 *Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets*
- AASB 2013-4 *Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting*
- AASB 2014-1 *Amendments to Australian Accounting Standards – Annual Improvements project*
- AASB 2013-9 *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments*

The adoption of these standards did not have a material impact on the current period or any prior period and is not likely to affect future periods.

1. Summary of significant accounting policies (continued)

ad) New accounting standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 September 2015 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

Title of standard	Nature of change	Impact to Group	Application date of standard	Application date for Group
AASB 9 Financial Instruments	AASB 9 is a new standard that replaces AASB 139. The standard includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and introduces a reformed approach to hedge accounting. The standard is available for early adoption.	The Group has not yet fully assessed the impact of the changes.	1 January 2018	1 October 2018
AASB 15 Revenue from contracts with customers	The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. Early application of the standard is permitted.	The new standard is not expected to have a significant impact on the financial statements.	1 January 2018	1 October 2018

There are no other standards that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2. Critical accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. These key accounting estimates and judgements are below.

i. Estimated impairment of goodwill and other assets

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1(q). The recoverable amounts of cash-generating units have been determined based on the higher of fair value less cost to sell and value-in-use. The calculations to determine the recoverable amount of cash-generating units require the use of assumptions. Refer to note 16 for details of these assumptions.

ii. Treatment of inactive sites

From time to time, the Group decides to close and/or suspend operations at certain sites based on expected receivals in the coming year, or other relevant factors. These sites can become operational in future periods. The carrying value of such sites is considered for impairment annually. The total value of such sites as at 30 September 2015 amounts to $21.7 million (2014: $23.8 million).

2. Critical accounting estimates and judgements (continued)

iii. Defined benefit plans' obligations

The calculation of defined benefit plans' obligations is determined on an actuarial basis, using a number of assumptions including discount rates and future salary increases. Discount rates are based on interest rates applicable to high-quality corporate bonds that are denominated in the currency in which the benefits will be paid. Refer to note 21 for details of these assumptions.

iv. Income taxes

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group estimates its tax liabilities based on the Group's understanding of the tax law pertaining in each jurisdiction. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

v. Fair value where there is no organised market

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Physical positions comprising inventory, forward sales and forward purchases for commodity trading do not have quoted market prices available. Other techniques, such as obtaining bid values from a variety of commodity brokers and trade marketers, are used to determine fair value for these financial instruments. The fair value of forward exchange contracts is determined using forward exchange market rates at the reporting date.

vi. Port leases and the useful lives of port assets

Operating leases over port facilities are on terms ranging from 3 to 99 years. The majority of these leases include options to extend terms. Given the nature of the Group's relationship with port operators it is anticipated that most leases will be continually renewed. As a result, the useful lives of certain port assets may be assessed by management to be in excess of the lease term of the underlying port lease.

vii. Ownership interest in Allied Mills

GrainCorp has a 60% equity interest in Allied Mills Australia Pty Limited ('Allied'), with the other 40% held by Cargill Australia Limited ('Cargill'). However, GrainCorp's voting rights in Allied are 50%, equal with Cargill.

GrainCorp entered into an agreement with Cargill on 2 October 2002 to establish Allied as a joint venture. The agreement establishes that neither party has control of Allied, due to the existence of 50% voting rights and equal Board representation between the two parties.

Therefore, although GrainCorp owns more than half of the equity interest in Allied, this ownership is not judged to constitute control. Hence the Group applies the concept of equity accounting and does not consolidate this entity.

viii. Judgements in providing for claims and losses

Provision is made for various claims for losses or damages received from time-to-time. Management estimates the provision based on historical information, business practices and its experience in resolving claims and losses.

3. Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, is the Managing Director & CEO.

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

2015	**Storage & Logistics $ M**	**Marketing $ M**	**Malt $ M**	**Oils $M**	**Reportable segments $ M**	**Corporate $ M**	**Eliminations $ M**	**Total $ M**
Reportable segment revenue								
External revenue	263.9	1,761.7	1,126.4	933.3	4,085.3	-	-	4,085.3
Inter-segment revenue	126.2	96.9	-	-	223.1	0.2	(223.3)	-
Total reportable segment revenue	**390.1**	**1,858.6**	**1,126.4**	**933.3**	**4,308.4**	**0.2**	**(223.3)**	**4,085.3**
Dividends	-	-	-	-	-	0.2	-	0.2
Total revenue from continuing operations	**390.1**	**1,858.6**	**1,126.4**	**933.3**	**4,308.4**	**0.4**	**(223.3)**	**4,085.5**
Reportable segment result	**42.5**	**(2.0)**	**140.0**	**72.3**	**252.8**	**(26.5)**	**-**	**226.3**
Share of profit of joint ventures	-	-	-	0.3	0.3	8.8	-	9.1
Profit before significant items, net interest, depreciation, amortisation and income tax								235.4
Net Interest	-	(14.3)	-	(1.2)	(15.5)	(23.5)	-	(39.0)
Depreciation and amortisation	(52.0)	(3.9)	(50.6)	(28.8)	(135.3)	(1.0)	-	(136.3)
Significant items (note 8)	(1.6)	-	(4.4)	(9.4)	(15.4)	(1.1)	-	(16.5)
Profit before income tax from continuing operations	**(11.1)**	**(20.2)**	**85.0**	**33.2**	**86.9**	**(43.3)**	**-**	**43.6**
Other segment information								
Capital expenditure	54.8	0.5	54.5	126.3	236.1	0.3	-	236.4
Reportable segment assets	526.1	341.7	1,484.3	726.1	3,078.2	595.5	-	3,673.7
Reportable segment liabilities	(99.7)	(330.5)	(767.9)	(124.0)	(1,322.1)	(529.8)	-	(1,851.9)

3. Segment information (continued)

2014	Storage & Logistics $ M	Marketing $ M	Malt $ M	Oils $M	Reportable segments $ M	Corporate $ M	Eliminations $ M	Total $ M
Reportable segment revenue								
External revenue	270.1	1,839.4	1,049.4	935.2	4,094.1	-	-	4,094.1
Inter-segment revenue	173.7	67.7	-	2.0	243.4	0.3	(243.7)	-
Total reportable segment revenue	**443.8**	**1,907.1**	**1,049.4**	**937.2**	**4,337.5**	**0.3**	**(243.7)**	**4,094.1**
Reportable segment result	**71.8**	**36.4**	**125.0**	**73.1**	**306.3**	**(22.6)**	**-**	**283.7**
Share of profit of joint ventures	-	-	-	-	-	9.6	-	9.6
Profit before significant items, net interest, depreciation, amortisation and income tax								293.3
Net Interest	-	(15.7)	-	(1.4)	(17.1)	(23.0)	-	(40.1)
Depreciation and amortisation	(49.1)	(3.8)	(45.9)	(26.4)	(125.2)	(1.3)	-	(126.5)
Significant items (note 8)	(38.7)	-	(4.8)	(18.7)	(62.2)	0.6	-	(61.6)
Profit before income tax from continuing operations	**(16.0)**	**16.9**	**74.3**	**26.6**	**101.8**	**(36.7)**	**-**	**65.1**
Other segment information								
Capital expenditure	61.5	4.5	36.3	63.8	166.1	0.4	-	166.5
Reportable segment assets	525.8	440.9	1,287.1	636.3	2,890.1	443.1	-	3,333.2
Reportable segment liabilities	(134.0)	(388.2)	(545.3)	(111.4)	(1,178.9)	(409.8)	-	(1,588.7)

Geographical information	**2015 $ M**	**2014 $ M**
Sales revenue from external customers based on the location of the customer:		
Australasia	1,708.0	1,804.2
North America	628.9	530.7
Europe	497.8	569.7
Asia	960.8	747.6
Middle East and North Africa	254.7	385.5
Other	35.3	56.4
	4,085.5	4,094.1
Non-current assets based on geographical location of assets:[31]		
Australasia	1,379.5	1,291.2
North America	459.7	388.8
Europe	252.2	243.0
Asia	1.2	1.1
Middle East and North Africa	13.7	9.3
	2,106.3	1,933.4

[31] Excludes derivative financial instruments and deferred tax assets.

4. Revenue

	2015 $ M	2014 $ M
Sales revenue		
Sale of goods	3,821.9	3,848.0
Services	251.9	233.5
	4,073.8	4,081.5
Other revenue		
Dividends	0.2	-
Rental income	11.5	12.6
	11.7	12.6
Total revenue	**4,085.5**	**4,094.1**

5. Other income

	2015 $ M	2014 $ M
Net gain / (loss) on derivative / commodity trading:		
Net realised gain / (loss) on financial derivatives	52.5	39.6
Net realised gain / (loss) on foreign currency derivatives	(70.4)	15.7
	(17.9)	55.3
Net unrealised gain / (loss) on financial derivatives	(12.6)	20.4
Net unrealised gain / (loss) on commodity contracts (forward purchases and sales)	(3.7)	0.2
Net unrealised gain / (loss) on foreign currency derivatives	(21.3)	(15.9)
Net unrealised gain / (loss) on commodity inventories at fair value less costs to sell	9.7	(8.7)
	(27.9)	(4.0)
Net gain / (loss) on derivative / commodity trading	**(45.8)**	**51.3**
Compensation for impairment of assets received from third party	5.3	4.6
Interest	4.0	4.9
Sundry income	15.0	14.2
Total other income	**(21.5)**	**75.0**

The Group recorded a net loss of $45.8 million on derivative and commodity trading activities. An offsetting realised net gain on delivered commodity contracts and commodity inventories is recognised in the income statement as part of Revenue and Goods purchased for resale, respectively.

The Group manages its exposure to commodity and foreign currency price risk for commodity contracts by entering foreign currency and commodity derivative contracts in accordance with the Group's risk management policy. Refer to note 33 for further details

6. Expenses

	2015 $ M	2014 $ M
Employee benefits expense		
Defined contribution superannuation	13.1	13.9
Other employee benefits	322.3	317.8
Total employee benefits expense	**335.4**	**331.7**
Other expenses		
Insurance	9.4	8.4
Motor vehicle cost	10.5	11.8
Travel	11.7	9.2
Occupancy cost	15.2	16.0
Software maintenance	14.3	10.6
Consulting	10.6	9.6
Communication	5.9	5.4
Other	52.9	50.5
Total other expenses	**130.5**	**121.5**

7. Remuneration of auditor

During the year the following fees were paid or payable for services provided by the auditor of the parent entity and its related practices:

	2015 $'000	2014 $'000
PwC Australia		
Audit and review of financial reports and other work under the *Corporations Act 2001*	983	1,026
Other assurance services	137	147
Total remuneration of PwC Australia	**1,120**	**1,173**
Related practices of PwC Australia		
Audit and review of financial reports	862	651
Other services	16	14
Total remuneration of related practices of PwC Australia	**878**	**665**
Total auditors remuneration	**1,998**	**1,838**

Any PwC non-audit engagements are subject to the Group's corporate governance procedures, auditor independence policies and BAC approval.

8. 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 tax $ M	Tax $ M	NPAT $ M
Significant items for 2015 comprise:				
Restructuring costs [32]	S&L, Oils, Allied Mills	(12.1)	3.4	(8.7)
Impairment of assets[33]	Malt	(4.4)	0.7	(3.7)
Net significant items		**(16.5)**	**4.1**	**(12.4)**

	Business Unit	Profit before tax $ M	Tax $ M	NPAT $ M
Significant items for 2014 comprise:				
Claims and losses[34]	S&L	(27.5)	8.3	(19.2)
Restructuring costs [35]	S&L, Oils	(23.0)	6.9	(16.1)
Impairment of assets[36]	S&L, Malt, Oils	(11.7)	2.1	(9.6)
Takeover response costs[37]	Corporate	(0.4)	0.1	(0.3)
GrainCorp Oils acquisition and integration costs[38]	Corporate	1.0	-	1.0
Net significant items		**(61.6)**	**17.4**	**(44.2)**

[32] Restructuring costs of $8.7 million (after tax) relate to GrainCorp Oils Network Optimisation and Oilseeds crushing capacity expansion, Storage & Logistics Project Regeneration costs and Allied Mills restructure. The costs include redundancy and depreciation.

[33] Impairment of assets of $3.7 million (after tax) relate to two sites in GrainCorp Malt.

[34] Increased allowance for claims resulting from a higher likelihood of claims arising due to low grain tonnages in the network, a second below-normal harvest and the emptying of closed country silos and consolidation of stock under Project Regeneration.

[35] Restructuring costs of $16.1 million (after tax) relate to GrainCorp Oils Network Optimisation and Storage & Logistics Project Regeneration costs. The costs include redundancy and depreciation.

[36] Impairment of assets of $9.6 million (after tax) relate to plant and equipment in connection to GrainCorp Oils Network Optimisation, assets in Storage & Logistics and a site closure in GrainCorp Malt.

[37] Expenses of $0.3 million (after tax) relate to costs of advisors engaged to support the Board and management in their response to ADM's proposals.

[38] GrainCorp Oils acquisition and integration benefit of $1.0 million (after tax) primarily relates to reversal of a provision for acquisition related stamp duty.

9. Income tax expense

	2015 $ M	2014 $ M
a) Income tax expense		
Current tax	33.4	16.9
Deferred tax	(21.8)	0.9
Under / (over) provision in prior years	(0.1)	(3.0)
	11.5	14.8
Income tax expense attributable to:		
Profit from continuing operations	11.5	14.8
Deferred income tax (revenue) / expense included in income tax expense:		
(Increase) / decrease in deferred tax assets (note 14)	(31.0)	(7.6)
(Decrease) / increase in deferred tax liabilities (note 14)	9.2	8.5
	(21.8)	0.9

b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit from continuing operations before income tax expense	43.6	65.1
Operating profit / (loss) before income tax expense	43.6	65.1
Income tax calculated at 30% (2014: 30%)	13.1	19.5
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
- Other non-deductible items	3.8	5.0
- Change in tax rates	1.1	(0.7)
- Interest expense	(2.3)	(2.3)
- Share of net (profit) / loss of joint ventures	(2.4)	(2.8)
- Other non-assessable items	(3.4)	(1.4)
	9.9	17.3
Under / (over) provision in prior years	(0.1)	(3.0)
Difference in overseas tax rates	1.7	0.5
Income tax expense[39]	**11.5**	**14.8**

c) Amounts recognised directly in equity		
Deferred tax: transaction costs debited / (credited) directly in equity (note 14)	-	-

d) Tax expense / (income) relating to items of other comprehensive income		
Change in fair value of cash flow hedges	(5.2)	(1.3)
Remeasurement of retirement benefit obligations	(0.6)	0.1
	(5.8)	(1.2)

e) Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	38.4	32.0

f) Unrecognised temporary differences		
Temporary differences relating to investments in subsidiaries for which deferred tax liabilities / (assets) have not been recognised	98.1	88.4

[39] GrainCorp's income tax expense represents the tax payable to the tax authorities in the jurisdiction that GrainCorp operates, subject to timing movements in GrainCorp's deferred tax balances. GrainCorp's effective tax rate for year ending 30 September 2015 would have been 32.3% (2014: 26.7%) excluding the effect of results attributable to investments accounted for using the equity method. These amounts are not assessable in calculating taxable income for the Group as equity accounted profits are taxed separately in the joint venture entities.

10. Cash and cash equivalents

	2015 $ M	2014 $ M
Cash at bank and on hand	253.3	155.6
Deposits at call	120.7	50.6
Total cash and cash equivalents	**374.0**	**206.2**

11. Trade and other receivables

Current	2015 $ M	2014 $ M
Trade receivables	365.0	351.9
Provision for impairment of trade receivables	(1.9)	(1.2)
	363.1	350.7
Other receivables	57.1	27.9
Prepayments	34.4	23.1
Margin deposits	20.0	2.3
Amounts receivable from joint ventures (note 34)	-	0.3
Total current trade and other receivables	**474.6**	**404.3**

Non-current	2015 $ M	2014 $ M
Loans to joint ventures (note 34)	0.2	19.3
Total non-current trade and other receivables	**0.2**	**19.3**

a) Fair values

Current: due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

Non-current: all amounts in respect of non-current receivables approximate fair value.

12. Inventories

	2015 $ M	2014 $ M
Consumable stores	2.4	2.4
Raw materials	210.2	197.1
Work in progress	24.0	22.8
Finished goods	145.5	121.1
Trading stock at net realisable value	12.9	15.7
Commodities inventory at fair value less cost to sell	159.9	217.1
Total inventories	**554.9**	**576.2**

a) Inventory expense

Inventories recognised as an expense during the year ended 30 September 2015 amounted to $3,033.7 million (2014: $3,132.2 million).

Write-downs of inventories to net realisable value recognised as an expense during the year ended 30 September 2015 amounted to $3.1 million (2014: $2.1 million). The expense is included in other expenses in the Consolidated Income Statement.

b) Secured inventory

The value of inventory secured against bank loans is $249.4 million (2014: $222.0 million). Refer to note 18.

13. Derivative financial instruments

The following table presents the Group's assets and liabilities measured and recognised at fair value at 30 September.

Current assets	2015 $ M	2014 $ M
Commodity futures and options	12.1	98.9
Utility swap contracts	-	0.2
Commodity contracts (forward purchases and sales)	61.5	46.3
Foreign currency derivatives	17.9	7.6
Total current derivative financial instrument assets	**91.5**	**153.0**
Non-current assets		
Commodity futures and options	1.0	3.7
Commodity contracts (forward purchases and sales)	0.2	0.1
Foreign currency derivatives	4.5	0.5
Interest rate swaps contracts – cash flow hedges	-	0.3
Total non-current derivative financial instrument assets	**5.7**	**4.6**

Current liabilities	2015 $ M	2014 $ M
Commodity futures and options	8.2	79.4
Utility swap contracts	0.2	-
Commodity contracts (forward purchases and sales)	39.6	26.5
Foreign currency derivatives	54.5	21.3
Interest rate swap contracts – cash flow hedges	1.2	-
Total current derivative financial instrument liabilities	**103.7**	**127.2**
Non-current liabilities		
Commodity futures and options	1.3	0.6
Utility swap contracts	-	-
Commodity contracts (forward purchases and sales)	1.8	0.6
Foreign currency derivatives	9.7	1.6
Interest rate swaps contracts – cash flow hedges	8.4	1.4
Total non-current derivative financial instrument liabilities	**21.2**	**4.2**

a) Instruments used by the Group

The Group is party to derivative financial instruments in the normal course of business in order to manage financial risk and the financial exposure of commodity trading in accordance with the Group's financial risk management policies (refer to note 33). Of the Group's derivative transactions, only the interest rate swap contracts and some foreign exchange contracts currently qualify for hedge accounting as defined under *AASB 139 Financial Instruments: Recognition and Measurement.*

i. Commodity futures and options

To manage exposure to commodity price risk, the Group enters into commodity futures contracts and commodity options contracts.

ii. Commodity contracts (forward purchases and sales)

As part of its grain, tallow and vegetable oil marketing activities as a commodity trader the Group enters into forward purchase and forward sales contracts. All open contracts are fair valued at balance date with any gains and losses on these contracts, together with the costs of the contracts, being recognised immediately through the income statement.

13. Derivative financial instruments (continued)

The Group also enters into forward purchase and grain future contracts to manage the underlying price risks in the purchase of raw materials for malt and edible oil production and the subsequent sale of malt and edible oil products from own use manufacture. These contracts are entered into and continue to be held for the purpose of delivery of raw materials and subsequent sale of processed product arising from the Group's expected purchase, sale or usage requirements; and are classified as non-derivative, and not fair valued.

iii. Foreign currency derivatives

The Group manages currency exposures arising from grain futures taken out in the US, Canada, Europe and New Zealand and from export contracts for sales of grain, edible oils and meal. In accordance with the Group's risk management policy, this exposure is managed through transactions entered into in foreign exchange markets. Forward exchange contracts and currency option contracts have been used for this purpose. The foreign exchange contracts are timed to mature when the futures contracts expire.

Transactional currency exposures arise from sales or purchases of malt, edible oils and raw materials in currencies other than the Group's functional currencies. Group companies hedge their foreign currency exposure using forward exchange and swap contracts.

iv. Interest rate swap contracts

The Group's policy is to protect part of the loans from exposure to increasing interest rates. Accordingly, the Group enters into interest rate swap contracts under which the Group is entitled to receive interest at variable rates and obliged to pay interest at fixed rates. The contracts required settlement of net interest receivable or payable at each reset period. The settlement dates coincide with the dates on which interest become payable on the underlying debt.

The gain or loss from remeasuring the interest rate swap contracts at fair value is deferred in equity in the hedging reserve, to the extent that the hedge is effective, and reclassified into profit and loss when the hedged interest expense is recognised. In the year ended 30 September 2015, there were no balances reclassified into profit and loss and included in finance costs (2014: $nil). There was no hedge ineffectiveness in the current or prior year.

v. Utility swap contracts

The Group manages exposure to utility price risk in malt production through the use of gas swap contracts. Gains and losses on these contracts are recognised immediately through the income statement.

b) Risk exposures

Information about the Group's exposure to credit risk, foreign exchange, utility price, commodity price and interest rate risk is provided in note 33.

14. Deferred tax assets and liabilities

Deferred tax assets	2015 $ M	2014 $ M
The balance comprises temporary differences attributable to:		
Unrealised losses on derivative contracts	9.9	5.0
Inventories	3.0	1.0
Creditors and other payables	4.7	1.8
Pension deficit	7.0	6.4
Provisions and accruals	47.1	41.8
Tax losses recognised	5.7	2.7
Deferred revenue	15.8	6.5
Other	5.8	4.2
Set-off deferred tax liabilities pursuant to set-off provision	(35.2)	(42.6)
Net deferred tax assets	**63.8**	**26.8**
Movements:		
Opening balance at 1 October	26.8	18.6
Credited to the income statement (note 9)	31.0	7.6
Credited to other comprehensive income	6.0	0.6
Closing balance at 30 September	**63.8**	**26.8**

Deferred tax assets recoverable within 12 months: $28.2 million (2014: $11.8 million).

Deferred tax liabilities	2015 $ M	2014 $ M
The balance comprises temporary differences attributable to:		
Prepayments	1.1	0.6
Inventories	1.5	2.3
Consumables	0.9	1.1
Creditors and other payables	12.4	3.4
Property, plant and equipment	82.2	69.7
Intangible assets	13.0	16.4
Unrealised gains on derivative contracts	2.1	11.1
Set-off deferred tax liabilities pursuant to set-off provision	(35.2)	(42.6)
Net deferred tax liabilities	**78.0**	**62.0**
Movements:		
Opening balance 1 October	62.0	57.9
Charged to the income statement (note 9)	9.2	8.5
Credited / (charged) to other comprehensive income	0.2	(0.6)
Exchange differences	6.6	(3.8)
Closing balance 30 September	**78.0**	**62.0**

Deferred tax liabilities recoverable within 12 months: $13.8 million (2014: $18.5 million).

15. Property, plant and equipment

	Land $ M	Buildings & structures $ M	Leasehold improvements $ M	Leased plant and equipment $ M	Plant and equipment $ M	Capital works in progress $ M	Total $ M
As at 30 September 2013							
Cost	130.1	327.4	34.2	6.6	1,313.0	53.9	1,865.2
Accumulated depreciation and impairment	-	(149.5)	(9.2)	(5.0)	(519.2)	-	(682.9)
Net book value	**130.1**	**177.9**	**25.0**	**1.6**	**793.8**	**53.9**	**1,182.3**
Movement							
Transfer between asset categories (note 16)	0.2	4.0	0.1	(0.1)	23.1	(37.9)	(10.6)
Additions	0.9	13.0	0.3	0.2	55.6	80.3	150.3
Disposals	-	(0.4)	(0.2)	-	(2.8)	(0.1)	(3.5)
Depreciation	-	(19.2)	(1.6)	(0.2)	(77.8)	-	(98.8)
Impairment	-	(1.1)	-	-	(8.5)	(2.1)	(11.7)
Exchange difference	0.9	-	0.1	0.1	7.2	0.3	8.6
Closing net book value	**132.1**	**174.2**	**23.7**	**1.6**	**790.6**	**94.4**	**1,216.6**
As at 30 September 2014							
Cost	132.1	349.7	34.5	7.1	1,372.6	97.5	1,993.5
Accumulated depreciation and impairment	-	(175.5)	(10.8)	(5.5)	(582.0)	(3.1)	(776.9)
Net book value	**132.1**	**174.2**	**23.7**	**1.6**	**790.6**	**94.4**	**1,216.6**
Movement							
Transfer (to) assets held for sale	(0.2)	(0.2)	-	-	-	-	(0.4)
Transfer between asset categories (note 16)	-	3.8	(0.6)	0.1	32.3	(38.5)	(2.9)
Additions	0.6	6.5	0.1	0.1	52.8	166.0	226.1
Disposals	(0.1)	-	-	-	(0.7)	-	(0.8)
Depreciation	-	(19.3)	(1.7)	(0.2)	(85.6)	-	(106.8)
Impairment	-	(2.5)	-	-	-	(0.1)	(2.6)
Exchange difference	3.6	4.9	0.3	0.1	32.5	4.9	46.3
Closing net book value	**136.0**	**167.4**	**21.8**	**1.7**	**821.9**	**226.7**	**1,375.5**
As at 30 September 2015							
Cost	136.0	325.0	34.5	7.5	1,570.4	226.7	2,300.1
Accumulated depreciation and impairment	-	(157.6)	(12.7)	(5.8)	(748.5)	-	(924.6)
Net book value	**136.0**	**167.4**	**21.8**	**1.7**	**821.9**	**226.7**	**1,375.5**

a) Assets held for sale

From time to time, the Directors of GrainCorp resolve to sell certain sites that have been closed to operations based on their historic and expected receivals and production utilisation. As at 30 September 2015, five sites measured at $0.4 million (2014: two sites measured at $5.6 million) were actively marketed for sale.

16. Intangible assets

	Computer software $ M	Trade name $ M	Customer relationship $ M	Goodwill $ M	Total $ M
As at 30 September 2013					
Cost	66.4	3.4	121.1	400.7	591.6
Accumulated amortisation and impairment	(25.3)	(1.0)	(52.7)	-	(79.0)
Net book value	**41.1**	**2.4**	**68.4**	**400.7**	**512.6**
Movement					
Additions	16.2	-	6.7	-	22.9
Transfer between asset categories (note 15)	10.6	-	-	-	10.6
Amortisation charge	(12.8)	(0.3)	(16.8)	-	(29.9)
Exchange difference	0.6	0.1	0.3	7.8	8.8
Closing net book value	**55.7**	**2.2**	**58.6**	**408.5**	**525.0**
As at 30 September 2014					
Cost or fair value	94.1	3.5	124.9	408.5	631.0
Accumulated amortisation and impairment	(38.4)	(1.3)	(66.3)	-	(106.0)
Net book value	**55.7**	**2.2**	**58.6**	**408.5**	**525.0**
Movement					
Additions	10.3	-	-	-	10.3
Transfer between asset categories (note 15)	2.9	-	-	-	2.9
Disposals	(0.2)	-	-	-	(0.2)
Amortisation charge	(16.1)	(0.3)	(17.4)	-	(33.8)
Exchange difference	1.7	0.2	2.5	37.0	41.4
Closing net book value	**54.3**	**2.1**	**43.7**	**445.5**	**545.6**
As at 30 September 2015					
Cost or fair value	108.3	4.3	130.5	445.5	688.6
Accumulated amortisation and impairment	(54.0)	(2.2)	(86.8)	-	(143.0)
Net book value	**54.3**	**2.1**	**43.7**	**445.5**	**545.6**

a) Impairment tests for goodwill

For the purposes of impairment testing goodwill acquired through business combinations is allocated to cash generating units ('CGU'). Management have identified the Group's operating segments as the lowest level within the Group at which goodwill is monitored for internal management purposes:

	2015 $ M	2014 $ M
Storage & Logistics	10.1	10.1
Marketing	8.2	8.0
Malt	325.5	288.7
Oils	101.7	101.7
Total goodwill	**445.5**	**408.5**

16. Intangible assets (continued)

b) Key assumptions used for value-in-use calculations

The recoverable amount of the CGUs is determined based on value-in-use calculations undertaken at the CGU level. These calculations use projected cash flows from financial budgets and a growth model based on an initial five-year forecast which are approved by management. Projected cash flows are based on past performance and management's expectation of grain handling volumes for Storage & Logistics, trading volumes and market conditions for Marketing, malt sales volumes for Malt and crushing and refining sales in Oils.

Cash flows beyond the five-year period are extrapolated using the estimated growth rate of 2.0% to 2.5%. The growth rate does not exceed the long-term average growth rate for the business in which the CGUs operate.

Post-tax discount rates of 6.9% to 7.9% (pre-tax discount rate 8.8% to 10.0%) have been applied to discount the forecast future attributable post-tax cash flows. These post-tax discount rates reflect specific risks relating to the relative segment and its country of operation.

Any reasonably possible change to the above key assumption would not cause the carrying value of a CGU to exceed its recoverable amount.

17. Trade and other payables

Current	2015 $ M	2014 $ M
Trade payables	179.8	155.8
Other payables	136.0	88.4
Income received in advance	32.9	24.7
Total current trade and other payables	**348.7**	**268.9**

Non-current	2015 $ M	2014 $ M
Income received in advance	41.0	18.2
Total non-current trade and other payables	**41.0**	**18.2**

18. Borrowings

Current	2015 $ M	2014 $ M
Short term facilities – unsecured	75.2	106.7
Inventory funding facilities – secured	253.5	245.6
Leases – secured	0.6	0.2
Total current borrowings	**329.3**	**352.5**
Non-current		
Term funding facilities – unsecured	779.9	590.7
Leases – secured	9.2	10.0
Total non-current borrowings	**789.1**	**600.7**

a) Bank overdraft

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

b) Short term and 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 0.5% - 4.2% (2014: 0.5% - 3.8%).

c) Term funding facilities

Interest was payable for the term drawn in the range 0.8% - 4.0% (2014: 1.3% - 3.9%).

d) 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:

	2015 $ M	2014 $ M
Lease liabilities	9.8	10.2
Inventory funding facilities	253.5	245.6
Total secured liabilities	**263.3**	**255.8**

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

	2015 $ M	2014 $ M
Leased assets	0.3	0.4
Inventory (note 12)	249.4	222.0
Total assets pledged as security	**249.7**	**222.4**

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.

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 ratio and net tangible assets. All such borrowing covenant ratios and limits have been complied with during the financial year.

18. Borrowings (continued)

e) Financing arrangements

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

2015	Maturity date[40]	Principal facility amount $ M[40]	Amount utilised $ M[41]
Term debt	November 2019	385.0	292.8
Term debt	April 2020	225.0	225.0
Term debt	April 2022	262.1	262.1
Commodity inventory funding[42]	November 2016	1,130.6	253.5
Working capital[43]	November 2016	405.0	75.2
Total financing arrangements		**2,407.7**	**1,108.6**

2014	Maturity date	Principal facility amount $ M	Amount utilised $ M
Term debt	July 2016	406.1	365.7
Term debt	October 2016	225.0	225.0
Term debt[44]	November 2019	210.0	-
Commodity inventory funding	November 2015	1,048.0	245.6
Working capital	October 2015	405.0	106.7
Total financing arrangements		**2,294.1**	**943.0**

f) Risk exposures

Information about the Group's exposure to risks arising from current and non-current borrowings and interest rate and foreign currency movements is provided in note 33.

g) Fair value

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

19. Other financial liabilities

	2015 $ M	2014 $ M
Lease incentives – current	0.1	0.2
Lease incentives – non-current	2.5	0.2

a) Financial guarantees

Financial guarantees are provided by Group entities as follows:

i. GrainCorp Operations Limited was a self-insurer for workers' compensation in NSW up to 29 June 2006. As required by the NSW workers' compensation self-insurance licensing requirements, a bank guarantee in favour of the WorkCover Authority NSW for $0.6 million (2014: $2.5 million) is in place, representing an actuarial assessment of the contingent liability arising from past self-insurance for periods prior to 29 June 2006.

ii. In the normal course of business the Group enters into guarantees. At 30 September 2015 they amounted to $12.1 million (2014: $10.1 million). The Directors do not believe any claims will arise in respect of these guarantees.

[40] As at 12 November 2015.

[41] As at 30 September 2015.

[42] The maturity date and principal facility amount for the inventory funding facility is as at 12 November 2015. Subsequent to balance date, the maturity date was extended from November 2015 to November 2016 and the principal facility amount changed from $564.1 million to $1,130.6 million. This facility is renewed subsequent to balance date each year to align with the seasonal requirements of the Group.

[43] The maturity date and principal facility amount for the working capital facility is as at 12 November 2015. Subsequent to balance date, the maturity date was extended from October 2015 to November 2016. The principal facility amount remained $405.0 million.

[44] New Construction Facility executed on 12 November 2014.

19. Other financial liabilities (continued)

iii. GrainCorp and the wholly owned Australian incorporated entities listed in note 28 are parties to a deed of cross guarantee as described in note 30. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees, to each creditor, payment in full of any debt in accordance with the deed of cross guarantee. No deficiency of net assets existed for the Group as at 30 September 2015.

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

20. Provisions

Current	**2015 $ M**	**2014 $ M**
Claims and losses	19.0	44.7
Workers' compensation	-	0.1
Restoration	3.8	1.6
Onerous contracts	0.7	1.2
Restructuring	13.2	1.7
Employee benefits	44.7	45.4
Total current provisions	**81.4**	**94.7**
Non-current		
Workers' compensation	0.4	0.4
Restoration	0.5	3.8
Onerous contracts	4.5	5.2
Restructuring	1.2	12.1
Employee benefits	5.3	4.5
Total non-current provisions	**11.9**	**26.0**

a) Claims and losses

Provision is made for various claims for losses or damages received from time-to-time. Management estimates the provision based on historical information, business practices and its experience in resolving claims and losses.

b) Workers' compensation

GrainCorp Operations Limited was a self-insurer for workers' compensation in NSW up to 29 June 2006. As required by the NSW workers' compensation self-insurance licensing requirements, provision is made based on an annual actuarial assessment for GrainCorp Operations Limited's potential liability arising from past self-insurance.

c) Restoration

Provision is made to satisfy obligations to remove redundant plant and equipment, and for make-good obligations for leased head office premises.

d) Onerous contracts

Provision is made for the unavoidable costs of meeting contractual obligations where the costs of meeting those obligations exceed the economic benefits expected to be received from the contract.

e) Restructuring

Provisions for restructuring are recognised when a detailed plan has been approved and the restructuring has either commenced or been publicly announced, or firm contracts related to the restructuring have been entered.

20. Provisions (continued)

f) Movements in provisions

2015	Claims and losses $ M	Workers' compensation $ M	Restoration $ M	Onerous contracts $ M	Restructuring Provision $ M
Carrying amount at beginning of year	44.7	0.5	5.4	6.4	13.8
Additional provisions recognised	3.9	-	-	-	4.1
Amounts used	(27.8)	(0.1)	(1.3)	(0.5)	(1.4)
Unused amounts reversed	(2.1)	-	-	(0.7)	(2.1)
Exchange difference	0.3	-	0.2	-	-
Carrying amount at end of year	**19.0**	**0.4**	**4.3**	**5.2**	**14.4**

g) Amounts not expected to be settled within the next 12 months

The Group's current provision for employee benefits includes $44.7 million (2014: $45.4 million) in respect to accrued annual leave, vesting sick leave and a portion of long service leave, where employees have completed the required period of service and, as the Group does not have an unconditional right to defer settlement, the entire obligation is categorised as a current liability. Based on past experience, the Group does not expect all employees to take the full amount of accrued long service leave or require payment within the next 12 months.

Group long service leave obligations expected to be settled within the next 12 months amount to $0.7 million (2014: $1.1 million).

21. Retirement benefit obligations

a) Retirement benefit plans

Defined contribution superannuation plans
Employees of the Group's Australian entities are entitled to benefits on retirement, disability or death from the Group's defined contribution superannuation plans. Contributions to these employee superannuation plans are charged as an expense as the contributions are paid or become payable. The Group's legal or constructive obligation is limited to these contributions. The expense recognised for the year is disclosed in note 6.

Defined benefit plans
The Group provides funded defined benefit plans for employees of its US, Canada, UK and Australia based Malt entities. These plans provide lump sum benefits based on years of service and final average salary. The following sets out details of the defined benefit plans.

b) Retirement benefit liability recognised in the Statement of Financial Position

	2015 $ M	2014 $ M
Present value of the defined benefit obligations	209.0	184.0
Fair value of defined benefit plans assets	(171.8)	(151.9)
Net liability recognised in Statement of Financial Position	**37.2**	**32.1**

The Group intends to continue to contribute to the defined benefit plans at a rate in line with the latest recommendations provided by the plans' actuaries.

The retirement benefit liability recognised in Australia represents that of the top-up defined benefit fund. This fund operates under terms that are similar in nature to a defined contribution fund, and as such does not have an investment in plan assets. However, contractual terms between the Company and certain employees result in an obligation that is in substance that of a defined benefit fund and this obligation has been recognised as a retirement benefit liability.

21. Retirement benefit obligations (continued)

c) Categories of plan assets

	2015 %	2014 %
The major categories of plan assets are as follows:		
Cash	1%	1%
Equity instruments	48%	51%
Debt instruments	47%	45%
Other assets	4%	3%
Total	**100%**	**100%**

d) Reconciliations

	2015 $ M	2014 $ M
Reconciliation of the present value of the defined benefit obligations:		
Balance at the beginning of the year	184.0	159.4
Current service cost	1.3	1.2
Interest cost	7.3	7.1
Scheme participants contributions	0.1	0.1
Remeasurements	2.1	14.5
Benefits paid	(8.1)	(6.1)
Exchange difference	22.3	7.8
Balance as at 30 September	**209.0**	**184.0**
Reconciliation of fair value of plan assets:		
Balance at the beginning of the year	151.9	125.0
Interest income	5.8	5.7
Remeasurements	1.0	11.6
Contributions by Group companies	4.1	10.4
Scheme participants contributions	0.1	0.1
Actual plan administration expense	(0.3)	(0.2)
Benefits paid	(8.1)	(6.1)
Exchange difference	17.3	5.4
Balance as at 30 September	**171.8**	**151.9**

e) Amounts recognised in the income statement

	2015 $ M	2014 $ M
The amounts recognised in the income statement are as follows:		
Current service cost	1.3	1.2
Net interest expense	1.5	1.4
Total expense included in employee benefits expense	**2.8**	**2.6**

f) Amounts recognised in other comprehensive income

	2015 $ M	2014 $ M
Remeasurements of retirement benefit obligations	(1.1)	(2.9)
Cumulative remeasurements recognised	(27.0)	(25.9)

21. Retirement benefit obligations (continued)

g) Principal actuarial assumptions

2015	North America	UK	Australia
Principal actuarial assumptions used (expressed as weighted averages):			
Discount rate	3.82%	3.90%	4.20%
Future salary increases	2.50%	3.30%	4.00%

2014	North America	UK	Australia
Principal actuarial assumptions used (expressed as weighted averages):			
Discount rate	3.80%	3.90%	3.90%
Future salary increases	2.75%	3.20%	4.00%

h) Sensitivity analysis

Changes in the following principal actuarial assumptions would have the following effect on the defined benefit pension obligation:

	2015 $ M Increase/(decrease)	2014 $ M Increase/(decrease)
Discount rate:		
0.25% increase	(7.2)	(6.9)
0.25% decrease	7.5	7.3
Inflation:		
0.25% increase	3.1	2.3
0.25% decrease	(3.1)	(2.3)

The sensitivity information has been derived for all plans using projected cash flows valued using the relevant assumptions and membership profiles as at 30 September 2015. Extrapolation of these results beyond the sensitivity figures shown may not be appropriate.

i) Employer contributions

Employer contributions to the defined benefit plans are based on the recommendations of the plans' actuaries. Actuarial assessments are made at time intervals as required by local regulations (ranging from annual to three-year intervals).

Total employer contributions expected to be paid by the Group for the year ended 30 September 2015 are $5.1 million (2014: $4.3 million).

22. Contributed equity

	2015		2014	
Consolidated and Company	**Number**	**$ M**	**Number**	**$ M**
Fully paid ordinary shares				
Total contributed equity – Company	228,855,628	1,347.9	228,855,628	1,347.9
Less: Treasury shares	(183,871)	(1.9)	(290,162)	(3.1)
Total consolidated contributed equity		**1,346.0**		**1,344.8**

22. Contributed equity (continued)

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

	Details	Total number of shares	Ordinary share capital $ M
30-Sep-13	Balance brought forward	228,855,628	1,347.9
30-Sep-14	Total contributed equity - Company	228,855,628	1,347.9
30-Sep-15	Total contributed equity - Company	228,855,628	1,347.9
	Less: Treasury shares	(183,871)	(1.9)
30-Sep-15	**Total consolidated contributed equity**		**1,346.0**

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Employee equity schemes
Details of employee share and rights schemes are set out in note 35.

Treasury shares
Treasury shares are shares in GrainCorp that are held by the GrainCorp Employee Share Ownership Plan Trust for purposes of issuing shares under employee share plans including: GrainCorp Long Term Incentive Plans, GrainCorp Deferred Equity Plan and GrainCorp Retention Share Plan (refer to note 35 for further information). During the year no shares were acquired on market (2014: 26,852 shares). Under the employee share plans, 298,633 shares were granted or issued during the year (2014: 131,206). At 30 September 2015, the aggregate amount of unvested performance rights of 429,839 as set out in note 35, is partially covered by the Treasury shares above.

Capital risk management
The Group's objective when managing capital is to safeguard the Group's ability to maintain an optimal capital structure so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The capital structure of the Group consists of debt and equity and the mix of debt and equity is measured by reference to the Group's core debt gearing ratio (long term debt net of cash and cash equivalents to total equity).

The Group maintains a core debt gearing ratio of less than 25% although this may change as the earning base continues to diversify. At 30 September 2015, core debt gearing was 23% (2014: 22%).

The core debt gearing ratio is as follows:

	2015 $ M	2014 $ M
Total borrowings (note 18)	1,118.4	953.2
Cash and cash equivalents (note 10)	(374.0)	(206.2)
Net debt	744.4	747.0
Commodity inventory[45]	(188.3)	(264.0)
Core debt	556.1	483.0
Total equity	1,821.8	1,744.5
Core debt gearing ratio	**23%**	**22%**

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. The Group complied with all borrowing covenant ratios and other capital requirements during the year.

[45] Marketing and Oils grain and oilseed inventory.

23. Dividends

	2015 $ M	2014 $ M
Dividends paid in the year:		
Final fully franked dividend for the year ended 30 September 2014 of 5.0 cents (2013: 20.0 cents)	11.4	45.8
Interim fully franked dividend for the half year ended 31 March 2015 of 7.5 cents (2014: 15.0 cents)	17.2	34.3
Total dividends paid	**28.6**	**80.1**

Dividend not recognised at year end

Since year end the Directors have approved the payment of a final dividend, expected to be paid on 15 December 2015:

Final fully franked dividend for the year ended 30 September 2015 of 2.5 cents (2014: 5.0 cents final dividend)	5.7

This dividend will be paid out of retained profits at 30 September 2015, but is not recognised as a liability at year end.

Franking credits available

	2015 $ M	2014 $ M
Franking credits available for the subsequent financial year	39.2	43.9

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

a) Franking debits that will arise from the receipts of the current tax liability;

b) Franking debits that will arise from the payment of dividends recognised as a liability at the reporting date;

c) Franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date; and

d) 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 $2.5 million (2014: $4.9 million).

24. Earnings per share

	2015	2014
Basic earnings per share (cents)	14.0	22.0
Diluted earnings per share (cents)	14.0	22.0
Weighted average number of ordinary shares – basic	228,657,219	228,488,305
Less adjustment for calculation of diluted earnings per share (performance rights)	416,910	359,921
Weighted average number of ordinary shares – diluted	229,074,129	228,848,226

Basic and diluted earnings per share are calculated by dividing profit for the year by the weighted average number of shares on issue over the year.

Performance rights

Performance rights first granted in 2005 under the GrainCorp Performance Share Rights Plan are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share. The rights have not been included in the determination of basic earnings per share. Details relating to the rights are set out in the Remuneration Report and note 35.

25. Contingencies

The Group may from time to time receive notices of possible claims for losses or damages. A provision of $19.0 million (2014: $44.7 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.

26. Commitments

	2015 $ M	2014 $ M
Capital expenditure commitments		
Total capital expenditure contracted for at the reporting date but not provided for in payables:		
- Not later than one year	68.3	101.5
- Later than one year and not later than five years	3.4	11.0
- Later than five years	-	-
Total capital expenditure commitments	**71.7**	**112.5**
Operating lease commitments		
Cancellable operating leases	5.1	0.1
Non-cancellable operating leases	334.1	380.8
Total operating lease commitments	**339.2**	**380.9**
Commitments in relation to non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, payable:		
- Not later than one year	45.5	54.3
- Later than one year and not later than five years	118.2	158.9
- Later than five years	170.4	167.6
Total non-cancellable operating lease commitments	**334.1**	**380.8**
Finance leases		
Commitments in relation to finance leases are payable as follows:		
- Not later than one year	1.3	1.3
- Later than one year but not later than five years	3.3	5.7
- Later than five years	16.2	18.8
Minimum lease payments	20.8	25.8
Future finance charges	(11.0)	(15.6)
Total finance lease liabilities	**9.8**	**10.2**
Representing lease liabilities:		
Current	0.6	0.2
Non-current	9.2	10.0
	9.8	**10.2**

27. Parent entity financial information

a) Summary financial information

The individual financial statements for the parent entity ('GrainCorp') show the following aggregate amounts:

	2015 $ M	2014 $ M
Statement of financial position		
Current assets	1.7	1.7
Total assets	1,781.5	1,657.9
Current liabilities	2.4	0.3
Total liabilities	2.5	0.5
Shareholders' equity		
Contributed equity	1,356.0	1,344.8
Share option reserve	1.4	1.1
Capital reserve	8.3	8.3
Hedging reserve	(0.1)	-
Translation reserve	2.0	-
Retained profits	411.4	303.2
Total shareholders' equity	1,779.0	1,657.4
Profit for the year	**71.8**	**70.4**
Total comprehensive income	**71.8**	**70.4**

b) Guarantees entered into by the parent entity

GrainCorp and the wholly owned Australian incorporated entities listed in note 28 are parties to a deed of cross guarantee as described in note 30. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees, to each creditor, payment in full of any debt in accordance with the deed of cross guarantee. No deficiency of net assets existed for the Group as at 30 September 2015.

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

c) Contingent liabilities of the parent entity

GrainCorp did not have any contingent liabilities as at 30 September 2015 (2014: nil).

d) Contractual commitments for the acquisition of property, plant or equipment

GrainCorp Limited did not have any commitments for the acquisition of property, plant and equipment as at 30 September 2015 (2014: nil).

28. Subsidiaries

Name of entity	Class of shares	Country of incorporation	Equity holdings 2015	Equity holdings 2014
ABN 36 073 105 656 Pty Ltd (formerly Globex International Pty Limited)[46]	Ordinary	Australia	100%	100%
Agricultural Risk Management Services Pty Limited[47]	Ordinary	Australia	100%	100%
Auscol Pty Ltd	Ordinary	Australia	100%	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%	100%
Containerlink Pty Limited[46]	Ordinary	Australia	100%	100%
Grainco Australia Pty Limited	Ordinary	Australia	100%	100%
GrainCorp AG Finance Limited[47]	Ordinary	Australia	100%	100%
GrainCorp Australia Pty Ltd	Ordinary	Australia	100%	100%
GrainCorp Commodity Management (Holdings) Pty Ltd (formerly Gardner Smith (Holdings) Pty Ltd)	Ordinary	Australia	100%	100%
GrainCorp Commodity Management Pty Ltd (formerly Gardner Smith Pty Limited)	Ordinary	Australia	100%	100%
GrainCorp Foods Australia Pty Ltd (formerly Integro Foods Australia Pty Ltd)	Ordinary	Australia	100%	100%
GrainCorp Holdings Australia Pty Ltd	Ordinary	Australia	100%	100%
GrainCorp Liquid Terminals Australia Pty Ltd (formerly Pacific Terminals (Australia) Pty Ltd)	Ordinary	Australia	100%	100%
GrainCorp Oils Holdings Pty Ltd	Ordinary	Australia	100%	100%
GrainCorp Oilseeds Pty Ltd (formerly Riverland Oilseeds Pty Ltd)	Ordinary	Australia	100%	100%
GrainCorp Operations Limited	Ordinary	Australia	100%	100%
GrainCorp Services Limited	Ordinary	Australia	100%	100%
GrainCorp Superannuation Pty Ltd	Ordinary	Australia	100%	100%
GrainCorp Warehouse Cashflow Pty Ltd	Ordinary	Australia	100%	100%
GSEST Pty Ltd[46]	Ordinary	Australia	100%	100%
Hunter Grain Pty Limited	Ordinary	Australia	100%	100%
Hunter Grain Transport Pty Limited	Ordinary	Australia	100%	100%
Malt Real Property Pty Limited	Ordinary	Australia	100%	100%
Security Superannuation Fund Pty Limited[46]	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%	100%
Shanghai Grand Port Liquid Storage Terminals Co., Ltd	Ordinary	China	100%	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%

[46] Subject to members voluntary liquidation or deregistration.

[47] Under External Administration.

28. Subsidiaries (continued)

Name of entity	Class of shares	Country of incorporation	Equity holdings 2015	Equity holdings 2014
Schill Malz Verwaltungs-GmbH	-	Germany	100%	100%
Thüringer Malz GmbH	-	Germany	100%	100%
Barrett Burston Malting Co (NZ) Limited	Ordinary	New Zealand	100%	100%
Enzpro NZ Limited[48]	Ordinary	New Zealand	-	100%
GrainCorp Commodity Management (NZ) Limited (formerly Gardner Smith NZ Limited)	Ordinary	New Zealand	100%	100%
GrainCorp Feeds Limited (formerly BLM Feeds Limited)	Ordinary	New Zealand	100%	100%
GrainCorp Foods NZ Limited (formerly Integro Foods NZ Limited)	Ordinary	New Zealand	100%	100%
GrainCorp Liquid Terminals NZ Limited (formerly Pacific Terminals NZ Limited)	Ordinary	New Zealand	100%	100%
GrainCorp Operations Asia Pte Ltd	Ordinary	Singapore	100%	100%
Gardner Smith Africa Pty Ltd[49]	Ordinary	South Africa	100%	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%
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%

29. Unconsolidated structured entities

The term 'unconsolidated structured entities' refers to all structured entities that are not controlled by GrainCorp Operations Limited. GrainCorp Operations Limited enters into transactions on behalf of GrainCorp Pools Pty Ltd as authorised manager to facilitate customer transactions.

GrainCorp Operations has no intention, nor does it provide any financial support to GrainCorp Pools Pty Ltd.

GrainCorp Operations Limited received a management fee in the range of 2% to 3% based on the final pool return.

[48] Deregistered in the current financial year.

[49] Subject to members voluntary liquidation or deregistration.

30. Deed of cross guarantee

GrainCorp and its wholly-owned Australian incorporated entities listed in note 28, with the exception of Agricultural Risk Management Services Pty Ltd[50], ABN 36 073 105 656 Pty Ltd, Containerlink Pty Ltd, GrainCorp AG Finance Limited[50] and GSEST Pty Ltd are parties to a deed of cross guarantee under which each of the companies guarantees the debts of the other and are thus relieved from the requirement to prepare a financial report and Directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investment Commission.

The above mentioned parties to the deed of cross guarantee represent a 'Closed Group' for the purposes of the Class Order, and as there are no other parties in the deed of cross guarantee that are controlled by GrainCorp Limited, they also represent the 'Extended Closed Group'.

Set out below is the consolidated income statement, a summary of movements in consolidated retained earnings and a consolidated statement of financial position for the Closed Group for the year ended 30 September 2015.

Consolidated income statement	2015 $ M	2014 $ M
Revenue	2,851.2	2,876.9
Other income	(25.9)	92.4
Goods purchased for resale	(1,854.2)	(1,831.6)
Raw materials and consumables used	(419.0)	(522.8)
Employee benefits expense	(241.0)	(256.9)
Depreciation and amortisation	(96.5)	(90.9)
Finance costs	(35.4)	(36.7)
Operating leases	(35.7)	(39.0)
Repairs and maintenance	(38.2)	(39.7)
Other expenses	(104.1)	(88.2)
Significant items	(13.8)	(56.7)
Share of results from investments accounted for using the equity method	9.1	9.6
Profit / (loss) before income tax	(3.5)	16.4
Income tax (expense) / benefit	12.2	5.3
Profit for the year	**8.7**	**21.7**
Other comprehensive income:		
Changes in the fair value of cash flow hedges	(5.6)	(1.4)
Share of other comprehensive income of joint ventures	(0.1)	(0.1)
Remeasurements of defined benefit obligations	(0.2)	-
Income tax relating to components of other comprehensive income	1.8	0.4
Other comprehensive income for the year, net of tax	(4.1)	(1.1)
Total comprehensive income for the year	**4.6**	**20.6**
Summary of movements in consolidated retained earnings		
Retained earnings at the beginning of the financial year	220.5	278.9
Profit for the year	8.7	21.7
Dividends provided for or paid	(28.6)	(80.1)
Retained earnings at the end of the financial year	**200.6**	**220.5**

[50] Under External Administration.

30. Deed of cross guarantee (continued)

Set out below is the consolidated statement of financial position as at 30 September of the Closed Group.

Consolidated statement of financial position	2015 $ M	2014 $ M
Current assets		
Cash and cash equivalents	145.1	71.4
Trade and other receivables	291.8	252.9
Inventories	258.5	317.1
Derivative financial instruments	84.7	149.5
Assets classified as held for sale	0.4	5.2
Current tax assets	-	22.2
Total current assets	**780.5**	**818.3**
Non-current assets		
Trade and other receivables	197.8	225.8
Investment in subsidiaries	418.0	409.2
Investments accounted for using the equity method	169.6	161.5
Investments in other entities	14.7	10.5
Property, plant & equipment	953.8	857.5
Deferred tax assets	32.9	9.8
Intangible assets	115.8	127.5
Derivative financial instruments	3.2	4.1
Total non-current assets	**1,905.8**	**1,805.9**
Total assets	**2,686.3**	**2,624.2**
Current liabilities		
Trade and other payables	200.3	151.4
Borrowings	215.2	297.8
Derivative financial instruments	86.9	118.7
Other financial liabilities	0.1	0.2
Current tax liabilities	6.1	-
Provisions	53.7	81.9
Total current liabilities	**562.3**	**650.0**
Non-current liabilities		
Trade and other payables	24.7	7.0
Borrowings	527.0	369.7
Derivative financial instruments	9.7	5.3
Other financial liabilities	2.5	0.2
Provisions	8.6	18.1
Retirement benefit obligations	0.3	0.4
Total non-current liabilities	**572.8**	**400.7**
Total liabilities	**1,135.1**	**1,050.7**
Net assets	**1,551.2**	**1,573.5**
Equity		
Contributed equity	1,346.0	1,344.8
Reserves	4.6	8.2
Retained earnings	200.6	220.5
Total equity	**1,551.2**	**1,573.5**

31. Investments accounted for using the equity method

a) Carrying amounts

		Ownership interest		Carrying amount	
Company	**Principal activity**	**2015**	**2014**	**2015 $ M**	**2014 $ M**
Allied Mills Australia Pty Ltd[51]	Mixing & milling	60%	60%	168.4	160.7
National Grower Register Pty Ltd	Register management	50%	50%	0.6	0.5
Flex Biofuels Pty Ltd	Sales and purchases of biofuels	50%	50%	0.6	0.3
				169.6	**161.5**

All of the above joint ventures are incorporated in Australia.

b) Movements in carrying amounts

i. Group share of commitments and contingent liabilities in respect of joint ventures

Group's share of joint venture's expenditure commitments, other than for supply of inventories:

	2015 $ M	2014 $ M
Capital commitments	16.0	8.4
Lease commitments	1.9	2.8
	17.9	**11.2**

ii. Summarised financial information of joint ventures

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

	Allied Mills Australia Pty Ltd	
Summarised statement of financial position	**2015 $ M**	**2014 $ M**
Current assets	179.3	186.6
Non-current assets	311.6	303.7
Total assets	**490.9**	**490.3**
Current liabilities	137.5	135.6
Non-current liabilities	72.6	86.8
Total liabilities	**210.1**	**222.4**
Net Assets	**280.8**	**267.9**
Reconciliation of carrying amounts:		
Opening net assets 1 October	267.9	252.2
Profit / (loss) for the period	12.8	15.8
Other comprehensive income	0.1	(0.1)
Closing net assets	**280.8**	**267.9**
Group share of net assets	**168.4**	**160.7**

[51] Equity interest in Allied Mills is 60%, however, voting rights are 50%, refer to note 2.

31. Investments accounted for using the equity method (continued)

	Allied Mills Australia Pty Ltd	
	2015	2014
Summarised statement of comprehensive income	$ M	$ M
Revenue	497.5	469.9
Operating profit (after tax)	14.5	15.8
Significant items (after tax)	(1.8)	-
Other comprehensive income	0.1	(0.1)
Total comprehensive income[52]	**12.8**	**15.7**
Group share of comprehensive income	**7.7**	**9.4**

iii. Individually immaterial joint ventures

In addition to the interest in joint ventures disclosed above, the Group also has an interest in a number of individually immaterial joint ventures that are accounted for using the equity accounting method.

	2015	2014
	$ M	$ M
Aggregated carrying amount of individually immaterial joint ventures	1.2	0.8
Aggregated amounts of the Groups share of:		
Profit from continuing operations	0.4	0.2
Other comprehensive income	-	-
Total comprehensive income[52]	0.4	0.2

32. Reconciliation of profit after income tax to net cash flow from operating activities

	2015	2014
	$ M	$ M
Profit / (loss) for the year	**32.1**	**50.3**
Net (profit) / loss on sale of non-current assets	(1.7)	-
Dividends received	(0.2)	-
Non-cash employee benefits expense – share based payments	1.4	(0.2)
Share of (profit) / loss of joint ventures not received as dividends	(9.1)	(9.6)
Depreciation / amortisation	140.6	126.5
Impairment expense	4.4	11.7
	167.5	178.7
Changes in operating assets and liabilities (net of acquired entities):		
(Increase) / decrease in inventories	30.4	42.1
(Increase) / decrease in deferred tax asset	(37.0)	(8.2)
(Increase) / decrease in derivatives	53.9	(2.0)
(Increase) / decrease in receivables	(70.4)	21.3
Increase / (decrease) in trade payables	79.8	(67.3)
Increase / (decrease) in other liabilities	25.1	(2.1)
Increase / (decrease) in provision for income tax	26.5	(27.2)
Increase / (decrease) in provision for deferred tax liability	16.0	4.3
Increase / (decrease) in defined benefit pension plan liability	5.1	(2.3)
Increase / (decrease) in provisions	(25.8)	33.8
Net cash provided by operating activities	**271.1**	**171.1**

[52] Total comprehensive income does not include interest on loans to joint ventures. Refer to note 34 2(b).

33. Financial risk management

Overview
The Group's activities expose it to a variety of financial risks including:

- Market risk - commodity price risk, utility price risk, foreign currency risk, interest rate risk
- Credit risk
- Liquidity risk

The overall management of these financial risks seeks to minimise any potential adverse effects on the Group's financial performance that may arise from the unpredictability of financial markets. All areas of risk management are subject to comprehensive policies, procedures and limits which are monitored by management and approved by the Board, the Board Audit Committee or the Business Risk Committee under authority from the Board.

Group Treasury manages interest rate risk, liquidity risk, counterparty credit risk and foreign currency risk in accordance with policies approved by the Board.

The Business Risk Committee reviews and agrees policies for managing risks arising from commodity trading, crushing and processing of edible oils and sales as well as malt production and sales including the setting of limits for trading in derivatives to manage commodity price risk, foreign currency risk and utility price risk.

The Group's principal financial instruments comprise receivables, cash and short-term deposits, payables, bank loans and overdrafts, finance leases and derivative financial instruments.

Derivative financial instruments are utilised to manage commodity price risk, utility price risk, and foreign currency risk arising from trading in commodities, as well as purchasing and sale activities in Malt and Oils in the ordinary course of business; and to manage the inherent interest rate risk of Group borrowings. Certain foreign exchange derivatives for activities in Malt and Oils and interest rate swaps currently qualify for hedge accounting as cash flow hedges.

The Group uses different methods to measure and manage the different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk, and assessments of market forecasts for interest rate, foreign exchange, commodity and utility prices. Ageing analysis and monitoring of specific credit limits are undertaken to manage credit risk. Liquidity risk is monitored through the use of rolling cash flow forecasts, and by comparing projected net debt levels against total committed facilities.

Market risk

Commodity price risk – commodity trading
Commodity price risk arises due to grain and edible oil price fluctuations impacting on the value of commodity forward purchase and forward sales contracts written by the Group as part of its grain, meal and edible oil marketing activities. The Group's policy is generally to lock in favourable margins between the purchase and sale price of commodities but differences in the timing of entering into these contracts create an exposure to commodity price risk.

To manage exposure to this commodity price risk, the Group enters into various exchange traded commodity derivative contracts (futures and options) as well as over-the-counter contracts with terms between 2 and 24 months depending on the underlying transactions. These contracts are predominantly in Australia, New Zealand, US, Canada and Europe based financial markets and denominated in those currencies. Changes in fair value are recognised immediately in the income statement.

Commodity trading assets and liabilities subject to commodity price risk as at 30 September:

	Fair value of derivatives and physical inventory $ M	Net effect of a 20% appreciation in price on post-tax profit or loss $ M	Net effect of a 20% depreciation in price on post-tax profit or loss $ M
2015	183.8	(1.1)	1.1
2014	256.5	(2.9)	2.9

33. Financial risk management (continued)

The fair value for commodity trading assets and liabilities subject to commodity risk is defined as follows:

- Commodity inventory at fair value: the market value amount as at reporting date.
- Forward purchase and sales contracts: mark to market as at reporting date.
- Commodity futures: mark to market as at reporting date.
- Commodity options: market value amount as at reporting date.

Discussion of sensitivity analysis
A 20% movement in commodity prices has been determined as a reasonably possible change based on recent market history specific to agricultural commodities. However, due to controls the Group has in relation to commodity trading, such as trading limits and stop losses, it is not expected that a change of this magnitude would crystallise. The 20% movement is calculated over the market value amount of the net exposure of the commodity physical and derivative contracts.

Commonly traded commodities include wheat, sorghum, barley, tallow, vegetable oil, canola and pulses.

Commodity price risk – malt and oils production
The Group enters into forward physical purchase and sales contracts along with commodity derivative contracts to manage the underlying price risks in the purchase of raw materials for malt and oils production and the subsequent sale of malt and oils products from own use manufacture. These contracts are entered into and continue to be held for the purpose of delivery of raw materials and subsequent sale of processed malt and oils arising from the Group's expected purchase, sale or usage requirements; and are classified as non-derivative, and not fair valued.

Utility price risk – malt production
The Group enters into utility price swap contracts to fix utility costs incurred in malt processing. Changes in fair value are recognised immediately in the income statement.

Assets and liabilities subject to utility price risk as at 30 September:

	2015 $ M	2014 $ M
Utility contracts at fair value:		
Asset / (liability)	(0.2)	0.2

At 30 September, if the price of utility swap contracts moved as illustrated in the table below, with all other variables held constant, profit and equity would have been affected as follows:

	2015 $ M	2014 $ M
Profit / (loss)		
20% increase	0.3	0.9
20% decrease	(0.3)	(0.9)

33. Financial risk management (continued)

Foreign currency risk

The Group is exposed to foreign currency risk arising from transactions entered into in its normal course of business and as a result of its investments in foreign operations. GrainCorp operates in seven local currencies across its global operations: Australian Dollar, US Dollar, Canadian Dollar, UK Pound Sterling, Euro, New Zealand Dollar and Japanese Yen. Movements in foreign currency exchange rates will result in gains or losses in the income statement due to the revaluation of certain balances or in movements in the foreign currency translation reserve from the revaluation of foreign operations. The Australian dollar is the presentation currency of the Group.

Transactional currency exposures arise from sales or purchases in currencies other than the functional currencies of each of the entities within the Group. For example, the Group is exposed to transactional exposure in respect of non-functional currencies on foreign currency denominated contracts taken out on the Australian, US, Canadian and European markets to manage commodity price risk from commodity trading. In accordance with the Group's risk policy, forward exchange contracts and foreign currency options are utilised to manage this risk, with the contract timed to mature when the relevant underlying commodity contracts expire.

The investment of capital in foreign operations, such as overseas subsidiaries, with functional currencies other than the Australian Dollar exposes the Group to the risk of changes in foreign exchange rates. The Group's Consolidated Statement of Financial Position is therefore affected by exchange differences between the Australian Dollar and functional currencies of foreign operations. Variations in the value of these overseas operations arising as a result of exchange differences are reflected in other comprehensive income. The Group monitors this risk via its foreign currency risk policy and conducts hedging, such as the use of net investment hedges, in accordance with this policy. Refer to note 1(m).

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

2015	Exposure at reporting date $M	Impact on profit / (loss) after tax $ M		Impacts on other components of equity $ M	
Movement in exchange rate		**+10%**	**-10%**	**+10%**	**-10%**
Australian Dollar	(90.1)	2.9	(2.9)	(9.2)	9.2
US Dollar	71.0	1.6	(1.6)	3.3	(3.3)
Canadian Dollar	70.9	1.8	(1.8)	3.2	(3.2)
UK Pound Sterling	1.0	(5.1)	5.1	5.2	(5.2)
Euro	(62.5)	0.6	(0.6)	(5.0)	5.0
New Zealand Dollar	36.5	0.1	(0.1)	2.5	(2.5)
Yen	(39.2)	(2.7)	2.7	-	-
Malaysian Ringgit	12.3	0.9	(0.9)	-	-

2014	Exposure at reporting date $M	Impact on profit / (loss) after tax $ M		Impacts on other components of equity $ M	
Movement in exchange rate		**+10%**	**-10%**	**+10%**	**-10%**
Australian Dollar	(107.2)	0.6	(0.6)	(8.1)	8.1
US Dollar	(19.7)	(4.0)	4.0	2.7	(2.7)
Canadian Dollar	106.7	4.4	(4.4)	3.1	(3.1)
UK Pound Sterling	45.3	(1.3)	1.3	4.5	(4.5)
Euro	(54.8)	0.7	(0.7)	(4.5)	4.5
New Zealand Dollar	27.2	(0.5)	0.5	2.4	(2.4)
Yen	2.5	0.2	(0.2)	-	-

33. Financial risk management (continued)

Interest rate risk

The Group's interest rate risk arises from interest obligations on all borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk.

The Group's policy is to manage its finance costs using a mix of fixed and variable rate debt. Current policy is to maintain between 40% and 75% of long term borrowings at fixed rates inclusive of a natural hedge from a subordinated loan. To manage this mix, the Group predominantly uses interest rate swaps. Under interest rate swap contracts, the Group is entitled to receive interest at variable rates and is obliged to pay interest at fixed rates, calculated by reference to an agreed-upon notional principal amount. The contracts require settlement of net interest receivable or payable at each reset period. The settlement dates coincide with the dates on which interest is payable on the underlying debt.

At 30 September 2015, after taking into account the effect of interest rate swaps, approximately 51%, that is $394 million of the Group's long term borrowings are at a fixed rate of interest (2014: 57%, $339 million).

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

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

	2015 $ M	2014 $ M
Fixed rate instruments		
Financial assets	0.2	0.2
Financial liabilities	(404.1)	(329.6)
Net fixed rate instruments	**(403.9)**	**(329.4)**
Variable rate instruments		
Financial assets	374.0	206.2
Financial liabilities	(714.3)	(604.3)
Net variable rate instruments	**(340.3)**	**(398.1)**

At balance date the Group had the following borrowings outstanding exposed to variable interest rate risk:

	2015		2014	
	Weighted average interest rate %	Balance $ M	Weighted average interest rate %	Balance $ M
Current:				
Short term facilities	1.00%	(75.2)	1.90%	(106.7)
Inventory funding facilities	2.80%	(253.5)	3.56%	(245.6)
Interest rate swaps (notional principal amount)	1.16%	236.4	-	-
	2.39%	(92.3)	3.06%	(352.3)
Non-current:				
Term facilities	2.26%	(779.9)	2.76%	(590.7)
Subordinated loan	-	-	4.91%	19.3
Interest rate swaps (notional principal amount)	1.16%	157.9	1.37%	319.4
	2.26%	(622.0)	2.76%	(252.0)
Net exposure to cash flow interest rate risk		**(714.3)**		**(604.3)**

33. Financial risk management (continued)

Sensitivity analysis

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

	2015 $ M	2014 $ M
Profit / (loss)		
+ 100 basis points	(3.5)	(4.0)
– 100 basis points	3.5	4.0
Increase / (decrease) in equity		
+ 100 basis points	3.9	3.2
– 100 basis points	(3.9)	(3.2)

Credit risk

The Group's exposure to credit risk arises from potential default of customers or counterparties. The carrying amount of financial assets represents the maximum exposure at the reporting date:

	2015 $ M	2014 $ M
Trade receivables	365.0	351.9
Other receivables	56.5	27.9
Derivative contracts at fair value	97.2	157.6
Amounts receivable from joint ventures	0.2	19.6
Derivative contracts margin deposits	19.9	2.3
Bank balances and call deposits	374.0	206.2
Total exposure to credit risk	**912.8**	**765.5**

It is the Group's policy that customers who wish to trade on credit terms are subject to a credit assessment, which may include an assessment of their independent credit rating (provided by an independent credit bureau), supplier references, financial position, country risk, past trading experience and industry reputation. Credit limits are determined for each individual customer based on the credit assessment. These limits are approved under the credit policy that is approved by the Board.

The Group does not have any significant credit risk exposure to a single customer or group of customers. Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is usually not significant but where appropriate, an allowance for doubtful debtors may be raised. On occasion, the Group may also hold collateral, which may take the form of physical commodities, bank guarantees, personal guarantee or mortgage over property until the debt is recovered. There was no significant concentration of credit risk within the Group as it deals with a large number of customers, geographically dispersed.

The credit risk arising from favourable derivatives transactions and deposits with financial institutions exposes the Group to credit risk if the contracting entity is unable to complete its obligations under the contracts. To respond to this risk, the Group has a panel of authorised counterparties. Authorised counterparties are principally large banks and recognised financial intermediaries with acceptable credit ratings determined by a rating agency. The Group’s net exposure and credit assessment of its counterparties are continuously monitored to ensure any risk is minimised.

The Group may also be subject to credit risk for transactions that are not included in the statement of financial position, such as when a guarantee is provided for another party. Details of contingent liabilities are disclosed in note 25.

33. Financial risk management (continued)

The ageing of trade receivables at the reporting date was:

	2015		2014	
	Gross $ M	Impairment $ M	Gross $ M	Impairment $ M
Not past due	315.6	(0.4)	296.1	(0.5)
Past due up to 30 days	32.0	-	33.4	-
Past due 31 to 60 days	7.2	-	7.5	-
Past due 61 to 90 days	3.2	-	2.1	-
Past due over 90 days	7.0	(1.5)	12.8	(0.7)
Total trade receivables	**365.0**	**(1.9)**	**351.9**	**(1.2)**

The movement in the provision for impairment in respect of trade receivables during the year was as follows:

	2015 $ M	2014 $ M
Balance at 1 October	(1.2)	(1.3)
Provisions made during the year	(1.0)	(0.7)
Impairment loss recognised	0.2	0.6
Provisions reversed during the year	0.2	0.2
Exchange difference	(0.1)	-
Balance at 30 September	**(1.9)**	**(1.2)**

None of the Group's other receivables or other financial assets are past due (2014: $0.6 million).

No provision for impairment is recognised at 30 September 2015 in respect of advances to joint ventures (2014: $nil impaired).

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, finance leases and committed available credit facilities. The Group manages liquidity risk by regularly monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities. Group Treasury aims at maintaining flexibility in funding by keeping committed credit lines available with a variety of counterparties.

At balance date, the Group had approximately $421.5 million (2014: $309.3 million) of unused credit facilities available for immediate use.

33. Financial risk management (continued)

Maturity analysis of financial liabilities

The tables below show the contractual maturities of financial liabilities, including estimated interest payments. The amounts disclosed in the table are the contractual undiscounted cash flows:

As at 30 September 2015	Less than 1 year $ M	Between 1 and 2 years $ M	Between 2 and 5 years $ M	Over 5 years $ M	Total $ M
Non-derivatives:					
Bank borrowings [53]	(336.6)	-	(529.6)	(268.0)	(1,134.2)
Trade payables	(167.2)	-	-	-	(167.2)
Other payables	(148.6)	-	-	-	(148.6)
Finance leases	(1.3)	(0.8)	(2.5)	(16.2)	(20.8)
Derivatives:					
Interest rate swap contracts	-	-	-	-	-
Forward foreign exchange contracts:					
- outflow	(681.7)	(92.7)	(13.3)	-	(787.7)
- inflow	594.3	10.2	-	-	604.5
Commodity futures and options:					
- outflow	(128.7)	-	-	-	(128.7)
- inflow	249.8	97.8	-	-	347.6
Commodity contracts (forward purchases and sales):					
- outflow	(594.6)	(28.1)	-	-	(622.7)
- inflow	715.9	5.0	-	-	720.9
Utility contracts (utility swaps):					
- outflow	-	-	-	-	-
- inflow	0.7	-	-	-	0.7
Embedded foreign exchange contracts:					
- outflow	(6.4)	-	-	-	(6.4)
- inflow	8.3	7.9	-	-	16.2

In addition to the cash flows above, financial guarantees (refer to note 19a) would be payable immediately in the event that a default of terms occurred.

[53] The Group's bank borrowings facilities and maturity dates are set out in note 18(e).

33. Financial risk management (continued)

As at 30 September 2014	Less than 1 year $ M	Between 1 and 2 years $ M	Between 2 and 5 years $ M	Over 5 years $ M	Total $ M
Non-derivatives:					
Bank borrowings	(363.2)	-	(600.7)	-	(963.9)
Trade payables	(151.2)	-	-	-	(151.2)
Other payables	(93.0)	-	-	-	(93.0)
Finance leases	(1.3)	(1.1)	(4.6)	(18.8)	(25.8)
Derivatives:					
Interest rate swap contracts	-	-	-	-	-
Forward foreign exchange contracts:					
- outflow	(653.6)	(49.2)	-	-	(702.8)
- inflow	437.4	22.5	-	-	459.9
Commodity futures and options:					
- outflow	(411.7)	(3.8)	-	-	(415.5)
- inflow	498.1	26.5	-	-	524.6
Commodity contracts (forward purchases and sales):					
- outflow	(342.2)	(9.6)	-	-	(351.8)
- inflow	429.5	0.9	-	-	430.4
Utility contracts (utility swaps):					
- outflow	-	-	-	-	-
Embedded foreign exchange contracts:					
- outflow	(6.4)	-	-	-	(6.4)
- inflow	14.4	4.2	-	-	18.6

33. Financial risk management (continued)

Fair value measurements

Financial instruments carried at fair value are classified using a 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 30 September:

30 September 2015	Level 1 $ M	Level 2 $ M	Level 3 $ M	Total $ M
Assets				
Financial assets at fair value through profit or loss				
- Derivatives	11.9	19.4	-	31.3
- Commodity contracts	-	1.5	60.2	61.7
Derivatives used for hedging	4.3	-	-	4.3
Commodity inventory at fair value less cost to sell (note 12)	-	6.4	153.5	159.9
Total assets	**16.2**	**27.3**	**213.7**	**257.2**
Liabilities				
Financial liabilities at fair value through profit or loss				
- Derivatives	34.9	2.3	-	37.2
- Commodity contracts	-	0.2	41.2	41.4
Derivatives used for hedging	46.2	-	-	46.2
Total liabilities	**81.1**	**2.5**	**41.2**	**124.8**
30 September 2014				
Assets				
Financial assets at fair value through profit or loss				
- Derivatives	36.5	68.5	-	105.0
- Commodity contracts	-	0.6	45.8	46.4
Derivatives used for hedging	3.9	2.3	-	6.2
Commodity inventory at fair value less cost to sell (note 12)	-	5.8	211.3	217.1
Total assets	**40.4**	**77.2**	**257.1**	**374.7**
Liabilities				
Financial liabilities at fair value through profit or loss				
- Derivatives	22.4	58.2	-	80.6
- Commodity contracts	-	-	27.1	27.1
Derivatives used for hedging	16.8	6.9	-	23.7
Total liabilities	**39.2**	**65.1**	**27.1**	**131.4**

33. Financial risk management (continued)

Fair value estimation

The fair value of financial assets and liabilities must be estimated for recognition and measurement for disclosure purposes. The fair values of financial assets and liabilities are shown in note 13.

The fair value of financial instruments traded on active markets (such as exchange traded commodity derivatives and forward exchange contracts) is 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 cash flows determined by observable yield curves. These instruments are included in Level 2.

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 and trade marketers, 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. Refer to commodity price risk for the sensitivity of fluctuations of unobservable inputs used to calculate the Level 3 instruments.

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 year ended 30 September 2015.

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at balance date.

The following table presents the changes in Level 3 instruments for the year ended 30 September 2015 and 30 September 2014.

	2015		2014	
	Commodity Contracts $M	Commodity inventory at fair value $ M	Commodity Contracts $M	Commodity inventory at fair value $ M
Opening balance as at 1 October	18.7	213.9	13.5	162.8
Gains / (losses) recognised in profit and loss	(8.4)	9.2	0.2	(8.7)
Net acquisitions and disposals	8.8	(69.6)	5.0	59.8
Closing balance as at 30 September	**19.1**	**153.5**	**18.7**	**213.9**

Fair value of other financial instruments

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

33. Financial risk management (continued)

Offsetting financial assets and liabilities

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

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

The following table presents the recognised financial instruments that are offset, or subject to offsetting arrangements mentioned above, as at 30 September 2014 and 30 September 2015:

30 September 2015	Gross amounts $ M	Gross amount set off $ M	Net amount in statement of financial position $ M	Amounts that are not offset $ M	Net amount $ M
Financial assets					
Cash and cash equivalents	415.8	(41.8)	374.0	-	374.0
Trade and other receivables	477.5	(2.7)	474.8	-	474.8
Derivative financial instruments	99.8	(2.6)	97.2	(24.8)	72.4
Total assets	**993.1**	**(47.1)**	**946.0**	**(24.8)**	**921.2**
Financial liabilities					
Cash overdraft	41.8	(41.8)	-	-	-
Trade and other payables	318.5	(2.7)	315.8	-	315.8
Derivative financial instruments	127.6	(2.6)	125.0	(24.8)	100.2
Total liabilities	**487.9**	**(47.1)**	**440.8**	**(24.8)**	**416.0**
30 September 2014					
Financial assets					
Cash and cash equivalents	220.0	(13.8)	206.2	-	206.2
Trade and other receivables	429.8	(6.2)	423.6	(1.5)	422.1
Derivative financial instruments	164.9	(7.3)	157.6	(88.0)	69.6
Total assets	**814.7**	**(27.3)**	**787.4**	**(89.5)**	**697.9**
Financial liabilities					
Cash overdraft	13.8	(13.8)	-	-	-
Trade and other payables	250.4	(6.2)	244.2	-	244.2
Derivative financial instruments	138.7	(7.3)	131.4	(89.5)	41.9
Total liabilities	**402.9**	**(27.3)**	**375.6**	**(89.5)**	**286.1**

34. Key Management Personnel disclosures and related party transactions

1. Key Management Personnel ('KMP') disclosures

a) KMP compensation

	2015 $'000	2014 $'000
Short-term employee benefits	8,058	7,433
Post-employment benefits	271	262
Long-term benefits	1,100	417
Share-based payments	788	(222)
Total KMP compensation	**10,217**	**7,890**

Detailed remuneration disclosures including details of rights provided as remuneration and shares issues on the exercise of such rights, together with terms and conditions of rights are provided in sections 1 to 6 of the Remuneration Report on pages 23 to 40.

b) Other transactions with KMP

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

Directors and other KMP who transacted business with the Group were A Bell, B Gibson, P Housden, B Ivanoff, A Johns, D Mangelsdorf, D McGauchie, M Palmquist, K Pamminger, D Taylor and D Trebeck. (2014: A Bell, B Gibson, P Housden, B Ivanoff, A Johns, D Mangelsdorf, D McGauchie, K Pamminger, D Taylor and D Trebeck).

	Consolidated	
Director related and KMP related entities	**2015 $'000**	**2014 $'000**
Current receivables	5,247	3,821
Current payables	9	92

2015: Current receivables include $3,689,000 relating to Allied Mills Australia Pty Ltd of which M Palmquist (appointed on 27 October 2014) and A G Bell are Directors and B Ivanoff (resigned on 27 October 2014) was a Director during the year. $863,000 receivable from Australian Agricultural Company Ltd, an entity related to D McGauchie. $691,000 receivable from Nuplex Industries Limited of which B Gibson is a Director. $2,000 receivable from Warakirri 2 Pty Ltd, an entity related to D Mangelsdorf. $1,000 receivable from National Grower Register Pty Ltd of which A Johns is a Director. Current payables include $9,000 relating to Allied Mills Australia Pty Ltd of which M Palmquist (appointed on 27 October 2014) and A Bell are Directors and B Ivanoff (resigned on 27 October 2014) was a Director.

2014: Current receivables include $1,840,000 relating to Allied Mills Australia Pty Ltd of which A Bell is a Director and B Ivanoff was a Director during the year. $1,981,000 receivable from Australian Agricultural Company Ltd of which D McGauchie is a Director. Current payables include $75,000 relating to Allied Mills Australia Pty Ltd of which A Bell is a Director and B Ivanoff was a Director during the year, $14,000 payable to Nuplex Industries Limited of which B Gibson is a Director, and $1,800 payable to Royal Wolf Trading Australia Pty Ltd of which P Housden is a Director and $1,000 payable to Klaus Trading Services Pty Ltd of which K Pamminger is a Director.

34. Key Management Personnel disclosures and related party transactions (continued)

2. Related party transactions

a) Transactions with related parties – wholly-owned members of the Group

Details of wholly-owned members of the Group and ownership interests in controlled entities are set out in note 28. Aggregate amounts included in the determination of profit from ordinary activities before income tax that resulted from transactions with wholly-owned entities within the Group were as follows:

	Parent entity	
	2015 $'000	2014 $'000
Fee for liabilities guarantee	1,206	-
Interest expense payable to subsidiaries	3	3
Interest revenue from subsidiaries	62,146	69,492

b) Transactions with related parties

Details of related companies are shown in note 31. Aggregate amounts included in the determination of profit from ordinary activities before income tax that resulted from transactions with related parties were as follows:

	Consolidated		Parent entity	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Freight income from Allied Mills Australia Pty Ltd ('Allied Mills')	8,115	10,529	-	-
Rental charge from Allied Mills	-	-	-	-
Sales income from Allied Mills	57,083	71,000	-	-
Purchases from Allied Mills	5,308	2,099	-	-
Interest income from Allied Mills	614	934	614	934
Storage income from Allied Mills	7,470	7,979	-	-
Sales income from Five Star Flour Mills ('Five Star')	96,477	104,900	-	-
Membership fees to National Grower Register Pty Ltd ('NGR')	-	2	-	-
Interest income from NGR	11	18	-	-

c) Outstanding balances in relation to transactions with related parties

Aggregate amounts receivable from and payable to other related parties at the end of the reporting period were as follows:

	Consolidated		Parent entity	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Subsidiaries				
Non-current receivables	-	-	1,473,479	1,419,178
Joint ventures				
Loan to NGR (note 11)	175	175	-	-
Loan to Allied Mills (note 11)	-	19,092	-	19,092
Current trade receivable Allied Mills	3,689	1,840	-	-
Current trade receivable Five Star	6,881	-	-	-
Loan interest receivable from Allied Mills (note 11)	-	279	-	279

34. Key Management Personnel disclosures and related party transactions (continued)

d) Terms and conditions

Transactions between GrainCorp and related parties in the Group during the years ended 30 September 2015 and 2014 consisted of:

i. loans advanced and repaid within the Group;

ii. payment of dividends to GrainCorp;

iii. management fees for administrative services paid to GrainCorp;

iv. liability guarantee fees paid to GrainCorp;

v. sale of goods; and

vi. reimbursement of expenses.

These transactions occurred within a normal customer relationship on terms no more favourable than those available on similar transactions to other customers, except when there is no interest or fixed terms for repayment on intercompany loans within the Group. Outstanding balances are unsecured and repayable in cash.

35. Share based payments

a) Long Term Incentive ('LTI') Plan

The LTI plan was designed to provide longer term focus and alignment to business strategy through performance hurdles of Return on Equity ('ROE') and relative Total Shareholder Return ('TSR').

Grant quantum is derived by a percentage of fixed remuneration as determined by the Board. The dollar value is converted into the number of rights by dividing it by the Volume Weighted Average Price ('VWAP') of GrainCorp's shares over the 20 trading days after annual results are released. The vesting period is 3 years subject to meeting ROE and relative TSR performance hurdles. Full details of the LTI plan and link to performance can be found in the Remuneration Report.

The grant-date fair value of the rights granted through the LTI plan was measured based on a Monte-Carlo simulation for the TSR component and a binomial tree valuation methodology for the ROE component. The inputs used in the measurement of the fair values at grant date for grants made include the following:

Grant date	16 February 2012	2 May 2014	17 December 2014
Fair value at grant date (TSR)	$5.66	$2.84	$3.42
Fair value at grant date (ROE)	$6.96	$8.17	$7.23
Estimated vesting date	30 September 2014	30 September 2016	30 September 2017
Share price at grant date	$8.20	$8.94	$7.90
Volatility	30%	20%	20%
Risk free interest rate	3.50%	2.72%	2.20%
Dividend yield	5.9%	3.5%	3.0%

35. Share based payments (continued)

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

Grant date	Expiry date	Balance at start of year	Granted during year	Exercised during the year	Forfeited during year	Expired during year	Balance at end of year	Exercisable at end of year
16 Feb 2012	30 Sep 2014	125,350	-	(103,849)	-	(21,501)	-	-
2 May 2014	30 Sep 2016	131,206	-	-	-	-	131,206	-
17 Dec 2014	30 Sep 2017	-	298,633	-	-	-	298,633	-
		256,556	298,633	(103,849)	-	(21,501)	429,839	-

The 2013 LTI plan was awarded as deferred cash grants due to takeover speculation and share price volatility at the time of the grant in December 2012. The deferred cash awards maintain the same time, vesting and performance conditions as existing LTI plans. The 2014 LTI plan was initially awarded as deferred cash grants for the same reasons. Following the rejection of the ADM bid by the Federal Treasurer on 29 November 2013, the Board determined that the award would be converted back to an equity-based LTI award. Refer to Section 5.2 of the Remuneration Report for further details.

b) Deferred Equity Plan ('DEP')

Short term incentives awarded to Executives are not paid in full in the performance year. Rather a significant portion (50% for the Managing Director & CEO and at least 40% for other Executives) is deferred and paid subject to the Executive remaining with the company for subsequent periods. This reflects the Board's desire to encourage retention and performance.

For the Managing Director & CEO the 50% deferred component of STI is paid 12 months following the initial STI awards as cash. For the other Executives the deferred component is paid over two years as rights (ie 50% deferred component at the end of year one and 50% of deferred component at the end of year two).

Grant quantum under the DEP is a deferred proportion of the prior financial year's total short term incentive. The dollar value is converted into the number of rights by dividing it by VWAP of GrainCorp's shares over the 20 trading days after annual results are released. The vesting period is 50% at the end of one year and 50% at the end of two years.

c) Expenses arising from share-based payment transactions

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

	2015 $ M	2014 $ M
Share-based payments expense	1.4	(0.2)

36. Events occurring after the reporting period

Mr Peter Richards was appointed as a Non-executive Director of the Company on 9 November 2015.

No other matters or circumstances have arisen since 30 September 2015 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 56 to 121 are in accordance with the *Corporations Act 2001*, including:

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

   ii. giving a true and fair view of the consolidated entity's financial position as at 30 September 2015 and of its performance for the financial year ended on that date; and

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

c) at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group identified in note 30 will be able to meet any obligation or liabilities to which they are, or may become, subject to by virtue of a deed of cross guarantee described in note 30.

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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

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

D C Taylor
Chairman

Sydney
12 November 2015

Independent auditor's report to the members of GrainCorp Limited

Report on the financial report

We have audited the accompanying financial report of GrainCorp Limited (the company), which comprises the consolidated statement of financial position as at 30 September 2015, the consolidated income statement and consolidated statement of comprehensive income , consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for the GrainCorp Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1a, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the consolidated entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

PricewaterhouseCoopers, ABN 52 780 433 757
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

Auditor's opinion

In our opinion:

(a) the financial report of GrainCorp Limited is in accordance with the *Corporations Act 2001,* including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 September 2015 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

(b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1a.

Report on the Remuneration Report

We have audited the remuneration report included in pages 23 to 40 of the directors' report for the year ended 30 September 2015. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of GrainCorp Limited for the year ended 30 September 2015 complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Matthew Lunn

Sydney
12 November 2015

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T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

Shareholder Information

Holdings distribution as at 30 October 2015

Range	Securities	%	No. Of Holders	%
100,001 and Over	195,521,841	85.4	46	0.3
50,001 to 100,000	2,495,509	1.1	36	0.3
10,001 to 50,000	9,600,565	4.2	526	3.8
5,001 to 10,000	7,305,142	3.2	1,027	7.5
1,001 to 5,000	11,005,257	4.8	4,750	34.5
1 to 1,000	2,927,314	1.3	7,392	53.6
Total	**228,855,628**	**100.0**	**13,777**	**100.0**
Unmarketable Parcels	**7,770**	**0.00**	**702**	**5.1**

Twenty largest shareholders as at 30 October 2015

Rank	Name	Shares held	Issued Capital
1	ADM Australia Holdings II Pty Limited	45,420,054	19.9%
2	J P Morgan Nominees Australia Limited	35,437,670	15.4%
3	National Nominees Limited	26,216,726	11.4%
4	HSBC Custody Nominees (Australia) Limited	25,805,259	11.3%
5	Citicorp Nominees Pty Limited	23,724,432	10.4%
6	BNP Paribas Noms Pty Ltd	11,004,391	4.8%
7	RBC Investor Services Australia Nominees Pty Limited	9,176,006	4.0%
8	AMP Life Limited	2,792,309	1.2%
9	Citicorp Nominees Pty Limited	2,437,821	1.1%
10	Jarjums Holdings Pty Limited	1,700,000	0.7%
11	RBC Investor Services Australia Nominees Pty Limited	1,431,480	0.6%
12	RBC Investor Services Australia Nominees Pty Limited	1,360,372	0.6%
13	Donald Cameron Seaton	1,133,976	0.5%
14	HSBC Custody Nominees (Australia) Limited	990,898	0.4%
15	UBS Nominees Pty Ltd	970,141	0.4%
16	HSBC Custody Nominees (Australia) Limited	649,746	0.3%
17	Invia Custodian Pty Limited	483,486	0.2%
18	HSBC Custody Nominees (Australia) Limited	375,000	0.2%
19	Milton Corporation Limited	362,290	0.2%
20	Menegazzo Enterprises Pty Ltd	241,783	0.1%
Total		**191,713,840**	**83.7%**
Balance of Register		**37,141,788**	**16.3%**
Grand Total		**228,855,628**	**100.0%**

Substantial shareholders

The following organisations disclosed a substantial shareholding notice in GrainCorp Limited by 4 November 2015:

Name	Notice Date	Shares held	Issued Capital
ADM Group Company	2 December 2013	45,420,054	19.9%
Ellerston	18 September 2015	21,339,980	9.3%
Perpetual Limited	25 August 2015	16,825,580	7.4%
The Goldman Sachs Group, Inc	1 September 2015	16,613,308	7.3%
Dimensions Entities	22 July 2015	11,446,574	5.0%

Voting rights

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

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CORPORATE DIRECTORY

DON C TAYLOR
Chairman

MARK L PALMQUIST
Managing Director and
Chief Executive Officer

REBECCA P DEE-BRADBURY
Non-executive Director

BARBARA J GIBSON
Non-executive Director

PETER J HOUSDEN
Non-executive Director

DONALD G MCGAUCHIE
Non-executive Director

DANIEL J MANGELSDORF
Non-executive Director

PETER I RICHARDS
Non-executive Director

DAVID B TREBECK
Non-executive Director

SIMON L TREGONING
Non-executive Director

GREGORY GREER
BETTY IVANOFF
Company Secretaries

Graincorp Limited
ABN 60 057 186 035

Registered Office
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