Co-operative Bulk Handling

Annual Report 2010

Simply for growers

CBH GROUP

Contents

ABOVE John Young and family from Calingiri
FRONT COVER Carl Fuchsbichler from Koorda

About the CBH Group

The CBH Group is one of Australia's leading grain organisations and the largest co-operative in the nation, with operations extending along the value chain from grain storage, handling and transport to marketing, shipping and processing.

The CBH Group is owned and controlled by around 4,500 grower members across the Western Australian grain belt.

The CBH Group exists to create and return value to Western Australian grain growers.

About our Business

The CBH Group markets and ships a range of grains including wheat, barley, lupins and canola to customers around the world.

The CBH Group receives, on average,10 million tonnes of grain each year and manages the most sophisticated grain storage and handling network in the world.

Strategic investments in international flour milling assets, as well as shipping and container transportation enable the co-operative to create additional value and connect its grower members with customers in a uniquely valuable way.

Financial and Operational Performance 2010

Posted a Group Net Profit After Tax of $28.1 million.

Acquired 7.8 million tonnes across Australia, including almost 50 per cent of the Western Australian harvest in 2009-10.

Restructured businesses internally and externally to place growers at centre of business.

Largest exporter of wheat, barley and canola from Australia in 2009-10.

Announced a second Customer Loyalty Payment rebate to growers totalling $14.2 million.

Kept storage and handling charges flat for three years from 2008-09 to 2010-11.

Rebated $8 million in freight to growers from the 2008-09 freight fund.

Received 11.1 million tonnes in the network.

Received USD8.5 million in cash returned from record profits earned by Interflour Group.

Completed $67 million worth of capital works and maintenance to the network.

Recognised $38.9 million of impairment charges in relation to the Metro Grain Centre.

Tendered the Western Australian rail transport contract for the first time.

Introduced innovative On-Farm Services to provide increased flexibility and value to growers.

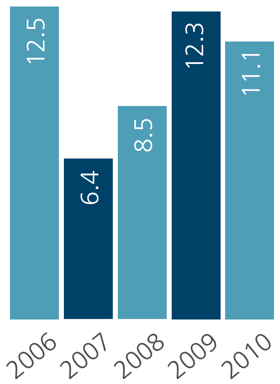
Launched the Quality Optimisation Trial to allow growers to blend online.

Won the IFAP 2010 SKILLED Safety Innovation Award for the sampling walkway initiative and the Grant Thornton Risk Management Award in the 2010 NAB Agribusiness Awards for Excellence.

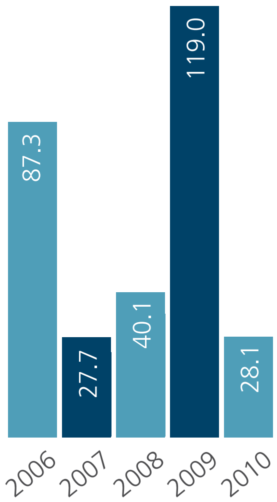
Delivered over 40,000 hours of safety training to staff members.

Provided more than $300,000 in funding to rural communities across Australia.

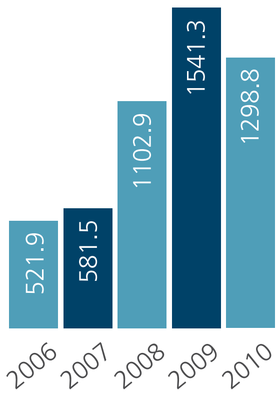
Tonnes Handled (million tonnes)



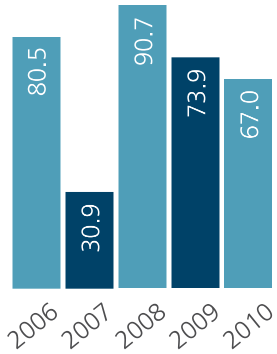
Net Profit After Tax ($m)



Revenue ($m)



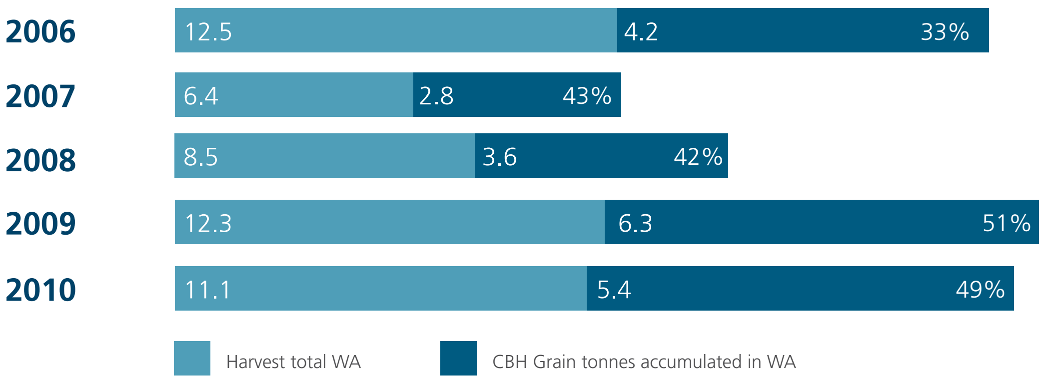
Capital Reinvestment ($m)



Summarised Results

		2010	2009
Tonnes handled	mmt	11.1	12.3
Tonnes exported	mmt	5.0	5.6
Revenue	$m	1,298.8	1,541.3
Revenue including pool revenue	$m	2,630.8	3,533.3
Net operating profit before interest and tax	$m	74.1	183.4
Customer loyalty payment	$m	14.2	16.3
Net profit after tax	$m	28.1	119.0
Capital expenditure on property, plant and equipment	$m	67.0	73.9
Total assets	$m	1,627.3	1,505.5
Debt owing	$m	176.4	81.6
Equity	$m	1,109.0	1,089.2
Return on average equity	%	2.6	11.5
Gearing (net debt to net debt plus equity)	%	0.0	0.0

CBH Grain Market Share (million tonnes)



Summarised Review

Operations

Business

CBH Operations receives, handles, stores and outloads bulk grain at almost 200 receival points throughout Western Australia's grain belt.

The CBH Group's total storage capacity exceeds 20 million tonnes and, on average, 10 million tonnes is received from Western Australia's annual harvest.

CBH Grain

Business

CBH Grain is Australia's leading grain marketer and trader, marketing more than five million tonnes of grain in 2010.

CBH Grain currently exports a range of grains from Australia to more than 25 destinations around the globe, with the majority of grain shipped from Western Australian ports.

Interflour Group

Business

Interflour is one of the largest flour milling operations in South East Asia with milling interests in Indonesia, Vietnam and Malaysia and an annual milling capacity of 1.3 million tonnes.

2010 Highlights

- CBH Operations received 11.1 million tonnes.
- Delivered $8 million in freight rebates to growers.
- Completed $67 million worth of capital works and maintenance to the network.
- Kept storage and handling charges flat for third consecutive year in 2010-11 and the lowest in the nation.
- Tendered contract to move grain harvest on rail.
- Introduced Quality Optimisation Trial to allow growers to blend grain online in 2010-11.
- Launched a suite of On-Farm Services including on-farm sampling.

2010 Highlights

- CBH Grain recorded a profit of $12.1 million for the 11 months to 30 September 2010.
- Delivered $14.2 million in Customer Loyalty Payments to growers who sold to CBH Grain in the 2009-10 season.
- Acquired 7.8 million tonnes across Australia, including almost 50 per cent of the Western Australian harvest in 2009-10.
- Streamlined brand and strengthened business integration by renaming Grain Pool to CBH Grain.
- Continued expansion in eastern Australia and regional Western Australia to better service growers.
- Largest exporter of wheat, barley and canola from Australia in 2010.
- Achieved a turnover of $2.3 billion for grain sold to Pools and for cash during 2009-10.

2010 Highlights

- Flour mills posted a Profit After Tax of $40.2 million, with $20.1 million attributable to the CBH Group, up from $7.0 million in 2009.
- Interflour Group returned USD8.5million cash to the CBH Group.
- Completed the Interflour Vietnam port facility upgrade, adding storage capacity, coastal vessel and barge loading facilities.
- Completed the expansion project at the Prestasi Flour Mill in Malaysia, increasing the milling capacity significantly.

The CBH Group has a single clear and compelling focus: our growers.

The business has challenged itself in the last year to change its internal and external structure to place growers at the centre of the business.

Your CEO's Report

Your management team has undertaken several major projects over the past 12 months involving significant change for our staff, our growers and our business.

The CBH Group has a single clear and compelling focus: our growers. The business has challenged itself in the last year to change its internal and external structure to place growers at the centre of our business.

Your management team has undertaken several major projects over the past 12 months involving significant change for our staff, our growers and our business.

Safety

Safety is our key priority, a focus we are working to instill through every part of our business.

We have embarked on a major program to educate all of us on how to make the CBH Group a safer place to work. A new safety structure has been introduced, consisting of a Safety Board and regionally based safety officers that have overseen more than 40,000 hours of training. This has been our most ambitious training program in CBH's history.

Working at heights and opening tailgates were two of the most dangerous activities on our sites. To address these issues, every manual sampling platform now has a safety walkway to prevent falls and minimum standards for tailgates have been introduced. The CBH Group won the IFAP 2010 SKILLED Safety Innovation Award for developing this leading edge safety initiative.

Creating Value for Growers

Despite strong performances since grain marketing deregulation, the CBH Group has not operated as efficiently or effectively as it could.

It is the management team's responsibility to continuously improve the efficiency of the business and during 2010 we introduced the Grain Chain project to find material savings and new value within the existing business.

The project had two targets; to reduce costs and at the same time transform the business to focus on our grower members.

The business improvement strategies have already produced an annual $12 million saving with a further $18 million saving targeted for the coming year.

These activities have also provided the Board with opportunities to share this value with growers through a range of ways this year.

This included keeping our baseline storage and handling charge at an average $27.10 per tonne (for a wheat delivery to a tier one site) for a third consecutive year in 2010-11, making it again the lowest cost grain export supply chain in the nation.

An overall freight surplus of $8 million was also rebated back to growers from the freight pool collected under Grain Express to co-ordinate the rail task in a more transparent way.

CBH Grain was also able to provide growers with a Loyalty Payment for the second year running, rewarding our growers for their patronage over the last harvest.

A total of $14.2 million of additional value was rebated to growers across Australia in 2010.

An overall freight surplus of $8 million was also rebated back to growers from the freight pool collected under Grain Express to co-ordinate the rail task in a more transparent way.

It is the sum of all of these factors; our low charges; our loyalty rewards; rebates and maintaining a world class storage and handling system, that demonstrate the total grower value of the CBH Group for Western Australian growers.

Another outcome of the Grain Chain project was the development of the Grower Value division, putting growers at the centre of our business to ensure they remain the focal point for all our activities.

The Grower Value team has been introduced to provide a united CBH Group service to growers by packaging storage, handling and marketing services to suit growers' specific needs.

Grower Value is responsible for product development and has introduced a suite of On-Farm Services, including on-farm sampling, fast track and deferred delivery, all designed to provide growers with convenience, flexibility and time savings at harvest.

The CBH Group has also introduced the Quality Optimisation Trial which aims to increase value and provide flexibility to growers by allowing them to blend their grain quality online.

We need to, and will strive to, secure and find new ways to return value to growers so the decision to store and sell to your co-operative is an easy one. It has been our goal this year to explore the options available to us through the structure of our business.

Returning Value to Growers

Our management team has been working closely with the Board to design a new structure to give clear methods of demonstrating and returning value to growers.

We started the process by asking growers how they wanted future value distributed to them. The findings of this survey together with the strategies endorsed by the Board have guided our deliberations, resulting in three potential structural models. These models were shared with our growers during a series of meetings in late 2010. The Board will be making a decision on which model best suits the CBH Group and bringing that solution to growers during the 2011 year.

The investigation of different structures has highlighted that being a co-operative is not a disadvantage to growth or success in a competitive environment. In fact many large co-operatives around the world are highly successful; we just need to determine the right type of co-operative structure and run it commercially.

Some very hard decisions were made during the year in order to make the CBH Group a more competitive and efficient business. It was a year of immense change and I would like to thank all of our staff, who have been challenged personally to help make these changes.

The profit result was also achieved after rebating $14.2 million to growers through the CBH Grain Customer Loyalty Payment.

We will need to continue to make big changes to the way we do business and, with a team who are committed to One CBH working on behalf of our growers, I believe that we are well placed to make these decisions in the future.

To not only survive but to win in this environment, the CBH Group needs a single, clear, credible and shared focus; and that is our growers.

We are here to create and return value to our growers – that is why we exist and we are proud to be a grower-owned co-operative.

Financial Performance

As a result of our focus, the CBH Group has performed well over the past 11 months.

The CBH Group recorded a Net Profit After Tax of $28.1 million for the 11 months ending 30 September 2010.

The profit result was also achieved after rebating $14.2 million to growers through the CBH Grain Customer Loyalty Payment and $38.9 million of impairment charges recognised by CBH Operations.

The flour mills performed very strongly over the past 11 months, achieving a profit after tax of $40.2 million, $20.1 million attributable to the CBH Group. Interflour Group returned USD8.5 million to CBH during the period, the first time significant funds have been repatriated from the mills.

These financial results demonstrate the value that the CBH Group can deliver as a grower-owned co-operative.

Looking ahead to the immediate future, the 2010-11 harvest is expected to be well below average. The changes put in place in 2010 will prove very timely in protecting the financial stability of the business through a tough harvest for our members and will ensure CBH can create and return value to our grower members regardless of the season.

Dr Andrew Crane
Chief Executive Officer

Your Chairman's Report

We greatly value the opinion of our shareholders and listened to the views of our growers. Over 1,000 growers were surveyed on the issue of structure from a mix of zones, farm sizes and age brackets.

Exploring the best way to return value to growers was a focal point for the CBH Group Board of Directors over the past year.

While the current structure of the CBH Group has, and continues to, serve this organisation well the Board recognised some time ago that the structure of CBH required thorough re-assessment to ensure it was the correct model to take the organisation forward.

During 2010 the CBH Group undertook a program of extensive research to evaluate potential structures, with the aim of finding one structure that balances the provision of value to growers and the ongoing sustainability of the business.

Consider, Decide, Grow

We greatly value the opinion of our shareholders and listened to the views of our growers. Over 1,000 growers were surveyed on the issue of structure from a mix of zones, farm sizes and age brackets.

A number of strong themes were found in the feedback, the strongest being for the business to retain its co-operative principles.

Growers also told us they wanted to see the storage, handling and grain trading parts of our business remain grower-owned; see more value from downstream investments; gain reward for patronage and continued loyalty as well as the ability to continue to elect grower Directors.

As a result, the CBH Group will remain a co-operative and we have made significant progress on determining what kind of co-operative structure is best suited to our business to take us into the future.

Aligned to this process, the Western Australian Cooperatives Act was proclaimed on 1 September 2010 and will require the CBH Group to transition to the new Act by early 2012.

The Board intends to finalise its preferred structure and bring any constitutional or structural changes to members in 2011.

We believe in the co-operative model and are proud to be a co-operative.

Proud to be a Co-operative

During the process of exploring our structure and understanding the nature of co-operatives we discovered that they are no less efficient than a corporate. Co-operatives can be extremely successful, but only if they adapt to the changing environment.

The decision alone to remain a co-operative has given our employees greater focus and direction. It has provided clarity that our unwavering focus is on our growers and on how we can create and return value to them.

During 2010, the CBH Group was named Australia's largest co-operative in the Top 100 Co-operatives, Credit Unions and Mutuals list released by Co-operatives Australia, which includes businesses from agriculture, financial services, insurance and retail.

We believe in the co-operative model and are proud to be a co-operative.

Investment in the Network

The CBH Group offers a world class grain export supply chain and provides this service at the lowest cost in Australia.

The Board is committed to maintaining and enhancing the network and this year invested $67 million on capital and maintenance work.

Annual investment in the network is the Board's commitment to the growers of Western Australia and the future generations of grain growers to come.

Board Update

The CBH Group welcomed Mick McGinniss on his return to the Board in 2010 after previously serving on the CBH Group Board from 2002 to 2009.

David Willis also joined the CBH Group Board after Ken Palmer's retirement as Director following 17 years on the Boards of CBH and the Grain Pool of Western Australia.

Director Steve Tilbrook decided not to stand for re-election in 2010, after eight years of tenure on the CBH Board.

The Board thanks Ken and Steve for their outstanding contribution to the CBH Group and the industry. They both played a significant role as a Director in the CBH-Grain Pool merger in 2002 and the CBH Group's strong position today is testament to their knowledge and experience during this time.

Growers Advisory Council

On behalf of the Board I would like to thank the members of the Growers Advisory Council for their service.

The Growers Advisory Council was first established in 2003 to help facilitate communication between the CBH Board and growers at a grass roots level.

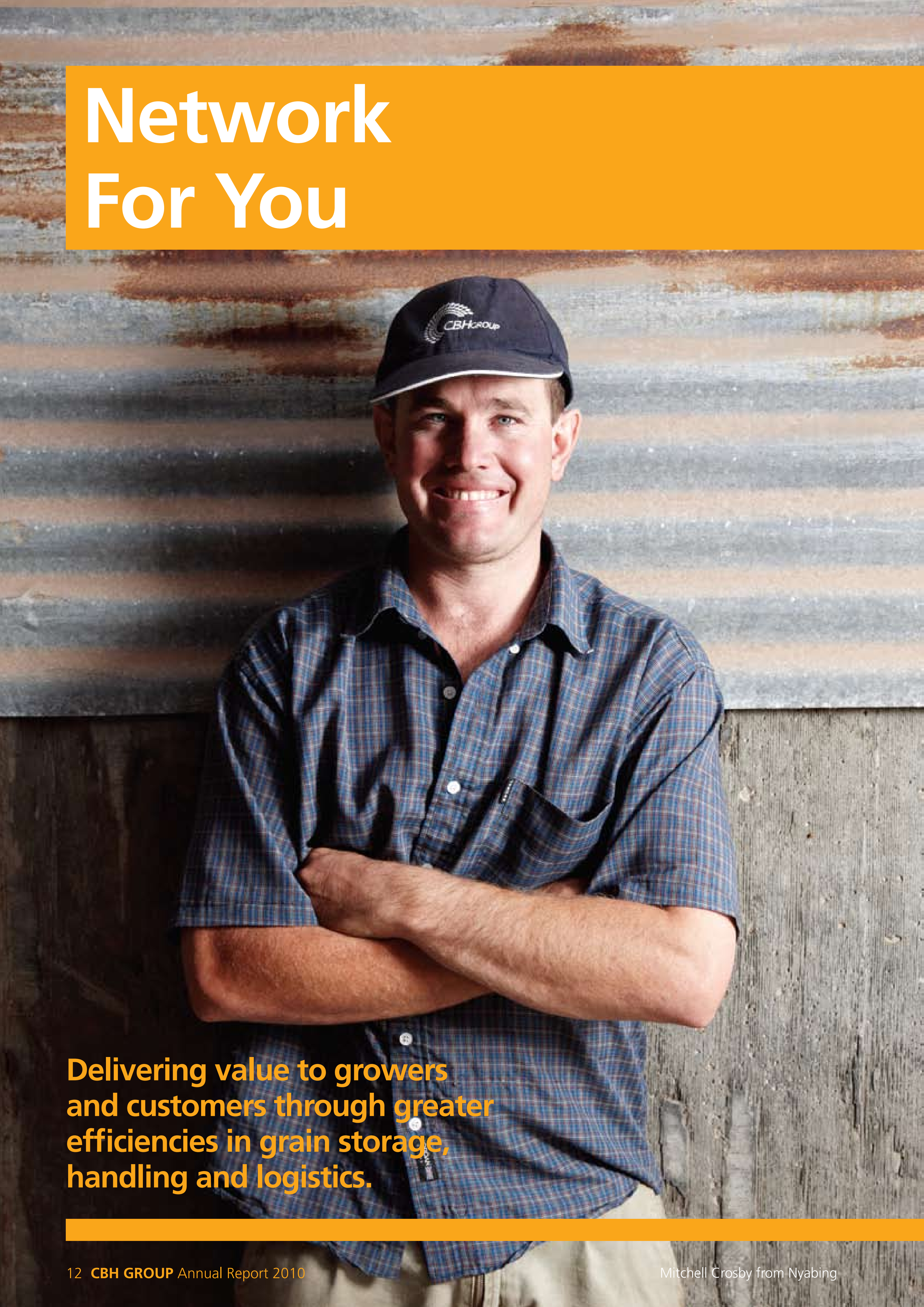
The Council was again a vital link for us between the boardroom and the farm-gate and their contribution is greatly appreciated.

Returning Value to our Growers

The grains industry has undergone many changes since deregulation, bringing with it both challenges and opportunities. The Board is committed to working together to represent the best interests of our grower shareholders and ensuring the CBH Group remains a highly successful leader within this changing industry environment.

Neil Wandel
Chairman

Network For You



Delivering value to growers and customers through greater efficiencies in grain storage, handling and logistics.

Mitchell Crosby from Nyabing

Delivering Value in 2010:

CBH Operations received 11.1 million tonnes, recording an $8.7 million loss after impairment charges of $38.9 million were recognised.

Completed $67 million worth of capital works and maintenance to the network.

Kept storage and handling charges flat for third consecutive year in 2010/11 and remained the lowest in the nation.

Delivered $8 million in freight rebates to growers through managing the Freight Pool on behalf of the industry.

Tendered contract to move grain harvest on rail.

Introduced Quality Optimisation Trial to allow growers to blend grain online through the LoadNet® system.

Launched a suite of On-Farm Services including on-farm sampling.

Grain Receivals

CBH Operations received 11.1 million tonnes, the fifth largest harvest on record, in 2009-10.

The season had a slower start than normal with the growing season quite variable in terms of weather conditions, which impacted on yields for Western Australian growers.

Favourable weather in June and July helped boost estimates quite early in the growing season, however, a dry August and the impact of frost later in the year saw the tonnage impacted negatively.

Grain Receivals for Harvest 2009-10

Zone	Tonnes
Albany	2.0
Esperance	1.6
Geraldton	2.5
Kwinana	5.0
TOTAL	**11.1**

GM Canola

During the 2009-10 harvest, the CBH Group received, handled and marketed the first small commercial volumes of a transgenic grain crop to be grown in Western Australia following the State Government's decision to allow a commercial trial of genetically modified (GM) canola.

Throughout the debate over the introduction of GM crops to Western Australia, CBH has maintained a position that, should growers decide they want the choice to grow GM crops, then our storage and handling network could segregate them from non-GM crops if required, just as we segregate other grains, grades and varieties.

The State Government allowed the full commercial release of GM canola in 2010 and just over 70,000 hectares were planted.

Logistics

Grain Express

Grain Express is a logistics co-ordination model focused entirely on getting the right grain to port at the right time in the most efficient way. When Grain Express was authorised by the Australian Competition and Consumer Commission in 2008, the deregulation of wheat exports and the entry into the market of multiple buyers threatened to cause severe disruption to grain storage, handling and transport in Western Australia. This threat remains if multiple buyers request to access and transport individual parcels of grain stock received at CBH Operation's 190-plus country receival sites.

By allowing CBH Operations to manage the inland transport of all grain delivered into the network, Grain Express results in grain being moved to port in a way which maximises the efficiency of the logistics system, minimises use of fumigants required to protect grain against insects, gives growers more time to make marketing decisions and gives CBH the volume certainty needed to purchase the best value rail and road freight services.

It also lowers the barriers to entry for marketers in Western Australia by allowing them to buy the grain they require from growers in any location, knowing CBH will out turn grain meeting the same receival standards at their chosen port. This also gives growers the benefit of more marketing options for their grain.

Since the end of the reporting period, the ACCC has issued a draft notice to revoke its approval of Grain Express. The CBH Group is investigating its options.

Freight Rebate

The CBH Group announced for the first time a freight rebate distributed to more than 5,000 Western Australian grain growers who paid freight to CBH Operations for the 2008-09 season.

The CBH Group tendered for grain rail freight services in Western Australia during 2010.

The total freight surplus for the season was around $8 million, including interest earned by the Freight Pool, which equates to around four per cent of the amount of freight incurred by each grower for the season.

The surplus was intended to help avoid potential big increases in freight charges per tonne in poor years, where growers and CBH Operations are still required to pay some fixed costs irrespective of the tonnages moved.

CBH Operations has since sourced insurance to help cover fixed costs in poor crop years and will continue to rebate any surplus funds and interest earned on each season's freight collections.

Keeping Grain on Rail

In 2010, the State Government approved a grain freight package for Western Australia's rail network. The deal saw a $6.9 million Transition Assistance Package (TAP) provided to temporarily offset the additional freight costs associated with keeping grain on rail rather than road.

The TAP allows the CBH Group to use the least cost pathway to port. Without the TAP, many narrow gauge lines would no longer have been competitive with road and around one million tonnes of grain would have shifted to road.

Since the end of the reporting period the State Government announced an additional $178.8 million funding for grain freight network upgrades. This also secured Federal funding to bring a total of $350 million committed by State and Federal Governments to the network. It provides a platform to ensure maximum grain moves on rail.

Rail Tender

The CBH Group tendered for grain rail freight services in Western Australia during 2010. An encouraging number of proposals were lodged by rail providers from Australia and around the world.

The contract is attractive because of the size of the task and the opportunities for improvement including in scheduling, labour arrangements and rolling stock technologies.

Since the end of the reporting period, the CBH Group has entered into a long term above-rail agreement with experienced US based rail operator Watco Companies. As part of this new arrangement CBH will also be making a significant investment in locomotives and rail wagons. These developments will help to ensure that WA growers have access to the most efficient and cost effective rail system and ensure the maximum amount of grain is transported by rail.

Expansion Projects

The CBH Group completed a range of capital works projects during 2010 to enhance the storage and handling network, adding 180,000 tonnes to the total storage capacity and receival machinery with additional discharge capacity.

Capital works projects included:

Calingiri – installation of a refurbished E-pit with new conveyor equipment to provide 500 tonne per hour inloading to existing Open Bulk Heads, relocation of surplus old 200 tonne per hour ground conveyor, set up in tandem with existing 200 tonnes per hour conveyor and dual fed onto 400 tonne per hour stacker to double the receival rate into the existing Open Bulk Head.

Carnamah – installation of a new 36 metre, 160 tonne weighbridge, new twin spear sample shed and associated new roads.

Chadwick – construction of two 30,000 tonne Open Bulk Heads.

Hyden – upgrade to existing 36 metre, 160 tonne capacity weighbridge and conversion to unmanned weigh-out, installation of new 36 metre, 160 tonne weigh-in weighbridge, new twin spear Type 11 sample shed and construction of associated new roads.

Kellerberrin – installation of new 36 metre, 160 tonne weighbridge.

Kukerin – upgrade to weighbridge deck.

Kwinana Terminal – installation of four road grids to improve flexibility to access existing conveyors when receiving rail and road transport.

Mukinbudin – relocation of old weighbridge decks from Koorda and Mukinbudin to make one 36 metre, 160 tonne weighbridge, installation of new twin spear Type 11 Sample shed and construction of associated new roads.

Munglinup – construction of a 60,000 tonne R Type Storage shed with 500 tonne per hour elevator and conveyors, construction of two 30,000 tonne Open Bulk Heads with 500 tonnes per hour V-pit elevator and conveyor loader system.

Sustaining Projects

The CBH Group has continued its commitment to maintaining the quality of the storage and handling network. The extended maintenance program will enhance country and port infrastructure.

Port Maintenance

A number of maintenance projects were carried out at the four ports including major repairs to the internal rail track at the Albany Terminal, continuation of the Geraldton Terminal Cell Refurbishment as well as the commencement of the depot wall refurbishment, continuation of the cladding replacement program at the Kwinana Terminal and re-painting of the shipping gallery at the Esperance Terminal. These projects were significant and will enhance the long term life of major assets.

Country Receival Site Maintenance

Major refurbishment and improvement works were completed to roads and open bulkhead storage pads at selected sites as well as resealing maintenance to refurbish sealing of fixed storages to maintain fumigation capability.

Enhancing Grower Value

Storage and Handling Charges

The CBH Group kept its total storage and handling charges flat for the third season in a row in 2010, maintaining Western Australia as the best value grain export supply chain in Australia.

The decision to hold the benchmark cost of using the CBH supply chain to an average of $27.10 a tonne demonstrated the real benefits to growers and the grain industry of Grain Express.

The decision came despite the significant increase in costs that CBH faced for electricity, fuel, labour and other inputs and the prospect of a well below-average harvest which increased the fixed costs per tonne of the network.

Under the 2010-11 schedule the benchmark charge for the CBH supply chain from receival to shipping will remain at $27.10 at tonne (based on wheat delivered to a Tier 1 site). The receival fee will remain $10 a tonne and the shipping fee will remain $17.10 for grain delivered either direct to port or through the Grain Express system managed by CBH.

Quality Optimisation

The CBH Group introduced a trial for a new Quality Optimisation system which will give growers the ability to optimise the quality of their grain via LoadNet®.

The trial is for wheat deliveries only and was run exclusively at the Salmon Gums and Grass Patch receival sites in the Esperance Zone, and the Northampton, Yuna and Binnu receival sites in the Geraldton Zone.

Growers have been asking for a grower weighted averaging system for some time and the aim of the trial is to test the proposed quality system to ensure it can deliver the benefits growers are looking for while also ensuring that the logistics can be effectively managed without eroding any value.

It is also important that the CBH Group can maintain the quality requirements of its international customers and deliver them more value in the process.

Quality Optimisation is a system designed to provide more flexibility and control over grain quality by allowing growers to virtually blend loads of wheat to form optimised lots to sell through LoadNet®.

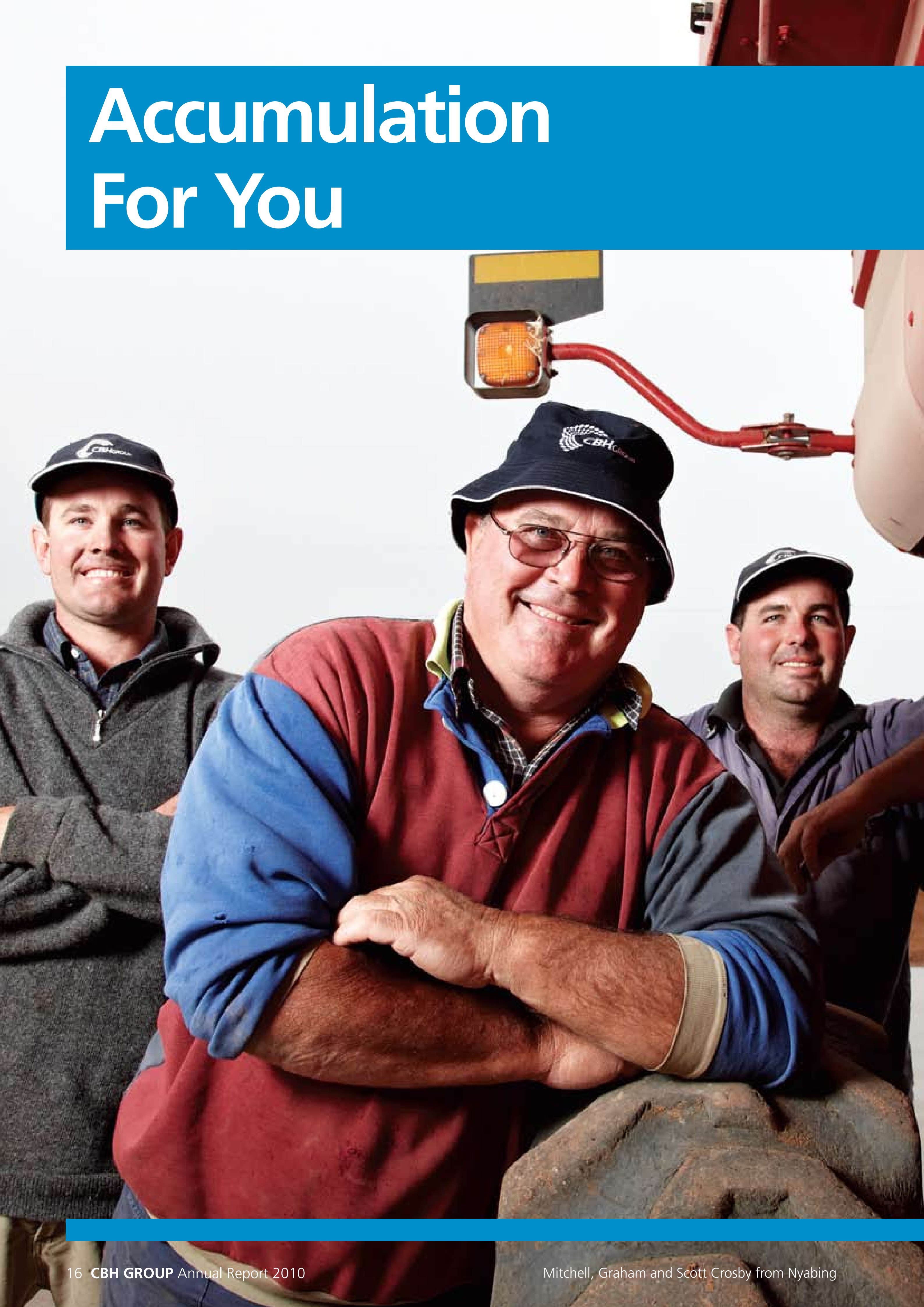
Results of the trial will be reported in early 2011 and a decision will then be made on whether or not CBH will introduce the system on a wider scale throughout the State for the 2011-12 harvest.

On-Farm Services

The grain industry in Western Australia is becoming an increasingly competitive market place and CBH Operations must continue to tailor its traditional services to offer growers differentiated storage, handling and logistics solutions that provide opportunities for enhanced value.

A number of initiatives were trialled during the 2009-10 harvest period in order to test the degree of growers' demand for these services. On the basis of these trials, CBH Operations is planning to implement On-Farm Sampling and Post Harvest Deliveries for the 2010-11 harvest.

Accumulation For You



Mitchell, Graham and Scott Crosby from Nyabing

Delivering Value in 2010:

Acquired 7.8 million tonnes across Australia, almost 50 per cent of the Western Australian harvest in 2009-10.

Delivered $14.2 million in Customer Loyalty Payments to growers who sold to CBH Grain in the 2009-10 season.

Simplified brand and strengthened business integration by renaming Grain Pool to CBH Grain.

Continued expansion in eastern Australia and regional Western Australia to better service growers.

Delivering value to growers through competitive prices, secure payments, reward for loyalty and a range of payment and marketing options for wheat, barley, canola, lupins and other grains.

In the 2009-10 season the CBH Group's marketing arm, CBH Grain, acquired 7.8 million tonnes of grain, with the majority of this coming from Western Australia, where CBH Grain accumulated almost 50 per cent of the State's crop.

During the second year of full deregulation in the Australian wheat industry, CBH Grain successfully accumulated 3.3 million tonnes of wheat, making CBH Grain the largest exporter of wheat in Australia.

In a deregulated environment, CBH Grain recognises the need to continue to provide growers with service and prices that warrant their patronage and will continue to look for ways to introduce new initiatives to return greater value to growers.

Grain Pool Renamed

During 2010 Grain Pool was renamed CBH Grain to align it to the CBH Group brand.

The rebrand clarifies and reinforces that the CBH Group is one integrated business focused on creating value for growers beyond the farm-gate. It also makes it simpler and clearer for growers and customers doing business with the CBH Group.

Pool Performance

The management of CBH Grain pools continues to leverage from the rich and proud history which exceeds 75 years of pool management for Western Australia growers. The pools offered by CBH Grain now cover three states, five different commodities and up to ten different pool products.

CBH Grain is in its seventh year of providing innovative wheat pool solutions to the Australian wheat grower and 2009-10 marks the second year of managing pools in South Australia and Victoria, with plans to expand into New South Wales and Queensland for the 2010-11 season.

CBH Grain is proud of its achievements in pool management and was rated by the Kondinin Group as the best performing wheat pool for four out of the last five years.

These achievements and milestones will continue to drive CBH Grain to provide innovative solutions and superior performance for the management of pools on behalf of Australian grain growers.

Customer Loyalty Payment

CBH Grain introduced the Customer Loyalty Payment in 2009 and continued the program in 2010 by delivering a $2.90 per tonne payment to any grower who sold grain to CBH Grain in the 2009-10 season.

The payment applied to both cash and pool deliveries and saw more than $14.2 million of additional value rebated back to growers.

The Customer Loyalty Payment was made possible by the patronage of growers across Australia. As a result of the large volume of grain received during the 2009-10 harvest, CBH Grain's overhead costs were able to be spread over more tonnes, lowering the cost per tonne.

As Australia's only grower-owned marketer and trader, CBH Grain hopes to provide a Customer Loyalty Payment every year, should market conditions allow, to those growers who choose to do business with the organisation.

Strengthening Grower Focus

CBH Grain introduced a number of initiatives to drive value for growers who deliver grain to the organisation.

In 2010, CBH Grain introduced two new innovative products for Western Australian growers – the Hectare Advantage Pool and Pre-pay Advantage.

Pre-pay Advantage is a pre-payment option for Western Australian growers seeking cash flow prior to harvest. It gives growers funds upfront in return for commitment of grain, while allowing time and flexibility to decide how and when they want to sell their grain to CBH Grain.

The Hectare Advantage Pool for wheat and barley was also released to provide growers with the right balance between production and price risk while providing price protection throughout the growing season. It gives growers an option to market their grain by committing hectares rather than tonnes in the early stages of the season.

The objective of the Hectare Advantage Pool is to assist growers in managing their production risk through a structured hedge profile that provides increasing price protection as yields become more certain.

CBH Grain launched a new publication called the Budget Guide, which aims to give growers more certainty over pool payments by providing estimates on when distribution payments would be made throughout the year.

Western Australian growers are supported by a dedicated regional team based throughout the grainbelt.

Eastern Australian Expansion

CBH Grain has been operating in eastern Australia since 2005 but, during 2010, expanded dramatically to offer growers in South Australia, Victoria and New South Wales a range of marketing options and competitive prices.

The network grew to five permanent Regional Managers and extended into northern New South Wales. The product range was also extended, offering cash, pool and cash contracts.

CBH Grain achieved a significant increase in the grain sold by growers from the 2008-09 harvest to the 2009-10 harvest.

The pools offered by CBH Grain now cover three states, five commodities and up to ten different pool products.

Marketing For You

Imogen Birch from Coorow

Delivering Value in 2010:

Largest exporter of wheat, barley and canola from Australia in 2010.

CBH Grain recorded a profit of $12.1 million in 2010.

Achieved a turnover of $2.3 billion for grain sold to pools and for cash during 2009-10.

Exported over five million tonnes to more than 80 customers around the globe.

Shipped Australia's first bulk cargo of sorghum to China.

Shipped CBH Grain's first canola cargo from Victoria to Canada, first South Australian canola cargo and first barley cargo from Victoria and South Australia.

Delivering value to customers through the supply of high quality Australian grain that meets their requirements and international food safety standards.

Export Markets

In 2009-10, CBH Grain marketed over five million metric tonnes of wheat, barley, canola, lupins, oats and sorghum to more than 80 customers across 25 countries throughout the world. CBH Grain remained the market leader in the export of wheat, barley, canola and lupins in 2010.

Wheat

The scale and diversity of CBH Grain's wheat marketing program enables it to access a wide range of markets and customers that provide the opportunity to deliver the best value return for its growers.

Combined sales across North Asia, South East Asia and the Middle East represented 84 per cent of CBH Grain's wheat distribution during 2009-10.

More specifically, wheat sales into the North Asian region accounted for 31 per cent of CBH Grain's total sales volume. CBH Grain achieved approximately 40 per cent market share for Australian noodle wheat in both Korea and Japan.

Sales to South East Asia accounted for 33 per cent of total volume and provided a consistent flow of shipping opportunities to CBH Grain's geographically closest demand region. CBH Grain's sales across the Middle East region accounted for 20 per cent of its export wheat market distribution.

CBH Grain continued to link Western Australian grain growers to their value chain business partner, Interflour, selling over 400,000 tonnes of wheat to the company's Asian flour mills. The supply of high quality Western Australian wheat has assisted Interflour in retaining its position as a leading producer of high quality flour for domestic and commercial markets in South East Asia.

The balance of wheat sales was spread across individual niche markets that have a consistent demand for high quality grain and recognise the benefits in sourcing their wheat from a grower-owned co-operative that provides the services and solutions of an integrated supply chain to the international market.

Barley

CBH Grain was the dominant exporter of Australian barley in 2009-10. CBH Grain continues to support its long term customers of malting barley across Asia, as well as the large domestic maltsters and brewers in Australia.

CBH Grain remains a strong supplier of feed barley into Asia and the Middle East region, which is the world's largest feed barley importer, as well as key domestic markets. CBH Grain exported its first cargoes of barley from Victoria and South Australia, to complement its Western Australian based business.

Canola

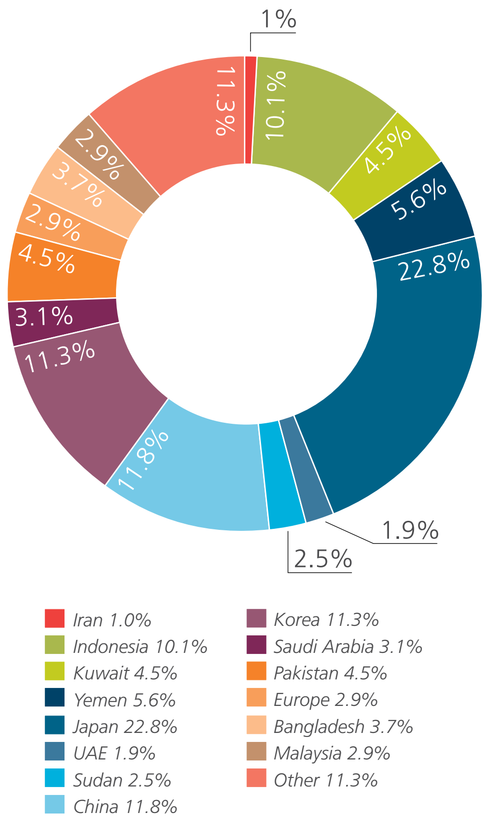
CBH Grain was the leading exporter of canola from Australia in 2010, with sales made in all the key markets of Europe, Japan, Pakistan, United Arab Emirates and Bangladesh.

Sales to Pakistan increased in 2010 with strong demand from the region as Pakistan's economy recovered after the global financial crisis. CBH Grain was able to supply its customers with grain from Western Australia, South Australia and Canada.

Sorghum

In an Australian first, CBH Grain sold a bulk shipment of sorghum to China during 2010. Traditionally sales of Australian sorghum into the Chinese market have been exported in containers.

CBH Grain Export Destinations



Eastern Australian Expansion

CBH Grain has expanded its operations in eastern Australia and established strong trading, marketing, supply chain and logistics expertise.

Supply Chain and Logistics

During 2010 CBH Grain built supply chain and logistic capabilities in eastern Australia and developed a team to manage bulk shipping, domestic end-user services, and container accumulation in conjunction with grower delivered contracts.

CBH Grain Eastern Australia managed and developed relationships with Bulk Handling companies, independent storage operators and transport companies.

CBH Grain's market share in eastern Australia grew significantly in 2010, seeing it ranked as one of the ten biggest grain exporters from the eastern states and one of the top five operating in South Australia, having exported well in excess of 600,000 tonnes last year.

Trading and Marketing

CBH Grain sold 900,000 tonnes of wheat during 2009-10 through a combination of bulk, domestic end-user and container markets from eastern Australia. It also exported 135,000 tonnes of wheat in bulk, generating unique value for Western Australian growers.

As well as negotiating and executing the first shipment of bulk sorghum from Australia, CBH Grain arranged the first bulk shipment of feed barley from Victoria to Japan and over 200,000 tonnes of bulk barley shipments from eastern Australia to traditional CBH Grain destinations.

CBH Grain's market share in eastern Australia grew significantly in 2010, seeing it ranked as one of the ten biggest grain exporters from the eastern states.

Domestic Markets

With ever increasing pressure coming from new and existing grain traders and the rapidly growing off-farm trade, CBH Grain's domestic market share remains very strong. Total 2009-10 grain sales into the domestic market reached 300,000 tonnes, with a value of over $80 million.

CBH Grain's Western Australian domestic team continued to service the local domestic market, securing supply agreements with KIRIN, Riverland Oilseeds and other major domestic end-users.

CBH Grain also secured domestic business and generated competition through the creation of a large number of new eastern Australian accounts, penetrating all sectors of the end-user market.

CBH Grain secured over 50,000 tonnes of barley sales to domestic maltsters and also sold wheat, barley, sorghum, canola and lupins for direct delivery to domestic end-users.

Focus on Quality

The CBH Group is committed to delivering high quality grain that meets international food safety standards to its customers.

During 2010, the CBH Group consolidated its quality assurance functions, bringing the on-farm and on-site quality management systems together under a central department.

The on-farm quality assurance program, formerly called Better Farm IQ (BFIQ), was renamed as part of the consolidation and is now known as CBH Quality Assurance. As part of these changes the on-farm program was re-introduced as voluntary rather than compulsory as in previous years.

More than 60 per cent of the 2009-10 harvest was produced by quality assured growers.

In 2010, the CBH Group successfully re-certified to the new ISO 9001:2008 quality management standard and continues to be certified to Hazard Analysis of Critical Control Points (HACCP) for its food safety program.

The CBH Group was successful in maintaining certification to Main Roads Western Australia's Heavy Vehicle program, which manages the fatigue of drivers and maintenance of vehicles and contributes to safer roads in Western Australia.

CBH also manages a Code of Practice for contracted road transporters which covers hygiene and traceability.

Adding Value For You

Jarrad Clarke from Goomalling

Delivering Value in 2010:

Flour mills posted a Profit After Tax of $40.2 million, with $20.1 million attributable to the CBH Group, up from $7.0 million on 2009.

Interflour Group returned USD8.5 million cash to CBH Group.

Completed the Interflour Vietnam port facility upgrade, adding storage capacity, coastal vessel and barge loading facilities.

Completed the expansion project at the Prestasi Flour Mill in Malaysia, increasing the milling capacity significantly.

Continued to develop markets globally for lupins to be used in food production through the Australasian Lupin Processing joint venture.

Delivering value through its Asian flour milling investment, the CBH Group provides a unique opportunity for growers to connect directly with markets and benefit from the margins generated further along the supply chain.

The CBH Group has investments in six flour mills located across South East Asia.

The investments have secured valuable markets for Western Australian wheat growers. More than two million tonnes of wheat have been shipped by the CBH Group to the mills since the company first gained a licence to export wheat in 2006-07.

Investment in the flour mills has provided the CBH Group and the growers of Western Australia with more market access and financial benefit through profit share arrangements.

Through its partnership, the CBH Group is able to convey clear market signals and unique feedback from its international customers direct to growers. At the same time the CBH Group is able to influence the proportion of Australian wheat acquired by the mills.

Flour Mills

In 2010 Interflour faced many challenges, from volatility in wheat price to entrants of cheaper flour imports and new competitors in Indonesia that created aggressive pricing as flour mills compete to maintain market share.

Despite the stiff competition and market situation faced by Interflour, it managed to deliver Profit After Tax of $40.2 million with $20.1 million attributable to CBH Group, an increase of 188 per cent from last year.

Interflour's strong result is mainly driven by the effective implementation of a wheat-buying program and improved customer relationship management with key customers.

In 2010, Interflour successfully completed Vietnam's port development project. It is now fully operational and the most advanced grain handling terminal in Vietnam.

Following the success in Interflour's development in Vietnam, Interflour will embark on the second phase of its journey by further expanding its flour mill by an additional 500 tonnes per day. Once completed, Interflour's flour mill in Vietnam will be the largest privately owned flour mill in Vietnam with daily milling capacity of 1,000 tonnes per day. The expansion is due for completion in 2012.

In 2010, Interflour also successfully completed its self funded USD12 million expansion of the Prestasi Flour Mill. With the extra capacity, Interflour is now able to further grow its market in Malaysia, previously unfulfilled due to capacity constraint, particularly in the bread segment with its newly improved bread flour quality that is quickly gaining ground in this market.

Australasian Lupin Processing

The Australasian Lupin Processing plant was first established in 2004 as a joint venture between the CBH Group and George Weston Foods.

During 2010 the CBH Group continued vital research and development work to establish a process to produce an entirely de-hulled lupin kernel.

Work also continued on the development of markets globally for lupins as food as well as stock feed. The strategy to promote using lupins as food is the best way to deliver value to growers, building volume through a new market with profitability to follow.

To this end, Australasian Lupin Processing has been integral in building demand for Western Australian lupins in the Indonesian tempe market and will continue to seek further development opportunities.

United Bulk Carriers

United Bulk Carriers (UBC) is a bulk freight management joint venture between CBH Grain and Hudson Shipping formed in 2005.

Using Hudson's shipping expertise and network, UBC is able to source non-grain bulk cargoes by offering competitive rates and flexible sailings underpinned by constant grain cargoes. UBC is now one of the largest carriers of dry-bulk cargo from Western Australia to Europe. The partnership ensures CBH Grain cargoes are shipped at the best market rates, while also offering the CBH Group and Western Australian grain growers a share in profits generated through parcelling non-grain cargoes.

Australian Bulk Stevedoring

Australian Bulk Stevedoring is a joint venture formed in 2009 between the CBH Group and Hudson Shipping Lines.

Australian Bulk Stevedoring provides stevedoring services to exporters at all Western Australian grain ports.

The establishment of Australian Bulk Stevedoring allows the CBH Group to create additional value for grower shareholders and customers by tightening the link between growers and customers and allowing the company to provide further services at each stage of the supply chain – from paddock to plate.

In 2010, Interflour successfully completed Vietnam's port development project. It is now fully operational and the most advanced grain handling terminal in Vietnam.

People Working For You

Greg Morris from Bencubbin

Delivering Value in 2010:

Implemented an Executive sponsored safety strategy including the introduction of zone based Health and Safety Advisors.

Implemented an online Health and Safety management system to record safety issues.

Won the IFAP 2010 SKILLED Safety Innovation Award for fitting walkways on manual sampling platforms to make taking grain samples from trucks safer.

Introduced minimum standards for truck tailgates.

Delivered over 40,000 hours of safety training to staff members.

Answered 31,486 calls through Grower Service Centre, with an average waiting time of less than 26 seconds.

Delivering value to over 4,500 grower shareholders through a focus on safety and customer service.

Our Staff

The CBH Group remains a major employer in rural and metropolitan Western Australia, with a workforce of around 1,000 permanent and up to 1,500 harvest casuals.

The organisation is committed to providing value to all employees and promotes a safe working environment for all.

Health and Safety

At the CBH Group, health and safety is a common fibre that links the entire business. The CBH Group is committed to providing a productive, safe and healthy work environment for everyone who visits or works at a CBH site.

The number of injuries had reached an unacceptably high level in recent years and this led to the introduction of a new safety strategy in the latter part of 2009.

Corporate Health and Safety Strategy

The CBH Group introduced its three phase Corporate Health and Safety Strategy.

A number of initiatives identified in the strategy were completed during 2010 with more currently underway to result in an improved safety culture and performance within the organisation.

The key outcomes for 2010 include:

- Safety and Health governance framework established. The Safety Board is chaired by the Chief Executive Officer with members from the Executive Committee.
- Implementation of an online Health and Safety management system called SHARE.
- Manual sampling platforms fitted with walkways.
- Following extensive grower and industry consultation, minimum standards for tailgate design and operation announced to prevent injuries at the grids.
- Over 40,000 hours of safety related training delivered in areas such as incident investigation, contractor management, health and safety roles and responsibilities.
- Life Saving rules for high risk safety hazards established and implemented for all CBH employees.
- Introduction of zone based Health and Safety Advisors.

An Ally to FarmSafe WA

In 2010 the CBH Group partnered with FarmSafe WA to protect farming families and workers and to improve farm business performance through better safety awareness and practices.

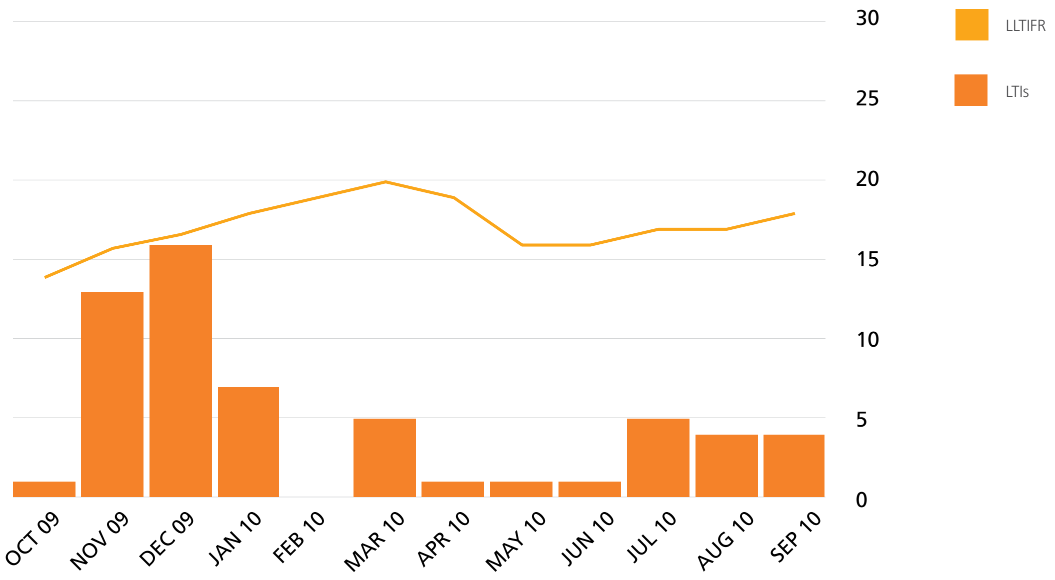
The CBH Group has proudly sponsored FarmSafe WA to purchase high visibility vests for distribution to growers and their families.

Safety and Health Performance

As at the end of September 2010, the Lost Time Frequency Rate* for the CBH Group was 18, which is unacceptably high. The CBH Group implemented several safety initiatives during 2010 to address this result.

As the organisation's safety culture matures, the safety performance measures will move toward Lead Indicators. These indicators show what we are doing to prevent incidents occurring by monitoring, reporting and taking preventative action.

Monthly LTIs and LTIFR 12 Month Rolling Average



*Lost Time Injury Frequency Rate – Number of Lost Time Injuries per million hours worked.

Our Grain Growers

Grower Service Centre – Western Australia

The Grower Service Centre in Perth provides growers in Western Australia with assistance on all aspects of the CBH Group business, including operational issues, the online portal LoadNet®, transferring grain online as well as product information, prices and payment arrangements offered by CBH Grain WA.

The Grower Service Centre was staffed throughout 2009-10 by seven full time employees, with an additional seven casual employees during the harvest period.

Last harvest the Grower Service Centre received 17,307 calls between the start of November and the end of January. The number of calls received outside of harvest was 14,179.

The average time in queue remained low again for 2009-10 at 25.7 seconds. The team aims to make doing business with the CBH Group as simple and easy as possible with professional, personalised service whether calling on the freecall 1800 number or sending a query electronically.

Grower Service Centre – Eastern Australia

CBH Grain also established a dedicated eastern Australian based Grower Service Centre in Melbourne operating over the harvest period to answer questions from growers located in South Australia, Victoria, New South Wales or Queensland.

Making Finding Prices Easy

The CBH Group's LoadNet® online system was integrated with online grain price discovery and management service DailyGrain® to provide growers with enhanced services and greater flexibility to assist them with their grain marketing.

DailyGrain® is an online membership service that compares marketers' live prices for grain every working day throughout the year. In May 2009, the CBH Group took a 50 per cent stake of DailyGrain® and in 2010 offered all CBH growers free membership to the online price discovery service.

Acknowledgement of Service

The CBH Group would like to acknowledge the commitment of long-serving employees who in 2010 achieved the following milestones:

25 years service

Shane Higgins
Dennis Munckton
Blake Andrews
Anthony Bunter
Luke Taplin
John Pendergrast
Kel Vann
Stephen Jeeves
Maurice Ward
James Sharrock

30 years service

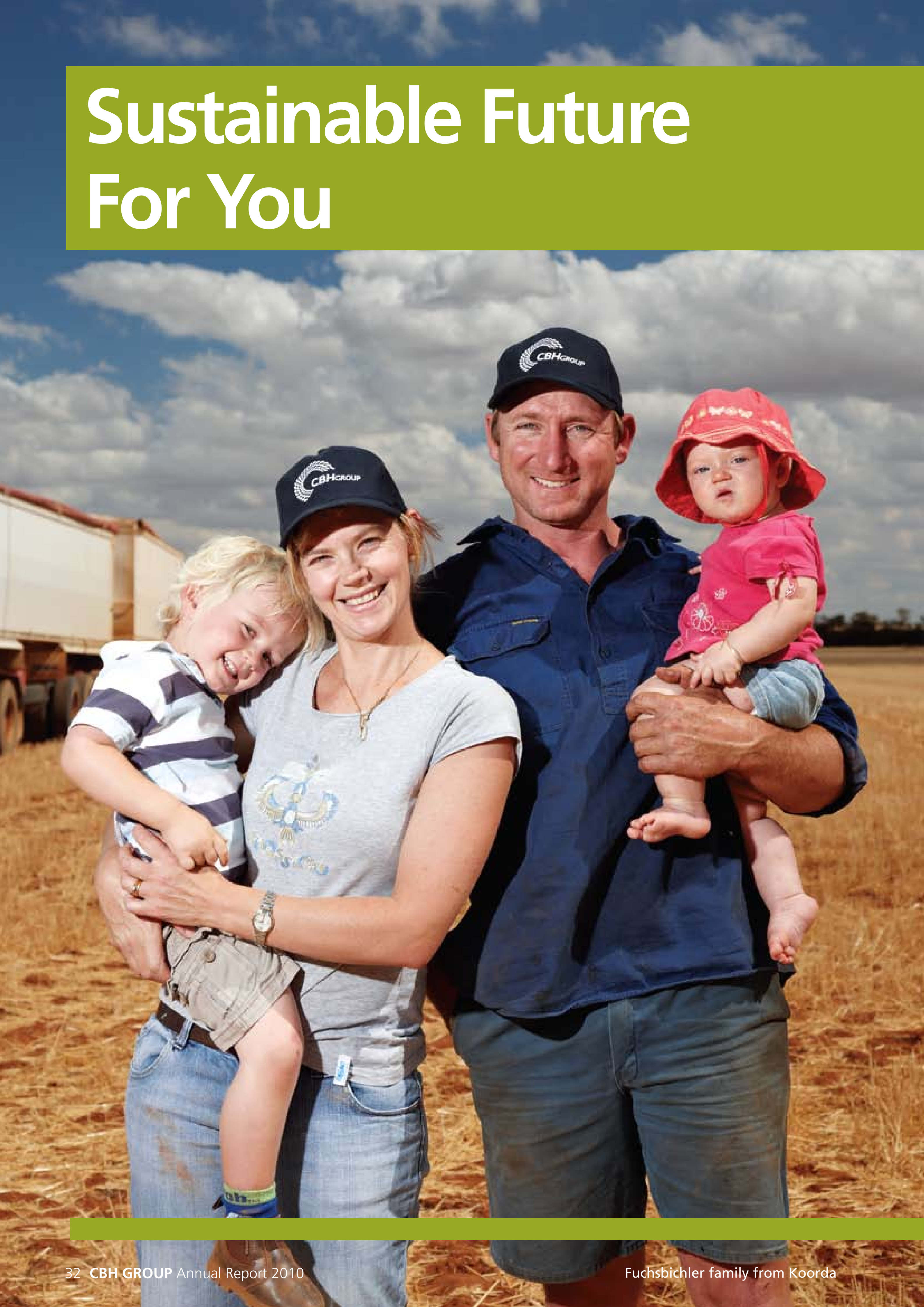
Terry Cunningham
Colin Jenkins
Steve Mizen
Graeme Howard
Colin Vince
Wayne Killen
Desmond Reynolds
Kevin Willis

40 years service

George Chausis
John Harris
Leslie Eskett

Thank you for your contribution and dedication to the CBH Group and the grains industry in Western Australia.

Sustainable Future For You



Fuchsbichler family from Koorda

Delivering Value in 2010:

Recycled over 3.5 tonnes of electronic waste which reduced the CBH Group's overall carbon footprint by about 4.5 tonnes.

Maintained certification to the International Standards Organisation ISO14001 Environmental Management Standard at all port terminals.

Trialled solar and wind powered lighting at several sites.

Energy reduction technologies were implemented in the design and fit out of the new CBH Group 'Halcyon House' office building in West Perth.

Provided more than $300,000 to rural communities throughout Australia.

Delivering value to all our stakeholders through support of local communities and by protecting, sustaining and enhancing the human and natural resources needed for the future.

Sustainable Planet

The protection of the environment and the conservation of natural resources continues to be an essential element of the CBH Group's operations and crucial to the long term sustainability of agriculture in Australia.

The key objectives of the CBH Group's Sustainability Plan remain unchanged, centering on ensuring the CBH Group prevents harm to the environment and continually reduces its overall environmental footprint while also striving to involve itself with initiatives designed to have a positive long term impact within the communities in which it operates.

A number of initiatives and activities continued in 2010 that ensured progress towards these goals.

Environmental Management Systems

The CBH Group again maintained certification to the International Standards Organisation ISO14001 Environmental Management Standard at all port terminals. For the third successive year no major corrective actions or non compliance issues were raised. Ensuring the CBH Environmental Management System continues to meet the high standards required of this internationally recognised standard for environmental management remains a key objective in 2011.

In the last year the CBH Group recorded no environmental breaches and increased its formal environmental auditing and monitoring programs from 50 to 60.

Energy Reduction

Many of the CBH Group's energy efficiency programs continued to return significant energy savings in 2010.

During 2010 the CBH Group successfully trialled solar and wind powered lighting at several sites. The implementation of larger scale projects designed to increase the CBH Group's renewable energy profile continues to be a key objective, particularly in the fringe energy grid locations or as a substitute to other supplementary energy sources.

Formal energy efficiency programs focused on practical initiatives and options were implemented at all major CBH Group terminals as part of the CBH Group's Environmental Management System (EMS).

A range of energy reduction technologies were implemented in the design and fit out of the new CBH Group 'Halcyon House' office building in West Perth.

Water Saving

Improving water use efficiencies and protecting water quality continues to be a fundamental sustainability objective for the CBH Group.

The water saving initiatives put in place continue to provide cumulative benefits across the entire CBH Group and water capture and usage design is now investigated at the site development phase.

Waste Management

The CBH Group continues to concentrate on reducing the amount of waste produced, while also maximising its resource recovery and recycling programs.

In addition to the programs that continue to be run for all CBH Group waste streams such as paper, oil, plastics, scrap metal, and grain covers, in the past year the CBH Group has focused on diverting away from landfill those wastes with the potential to have serious contamination impacts on either groundwater or soil.

During 2010 the CBH Group recycled over 3.5 tonnes of electronic waste. As well as ensuring the toxic compounds contained within this waste did not enter land fill sites, the recycling of this e-waste also reduced the CBH Group's overall carbon footprint by approximately 4.5 tonnes.

The CBH Group also continued its mobile phone reuse and recycle program. The money raised through recycling and reusing mobile phones and accessories is donated to the Centre for Cerebral Palsy Association, a not for profit organisation supporting people and families living with Cerebral Palsy.

Through the establishment of a fluorescent light tube recycling program, over 2000 disused fluorescent tubes containing mercury and other harmful substances have been sent for safe recycling.

Sustainable Communities

The CBH Group remains committed to developing and building strong and sustainable communities across rural Australia by supporting many rural organisations with development and community projects.

In 2010, the CBH Group provided more than $300,000 in funding to rural communities across Australia's grainbelt regions.

Supporting Local Rural Communities

The CBH Group supports local rural communities through event sponsorships, development projects and community organisations.

In 2010 the CBH Group supported a number of local community projects including the Future Farmers Network, Koorda and North Midlands Agricultural Shows, Munglinup Community Centre, RIRDC Rural Women's Award, Wheatbelt Women, Wongan Art and Craft Exhibition plus many more.

Major Partnerships

Sports Sponsorship

The CBH Group has a strong and long-standing Sports Sponsorship program and in 2010 it continued to support partnerships with the Western Australian Country Football League, Hockey WA and Tennis West. These partnerships helped fund regional carnivals and tournaments in addition to many local leagues and clubs.

Grain Grower of the Year Award

The CBH Group sponsored the inaugural Grain Grower of the Year Award, under the Kondinin Group/ABC Rural Australian Farmer of the Year Awards. The Award recognises excellence in grain production spanning the various grainbelts across Australia.

Foodbank

The CBH Group continued to support Foodbank in 2010 to facilitate grain donations from growers, which are converted into food for distribution to charities.

In total, 800,000 kilograms of pasta, enough for 2.4 million meals, went to those disadvantaged during 2010. This was facilitated through the 2,200 registered charities and agencies that Foodbank supplies, including a number in regional Western Australia.

Camp Quality

The CBH Group's engineering staff joined forces with Camp Quality in 2009 to launch a unique long-term partnership aimed at promoting the company's Targeting Zero Injuries safety initiative.

The partnership aims to support Camp Quality's recreational programs and promote a safe work environment for staff. For every day that engineering employees and contractors are Lost Time Injury free, CBH Group donates $5 to support Camp Quality activities. So far the CBH Group has donated over $7,000 for children living with cancer.

Supporting Industry

The CBH Group supports the agricultural industry through numerous partnerships and sponsorships. The CBH Group supports local grower groups, industry representative bodies and research and development as well as educational opportunities for growers.

In 2010 the CBH Group sponsored a University of Western Australia PhD scholarship in Grain Production, the Crawford Fund and Co-operatives WA ARC Linkage Grant application for Sustainable Cooperatives.

Grower groups supported by the CBH Group in 2010 included:

- Liebe Group
- South East Premium Wheat Association (SEPWA)
- Facey Group
- Mingenew Irwin Group
- Grain Growers Association
- Mackillop Farm Management Group – South Australia
- Southern Precision Agriculture Association (SPAA) – South Australia
- Mallee Sustainable Farming – South Australia
- Central West Conservation Farming Association – New South Wales
- FarmLink Research – New South Wales
- Central West Farming Systems – New South Wales
- Riverina Plains Inc – Victoria and New South Wales
- Birchip Cropping Group – Victoria
- Southern Farming Systems Limited – Victoria
- Lower Eyre Peninsula Ag Development Association – South Australia

Field Days

The CBH Group continued to support and attend a number of agricultural field days across Australia in 2010. These included:

- Dowerin GWN Machinery Field Days, Western Australia
- Newdegate Machinery Field Days, Western Australia
- Mingenew Lions Midwest Expo, Western Australia
- Wimmera Machinery Field Days, Victoria
- Mallee Machinery Field Days, Victoria
- Eyre Peninsula Field Days, South Australia
- AgQuip Field Days, New South Wales
- Henty Machinery Field Days, New South Wales

Staff Community Involvement

The CBH Group is proud to support its employees with their participation in charitable events and community activities. CBH Group employees provided valuable time, money and support to a number of charitable events and organisations throughout 2010, including:

- Activ Foundation's City to Surf
- Camp Quality
- St Vincent de Paul's CEO Sleepout
- HBF Freeway Bike Hike
- Rottnest Channel Swim
- Salvation Army Christmas Appeal
- National Ride to Work Day
- Red Cross Soup Kitchen

Your Board of Directors


Neil Wandel


Walter Newman


Trevor Badger


Vern Dempster


Kevin Fuchsbichler


John Hassell

Neil Wandel MAICD

Chairman

Neil Wandel was elected as a Director of the CBH Group in 2002 and was appointed as Deputy Chairman of the CBH Group Board in May 2005, before becoming the Chairman in April 2008.

He is the Chairman of the Board's Remuneration and Nomination Committee, a member of the Investment Committee and a Director of the Trustee of the CBH Superannuation Fund.

Mr Wandel has undertaken a marketing course, co-ordinated by Sparks Corp of USA, in the area of futures trading and risk management. Mr Wandel was an inaugural member and Chairman of the Pulse Association of the South East (PASE) until 2002 and is a Member of the Australian Institute of Company Directors.

Mr Wandel produces grain and cattle on his property at Scadden, near Esperance in Western Australia's South East.

Walter Newman FAICD

Deputy Chairman

Wally Newman has been a Director of the CBH Group Board since August 2000 and was Chairman of CBH subsidiary Bulkwest in 2002. He is Chairman of the Board's Communication Committee and a member of the Remuneration and Nomination Committee.

An experienced farmer from Newdegate in Western Australia's grainbelt, Mr Newman is a member of the WA Farmers Federation and the Newdegate Land Conservation District Committee. Mr Newman is renowned as the instigator of the popular Newdegate Machinery Field Days, an annual event since its inception in 1973, and is a Director of several private companies.

He has served on the Lake Grace Shire, the International Agricultural Exchange Association and been a member of the Hollands Track Working Group Committee with the Broomehill, Lake Grace and Coolgardie Shires. Mr Newman is also a Fellow of the Australian Institute of Company Directors.

Trevor Badger GAICD

Trevor Badger was elected as a Director of the CBH Group in April 2007. He is a member of the Board's Investment Committee and Communications Committee.

Mr Badger produces grain and sheep on his properties in Pingrup and Mindarabin in Western Australia's South West. Mr Badger has held


Rodney Madden


Clancy Michael


Mick McGinniss


Lloyd Guthrey


Peter Knowles


David Willis

executive positions on various grower representative bodies in Western Australia and he is currently Chairman of the Pingrup CBH Water Harvesting Project and the Lake Chinocup Catchment Resource Management Committee. Mr Badger is a Graduate of the Australian Institute of Company Directors.

Vern Dempster GAICD

Vern Dempster was elected as a Director of the CBH Group in April 2008 and is a member of the Board's Audit and Risk Management Committee and Communications Committee.

Mr Dempster is an experienced grain and sheep farmer from Northam, located in Western Australia's central wheatbelt. In addition to upholding various positions with the Western Australian Farmers Federation, Mr Dempster was a Director of United Farmers Co-operative, from 2000 to 2003.

Mr Dempster is a Graduate of the Australian Institute of Company Directors.

Kevin Fuchsbichler MAICD

Kevin Fuchsbichler was elected as a Director of the CBH Group in April 2007. He is a member of the Board's Remuneration and Nomination Committee and Communications Committee.

With more than 30 years experience in the industry, Mr Fuchsbichler is a grain producer from Bruce Rock and a Director of Bruce Rock Bendigo Community Bank.

Mr Fuchsbichler is a past State President of the International Agricultural Exchange Association and an inaugural Board member of the International Rural Exchange. He is a Member of the Australian Institute of Company Directors.

John Hassell MAICD

John Hassell was elected to the CBH Group Board of Directors in April 2009 and is a member of the Board's Remuneration and Nomination Committee and Communications Committee.

A grain and livestock producer from Pingelly, located in the central wheatbelt region of Western Australia, Mr Hassell has also held a number of executive positions with the Western Australian Farmers Federation.

Mr Hassell holds a Bachelor of Business in Agriculture from Curtin Muresk Institute of Agriculture and has been an active participant in a number of local community associations including Rural Youth and Apex. Mr Hassell is a Member of the Australian Institute of Company Directors.

Rodney Madden FAICD

Rodney Madden was elected to the CBH Group Board of Directors in April 2006.

A grain and sheep producer from Morawa in Western Australia's Midwest, Mr Madden is a member of the Board's Audit and Risk Management Committee.

Mr Madden was a founding member and Director of United Farmers Co-operative Company in 1992 and was Chairman between 1992 and 2003.

In recognition of his contribution to agriculture, Mr Madden was awarded the prestigious Sir John Monash Gold Medal Award for Agribusiness Co-operative Directors in 2002.

Mr Madden is a Fellow of the Australian Institute of Company Directors.

Clancy Michael GAICD

Clancy Michael was elected as a Director to the CBH Group Board in April 2008 and is a member of the Board's Audit and Risk Management Committee.

Mr Michael has over 30 years of mixed farming experience in the Midwest region of Western Australia and currently farms at Mingenew. From 1997 to 2007, Mr Michael was the inaugural Vice Chairman of one of Australia's leading grower groups, the Mingenew Irwin Group (MIG).

Mr Michael is the current Chairman, and was also a founding member, of the Grower Group Alliance Reference Group – an organisation set up to develop effective information channels between farmer groups and research organisations.

Mr Michael has been active on many consultative and reference groups associated with the agricultural industry. He is a Graduate of the Australian Institute of Company Directors.

Mick McGinniss MAICD

Mick McGinniss was elected to the CBH Board in March 2010 and is a member of the Board's Remuneration and Nomination Committee.

Mr McGinniss previously served as a Director of the CBH Group from 2002 to 2009. He is a member of the Australian Institute of Company Directors and has been a director of the Grains Research and Development Corporation. Mr McGinniss is a grain grower in the Merredin area.

DIRECTORS WITH SPECIAL SKILLS

Lloyd Guthrey FCPA SFFin FAICD

Lloyd Guthrey was appointed to the CBH Group Board in November 2002, having been a Grain Pool Director since 1995. He is Chairman of the Audit and Risk Management Committee and a member of the Investment Committee.

Mr Guthrey has extensive board experience in a wide range of organisations in the private and government sectors. These include previous positions as Chairman of Keystart Loans Ltd; Chairman and Audit Committee Member of the State Housing Commission; and member of the Audit Committee for the Department of Housing and Works. His current appointments include Deputy Chairman of the Winston Churchill Memorial Trust.

He held the position of Chief Executive's Representative and State Manager Retail Banking at the ANZ Banking Group; Deputy Chairman of Town and Country Bank Ltd; and the General Manager, Personal Banking India for ANZ Grindlays Bank.

Mr Guthrey is a Fellow of the Australian Institute of Company Directors and the Australian Society of Certified Practising Accountants, and a Senior Fellow of the Financial Services Institute of Australasia.

Peter Knowles
MAICD

Peter Knowles became a Director of the CBH Group in April 2009 and is a member of the Board's Remuneration and Nomination Committee and Chairman of the Investment Committee.

Mr Knowles was Managing Director of Wesfarmers CSBP for seven years until his retirement in 2001. His earlier positions with the Wesfarmers group included General Manager Commercial and Group Projects Manager – Business Development. Before joining Wesfarmers he held various positions at Hamersley Iron, including General Manager Projects.

Since retiring from CSBP, Mr Knowles has been a consultant to companies such as Rio Tinto Iron Ore and Australian Railroad Group, and a professional director. He is currently a director of Coogee Chemicals and president of the Activ Foundation Inc. He holds a Bachelor of Economics from Monash University and has completed the Harvard Advanced Management Program. He is a Member of the Australian Institute of Company Directors.

David Willis
MICA ICA ACA

David Willis was appointed to the CBH Board in March 2010 and is a member of the Audit and Risk Management Committee and the Investment Committee.

Mr Willis has over 32 years business experience in the Asia Pacific, the UK and the USA. He is a qualified accountant in Australia and New Zealand and has had some 27 years experience working with Australian and foreign banks. Mr Willis has held senior executive roles at Westpac, HBOS Australia, Lloyds Bank Australia and Southpac Corporation.

He currently holds several Board positions including Bank of Queensland, Parcel Direct Group, New Zealand Post and Kiwi Bank. He also acts as advisor to several companies, works with a charity program and is a member of a school council.

COMPANY SECRETARY

David Woolfe
LLB (Hons), B.Juris (Hons), FAICD, FCIS

David Woolfe commenced as the Company Secretary and General Manager of the Legal Division of the CBH Group in October 2003. Prior to joining the CBH Group, Mr Woolfe was a partner of national law firm Freehills. In addition to his legal qualifications, Mr Woolfe is a qualified Chartered Secretary. He is a Fellow of the Australian Institute of Company Directors and a Fellow of the Institute of Chartered Secretaries and Administrators.

Your Executive Committee

Dr Andrew Crane

Chief Executive Officer

Dr Andrew Crane first joined the Grain Pool in 2001 and the CBH Group in 2003 when he was appointed General Manager Grain Pool Pty Ltd following the merger with Co-operative Bulk Handling Ltd. He was responsible for the operation of Grain Pool Pty Ltd including the main export licence for barley, canola and lupins as well as trading grain through Grain Pool's agent, AgraCorp Pty Ltd.

In early 2008 he became General Manager Strategy and Business Development and was appointed Chief Executive Officer of the CBH Group in April 2009. Prior to joining the CBH Group, Andrew spent 12 years in the European malting industry in various operational and commercial management positions.

Andrew holds a BSc (Hons) in Environmental Studies, a PhD in Agriculture and is a Graduate of the Australian Institute of Company Directors. Andrew is a Director of Interflour Holdings Ltd.

David Moroney

Chief Financial Officer

David Moroney commenced as Chief Financial Officer in July 2009 and is responsible for the financial management of the CBH Group. David's career includes nearly 20 years in senor financial roles, most recently as Chief Financial Officer of First Quantum Minerals.

Prior to this, he spent almost five years with the Wesfarmers Group, initially as Chief Financial Officer of CSBP and later as General Manager Group Business Services in Wesfarmers Corporate. David holds a Bachelor of Commerce from the University of Melbourne and is a Fellow of the Institute of Chartered Accountants and CPA Australia.

Brian Mumme

General Manager CBH Grain

Brian Mumme was appointed to the position of General Manager CBH Grain in 2008. He oversees the acquisition, pooling, trading and marketing activities for all grains including wheat, barley, canola, lupins and oats.

Brian holds a Chemical Engineering degree from Curtin University and has gained extensive international experience throughout his career, having worked in Australia, the United Kingdom and the United States of America. Prior to joining the CBH Group, Brian spent 22 years with BP in various operational and management roles, predominantly in the area of supply chain management and trading.

Brian is a Director of United Bulk Carriers Pty Ltd, CBH Grain Japan Co Ltd and CBH Grain Asia Ltd. He is also a Graduate of the Australian Institute of Company Directors.

Colin Tutt

General Manager Operations

Colin Tutt was appointed General Manager Operations in 1995. Colin is responsible for overseeing the storage and handling operations of the business including grain receivals, road and rail transportation; grain storage, sampling and caretaking; freight for shipping; engineering services and shipping.

Colin's career commenced in 1974 as a CBH receival point operator and has held various positions within CBH before becoming General Manager Operations.

Colin also has previous experience at Viterra in Canada providing him with an insight into a different, more competitive, supply chain.

He holds a Diploma in Business Management from the Mt Eliza Management College and is a Graduate of the Australian Institute of Company Directors.

Karlie Mucjanko

General Manager Grower Services

Karlie Mucjanko joined the CBH Group in 2005 as a Marketing and Communications Advisor before taking on the role of Manager Corporate Affairs in November 2005 until May 2008. She is currently the General Manager Grower Services.

Prior to joining the CBH Group, Karlie was the Public Relations Manager for Kondinin Group and the Communications Officer for the WA Farmers Federation. Karlie holds a MBA (Executive) from the University of Western Australia and a Bachelor of Arts (Communications and English & Comparative Literature) from Murdoch University.

Virginia Miltrup

General Manager Corporate Services

Virginia Miltrup joined the CBH Group in June 2009 as General Manager Corporate Services and is responsible for the human resources (HR) and organisational development portfolios. Virginia was previously head of the HR and Brand Equity portfolios at Synergy and has previous experience in HR director and senior management roles in industries including professional services, publishing and local government.

Virginia has a Bachelor of Commerce degree in HR and Industrial Relations and a Masters Degree in Leadership and Management. She is also a Graduate of the Australian Institute of Company Directors.

Allyn Wasley

General Manager Strategy and Business Development

Allyn Wasley was appointed General Manager Strategy and Business Development in 2009 after serving six years as Chief Financial Officer of the CBH Group. Allyn holds a Bachelor of Business in Accounting and a Post Graduate Diploma in Management from Curtin University. He is a Graduate of the Australian Institute of Company Directors.

Allyn is a Director of Pacific Agrifoods Ltd and Interflour Holdings Ltd. He is also a Commissioner of the PT Eastern Pearl Flour Mill and a Director of United Bulk Carriers Pty Ltd. In addition, Allyn is a Director of Australian Bulk Stevedoring, CBH Superannuation Holdings Pty Ltd and Westgrains Insurance.

David Woolfe

General Manager Legal and Risk

David Woolfe commenced as the General Manager Secretarial and Legal in October 2003 and became General Manager Legal and Risk in May 2010. He is responsible for the company secretarial, corporate governance, risk and legal functions of the CBH Group.

David was previously a partner of Freehills where he practised corporate and commercial law for over 16 years.

David is a qualified lawyer and Chartered Secretary. He is a Fellow of the Australian Institute of Company Directors and a Fellow of the Institute of Chartered Secretaries and Administrators and of Chartered Secretaries Australia.

Corporate Governance

This Statement outlines the main corporate governance practices of the CBH Group's system of governance for the 11 month period ended 30 September 2010.

The CBH Group of Companies has in place a Corporate Governance Charter setting out the role, responsibilities and powers of Directors and documenting the way the Board functions. Throughout the 11 month period, the Board updated a number of policies to reflect changes in law and best practice and adopted new policies in areas previously not covered to ensure that appropriate corporate governance processes are in place within the CBH Group.

The CBH website (www.cbh.com.au) contains copies or summaries of key corporate governance policy documents.

The Roles of the Board and Management

The Board of Directors is responsible to shareholders for the performance of CBH and its controlled entities. The Board of each Company within the CBH Group is responsible for all matters relating to the running of that Company.

The charter identifies the relationship between the Board and Management. The Board's role is to govern, rather than manage, the organisation. In governing the Company, the Directors must act in the interests of the Company as a whole. It is the role of senior management to manage the organisation in accordance with Board policies and the direction determined by the Board.

The CBH Board is responsible for and has the authority to determine all matters relating to the policies, practices, management and operations of the Company. It is required to do all things that may be necessary in order to achieve the Company's objectives. The Board has the final responsibility for the successful operations of the Company. Without limiting this general role of the Board, the specific or principal functions and responsibilities include:

- providing the overall strategic direction and approving corporate strategy of the Company;
- setting the goals of the CBH Group, including short, medium and long-term objectives;
- appointing and approving the terms and conditions of employment of the Chief Executive Officer and the Company Secretary;
- reviewing and approving the annual and long-term operating budgets;
- reviewing and approving capital expenditure, including the annual capital and miscellaneous budgets;
- monitoring the effectiveness of risk management policies and practices;
- monitoring the operational and financial performance of the Company; and
- monitoring compliance with legislative, occupational health, safety and environmental and ethical standards.

The Board carries out its activities through the Chief Executive Officer, to whom specific powers and responsibilities have been delegated.

Board Structure

The CBH Articles of Association provide for the following Board structure:

- the election of nine directors from five districts comprised of Districts 1,2,3,4 and 5. There are two Directors elected by shareholders from each of Districts 1, 2, 3 and 4 and one Director elected by shareholders from District 5. These directors can have their main grain growing interests in any district; plus
- the appointment by the Board of up to three Directors with special skills as the Directors consider appropriate to provide expertise or skills in certain fields that will broaden the overall experience of the Board of Directors.

The Board appoints a returning officer to conduct the election of district-elected Directors in accordance with the Articles.

Prior to the appointment or reappointment of a Director with special skills, the Remuneration and Nomination Committee identifies and considers a number of potential candidates. The Committee then makes a recommendation to the Board with regard to a preferred candidate and the Board makes a final decision as to the Director to be appointed.

The term of office for a district-elected Director expires at the third ordinary general meeting after election. The term of office for Directors appointed for their special skills is up to 3 years with their appointment to be ratified by members at the next general meeting following their appointment or re-appointment.

There is no maximum age limit for a Director or an age after which a Director must be re-appointed on an annual basis.

The names of Directors in office at the date of this report, the commencement date of their current term and the expiry of their current term is set out in the table following:

Name of Director	Current Term Commenced	Current Term Expires Annual Ordinary General Meeting
T N Badger	March 2010	March 2013
V A Dempster	April 2008	March 2011
K J Fuchsbichler	March 2010	March 2013
*L F Guthrey	April 2008	March 2011
J P B Hassell	April 2009	March 2012
*P W Knowles	April 2009	March 2012
R G Madden	April 2009	March 2012
M E McGinniss	March 2010	March 2013
M C Michael	April 2008	March 2011
W A Newman, Deputy Chairman	April 2008	March 2011
N J Wandel, Chairman	April 2009	March 2012
*D S Willis	March 2010	March 2013

*denotes Director with special skills

All current Directors are non executive Directors and in addition to their role as a Director of CBH, each Director is also a Director of each of the wholly owned operating subsidiaries of the CBH Group. All Directors have formal letters of appointment.

In accordance with CBH's Articles of Association the CBH Directors elect the Chairman and Deputy Chairman. Mr N J Wandel is the elected Chairman and Mr W A Newman is the elected Deputy Chairman.

Corporate Governance

The roles of Chairperson and Chief Executive Officer are not exercised by the same person.

Details of the background, experience and skills of each of the Directors is contained in pages 36–39 of this report.

Induction of New Directors

New Directors are provided with a formal letter of appointment which sets out the key terms and conditions of their appointment, including their duties, rights and responsibilities, the time commitment envisaged in the role and the Board's expectations in respect of involvement with Board Committees.

In addition, new Directors receive a comprehensive Induction manual and complete a Director Induction programme which includes meeting with the Chairman, CEO, Audit and Risk Committee Chairman and key executives. The programme also includes site visits to key CBH Group operations and CBH related computer training.

Role of Individual Directors and Conflicts of Interest

The charter outlines the policy and process to be followed in respect of Conflicts of Interests and Related Party Transactions. All Directors have given other Directors standing notice of the nature and extent of their interest in matters that relate to the affairs of companies within the CBH Group. A Director who has a conflict of interest must immediately disclose that interest to the Board and must not be present when the matter is being considered or vote on the matter, unless the Board have passed a resolution to enable the Director to do so.

Meetings of Directors

The Board meets formally at least nine times a year, with additional meetings being held as required. On the invitation of the Board, members of senior management attend and make presentations at Board meetings. The Board also holds an annual strategic planning session and, in addition, spends significant time at board meetings discussing key strategic issues.

The number of meetings of the Company's Board of Directors and of each standing Board Committee held during the 11 month period ended 30 September 2010 and the number of meetings attended by each Director are set out in the Directors' Report.

Board Access to Information and Independent Professional Advice

The Board has an Information Protocol which may enable them to have access to required information to support their board decision making process. In addition, any Director can request approval from the Chairman or Deputy Chairman, which will not be withheld unreasonably, to seek independent professional advice at the Company's expense to support a Director in fulfilling his duties and responsibilities as a Director.

Directors and Officers Insurance and Deeds of Indemnity and Access

In conformity with market practice, the Company provides Directors' and Officers' Insurance and Deeds of Indemnity Insurance and Access to the maximum extent permitted by law.

Knowledge, Skills and Experience

To assist directors to maintain an appropriate level of knowledge, skill and experience in the operations of the CBH Group, Directors undertake site visits and attend grower meetings, industry meetings and relevant conferences. Directors also receive papers, presentations and briefings on Group businesses and on matters which may affect the CBH Group.

Director Education

To support Directors in their appreciation of their role and responsibilities, the CBH Board has adopted a policy that all Directors attend the Australian Institute of Company Directors (AICD) – Company Directors course. In 2010, there was an appointment of two new Directors to the Board, with one Director having previously attended the course and a second Director subsequently attending this course.

Directors are encouraged to continue professional development through attendance at various seminars, courses and conferences. Subject to prior approval, the reasonable cost of these development activities is met by the Company.

Review of Board and Director Performance

The CBH Board has in place a formal appraisal system for the performance of the Board as a whole, committees of the Board and individual Directors.

Approximately every two years a comprehensive review is undertaken with assistance from external advisers in order to provide an objective and independent insight into the overall effectiveness of the Board and the individual performance of Directors. This process was undertaken in the second half of 2010.

Committees of the Board

Two standing Board committees assist the CBH Board on the discharge of its responsibilities and are governed by their respective charters, as approved by the Board. These are:

- the Audit and Risk Management Committee; and
- the Remuneration and Nomination Committee.

There are also two informal committees of the Board which meet on an as needs basis and which are also governed by their own charters.

The Investment Committee meets to review significant investment opportunities on behalf of the Group and assists Management by giving guidance in respect of key negotiation points, reviewing documentation and providing general advice in connection with proposed investments.

The Communication Committee oversees the CBH Group's shareholder communication program with the overall aim of providing guidance and advice on the Company's communications approach to ensure consistency in communicating the Board's direction and objectives.

All of the above committees review matters on behalf of the Board and make recommendations for consideration by the entire Board.

It is customary for the CBH Board to review the composition of its committees annually at the first Board meeting following the Annual Ordinary General Meeting.

Audit and Risk Management Committee

The purpose of the Audit and Risk Management Committee is to provide assistance to the CBH Board in fulfilling its corporate governance and oversight responsibilities in relation to the CBH Group's financial reporting, internal control structure, compliance with laws, regulations, internal policies and industry standards, risk management systems, code of conduct and internal and external audit functions. In doing so it is the responsibility of the Audit and Risk Management Committee to maintain free and open communications between the committee, external auditors, internal auditors and management of the CBH Group.

The Committee reviews CBH Group financial statements, accounting policies and matters raised as a result of internal and external audit findings. In addition, the Committee reviews Risk Management Policies and the Risk Management Framework.

The members of the Audit and Risk Management Committee during the 11 month period ended 30 September 2010 were as follows:

Mr Lloyd Guthrey (Chairman)

Mr Vernon Dempster

Mr Kevin Fuchsbichler retired 13 May 2010

Mr Rodney Madden

Mr Clancy Michael joined 13 May 2010

Mr Ken Palmer retired 13 May 2010

Mr David Willis joined 13 May 2010

The Chairperson of the Committee is not the Chairperson of the Board.

The Chief Executive Officer, the Chief Financial Officer, the Company Secretary, the Chief Risk Officer, internal and external auditors and other persons considered appropriate attend meetings by invitation.

Corporate Governance

The Committee also meets with the external auditors in the absence of management at the conclusion of each Committee meeting.

The Committee met five times during the 11 month period ended 30 September 2010.

The Audit and Risk Management Committee charter is posted on the corporate governance section of the Company's website.

Audit Governance and Independence

As part of its commitment to safeguarding integrity in financial reporting, the CBH Group has implemented procedures and policies to monitor the independence and competence of the CBH Group's external auditors.

The Company's current external auditors are Ernst & Young, who were appointed at the 2004 Annual Ordinary General Meeting. The appointment and remuneration of the external auditors and their effectiveness, performance and independence is reviewed annually by the Audit & Risk Management Committee.

The Audit & Risk Management Committee considers the appropriateness of engaging the external auditor to provide any non-audit services to ensure that the auditor's independence is not compromised and has adopted an external audit policy in this regard.

Ernst & Young have provided a declaration to the Audit and Risk Management Committee for the 11 month period ended 30 September 2010 that Ernst & Young have maintained their independence in accordance with the Corporate Law Economic Reform Program (Audit Reform and Corporate Disclosure) Act 2004 and the rules of the professional accounting bodies.

Risk Identification and Management

The Company is committed to the identification, monitoring and management of risks associated with its business activities and has embedded in its management and reporting systems a number of risk management controls. These include:

- Risk and Internal Audit – the Chief Risk Officer reports to the General Manager Legal & Risk and the Chairman of the Audit and Risk Management Committee and is responsible for monitoring, investigating and reporting on internal control systems;
- Financial reporting – there is a comprehensive budgeting system with an annual budget approved by the Directors. Monthly actual results are reported against budget and revised forecasts for the year are prepared regularly;
- Insurance – there is a comprehensive annual insurance programme including external risk surveys;
- Financial Risk Management – there are policies and procedures for the management of market, financial risk and treasury operations including exposures to foreign currencies, interest rates and commodity risks;
- Compliance – there are systems and processes in place to ensure compliance with laws, regulations, internal policies and industry standards;
- Due Diligence – there are comprehensive due diligence procedures for acquisitions and divestments;
- Crisis Management – there are crisis management systems for all key businesses in the group; and
- Executive Risk Management Committee – there is a disciplined approach to the identification and management of risk with an Executive Risk Committee comprising the Chief Risk Officer, the Chief Executive Officer and various other senior executives, meeting on a fortnightly basis or as required.

The CBH Group has implemented an enterprise wide risk management approach to the identification, management and reporting of its risks. This entails risk reviews by each of the Company's divisions which encompass operational, financial, strategic and compliance risk assessment and quantification.

The internal audit function is independent of the external audit function. The Chief Risk Officer monitors the internal control framework of the group and provides reports to the Audit & Risk Management Committee. The Audit & Risk Management Committee endorses the audit charter and the annual internal audit plan to ensure that planned audit activities are aligned to business risks. The Audit & Risk Management Committee also reviews internal audit reports and monitors progress with recommendations made in these reports to ensure ongoing improvement in the internal control environment of the Company.

Information Segregation

CBH Group has strict information segregation between CBH Operations and CBH Grain. Policies and procedures ensure that decisions made by CBH Operations are made in a consistent manner that does not unfairly or unreasonably discriminate between the acquirers of its services. These policies and procedures are in accordance with undertakings made to the ACCC and are subject to an independent external audit each year, which is reviewed by the Audit & Risk Management Committee.

Remuneration and Nomination Committee

The primary functions of the Remuneration and Nomination Committee are to:

- make specific recommendations to the Board on remuneration of Directors and key executives, with external advice being sought as appropriate;
- recommend the terms and conditions of employment for the CEO;
- undertake a review of the CEO's performance, at least annually, including setting with the CEO goals for the coming year and reviewing progress in achieving those goals;
- undertake a review of the performance of the Executive of the Company, at least annually, including setting with them goals for the coming year and reviewing progress in achieving those goals;
- consider and report to the Board on the remuneration recommendations of staff reporting directly to the Chief Executive Officer;
- develop and facilitate a process for Board and Director evaluation;
- assess the necessary and desirable competencies of Board members;
- review Board succession plans; and
- recommend the appointment of Directors with special skills.

The members of the Remuneration and Nomination Committee during the 11 month period ended 30 September 2010 were as follows:

Mr Neil Wandel

Mr Kevin Fuchsbichler joined 13 May 2010

Mr Peter Knowles

Mr John Hassell

Mr Mick McGinniss joined 13 May 2010

Mr Clancy Michael retired 13 May 2010

Mr Wally Newman

Mr Steven Tilbrook retired 13 May 2010

With regard to the level of fees payable to Directors, at the Company's 2008 Annual General Meeting, shareholders approved an aggregate amount of $900,000 to be divided amongst Directors in such manner as they determine, with Directors being entitled to receive, in addition to this amount, statutory superannuation entitlements and reimbursement for reasonable travel and other expenses incurred by them in the performance of their duties. The Company does not have a formal scheme for retirement benefits for Directors other than statutory superannuation.

The Chief Executive Officer and key executives are employed under employment agreements, which include formal position descriptions.

The remuneration package of the Chief Executive Officer is recommended to the Board by the Remuneration and Nomination Committee having regard to his performance and the performance of the Company as measured against agreed targets. The targets are set annually by the Remuneration and Nomination Committee.

Corporate Governance

The remuneration packages of key executives are set by the Remuneration and Nomination Committee in consultation with the Chief Executive Officer and recommended to the Board.

The Remuneration and Nomination Committee met six times during the 11 month period ended 30 September 2010.

A summary of the Committee's role, rights, responsibilities and membership requirements has been posted on the corporate governance section of the Company's website.

Communication with Shareholders

The CBH Group places significant importance on achieving effective communication with its grower shareholders. A range of communication mediums are used including regular updates to all shareholders in respect of the activities of the CBH Group and the grain industry in general.

Throughout the 11 month period the Company has engaged its grower shareholders in a major project designed to assist in determining the optimal future structure for CBH. This has included the use of grower focus groups and the conduct of a grower survey where over 1,000 members participated. This process is ongoing and will include considerable further discussion and engagement with grower shareholders.

The Annual Report is forwarded to shareholders with an invitation to attend the CBH Annual Ordinary General Meeting where shareholders are given a reasonable opportunity to address issues with the Board. The auditors to the Company are available at the Annual Ordinary General Meeting to address specific financial issues raised by shareholders if required.

The CBH Group holds many local and regional meetings with growers to advise on Company and industry issues. Other meetings include pre and post harvest meetings, proposed capital works meetings, market "Outlook" meetings and grower focus groups where growers are given the opportunity of expressing their views on relevant topical issues.

The CBH Group conducts regular grower surveys, including its annual corporate tracking survey, to assess shareholder attitudes to a range of CBH Group related issues including its grower communication strategy.

The Company reviews and updates the contents of its website on a regular basis.

In addition, the Board Communications Committee and the Growers Advisory Council each assist in the effective communication between the Company and its grower shareholders.

Code of Ethics and Conduct

The Board has adopted a Code of Conduct based on the Australian Institute of Company Directors (AICD) model as an appropriate standard of conduct that is to be followed by all CBH Directors.

In addition, a CBH Group Code of Ethics and Conduct has been prepared for the guidance and benefit of all people employed by, contracted by, or acting on behalf of the CBH Group. The Code of Ethics and Conduct sets out the values and standards of the CBH Group including conducting its business ethically, operating with integrity and honesty, encouraging community initiatives, considering the environment and ensuring a safe, equal and supportive working environment.

The Code encourages the reporting of unlawful and unethical behaviour, actively promotes and monitors compliance with the Code and protects those that report breaches in good faith.

Growers Advisory Council

The Growers Advisory Council (GAC), comprises growers from various districts throughout the state and is considered by the CBH Board as an important forum in which local, industry and CBH Group specific issues are discussed for the benefit of the Company and local regions.

The GAC plays a critical role in providing grower feedback to the CBH Board and management.

Members of the Growers Advisory Council are:

Mr Andrew Crook (Chairman)

Mr Ashley Wiese (Deputy Chairman)

Mr Andy Duncan

Mr Rory Graham

Mr Ray Harrington

Mr Roger House

Mr Norm Jenzen

Mr Darrin Lee

Mrs Donna Lynch

Mr Brian McAlpine

Mr Rodney Messina

Mr Bradley Millstead

Mr Mark Roberts

Mrs Ruth Young

Directors Report

The Board of Directors of Co-operative Bulk Handling Limited has pleasure in submitting its report in respect of the 11 month period ended 30 September 2010.

Directors

The following persons were Directors of Co-operative Bulk Handling Limited during or since the end of the 11 month period:

N J Wandel (Chairman)

T N Badger

V A Dempster

K J Fuchsbichler

L F Guthrey

J P B Hassell

P W Knowles

R G Madden

M E McGinniss joined 30 March 2010

M C Michael

W A Newman (Deputy Chairman)

K G Palmer retired 30 March 2010

S J Tilbrook retired 30 March 2010

D S Willis joined 30 March 2010

Mr Wandel was Chairman of the Board, and Mr Newman was the Deputy Chairman of the Board for the 11 month period.

A summary of the qualifications, experience and special responsibilities of each of the Directors together with a summary of the qualifications and experience of the Company Secretary is set out on pages 36–39 of this Annual Report.

Principal Activities

The principal activities undertaken by the consolidated entity during the 11 month period comprised grain storage, handling and marketing and engineering related to grain storage and handling. In addition the entity has an investment in flour processing facilities.

Review of Operations

From total revenue of $1,351,179,000 (2009: $1,693,892,000) the consolidated entity achieved a profit attributable to members of the parent entity for the 11 month period of $28,132,000 (2009: $118,966,000). Income tax expense from continuing operations of the consolidated entity was $11,253,000 (2009: $21,244,00).

The CBH Group received 11.1 million tonnes of grain into its storage facilities during the 11 month period compared to 12.3 million tonnes in the prior year. This decline in activity and the impairment in relation to Metro Grain Centre of $38,918,000 were the main reasons for the reduction in profit.

A more detailed review of the operations of the consolidated entity during the 11 month period and the results of those operations appear elsewhere in the Annual Report and in the accompanying financial statements.

Significant Changes in State of Affairs

Particulars of significant changes in the state of affairs of the consolidated entity during the 11 month period are as follows:

- Revenue from continuing operations and other income decreased by 20.2% to $1,351,179,000.
- The profit attributable to members of the parent entity for the 11 month period decreased by 76.4% to $28,132,000.
- Operating cash flows decreased by 77.9% to $71,561,000 and cash increased to $295,726,000 at year end.
- Total assets increased by 8.1% to $1,627,335,000.

- Interest bearing debt increased by 116.2% to $176,406,000 due in part to the change of financial year end to 30 September and the increased balance of inventory held at that time.
- Total liabilities increased by 24.5% to $518,373,000.
- Equity increased by 1.8% to $1,108,962,000.

Significant Events After Year End

On 14 October 2010, the United States Dollar denominated loan in CBH Grain Pty Ltd which expires in October 2010 was renewed to 27 September 2011.

On 18 November 2011, the United States Dollar denominated floating rate loan used as part of the Group's investment into Asia was renewed to 29 October 2011.

Subsequent to year end, CBH Grain Pty Ltd negotiated additional inventory financing facilities of $200,000,000 with various banks which is to be used during the 2010/11 season and reduces on a progressive basis over the year.

Subsequent to year end, Co-operative Bulk Handling Limited negotiated a facility agreement of $50,000,000 with Westpac Banking Corporation. The facility is to be used for working capital requirements.

No matter or circumstance has arisen since 30 September 2010 that 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.

Likely Developments and Expected Results

Likely developments in, and expected results of, the operations of the consolidated entity in subsequent years are referred to elsewhere in this Annual Report.

Environmental Regulation and Performance

The operations of the Company are subject to various Commonwealth and State environmental legislation and regulation.

The Company aims to control the impact of its activities on the environment to the greatest extent possible and to ensure that its operations are conducted in accordance with legislative requirements.

The Company had no reports of environmental breaches during the 11 month period.

Board and Committee Meetings

The table over page sets out the number of CBH Directors' meetings (including meetings of the standing board committees) held during the 11 month period ended 30 September 2010 and the number of meetings attended by each Director.

Directors Report

	Board Meetings		Audit & Risk Management Committee		Remuneration & Nomination Committee	
Director	Eligible to Attend	Attended *	Eligible to Attend	Attended	Eligible to Attend	Attended
T N Badger	9	9	0	0	0	0
V A Dempster	9	8	5	5	0	0
K J Fuchsbichler	9	9	3	3	2	2
L F Guthrey	9	9	5	5	0	0
J P B Hassell	9	9	0	0	6	6
P W Knowles	9	9	0	0	6	5
R G Madden	9	9	5	5	0	0
M E McGinniss	4	4	0	0	2	2
M C Michael	9	9	2	2	4	4
W A Newman	9	9	0	0	6	6
K G Palmer	5	5	3	3	0	0
S J Tilbrook	5	5	0	0	3	3
N J Wandel	9	9	0	0	6	6
D S Willis	4	4	2	2	0	0

* In all cases where a Director was unable to attend a Board meeting, leave of absence was granted by the Chairman, who endeavoured to canvass the views of the Director on key matters prior to the meeting, in order to represent the Director's views at the meeting.

Indemnification and Insurance

The Company, through Deeds of Indemnity, Insurance and Access has indemnified all Directors for any liabilities incurred as a Director, other than liabilities to the Company or a related body corporate, or liabilities arising out of conduct involving lack of good faith.

In addition, the Articles of Association of the Company provides an indemnity to each Director, Secretary and Officer against any liability arising by reason of his or her Directorship or office of the Company. This indemnity does not, however, cover conduct involving a lack of good faith.

A Directors' and Officers' insurance policy is maintained but the terms of the contract prohibit disclosure of the amount of the premium.

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

Neil Wandel
Chairman
Perth
8 December 2010

Auditor's Independence Declaration

TO THE DIRECTORS OF CO-OPERATIVE BULK HANDLING LIMITED

ERNST & YOUNG

Ernst & Young Building
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
www.ey.com/au

In relation to our audit of the financial report of Co-operative Bulk Handling Limited for the financial period ended 30 September 2010, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Australian professional accounting bodies or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Gavin Buckingham

Gavin A. Buckingham
Partner
Perth

8 December 2010

Financial Report

FOR THE PERIOD ENDED 30 SEPTEMBER 2010

ABN 29 256 604 947

Statement of Comprehensive Income

FOR THE PERIOD ENDED 30 SEPTEMBER 2010

		Consolidated		Parent Entity	
		11 months ended 30 September 2010	12 months ended 31 October 2009	**11 months ended 30 September 2010**	12 months ended 31 October 2009
	Notes	**$'000**	$'000	**$'000**	$'000
Continuing operations					
Revenue from continuing operations	4(a)	**1,298,829**	1,541,308	**458,806**	584,173
Other income	4(b)	**52,350**	152,584	**10,213**	13,821
Changes in inventories		**4,860**	6,034	**1,363**	559
Raw materials, traded grains and consumables used	4(c)	**(780,447)**	(946,764)	**–**	–
Employee benefits expense	4(f)	**(111,738)**	(112,393)	**(110,553)**	(111,904)
Depreciation and amortisation expense	4(e)	**(62,098)**	(66,301)	**(62,824)**	(66,780)
Storage, handling and freight expenses	4(i)	**(220,249)**	(281,830)	**(220,249)**	(281,830)
Marketing and trading expenses		**(42,775)**	(63,273)	**–**	–
Insurance		**(4,880)**	(7,014)	**(6,279)**	(8,142)
Rent expense		**(9,111)**	(7,720)	**(8,382)**	(7,341)
Other expenses		**(26,678)**	(16,793)	**(26,503)**	(34,984)
Impairment and write off of loans to associates		**–**	–	**–**	(17,225)
Impairment of non current assets	11	**(38,918)**	–	**(38,918)**	–
Loss on disposal of investment		**(198)**	–	**(2,657)**	–
Finance costs	4(d)	**(34,675)**	(43,153)	**(761)**	(2,334)
Share of profit/(loss) of associates accounted for using the equity method	28	**15,113**	(14,475)	**–**	–
Profit/(loss) from continuing operations before income tax		**39,385**	140,210	**(6,744)**	68,013
Income tax benefit/(expense) from continuing operations	5	**(11,253)**	(21,244)	**(1,936)**	–
Profit/(loss) from continuing operations after income tax expense		**28,132**	118,966	**(8,680)**	68,013
Other comprehensive income					
Impairment of available for sale investment		**–**	(2,552)	**–**	–
Foreign currency translation loss		**(6,095)**	(5,912)	**–**	–
Actuarial gain/(loss) on defined benefit plan	26	**(2,247)**	2,109	**(2,247)**	2,109
Other comprehensive income/(expense) for the period, net of tax		**(8,342)**	(6,355)	**(2,247)**	2,109
Total comprehensive income/(expense) for the period		**19,790**	112,611	**(10,927)**	70,122
Profit/(loss) attributable to members of the parent entity		**28,132**	118,966	**(8,680)**	68,013
Total comprehensive income/(expense) for the period attributable to members of the parent entity		**19,790**	112,611	**(10,927)**	70,122

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

Statement of Financial Position

AS AT 30 SEPTEMBER 2010

		Consolidated		Parent Entity	
	Notes	**30 September 2010 $'000**	31 October 2009 $'000	**30 September 2010 $'000**	31 October 2009 $'000
ASSETS					
Current assets					
Cash and bank balances	18	**295,726**	247,434	**126,922**	99,726
Trade and other receivables	6	**106,712**	122,538	**49,007**	17,586
Other financial assets	7	**–**	20,695	**–**	–
Derivative financial instruments	20	**195,263**	157,495	**–**	–
Inventories	8	**158,338**	47,978	**3,784**	2,391
Other assets	9	**8,019**	7,592	**2,733**	2,133
Total current assets		**764,058**	603,732	**182,446**	121,836
Non-current assets					
Trade and other receivables	6	**674**	9,340	**35,141**	37,001
Investments in associates	10	**84,214**	73,065	**32,316**	30,527
Derivative financial instruments	20	**890**	12,597	**–**	–
Other financial assets	7	**567**	1	**108,672**	108,672
Property, plant and equipment	11	**696,780**	730,653	**709,995**	741,231
Intangible assets	12	**8,129**	10,630	**8,085**	10,619
Other assets	9	**15,426**	20,600	**15,426**	20,600
Deferred tax assets	5	**56,597**	44,919	**55,348**	40,681
Total non-current assets		**863,277**	901,805	**964,983**	989,331
Total assets		**1,627,335**	1,505,537	**1,147,429**	1,111,167
LIABILITIES					
Current liabilities					
Trade and other payables	13	**111,944**	84,582	**76,093**	62,329
Interest bearing loans and borrowings	14	**76,406**	81,594	**–**	–
Derivative financial instruments	20	**144,505**	156,221	**–**	–
Income tax payable		**17,147**	41,597	**57,283**	40,681
Provisions	15	**15,764**	15,938	**12,978**	12,886
Other liabilities	16	**40,015**	5,485	**67,716**	2,955
Total current liabilities		**405,781**	385,417	**214,070**	118,851
Non-current liabilities					
Interest bearing loans and borrowings	14	**100,000**	–	**–**	–
Derivative financial instruments	20	**440**	22	**–**	–
Deferred tax liabilities	5	**8,330**	3,412	**–**	–
Provisions	15	**3,822**	4,458	**3,345**	3,943
Other liabilities	16	**–**	23,056	**–**	47,432
Total non-current liabilities		**112,592**	30,948	**3,345**	51,375
Total liabilities		**518,373**	416,365	**217,415**	170,226
Net assets		**1,108,962**	1,089,172	**930,014**	940,941
EQUITY					
Contributed equity	17	**9**	9	**9**	9
Reserves	17	**906,809**	923,831	**930,005**	940,932
Retained earnings	17	**202,144**	165,332	**–**	–
Total equity		**1,108,962**	1,089,172	**930,014**	940,941

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

Statement of Cash Flows

FOR THE PERIOD ENDED 30 SEPTEMBER 2010

	Notes	Consolidated		Parent Entity	
		11 months ended 30 September 2010	12 months ended 31 October 2009	**11 months ended 30 September 2010**	12 months ended 31 October 2009
		$'000	$'000	**$'000**	$'000
Cash flows from operating activities					
Receipts from customers		**1,371,812**	1,746,141	**575,872**	699,999
Payments to suppliers and employees		**(1,266,088)**	(1,377,526)	**(479,908)**	(448,910)
		105,724	368,615	**95,964**	251,089
Interest received		**26,933**	32,812	**3,735**	2,826
Interest and other costs of finance paid		**(34,283)**	(47,174)	**(369)**	(1,580)
Income taxes paid		**(26,813)**	(31,058)	**–**	–
Net operating cash flows	18	**71,561**	323,195	**99,330**	252,335
Cash flows from investing activities					
Payments for property, plant and equipment		**(66,991)**	(73,875)	**(70,308)**	(75,548)
Proceeds from sale of investment		**1,090**	–	**1,090**	–
Payments for investments in associates by way of loan		**(6,175)**	(15,416)	**(6,150)**	(13,266)
Payments for investments in associates		**–**	–	**–**	(50)
Loans to other parties		**(233,599)**	(260,792)	**–**	–
Repayment of loans to other parties		**176,269**	225,603	**–**	–
Proceeds from sale of property, plant and equipment		**2,071**	1,391	**2,071**	1,374
Repayment of loan from associated entities		**8,740**	1,352	**1,167**	33
Net investing cash flows		**(118,595)**	(121,737)	**(72,130)**	(87,457)
Cash flows from financing activities					
Borrowings from other parties		**677,604**	1,022,662	**–**	40,000
Repayment of borrowings to other parties		**(582,278)**	(1,079,523)	**–**	(110,000)
Debentures repaid		**–**	(5,815)	**–**	(5,815)
Net financing cash flows		**95,326**	(62,676)	**–**	(75,815)
Net increase in cash and cash equivalents held		**48,292**	138,782	**27,200**	89,063
Cash and cash equivalents at the beginning of the financial period		**247,434**	108,652	**99,726**	10,667
Effect of exchange rates on cash holdings in foreign currencies		**–**	–	**(4)**	(4)
Cash and cash equivalents at the end of the financial period	18	**295,726**	247,434	**126,922**	99,726

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

Statement in Changes in Equity

FOR THE PERIOD ENDED 30 SEPTEMBER 2010

	Consolidated						
	Ordinary shares $'000	Capital levy reserve $'000	General reserve $'000	Foreign currency translation reserve $'000	Net realised gains/(loss) reserve $'000	Retained earnings $'000	Total $'000
At 1 November 2009	**9**	**52,587**	**885,278**	**(14,034)**	**–**	**165,332**	**1,089,172**
Profit/(loss) for the period	–	–	–	–	–	28,132	28,132
Other comprehensive income/(expense)	–	–	–	(6,095)	–	(2,247)	(8,342)
Total comprehensive income/(expense)	**–**	**–**	**–**	**(6,095)**	**–**	**25,885**	**19,790**
Transfers (to)/from reserves/retained earnings	–	–	(10,927)	–	–	10,927	–
Transactions with owners in the capacity as owners	–	–	–	–	–	–	–
At 30 September 2010	**9**	**52,587**	**874,351**	**(20,129)**	**–**	**202,144**	**1,108,962**

	Consolidated						
	Ordinary shares $'000	Capital levy reserve $'000	General reserve $'000	Foreign currency translation reserve $'000	Net realised gains/(loss) reserve $'000	Retained earnings $'000	Total $'000
At 1 November 2008	**9**	**52,587**	**815,156**	**(8,122)**	**2,552**	**114,379**	**976,561**
Profit for the period	–	–	–	–	–	118,966	118,966
Other comprehensive income	–	–	–	(5,912)	(2,552)	2,109	(6,355)
Total comprehensive income	**–**	**–**	**–**	**(5,912)**	**(2,552)**	**121,075**	**112,611**
Transfers (to)/from reserves/retained earnings	–	–	70,122	–	–	(70,122)	–
Transactions with owners in the capacity as owners	–	–	–	–	–	–	–
At 31 October 2009	**9**	**52,587**	**885,278**	**(14,034)**	**–**	**165,332**	**1,089,172**

Statement in Changes in Equity

FOR THE PERIOD ENDED 30 SEPTEMBER 2010

	Parent						
	Ordinary shares $'000	Capital levy reserve $'000	General reserve $'000	Foreign currency translation reserve $'000	Net realised gains/(loss) reserve $'000	Retained earnings $'000	Total $'000
At 1 November 2009	**9**	**52,587**	**888,345**	**–**	**–**	**–**	**940,941**
Profit for the period	–	–	–	–	–	(8,680)	(8,680)
Other comprehensive income	–	–	–	–	–	(2,247)	(2,247)
Total comprehensive income	**–**	**–**	**–**	**–**	**–**	**(10,927)**	**(10,927)**
Transfers (to)/from reserves/retained earnings	–	–	(10,927)	–	–	10,927	–
Transactions with owners in the capacity as owners	**–**	**–**	**–**	**–**	**–**	**–**	**–**
At 30 September 2010	**9**	**52,587**	**877,418**	**–**	**–**	**–**	**930,014**

	Parent						
	Ordinary shares $'000	Capital levy reserve $'000	General reserve $'000	Foreign currency translation reserve $'000	Net realised gains/(loss) reserve $'000	Retained earnings $'000	Total $'000
At 1 November 2008	**9**	**52,587**	**818,223**	**–**	**–**	**–**	**870,819**
Profit for the period	–	–	–	–	–	68,013	68,013
Other comprehensive income	–	–	–	–	–	2,109	2,109
Total comprehensive income	**–**	**–**	**–**	**–**	**–**	**70,122**	**70,122**
Transfers (to)/from reserves/retained earnings	–	–	70,122	–	–	(70,122)	–
Transactions with owners in the capacity as owners	**–**	**–**	**–**	**–**	**–**	**–**	**–**
At 31 October 2009	**9**	**52,587**	**888,345**	**–**	**–**	**–**	**940,941**

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

Notes to the Financial Statements

FOR THE PERIOD ENDED 30 SEPTEMBER 2010

Note 1. Corporate information

The financial report of Co-operative Bulk Handling Limited for the 11 months ended 30 September 2010 was authorised for issue in accordance with a resolution of the directors on 8 December 2010.

Co-operative Bulk Handling Limited is a co-operative company limited by shares held by grain growers-deliverers.

The nature of the operations and principal activities of the Group include grain storage and handling services, grain trading and marketing, engineering and construction and investment in flour milling.

Note 2. Summary of significant accounting policies

a) Basis of preparation

This general purpose financial report has been prepared in accordance with the requirements of the Companies (Co-operative) Act (1943 as amended) and Australian Accounting Standards. The financial report has also been prepared on a historical cost basis, except for grain inventory held for trading which has been measured at fair value less costs to sell and derivative financial instruments, investments in CBH Grain pools and available-for-sale investments, which have been measured at fair value.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated.

This financial report covers a period of 11 months from 1 November 2009 to 30 September 2010 while the comparative covers a period of 12 months from 1 November 2008 to 31 October 2009 as a result of the change in financial year end from 31 October to 30 September.

b) Statement of compliance

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

c) New accounting standards and interpretations

i. *Changes in accounting policy and disclosures*

The accounting policies adopted are consistent with those of the previous financial year except as noted below:

The Group has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 November 2009.

- AASB 2009-2 *Amendments to AASB 7 Financial Instruments: Disclosures* effective 1 January 2009
- AASB 101 *Presentation of Financial Statements (Revised 2007)* effective 1 January 2009
- AASB 123 *Borrowing Costs (Revised)* effective 1 January 2009
- AASB 3 *Business Combinations (Revised)* effective 1 July 2009
- AASB 127 *Consolidated and Separate Financial Statements (Revised 2008)* effective 1 July 2009
- AASB 2008-1 *Amendments to Australian Accounting Standards-Share Based Payments : Vesting conditions and cancellations* effective 1 January 2009
- AASB 2008-2 *Amendments to Australian Accounting Standards-Puttable Financial Instruments and Obligations arising on Liquidation* effective 1 January 2009
- AASB 2008-3 *Amendments to Australian Accounting Standards arising from AASB 3(Revised) and AASB 127 (Revised)* effective 1 July 2009
- AASB Int. 15 *Agreements for Construction of Real Estate* effective 1 January 2009
- AASB Int. 16 *Hedges of a Net Investment in a Foreign Operation* effective 1 July 2009
- AASB Int. 17 and AASB 2008-13 *Distributions of Non-cash Assets to Owners and consequential amendments to Australian Accounting Standards AASB 5 and AASB 110* effective 1 July 2009
- AASB Int. 18 *Transfers of Assets from Customers* effective 1 July 2009
- AASB 1039 *Concise Reporting (Revised)* effective 1 January 2009

Note 2. Summary of significant accounting policies (continued)

c) New accounting standards and interpretations (continued)

i. Changes in accounting policy and disclosures (continued)

- AASB 2008-5 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project* effective 1 January 2009
- AASB 2008-6 *Further Amendments to Australian Accounting Standards arising from Annual Improvements Projects* effective 1 July 2009
- AASB 2008-7 *Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate* effective 1 January 2009
- AASB 2009-2 *Amendments to Australian Accounting Standards-Improving Disclosure about Financial Instruments (AASB 4, AASB 7, AASB 1023 & AASB 1038)* effective for annual reporting periods beginning on or after 1 January 2009 that end on or after 30 April 2009
- AASB 2009-4 *Amendments to Australian Accounting Standards arising from the Annual Improvements Projects (AASB 2 & AASB 138 and Interpretations 9 & 16)* effective 1 July 2009
- AASB 2009-7 *Amendments to Australian Accounting Standards (AASB 5, AASB 7, AASB 107, AASB 112, AASB 136 & AASB 139 and Interpretation 17)* effective 1 July 2009

When the adoption of the Standard or Interpretation is deemed to have an impact on the financial statements or performance of the Group, its impact is described below:

AASB 2009-2 Amendments to AASB 7 *Financial Instruments: Disclosures*

The amended Standard requires additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to all financial instruments recognised and measured at fair value are to be disclosed by source of inputs using a three level fair value hierarchy, by class. In addition, a reconciliation between the beginning and ending balance for level 3 fair value measurements is now required, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The fair value measurement disclosures are presented in note 19. The liquidity risk disclosures are not significantly impacted by the amendments and are presented in note 19.

AASB 101 (Revised) *Presentation of Financial Statements*

The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity and included in the new statement of comprehensive income. The statement of comprehensive income presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present one statement.

AASB 123 (Revised) *Borrowing Costs*

The revised AASB 123 requires capitalisation of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. The Group's previous policy was to expense borrowing costs as they were incurred. In accordance with the transitional provisions of the amended AASB 123, the Group has adopted the Standard on a prospective basis. Therefore, borrowing costs are capitalised on qualifying assets with a commencement date on or after 1 January 2009. The Group did not capitalise any borrowing costs in the current year.

AASB 2008-7 Amendments to Australian Accounting Standards – *Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*

The amendments delete the reference to the "cost method" making the distinction between pre and post acquisition profits no longer relevant. All dividends received are now recognised in profit or loss rather than having to be split between a reduction in the investment and profit and loss. However the receipt of such dividends requires an entity to consider whether there is an indicator of impairment of the investment in that subsidiary.

The amendments further clarify cases or reorganisations where a new parent is inserted above an existing parent of the group. It states that the cost of the subsidiary is the previous carrying amount of its share of equity items in the subsidiary rather than its fair value. The adoption of these amendments did not have any impact on the financial position or the performance of the Group.

Notes to the Financial Statements

FOR THE PERIOD ENDED 30 SEPTEMBER 2010

Note 2. Summary of significant accounting policies (continued)

c) New accounting standards and interpretations (continued)

ii. Accounting Standards and Interpretations issued but not yet effective

Applicable Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting ending 30 September 2010. These are outlined in the table below:

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 2009-5	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Projects [AASB 5, AASB 8, AASB 101, AASB 107, AASB 117, AASB 118, AASB 136 & AASB 139]	The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting except for the following: The amendment to AASB 117 removes the specific guidance on classifying land as a lease so that only the general guidance remains. Assessing land leases based on the general criteria may result in more land leases being classified as finance leases and if so, the type of asset which is to be recorded (intangible vs. property, plant and equipment) needs to be determined. The amendment to AASB 101 stipulates that the terms of a liability that could result, at anytime, in its settlement by the issuance of equity instruments at the option of the counterparty do not affect its classification. The amendment to AASB 107 explicitly states that only expenditure that results in a recognised asset can be classified as a cash flow from investing activities.	1 January 2010	The Group has not yet determined the extent of the impact of the amendments, if any.	1 October 2010

Notes to the Financial Statements

FOR THE PERIOD ENDED 30 SEPTEMBER 2010

Note 2. Summary of significant accounting policies (continued)

c) New accounting standards and interpretations (continued)

ii. Accounting Standards and Interpretations issued but not yet effective (continued)

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 2009-5 (continued)		The amendment to AASB 118 provides additional guidance to determine whether an entity is acting as a principal or as an agent. The features indicating an entity is acting as a principal are whether the entity: • has primary responsibility for providing the goods or service; • has inventory risk; • has discretion in establishing prices; • bears the credit risk. The amendment to AASB 136 clarifies that the largest unit permitted for allocating goodwill acquired in a business combination is the operating segment, as defined in IFRS 8 before aggregation for reporting purposes. The main change to AASB 139 clarifies that a prepayment option is considered closely related to the host contract when the exercise price of a prepayment option reimburses the lender up to the approximate present value of lost interest for the remaining term of the host contract. The other changes clarify the scope exemption for business combination contracts and provide clarification in relation to accounting for cash flow hedges.			

Notes to the Financial Statements

FOR THE PERIOD ENDED 30 SEPTEMBER 2010

Note 2. Summary of significant accounting policies (continued)

c) New accounting standards and interpretations (continued)

ii. Accounting Standards and Interpretations issued but not yet effective (continued)

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 2009-8	Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions [AASB 2]	This Standard makes amendments to Australian Accounting Standard AASB 2 *Share-based Payment* and supersedes Interpretation 8 *Scope of AASB 2* and Interpretation 11 *AASB 2 – Group and Treasury Share Transactions*. The amendments clarify the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when the entity has no obligation to settle the share-based payment transaction. The amendments clarify the scope of AASB 2 by requiring an entity that receives goods or services in a share-based payment arrangement to account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash.	1 January 2010	Not expected to have any impact on the Group as the Group does not have any share based payment transactions.	1 October 2010
AASB 2009-10	Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132]	The amendment provides relief to entities that issue rights in a currency other than their functional currency, from treating the rights as derivatives with fair value changes recorded in profit or loss. Such rights will now be classified as equity instruments when certain conditions are met.	1 February 2010	Not expected to have any impact on the Group as the Group has not issued any rights, options or warrants in a currency other than their functional currency.	1 October 2010

Notes to the Financial Statements

FOR THE PERIOD ENDED 30 SEPTEMBER 2010

Note 2. Summary of significant accounting policies (continued)

c) New accounting standards and interpretations (continued)

ii. Accounting Standards and Interpretations issued but not yet effective (continued)

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 9	Financial Instruments	This Standard deals with the classification and measurement of financial assets based on the objective of the entity's business model for managing the financial assets and the characteristics of the contractual cash flows.	1 January 2013	The Group has not yet determined the extent of the impact of this standard, if any.	1 October 2013
AASB 2009-11	Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, AASB 3, AASB 4, AASB 5, AASB 7, AASB 101, AASB 102, AASB 108, AASB 112, AASB 118, AASB 121, AASB 127, AASB 128, AASB 131, AASB 132, AASB 136, AASB 139, AASB 1023 & AASB 1038 and Interpretation 10 & 12]	The revised Standard introduces a number of changes to the accounting for financial assets, the most significant of which includes: • two categories for financial assets being amortised cost or fair value • removal of the requirement to separate embedded derivatives in financial assets • strict requirements to determine which financial assets can be classified as amortised cost or fair value, Financial assets can only be classified as amortised cost if (a) the contractual cash flows from the instrument represent principal and interest and (b) the entity's purpose for holding the instrument is to collect the contractual cash flows • an option for investments in equity instruments which are not held for trading to recognise fair value changes through other comprehensive income with no impairment testing and no recycling through profit or loss on derecognition • reclassifications between amortised cost and fair value no longer permitted unless the entity's business model for holding the asset changes • changes to the accounting and additional disclosures for equity instruments classified as fair value through other comprehensive income	1 January 2013	Refer above to AASB 9 commentary.	1 October 2013

Note 2. Summary of significant accounting policies (continued)

c) New accounting standards and interpretations (continued)

ii. Accounting Standards and Interpretations issued but not yet effective (continued)

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 124 (revised)	Related Party Disclosures (December 2009)	Revised Standard clarifying the definition of related party.	1 January 2011	Not expected to have any impact on the Group's financial report.	1 October 2011
AASB 2009-12	Amendments to Australian Accounting Standards [AASB 5, AASB 8, AASB 108, AASB 110, AASB 112, AASB 119, AASB 133, AASB 137, AASB 139, AASB 1023 & AASB 1031 and Interpretations 2, 4, 16, 1039 & 1052]	Editorial amendments and amendments to AASB 8 that require an entity to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosure.	1 January 2011	The Group has not yet determined the extent of the impact of the amendments, if any.	1 October 2011
AASB 2009-14	Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement	These amendments arise from the issuance of Prepayments of a Minimum Funding Requirement (Amendments to IFRIC 14). The requirements of IFRIC 14 meant that some entities that were subject to minimum funding requirements could not treat any surplus in a defined benefit pension plan as an economic benefit. The amendment requires entities to treat the benefit of such an early payment as a pension asset. Subsequently, the remaining surplus in the plan, if any, is subject to the same analysis as if no prepayment had been made.	1 January 2011	The Group has not yet determined the extent of the impact of the amendments, if any.	1 October 2011
AASB 1053	Application of Tiers of Australian Accounting Standards	This Standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements.	1 July 2013	The Group has not yet determined the extent of the impact of this standard, if any.	1 October 2013
AASB 2010-2	Amendments to Australian Accounting Standards arising from reduced disclosure requirements	This Standard gives effect to Australian Accounting Standards – Reduced Disclosure Requirements. AASB 1053 provides further information regarding the differential reporting framework and the two tiers of reporting requirements for preparing general purpose financial statements.	1 July 2013	The Group has not yet determined the extent of the impact of this standard, if any.	1 October 2013

Notes to the Financial Statements

FOR THE PERIOD ENDED 30 SEPTEMBER 2010

Note 2. Summary of significant accounting policies (continued)

c) New accounting standards and interpretations (continued)

ii. Accounting Standards and Interpretations issued but not yet effective (continued)

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 2010-3	Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 3, AASB 7, AASB 121, AASB 128, AASB 131, AASB 132 & AASB 139]	Limits the scope of the measurement choices of non-controlling interest at proportionate share of net assets in the event of liquidation. Other components of NCI are measured at fair value. Requires an entity (in a business combination) to account for the replacement of the acquiree's share-based payment transactions (whether obliged or voluntarily), i.e., split between consideration and post combination expenses. Clarifies that contingent consideration from a business combination that occurred before the effective date of AASB 3 Revised is not restated. Eliminates the requirement to restate financial statements for a reporting period when significant influence or joint control is lost and the reporting entity accounts for the remaining investment under AASB 139. This includes the effect on accumulated foreign exchange differences on such investments.	1 July 2010	The Group has not yet determined the extent of the impact of the amendments, if any.	1 October 2010
AASB 2010-4	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101, AASB 134 and Interpretation 13]	Emphasises the interaction between quantitative and qualitative AASB 7 disclosures and the nature and extent of risks associated with financial instruments. Clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. Provides guidance to illustrate how to apply disclosure principles in AASB 134 for significant events and transactions. Clarify that when the fair value of award credits is measured based on the value of the awards for which they could be redeemed, the amount of discounts or incentives otherwise granted to customers not participating in the award credit scheme, is to be taken into account.	1 January 2011	The Group has not yet determined the extent of the impact of this standard, if any.	1 October 2011

Note 2. Summary of significant accounting policies (continued)

c) New accounting standards and interpretations (continued)

ii. Accounting Standards and Interpretations issued but not yet effective (continued)

Reference	Title	Summary	Application date of standard	Impact on Group financial report	Application date for Group
AASB 2010-5	Amendments to Australian Accounting Standards [AASB 1, AASB 3, AASB 4, AASB 5, AASB 101, AASB 107, AASB 112, AASB 118, AASB 119, AASB121, AASB 132, AASB 133, AASB 134, AASB137, AASB 139, AASB140, AASB 1023 & AASB 1038 and Interpretations 112, 115, 127, 132 & 1042]	Editorial amendments to the standards. No impact on the requirements.	1 January 2011	The Group has not yet determined the extent of the impact of the amendments, if any.	1 October 2011
Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	This interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability are "consideration paid" in accordance with paragraph 41 of IAS 39. As a result, the financial liability is derecognised and the equity instruments issued are treated as consideration paid to extinguish that financial liability. The interpretation states that equity instruments issued in a debt for equity swap should be measured at the fair value of the equity instruments issued, if this can be determined reliably. If the fair value of the equity instruments issued is not reliably determinable, the equity instruments should be measured by reference to the fair value of the financial liability extinguished as of the date of extinguishment.	1 July 2010	The Group has not yet determined the extent of the impact of the amendments, if any.	1 October 2010

Notes to the Financial Statements

FOR THE PERIOD ENDED 30 SEPTEMBER 2010

Note 2. Summary of significant accounting policies (continued)

d) Basis of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries controlled by Co-operative Bulk Handling Limited ("Company" or "parent entity") as at 30 September 2010 and the results of all subsidiaries for the period then ended. Co-operative Bulk Handling Limited and its subsidiaries together are referred to in this financial report as the Group or consolidated entity.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent entity using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Co-operative Bulk Handling Limited less any impairment charges. Dividends received from subsidiaries are recorded as a component of other revenues in the statement of comprehensive income of the parent entity and do not impact the recorded cost of the investment. Upon receipt of dividend payments from subsidiaries, the parent will assess whether any indicators of impairment of the carrying value of the subsidiary exist. Where such indicators exist, to the extent that the carrying value of the investment exceeds its recoverable amount, an impairment loss is recognised.

Associates

Associates are those entities over which the Group has significant influence but no control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the parent entity financial statements using the cost method and in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in the associates are carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to the Group's net investment in associates. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of associates' post-acquisition profits or losses is recognised in the statement of comprehensive income and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the parent entity's statement of comprehensive income, while in the consolidated financial statements they reduce the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in an associate, including any other unsecured long term receivables, the Group does not recognise any further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains and transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates are consistent with the policies adopted by the Group.

The Group has loans to associates. These loans have been reclassified as part of the investments in associates at cost as they are considered in substance to form part of the net investment in associates.

CBH Grain Pools

The Group operates grain pools on behalf of growers and has legal title over the pool stocks; however the majority of the risks and benefits associated with the pools, principally price risk and benefit, together with credit risk, are attributable to growers. As a result, pool stocks and other related balances held by the Group on behalf of growers are not recognised in the Group's financial statements. Separate financial records are maintained for CBH Grain pools.

Note 2. Summary of significant accounting policies (continued)

e) Business combinations

Subsequent to 1 November 2009

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 139 either in profit or loss or in other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured.

Prior to 1 November 2009

The purchase method of accounting was used to account for all business combinations. Cost was measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange. Costs directly attributable to the combination were expensed as incurred. Where equity instruments were issued in a business combination, the fair value of the instruments is their published market price at the date of exchange unless other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments were recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination were measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of the business combination over the net fair value of the Group's share of the identifiable net assets acquired is recognised as goodwill. If the cost of acquisition was less than the Group's share of the net fair value of the identifiable net assets of the subsidiary acquired, the difference was recognised as a gain in the statement of comprehensive income, but only after a reassessment of the identification and measurements of the net assets acquired.

f) Revenue recognition

Revenues are recognised and measured at the fair value of the consideration received or receivable net of the amounts of goods and services tax payable to the Australian Taxation Office (ATO). The following specific recognition criteria must also be met before revenue is recognised:

i) Grain handling revenue

Revenue is earned from the 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.

ii) Grain trading revenue

Revenue is generated from the sale of grain domestically, interstate and overseas and other grain related services. Overseas sales are sold on the basis of Free on Board (FOB), Cost and Freight (CFR) or Cost Insurance and Freight (CIF). Revenue is recognised when the significant risk and rewards of ownership have passed from the Group to an external party. Grain related services are recognised as revenue as services are rendered. Services revenue relate to chartering and logistics services for CIF and CFR export sales are recognised at the time the services are provided.

iii) Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected useful life of the financial instrument) to the net carrying amount of the financial asset.

Notes to the Financial Statements

FOR THE PERIOD ENDED 30 SEPTEMBER 2010

Note 2. Summary of significant accounting policies (continued)

f) Revenue recognition (continued)

iv) Dividends

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

v) Management fees revenue

Management fee revenue is recognised according to when the costs of providing the services are incurred.

vi) Underwriting fees revenue

The underwriting fee charged on loan products is a fee for the service of providing a non-recourse loan. Underwriting fee revenue is recognised on a basis consistent with the pattern of the incidence of risk covered by the service provided.

vii) Construction revenue

Construction contract revenue is recognised in accordance with the percentage of completion method. Refer note 2 (g) for details.

viii) Logistic services revenue

Revenue is recognised as the services rendered.

g) Construction contracts

Construction contract revenue and expenses are recognised in accordance with the percentage of completion method unless the outcome of the contract cannot be reliably estimated. Where the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense as incurred, and where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.

For fixed price contracts, the stage of completion are measured by reference to labour hours incurred to date as a percentage of estimated total labour hours for each contract. Revenue from cost plus contracts is recognised by reference to the recoverable costs incurred during the reporting period plus the percentage of fees earned. Percentage of fees earned is measured by the proportion that costs incurred to date bear to the estimated total costs of the contract.

Construction work-in-progress

Work-in-progress is valued at cost plus profit recognised to date based on the value of work completed, less provision for foreseeable losses. Any material losses on contracts are brought to account when identified.

Costs include both variable and fixed costs directly related to specific contracts. Those costs which are expected to be incurred under penalty clauses and warranty provisions are also included.

h) Trade and receivables

Trade receivables, which generally have 14-30 day terms, and other receivables, including amounts owing from related parties are initially recognised at fair value and subsequently measured at amortised cost, less an allowance for impairment.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. An impairment allowance is recognised when there is objective evidence that the Group will not be able to collect the debts. Financial difficulties of the debtor, default payments or debts more than 90 days overdue are considered objective evidence of impairment.

i) Inventories

i) Consumables and stores

Consumables and stores, except for grain held for trading, are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs for completion and the estimated costs necessary to make the sale. Costs are assigned to individual items of stock on the basis of weighted average costs.

ii) Grain stock

Grain purchased with the purpose of selling in the near future and generating a profit from fluctuation in price or broker-traders' margin are measured at fair value less costs to sell, with changes in fair value recognised in the statement of comprehensive income.

Notes to the Financial Statements

FOR THE PERIOD ENDED 30 SEPTEMBER 2010

Note 2. Summary of significant accounting policies (continued)

j) Investments and other financial assets

Investments and financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through the profit or loss, loan and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through the profit or loss, directly attributable transactions costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

i) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

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. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

iii) Financial assets at fair value through the profit and loss

Financial assets classified as held for trading are included in the category "financial assets at fair value through profit or loss". Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near future with the intention of making a profit. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gain or losses on financial assets held for trading are recognised in profit or loss.

The Company at the discretion of the Board offers cash-outs to growers. These are referred to as "Equities in CBH Grain Pools". Growers accepting cash-outs are paid out their remaining equity discounted for administration charges and carrying interest. The equity purchased by the Company is carried at fair value.

iv) Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions, reference to the current market value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

k) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses (refer Note 2(l)). All such assets, except freehold land, are depreciated over their estimated useful lives on a straight line basis commencing from the time the asset is held ready for use. The expected useful lives are as follows:

Buildings	10-50 years
Plant and equipment	5-20 years
Motor vehicles	7-15 years
Office furniture and equipment	5-20 years

Note 2. Summary of significant accounting policies (continued)

l) Impairment of non-financial assets other than goodwill

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indicator exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

m) Repairs and maintenance

Plant of the Group is required to be overhauled on a regular basis. The costs of this maintenance are charged as expenses as incurred, except where they relate to the replacement of a major component of an asset, in which case the costs are capitalised and depreciated in accordance with Note 2(k). Other routine operating maintenance, repair costs and minor renewals are also charged as expenses as incurred.

n) Leasehold properties

The cost of leasehold properties is amortised over the unexpired period of the lease or the estimated useful life of the property to the Group, whichever is the shorter. Leasehold properties held at the reporting date are being amortised over a period not greater than 99 years.

o) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates. When the recoverable amount of the cash-generating unit (group of cash-generating units), is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a cash-generating unit (group of cash-generating units) and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment losses recognised for goodwill are not subsequently reversed.

Notes to the Financial Statements

FOR THE PERIOD ENDED 30 SEPTEMBER 2010

Note 2. Summary of significant accounting policies (continued)

p) Intangible assets

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development cost, are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at a cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether an indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in accounting estimate and is thus accounted for on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

i) Computer software

An intangible asset arising from the purchase or development of computer software is recognised only when the Group can demonstrate the technical feasibility of completing the development project, its intention to complete and its ability to use the asset to generate future economic benefits. Following the initial recognition of the purchase or development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Expenditure capitalised is amortised on a straight line basis over an estimated useful life of two and a half years.

ii) Research and development

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an internal project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure so capitalised is amortised on a straight line basis over the estimated useful life. At 30 September 2010, the Group does not have any development assets.

iii) Patents

Patents and trademarks are recognised at cost of acquisition. Patents have a finite life and are carried at cost less accumulated amortisation and any impairment losses. Patents are amortised on a straight line basis over twenty years.

q) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangements and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

i) Group as a lessee

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight line basis over the lease term. Lease incentives are recognised in the statement of comprehensive income as an integral part of the total lease expense.

ii) Group as a lessor

Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as the lease income.

Notes to the Financial Statements

FOR THE PERIOD ENDED 30 SEPTEMBER 2010

Note 2. Summary of significant accounting policies (continued)

r) Trade and other payables

Trade payables and other payables are carried at amortised costs representing liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. These amounts are unsecured and non-interest bearing and are usually paid within 30 days of recognition.

s) Non-interest bearing liabilities

In accordance with the Bulk Handling Act (1967), tolls were previously deducted from the proceeds of every tonne of grain delivered by a shareholder. Debentures are subsequently issued for tolls accrued during the previous 10 years. The collection of tolls ceased during the financial year ended 31 October 2000. There is no interest applicable and repayments to debenture holders are made annually in the year sequence in which tolls were credited. The debentures are carried at amortised cost and the carrying value is determined based on the net present value of future payments discounted at an appropriate 10 year bond interest rate at inception.

t) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised.

u) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

v) Foreign currency translation

The consolidated financial statements are presented in Australian dollars ($A) which is Co-operative Bulk Handling Limited's functional and presentation currency.

Foreign currency transactions are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date and all differences are recognised in the statement of comprehensive income. Loans to subsidiaries are retranslated at the exchange rate ruling at reporting date and any retranslation difference is taken to a separate component of equity where the loan is determined to be equity in nature.

The functional currency of overseas subsidiaries is American Dollars (USD), Hong Kong Dollars (HKD) and Japanese Yen (JPY).

As at the reporting date the assets and liabilities of the foreign operations are translated into the presentation currency of the Group at the rate of exchange ruling at the reporting date and the statement of comprehensive income are translated at the average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity.

On disposal of a foreign operation, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the statement of comprehensive income.

w) Employee benefits

i) Wages and salaries and annual leave

Liabilities for wages and salaries, annual leave and related on costs, are recognised and are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liabilities are settled.

Notes to the Financial Statements

FOR THE PERIOD ENDED 30 SEPTEMBER 2010

Note 2. Summary of significant accounting policies (continued)

w) Employee benefits (continued)

ii) Long service leave and sick leave

A liability for long service leave and sick leave due to be settled within 12 months of the reporting date is recognised in the provision for employee benefits and is measured in accordance with (i) above. The liability for long service leave and vesting sick leave due to be settled more than 12 months from the reporting date is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measures at the rates paid or payable.

Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

iii) Terminations

Liabilities for termination benefits are recognised when a detailed plan for terminations has been developed and a valid expectation has been raised in those employees affected that the terminations will be carried out. Liabilities for termination benefits expected to be settled within 12 months are measured at the amounts expected to be paid when they are settled.

iv) Superannuation

The Group offers employees a choice in certain superannuation matters. As such superannuation contributions are made to a number of funds, including the CBH Superannuation Fund (Note 26) which includes a defined benefit component within the plan.

Defined benefit members receive pension benefits on retirement, death and disablement, with an option to convert their benefits to a lump sum. On resignation, defined benefit members receive a lump sum benefit. The defined benefit section of the Fund is closed to new members. All new members receive accumulation only benefits.

The Group uses the Direct to Equity Approach under AASB 119. Under this approach actuarial gains and losses in respect of the defined benefit component of the superannuation plan are recognised in the retained earnings. They are not taken to profit and loss in future periods.

The defined benefit asset or liability is measured at the present value of the defined benefit obligation at the reporting date less the fair value of the superannuation fund's assets at that date. Any asset resulting from this calculation is limited to unrecognised past service cost, plus the present value of any economic benefits available in the form of refunds from the plan and reductions in future contributions to the plan. The defined benefit obligation includes actuarial estimates of future variables such as employee turnover and the plan's rate of return. Gains and losses arising from changes in actuarial estimates are recognised immediately through retained earnings in the year in which they occur.

x) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Notes to the Financial Statements

FOR THE PERIOD ENDED 30 SEPTEMBER 2010

Note 2. Summary of significant accounting policies (continued)

x) Income tax (continued)

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised except:

- when the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary differences is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

The parent entity was previously exempt from income tax by virtue of Section 50-40 of the Income Tax Assessment Act (1997). The parent entity's right to claim this exemption in future years has been revoked by the Australian Taxation Office and is effective from 1 November 2008 (refer to Note 5 for further details).

y) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amounts of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of the receivables or payables in the statement of financial position.

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

z) Borrowing costs

Borrowing costs incurred for the construction of any qualified asset are capitalised during the period of time that it is required to complete and prepare the asset for its intended use. No borrowing costs were capitalised during the current year.

Other borrowing costs are recognised as an expense when incurred.

aa) Bank guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. The parent entity has undertaken guarantees relating to loan facilities with certain subsidiaries and associated entities.

Financial guarantee contracts are initially measured at fair value and recorded as a guarantee liability and an increase in investment on the statement of financial position. In future years financial guarantee contracts are recognised and measured at the higher of the best estimate of the expenditure required to settle the obligation and the amount initially recognised less, where appropriate, cumulative amortisation.

Notes to the Financial Statements

FOR THE PERIOD ENDED 30 SEPTEMBER 2010

Note 2. Summary of significant accounting policies (continued)

ab) Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedge instrument. The Group's commodity futures and options contracts, interest rate swap agreements and foreign exchange contracts are used to manage financial risk and exposure of commodity inventories but do not currently qualify for hedge accounting.

Where derivative instruments do not qualify for hedge accounting, changes in fair value are recognised immediately in the statement of comprehensive income. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Fair value estimation

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

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on the quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price, the appropriate quoted market price for financial liabilities is the current ask price.

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 each reporting date. Physical positions comprising stocks, forward sales and forward purchases 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 interest rate swaps is determined by reference to market values for similar instruments. The fair value of forward exchange contracts is determined using forward exchange market rates at the reporting date for contracts with similar maturity profiles.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the futures contractual cash flows at current market interest rates that is available to the Group for similar financial instruments.

ac) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any outstanding bank overdrafts.

ad) Contributed equity

Issued and paid up capital is recognised at the fair value of the consideration received.

Note 3. Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made.

i) Significant accounting judgements

In the process of applying the Group's accounting policies, management has made the following judgements apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Allowance for doubtful debt

Management believe recoverability of some of the debts included in trade and other receivables are uncertain as they are overdue beyond their credit period and therefore an allowance of $2,441,000 (2009: $2,093,000) has been raised. Measures are being undertaken to recover the full value of the relevant receivable, including taking charge over the assets of debtors in default and/or taking legal action.

Notes to the Financial Statements

FOR THE PERIOD ENDED 30 SEPTEMBER 2010

Note 3. Significant accounting judgements, estimates and assumptions

i) Significant accounting judgements (continued)

Impairment of non-financial assets other than goodwill

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. These include product and manufacturing performance, technology, economic, environmental and political environments and future product expectations. If an impairment trigger exists the recoverable amount of the asset is determined. Given the current uncertain economic environment management considered that the indicators of impairment were significant enough and as such these assets have been tested for impairment in this financial period.

Impairment of investment in associate

As at reporting date, the Company assessed the impairment of an investment in associate by comparing to the equity accounted value of the investments to expected cash flows of the underlying net asset base of the investments. As a result, an impairment amounting to $1,629,000 was recorded.

Loans to overseas subsidiaries in foreign currency

Loans to overseas subsidiaries in foreign currency are translated at the exchange rate ruling at the reporting date. Any exchange differences arising on the translation are recognised in the foreign currency translation reserve on consolidation if it was determined that the loans are equity in nature. For all other loans, the exchange differences are recognised in the statement of comprehensive income.

Recognition of deferred income tax assets

Deferred income tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. As at 30 September 2010, the appeal against the tax ruling to have CBH's tax exempt status reinstated remains ongoing.

ii) Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of certain assets and liabilities within the next annual reporting period are:

Grain stock inventory

The Group measures the cost of grain stock inventory held for trading by reference to the fair value of grain stock as at reporting date less costs to sell. The fair value has been determined by reference to international and domestic grain prices as at reporting date. In case where international or domestic prices are not readily available, the fair value is determined by reference to a forward price that may be available.

Derivative assets and liabilities

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 each reporting date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Physical positions comprising stocks, forward sales and forward purchases do not have quoted market prices available, therefore 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.

Investments in pools

In years where the Group has had investments in the CBH Grain Pools (formerly Grain Pool Pools), these investments have been measured at reporting date with reference to the estimated pool returns published by the respective pool managers.

Note 3. Significant accounting judgements, estimates and assumptions (continued)

ii) Significant accounting estimates and assumptions (continued)

Impairment of goodwill included within investments in associates

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units, using a value in use discounted cash flow methodology, to which the goodwill is allocated. The assumptions used in this estimation of recoverable amount of goodwill are:

i) *Cash-generating units*: Flour mill level as decisions are made and reports are prepared at this level.

ii) *Carrying amount of Goodwill allocated to each cash-generating unit is*:

	Carrying Amount			
	2010 AUD'000	2009 AUD'000	**2010 USD'000**	2009 USD'000
Cash-generating units				
Flour Mills	**9,432**	9,999	**9,154**	9,154

iii) *Key Assumptions used in value in use calculations for cash-generating units.*

The calculation of value in use for the cash generating units is most sensitive to the following assumptions:

- Discount rate
- Growth rate used to extrapolate cash flows beyond the budget period
- Raw material price fluctuations
- Market share during the period

Discount rates – reflect management's estimate of the time value of money and the risks to each unit that are not already reflected in the cash flows. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals. In determining appropriate discount rates for each unit, regard has been given to the weighted average cost of capital of the entity as a whole and adjusted for country and business risk specific to the Mills. A rate of 10% (2009: 10%) was applied to the forecast cash flows.

Growth rate estimates – are based on industry research and cross checked to published growth rates forecast for the regions. Management then applies these growth rates conservatively past the 1 year budget. A factor of 4.5% (2009: 4.5%) per annum was applied from years 2-5 and stable growth for years 6-10.

Raw material price fluctuations – estimates are obtained from published indices from the countries from which the materials are sourced together with the use of past actual raw material price movements as an indicator of future price movements.

Market share during the period – management assesses how the unit's relative position to its competitors might change over the budget period. Management expects the unit's market share to remain stable or to slightly increase over the budget period.

iv) *Sensitivity to changes in assumptions*

With regard to the assessment of value in use, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

Defined benefit plan

Various actuarial assumptions are required when determining the Group's pension benefit obligations. These assumptions and related carrying amounts are discussed in Note 26.

Long service leave and sick leave entitlements

The Group measures the value of long service leave and sick leave liabilities at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit valuation method. The expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Bank guarantee liability

The fair value of financial contracts discussed in Notes 2(aa) and 22 has been assessed using the present value approach on initial recognition. In order to estimate the fair value under this approach, the Company used the differential between the interest rate with the guarantee (2.35%-5.4%) and what the interest rate would potentially have been without the guarantee (3.33%-6.84%). Subsequent to initial measurement, the guarantees are recognised at the present value, assessed based on above approach or the amount initially recognised less cumulative amortisation, whichever is higher.

Notes to the Financial Statements

FOR THE PERIOD ENDED 30 SEPTEMBER 2010

Note 3. Significant accounting judgements, estimates and assumptions (continued)

ii) Significant accounting estimates and assumptions (continued)

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience (for plant and equipment), lease term (for leased equipment) and turnover policies (for motor vehicles). Adjustments to useful life are made when considered necessary. Depreciation charges are disclosed in Note 11.

Impairment in non current assets

The Group determines whether non current assets are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units, using a value in use discounted cash flow methodology. During the year, significant factors had prompted the Metro Grain Centre to be separate from the Kwinana zone. Refer Note 11 for details and assumptions used in the impairment testing for Metro Grain Centre.

Note 4. Revenues and expenses

	Consolidated		Parent Entity	
	11 months ended 30 September 2010 $'000	12 months ended 31 October 2009 $'000	**11 months ended 30 September 2010 $'000**	12 months ended 31 October 2009 $'000
Revenues and Expenses from Continuing Operations				
a) Revenue				
Grain handling services	**214,936**	311,557	**294,120**	365,897
Grain trading and marketing services	**912,490**	1,004,515	**–**	–
Construction contract revenue	**1,183**	654	**–**	–
Logistic services revenue (i)	**137,675**	179,598	**137,675**	193,716
Management fees	**19,803**	28,446	**23,276**	21,733
Interest	**26,933**	32,812	**3,735**	2,827
Customer loyalty payment	**(14,191)**	(16,274)	**–**	–
	1,298,829	1,541,308	**458,806**	584,173
b) Other income				
Net (loss)/gain on disposal of property, plant and equipment	**(265)**	(409)	**(265)**	(408)
Unrealised (loss)/gain on foreign currency transactions	**–**	(2)	**–**	–
Net realised gain on foreign exchange	**8,054**	73,895	**–**	–
Realised fair value gain/(loss) on derivatives	**(20,476)**	47,174	**–**	–
Unrealised fair value gains/(losses) on derivatives	**51,208**	14,425	**–**	–
Net unrealised (loss)/gain on foreign exchange on non derivatives	**477**	(2,807)	**–**	–
Amortisation of bank guarantee liability	**347**	773	**828**	1,594
Income on sale of logistics operation	**–**	600	**–**	–
Other	**13,005**	18,935	**9,650**	12,635
	52,350	152,584	**10,213**	13,821
c) Raw materials, traded grains and consumables				
Fair value change on traded inventory	**(40,020)**	8,535	**–**	–
Costs of goods sold	**820,467**	938,229	**–**	–
	780,447	946,764	**–**	–

Notes to the Financial Statements

FOR THE PERIOD ENDED 30 SEPTEMBER 2010

	Consolidated		Parent Entity	
	11 months ended 30 September 2010 $'000	12 months ended 31 October 2009 $'000	**11 months ended 30 September 2010 $'000**	12 months ended 31 October 2009 $'000

Note 4. Revenues and expenses (continued)

d) Finance costs

Bank loans and overdrafts	**30,761**	35,802	**369**	1,580
Payments to CBH Grain Pools	**3,522**	6,597	**–**	–
Effective interest on debentures	**392**	754	**392**	754
Total finance costs	**34,675**	43,153	**761**	2,334

e) Depreciation and amortisation

Depreciation:				
Land and buildings	**29,534**	29,827	**29,449**	29,727
Plant and equipment	**22,287**	23,720	**23,189**	24,393
Office furniture and equipment	**1,631**	1,793	**1,595**	1,752
Motor vehicles	**2,085**	2,412	**2,033**	2,363
Amortisation:				
Leasehold properties	**154**	168	**154**	168
Computer software	**6,404**	8,377	**6,404**	8,377
Patents	**3**	4	**–**	–
Other	**–**	–	**–**	–
Total depreciation and amortisation	**62,098**	66,301	**62,824**	66,780

(i) Includes freight revenue which reflects the amount Co-operative Bulk Handling Ltd charge growers under its Grain Express strategy which commenced in 2009 to move grain from up-country receival sites. Revenue is recognised as actual grain is moved to the growers nominated sites.

f) Employee benefits expense

Wages and salaries	**98,685**	99,019	**97,500**	98,530
Defined contribution accumulation superannuation expense	**4,554**	4,925	**4,554**	4,925
Defined benefit superannuation expense	**2,927**	2,662	**2,927**	2,662
Other employee benefits expense	**5,572**	5,787	**5,572**	5,787
	111,738	112,393	**110,553**	111,904

g) Unrealised gain/(loss)

Net unrealised gain/(loss) on inventory at fair value, less cost to sell	**40,020**	(8,535)	**–**	–
Net unrealised gain/(loss) on derivatives at fair value	**51,208**	14,425	**–**	–
	91,228	5,890	**–**	–
Gain/(loss) on foreign currency translation (Note 2(v))	**(1,027)**	(4,763)	**(2,754)**	(15,860)

	Consolidated		Parent Entity	
	11 months ended 30 September 2010	12 months ended 31 October 2009	**11 months ended 30 September 2010**	12 months ended 31 October 2009
	$'000	$'000	**$'000**	$'000

Note 4. Revenues and expenses (continued)

h) Other expenses

Provision for employee benefits	**(1,681)**	1,867	**(1,541)**	1,327
Bad debts written (back)/off to profit and loss	**(997)**	(2,433)	**(51)**	(154)
Allowance for doubtful debts	**1,345**	910	**1,123**	863
Rental expense relating to operating leases	**9,111**	7,720	**8,382**	7,341

i) Storage, handling and freight expenses

Storage and handling	**80,290**	94,104	**80,290**	94,104
Freight	**139,959**	187,726	**139,959**	187,726
	220,249	281,830	**220,249**	281,830

Freight expense includes the amount Co-operative Bulk Handling Ltd pays to rail and road transporters under its Grain Express strategy which commenced in 2009 to move grain from up-country receival sites, to destination sites.

Note 5. Income tax

Major components of income tax expense for the year ended 31 October 2009 and the period ended 30 September 2010 are:

Statement of comprehensive income				
Current income tax				
Current income tax charge	**18,415**	50,961	**17,006**	40,681
Adjustment in respect of current income tax of previous years	**(402)**	(4,624)	**(402)**	–
Deferred income tax				
Relating to origination and reversal of temporary differences	**(6,760)**	2,185	**(14,668)**	(13,495)
Net deferred tax asset recognised arising on CBH becoming taxable	**–**	(27,278)	**–**	(27,186)
Income tax expense reported in the statement of comprehensive income	**11,253**	21,244	**1,936**	–

	Statement of Financial Position		Statement of Comprehensive Income	
	30 September 2010 $'000	31 October 2009 $'000	**11 months ended 30 September 2010 $'000**	12 months ended 31 October 2009 $'000

Note 5. Income tax (continued)

CONSOLIDATED				
Deferred income tax liabilities				
Financial assets	**(58,142)**	(46,334)	**(11,808)**	78,602
Plant and equipment	**–**	(2)	**2**	(7)
Inventories	**(12,023)**	(177)	**(11,846)**	532
Accrued income	**(207)**	(167)	**(40)**	(53)
Prepayments	**–**	(438)	**438**	3,621
Other	**(441)**	(863)	**422**	(1,197)
Offset against deferred tax asset	**62,483**	44,569	**17,914**	–
Gross deferred income tax liabilities	**(8,330)**	(3,412)	**(4,918)**	81,498
Deferred income tax assets				
Cash at bank	**1,155**	–	**1,155**	(2,024)
Financial liabilities	**43,483**	41,745	**1,738**	41,745
Financial assets	**–**	1,076	**(1,076)**	(128,680)
Plant and equipment	**21,244**	20,538	**706**	3,373
Land and buildings	**32,389**	34,501	**(2,112)**	2,423
Accruals	**7,023**	234	**6,789**	2,230
Provisions	**6,838**	6,626	**212**	(3,930)
Shrinkage stock	**2,435**	3,228	**(793)**	(149)
Defined benefits super plan	**1,044**	799	**245**	799
Deferred expenses	**–**	356	**(356)**	356
Borrowing costs	**–**	39	**(39)**	39
Foreign exchange on loans to foreign subsidiaries	**5,584**	4,758	**826**	1,278
Other	**–**	1,079	**(1,079)**	(4,080)
Unearned revenue	**–**	2,937	**(2,937)**	2,937
Carry forward tax losses	**10,695**	–	**10,695**	–
Offset against deferred tax liabilities	**(62,483)**	(44,569)	**(17,914)**	–
Less: Unrecognised deferred tax asset on capital account	**(12,810)**	(13,144)	**334**	–
Less: Unrecognised deferred tax asset on revenue account	**–**	(15,284)	**15,284**	–
Gross deferred income tax assets	**56,597**	44,919	**11,678**	(83,683)
Net deferred tax asset/(liability)	**48,267**	41,507		
Deferred income tax charge	**–**	–	**6,760**	(2,185)

	Statement of Financial Position		Statement of Comprehensive Income	
			11 months ended	12 months ended
	30 September 2010	31 October 2009	**30 September 2010**	31 October 2009
	$'000	$'000	**$'000**	$'000

Note 5. Income tax (continued)

PARENT				
Deferred income tax liabilities				
Prepayment	**(326)**	(433)	**107**	(433)
Accrued income	**(32)**	(164)	**132**	(155)
Unearned revenue	**–**	–	**–**	(333)
Deferred income tax assets				
Shrinkage stock	**2,435**	3,228	**(793)**	(148)
Accruals and provisions	**5,707**	5,542	**165**	3,214
Defined benefits super plan	**1,044**	799	**245**	799
Deferred expenses	**126**	356	**(229)**	356
Fixed assets	**21,231**	20,484	**747**	2,976
Land and buildings	**32,389**	34,501	**(2,112)**	2,423
Borrowing costs	**–**	38	**(38)**	38
Foreign exchange on loans to foreign subsidiaries	**5,584**	4,758	**826**	4,758
Less: Unrecognised deferred tax asset on capital account	**(12,810)**	(13,144)	**334**	–
Less: Unrecognised deferred tax asset on revenue account	**–**	(15,284)	**15,284**	–
Gross deferred income tax assets	**55,348**	40,681		
Deferred income tax charge	**–**	–	**14,668**	13,495

	Consolidated		Parent Entity	
	11 months ended	12 months ended	**11 months ended**	12 months ended
	30 September 2010	31 October 2009	**30 September 2010**	31 October 2009
	$'000	$'000	**$'000**	$'000
A reconciliation between tax expense and the product of accounting profit before tax multiplied by the Group's applicable income tax rate is as follows:				
Accounting profit/(loss) before income tax from continuing operations	**39,385**	140,210	**(6,744)**	68,013
At the Group's statutory income tax rate of 30%	**11,816**	42,063	**(2,023)**	20,404
Deferred tax asset for tax losses now recognised	**–**	(106)	**–**	–
Investment allowance	**–**	(13)	**–**	–
Non-assessable income	**(2)**	(451)	**–**	–
Non-deductible expenses	**1,757**	502	**1,729**	492
Share of equity accounted results of associates	**(4,986)**	4,731	**797**	–
Loss of associate	**508**	97	**–**	–
Net deferred tax asset recognised arising on CBH becoming taxable	**–**	(27,278)	**–**	(27,186)
Attributable income of Controlled Foreign Corporations	**450**	–	**436**	317
Impairment in associate's investment	**–**	–	**–**	5,167
Depreciation on capital asset	**–**	806	**–**	806
Over provision of tax in prior year	**(398)**	70	**(402)**	–
Adjustment to temporary differences of prior years	**1,631**	–	**1,631**	–
Other	**477**	823	**(232)**	–
Income tax expense	**11,253**	21,244	**1,936**	–

Note 5. Income tax (continued)

On 25 November 2008, the Australian Taxation Office ("ATO") issued a ruling stating that Co-operative Bulk Handling Limited is no longer entitled to claim tax exempt status and is required to pay tax from 1 November 2008. Subsequently, CBH has lodged an appeal against this ruling to have its tax exempt status reinstated. This appeal was heard in the Federal Court in October 2009.

On 25 May 2010, the Federal Court handed down its ruling in favour of CBH. On 14 June 2010, the ATO notified CBH that it intended to lodge an appeal against this judgement. The Full Federal Court appeal was heard on 16 August 2010. If the ATO's appeal is not set aside by the Full Federal Court, CBH continues to be required to pay tax from 1 November 2008. CBH has applied tax effect accounting for the purposes of these accounts with effect from 1 November 2008.

The Company has not recognised any deferred income tax assets arising from transition from its tax exempt status in respect of the tax cost base revaluation of capital gains tax assets on the basis that it is not probable at this point in time that future capital gains will be derived to enable the benefits to be realised. In addition, the Company is still determining its capital tax bases and thus is not in a position to currently estimate the quantum of this potential tax benefit.

The Group has assessed the potential impact of Taxation of Financial Arrangements (TOFA) changes on the Group's tax position. No impact has been recognised and no adjustments have been made to the deferred tax and income tax balances at 30 September 2010 (2009: $Nil).

Note 6. Trade and other receivables

	Consolidated		Parent Entity	
	30 September 2010 $'000	31 October 2009 $'000	**30 September 2010 $'000**	31 October 2009 $'000
CURRENT				
Trade receivables (i)	**26,335**	36,413	**12,757**	7,382
Loans to Growers (ii)	**62,777**	31,447	**–**	–
Less: Allowance for doubtful debts (iii)	**(2,441)**	(2,093)	**(2,175)**	(1,103)
	86,671	65,767	**10,582**	6,279
Other receivables (v)	**20,029**	40,565	**21,589**	11,132
Tax receivables	**–**	15,461	**–**	–
Related party receivables: (iv)				
Controlled entities	**–**	–	**16,836**	–
Associated entities	**12**	745	**–**	175
	106,712	122,538	**49,007**	17,586
NON-CURRENT				
Trade receivables (i)	**674**	2,005	**–**	–
Other debtors	**–**	52	**–**	–
Related party receivables: (iv)				
Controlled entities	**–**	–	**35,141**	37,001
Associates	**–**	7,283	**–**	–
	674	9,340	**35,141**	37,001

(i) Trade receivables

Trade receivables are generally non-interest bearing and are 14-30 day terms. Included in the above amount, are two debtors who owe CBH Grain Pty Ltd (formerly Grain Pool Pty Ltd) $7,900,000 (2009 – $24,700,000) at reporting date. These debtors have been granted trade finance facilities and interest is charged at LIBOR plus a margin on commercial terms. In respect of grower washout invoices, terms are generally 30 days however, extension of up to 90 days has been granted upon application. An allowance for doubtful debts is made when there is objective evidence that a trade receivable is impaired.

Non-current trade receivables comprise a deferred payment plan entered into with certain overseas customers. The amount is payable over 36 months in weekly instalments including interest. Interest is charged at LIBOR plus a margin on commercial terms.

	Consolidated		Parent Entity	
	30 September 2010 $'000	31 October 2009 $'000	**30 September 2010 $'000**	31 October 2009 $'000

Note 6. Trade and other receivables (continued)

(i) Trade receivables (continued)

At financial year end, the ageing analysis of trade receivables is as follows:				
Current	**22,575**	31,711	**9,080**	3,547
< 30 days overdue	**1,008**	3,124	**515**	1,597
30 – 60 days overdue	**293**	214	**87**	149
60 – 90 days overdue	**(48)**	325	**6**	224
> 90 days overdue	**3,181**	3,044	**3,069**	1,865
	27,009	38,418	**12,757**	7,382

(ii) Loans to Growers

At year end, the balance outstanding on a loan granted to an unrelated party was nil (2009 – $26m). This receivable was secured against grain deliveries and settled by distributions receivable from CBH Grain Pools (formerly Grain Pool Pools). Interest was charged at BBSW plus a margin on commercial terms.

Loans to growers are interest bearing and represent funds advanced to growers based on tonnes delivered to the Company, primarily for delivery into the CBH Grain Pools (formerly Grain Pool Pools). This receivable is secured by and will be settled by distributions receivable from the Wheat Pool. At 30 September 2010, the interest rate charged to growers was 7.4%. No amounts are past due or considered impaired.

At year end, the ageing analysis of Loans to Growers is as follows:				
Current	**62,777**	31,447	**–**	–
	62,777	31,447	**–**	–

(iii) Allowance for doubtful debts

An allowance for doubtful debts is recognised when there is objective evidence that the Group will not be able to collect the debts. Financial difficulties of the debtor, default payments or debts more than 90 days overdue are considered objective evidence of impairment. Bad debts are written off when an individual trade receivable or Loan to Grower is known to be uncollectable. An impairment loss of $348,000 (2009: writeback of $1,523,000) has been recognised by the Group and an impairment loss of $1,072,000 (2009: impairment loss of $709,000) has been recognised by the Company in the current year. These amounts have been included in the other expense item.

Movements in the provision for doubtful debts were as follows:				
At 1 November	**2,093**	4,174	**1,103**	394
(Write back)/Charge for the year	**1,345**	(889)	**1,123**	863
Amounts written off (included in other expenses)	**(997)**	(1,192)	**(51)**	(154)
At 30 September (2009: 31 October)	**2,441**	2,093	**2,175**	1,103

Trade receivables past due but not considered impaired are Group $1,993,000 (2009: $4,614,000); Company $1,502,000 (2009: $2,732,000). Each entity within the group has been in contact with the relevant debtor and is satisfied that payment will be received in full.

Other balances within trade and other receivables do not contain impaired assets and are not past due. It is expected that these other balances will be received when due.

(iv) Related party receivables

For terms and conditions relating to related party receivables refer Note 29.

	Consolidated		Parent Entity	
	30 September 2010 $'000	31 October 2009 $'000	**30 September 2010 $'000**	31 October 2009 $'000

Note 6. Trade and other receivables (continued)

(v) Other receivables

Other receivables consist of GST receivables, and accrued income receivable within 12 months.

Accrued income receivable within 12 months	**12,237**	12,539	**15,746**	7,596
GST receivable	**5,034**	26,688	**3,137**	2,583
Other	**2,758**	1,338	**2,706**	953
	20,029	40,565	**21,589**	11,132

Included in the "Other" category are loans to other persons. These are interest free loans provided to country shires for the provision of aged care and similar community related facilities. Loans are generally repayable over 5 years.

(vi) Fair value and credit risk

Due to the short term nature of current receivables, their carrying amounts are estimated to represent their fair values. In respect of non-current receivables, carrying amounts approximate fair value as these carry interest at commercial rates.

The maximum exposure to credit risk is the fair value of receivables. The Group will, where it is deemed appropriate, require collateral to be provided by third parties. It is not the Group's policy to transfer (on-sell) receivables to special purpose entities.

(vii) Foreign exchange and interest rate risk

Details regarding foreign exchange and interest rate risk exposure are disclosed in Note 19.

Note 7. Other financial assets

CURRENT				
Equities in CBH Grain Pools (formerly Grain Pool Pools) at fair value (Note 2 (j)(iii))	**–**	–	**–**	–
Loan to CBH Grain Pools (formerly Grain Pool Pools) at amortised cost (ii)	**–**	20,695	**–**	–
	–	20,695	**–**	–
NON-CURRENT				
Unlisted investments at cost				
– Shares in controlled entities (iv)	**566**	–	**108,672**	108,672
– Shares in other corporations	**1**	1	**–**	–
	567	1	**108,672**	108,672

(i) Loan to CBH Grain Pool (formerly Grain Pool Pools)

Loan to CBH Grain Pools have interest charged at the bank bill rate plus a commercial margin. The loan reflects amounts advanced to growers on behalf of CBH Grain Pools. All amounts receivable are not considered past due or impaired.

(ii) Credit risk

The maximum exposure is the carrying value of the loan to CBH Grain Pools (formerly Grain Pool's Pools). Collateral is not held as security, nor is it the Group's policy to transfer (on-sell) receivables to special purpose entities.

(iii) Foreign exchange and interest rate risk

Details regarding foreign exchange and interest rate risk exposure are disclosed in Note 19.

(iv) Shares in controlled entities

The investment in controlled entity represents the 50% investment in Daily Grain Pty Ltd. This investment was accounted for as 'investment in associate' in the previous year and in the current year.

On 26 August 2010 Bulkwest Pty Ltd entered into a Put and Call Option deed whereby the Company has an irrevocable right to purchase the remaining 50% shares at a fixed price. This gave the Company control of its investment in DailyGrain Pty Ltd. DailyGrain Pty Ltd has been disclosed as a subsidiary from this date. The results and acquisition accounting for the consolidation of Daily Grain Pty Ltd are not material and therefore Daily Grain Pty Ltd has not been consolidated with effect from 26 August 2010.

	Consolidated		Parent Entity	
	30 September 2010 $'000	31 October 2009 $'000	**30 September 2010 $'000**	31 October 2009 $'000

Note 8. Inventories

At fair value less cost to sell				
Traded grain	**154,098**	44,727	**–**	–
At the lower of cost and net realisable value:				
Raw materials and stores (at cost)	**4,146**	2,653	**3,714**	2,302
Work-in-progress (at cost) (i)	**108**	612	**70**	89
Less: Provision for obsolescence	**(14)**	(14)	**–**	–
Total inventories at the lower of cost and net realisable value	**4,240**	3,251	**3,784**	2,391
Total inventory	**158,338**	47,978	**3,784**	2,391
(i) Construction work-in-progress	**3,243**	4,024	**70**	89
Construction costs incurred and recognised	**(3,135)**	(3,412)	**–**	–
Profits less recognised losses	**108**	612	**70**	89

Note 9. Other assets

CURRENT				
Prepayments	**7,369**	2,751	**2,733**	2,133
Deferred borrowing costs	**650**	4,841	**–**	–
	8,019	7,592	**2,733**	2,133
NON-CURRENT				
Defined benefit superannuation plan surplus	**15,426**	20,600	**15,426**	20,600
Prepayments	**–**	–	**–**	–
	15,426	20,600	**15,426**	20,600

Note 10. Investments in associates

Investments in associates at cost	**–**	–	**32,316**	27,447
Investments in associates at recoverable amount	**–**	–	**–**	3,080
Investments accounted for using the equity method	**84,214**	73,065	**–**	–
	84,214	73,065	**32,316**	30,527

Disposal of investment

During the year, the Pacific Agrifoods Investment Pty Ltd was sold for a total consideration of $1,090,000. Refer Note 28 for more details.

	Consolidated		Parent Entity	
	30 September 2010 $'000	31 October 2009 $'000	**30 September 2010 $'000**	31 October 2009 $'000

Note 11. Property, plant and equipment

Land and buildings				
Freehold land and buildings				
At cost	**860,588**	840,438	**855,041**	838,557
Less: Accumulated depreciation and impairment	**(446,903)**	(394,290)	**(442,787)**	(393,925)
	413,685	446,148	**412,254**	444,632
Leasehold property				
At cost	**8,257**	8,257	**8,257**	8,257
Less: Accumulated amortisation	**(1,277)**	(1,123)	**(1,277)**	(1,123)
	6,980	7,134	**6,980**	7,134
Office furniture, fittings and equipment				
At cost	**40,999**	37,388	**39,330**	36,575
Less: Accumulated depreciation and impairment	**(32,372)**	(30,727)	**(30,921)**	(30,007)
	8,627	6,661	**8,409**	6,568
Plant and equipment				
At cost	**683,726**	674,202	**695,922**	688,475
Less: Accumulated depreciation and impairment	**(464,304)**	(426,310)	**(462,627)**	(428,286)
	219,422	247,892	**233,295**	260,189
Motor vehicles				
At cost	**33,845**	32,505	**30,056**	31,982
Less: Accumulated depreciation and impairment	**(22,185)**	(19,982)	**(18,781)**	(19,791)
	11,660	12,523	**11,275**	12,191
Capital works-in-progress	**36,406**	10,295	**37,782**	10,517
Total property, plant and equipment	**696,780**	730,653	**709,995**	741,231

Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current and previous financial period are set out below:

	Land and buildings	Leasehold properties	Office furniture, fittings and equipment	Plant and equipment	Motor vehicles	Capital works-in-progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000

Note 11. Property, plant and equipment (continued)

	Land and buildings	Leasehold properties	Office furniture, fittings and equipment	Plant and equipment	Motor vehicles	Capital works-in-progress	Total
Consolidated – 2010							
Carrying amount at start of the period	**446,148**	**7,134**	**6,661**	**247,892**	**12,523**	**10,295**	**730,653**
Additions	**16,697**	**–**	**3,596**	**6,430**	**3,459**	**34,786**	**64,968**
Disposals	**(51)**	**–**	**(76)**	**(48)**	**(2,175)**	**–**	**(2,350)**
Transfer from capital works-in-progress	**3,504**	**–**	**91**	**3,142**	**56**	**–**	**6,793**
Transfer to property, plant and equipment	**–**	**–**	**–**	**–**	**–**	**(6,793)**	**(6,793)**
Transfer to intangible assets	**–**	**–**	**–**	**–**	**–**	**(1,882)**	**(1,882)**
Impairment (i)	**(23,079)**	**–**	**(14)**	**(15,707)**	**(118)**	**–**	**(38,918)**
Depreciation/ Amortisation expense (Note 4(e), 2(k))	**(29,534)**	**(154)**	**(1,631)**	**(22,287)**	**(2,085)**	**–**	**(55,691)**
Carrying amount at end of the period	**413,685**	**6,980**	**8,627**	**219,422**	**11,660**	**36,406**	**696,780**
Consolidated – 2009							
Carrying amount at start of year	426,619	7,302	6,826	241,710	12,213	29,061	723,731
Additions	35,761	–	1,487	18,800	4,271	9,600	69,919
Disposals	(8)	–	(40)	(112)	(1,582)	–	(1,742)
Transfer from capital works-in-progress	13,603	–	181	11,214	33	–	25,031
Transfer to property, plant and equipment	–	–	–	–	–	(25,031)	(25,031)
Transfer to intangible assets	–	–	–	–	–	(3,335)	(3,335)
Depreciation/ Amortisation expense (Note 4(e), 2(k))	(29,827)	(168)	(1,793)	(23,720)	(2,412)	–	(57,920)
Carrying amount at end of year	446,148	7,134	6,661	247,892	12,523	10,295	730,653

Note 11. Property, plant and equipment (continued)

	Land and buildings	Leasehold properties	Office furniture, fittings and equipment	Plant and equipment	Motor vehicles	Capital works-in-progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Parent Entity – 2010							
Carrying amount at start of the period	**444,632**	**7,134**	**6,568**	**260,189**	**12,191**	**10,517**	**741,231**
Additions	**16,697**	**–**	**3,425**	**8,685**	**3,354**	**36,160**	**68,321**
Disposals	**(51)**	**–**	**(66)**	**(45)**	**(2,175)**	**–**	**(2,337)**
Transfer from capital works-in-progress	**3,504**	**–**	**91**	**3,362**	**56**	**–**	**7,013**
Transfer to property, plant and equipment	**–**	**–**	**–**	**–**	**–**	**(7,013)**	**(7,013)**
Transfer to intangible assets	**–**	**–**	**–**	**–**	**–**	**(1,882)**	**(1,882)**
Impairment (i)	**(23,079)**	**–**	**(14)**	**(15,707)**	**(118)**	**–**	**(38,918)**
Depreciation/ Amortisation expense (Note 4(e), 2(k))	**(29,449)**	**(154)**	**(1,595)**	**(23,189)**	**(2,033)**	**–**	**(56,420)**
Carrying amount at end of the period	**412,254**	**6,980**	**8,409**	**233,295**	**11,275**	**37,782**	**709,995**
Parent Entity – 2009							
Carrying amount at start of year	425,003	7,302	6,678	251,485	11,906	30,718	733,092
Additions	35,761	–	1,484	20,333	4,197	9,822	71,597
Disposals	(8)	–	(23)	(107)	(1,582)	–	(1,720)
Transfer from capital works-in-progress	13,603	–	181	12,871	33	–	26,688
Transfer to property, plant and equipment	–	–	–	–	–	(26,688)	(26,688)
Transfer to intangible assets	–	–	–	–	–	(3,335)	(3,335)
Depreciation/ Amortisation expense (Note 4(e), 2(k))	(29,727)	(168)	(1,752)	(24,393)	(2,363)	–	(58,403)
Carrying amount at end of year	444,632	7,134	6,568	260,189	12,191	10,517	741,231

(i) Impairment in non-current assets

During the financial period, new infrastructures were installed at Kwinana port which enabled growers to deliver direct to the port and effectively remove the interdependencies between the port and Metro Grain Centre. The freight subsidy that was previously provided for delivering to Metro Grain Centre has been removed. As such Metro Grain Centre was separated from the Kwinana Zone and treated as a separate cash generating unit (CGU). As a result, impairment testing has been performed on the MGC as a separate cash generating unit to determine whether there is any impairment. It was assessed that the estimated recoverable amount based on the value in use discounted cash flow methodology was below the carrying amount of the assets and as such an impairment loss of $38,918,000 was charged to the statement of comprehensive income.

The assumptions used in this estimation of recoverable amount of Metro Grain Centre are:

(a) *Cash-generating unit*: Metro Grain Centre (MGC) is a separate cash generating unit as decisions are made and reports are prepared at this level.

Notes to the Financial Statements

FOR THE PERIOD ENDED 30 SEPTEMBER 2010

Note 11. Property, plant and equipment (continued)

(i) Impairment in non current assets (continued)

(b) Carrying amount of Metro Grain Centre

	Consolidated		Parent Entity	
	30 September 2010 $'000	31 October 2009 $'000	**30 September 2010 $'000**	31 October 2009 $'000
Carrying amount before impairment	**74,971**	–	**74,971**	–
Impairment charge during the period	**(38,918)**	–	**(38,918)**	–
Carrying value after impairment	**36,053**	–	**36,053**	–

(c) Key Assumptions used in value in use calculations for Metro Grain Centre.

The calculation of value in use for the cash generating units is most sensitive to the following assumptions:

- Discount rate
- Cash flow estimates
- Inflation rate estimate
- Land escalation rate estimate

Discount rate – reflect management's estimate of the time value of money and the risks to the CGU that are not already reflected in the cash flows. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals. In determining appropriate discount rates for the CGU, regard has been given to the weighted average cost of capital of the entity as a whole and adjusted for business risk specific to the Metro Grain Centre. A rate of 8.3% was applied to the forecast cash flows.

Cash flows estimates – are based on management judgements of the expected cash inflows and outflows based on the budgeted volumes and adjusted for growth rate expected over the life of the assets. Management applied a growth rate for cash flows estimates past year 1. A factor of 1.8% per annum was applied from years 2-6 and 2.5% for year 7 onwards for value added facility revenue stream cash inflows. $5 per tonne is added to cash inflows derived from existing contracts for years 1-6 and $10 per tonne is added for year 7 onwards for other revenue stream.

Inflation rate estimate – is based on the mid point of the Reserve Bank's inflation target range. Management then applies this rate to the expected cash flow. A rate of 2.5% was used.

Land escalation rate estimate – is based on industry research and cross checked with a professional valuer. Management then applies this rate to the expected cash flows. A rate of 5.1% was used.

(d) Sensitivity to changes in assumptions

With regard to the assessment of value in use, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

Note 12. Intangible assets

	Consolidated		Parent Entity	
	30 September 2010 $'000	31 October 2009 $'000	**30 September 2010 $'000**	31 October 2009 $'000
Software costs				
Cost (gross carrying amount)	**44,879**	41,009	**44,879**	41,009
Accumulated amortisation and impairment	**(36,794)**	(30,390)	**(36,794)**	(30,390)
Net carrying amount	**8,085**	10,619	**8,085**	10,619
Patents				
Cost (gross carrying amount)	**68**	32	**–**	–
Accumulated amortisation and impairment	**(24)**	(21)	**–**	–
Net carrying amount	**44**	11	**–**	–
Total	**8,129**	10,630	**8,085**	10,619

Notes to the Financial Statements

FOR THE PERIOD ENDED 30 SEPTEMBER 2010

	Patent Costs	Software Costs	Total
	$'000	$'000	$'000
Note 12. Intangible assets (continued)			
CONSOLIDATED			
Year ended 31 October 2009			
Balance at the beginning of the year	11	11,773	11,784
Additions	4	–	4
Additions – internal development	–	3,951	3,951
Transfer from property, plant and equipment	–	3,335	3,335
Disposals	–	(63)	(63)
Amortisation (Note 4(e), 2(p))	(4)	(8,377)	(8,381)
Closing value at 31 October 2009	11	10,619	10,630
Period ended 30 September 2010			
Balance at the beginning of the year	**11**	**10,619**	**10,630**
Additions	**36**	**–**	**36**
Additions – internal development	**–**	**1,988**	**1,988**
Transfer from property, plant and equipment	**–**	**1,882**	**1,882**
Disposals	**–**	**–**	**–**
Amortisation (Note 4(e), 2(p))	**(3)**	**(6,404)**	**(6,407)**
Closing value at 30 September 2010	**44**	**8,085**	**8,129**
PARENT			
Year ended 31 October 2009			
Balance at the beginning of the year	–	11,773	11,773
Additions – internal development	–	3,951	3,951
Transfer from property, plant and equipment	–	3,335	3,335
Disposals	–	(63)	(63)
Amortisation (Note 4(e), 2(p))	–	(8,377)	(8,377)
Closing value at 31 October 2009	–	10,619	10,619
Period ended 30 September 2010			
Balance at the beginning of the year	**–**	**10,619**	**10,619**
Additions – internal development	**–**	**1,988**	**1,988**
Transfer from property, plant and equipment	**–**	**1,882**	**1,882**
Disposals	**–**	**–**	**–**
Amortisation (Note 4(e), 2(p))	**–**	**(6,404)**	**(6,404)**
Closing value at 30 September 2010	**–**	**8,085**	**8,085**

Intangible assets consist of software costs and patents. The current amortisation charges for intangible assets are included under depreciation and amortisation expense in the statement of comprehensive income.

	Consolidated		Parent Entity	
	30 September 2010 $'000	31 October 2009 $'000	**30 September 2010 $'000**	31 October 2009 $'000

Note 13. Trade and other payables

CURRENT				
Trade payables (ii)	**62,857**	44,057	**67,033**	47,713
Sundry payables and accrued expenses (iii)	**42,275**	33,809	**2,000**	7,895
Debentures (iv)	**6,390**	6,668	**6,202**	6,480
Financial guarantees (v) (Note 22)	**422**	48	**858**	241
	111,944	84,582	**76,093**	62,329

(i) *Fair value*

Due to the short term nature of the current payables their carrying value is assumed to approximate fair value. The carrying amount of the debentures approximates their fair value.

(ii) *Trade payables*

Trade payables are non-interest bearing and are usually paid within 30-day terms.

(iii) *Sundry payables and accrued expenses*

Sundry payables and accrued expenses represent other payables and payables to growers.

(iv) *Debentures*

As described in Note 2(s), tolls were deducted from the proceeds of every tonne of grain delivered by shareholders which ceased on 31 October 2000. The current liability has been repaid in October 2010.

(v) *Financial guarantees*

As described in Note 2(aa) and Note 22, the Group has provided financial guarantees to its associates and subsidiaries, which commit the Group to make payments on behalf of these entities upon their failure to perform under the terms of the relevant contract. The significant accounting estimates and assumptions used in determining the fair value of these guarantees on initial recognition has been disclosed in Note 3.

The amortisation of financial guarantees is included in other income, Note 4(b).

(vi) *Interest rate, foreign exchange and liquidity risk*

Information regarding the effective interest rate and credit risk of current payables is set out in Note 19.

Note 14. Interest bearing loans and borrowings

CURRENT				
Unsecured:				
Bank loans (i)	**72,639**	81,594	**–**	–
Deposits from Pools (ii)	**3,767**	–	**–**	–
	76,406	81,594	**–**	–
NON CURRENT				
Unsecured:				
Bank loans (i)	**100,000**	–	**–**	–

(i) The bank loans are in both Australian Dollars and United States Dollars. For additional details refer to Note 14(c).

(ii) Deposits from Pools, managed by CBH Grain Pty Ltd, have interest charged at the bank bill rate plus a commercial margin of 4.75%.

Notes to the Financial Statements

FOR THE PERIOD ENDED 30 SEPTEMBER 2010

Note 14. Interest bearing loans and borrowings (continued)

(a) Fair value

Unless otherwise disclosed, the carrying amount of the Group's borrowings approximates fair value.

The parent entity and certain controlled entities have potential financial liabilities which may arise from certain contingencies disclosed in Note 22. However the directors do not expect those potential financial liabilities to crystallise into obligations and therefore financial liabilities disclosed in the above table are the directors estimate of amounts that will be payable by the Group. No material losses are expected and as such, the fair values disclosed are the directors' estimate of amounts that will be payable by the Group.

(b) Interest rate, foreign exchange and liquidity risk

Details regarding interest rate, foreign exchange and liquidity risk is disclosed in Note 19.

(c) Terms and conditions

The Group has bank overdraft facilities which may be drawn at any time and may be terminated by the bank without notice. The bank loans are subject to annual review.

(i) Current interest bearing loans and borrowings

$15,198,000 (US$14,750,000) bank loan

This United States Dollar denominated floating rate loan was entered into on 31 December 2004 as part of the Group's investment into Asia. The loan is unsecured, and was renegotiated to 31 October 2010. The effective rate for the year was 0.26% (2009: 1.47%). $10,360,000 (US$10,050,000) had been drawn down at 30 September 2010. On 18 November 2010, the loan was renewed to 29 October 2011.

$61,824,000 (US$60,000,000) credit facility

This United States Dollar denominated loan is subject to annual review and used for general purposes by CBH Grain Pty Ltd with a total facility as at 30 September 2010 of US$ 60,000,000 (2009: US$ 60,000,000). The entire loan had been drawn down at reporting date. The average rate for the year was 0.286% (2009: 0.57%) payable in United States Dollars. On 14 October 2010, the facility was renewed to 27 September 2011.

Australian Dollar credit facility

The Australian Dollar facility is a combination of syndicated term loan and inventory financing facilities with facility limits of $800,000,000. As at 30 September 2010, $100,000,000 of the $500,000,000 syndicated term loan was drawn down. The syndicated term loan facility matures 29 October 2011. The Company is in negotiation for the renewal of the inventory financing facilities.

CBH Grain Pty Ltd is to use these facilities to fund the 2010/2011 Pools by way of payments to growers and grain trading. Under the facility, the lenders hold fixed and floating securities over the Company's (and its subsidiaries') assets and the Company has agreed not to cause or permit to exist any additional encumbrances on its property. The interest rate is calculated with reference to the Australian Dollar bank bill rate, plus a margin at normal commercial terms. The effective rate for the year was 4.38% (2009:3.78%)

Negative Pledge – CBH Grain Pty Ltd

The bank loans of the CBH Grain Pty Ltd are supported by a negative pledge that imposes certain covenants on the Company. The negative pledge at 30 September 2010 states that (subject to certain exceptions) CBH Grain Pty Ltd will not provide any other security over its assets, and will ensure that the following financial ratios and conditions are met throughout the term of the loan facilities:

(a) The financial indebtedness of CBH Grain Pty Ltd should not exceed the aggregate of:

- a. 100% of cash on hand;
- b. 90% of grain sold that is either on hand or in the course of delivery;
- c. 100% of the mark to market value of grain net open derivative position;
- d. 80% of the market value of grain that is not sold; and
- e. 80% of total value of debtors on terms of 90 days or less;

(b) The realised and unrealised grain trading positions should not exceed minus $30,000,000; and

(c) The ratio of financial indebtedness plus inventory finance exposure to consolidated equity must be less than or equal to 6.5 times.

(d) Defaults and breaches

During the current and prior year, there were no defaults or breaches on any of the loans.

Notes to the Financial Statements

FOR THE PERIOD ENDED 30 SEPTEMBER 2010

Note 15. Provisions

	Long-term employee benefits	Other	Total
	$'000	$'000	$'000
CONSOLIDATED			
At 1 November 2009	**19,525**	**871**	**20,396**
Additional provisions	–	–	–
Unused amounts reversed	**(279)**	**(531)**	**(810)**
At 30 September 2010	**19,246**	**340**	**19,586**
Current 2010	**15,764**	–	**15,764**
Non-current 2010	**3,482**	**340**	**3,822**
	19,246	**340**	**19,586**
Current 2009	15,828	110	15,938
Non-current 2009	3,697	761	4,458
	19,525	871	20,396
PARENT ENTITY			
At 1 November 2009	**16,068**	**761**	**16,829**
Additional provisions	–	–	–
Unused amounts reversed	**(85)**	**(421)**	**(506)**
At 30 September 2010	**15,983**	**340**	**16,323**
Current 2010	**12,978**	–	**12,978**
Non-current 2010	**3,005**	**340**	**3,345**
	15,983	**340**	**16,323**
Current 2009	12,886	–	12,886
Non-current 2009	3,182	761	3,943
	16,068	761	16,829

Note 16. Other liabilities

	Consolidated		Parent Entity	
	30 September 2010	31 October 2009	**30 September 2010**	31 October 2009
	$'000	$'000	**$'000**	$'000
CURRENT				
Deferred revenue	**4,480**	5,485	**3,037**	2,955
Auction premium payable	**35,535**	–	**64,679**	–
	40,015	5,485	**67,716**	2,955
NON-CURRENT				
Auction premium payable	–	23,056	–	47,432
	–	23,056	–	47,432

Auction premium payable relates to bid premium fees paid to the Company by grain marketers for shipping capacity and it will be returned to marketers on an actual per tonne shipped basis at the end of each season, which is expected to be November 2010.

	Consolidated		Parent Entity	
	30 September 2010 $'000	31 October 2009 $'000	**30 September 2010 $'000**	31 October 2009 $'000

Note 17. Contributed equity and reserves

(a) Ordinary shares

Issued and fully paid	**10**	14	**10**	14
Less: Treasury shares	**(1)**	(5)	**(1)**	(5)
	9	9	**9**	9

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

In relation to the distribution of surplus profits, except for the payment of $2.00 on the redemption of a share, the Bulk Handling Act (1967) and the Company's Articles of Association prohibit the distribution of any surplus or profits to the stakeholders.

In the event of winding up, the Bulk Handling Act (1967) provides that any surplus shall be distributed in a manner directed by the Treasurer of the State of Western Australia.

Treasury shares represent shares purchased back from shareholders by the Company.

	Number	Issue Price	$'000
Movement in ordinary shares			
At 1 November 2009	6,981	$2.00	14
Shares issued (i)	160		–
Share cancelled (ii)	(2,050)		(4)
At 30 September 2010	**5,091**		**10**

(i) Shares issued

During the year 160 ordinary shares (2009 – 198) were issued and remained unpaid as at 30 September 2010. The parent entity retains the right to call on all outstanding ordinary shares at anytime in the future. The total number of unpaid ordinary shares is 1,389 (2009 – 1,229).

(ii) Shares cancelled

At the March 2010 Annual General Meeting, the cancellation of 2,050 fully paid $2.00 ordinary shares in the name of the parent entity was approved by the shareholders. On 27 April 2010, the Supreme Court of Western Australia granted permission to the parent entity to reduce its paid up share capital to $7,404.

(b) Capital management

The Group's objectives when managing capital are to safeguard the business as a going concern, to maximise benefits for shareholders and to maintain an optimal capital structure in order to reduce the cost of capital. Total capital consists of total equity plus net debt which amounts to $989,642,000 (2009: $923,332,000). Due to the structure of the business dividends are not paid to shareholders with sources of capital being through debt finance and retained earnings. Capital management involves the use of forecasting models which facilitates analysis of the Group's financial position including cash flow forecasts to determine future capital and operating requirements.

CBH Grain Pty Ltd (formerly Grain Pool Pty Ltd) holds an Australian Financial Services License and has operated within the requirements as prescribed in the license. This includes demonstrating through the preparation of cash flow forecast projections, that the Company will have access to sufficient financial resources to meet its liabilities over at least the next three months.

There were no changes in the Group's approach to capital management during the financial year.

	Consolidated		Parent Entity	
	30 September 2010 $'000	31 October 2009 $'000	30 September 2010 $'000	31 October 2009 $'000

Note 17. Contributed equity and reserves (continued)

(c) Retained earnings

	Consolidated 30 September 2010 $'000	Consolidated 31 October 2009 $'000	Parent Entity 30 September 2010 $'000	Parent Entity 31 October 2009 $'000
Movements in retained earnings were as follows:				
Opening balance	165,332	114,379	–	–
Actuarial gain/(loss) on defined benefit plan	(2,247)	2,109	(2,247)	2,109
Net profit for the year	28,132	118,966	(8,680)	68,013
Aggregate of amounts transferred (to)/from reserves	10,927	(70,122)	10,927	(70,122)
Balance at year end	202,144	165,332	–	–

(d) Reserves

	Consolidated 30 September 2010 $'000	Consolidated 31 October 2009 $'000	Parent Entity 30 September 2010 $'000	Parent Entity 31 October 2009 $'000
Capital levy reserve	52,587	52,587	52,587	52,587
General reserve	874,351	885,278	877,418	888,345
Foreign currency translation reserve	(20,129)	(14,034)	–	–
	906,809	923,831	930,005	940,932
Movement in reserves				
Capital levy reserve				
Balance at beginning of year	52,587	52,587	52,587	52,587
Balance at end of year	52,587	52,587	52,587	52,587
General reserve				
Balance at beginning of year	885,278	815,156	888,345	818,223
Transfer (to)/from retained earnings	(10,927)	70,122	(10,927)	70,122
Balance at end of year	874,351	885,278	877,418	888,345
Foreign currency translation reserve				
Balance at beginning of year	(14,034)	(8,122)	–	–
Currency translation differences arising during the year	(6,095)	(5,912)	–	–
Balance at end of year	(20,129)	(14,034)	–	–

Under the Bulk Handling Act (1967) the Company is permitted to build up reserves and does not make distributions of these reserves to shareholders. These reserves are not predominantly held in liquid assets.

Nature and purpose of reserves

Capital Levy Reserve

The Capital Levy Reserve was created upon the Company being converted to a tax exempt entity as a result of changes to the Bulk Handling Act in 1971. This exemption removed from the Company the right to pay rebates to shareholders with the funds that would have been paid being transferred to this reserve.

General Reserve

The General Reserve represents the transfer of the Co-operative Bulk Handling Limited retained profits.

Foreign Currency Translation Reserve

The Foreign Currency Translation Reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries and associates.

Notes to the Financial Statements

FOR THE PERIOD ENDED 30 SEPTEMBER 2010

	Consolidated		Parent Entity	
	30 September 2010 $'000	31 October 2009 $'000	**30 September 2010 $'000**	31 October 2009 $'000

Note 18. Cash and cash equivalents

Cash at bank and on hand	**200,882**	51,149	**108,387**	6,891
Short-term deposits	**54,982**	154,502	**18,535**	92,835
Cash – futures account at call	**27,717**	24,642	**–**	–
Cash – futures account deposit	**12,145**	17,141	**–**	–
	295,726	247,434	**126,922**	99,726

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and 30 days and earned interest at the short-term deposit rate of 4.45% (2009: 4.37%).

Cash – futures at call and on deposit are held in United States Dollars, Canadian Dollars, Euro and Australian Dollars at an interest rate of Nil for foreign currency accounts and 3.6% on Australian Dollar account. (2009: nil% on balances due in foreign currencies and 2.25% on Australian dollar accounts).

Reconciliation of cash

For the purpose of the statement of cash flows, cash and cash equivalents comprise of the following as at year end:

Cash and cash equivalents	**295,726**	247,434	**126,922**	99,726

Reconciliation of net profit/(loss) from ordinary activities after income tax to net cash flows from operating activities				
Net profit/(loss) from ordinary activities after income tax	**28,132**	118,966	**(8,680)**	68,013
Adjustments for:				
Depreciation and amortisation	**62,098**	66,301	**62,824**	66,780
Net (profit)/loss on disposal of property, plant and equipment	**280**	414	**265**	409
Impairment and write off of non-current assets	**38,918**	1,026	**38,918**	18,251
Bank guarantee	**(347)**	(773)	**(828)**	(1,594)
Loss on disposal of investments	**198**	–	**2,657**	–
Share of associates' net (profits) and losses	**(15,113)**	14,475	**–**	–
Unrealised foreign exchange (gain)/loss	**1,027**	4,763	**2,754**	15,860
Changes in assets and liabilities				
(Increase)/decrease in inventories	**(110,360)**	21,678	**(1,393)**	(559)
(Increase)/decrease in trade and other receivables	**94,771**	84,391	**(31,421)**	14,449
(Increase)/decrease in derivative assets	**(26,061)**	248,893	**–**	–
(Increase)/decrease in prepayments	**(427)**	1,404	**(600)**	3,696
(Increase)/decrease in pension assets	**2,927**	2,662	**2,927**	2,662
(Increase)/decrease in deferred tax assets	**(3,348)**	(31,987)	**(14,667)**	(40,681)
(Decrease)/increase in derivative liabilities	**(11,298)**	(279,385)	**–**	–
(Decrease)/increase in deferred tax liabilities	**(3,412)**	3,412	**–**	–
(Decrease)/increase in current tax liability	**(24,450)**	27,099	**16,603**	40,681
(Decrease)/increase in trade and other payables	**27,362**	13,603	**30,398**	60,821
(Decrease)/increase in provision	**(810)**	2,208	**(507)**	1,558
(Decrease)/increase in other liabilities	**11,474**	24,045	**80**	1,989
Net cash from/(used in) operating activities	**71,561**	323,195	**99,330**	252,335

Disclosure of financing facilities

Refer to Note 14.

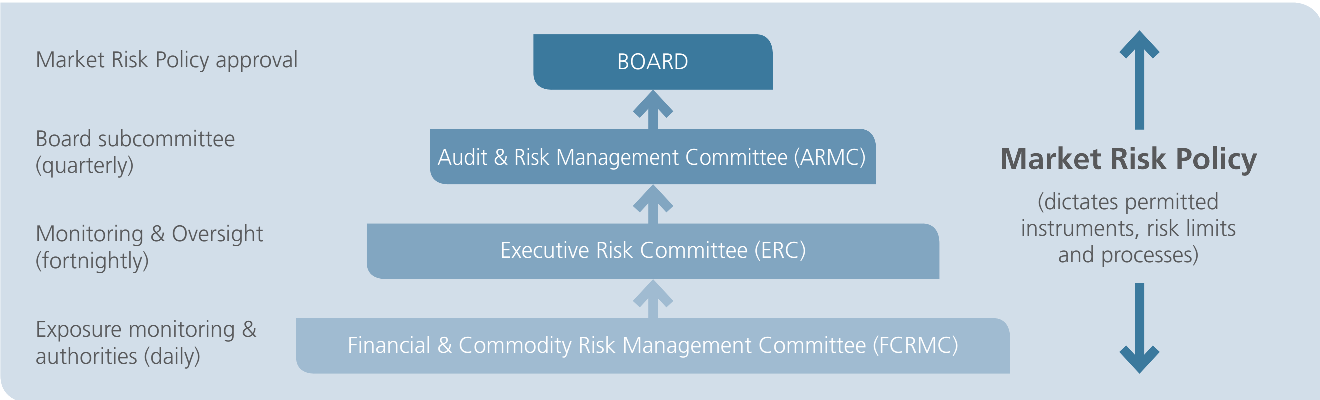
Note 19. Financial risk management objectives and policies

The Group's policies with regard to financial risk management are clearly defined and consistently applied. The Group's activities expose it to a variety of financial risks: market risk (including currency risk, commodity risk and interest rate risk) credit risk and liquidity risk. The Group's overall risk management program focuses on minimising the potential adverse effects of financial markets on the financial performance of the Group.

The Group uses derivative financial instruments including (but not limited to) forward foreign exchange contracts and options, interest rate swaps, forward rate agreements and commodity futures and options to manage certain risk exposures. The Group uses different methods to measure different types of risk to which it is exposed. These include monitoring levels of exposure to interest rate, commodity and foreign exchange risk and assessments of market impacts for interest rate, foreign exchange and commodity prices using value-at-risk (VaR) techniques. Ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk, liquidity risk is monitored through development of future rolling cash flow forecasts.

Day to day risk management is carried out by a central treasury department, commodity trading department and credit management department under policies approved by the Board of Directors. The treasury function manages liquidity of the CBH Group whilst the trading department manages commodity and basis risks as well as associated foreign currency risks. The credit department manages credit limits for all counterparties with the Group. The CBH Board considers and approves the market risk policy framework within which the Group is permitted to operate on recommendation by the Audit and Risk Management Committee (ARMC).

Primary responsibility for identification and control of the financial risks rests with the Financial and Commodity Risk Management Committee under the authority of the Board via the ARMC and Executive Risk Committee. The Board is responsible for annual review and approval of the Market Risk Policy along with approval of the guidelines within which the Treasury and Trading functions operate. The Board also approves the establishment, adjustment and deletion of counterparties and limits, country and currency limits and the scope of financial instruments and facilities to be used in managing the CBH Group's financial risks. The market risk policy establishes limits and guidelines relating to the market and financial risks of the Group and is overseen by a number of dedicated committees on behalf of the Board as outlined below:



a) Market risk

Market risk is the risk or uncertainty arising from possible market price movements and their impacts on the future performance of the business. The market price movements that the Group is exposed to include interest rates, foreign currency exchange rates and commodity price risk that could adversely affect the value of the Group's financial assets, liabilities or expected future cash flows. The Group has developed policies aimed at managing the volatility inherent in certain of its natural business exposures and in accordance with these policies the Group enters into various transactions using derivative financial and commodity instruments (derivatives). Derivatives are contracts whose value is derived from one or more underlying financial or commodity instruments, indices or prices that are defined in the contract.

The Group measures market risks from its market exposures using value-at-risk (VaR) techniques. VaR is calculated by applying recent volatility (last 5 years) against multiple simulations using monte carlo simulations across distributed and correlated price paths over a predetermined hold period and applying this to the market exposure. From the resultant outcomes the 99th percentile adverse case is drawn. 99th percentile VaR therefore creates what the risk outcome could be 99% of the time under normal market conditions. The limitations of VaR are that it does not calculate risk in circumstances of extreme volatility, instead it calculates probable risk in high volatility situations under normal market conditions. VaR does not predict the maximum risk position.

Note 19. Financial risk management objectives and policies (continued)

a) Market risk (continued)

i) Commodity Price Risk

Commodity price risk refers to the Group's exposure to fluctuations in the prices of grain commodities. The Group operates in a variety of grain markets and is exposed to commodity price fluctuations from its commodity exposures. Commodity price exposures are created by a differential timing in the buying and selling of grain. The hold period that VaR is calculated over for commodity price risk varies dependent upon the grain type between 5 and 10 days.

The diversification benefit represents the reduction in risks from the correlated movements between physical and derivative positions and the correlated movements of the various grain positions when considered together. Exposures and 99% VaR are as follows:

	2010	2009
	A$'000	A$'000
Net derivative exposure	**(210,060)**	(174,490)
Net physical exposure	**332,970**	169,720
Undiversified 99% VaR	**(29,520)**	(40,890)
Diversification benefit 99%	**8,890**	22,790
Diversified VaR	**(20,930)**	(18,100)

Traded Grains are grain books run by the CBH Group for the purpose of generating profits using its own funds. The primary objective of Traded Grains is to achieve a profit therefore risk management activities are undertaken for a variety of reasons from eliminating to initiating market risk. However, Traded Grain positions are required to be maintained within specified limits. The Executive Risk Committee may modify the limits for individual grains on the recommendation of the Financial and Commodity Risk Management Committee however the aggregate limit for all grains can only be modified by the Board.

ii) Foreign Currency Risk

Foreign currency refers to the Group's exposure to fluctuations in foreign exchange rates. The Group operates internationally and is exposed to foreign exchange fluctuations from its foreign currency exposures. Foreign currency exposures are created by the buying and selling of grain in different currencies. The Group manages its exposure to foreign currency risk through utilising forward exchange contracts and options. The hold period that VaR is calculated over for foreign exchange risk is 1 day.

Exposures and 99% VaR are as follows:

	2010	2009
	A$'000	A$'000
Net Market Exposure	**1,550**	(3,050)
99% VaR	**(50)**	(310)

It is Group policy not to enter into forward contracts until a firm commitment is in place.

As a result of investment in operations in Asia, the Group's statement of financial position can be affected by movements in the US$/A$ exchange rates. The Group does not hedge against this exposure.

Note 19. Financial risk management objectives and policies (continued)

a) Market risk (continued)

ii) Foreign Currency Risk (continued)

At year end, the Group had the following financial instruments denominated in another currency:

	USD in AUD equivalent	CAD in AUD equivalent	Euro in AUD equivalent	HKD in AUD equivalent	SGD in AUD equivalent	JPY in AUD equivalent
	$'000	$'000	$'000	$'000	$'000	$'000
CONSOLIDATED ENTITY – 2010						
Financial assets						
Cash and cash equivalents	**40,098**	**7,057**	**1,255**	**34**	**17**	**434**
Trade receivables	**24,886**	**–**	**–**	**–**	**–**	**–**
Derivative financial assets	**10,105**	**541**	**6,632**	**–**	**–**	**–**
	75,089	**7,598**	**7,887**	**34**	**17**	**434**
Financial liabilities						
Interest bearing loans and borrowings	**72,179**	**–**	**–**	**–**	**–**	**–**
Trade and other payables	**135**	**–**	**12**	**39**	**–**	**74**
Derivative financial liabilities	**14,006**	**7,410**	**–**	**–**	**–**	**–**
	86,320	**7,410**	**12**	**39**	**–**	**74**
Net Exposure	**(11,231)**	**188**	**7,875**	**(5)**	**17**	**360**
CONSOLIDATED ENTITY – 2009						
Financial assets						
Cash and cash equivalents	79,603	6,280	348	47	9	30
Trade receivables	49,436	–	–	21	–	–
Derivative financial assets	10,769	1,351	–	–	–	–
	139,808	7,631	348	68	9	30
Financial liabilities						
Interest bearing loans and borrowings	81,594	–	–	–	–	–
Trade and other payables	374	–	49	35	–	106
Derivative financial liabilities	86,678	8,712	1,621	–	–	–
	168,646	8,712	1,670	35	–	106
Net Exposure	(28,838)	(1,081)	(1,322)	33	9	(76)
PARENT ENTITY – 2010						
Financial assets						
Trade receivables	**46,581**	**–**	**–**	**–**	**–**	**–**
Net Exposure	**46,581**	**–**	**–**	**–**	**–**	**–**
PARENT ENTITY – 2009						
Financial assets						
Trade receivables	44,743	–	–	–	–	–
Net Exposure	44,743	–	–	–	–	–

Note 19. Financial risk management objectives and policies (continued)

a) Market risk (continued)

iii) Interest Rate Risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instruments will fluctuate due to changes in market interest rates. The Group funds its ongoing operations and is exposed to interest rate fluctuations predominantly from liabilities bearing variable interest rates. The hold period that VaR is calculated over for interest rate risk is 1 day. Exposures and 99% VaR are as follows:

	30 September 2010	31 October 2009
	A$'000	A$'000
Net Market Exposure	**(188,240)**	141,570
99% VaR	**(40)**	(4)

At reporting date, the Group had the following mix of financial assets and liabilities exposed to variable interest rate risk:

	Consolidated		Parent Entity	
	30 September 2010	31 October 2009	**30 September 2010**	31 October 2009
	$'000	$'000	**$'000**	$'000
Financial assets				
Cash and cash equivalents	**295,726**	247,434	**126,922**	99,726
Trade and other receivables	**70,673**	56,112	**–**	–
Loans to Grain Pool Pools	**–**	20,695	**–**	–
	366,399	324,241	**126,922**	99,726
Financial liabilities				
Interest bearing liabilities and borrowings	**172,639**	81,594	**–**	–
Deposits from Pools	**3,767**	–	**–**	–
	176,406	81,594	**–**	–
Net Exposure	**189,993**	242,647	**126,922**	99,726

The Group's policy is to manage the exposure to adverse movements in interest rates through either variation of the physical terms or structure of the various portfolios or through the use of derivative financial instruments. At 30 September, after taking into account the effect of interest rate derivatives contracts, approximately 40% (2009: nil%) of the Group's borrowings are at a fixed rate of interest. Interest rate derivatives contracts are outlined in Note 20 (b).

b) Credit Risk

Credit risk arises from the financial assets of the Group which comprises cash and cash equivalents, trade and other receivables, derivative instruments and other financial assets. The Group's exposure to credit risk arises from the potential default of the counter party, with maximum exposure equal to the carrying amount of these instruments. Exposure at reporting date is addressed at each applicable note.

The Group does not hold any credit derivatives to offset its credit exposures.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their independent credit rating, financial position, past experience and industry reputation. The degree of credit exposure is measured by an Assessed Counterparty Exposure (ACE). The CBH Group also sets country risk limits due to the possibility of a counter party being affected by a country's decree such that specific financial obligations cannot be met in addition to credit limits for individual counterparties. Risk limits are set for each individual customer in accordance with parameters set by the Board. The risk limits are regularly reviewed.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. The Group will, where it is deemed appropriate, require collateral to be provided by third parties. At 30 September, the Group did not hold any collateral (2009: $130,000).

Notes to the Financial Statements

FOR THE PERIOD ENDED 30 SEPTEMBER 2010

Note 19. Financial risk management objectives and policies (continued)

b) Credit Risk (continued)

The Group has significant concentrations of credit risk with respect to the Group's derivative portfolio. The following additional comments apply:

1. *Derivatives contracted with the CBH Grain Pools (formerly Grain Pool Pools)*

   For all derivatives contracted with the CBH Grain Pools, the CBH Grain Pty Ltd enters into offsetting positions with external counterparties. However, any default in contract by the CBH Grain Pools cannot be offset with the external counterparty. This exposes the Group to additional credit risk, with a maximum exposure equal to the carrying amount of these investments. At 30 September, the total exposure from CBH Grain Pools was $55,580,000 (2009: $33,910,000). After consideration of the total net assets of the CBH Grain Pools, the Group has considered the credit risk of contracting with the CBH Grain Pools and has no concerns at 30 September 2010.

2. *Derivatives other than forward purchase and forward sales contracted with external counterparties in the Group's own right*

   For all derivatives other than forward purchases and forward sales contracted with external counterparties, namely banks, the Group is exposed to credit risk, with a maximum exposure equal to the carrying amount of these instruments. It is Group Policy to only trade with counterparties with a long-term rating of A- or above by Standard and Poor's or equivalent rating agencies. The Group has assessed credit risk of all counterparties and has no concerns at 30 September 2010. A summary of exposures by credit rating is detailed in the table below:

	30 September 2010	30 September 2010	31 October 2009	31 October 2009
	Fair Value $'000	**Notional $'000**	Fair Value $'000	Notional $'000
Credit rating A	**77**	**100,000**	1,183	300,000
Credit rating AA- and above	**58,438**	**2,050,000**	44,405	1,700,000
	58,515	**2,150,000**	45,588	2,000,000

3. *Forward purchase and sale contracts*

   Forward purchase and sale contracts are undertaken with unrated external counterparties, including growers, grain traders and end-customers. At 30 September, the net exposure is $260,700,000 (2009:$149,940,000). The total face value of open purchase contracts is $437,410,000 (2009: $369,550,000) and the total face value of open sales contracts is $176,710,000 (2009:$219,610,000). After consideration of individual counterparty financial positions and current market values, the Group has considered the credit risk of all external counterparties and has no concerns at 30 September 2010. As such no collateral was held on these contracts.

4. *Cash and cash equivalents*

   All cash within the Group are held in banks with credit ratings of A and above.

c) Liquidity Risk

Prudent liquidity management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit funds and the ability to close-out market positions. The Group's objective is to ensure that adequate liquid assets and funding sources are available at all times to meet both short and long term commitments of the CBH Group. The Group's liquidity is managed centrally with subsidiaries forecasting their cash requirements to a central treasury function. Unless restricted by local regulations or bank covenants, subsidiaries pool their cash surpluses to treasury, which will then arrange to fund other subsidiaries requirements, or invest any net surplus in the market or arrange for necessary external borrowings. The Treasury department aims at maintaining flexibility in funding by keeping committed credit lines available and maintaining cash flow reporting mechanisms to monitor the Group's estimated liquidity position.

Working capital deficiency

The parent entity has a working capital deficiency of $31,624,000 at 30 September 2010 and the Directors believe that this will only be temporary. This deficiency is largely due to the timing of incoming cash flows from harvest and the capital expenditure program during the year. The Company believes that it has sufficient financial facilities in place, together with the option to reduce discretionary spending to meet any forecast short term working capital deficiencies. The Company also has the ability to borrow or advance funds from subsidiary entities which have significant working capital surpluses at 30 September 2010. The Group has a working capital surplus of $358,277,000 (2009:$218,315,000) at 30 September 2010.

Note 19. Financial risk management objectives and policies (continued)

c) Liquidity Risk (continued)

The table below reflects the remaining contractual maturities of the Group and parent entities financial liabilities as at year end. For derivative financial instruments, the market value is presented where they are settled on a net basis, whereas for the other obligations the respective undiscounted cash flows for the respective upcoming fiscal years are presented. Cash flows for financial liabilities without fixed amount or timing are based on the conditions existing at year end.

			Contractual (undiscounted) cash flows by period			
	Carrying Amount	Total Contractual (undiscounted) Cash Flows	6 Months or less	6 – 12 Months	1-5 Years	Over 5 Years
	$'000	$'000	$'000	$'000	$'000	$'000
CONSOLIDATED – 2010						
Financial liabilities						
Unsecured bank loans	**172,639**	**173,749**	**173,749**	–	–	–
Trade and other payables	**105,552**	**105,552**	**105,467**	**85**	–	–
Auction premium payable	**35,535**	**35,535**	**35,535**	–	–	–
Debentures	**6,390**	**6,390**	**6,390**	–	–	–
Deposits from Pools	**3,767**	**3,767**	**3,767**	–	–	–
Derivatives financial liabilities						
– (inflow)	**(3,065,258)**	**(3,065,258)**	**(2,776,739)**	**(288,519)**	–	–
– outflow	**3,210,203**	**3,210,203**	**2,874,718**	**334,379**	**1,106**	–
Net derivative financial liabilities	**144,945**	**144,945**	**97,979**	**45,860**	**1,106**	–
Financial guarantee	**422**	**35,342**	–	–	**35,342**	–
	469,250	**505,280**	**422,887**	**45,945**	**36,448**	–
CONSOLIDATED – 2009						
Financial liabilities						
Unsecured bank loans	81,594	82,566	65,917	16,649	–	–
Trade and other payables	77,914	77,914	77,496	418	–	–
Auction premium payable	23,056	23,056	–	–	23,056	–
Debentures	6,668	7,140	–	7,140	–	–
Derivatives financial liabilities						
– (inflow)	(2,904,565)	(2,904,565)	(2,678,839)	(224,144)	(1,582)	–
– outflow	3,060,808	3,060,808	2,833,352	225,852	1,604	–
Net derivative financial liabilities	156,243	156,243	154,513	1,708	22	–
Financial guarantee	48	45,765	–	–	45,765	–
	345,523	392,684	297,926	25,915	68,843	–
PARENT ENTITY – 2010						
Financial liabilities						
Trade and other payables	**65,036**	**65,036**	**65,036**	–	–	–
Auction premium payable	**64,679**	**64,679**	**64,679**	–	–	–
Debentures	**6,202**	**6,202**	**6,202**	–	–	–
Financial guarantee	**858**	**35,342**	–	–	**35,342**	–
	136,775	**171,259**	**135,917**	–	**35,342**	–
PARENT ENTITY – 2009						
Financial liabilities						
Trade and other payables	55,849	55,849	55,849	–	–	–
Auction premium payable	47,432	47,432	–	–	47,432	–
Debentures	6,480	6,952	–	6,952	–	–
Financial guarantee	241	45,765	–	–	45,765	–
	110,002	155,998	55,849	6,952	93,197	–

Notes to the Financial Statements

Note 19. Financial risk management objectives and policies (continued)

c) Liquidity Risk (continued)

Maturity analysis of financial assets and liabilities based on managements expectations

The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and outflows. Trade payables and other financial liabilities mainly originate from the financing of assets used in our ongoing operations such as property, plant and equipment and investment in working capital e.g. inventories and tradew receivables. To monitor existing financial assets and liabilities as well as to enable an effective controlling of future risks, the Group has established comprehensive risk reporting that reflects expectations of management of expected settlement of financial assets and liabilities.

	Total	≤6 months	6-12 months	1-5 years	> 5 Years
	$'000	$'000	$'000	$'000	$'000
Year ended 30 September 2010					
CONSOLIDATED					
Financial assets					
Cash and cash equivalents	295,726	295,726	–	–	–
Trade and other receivables	107,386	39,638	67,074	674	–
Other financial assets	1	–	–	1	–
Derivative financial assets	196,153	146,114	49,149	890	–
	599,266	481,478	116,223	1,565	–
Financial liabilities					
Unsecured bank loans	173,749	173,749	–	–	–
Trade and other payables	105,552	105,467	85	–	–
Auction premium payable	35,535	35,535	–	–	–
Debentures	6,390	6,390	–	–	–
Deposits from Pools	3,767	3,767	–	–	–
Derivative financial liabilities	144,945	97,979	45,860	1,106	–
Financial guarantee	35,342	–	–	35,342	–
	505,280	422,887	45,945	36,448	–
Net maturity	93,986	58,591	70,278	(34,883)	–
PARENT ENTITY					
Financial assets					
Cash and cash equivalents	126,922	126,922	–	–	–
Trade and other receivables	84,148	54,627	–	–	29,521
Other financial assets	108,672	–	–	–	108,672
	319,742	181,549	–	–	138,193
Financial liabilities					
Trade and other payables	65,036	65,036	–	–	–
Auction premium payable	64,679	64,679	–	–	–
Debentures	6,202	6,202	–	–	–
Financial guarantee	35,342	–	–	35,342	–
	171,259	135,917	–	35,342	–
Net maturity	148,483	45,632	–	(35,342)	138,193

Note 19. Financial risk management objectives and policies (continued)

c) Liquidity Risk (continued)

Year ended 31 October 2009

	Total	≤6 months	6-12 months	1-5 years	> 5 Years
	$'000	$'000	$'000	$'000	$'000
CONSOLIDATED					
Financial assets					
Cash and cash equivalents	247,822	247,822	–	–	–
Trade and other receivables	132,378	121,704	601	10,073	–
Other financial assets	20,696	20,695	–	1	–
Derivative financial assets	170,092	149,772	7,723	12,597	–
	570,988	539,993	8,324	22,671	–
Financial liabilities					
Unsecured bank loans	82,566	65,917	16,649	–	–
Trade and other payables	77,914	77,496	418	–	–
Auction premium payable	23,056	–	–	23,056	–
Debentures	7,140	–	7,140	–	–
Derivative financial liabilities	156,243	154,513	1,708	22	–
Financial guarantee	45,765	–	–	45,765	–
	392,684	297,926	25,915	68,843	–
Net maturity	178,304	242,067	(17,591)	(46,172)	–
PARENT ENTITY					
Financial assets					
Cash and cash equivalents	99,726	99,726	–	–	–
Trade and other receivables	54,587	17,586	–	–	37,001
Other financial assets	108,672	–	–	–	108,672
	262,985	117,312	–	–	145,673
Financial liabilities					
Unsecured bank loans	–	–	–	–	–
Trade and other payables	55,849	55,849	–	–	–
Auction premium payable	47,432	–	–	47,432	–
Debentures	6,952	–	6,952	–	–
Financial guarantee	45,765	–	–	45,765	–
	155,998	55,849	6,952	93,197	–
Net maturity	106,987	61,463	(6,952)	(93,197)	145,673

Note 19. Financial risk management objectives and policies (continued)

d) Fair value

The Group uses various methods in estimating the fair value of a financial instrument carried at fair value. The methods comprise:

Level 1 – the fair value is calculated using quoted prices in active markets

Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 – the fair value is estimated using inputs for the asset or liability that is not based of observable market data.

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in the table below.

	11 months ended 30 September 2010				Year end 31 October 2009			
	Level 1	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
CONSOLIDATED								
Financial assets								
Derivative instruments								
– Forward exchange contracts	**–**	**156,304**	**–**	**156,304**	–	127,927	–	127,927
– Forward exchange options	**–**	**8,505**	**–**	**8,505**	–	11,455	–	11,455
– Commodity futures and options	**–**	**7,277**	**–**	**7,277**	–	5,311	–	5,311
– Forward sales contracts	**–**	**4,698**	**–**	**4,698**	–	25,399	–	25,399
– Forward purchase contracts	**–**	**19,369**	**–**	**19,369**	–	–	–	–
	–	**196,153**	**–**	**196,153**	–	170,092	–	170,092
Financial liabilities								
Derivative instruments								
– Forward exchange contracts	**–**	**102,800**	**–**	**102,800**	–	90,782	–	90,782
– Forward exchange options	**–**	**7,443**	**–**	**7,443**	–	6,764	–	6,764
– Commodity futures and options	**–**	**3,328**	**–**	**3,328**	–	1,558	–	1,558
– Forward sales contracts	**–**	**18,866**	**–**	**18,866**	–	–	–	–
– Forward purchase contracts	**–**	**12,508**	**–**	**12,508**	–	57,139	–	57,139
	–	**144,945**	**–**	**144,945**	–	156,243	–	156,243

Quoted market price represents the fair value determined based on quoted prices on active markets as at the reporting date without any deduction for transaction costs.

For financial instruments not quoted in active markets, the Group uses valuation techniques such as present value techniques, comparison to similar instruments for which market observable prices exist and other relevant models used by market participants. These valuation techniques use both observable and unobservable market inputs.

Financial instruments that use valuation techniques with only observable market inputs or unobservable inputs that are not significant to the overall valuation include interest rate swaps, forward commodity contracts and foreign exchange contracts not traded on a recognised exchange.

Note 19. Financial risk management objectives and policies (continued)

d) Fair value (continued)

Where the impact of credit risk on the fair value of a derivative is significant, and the inputs on credit risk (e.g. CDS spreads) are not observable, the derivative would be classified as based on non observable market inputs (level 3). Certain long dated forward commodity contracts where there are no observable forward prices in the market are classified as level 2 as the unobservable inputs are not considered significant to the overall value of the contract.

Transfers between categories

There were no transfers between Level 1 and Level 2 during the year.

	Consolidated		Parent Entity	
	30 September 2010 $'000	31 October 2009 $'000	**30 September 2010 $'000**	31 October 2009 $'000
Note 20. Derivative financial instruments				
CURRENT ASSETS				
At fair value				
Forward foreign exchange contracts	**155,424**	127,895	**–**	–
Forward foreign exchange options	**8,505**	11,455	**–**	–
Commodity futures and options	**7,277**	4,971	**–**	–
Forward purchase contracts	**19,359**	–	**–**	–
Forward sales contracts	**4,698**	13,174	**–**	–
	195,263	157,495	**–**	–
NON-CURRENT ASSETS				
At fair value				
Forward foreign exchange contracts	**880**	32	**–**	–
Commodity futures and options	**–**	340	**–**	–
Forward purchase contracts	**10**	–	**–**	–
Forward sales contracts	**–**	12,225	**–**	–
	890	12,597	**–**	–
CURRENT LIABILITIES				
At fair value				
Forward foreign exchange contracts	**102,360**	90,760	**–**	–
Forward foreign exchange options	**7,443**	6,764	**–**	–
Commodity futures and options	**3,328**	1,558	**–**	–
Forward purchase contracts	**12,508**	57,139	**–**	–
Forward sales contracts	**18,866**	–	**–**	–
	144,505	156,221	**–**	–
NON-CURRENT LIABILITIES				
At fair value				
Forward foreign exchange contracts	**440**	22	**–**	–
	440	22	**–**	–

a) Instruments used by the Group

An existing portfolio of derivatives, primarily forward foreign exchange contracts and options, commodity futures and options and forward sales and purchase contracts, are held by CBH Grain Pty Ltd (formerly Grain Pool Pty Ltd) and AgraCorp Pty Ltd and do not qualify for hedge accounting under AASB 139. Movements in the fair value of these derivatives are recognised in the Statement of Comprehensive Income for the period. The net fair value at 30 September 2010 is an unrealised gain of $51,210,000. (31 October 2009: $14,400,000 loss). The subjective assessment of the value of these financial instruments at any given point in time will in times of volatile market conditions, show substantial variation over the short term.

Notes to the Financial Statements

FOR THE PERIOD ENDED 30 SEPTEMBER 2010

Note 20. Derivative financial instruments (continued)

a) Instruments used by the Group (continued)

In addition, CBH Grain Pty Ltd (formerly Grain Pool Pty Ltd) takes out foreign exchange contracts and options and commodity futures and options on behalf of the CBH Grain Pools (formerly Grain Pool Pools). This is achieved by the CBH Grain Pools contracting with the CBH Grain Pty Ltd for the derivative contract and CBH Grain Pty Ltd contracting with an external counterparty for the opposing position. In the Group's Statement of Comprehensive Income, these positions are generally offsetting, resulting in a zero impact to profit and loss. However, in the Group's Statement of Financial Position, the Group recognised a derivative asset/liability for the position with the CBH Grain Pools, and an offsetting derivative asset/liability with the external counterparty.

The Group's net derivative portfolio, with all counterparties both internal and external, is outlined below. Internal counterparties are the CBH Grain Pools (formerly Grain Pool Pools) and AgraCorp Active growers. External counterparties include banks, brokers, unrelated growers, end-customers and grain traders:

	2010	2009	Average Exchange Rate	
	$'000	$'000	2010	2009
Foreign exchange contracts				
Sell USD : Buy AUD				
United States : Australian dollars				
Less than 6 months	**777,843**	631,982	**0.8821**	0.8361
6 months to 1 year	**58,177**	92,186	**0.8598**	0.8795
1 year to 2 years	**9,757**	1,265	**0.8676**	0.8683
Buy USD : Sell AUD				
United States : Australian dollars				
Less than 6 months	**(71,093)**	(341,926)	**0.8772**	0.8471
6 months to 1 year	**(2,203)**	(81,810)	**0.7991**	0.8816
Sell CAD : Buy AUD				
Canadian : Australian dollars				
Less than 6 months	**82,345**	59,026	**0.9079**	0.8734
6 months to 1 year	**50,664**	4,135	**0.8694**	0.9169
Buy CAD : Sell AUD				
Canadian : Australian dollars				
Less than 6 months	**(20,508)**	(14,650)	**0.8786**	0.9144
Buy CAD : Sell USD				
Canadian : United States dollars				
Less than 6 months	**50,464**	4,972	**0.9593**	0.9242
Sell CAD : Buy USD				
Canadian : United States dollars				
Less than 6 months	**6,203**	3,525	**1.0602**	1.0756
6 months to 1 year	**7,778**	–	**1.0499**	–
Sell USD : Buy EUR				
United States dollars : Euro				
Less than 6 months	**9,590**	–	**1.2353**	–
6 months to 1 year	**6,774**	–	**1.2100**	–

Notes to the Financial Statements

FOR THE PERIOD ENDED 30 SEPTEMBER 2010

	2010	2009	Average Exchange Rate	
	$'000	$'000	**2010**	2009

Note 20. Derivative financial instruments (continued)

a) Instruments used by the Group (continued)

	2010 $'000	2009 $'000	2010	2009
Sell EUR : Buy USD				
Euro : United Stated dollars				
Less than 6 months	**6,320**	2,920	**0.7808**	0.7002
Sell EUR : Buy AUD				
Euro : Australian dollars				
Less than 6 months	**338**	–	**0.7253**	–
Sell CAD : Buy EUR				
Canadian : Euro				
Less than 6 months	**686**	–	**1.3506**	–
Foreign exchange contract options				
Sell USD : Buy AUD				
United States : Australian dollars				
Buy call options				
Less than 6 months	**–**	206,380	**–**	USD0.8126
6 months to 1 year	**–**	1,016	**–**	USD0.9250
Sell put options				
Less than 6 months	**30,167**	363,501	**USD0.9282**	USD0.8704
Sell AUD : USD				
Australian : United States dollars				
Sell call options				
Less than 6 months	**(11,089)**	(395,698)	**USD0.8332**	USD0.8629
Sell AUD : Buy CAD				
Australian : Canadian dollars				
Buy put option				
Less than 6 months	**(1,079)**	–	**USD0.9265**	–
Sell EUR : Buy AUD				
Euro : Australian dollars				
Buy put option				
Less than 6 months	**–**	(1,750)	**–**	EUR0.5715

	2010	2009	2010	2009
	$'000	$'000	**$ per tonne**	$ per tonne
Commodity future open positions				
Not later than one year				
Buy futures – AUD	**1,560**	–	**223**	–
Buy futures – USD	**43,141**	5,429	**248**	199
Buy futures – CAD	**42**	–	**422**	–
Buy futures – EUR	**22,232**	–	**498**	–
Sell futures – AUD	**1,961**	1,554	**302**	225
Sell futures – USD	**460,022**	143,438	**272**	196
Sell futures – CAD	**56,730**	41,079	**461**	388

Notes to the Financial Statements

	2010	2009	2010	2009
	$'000	$'000	**$ per tonne**	$ per tonne

Note 20. Derivative financial instruments (continued)

a) Instruments used by the Group (continued)

Commodity future open positions (continued)

	2010 $'000	2009 $'000	2010 $ per tonne	2009 $ per tonne
Later than one year but not later than two years				
Buy futures – AUD	**540**	–	**270**	–
Buy futures – USD	**–**	18,675	**–**	220
Sell futures – USD	**12,085**	–	**283**	–
Commodity options open position				
Not later than one year				
Buy call options – USD	**73,364**	–	**214**	–
Sell call options – USD	**9,313**		**229**	–
Sell call options – CAD	**1,709**	–	**493**	–
Buy put options – USD	**37,445**	6,615	**247**	286
Sell put options – USD	**2,463**	21,325	**279**	333
Sell put options – CAD	**741**	–	**462**	–
Later than one year but not later than two years				
Buy call options – USD	**7,057**	–	**380**	–
Sell call options – USD	**4,188**	–	**494**	–
Buy put options – USD	**1,649**	–	**342**	–
Forward purchase and sale contracts				
Forward purchase contracts	**437,413**	313,453	**309**	228
Forward sale contracts	**176,708**	199,008	**328**	214

b) Interest rate derivatives contracts

No interest rate swaps contracts were in place at 30 September 2010. However, in order to protect against rising interest rates in the short tem, the Group entered into interest rate options and forward rate agreements under which it has an option to exercise the interest rate at 5% and lock in future interest payment at 4.9%.

At the financial year end, the fair value and periods of expiry of the interest rate options and forward rate agreement are as follows:

	Consolidated		Parent Entity	
	30 September 2010 $'000	31 October 2009 $'000	**30 September 2010 $'000**	31 October 2009 $'000
Interest rate options				
0 – 1 years	**123**	–	**–**	–
Forward rate agreement				
0 – 1 years	**134**	–	**–**	–
	257	–	**–**	–

Details of the accounting policies and methods adopted, including the criteria for recognition, the basis for measurement and the basis on which income and expenses of interest rate swaps are recognised are disclosed in Note 2(ab).

c) Interest rate risk

Information regarding interest rate risk exposure is set out in Note 19(a) (iii).

d) Credit risk

Credit risk arises from the potential failure of counterparties to meet their obligations at maturity of contracts. Information regarding credit risk exposure is set out in Note 19(b).

Notes to the Financial Statements

FOR THE PERIOD ENDED 30 SEPTEMBER 2010

Note 21. Commitments

Operating lease commitments

The Group has entered into commercial leases on certain property and items of equipment. These leases have an average life of between 1 and 50 years with renewal options included in the contracts.

Future minimum rentals payable under non-cancellable operating leases as at the financial year end are as follows:

	30 September 2010	31 October 2009	30 September 2010	31 October 2009
	$'000	$'000	**$'000**	$'000
Within one year	**6,198**	8,173	**5,523**	7,341
After one year but not more than five years	**16,725**	22,484	**15,976**	19,317
More than five years	**30,599**	46,196	**30,599**	46,196
	53,522	76,853	**52,098**	72,854

Capital commitments

Commitments for the acquisition of plant and equipment contracted as at the reporting date but not recognised as liabilities payable:				
Within one year	**14,121**	20,902	**14,043**	20,902
	14,121	20,902	**14,043**	20,902

Note 22. Contingent liabilities

(i) *Finance arrangements*

Co-operative Bulk Handling Limited (parent entity) has undertaken guarantees relating to loan facilities with certain controlled and associated entities. All facilities are expressed in Australian dollars unless otherwise disclosed.

	Total facility amount	Utilised facility amount	Parent Entity maximum exposure	Parent Entity fair value exposure (Note 2(aa))	Facility expiry date
	$'000	$'000	$'000	$'000	
30 September 2010					
Controlled entities					
Acquisition of flour mills (i)	**15,198**	**10,355**	**10,355**	**135**	**31 October 2010**
	USD14,750	**USD10,050**	**USD10,050**		
CBH Grain Funding-AUD	**500,000**	**100,000**	**–**	**–**	**29 October 2011**
CBH Grain Funding-USD (ii)	**60,000**	**60,000**	**–**	**–**	**15 October 2010**
Associated entities					
Acquisition of flour mills (iii)	**52,550**	**49,974**	**24,987**	**723**	**30 November 2011**
	USD51,000	**USD48,500**	**USD24,250**		
31 October 2009					
Controlled entities					
Acquisition of flour mills	16,112	16,000	16,000	13	31 October 2010
	USD14,750	USD14,648	USD14,648		
CBH Grain Funding	500,000	–	–	–	31 October 2010

	Total facility amount	Utilised facility amount	Parent Entity maximum exposure	Parent Entity fair value exposure (Note 2(aa))	Facility expiry date
	$'000	$'000	$'000	$'000	

Note 22. Contingent liabilities (continued)

(i) Finance arrangements (continued)

Associated entities					
Acquisition of flour mills	61,172	55,710	27,855	174	30 November 2009
	USD56,000	USD51,000	USD25,500		
Acquisition of shares in other corporations	34,380	3,819	1,910	54	30 November 2009

(i) The Group is seeking for extension and restructuring to the existing facility as at 30 September 2010. Subsequent to year end, this facility was renewed to 29 October 2011.

(ii) On 14 October 2010, this facility was renewed to 27 September 2011.

(iii) In November 2009, this facility was renegotiated with a facility limit of US$51,000,000 and an expiry of 30 November 2011.

Note 23. Contingent assets

SEC Refundable Capital Contributions

To access energy supply to many CBH sites, CBH entered into Contributory Extension Scheme arrangements with the State Energy Commission of Western Australia. Under the terms of these agreements, CBH was required to pay both non-refundable and refundable capital contributions for each connection. The refundable portion is returned to CBH when future development occurs such as additional connections to the power grid. At year end $505,440 (2009: $516,729) remained potentially refundable.

	Consolidated		Parent Entity	
	30 September 2010	31 October 2009	**30 September 2010**	31 October 2009
	$	$	**$**	$

Note 24. Auditors' remuneration

Amounts received or due and receivable by Ernst & Young (Australia) from entities in the consolidated entity or related entities				
– Auditing accounts	**399,875**	379,553	**130,000**	123,600
– Other audit related work	**20,890**	63,390	**–**	50,000
	420,765	442,943	**130,000**	173,600
Amounts received or due and receivable by a related overseas office of Ernst & Young, from entities in the consolidated entity or related entities				
– Auditing accounts	**59,216**	46,856	**–**	–
	479,981	489,799	**130,000**	173,600

Note 25. Compensation of key management personnel

Short term	**5,124,152**	6,072,449	**4,080,991**	4,641,981
Post employment	**362,556**	1,009,306	**284,710**	764,334
Termination benefits	**898,948**	1,810,624	**397,788**	1,810,624
	6,385,656	8,892,379	**4,763,489**	7,216,939

Notes to the Financial Statements

FOR THE PERIOD ENDED 30 SEPTEMBER 2010

Note 25. Compensation of key management personnel (continued)

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

Short term employee benefits includes wages, salaries, paid annual leave, paid sick leave and non-monetary benefits for current employees.

Post employee benefits include pensions and other retirement benefits paid for current employees.

Note 26. Employee benefits

(a) Defined benefit superannuation plan

(i) Superannuation plan

The CBH Superannuation Fund ("the Fund") is an employer fund established to provide benefits to employees who are members on retirement, termination of employment, death and disability.

The defined benefit section of the plan provides defined benefit members with pension benefits on retirement, death and disablement, with an option to commute their benefits to a lump sum. On resignation, defined benefit members receive a lump sum benefit. The defined benefit section of the plan closed to new members from 1 November 2000 and subsequent to this time the majority of existing defined benefit members transferred to the accumulation fund. All new members now receive accumulation only benefits.

The following sets out details in respect of the defined benefit section only:

	Consolidated		Parent Entity	
	30 September 2010 $'000	31 October 2009 $'000	**30 September 2010 $'000**	31 October 2009 $'000
(ii) Statement of financial position amounts				
The amounts recognised in the statement of financial position are determined as follows:				
Present value of the defined benefit	**1,648**	1,931	**1,648**	1,931
Fair value of defined benefit plan assets	**13,778**	18,669	**13,778**	18,669
Net asset in the statement of financial position	**15,426**	20,600	**15,426**	20,600
(iii) Categories of plan assets				
The major categories of plan assets are as follows:				
Australian equity	**51%**	52%	**51%**	52%
International equity	**0%**	1%	**0%**	1%
Fixed income	**16%**	11%	**16%**	11%
Property	**17%**	16%	**17%**	16%
Cash	**15%**	20%	**15%**	20%
(iv) Actual return on fund assets				
Actual return on fund assets	**(734)**	2,961	**(734)**	2,961

Notes to the Financial Statements

FOR THE PERIOD ENDED 30 SEPTEMBER 2010

	Consolidated		Parent Entity	
	30 September 2010	31 October 2009	**30 September 2010**	31 October 2009
	$'000	$'000	**$'000**	$'000

Note 26. Employee benefits (continued)

(a) Defined benefit superannuation plan (continued)

(v) Reconciliations

Reconciliation of the present value of the defined benefit obligation, which is fully funded:				
Balance at beginning of year	**(1,931)**	(1,524)	**(1,931)**	(1,524)
Current service cost	**3,980**	3,861	**3,980**	3,861
Interest cost	**55**	78	**55**	78
Plan participants contributions	**–**	–	**–**	–
Actuarial gains/(losses)	**405**	(425)	**405**	(425)
Benefits, administrative expenses, premiums and tax paid	**(472)**	(309)	**(472)**	(309)
Contributions to accumulation section	**(3,685)**	(3,612)	**(3,685)**	(3,612)
Past service cost	**–**	–	**–**	–
Curtailments	**–**	–	**–**	–
Settlements	**–**	–	**–**	–
Defined benefit at end of year	**(1,648)**	(1,931)	**(1,648)**	(1,931)

Reconciliation of the fair value of plan assets/(liabilities)				
Balance at beginning of year	**18,669**	19,629	**18,669**	19,629
Actuarial gains/(losses)	**1,108**	1,277	**1,108**	1,277
Expected return on fund assets	**(1,842)**	1,684	**(1,842)**	1,684
Contributions by fund participants		–		–
Benefits, administrative expenses, premiums and tax paid	**(472)**	(309)	**(472)**	(309)
Contributions to accumulation section	**(3,685)**	(3,612)	**(3,685)**	(3,612)
Settlements		–		–
Fair value of plan assets at end of year	**13,778**	18,669	**13,778**	18,669

(vi) Amounts recognised in statement of comprehensive income

The amounts recognised in the statement of comprehensive income are as follows:				
Service cost	**3,980**	3,861	**3,980**	3,861
Interest cost	**55**	78	**55**	78
Expected return on assets	**(1,108)**	(1,277)	**(1,108)**	(1,277)
Past service costs	**–**	–	**–**	–
Effect of curtailments/settlements	**–**	–	**–**	–
Superannuation (income)/expense	**2,927**	2,662	**2,927**	2,662

(vii) Amounts recognised in the statement of changes in equity

Actuarial gains/(losses)	**(2,247)**	2,109	**(2,247)**	2,109
Adjustment for limit on net asset	**–**	–	**–**	–
Surplus distribution to accumulation members	**–**	–	**–**	–
Gain/(loss) recognised in the statement of income and expense	**(2,247)**	2,109	**(2,247)**	2,109
Cumulative amount of actuarial gain/(loss)	**(5,122)**	(2,875)	**(5,122)**	(2,875)

	Financial year ending	
	30 September 2010	31 October 2009
	% pa	% pa

Note 26. Employee benefits (continued)

(a) Defined benefit superannuation plan (continued)

(viii) Principal actuarial assumptions

The principal actuarial assumptions used as at the reporting date were as follows:		
Discount rate – pensioners	**5.00**	5.60
Expected rate of return on plan assets – pensioners	**7.00**	7.00
Expected salary increase rate	**4.00**	4.00
Expected pension increase rate	**2.50**	2.50

The fair value of the defined benefit plan assets does not include any of the Company's own financial instruments or any property occupied by or other assets used by the Company. The expected return on assets assumption is determined by weighing the expected long-term return for each class by the target allocation of assets to each class and allowing for the correlations of the investment returns between asset classes. The returns used for each class are net of investment tax and investment fees. This resulted in the selection of a 7% rate of return on assets (discount rate).

	Financial year				
	2010	2009	2008	2007	2006
	$'000	$'000	$'000	$'000	$'000
(ix) Historical information – experience adjustments on plan					
Present value of defined benefit	**(1,648)**	(1,931)	(1,524)	(2,255)	1,329
Fair value of fund assets	**13,778**	18,669	19,629	31,197	41,615
(Surplus)/deficit in fund	**(15,426)**	(20,600)	(21,153)	(33,452)	(40,286)
Experience adjustments (gain)/loss – plan assets	**1,842**	(1,684)	8,238	5,861	(5,832)
Experience adjustments (gain)/loss – plan liabilities	**380**	(429)	2,071	1,478	(907)

(x) Employer contributions

Employer contributions to the defined benefit section of the plan are based on recommendations by the plan's actuary. The last actuarial assessment was made on 5 May 2010 in relation to the financial position as at 31 October 2009 and no contribution is expected to be paid to the plan within the next financial year.

At 30 September 2010 there were no active Defined Benefit Members and eight pensioners.

The objective of funding is to ensure that the benefit entitlements of members and other beneficiaries are fully funded by the time they become payable. To achieve this objective, the actuary has adopted a method of funding benefits known as the "projected unit credit valuation method". The method adopted determines that the contributions payable by the Company in the future will be sufficient to meet the benefits in respect of the current membership if the actuarial assumptions are fulfilled in practice.

Using the funding method described above and particular actuarial assumptions as to the plan's future, the actuary recommended to the trustee that the company suspend employer contributions on 1 July 2001. The Company is also on a contribution holiday for salary sacrifice contributions which commenced during the 2004/05 year. The contribution suspension resulted in savings of $4,346,558 (2009- $4,259,509) in legislatively mandated or contractually obliged contributions during the 11 month period to 30 September 2010 and it is expected to continue until the actuary determines that surpluses have been absorbed.

The Trust Deed of the Plan states that if the Plan winds up, the remaining assets are to be distributed by the Trustee of the Plan in such a manner as will in the opinion of the Trustee after having considered the advice of the Actuary be fair and equitable according to the respective rights of the present and former Members and Beneficiaries.

The Company may at any time terminate its contribution by giving three months notice in writing to the Trustee. The Company has a liability to pay the contributions due prior to the effective date of the notice, but there is no requirement for the Company to pay any further contributions, irrespective of the financial condition of the Fund.

	Consolidated		Parent Entity	
	30 September 2010 $'000	31 October 2009 $'000	**30 September 2010 $'000**	31 October 2009 $'000

Note 26. Employee benefits (continued)

(b) Employee benefits expense

Employee benefits	**98,686**	99,019	**97,501**	98,530
Defined benefit superannuation expense	**2,927**	2,662	**2,927**	2,662
Defined contribution accumulation expense	**4,553**	4,925	**4,553**	4,925
Other employee benefits expense	**5,572**	5,787	**5,572**	5,787
	111,738	112,393	**110,553**	111,904

Note 27. Investment in controlled entities

The following were controlled entities as at 30 September 2010 and have been included in the consolidated accounts. All controlled entities have a reporting date of 30 September unless otherwise stated.

Name of controlled entity	Country of Incorporation	Class of Shares	Equity Holding 2010 %	2009 %
CBH Grain Pty Ltd (formerly Grain Pool Pty Ltd)	Australia	Ordinary	**100**	100
Bulkwest Pty Ltd	Australia	Ordinary	**100**	100
CBH Global Limited	Cyprus	Ordinary	**100**	100
Grainswest Pty Ltd (i)	Australia	Ordinary	**100**	100
Grain Direct Pty Ltd (i)	Australia	Ordinary	**100**	100
CBH (WA) Pty Ltd (i)	Australia	Ordinary	**100**	100
CBH Pty Ltd (i)	Australia	Ordinary	**100**	100
CBH Grain Pty Ltd (formerly Grain Pool Pty Ltd) controlled entities are as follows:				
AgraCorp Pty Ltd	Australia	Ordinary	**100**	100
CBH Grain Asia Ltd	Hong Kong	Ordinary	**100**	100
CBH Grain Japan Co. Ltd	Japan	Ordinary	**100**	100
Bulkwest Pty Ltd controlled entities are as follows:				
CBH Engineering Pty Ltd (formerly Bulkwest Engineering Pty Ltd)	Australia	Ordinary	**100**	100
C.B.H. Investment Pty Ltd (i)	Australia	Ordinary	**100**	100
Bulkeast Pty Ltd (i)	Australia	Ordinary	**100**	100
DailyGrain Pty Ltd (iii)	Australia	Ordinary	**100**	–
CBH Global Limited controlled entities are as follows:				
Co-operative Bulk Handling (Netherlands) BV	Netherlands	Ordinary	**100**	100
CBH Indonesia Limited (ii)	Malaysia	Ordinary	**100**	100
Westgrains Insurance Pte Ltd	Singapore	Ordinary	**100**	100

(i) These entities have remained inactive during the current and prior year.
(ii) The reporting date of CBH Indonesia Limited is 31 December.
(iii) During the year, the investment in DailyGrain Pty Ltd was converted to a controlled subsidiary (refer Note 7).

Notes to the Financial Statements

FOR THE PERIOD ENDED 30 SEPTEMBER 2010

Note 28. Investment in associates

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Information relating to the associates is set out below:

Name of Company	Principal Activity	Ownership Interest		Consolidated Carrying Amount		Reporting Date
		2010	2009	**2010**	2009	
		%	%	**$'000**	$'000	
Pacific Agrifoods Investments Pty Ltd (i)	Investment	–	50	–	3,080	30 June
Australian Bulk Stevedoring Pty Ltd	Stevedoring	**50**	50	**230**	–	30 September
DailyGrain Pty Ltd (ii)	Grain price and information services	–	50	–	605	30 June
Australasian Lupin Processing Pty Ltd	Lupins dehulling and processing	**50**	50	–	1,629	30 September
United Bulk Carriers Pty Ltd	Chartering	**50**	50	**161**	113	30 September
Pacific Agrifoods Limited	Investment	**50**	50	**32,863**	30,612	31 December
PT Eastern Pearl Flour Mills	Flour milling	**50**	50	**50,886**	36,952	31 December
Wheat Australia Pty Ltd	Wheat exporting	**33**	33	**74**	74	30 September
				84,214	73,065	

Each of the associated entities is incorporated in Australia, except for Pacific Agrifoods Limited and PT Eastern Pearl Flour Mills which reside in the British Virgin Islands and Indonesia respectively.

(i) Pacific Agrifoods Investments Pty Ltd is the holder of the Group's interest in shares in Elders Limited. On 24 September 2010, the Group's 50% interest in Pacific Agrifoods Investments Pty Ltd was sold to the other shareholder for a total consideration of $1,090,000 resulting in loss on disposal of $2,657,000.

(ii) During the year, the investment in DailyGrain Pty Ltd was converted to a controlled subsidiary (refer Note 7).

The following table illustrates summarised financial information relating to the Group's investment in associates:

	Consolidated	
	30 September 2010	31 October 2009
	$'000	$'000
Equity accounted investments	**62,262**	47,952
Investment by way of long term loans	**21,952**	25,113
	84,214	73,065

	Consolidated	
	30 September 2010 $'000	31 October 2009 $'000

Note 28. Investment in associates (continued)

Movements in carrying amounts of investments in associates		
Carrying amount at the beginning of the financial year	**73,065**	102,994
Increase in investment by way of loan	**6,175**	15,416
Repayment of loan	**(1,106)**	–
Reclassification of amounts from investment to loans to associates	**–**	(9,863)
Distributions	**–**	(1,352)
Guarantees	**723**	609
Share of movement of available-for-sale reserve	**–**	(1,258)
Share of associates profits/(losses) after income tax	**15,113**	(14,475)
Foreign exchange movements	**(7,899)**	(19,006)
Reclassification to investment in controlled entity	**(566)**	–
Disposal of associate	**(1,291)**	–
Carrying amount at the end of the financial year	**84,214**	73,065

Share of associates profits		
Profits before income tax and impairments	**24,583**	5,456
Impairment on associate's investment	**(2,449)**	(15,347)
Income tax benefit/(expense)	**(7,087)**	(3,544)
Share of net profits/(losses) after income tax	**15,047**	(13,435)
Adjusted for:		
Unrealised intercompany profits	**66**	691
Notional depreciation	**–**	(1,731)
Share of associates' net profits/(losses)	**15,113**	(14,475)
Retained profits/(accumulated losses) attributable to associates at beginning of the year	**(18,339)**	(3,864)
Retained profits/(accumulated losses) attributable to associates at end of the year	**(3,226)**	(18,339)

Share of associates' profit or loss and statement of financial position

a) Other Investments

(i) Pacific Agrifoods Investments Pty Ltd

Loss from ordinary activities after related income tax expense before impairment of assets	**(10)**	(476)
Less: Impairment of assets	**(2,449)**	(15,347)
Loss from ordinary activities after related income tax expense	**(2,459)**	(15,823)
Current assets	**–**	1,424
Non-current assets	**–**	3,103
Current liabilities	**–**	(26,118)
Non-current liabilities	**–**	(1,910)
Net assets/(liabilities)	**–**	(23,501)

Notes to the Financial Statements

FOR THE PERIOD ENDED 30 SEPTEMBER 2010

Note 28. Investment in associates (continued)

a) Other Investments (continued)

	Consolidated	
	30 September 2010 $'000	31 October 2009 $'000
(ii) Australasian Lupin Processing Pty Ltd		
Loss from ordinary activities after related income tax expense	**(1,629)**	(280)
Current assets	**64**	82
Non-current assets	**–**	4,975
Current liabilities	**(28)**	(6,003)
Non-current liabilities	**(14)**	(9)
Net assets/(liabilities)	**22**	(955)
(iii) DailyGrain Pty Ltd		
Loss from ordinary activities after related income tax expense	**(64)**	(45)
Current assets	**200**	50
Non-current assets	**–**	–
Current liabilities	**(285)**	(71)
Non-current liabilities	**–**	–
Net liabilities	**(85)**	(21)
(iv) Wheat Australia Pty Ltd		
Profit from ordinary activities after related income tax expense	**–**	–
Current assets	**19**	19
Non-current assets	**–**	–
Current liabilities	**–**	–
Non-current liabilities	**(17)**	(17)
Net assets	**2**	2
(v) United Bulk Carriers Pty Ltd		
Profit/(loss) from ordinary activities after related income tax expense	**48**	(14)
Current assets	**187**	134
Non-current assets	**19**	14
Current liabilities	**(45)**	(35)
Non-current liabilities	**–**	–
Net assets	**161**	113
(vi) Australian Bulk Stevedoring Pty Ltd		
Profit/(loss) from ordinary activities after related income tax expense	**280**	(100)
Current assets	**440**	109
Non-current assets	**–**	–
Current liabilities	**(188)**	(108)
Non-current liabilities	**(10)**	(50)
Net assets/(liabilities)	**242**	(49)

	Consolidated	
	30 September 2010 $'000	31 October 2009 $'000

Note 28. Investment in associates (continued)

b) Flour Mill Investments

(i) Pacific Agrifoods Limited

Profit from ordinary activities after related income tax expense before holding costs	**5,702**	3,604
Less: Holding costs (Note 30)	**(1,137)**	(3,452)
Profit from ordinary activities after related income tax	**4,565**	152
Current assets	**53,936**	59,914
Non-current assets	**77,267**	68,502
Current liabilities	**(91,176)**	(98,127)
Non-current liabilities	**(14,461)**	(9,488)
Net assets	**25,566**	20,801

(ii) PT Eastern Pearl Flour Mills

Profit from ordinary activities after related income tax expense	**14,372**	1,635
Current assets	**31,342**	33,941
Non-current assets	**31,437**	32,597
Current liabilities	**(14,285)**	(25,112)
Non-current liabilities	**(3,256)**	(10,262)
Net assets	**45,238**	31,164

Note 29. Related parties transactions

(i) Key Management Personnel – Directors

Certain directors have dealings either in their own name or through director related entities with Co-operative Bulk Handling Limited and its controlled entities under commercial terms no more favourable than those available to other grain growers and shareholders.

Following the 2009/10 election process, M McGinniss came onto the board and S. Tilbrook stood down. Transactions relating to M McGinniss are included in 2010 year only.

Total aggregate number of shares held by directors and director related entities is 15 (2009 – 14).

	Parent Entity and Consolidated	
	30 September 2010 $	31 October 2009 $
Messers N J Wandel, W A Newman, S J Tilbrook, V A Dempster, R G Madden, T N Badger and K J Fuchsbichler received payments for debenture repayments.	**14,188**	14,188
Messrs N J Wandel, W A Newman, T N Badger, K J Fuchsbichler, J P Hassell, S J Tilbrook, M McGinniss, V A. Dempster, R G Madden and M C Michael received payments or were due to receive payments for grain deliveries during the financial year.	**4,887,151**	6,485,574
Total aggregate tolls and debentures held by directors and director related entities at year end.	**15,868**	14,744

Notes to the Financial Statements

FOR THE PERIOD ENDED 30 SEPTEMBER 2010

	Parent Entity and Consolidated	
	30 September 2010 $	31 October 2009 $
Note 29. Related parties transactions (continued)		
(ii) Parent entity and controlled entities		
CBH Engineering Pty Ltd (formerly Bulkwest Engineering Pty Ltd) has provided engineering and manufacturing services to Co-operative Bulk Handling Limited based on normal commercial terms and conditions.	**61,159,611**	67,549,021
Co-operative Bulk Handling Limited incurred service charges from AgraCorp Pty Ltd.	**–**	1,917,315
Co-operative Bulk Handling Limited has charged CBH Grain Pty Ltd (formerly Grain Pool Pty Ltd) for handling, storage and other trading related activities	**12,030,764**	44,550,057
Co-operative Bulk Handling Limited has charged CBH Grain Pty Ltd (formerly Grain Pool Pty Ltd) shipping related activities.	**59,967,779**	34,711,743
CBH Grain Pty Ltd (formerly Grain Pool Pty Ltd) has charged Co-operative Bulk Handling Limited for marketing and logistical services.	**449,773**	14,117,758
Co-operative Bulk Handling Limited has charged for recovery of shared administration services based on normal commercial terms and conditions to:		
– CBH Grain Pty Ltd (formerly Grain Pool Pty Ltd)	**27,750,688**	22,532,511
– Bulkwest Pty Ltd	**–**	–
– CBH Engineering Pty Ltd (formerly Bulkwest Engineering Pty Ltd)	**1,668,492**	1,817,068
Amount due to Co-operative Bulk Handling Limited by CBH Grain Pty Ltd (formerly Grain Pool Pty Ltd)	**20,213,341**	2,549,056
Amount due from Co-operative Bulk Handling Limited to CBH Grain Pty Ltd (formerly Grain Pool Pty Ltd)	**–**	227,179
Co-operative Bulk Handling Limited has a loan receivable from CBH Global Limited. This loan has been used to repay a USD denominated loan and for working capital purposes. These loans are interest free and have no repayment date.	**29,520,914 (USD 28,650,108)**	31,296,232 (USD 28,650,108)
Co-operative Bulk Handling Limited has an AUD loan receivable from Co-operative Bulk Handling (Netherlands) BV for working capital purposes that is interest free and has no repayment date.	**5,619,656**	5,704,807
(iii) Associated entities		
Co-operative Bulk Handling Limited has a loan outstanding to Pacific Agrifoods Investments Pty Ltd in AUD and USD for investment and working capital purposes that is interest free and has no repayment date.	**–**	26,024,984
Co-operative Bulk Handling Limited has a loan outstanding to Pacific Agrifoods Limited for investment and working capital purposes that is interest free and has no repayment date.	**21,934,653**	18,461,844
Co-operative Bulk Handling (Netherlands) BV has a loan to PT Eastern Pearl Flour Mills for working capital purposes that is interest bearing with interest payable quarterly. The capital repayment dates are 31st December 2009 and 31st December 2012. The loan is denominated in Indonesian Rupiah.	**–**	7,815,435
CBH Grain Pty Ltd (formerly Grain Pool Pty Ltd) has a loan to United Bulk Carriers Pty Ltd for working capital purposes.		254,999

Notes to the Financial Statements

FOR THE PERIOD ENDED 30 SEPTEMBER 2010

	Parent Entity and Consolidated	
	30 September 2010 $	31 October 2009 $

Note 29. Related parties transactions (continued)

(iv) CBH Grain Pools (formerly Grain Pool Pools) on commercial terms unless indicated otherwise		
Borrowings from CBH Grain Pty Ltd (formerly Grain Pool Pty Ltd) by CBH Grain Pools (formerly Grain Pool Pools)	**–**	20,693,988
Loan from the CBH Grain Pools by the Company (at period end)	**3,767,000**	–
Interest paid by the CBH Grain Pools (formerly Grain Pool Pools) to CBH Grain Pty Ltd (formerly Grain Pool Pty Ltd)	**11,821,873**	16,135,507
Interest paid by CBH Grain Pty Ltd (formerly Grain Pool Pty Ltd) to the CBH Grain Pools (formerly Grain Pool Pools)	**3,522,235**	6,596,592
Pool administration and management fees paid by the CBH Grain Pools (formerly Grain Pool Pools) to CBH Grain Pty Ltd (formerly Grain Pool Pty Ltd)	**25,518,602**	30,620,512
Sale of grain from CBH Grain Pty Ltd (formerly Grain Pool Pty Ltd) to the CBH Grain Pools (formerly Grain Pool Pools)	**348,052,715**	587,362,446
Amount due to Co-operative Bulk Handling Limited by CBH Grain Pools (formerly Grain Pool Pools)	**–**	298,117
Amount due from Co-operative Bulk Handling Limited to CBH Grain Pools (formerly Grain Pool Pools)	**–**	91,806

Identification of Related Parties' Ultimate Parent Entity

The ultimate parent entity in the wholly owned group is Co-operative Bulk Handling Limited.

Note 30. Business unit results

	Storage and Handling	Grain Trading and Marketing	Flour Milling (Note 28(b))	Engineering and Other Services	Other Investments (Note 28(a)) (i)	Other costs	Eliminations	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
11 months ended 30 September 2010								
Business Unit Revenue								
Sales	458,806	946,312	556,881	66,960	162	376	(730,668)	1,298,829
Total Business Unit Revenue	458,806	946,312	556,881	66,960	162	376	(730,668)	1,298,829
Total Business Unit Results								
Profit/(loss) before tax	37,585	17,277	58,323	3,730	(2,131)	(3)	4,150	118,931
Minority interest share	–	–	(4,041)	–	–	–	–	(4,041)
Operating profit/(loss) before tax	37,585	17,277	54,282	3,730	(2,131)	(3)	4,150	114,890
CBH Share (%)	*100%*	*100%*	*50%*	*100%*	*50-100%*	*100%*		
CBH Share Business Unit Result	37,585	17,277	27,141	3,730	(2,131)	(3)	4,150	87,749
Income tax expense	(1,936)	(5,213)	(7,002)	(1,127)	(663)	–	(2,399)	(18,340)
Net profit/(loss) after tax	35,649	12,064	20,139	2,603	(2,794)	(3)	1,751	69,409
Adjusted for:								
Disposal of investment	(2,657)	–	–	–	–	–	2,459	(198)
Impairment in non current assets	(38,918)	–	–	–	–	–	–	(38,918)
Unrealised intercompany profits	–	–	(66)	–	–	–	–	(66)
Holding costs (ii)	–	–	–	–	–	(842)	–	(842)
Unrealised foreign exchange on translation	(2,754)	–	–	–	–	(295)	1,796	(1,253)
CBH share after adjustments	(8,680)	12,064	20,073	2,603	(2,794)	(1,140)	6,006	28,132

Note 30. Business unit results (continued)

	Storage and Handling	Grain Trading and Marketing	Flour Milling (Note 28(b))	Engineering and Other Services	Other Investments (Note 28(a)) (i)	Other costs	Eliminations	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Year ended 31 October 2009								
Business Unit Revenue								
Sales	584,173	1,063,769	701,911	70,628	60	834	(863,793)	1,557,582
Total Business Unit Revenue	584,173	1,063,769	701,911	70,628	60	834	(863,793)	1,557,582
Total Business Unit Results								
Profit/(loss) before tax	101,098	62,881	22,633	5,813	202	(819)	(11,695)	180,113
Minority interest share	–	–	(2,980)	–	–	–	–	(2,980)
Operating profit/(loss) before tax	101,098	62,881	19,653	5,813	202	(819)	(11,695)	177,133
CBH Share (%)	*100%*	*100%*	*50%*	*100%*	*50-100%*	*100%*		
CBH Share Business Unit Result	101,098	62,881	9,827	5,813	202	(819)	(11,695)	167,307
Income tax expense	–	(18,902)	(3,548)	(1,629)	(166)	–	–	(24,245)
Net profit/(loss) after tax	101,098	43,979	6,279	4,184	36	(819)	(11,695)	143,062
Adjusted for:								
Impairment of assets	(17,225)	–	–	–	(15,347)	–	17,225	(15,347)
Unrealised intercompany profits	–	–	691	–	–	–	–	691
Notional depreciation resulting from fair valuing EPFM fixed assets	–	–	–	–	–	(1,731)	–	(1,731)
Holding costs (ii)	–	–	–	–	–	(1,577)	–	(1,577)
Unrealised foreign exchange on translation	(15,860)	–	–	–	–	(1,875)	11,603	(6,132)
CBH share after adjustments	68,013	43,979	6,970	4,184	(15,311)	(6,002)	17,133	118,966

(i) Includes investment in subsidiary Westgrains Insurance Pty Ltd.

(ii) Holding costs include costs incurred by the companies associated with holding the Group's investments in the Flour Mills.

Notes to the Financial Statements

FOR THE PERIOD ENDED 30 SEPTEMBER 2010

Note 31. Events subsequent to reporting date

On 14 October 2010, the United States Dollar denominated loan in CBH Grain Pty Ltd which expires in October 2010 was renewed to 27 September 2011.

On 18 November 2011, the United States Dollar denominated floating rate loan used as part of the Group's investment into Asia was renewed to 29 October 2011.

Subsequent to year end, CBH Grain Pty Ltd negotiated additional inventory financing facilities of $200,000,000 with various banks, which is to be used during the 2010/2011 season and reduces on a progressive basis over the year.

Subsequent to year end, CBH Ltd negotiated a facility agreement of $50,000,000 with Westpac Banking Corporation. The facility is to be used for working capital requirements.

Other than the matters disclosed above, there is no other subsequent event which requires disclosure.

Directors Declaration

FOR THE PERIOD ENDED 30 SEPTEMBER 2010

1) In the opinion of the directors:

   (a) the statement of comprehensive income, statement of cash flows and statement of changes in equity are drawn up so as to exhibit a true and fair view of the performance of the business of the Company for the financial period ended 30 September 2010;

   (b) the statement of financial position is drawn up as to exhibit a true and fair view of the financial position of the Company as at 30 September 2010; and

   (c) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2) In the opinion of the directors the consolidated accounts give a true and fair view of:

   (i) the statement of comprehensive income, statement of cash flows and statement of changes in equity of the consolidated entity, being the Company and the entities it controlled during the financial period ended 30 September 2010; and

   (ii) the statement of financial position of the consolidated entity, being the Company and the entities it controlled at 30 September 2010.

The above declarations are made in accordance with a resolution of the directors.

ON BEHALF OF THE BOARD

N J Wandel

N J WANDEL
Chairman of Directors

W A Newman

W A NEWMAN
Deputy Chairman of Directors

Dated at Perth this 8 December 2010

Certification by Chief Financial Officer

FOR THE PERIOD ENDED 30 SEPTEMBER 2010

I, David Moroney, Chief Financial Officer of Co-operative Bulk Handling Limited, hereby certify:

That reserves and accumulated profits are used in the business. That the accompanying statement of comprehensive income, statement of financial position, cash flow statement and statement of changes in equity are, to the best of my knowledge and belief, true and fair:

That the names, addresses and occupations of persons who are Directors of the company at the date of this certificate were:

Neil Jeffrey Wandel, *Gibson, Farmer*

Walter Alfred Newman, *Newdegate, Farmer*

Trevor Norman Badger, *Pingrup*, *Farmer*

Vernon Andrew Dempster, *Northam, Farmer*

Kevin Johan Fuchsbichler, *Bruce Rock, Farmer*

Lloyd Frederick Guthrey, *Subiaco, Company Director*

Rodney George Madden, *Morawa, Farmer*

John Philip Boucher Hassell, *Pingelly, Farmer*

Mervyn Clancy Michael, *Mingenew, Farmer*

Merton Edwin McGinniss, *Merredin, Farmer*

Peter William Knowles, *Shenton Park, Company Director*

David Stephen Willis, *Sydney, Company Director*

D MORONEY
Chief Financial Officer

Dated at Perth this 8 December 2010

Independent Audit Report

TO MEMBERS OF CO-OPERATIVE BULK HANDLING LIMITED

ERNST & YOUNG

Ernst & Young Building
11 Mounts Bay Road
Perth WA 6000 Australia
GPO Box M939 Perth WA 6843

Tel: +61 8 9429 2222
Fax: +61 8 9429 2436
www.ey.com/au

We have audited the accompanying financial report of Co-operative Bulk Handling Limited, which comprises the statement of financial position as at 30 September 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the period's end or from time to time during the financial period.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Companies (Co-operative) Act 1943. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2, the directors also state that the financial report, comprising the financial statements and notes, complies with international Financial Reporting Standards as issued by the International Accounting Standards Board.

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. These Auditing 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 our 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, we consider internal controls relevant to the 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 controls. 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 met the independence requirements of the Australian professional accounting bodies. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Independent Audit Report

TO MEMBERS OF CO-OPERATIVE BULK HANDLING LIMITED

Auditor's Opinion

In our opinion:

1. the consolidated statement of financial position is properly drawn up, and exhibits a true and fair view of the Company's financial position as at 30 September 2010 and the statement of comprehensive income, statement of changes in equity and statement of cash flows are properly drawn up so as to exhibit a true and fair view of the results of the business of the Company for the period ended on that date according to the best of our information and the explanations given to us, and as shown by the books of the company:

    (i) We have obtained all the information and explanations that we required;

    (ii) the register of members and other records which the Company is required to keep by the Companies (Co-operative) Act 1943 or by its Articles have been properly kept; and

    (iii) the amount set down for depreciation and doubtful debts is, having regard to the nature of the business, sufficient.

2. the consolidated statement of financial position, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes are properly drawn up so as to give a true and fair view of the state of affairs of the consolidated entity as at 30 September 2010 and of the results of the consolidated entity for the period ended on that date and are in accordance with

    Accounting standards, and other mandatory professional reporting requirements; and

3. the financial report also complies with International financial Reporting Standards as issued by the International Accounting Standards Board.

Ernst & Young

Gavin A. Buckingham
Partner
Perth

8 December 2010

Five Year Financial and Operational History

CO-OPERATIVE BULK HANDLING LIMITED AND ITS CONTROLLED ENTITIES

		2010*	2009	2008	2007	2006
Tonnes handled	mt	**11.1**	12.3	8.5	6.4	12.5
Tonnes exported	mt	**5.0**	5.6	3.0	1.8	2.7
Lost time injury frequency rate		**18**	15	20	14	20
Revenue from continuing operations	$m	**1,299**	1,541	1,103	581	522
Pools turnover	$m	**1,332**	1,992	1,492	1,195	744
Other income	$m	**52**	153	5	58	14
Total turnover	$m	**2,683**	3,686	2,600	1,834	1,280
Net profit contribution from:						
Storage and handling	$m	**(9)**	68	10	0	84
Marketing, accumulation and trading	$m	**12**	44	35	26	22
Flour milling	$m	**20**	7	6	1	(2)
Other	$m	**5**	0	(11)	1	(17)
Profit attributable to members of Co-operative Bulk Handling Limited	$m	**28**	119	40	28	87
Return on average equity	%	**2.6**	11.5	4.2	3.0	10.1
Customer loyalty payment	$m	**14.2**	16.3	N/A	N/A	N/A
Capital reinvestment	$m	**67.0**	73.9	90.7	30.9	80.5
Total assets	$m	**1,627**	1,506	1,699	1,339	1,198
Total liabilities	$m	**(518)**	(416)	(722)	(390)	(282)
Equity	$m	**1,109**	1,089	977	949	916
Debt owing	$m	**176**	82	173	214	72

*2010 results are for the 11 month period ended 30 September. All other results are for the year ended 31 October.

Co-operative Bulk Handling Limited

Gayfer House
30 Delhi Street, West Perth
Western Australia 6005
GPO Box L886
Perth WA 6842
Freecall 1800 199 083
Tel: +61 8 9237 9600
Fax: +61 8 9322 3942
Email: info@cbh.com.au

www.cbh.com.au