CREATING AND RETURNING VALUE TO GROWERS

ANNUAL REPORT 2013

80 YEARS

CBH GROUP

CONTENTS

80 YEARS STRONG AND HERE TO STAY.

2013 OVERVIEW

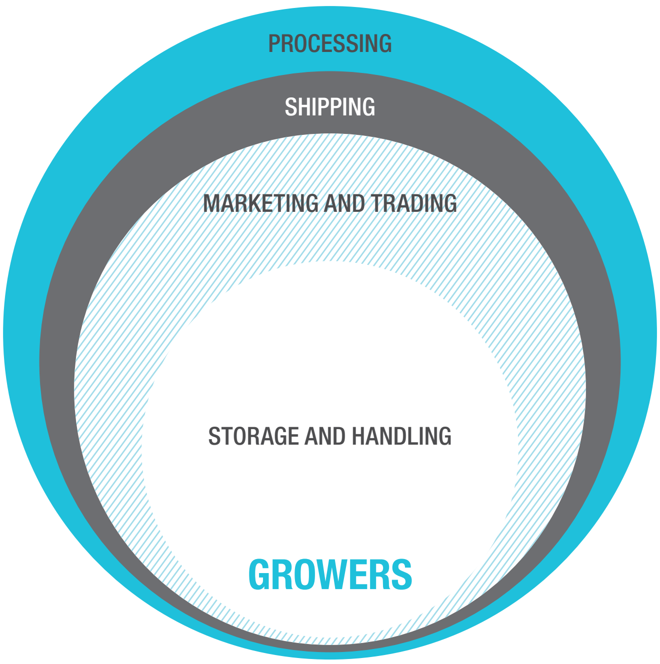
Creating and returning value to growers

The CBH Group is an integrated grain storage, handling and marketing co-operative controlled by growers for their benefit and the benefit of the grain industry in Western Australia. We are Australia's biggest co-operative and a leader in the Australian grain industry, with operations extending along the value chain from grain storage, handling and transport to marketing, shipping and processing.

Owned and controlled by around 4,200 grain growers, the core purpose of the CBH Group is to create and return value to growers.

Since being established in Western Australia 80 years ago, CBH has constantly evolved, innovated and grown. The Group currently employs approximately 1,000 permanent employees supported by up to 2,000 casual employees during harvest months. These employees are located across one of our ten regional offices, 195 receival site locations, four ports, our engineering workshops or at our head office in West Perth.

Our marketing division, aided by additional offices in Eastern Australia, Hong Kong, Japan and the United States, is responsible for exporting a range of grains to more than 30 markets across the world.



2013 YOUR CHAIRMAN'S REPORT

The CBH Group celebrated its 80th year anniversary in April 2013. It gave us the opportunity to reflect on the history of our co-operative and recognise its importance to both today's and future generations of growers.

80 years strong

For growers to have their supply chain still in their control is exceptional in these modern times. No more than in recent years, when competition, globalisation and privatisation have been the trend.

Our co-operative has stood the test of time, but that has not been without some moulding to suit the changing shape of our industry, our growers and our customers.

It is imperative that we move with the times and that is certainly how a business like ours has survived and grown stronger for 80 years.

I am amazed when I look back on the changes that have taken place in our lifetimes; and see how much we have adapted to new technologies and practises.

Just a decade ago we were faxing each other transaction paperwork. Today we blend and sell our grain at the stroke of a computer key from the comfort of our lounge rooms.

Over this time there have been significant changes in the way growers operate on their farms and this has been reflected through CBH's own evolution.

When we began in 1933, CBH had just five trial sites. This quickly grew to over 300 in the 1960's, but as time went by and we learned more about how to store and move grain, that number of sites was consolidated to the 195 we have today.

Finding markets for grain around the globe was the realm of statutory marketing bodies, but this too has changed.

Wheat marketing was deregulated five years ago which has had a significant impact on the way in which we operate. And competition is now right on our doorstep in storage and shipping operations.

We are confident, but not complacent, that a solely grower focussed export supply chain dedicated to low fees and good service will prove a very competitive business model.

Returning value to growers

The CBH Group exists to create and return value to growers and in 2013 your co-operative was able to do just that.

During the 2012-13 harvest, CBH reduced rail freight rates by an average of seven per cent providing real value back to growers from the investment in rail. The purchase of 22 locomotives and 574 wagons as well as employing a new above-rail operator in Watco WA Rail, had a significant impact on the efficiency of the rail task and that was able to be passed back to growers through reduced rates.

The Grower Patronage Rebate Program was also introduced in 2013 which included a rebate from Operations, Marketing and Trading as well as an Investment Rebate, made possible due to the returns from the Interflour investment in Asian flour milling.

The Operations Rebate will provide growers a credit of $0.85 per tonne, the Investment Rebate $0.75 per tonne and the Marketing and Trading Rebate (formerly the Grower Loyalty Payment) $1.00 per tonne. So collectively some growers will see a reduction in their storage and handling fee of up to $2.60 per tonne in the 2013-14 harvest.

Under the Grower Patronage Rebate Program, growers will receive one or more of these rebates each year, although the value of each rebate may vary depending on the financial performance of each of the business units. These rebates are a demonstration of the value that a co-operative can provide its growers. That is what co-operatives do.

Investment in the network

Another way your co-operative returns value is through investing in your storage and handling network. The CBH network is the most efficient, and the lowest cost, grain storage and handling system in Australia, and we are proud of our record of reinvesting to ensure the service provided to growers is maintained.

In 2012, your Board took the decision to reinvest a minimum of $85 million each year on capital expenditure and maintenance, as well as $40 million for the following three years on projects to improve site turnaround times.

During 2013, $155.2 million was spent on capital expenditure and maintenance activities on the network.

Board update

The CBH Group welcomed Derek Clauson from District 2, who replaced Mick McGinniss.

Kevin Fuchsbichler was re-elected in District 3 and Trevor Badger was re-elected by growers in District 4.

I would like to take this opportunity to thank Mick for more than nine years of service to the Board and the significant contribution he has made during his tenure. He has been a member of the Board's Remuneration and Nomination Committee and the Investment Committee and provided a depth of knowledge and experience to the Board. I wish him all the best in his future endeavours.

In April 2013 the Board announced a new Deputy Chairman in Vern Dempster, who has been a member of the Board since 2008. Mr Dempster replaced Clancy Michael.

Growers Advisory Council

In 2013, four new members were elected to the Grower Advisory Council. The new members include Michelle Barrett of Munglinup, Brendon Williamson of Korbelka, Michael O'Callaghan of Marchagee and Darrin Lee of Mingenew.

The successful candidates were selected by a panel consisting of four grower Directors, the GAC Chairman and the CBH Group General Manager of Grower Services.

The GAC makes a valuable contribution to the CBH Group and the number of nominations was particularly pleasing.

I take this opportunity to extend my thanks and recognise the significant contribution of our outgoing Councillors Andy Duncan of Ravensthorpe, Andrew Crook of Merredin, Norm Jenzen of Cunderdin and Rodney Messina of Mullewa. Both Andy Duncan and Andrew Crook are former GAC Chairmen.

The next 80 years

By creating value through investments in rail, grain processing, capital expenditure on the network, quality optimisation, and returning value through rebates, CBH is as relevant and as important to growers today as it was in 1933. I have absolutely no doubt that as long as we focus on both creating and returning value to growers, CBH will remain a co-operative and play an integral part in the sustainability of your business and your community.

NJ Wandel

Neil Wandel
Chairman

2013 YOUR CEO'S REPORT

There was a high level of discussion about the sustainability of the Western Australian grain industry during the past year with profitability and farm viability in sharp focus. Coming out of a below average year and into another season with the prospect of low rainfall was the catalyst for reflection.

Western Australian growers are well aware of many challenges they face to profitably grow and market a crop in any one year. It is however the long term trends in inputs, yield, supply chain costs, prices and new competitor origins that will determine whether farming in WA is truly sustainable.

There have been many reports and newspaper articles on the so called 'Asian Century' bringing new prosperity to the region and unparalleled demand for Australia's raw materials and food. Whilst this is an exciting and somewhat reassuring view of the future it is by no means certain that WA grain growers will benefit from this by right. Indeed, such an increase in demand and prices has to some degree just stimulated production in other origins which often benefit from higher yields and new investment in supply chains to the market.

The more far-sighted reports on our industry look to ways that the Australian grain production and export industry can become more integrated and efficient to really benefit over the long term from growth in Asia. It is my firm view that growers must play a strong role in that search for productivity and efficiency along every step of the supply chain from the delivery of wheat seed to the farm through to the sale of flour in Asia. An integrated supply chain from farm to market run by growers for grower benefit is how our growers will be able to compete with other origins and secure long term sustainability for their farm enterprise.

Creating value for growers

As a grower co-operative CBH has a sole focus to create, and as importantly, return value to growers. The first way we do that is by running a low cost and efficient grain supply chain to market. The integration of that supply chain is what keeps the co-operative strong. That strength allows the co-operative to focus on growers' priorities of storage and handling fees, freight costs, a marketer truly focused on grower interests and downstream investments providing some certainty of demand and investment returns that can be used to further lower fees, invest in the network or further growth.

During 2013, the co-operative realised the benefits of many of the initiatives put in place in previous years to create value. It was the first full year of our new rail arrangements and the efficiencies CBH was able to extract were passed back to growers as a reduction in rail rates of around seven percent.

We were also able to keep storage and handling charges flat despite a very challenging cost environment in WA. Labour costs have risen between five and six percent whilst other expenses have increased at around four percent in 2012-13. The record breaking harvest in 2011-12 positioned the CBH Group to absorb these increases and avoid passing them on to growers. CBH has now kept fees flat in all but one of the past four years, something that is the envy of growers elsewhere in Australia and just one example of how CBH can help growers return as much as possible of the market price back to the farm gate.

A favourable State tax ruling in 2013 recognised the contribution CBH makes as a co-operative to the development of the Australian agricultural industry. Funds returned from this ruling will be used to further strengthen the WA grain supply chain, lower fees through an Operations Rebate of $0.85 per tonne discount on 2013-14 harvest storage and handling charges and support your local community.

Your Marketing and Trading division continued to provide growers with their own marketing business that sells their grain direct to the customer as well as providing grower focussed pricing products overseen by your Board of directors.

The Marketing and Trading division will continue to grow to ensure it can achieve a certain critical mass and compete effectively in the market. To do this it has grown accumulation on the East Coast of Australia to source grades not always available in WA, diversify revenue in drought years and ensure it can be an Australian supplier of choice to the market. CBH has taken a shareholding in the new Newcastle Agri-Terminal as part of that growth helping to reduce execution risk and in turn protect and enhance the trading margin. In addition to this CBH opened an office in Portland, USA to build knowledge of competing markets and source additional grades and volume sought by customers.

Further down the supply chain CBH has been creating value for WA growers through the investment in Interflour. Since taking a 50 percent share in 2004, the Interflour investment has become a profitable business, providing an additional revenue stream to the CBH Group. CBH's share in the investment has grown materially in value and in 2013-14 returns from the Interflour mills will be rebated to growers through an investment rebate lowering storage and handling charges.

This is an ongoing example of growers taking control of their supply chain securing margins made from their grain that would otherwise go to others and bringing them back to Australia to further strengthen the storage network and their farm enterprises. It is such creation and return of value that will secure the sustainability of farming in WA over the long term.

Financial performance

The CBH Group performed well in the 2012-13 financial year with a Net Profit After Tax of $131.7 million.

Staff engagement

These financial outcomes would not be achieved if not for the commitment and drive of the team that operates your co-operative. You have a dedicated, highly skilled and engaged team of people working for your business from the grids, to the ports and on to the accounts department in head office. They are all focussed on our sole purpose to create and return value to our growers.

A measure of how far your employees are willing to go to support your business is measured annually by an 'engagement' survey. The results from this help us ensure CBH is an attractive and rewarding place to work. There is a proven link between engagement and productivity. I am pleased to report that engagement at CBH has risen for the fourth year in a row from 58 percent in 2012 to 63 percent in 2013, reflecting how our people enjoy working for a sustainable business with a personal connection to a clear purpose.

Safety

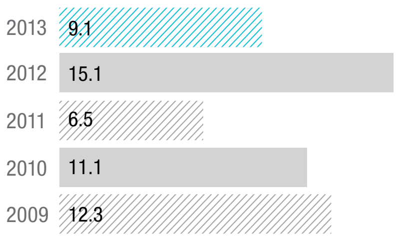
One way to care for staff is through our focus on their safety and wellbeing. We are another year into our safety journey and have delivered further improvements, with our All Injury Frequency Rate dropping by 18 percent. This is only achievable through a change in mindset rather than a change of rules. Safety is now improving productivity as opposed to being at odds with it.

Farming with a future, feeding Asia

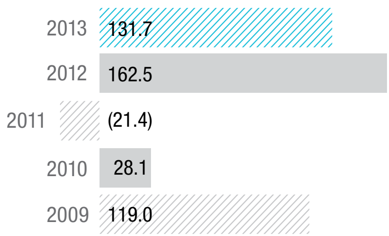
The CBH Group exists to create and return value to growers and to do that over the long term. CBH has a key role to play in ensuring the sustainability of the Australian grain industry. The best way we can deliver this is helping growers run their own integrated supply chain to Asia ensuring they can be competitive against other origins and other business models that return less value to the farm gate. This year's annual report demonstrates you have a healthy co-operative, which has a true focus on grower interests and a clear vision of a successful future for your farm, your industry and your community.

Dr Andrew Crane
Chief Executive Officer

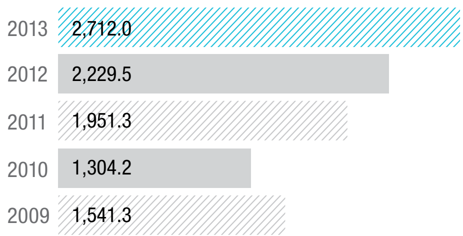
2013 FINANCIAL AND OPERATIONAL SUMMARY



TONNES HANDLED (MILLION TONNES)



NET PROFIT (LOSS) AFTER TAX ($M)



REVENUE ($M)

CAPITAL REINVESTMENT ($M)

All 2010 results relate to an 11 month period only

HIGHLIGHTS

Received 9.1 million tonnes

Shipped 11.5 million tonnes

Reduced rail freight rates by 7 percent

Australia's largest exporter of grain

Posted a Net Profit After Tax of $131.7 million

Spent more than $155 million on the network, including $112 million on capital expenditure and $43 million on maintenance

Achieved accumulated sales of over $2.93 billion

Invested over $380,000 into regional communities

>$155M
in capital expenditure
and maintenance on the network

1
LARGEST GRAIN EXPORTER
IN AUSTRALIA

9.1
MILLION TONNES

$2.60
WORTH OF REBATES PER TONNE

USD11 MILLION
CASH RETURNED TO CBH BY INTERFLOUR

SUMMARISED RESULTS

		2013	2012
Tonnes handled	mt	9.1	15.1
Revenue	$m	2,712.0	2,229.5
Revenue including pool revenue	$m	3,355.7	3,089.9
Net operating profit/(loss) before interest and tax	$m	170.1	202.0
Net profit/(loss) after tax	$m	131.7	162.5
Capital expenditure on property, plant and equipment	$m	145.4	191.7
Total assets	$m	1,988.8	2,062.2
Debt owing	$m	303.2	392.6
Equity	$m	1,370.2	1,242.8
Return on average equity	%	10.1%	13.3%
Gearing (net debt to net debt plus equity)	%	4.2%	0.0%

2013 SUMMARISED REVIEW

The CBH Group is an integrated grain storage, handling and marketing co-operative owned and controlled by growers for their benefit.

CBH Operations

The CBH Group's storage and handling network receives, handles, stores and outloads bulk grain at nearly 200 receival points throughout Western Australia's grain belt. Total capacity of the network exceeds 20 million tonnes. On average, 10 million tonnes is received from Western Australia's annual harvest.

HIGHLIGHTS

- Received 9.1 million tonnes
- Moved 6.52 million tonnes to port by rail
- Shipped 11.5 million tonnes
- Reduced rail freight rates by 7 percent
- Introduced Operations Rebate of $0.85 per tonne to offset 2013-14 storage and handling charges
- Invested $155.2 million in capital expenditure and maintenance of the network

CBH Marketing & Trading

CBH Marketing & Trading shipped more than $2.9 billion of grain in 2013. It exported grain from Australia to more than 30 markets and 250 customers around the globe.

HIGHLIGHTS

- Australia's largest exporter of grain
- Accumulated almost 50 percent of the Western Australia crop
- Rebated growers $1.00 per tonne to offset storage and handling charges
- Achieved accumulated sales of over $2.93 billion
- Established Portland office for North American accumulations
- First exporter of Australian canola into China since the re-opening of the trade

Interflour

CBH's investments include a 50 percent partnership in Interflour, one of the largest flour milling operations in South East Asia. Interflour has milling interests in Indonesia, Vietnam, Malaysia and Turkey, and an annual milling capacity of 1.9 million tonnes.

HIGHLIGHTS

- Introduced Investment Rebate of $0.75 per tonne to offset 2013-14 storage and handling charges
- Interflour posted a $16 million Profit After Tax with $8 million attributable to CBH
- Further capacity to be added in next three years to achieve 10,000 tonnes per day

01
YOUR NETWORK

The 2012-13 year was time to reap the rewards of several projects aimed to drive value for growers. This was the first full year of operating the new rail fleet with Watco WA Rail which provided reduced freight rates and productivity improvements.

The CBH Group's investment into locomotives and wagons as well as the new contract for above-rail operations with Watco WA Rail started to pay dividends with productivity efficiencies and operational savings able to be passed onto growers. It was also the second year of running the Quality Optimisation program for wheat growers to blend online and achieve better returns for their crop.

Although a below average year, receiving 9.1 million tonne of grain, CBH Operations had a significant task to move and ship 11.5 million tonne given the carryover stock from the record breaking harvest in 2011-12.

Harvest Management and Logistics

Grain receivals were down for the 2012-13 harvest with 9.1 million tonnes delivered across the state, compared to the record breaking 15 million tonne crop in the 2011-12 season.

Grain Express

In 2013 the Australian Competition Tribunal supported the Australian Consumer and Competition Commission's (ACCC) case to revoke the exclusive dealing notification for Grain Express.

As a result of the Tribunal's decision the CBH Group must provide options for others to coordinate their own transport resources to move grain to Western Australian ports if they choose.

Maintaining volumes in the system helps to keep storage, handling and freight costs low; encourages grain marketers to bid at all sites across the state, giving growers access to all marketers and products and ensures CBH can provide the benefits of a single storage and logistics system.

Grain Express epitomises the very nature of a cooperative. It keeps the 'bulk' in Cooperative Bulk Handling. CBH is confident that the vast majority of grain will continue to move via the Grain Express system because of the value and benefit it offers growers and marketers, and the fact that CBH makes no margin out of transport services under Grain Express.

CBH will continue to offer the same services under Grain Express of coordinated transport of grain to port and access to Quality Optimisation as well as the full suite of online services within its portal LoadNet®.

GRAIN RECEIVALS FOR HARVEST 2012-13

Zone	Million tonnes 2012-13	Million tonnes 2011-12
Albany	2.0	3.0
Esperance	1.7	1.6
Geraldton	1.6	3.6
Kwinana	3.8	6.9
TOTAL	**9.1**	**15.1**

HIGHLIGHTS

- Moved 6.52 million tonnes to port by rail
- Shipped 11.5 million tonnes
- Reduced rail freight rates by 7 percent
- Introduced Operations Rebate of $0.85 per tonne to offset storage and handling charges
- Invested $155.2 million in capital expenditure and maintenance of the network
- Won 2013 WA Project Management Achievement Award for rail project

Creating value for you

Rail Implementation

The CBH Group moved 6.52 million tonnes by rail during the 2012-13 year to one of its four port terminals, up from an average of 6.05 million tonnes.

This outstanding performance was achieved despite the transition from Queensland Rail to Watco WA Rail, staggered arrival of locomotives, and early wagon and locomotive implementation issues.

Improved wagon capacity and greater flexibility from Watco assisted in driving greater productivity from the rail network.

In the first full year of solely Watco rail operations, grower freight rates reflected the savings achieved through the rail tender in 2009-10. With CBH now owning more efficient rolling stock, buying fuel and paying track access directly to Brookfield Rail, the costs where margins were once taken by a third party, were able to be reduced.

The 2012-13 freight rates saw most rail freight rates reduce by seven percent in a period of labour resource and cost pressure.

The CBH Group continued to negotiate with Brookfield Rail on an access agreement for the entire grain rail network, including Tier 3. CBH believes operating on the Tier 3 rail lines is economical and an efficient means to transport grain from these areas of the Western Australian Wheatbelt. Demonstrating this, your co-operative, through its partnership with Watco, found innovative ways to operate on the Tier 3 network which resulted in 671,000 tonnes moving on these lines, predominantly between May and the end of September due to severe heat restrictions during summer and autumn. The Esperance zone also saw 50,000 tonnes move by rail in June 2013, 28 months since its last rail campaign.

The rail project, which saw the introduction of 22 new custom-built locomotives and 574 rail wagons as well as systems and processes to ensure the smooth transition to Watco, won the 2013 Western Australian Project Management Achievement Awards for Construction and Engineering Projects in excess of $100 million.

Quality Optimisation

The Quality Optimisation system allows growers to 'virtually' blend their individual wheat loads online after delivery via CBH's LoadNet® facility. During its second year in operation in 2012-13 over 2,500 growers used the Quality Optimisation system, saving on average seven hours at harvest and receiving $2.80 per tonne of value from wheat grade uplifts. Of growers who used the system, 99 percent reported value uplift.

Falling numbers

Falling number tests are conducted to maximise the value of sprouted wheat. During the 2012-13 harvest 874,419 tonnes of wheat were tested, which protected $35 million of grower value.

Operations Rebate

An Operations Rebate was introduced, under the Grower Patronage Rebate Program, which was made feasible from favourable State tax rulings in 2013 that recognised the contribution CBH makes as a co-operative to the development of the Australian agricultural industry. The 2013 Operations Rebate was $0.85, which growers will use to offset storage and handling charges for the 2013-14 harvest.

Capital Works & Maintenance

Your co-operative completed a range of capital works and maintenance projects during 2012-13, enhancing the network's storage capacity and improving receival and discharge efficiency.

Highlights of our capital works program included:

- Completion of the $17 million upgrade to the Gairdner receival site, adding 80,000 tonnes of new sealed storage along with a new type 11 dual spear sample platform and two new 160 tonne weighbridges.
- Construction of two open bulk heads at the Chadwick receival site including the installation of a 500 tonne per hour conveyor loading system and E-pit. This will increase this site's storage capacity with a further 50,000 tonnes of in loading machinery.

In addition to the capital works program, over $7 million was invested in purchasing new plant and equipment which included a fleet of front end loaders, and 15 new trippers and stacker loaders each with a 500 tonne per hour capacity.

In 2011 your co-operative commenced a three-year program to upgrade sites to increase throughput capacity, providing $40 million to fund these works.

The upgrade and maintenance projects included:

- Geraldton – Constructed four new 54 metre weighbridges, two Type 10 sample huts and bitumen marshalling areas, as well as drainage and space made for future storage.
- Nyabing – Constructed a new Marshall sample and weigh facility with a new 36 metre deck weighbridge and a type 9 sample on site roads to eliminate trucks queuing on public roads.
- Chadwick – Commenced the first stage of the upgrade to the Marshall sample, weigh and storage expansion including two exit weighbridges and a marshalling area.
- Newdegate – Installed second weighbridge with 36 metre long deck.
- Narrakine – Installed second weighbridge with 36 metre long deck, replaced existing 300 tonne per hour conveyor with 500 tonne per hour conveyor and upgraded existing E-pit and V-pit to match.
- Kalannie – Upgraded elevators at A-Type storage to operate at 500 tonnes per hour.
- Wyalkatchem – Upgraded elevator and over cell and cross conveyor systems to increase the running capacity to 500 tonnes per hour.
- Kellerberrin – Upgraded the rail loading equipment including grain elevator and over cell conveyor to increase the running capacity to 500 tonnes per hour.
- Brookton – Constructed an additional E-pit and conveyor to service existing open bulkhead.
- Weighbridge Compliance Program – Continued the third year of the five-year program to achieve compliance to the National Trade Measurement Regulations for end to end weighing. This involves extending level concrete approaches to a further 14 weighbridges.

Major Port Terminal Maintenance

Maintaining current infrastructure remained a priority for your co-operative with considerable funds expended on refurbishments at the four port terminals.

This included:

- Continuation of major repairs to the Albany and Kwinana port terminals' concrete cells;
- Continuation of the Geraldton Terminal Cell Refurbishment program involving banding of 24 cells and 14 star cells; and
- Continuation of the major roof and wall cladding replacement program at the Kwinana port terminal as well as the refurbishment of ship loaders three and four.

02

YOUR MARKETER

Trading conditions were difficult in 2012-13 however CBH Marketing and Trading maintained a rebate of $1.00 per tonne to WA growers and became the nation's largest exporter of grain.

The CBH Group successfully exported 5.56 million tonnes of grain during the 2012-13 year, with sales equating to more than $2.93 billion. This accounts for approximately 22 percent of the Australian grain export industry across all major cereal, grains and oilseeds and ranks CBH as the country's largest bulk grain exporter, exporting to over 30 countries.

Creating value for you

Pre-Pay Advantage

CBH Marketing and Trading consistently look to develop and refine products that increase value for growers. The Pre-Pay Advantage product is one example. It offers growers a pre-payment for grain that is committed to be delivered to any CBH product at harvest. Last season saw the improvement of the product, offering pre-approval from 1 March while advances were available for drawdown from 1 July.

The early approval made a positive impact on the confidence in the Western Australian agriculture industry given concerns surrounding an imminent difficult season and increasing costs.

Enhancements to CBH Mobile

Moving with growers' usage of technology to provide the latest products and services, CBH updated its grower online portal, LoadNet®, to allow accessibility on tablets, as well as making enhancements to allow contracting from mobile devices.

Connecting with customers

It is immensely valuable for customers to meet growers and better understand their issues and the unique supply chain that CBH provides right back to the farm. The CBH Group hosted 96 customer delegations to Western Australia, many of these were taken on farm and country receival site visits to allow them to view first-hand the supply chain in action.

New US Office

To ensure a certain critical mass and to get oversight of key competitive markets, CBH established an office in Portland, in the United States, for North America grain origination.

Trading grain from Portland will also allow CBH to offer US and Canadian wheat to key customers in the Asian region, to complement Australian wheat grades in their flour milling process.

Marketing and Trading Rebate

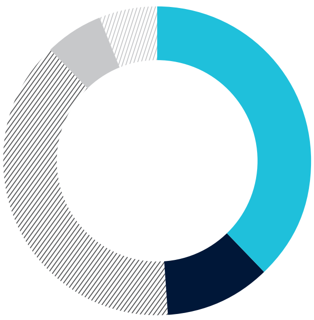
A Marketing and Trading Rebate of $1.00 per tonne for every tonne sold to CBH in the 2012-13 season was introduced under the Grower Patronage Rebate Program, which growers will use to offset storage and handling charges for the 2013-14 harvest. The Marketing and Trading Rebate was formerly known as the Grower Loyalty Payment.

HIGHLIGHTS

- Australia's largest exporter of grain
- Accumulated almost 50 percent of the Western Australia crop
- Rebated growers $1.00 per tonne to offset storage and handling charges
- Achieved accumulated sales of over $2.93 billion
- Established Portland office for North American accumulations
- First exporter of Australian canola into China since the re-opening of the trade

CBH grew its customer base and delivered growers improved services.

CBH MARKETING & TRADING EXPORT DESTINATIONS



38% SOUTH EAST ASIA	**6%** JAPAN
11% NORTH ASIA	**6%** OTHER (DOMESTIC/TRADE)
39% MIDDLE EAST & AFRICA	

Future State

During 2013, the CBH Group's Marketing and Trading division implemented a technological solution, providing an integrated trading platform, driving value for growers.

Export Marketing and Market Development

The CBH Group's major marketing initiatives for the year focussed on further customer and market growth and setting proactive goals to ensure that CBH created more value for growers by accessing a greater number of customers more directly.

Your co-operative's customer growth strategy continues to build a strong base load of demand for growers' grain, achieving a 49 percent increase in the number of international customers over the past 12 months.

The aggressive strategy to expose WA growers through their co-operative to more customers and markets was proactively managed ensuring that our growers' grain met the required quality and compliance standards for the international market. Of the total volume exported, 75 percent of sales were direct to end-user customers achieving a 31.5 percent uplift in direct customer sales from 2011-12.

There was significant new customer growth across Indonesia, Philippines, China and the Middle East. During this period CBH established and concluded direct sales into Iraq wheat tenders and was the first exporter of Australian canola to China since the market re-opened.

The CBH Group was the first Australian company to be accredited with MAFF (Japanese Government) to supply North American grain, following the establishment of the Portland office.

The CBH Group's Japanese office, CBH Grain Japan, sold 2.5 times more grain into the local market than in the previous year.

Eastern Australia

CBH's operations in the eastern states continues to provide a range of benefits to WA growers, enabling your Marketing and Trading Division to complement the Western Australian product range for key international customers, by offering grains not produced in WA, for example prime hard, durum and sorghum. This importantly enables CBH to provide many customers a 'one stop shop' for their entire grain program.

Supported by a strategically located network of regional managers, and a small team in Melbourne, CBH has continued to attract strong grower support in the eastern states, as is evident by volumes forward contracted and deliveries into CBH's Harvest Pools.

International Grower Study Tours

There is no better way for growers to understand some of the major forces affecting their business than to personally meet with customers and see first-hand the issues and trends occurring in the major markets.

During 2013, CBH conducted two grower study tours to two of the most important regions for Western Australian growers – South East Asia and the Middle East. The first was an 8-day study tour by eight growers to South East Asia taking in Indonesia, Malaysia and Singapore. It included visits to a number of leading CBH customers and their facilities and ended with participants attending the Global Grain Asia 2013 conference in Singapore.

In September CBH conducted its first grower study tour to the Middle East region, to which Australia exports 15-20 percent of all its traded grains. The tour group of 10 growers from throughout the Western Australian grainbelt visited customers in the United Arab Emirates, Oman, Qatar and Saudi Arabia.

03
YOUR INVESTMENTS

Interflour Group

The CBH Group has a 50 percent interest in the Interflour Group which operates seven flour mills and one port facility in Indonesia, Malaysia, Vietnam and Turkey. The investment was made in 2005 to diversify our income streams to help protect revenues in years of poor WA crop, better understand downstream market dynamics and customer requirements, leverage our balance sheet to derive value for growers by way of investment returns and to gain exposure to the world's fastest growing market for grains.

Strong demand for flour in the region over the 12 month period saw Interflour mill 1.25 million tonnes for new and existing customers. It delivered another strong financial performance posting a Profit After Tax of $16 million, of which $8 million is attributable to the CBH Group.

The CBH Group introduced the Investment Rebate in 2013, rebating growers $0.75 per tonne to offset storage and handling fees for the 2013-14 harvest. This rebate was made possible from the returns from the Interflour mills.

Forecasts predict a continuing growth in flour demand across South East Asia and to capture this opportunity Interflour is looking to increase its milling capacity from 5,900 tonnes to 10,000 tonnes per day over the next three years. The Group is also investigating a greenfield malt development in Southern Vietnam as well as other organic growth opportunities.

As the dietary tastes of South East Asia's emerging middle class change, the company continues to expand to meet flour demand for bread and noodles. To fund this growth and expand available debt and equity options, Interflour is proposing to simplify and consolidate its structure under a single Singapore-based holding company.

Lupin Foods Australia

The Australasian Lupin Processing plant was established in 2004 as a joint venture between the CBH Group and George Weston Foods. During 2012-13 the CBH Group bought George Weston's share of the plant and renamed the business to Lupin Foods Australia to reflect the business model going forward.

Lupin Foods Australia is implementing the "feed to food" strategy with a focus on redesigning the mill to produce quality lupin splits which can then be used to make a variety of foods for human consumption including tempe.

The focus for the business over the last 12 months has been on developing international markets for lupins with Indonesia and India being key markets.

Australian Bulk Stevedoring

Australian Bulk Stevedoring (ABS) is a joint venture between the CBH Group and Hudson Shipping Lines and provides stevedoring services to exporters at all Western Australian grain ports. ABS allows us to create additional value for growers by tightening the link between growers and customers and providing services at another stage in the supply chain.

During the 2012-13 year ABS shipped 11.8 million tonnes of grain, woodchips and minerals sands.

Newcastle Agri-Terminal

For CBH's Marketing and Trading division to remain competitive and supportive of growers' interests, it needs to grow its scale and breadth of origination.

So in December 2009 the CBH Group acquired an option to be a minor shareholder in a consortium constructing a new agricultural export terminal at the Port of Newcastle in New South Wales. The Newcastle Agri-Terminal (NAT) has strong potential to support our strategy to provide an integrated supply chain to our customers using grain acquisition in eastern Australia to complement the supply and quality from Western Australia.

During the 2012-13 financial year, the CBH Group invested an additional $8.1 million, taking its total investment to $11.9 million and its ownership to 18.9 percent.

Construction of the port terminal was completed throughout 2013 with commission planned for early 2014.

HIGHLIGHTS

- Introduced Investment Rebate of $0.75 per tonne to offset storage and handling charges
- Interflour Group profit after tax of $16 million, with $8 million attributable to CBH
- Own 100 percent of Lupin Foods Australia
- Shipped 11.8 million tonnes through Australian Bulk Stevedoring
- Construction of Newcastle Agri-Terminal nearing completion

04 YOUR SUPPORT

Grower Service Centre

Our Grower Service Centre in Perth provides Western Australian growers 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's marketing arm.

The Grower Service Centre was staffed throughout 2012-13 by five full time employees, with an additional eight casuals employed during the harvest period. During the harvest period, between November 2012 and January 2013, the Grower Service Centre received over 16,000 calls. Outside of this period, total calls were over 16,000. The average time in queue remained low again for 2012-13 at less than 20 seconds.

The 2012-13 harvest saw the continuation and expansion of the Quality Optimisation team in line with the increased usage of the Quality Optimisation tool within LoadNet®. This team, staffed by three full time and two casual employees during the harvest period, provided a high level of support to assist growers using the Optimiser tool.

The Grower Service Centre's vision is to ensure that all growers who call for support get the right information on the first call while receiving a friendly, high level of service at all times.

CBH also runs a dedicated Melbourne-based Grower Service Centre from October to February to assist Eastern Australian growers with their enquiries.

Local Support

The CBH Group has been partnering with grain growers for 80 years and is dedicated to providing advice at a local level. Our team of 12 Business Relationship Managers, located throughout rural Western Australia, provide growers with a local contact to assist with their grain marketing needs and to facilitate contact with other areas of CBH where it may help their businesses.

In Eastern Australia, CBH supports and services growers through a team of four Regional Managers.

LoadNet®

LoadNet® is a free online service, offered by CBH, allowing growers to track deliveries and payments, write forward contracts and optimise and nominate (sell) grain online.

LoadNet® also incorporates the LoadNet® Optimiser, so growers can blend wheat online, and provides users with the ability to download or export data to popular farm management packages used by growers and their advisors.

During 2013, the CBH Group made enhancements to LoadNet® to enable use on tablet devices such as iPads, making access to vital information in the portal easier for growers.

CBH Mobile

In 2012, CBH developed a new smartphone and tablet tool, CBH Mobile, which provides growers access to load information almost as soon as loads are delivered to the bin. It also provides information on receival site segregations, live CBH prices and key CBH contact details. During 2013, additional services were made available through CBH Mobile including the ability to contract grain to CBH Marketing and Trading.

DailyGrain

DailyGrain remains an industry leader in the provision of price discovery and online grain marketing for Western Australian growers.

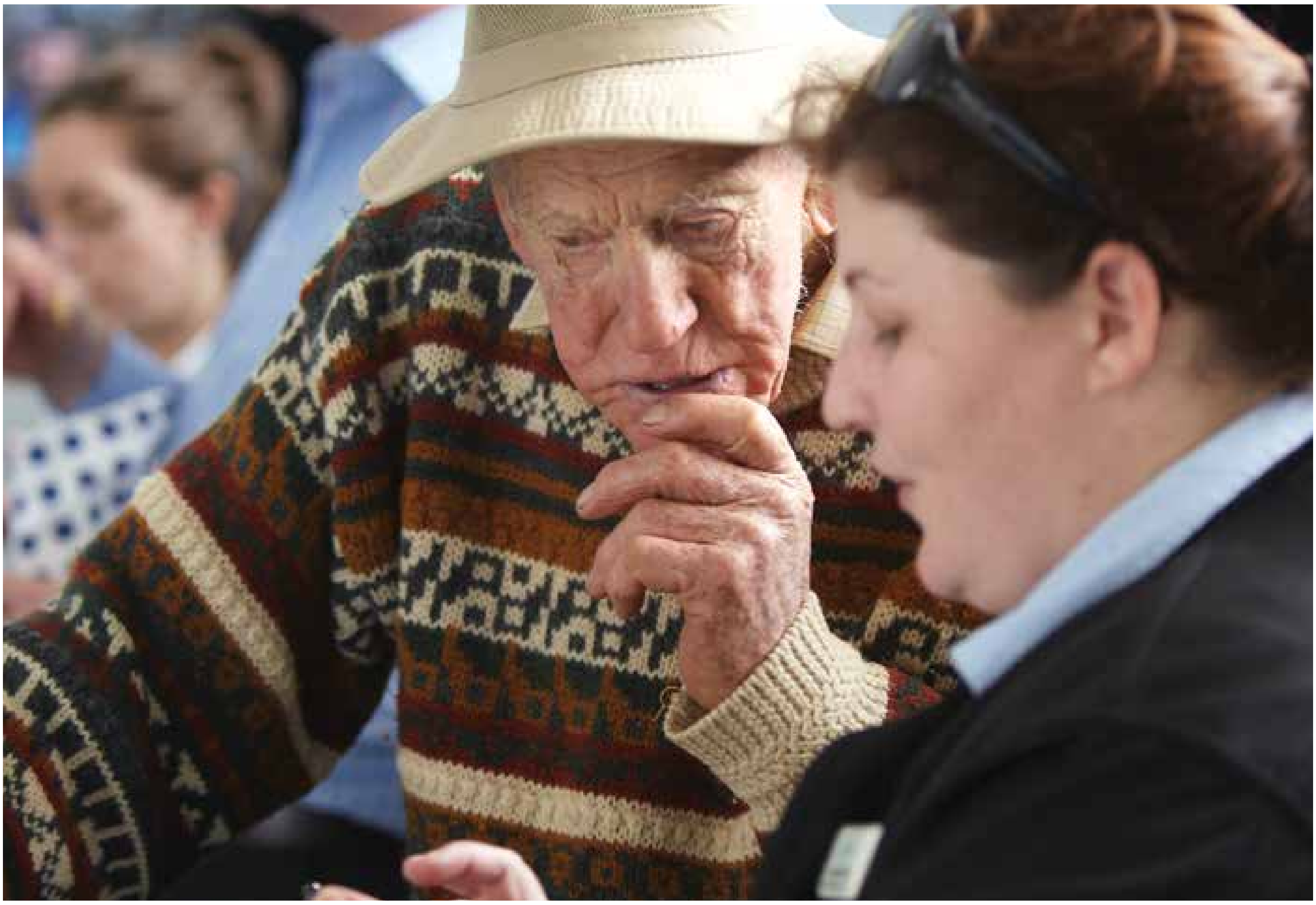
During 2012-13 over 4,000 WA growers and broader industry participants accessed one or more of DailyGrain's price discovery services.

At harvest DailyGrain introduced the Price Snapshot, a handy feature that allows members to view the top price and buyer for all grades, commodities, port zones and seasons all on the one screen.

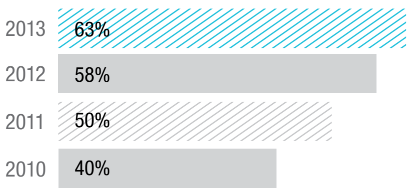
Work commenced on integrating DailyGrain's Load Optimiser with CBH's Quality Optimisation product to create a simple, single step optimisation process that blends and allocates growers wheat loads for the highest dollar return. The new system, OptimiserPLUS will be released for the 2013-14 harvest.

HIGHLIGHTS

- Launched LoadNet® on iPad
- Introduced contracting on CBH Mobile
- Maintained high level of customer service through the Grower Service Centre



05 YOUR PEOPLE



CBH GROUP STAFF ENGAGEMENT

Culture and employee engagement

The One CBH culture program commenced three years ago and the project is now delivering strong results.

By embedding a consistent set of values and behaviours we are improving how different CBH teams work together and creating multiple opportunities for grower value to be created and delivered.

Leaders are improving their skills in managing performance and resolving problems. Additionally, our people management systems such as recruitment and induction have been improved so they reinforce our CBH values. An employee recognition scheme was also introduced to recognise the efforts of high performing employees.

Over the course of the three-year One CBH project, employee turnover has halved to 5.5 percent per annum and employee engagement has improved by 50 percent to 63 percent. This is the highest employee engagement result on record for CBH and exceeds industry and national company averages.

With high employee engagement results, research shows that the workplace environment is more enjoyable for employees, while there is also a strong relationship between employee engagement and improved business results.

We are delighted that the One CBH project won the state and national Australian Institute of Project Management Awards for Organisational Change, which is a reflection of the quality of the work that has been delivered.

Safety, health and wellbeing

At CBH we are building a safety culture where each employee is committed to providing a productive, safe and healthy work environment for each other, as well as growers, customers and visitors.

Our Safety Principles

- All injuries are preventable
- No activity is so important that it cannot be done safely
- Management is responsible for maintaining a safe working environment
- We are all responsible for our personal safety and that of others
- Safety interactions are a part of our daily activities
- We are all empowered to stop unsafe behaviours

In addition to the many safety related activities our operational managers carry out every day, a number of safety strategies were introduced this year to address areas of high risk.

HIGHLIGHTS

- Engagement grew for fourth consecutive year to 63 percent
- Won Australian Project Management Award for culture project One CBH
- Reduced fleet costs by 18 percent per annum

Staff believe in driving value for growers.

Amongst these strategies were:

- the introduction of a Height Safety Program;
- emergency preparedness training to improve emergency response capabilities;
- a review of our Asbestos Management Plan, including site audits;
- a review of the Dangerous Goods Management Plan and
- self-contained breathing apparatus for the Grain Protection Team.

Safety Performance Indicators

Historic (Lag) Indicators

We have continued to see positive trends over the last year, with the All Injury Frequency Rate dropping by 18 percent.

Predictive (Lead) Indicators

- CBH Safety Culture Perception Survey showed a positive shift by 21 percent.
- Leaders conducted 5,510 safety interactions which is a 24 percent improvement on the previous year.
- There were 1,015 notifications received for the year, an increase of 13 percent due to a greater focus on near miss reporting.

Your People – Working Smarter

We have improved our fleet management processes over the past three years which has resulted in $947,000 in savings in this period. This equates to an 18 percent per annum reduction in fleet costs.

Acknowledgement of Service

Acknowledging years of service is also part of how we recognise our people. The following employees have dedicated 25 and 30 years of service to CBH and we would like to recognise their longstanding commitment to CBH and WA growers.

25 YEARS

Warren Caley
Maintenance Superintendent Avon

Raymond Choules
Tradesperson Mechanical

Darron Jenkins
Tradesperson Mechanical

William Singer
Receival Point Operator

Romuald Dorairaj
Receival Point Operator

Maurice Norman
Maintenance Superintendent Geraldton

Mark Athanasoff
Calibration Specialist

30 YEARS

Andrew Ackermans
Receival Systems & Process Coordinator

Marco Difulvio
Area Supervisor

Mark Whyte
Senior Health & Safety Advisor

Warren Davies
Plant Operator

Robert Ward
Receival Point Operator

Graeme Fleming
Plant Operator

Jeffrey Moir
Plant Operator

Kenneth Ahearn
Plant Operator

Eric Cooper
Geraldton Terminal Manager

Neil Berry
Geraldton Terminal Supervisor

Trevor Thompson
Receival Point Operator

David Ladhams
Plant Operator

John Burton
Gang Truck Driver

Terrence Clark
Esperance Terminal Supervisor

Kim Thornton
Esperance Terminal Quality Supervisor

Robert Franklin
Plant Operator

06 YOUR COMMUNITY

As the largest co-operative in Australia, and the only major grower-owned grain business, we have a strong commitment to the sustainability of our farming communities and the grain industry. We demonstrate this every year through our support and sponsorship of many organisations and community projects.

During 2013, your co-operative provided approximately $380,000 in support and sponsorship for organisations which contribute to improving the wellbeing of rural communities and the grain industry.

The types of support ranged from major support and sponsorships of community, grower and industry groups to smaller but vital donations to local clubs and projects. Your Board took the decision in 2013 to significantly increase funding to the Community Investment and Education Program, to extend the support CBH is able to provide to the communities that make up the WA wheatbelt.

Community Engagement

These sponsorships focus on events, organisations and projects which contribute towards rural community development and sustainability, wellbeing and safety, and vitality and diversity.

Sport and Health

We recognise how important sport is in bringing community members of all ages, interests and abilities together on and off the field.

To ensure these activities can continue, we maintain a number of major sporting partnerships aimed at helping provide the vital but often less visible core funding required to ensure country sport keeps running every week of every season.

In 2012-13, we continued our long standing partnerships with the WA Country Football League as well as Tennis West and Hockey WA. During the year the CBH Group announced a new two-year partnership with the CB Project, which aims to hold netball clinics throughout rural WA led by Western Australian and Australian goal shooter Caitlin Bassett.

Leadership, Education and Inspiration

CBH is committed to supporting education, arts and personal development programs which will build future contributors and leaders of rural communities, inspire ideas and creativity and promote agriculture. We demonstrate this through a range of sponsorships.

Farm Profitability and Sustainability

CBH continued to provide significant support to grower-directed organisations which aim to lift farm profitability and sustainability in their regions. This support included financial contributions and in-kind support.

Western Australian grower groups which are carrying out this vital work with CBH support included:

- Facey Group
- Liebe Group
- Mingenew Irwin Group
- South East Premium Wheatgrowers Association (SEPWA)
- Stirlings to Coast Farmers
- West Midlands Group
- Western Australian No-Tillage Farmers Association (WANTFA)
- Southern DiRT

We also were sponsors of:

- Western Australian Farmers Federation Conference
- Pastoralists & Graziers Association Convention

This recognises the important work done by these organisations in representing grain growers at all levels of government and in the wider community.

Additionally, CBH sponsored a number of major conferences encouraging discussion and debate about latest developments, trends and challenges affecting our industry. These included:

- GIWA Crop Updates, February 2013
- Australian Grains Industry Conference, Melbourne, July 2013
- Co-operatives WA Annual Conference, November 2012

Industry Associations and Memberships

- As Australia's largest co-operative and Western Australia's biggest agribusiness, we take our obligations and responsibilities as a leading member of the state's business community seriously. We achieve this by maintaining a strong proactive presence in industry groups dedicated to upholding and promoting high standards, collaboration and performance. These organisations include:
- Grain Industry Association of Western Australia
- Grain Trade Australia

HIGHLIGHTS

- Invested over $380,000 into hundreds of community and industry organisations
- Donated $120,000 to six worthy charities from HMMS forfeited loads proceeds
- Launched new Grassroots Community Fund

Our goal is to make a difference in regional communities.

- Kwinana Industries Council
- Western Australian Chamber of Commerce & Industry
- Australian Institute of Company Directors
- Co-operatives WA
- International Co-operative Alliance

Government Engagement

The CBH Group engages regularly with all levels of Government – Federal, State and Local – to ensure that growers' interests are understood and taken into account in the government decision-making process.

In 2013, our efforts were heavily focussed on ensuring the wheat industry continues its transition to a multi-marketer system free of unnecessary, costly and inefficient regulation as well as the continued operation of the Tier 3 rail network in Western Australia.

International Agricultural Research and Development

CBH continued its sponsorship of the Crawford Fund in 2013. The Fund promotes and supports international agricultural research and development involving the participation of Australian organisations.

Grassroots Community Fund

During 2013, the CBH Group announced a new Grassroots Community Fund which would see improvements to its sponsorship program and application process. One key change was that applications for funding are now invited three times a year to help improve efficiency and the timing of payments to community groups.

Applications are taken in January, May and September 2013 with around $30,000 provided to numerous organisations each round.

Some of the organisations to receive funds under the Grassroots Community Fund were:

- Ravensthorpe Regional Arts Future Landings event
- Be Active Watheroo Gravel Grinder
- Hidden Treasures Great Southern Bloom Festival
- Narembeen Ladies Long Lunch
- Mukinbudin Spring Festival
- Lake Grace Community Men's Shed
- Kulin Bush Races
- Dumbleyung Bluebird Festival
- Women in Farm Business Seminars
- Lake King Bush Engineers Museum
- Bike it to Ballidu
- Lighting the Marchagee Hall
- Dining Divas and Other Delights
- Agricultural Women – Wheatbelt East
- Koorda Car Show
- Several regional agricultural shows
- Numerous regional golf and bowling clubs

Donations

HMMS

In May, CBH presented six charitable organisations with a total of $120,000 in sale proceeds from grain forfeited under the 2012-13 Harvest Mass Management Scheme (HMMS).

The HMMS scheme, developed by CBH in conjunction with Main Roads Western Australia, is designed to ensure trucks are not loaded beyond safe levels while allowing a small tolerance for the unpredictable weight of grain volumes from one season to the next and one paddock to the next.

Based on feedback from regional areas, the six organisations were selected because of their important role in helping rural communities and families.

They were:

Royal Flying Doctor Service – provides extensive primary health care and 24-hour emergency service to those who live, work and travel throughout Australia.

Ronald McDonald House – provides accommodation to regional families of seriously ill children who are being treated at the nearby Princess Margaret Hospital. A number of these families come from the grain growing communities in which CBH operates.

St John Ambulance – this organisation was nominated by a number of staff members, in particular for their Project HeartStart. The money donated by the CBH Group will be used to provide defibrillators for several rural communities which either do not have one or have too few for their needs.

Association of Volunteer Bush Fire Brigades – these volunteer brigades provide rural areas with protection against the threat of fire. The funds provided by CBH will be used to purchase much needed equipment for the 32 Volunteer Farmer Response Brigades that operate throughout the six wheatbelt shires of Corrigin, Kellerberrin, Merredin, Mount Marshall, Nungarin and Quairading.

One Life – is a Suicide Prevention Strategy that provides suicide awareness and prevention services across Western Australia. It aims to urge us all to work together in improving the mental health and wellbeing of Western Australians, one life at a time.

HeartKids WA – provides support, encouragement and hope to families of children with heart disease while raising awareness and vital funding into the causes of this chronic disease. The money donated by CBH to HeartKids WA will be used to provide vital first aid training for rural parents in Geraldton, Esperance and Albany.

Each one of the charities has made a difference in the life of at least one of our employees, growers or regional communities and we were proud to be able to recognise their hard work and show our support so that they can continue to offer assistance and support to those in need.

07 YOUR ENVIRONMENT

In 2013 the CBH Group continued a long term commitment to a sustainability vision designed to deliver value to all its stakeholders by protecting, sustaining and enhancing the human and natural resources needed for the future.

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

Environmental Management Systems

The CBH Group again maintained certification to the International Standards Organisation ISO14001 Environmental Management Systems Standard at all port terminals. For the sixth consecutive year no major corrective actions or non-compliance issues were raised and CBH received recognition from the certifying body for ten years continuous certification to this international standard. The CBH Group's Environmental Management System was also broadened to include an additional seven regional receival sites.

In the last year CBH recorded no breaches to any environmental regulations to which it is subject and met all regulatory reporting requirements.

Energy Management

The CBH Group continues in its ongoing commitment to energy efficiencies and reducing the overall carbon intensity of the business. A carbon intensity audit demonstrated that many of the CBH Group's energy efficiency programs continued to return significant energy and carbon savings in 2012 and 2013.

Wireless plant control and power monitoring units continued to be rolled out through the operational network, allowing better load control, load comparison and switch off capabilities for a range of plant and infrastructure.

A load curtailment program was also instigated across the CBH Group's operational network that enables voluntary energy reduction programs to be undertaken when regional power supply issues are evident. This program is financially incentivised and offers the ability for energy reduction programs to deliver additional financial benefits to the Group.

Community Based Biodiversity Projects

The CBH Group identified opportunities to be involved in community based environmental programs and worked collaboratively with several community based groups to establish biodiversity projects that allowed CBH to meet regulatory requirements for native vegetation clearing. Additional programs also assisted in the protection of endangered fauna present at or near CBH sites.

Such projects assisted CBH to return a biodiversity net gain, where more biodiversity was planted and protected than was lost through development activities.

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 programs that continue to be run for all CBH Group waste streams such as paper, oil, plastics, scrap metal, grain covers and e-waste, and with an ongoing focus on reducing waste to landfill burden, CBH secured a commercial arrangement for an innovative waste re-use program. This sees dust captured via dust extraction systems at several large CBH facilities used as an additive in the brick manufacturing process.

A series of 'responsible waste weeks' were also run across major CBH facilities providing employees and contractors with the ability to responsibly recycle problematic household wastes.

Water Management

Water quality management plans and monitoring programs undertaken by the CBH Group continued to provide certainty that there were no adverse impacts on surrounding areas from storm water leaving CBH sites.

A Water Efficiency Management Plan that was put in place at the Cee and See Caravan Park in Rockingham saw a 28 percent drop in water use.

In addition to this program the CBH Group also reduced water consumption at a number of regional sites as a direct result of a benchmarking program that identified and focused on any unusual water consumption patterns. One site alone recorded a 97 percent reduction in water consumption through a focus on leak response and water use management.

HIGHLIGHTS

- Returned a biodiversity net gain to CBH local communities
- Implemented an innovative recovery and reuse program for our largest volume waste stream
- Received a 10 year recognition certificate for maintaining certification to ISO14001, the international standard for Environmental Management Sysems

2013
YOUR BOARD OF DIRECTORS

Neil Wandel
Chairman

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

Additionally, Neil was an inaugural member and Chairman of the Pulse Association of the South East (PASE) until 2002, and is a current member of the Australian Institute of Company Directors.

Neil produces grain and cattle on his property at Scaddan, near Esperance, in Western Australia's South East.

Vern Dempster
Deputy Chairman

Vern Dempster was elected Director of the CBH Group in April 2008. He became Deputy Chairman in April 2013 and is also a member of the Board's Audit and Risk Management Committee.

Vern is a grain and sheep farmer from Northam, located in Western Australia's central Wheatbelt. He has held various positions with the Western Australian Farmers Federation (WAFF) and was a Director of United Farmers Co-operative from 2000 to 2003.

Vern is a Graduate Member of the Australian Institute of Company Directors.

Derek Clauson
Director

Derek Clauson was elected to the CBH Group Board in February 2013, and is a Member of the Board's Remuneration and Nomination Committee and Investment Committee. Mr Clauson runs a continuous cropping operation at Yelbeni and Bencubbin.

He has significant past experience as a Chairman of ASX listed companies and has served as a Director on Company Boards in the UK, USA, Hong Kong and Singapore. In addition, Derek has served as a Chairman and Deputy Chairman of many agricultural based organisations and has also previously served as a Shire President and Deputy President and also formerly held the position of President of the WA Farmers Grains Council.

Derek is a Fellow of the Australian Institute of Company Directors.

Trevor Badger
Director

Trevor Badger was elected as a Director of the CBH Group in April 2007. He is a member of the Board's Communications Committee and Investment Committee, and has chaired some meetings of the Investment Committee during the year.

Trevor has held executive positions on various grower representative bodies in Western Australia and is currently Chairman of the Pingrup CBH Water Harvesting Project, and Lake Chinocup Catchment Resource Management Committee.

A graduate member of the Australian Institute of Company Directors, Trevor produces grain and sheep on his properties in Pingrup and Mindarabin in Western Australia's South West.

Trent Bartlett
Independent Director

Trent Bartlett became a Director of the CBH Group in February 2012 and is a member of the Remuneration and Nomination Committee and the Investment Committee.

Trent currently holds the position of Chief Executive Officer at Peter Stannard Homes and prior to this was the Chief Executive Officer of Capricorn Society, one of Australia's most successful co-operative enterprises, from 2001 to 2011.

Before that, he held senior executive positions with David Jones Ltd and Target Australia, then part of the Coles Myer Group. Trent is also a Director of Good Samaritan Industries and a Fellow of the Australian Institute of Company Directors.

Kevin Fuchsbichler
Director

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.

Kevin is a grain producer from Bruce Rock with more than 30 years industry experience.

He was formerly a Director of Bruce Rock Bendigo Community Bank, is a past State President of the International Agricultural Exchange Association and an inaugural Board member of the International Rural Exchange. Kevin is also a Member of the Australian Institute of Company Directors.

John Hassell
Director

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, John has held a number of executive positions with the Western Australian Farmers Federation.

John holds a Bachelor of Business in Agriculture from Curtin Muresk Institute of Agriculture and is a graduate member of the Australian Institute of Company Directors. He has also been an active participant in a number of local community associations including Rural Youth and Apex.

Brian McAlpine
Director

Brian McAlpine was elected to the CBH Group Board in February 2012 and is a member of the Board's Audit and Risk Management Committee and Communications Committee. Brian is also the CBH Group Representative on the Co-operatives WA Council.

Brian is an experienced grain farmer from Maya.

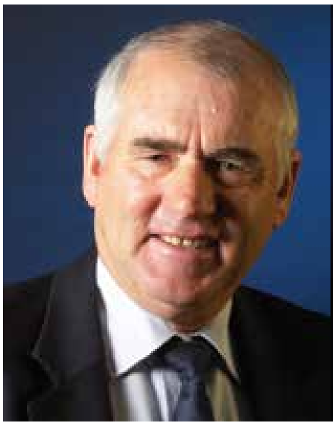
He has completed a Diploma of Business and a Nuffield Scholarship. Brian is a past president of Liebe Group and past councillor of the Dalwallinu Shire and is a Graduate Member of the Australian Institute of Company Directors.

Clancy Michael
Director

Clancy Michael was elected as a Director to the CBH Group Board in April 2008, was Deputy Chairman from 2012-2013, is a member of the Board's Audit and Risk Management Committee and is Chairman of the CBH Group subsidiary company, Lupin Foods Australia Pty Ltd.

Clancy has more than 30 years farming experience in the Midwest region of Western Australia. He was the inaugural Vice Chairman of one of Australia's leading grower groups, the Mingenew Irwin Group (MIG) from 1997 to 2007, and still farms at Mingenew.

Additionally, Clancy is current Chairman, and was a founding member of the Grower Group Alliance - an organisation set up to develop effective information channels between farmer groups and research organisations. He has also been active on many consultative and reference groups associated with the Agricultural industry. Clancy is a Graduate Member of the Australian Institute of Company Directors.



Wally Newman

Director

Wally Newman has been a Director of the CBH Group Board since August 2000, was the Deputy Chairman from 2008 to 2012 and was Chairman of CBH subsidiary Bulkwest in 2002. He is also Chairman of the Board's Communication Committee and a member of the Remuneration and Nomination Committee. He is also a Commissioner of PT Eastern Pearl Flour Mills, Indonesia.

Wally is a farmer from Newdegate in Western Australia's grainbelt. A Director of several private companies, he is renowned as the instigator of the popular Newdegate Machinery Field Days, and is a currently a committee member and a former president.

Wally is a member of the International Agricultural Exchange Association, and is a Fellow of the Australian Institute of Company Directors. Wally has 25 years experience as a councillor of the Lake Grace Shire.

Diane Smith-Gander

Independent Director

Diane Smith-Gander became a Director of the CBH Group in March 2011 and is the Chair of Board's Investment Committee and a member of the Audit and Risk Management Committee.

Diane has held senior position executive roles with Westpac Banking Corporation and was a Partner with McKinsey & Co in the USA.

She is the Chairman of Transfield Services and a Director of Wesfarmers and Tourism Western Australia. Diane is the past Chairman of Basketball Australia and the Australian Sports Drug Agency as well as a past Director of NBN Co and pieNETWORKS Ltd.

Diane is a Member of the University of Western Australia Business School Advisory Board and a Fellow of the Australian Institute of Company Directors. She also grows grapes in Margaret River.

David Willis

Independent Director

David Willis was appointed to the CBH Board in March 2010 and in 2011 accepted the role of Chairman of the Audit and Risk Management Committee. He is also a member of the Investment Committee.

David is a qualified accountant with more than 30 years experience in the Asia Pacific, UK and USA including more than 25 years working with Australian and foreign banks.

He holds a number of Board positions with public and private companies in several sectors and across Australia, New Zealand and Asia.

He also acts as advisor to several companies and chairs a charity assisting disadvantaged youth. David is a Member of the Australian Institute of Company Directors and the Australian Institute of Chartered Accountants.

2013 YOUR EXECUTIVE

Dr Andrew Crane

Chief Executive Officer

Dr Andrew Crane joined grain marketer, Grain Pool Pty Ltd, in 2001. He was appointed General Manager of Grain Pool (now CBH Group Marketing and Trading) when it merged with CBH Group in 2003. He was responsible for the operation of Grain Pool including accumulation, trading and marketing of barley, canola and lupins under a 'single desk' export licence and then the growth of the wheat business following the deregulation of Australia's grain export industry.

In 2008 he became General Manager, Strategy and Business Development (CBH Group) and was appointed Chief Executive Officer of the CBH Group in April 2009.

Since joining CBH, Andrew has led the reorganisation of the business to ensure that grower members benefit from the dramatic deregulation of their industry. Key initiatives include partnerships and acquisitions along the grain supply chain, their subsequent integration and improving the efficiency of the broader business. As the CEO, he has led a reconfirmation with members of a competitive co-operative business model, the creation of value return measures and delivery, and valuing employees through commitment to improving safety and engagement.

Prior to joining the CBH Group, Andrew spent 12 years in the European malting industry in various production, operational and marketing management positions. His last role was as Commercial Director of Pauls Malt Ltd responsible for raw material sourcing and global sales.

Andrew holds a Bachelor of Science (BSc) in Environmental Studies, a PhD in Agriculture and is a Fellow of the Australian Institute of Company Directors. Andrew is also a Director of Interflour Holdings Ltd, the Chairman of Business Council of Co-operatives and Mutuals, a member of the Curtin Business School Advisory Council and a member of Rabobank International's Food and Agribusiness Advisory Board for Australia and New Zealand.

David Moroney

Chief Financial Officer

David Moroney joined the CBH Group as Chief Financial Officer in July 2009 and is responsible for the financial and IT management of the CBH Group.

David has more than 20 years in senior finance roles, most recently as Chief Financial Officer of First Quantum Minerals Ltd, and previously at Wesfarmers Group, initially as Chief Financial Officer of CSBP and later as General Manager Group Business Services in Wesfarmers Corporate. David has also worked overseas in secondments to Indonesia and the United States.

He holds a Bachelor of Commerce from the University of Melbourne, is a Fellow of both the Institute of Chartered Accountants and CPA Australia, and a Graduate of the Australian Institute of Company Directors. David is a Director of Westgrains Insurance Pte Ltd and an Alternate Director of Interflour Holdings Ltd. David is also a Non-Executive Director and Chair of the Audit & Risk Management Committee of Geraldton Fishermen's Co-operative Ltd.

Gavin Bignell

General Manager Grower Services

Gavin Bignell, originally from a grain and sheep farm in Kojonup WA, is now CBH Group's General Manager of Grower Services, a Director of DailyGrain and a member of a number of industry groups.

Gavin started his career with one of WA's leading grower groups, The Liebe Group, where he was responsible for the group's overall performance as Executive Officer. He has also gained extensive grain marketing and trading experience with his roles in CBH Marketing and Trading and Plum Grove. Prior to returning to CBH, Gavin was the General Manager of the price discovery service DailyGrain.

Gavin holds a Bachelor of Agriculture Science (Hons) and a Graduate Diploma in Applied Finance and Investment. Gavin is also a Graduate of the Australian Rural Leadership Program.

David Capper

General Manager Operations

David Capper was appointed General Manager Operations in July 2013 and is responsible for leading CBH's world-class storage and handling, logistics, engineering and shipping services.

As General Manager Operations David's main focus is creating and returning value for growers by ensuring an efficient and cost effective supply chain from paddock to port and maximising the competition for and value of growers' grain delivered to the network.

David has held positions of Manager of Operations and Strategy Manager Operations since returning to Western Australia from Indonesia where David managed a 2,500 tonne per day flour milling operation as Operations Director of PT. Eastern Pearl Flour Mills. David is a graduate of Muresk Institute of Agriculture (Bachelor Degree in Agribusiness (Marketing)) and maintains the family farm East of Beverley.

Jason Craig

General Manager Marketing and Trading

Jason Craig was appointed to General Manager Marketing and Trading in April 2012 and is responsible for the CBH Group's grain marketing, accumulation and trading division.

Jason joins the CBH Group from CBH's joint venture business Interflour, where he held the position of President Director of PT Eastern Pearl Flour Mills (EPFM), the fifth largest flour milling business in the world and the second largest in Indonesia.

Prior to this, Jason was the Trading Manager, Proteins, Oilseeds and Oats with the Grain Pool of WA (now known as CBH Marketing and Trading).

He holds a Postgraduate Diploma in Applied Investment & Finance from the Securities Institute of Australia (Treasury Stream) and a Bachelor of Commerce (Banking & Finance) from Curtin University, Western Australia.

Virginia Miltrup

General Manager Corporate Services

Virginia Miltrup joined the CBH Group in June 2009 as General Manager Human Resources and became General Manager Corporate Services in May 2010. She is responsible for the HR, Organisational Development, Safety & Environment and Shared Services portfolios.

Virginia was previously head of the HR and Brand Equity portfolios at Synergy and has experience in senior management roles in industries including utilities, technology, publishing and local government. Virginia has international experience gained as General Manager HR (Asia Pacific) with Thomson Reuters.

She holds a Bachelor of Commerce degree in HR and Industrial Relations and a Masters Degree in Leadership and Management. Virginia is also a Graduate of the Australian Institute of Company Directors, an Associate Fellow of the Australian Institute of Management and a Certified Professional of the Australian Human Resources Institute.

Colin Tutt

General Manager Supply Chain Innovation

Colin was appointed to the role of General Manager Supply Chain Innovation in July 2013 to investigate new ideas from around the globe for grain handling and storage as well as overall supply chain management.

Colin held the role of General Manager Operations from 1994 to 2013. During this time he managed CBH's world-class storage and handling operations including grain receivals; road and rail transportation; grain storage, sampling and caretaking; freight for shipping and engineering services.

Colin's career commenced in 1974 as a CBH Receival Point Operator and, as a result, he has gained extraordinary experience and knowledge, particularly in WA grain supply chains. Colin has also travelled overseas to examine other grain handling networks, including spending time at Viterra, Canada where he gained insight into their more competitive supply chain model.

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

Allyn Wasley

General Manager Strategy & Business Development

Allyn Wasley was appointed General Manager Strategy & Business Development in April 2009 after serving six years as Chief Financial Officer of the CBH Group.

Allyn is a Director of Pacific Agrifoods Ltd and Interflour Holdings Ltd. He is also a Commissioner of PT Eastern Pearl Flour Mill, Chairman of Australian Bulk Stevedoring and a Trustee of CBH Superannuation Holdings Pty Ltd.

Allyn holds a Bachelor of Business in Accounting and a Post Graduate Diploma in Management from Curtin University. He is also a Graduate of the Australian Institute of Company Directors.

David Woolfe

General Manager Legal & Risk and Company Secretary

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

A qualified lawyer and Chartered Secretary, David was previously a partner at Freehills where he practised corporate and commercial law for more than 16 years.

David is a Fellow of the Australian Institute of Company Directors, the Institute of Chartered Secretaries and Administrators and of the Governance Institute of Australia.

2013 CORPORATE GOVERNANCE

This Statement outlines the main corporate governance practices of the CBH Group's system of governance for the year ended 30 September 2013.

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 of the Co-operative functions.

A key focus of the Board during the year has been a comprehensive review of the Charter. The Board approved changes to the Matters Reserved for the Board Policy to provide additional clarity on those matters reserved for Board approval and the levels of authority delegated to the Chief Executive Officer (CEO). There have also been a range of new policies introduced. In addition, the Board also approved various other changes to the Charter to reflect changes in law and best practice to ensure 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.

Co-operative Principles

The CBH Group supports the seven co-operative principles or guidelines by which co-operatives put their values into practice.

The co-operative principles are:

1. Voluntary and open membership
2. Democratic member control
3. Member economic participation
4. Autonomy and independence
5. Education, training and information
6. Co-operation among co-operatives
7. Concern for the community

Role and responsibilities of the Board

The Board's role is to govern, rather than manage, the organisation. In governing the Co-operative, the Directors must act in the interests of the Co-operative as a whole.

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

- providing overall strategic direction for the CBH Group;
- determining and approving the appointment and terms and conditions of employment and the terms of removal of the CEO and the Company Secretary;
- acting as an interface and ensuring effective communication between the Co-operative and its growers;
- considering and approving the corporate plan;
- determining and approving specific Board policies governing the operations of the CBH Group;

- determining and approving the setting and measuring of performance objectives of the CEO;
- determining and approving the remuneration and incentives of the CEO and the annual CBH Group wage increase;
- appointing the Independent Directors;
- establishing and determining the delegation of its powers and functions in accordance with the CBH Rules;
- approving the segmented CBH Group budgets including allocation of capital expenditure;
- approving annually the Network Strategy and Network Charges;
- monitoring the operational and financial performance of the Group;
- reviewing the progress and performance of the Co-operative in meeting the objects of the Co-operative;
- establishing, reviewing and regularly monitoring the key performance indicators of the Co-operative and its subsidiary Companies;
- approving the Financial Statements of CBH and CBH Grain Pty Ltd;
- monitoring the effectiveness of risk management policies and practices;
- monitoring compliance with legislative, environmental, occupational health & safety and ethical standards; and
- reporting to Members and other stakeholders.

Role and responsibilities of the CEO

The role of the CEO is to be responsible for the day-to-day management of the CBH Group in accordance with the strategy, policies, budgets and delegations approved by the Board. The CBH Group is managed to achieve the goals agreed and endorsed by the Board.

The CEO's responsibilities include inter alia:

- being responsible for the day-to-day management of the CBH Group;
- developing, with the Board's approval, the Group's vision and direction;
- constructing, with the executive management team, programs to implement the vision;
- selecting and negotiating the terms and conditions of appointment of General Managers in consultation with the Remuneration and Nomination Committee;
- spokesperson for CBH Group wide performance matters and operational announcements;
- spokesperson for the Board on policy and strategic issues as delegated by the Chairman or the Board;
- providing strong leadership to, and effective management of, the CBH Group in order to:
  - encourage co-operation and teamwork;
  - build and maintain staff morale at a high level; and
  - build and maintain a strong sense of staff identity with, and a sense of allegiance to, the CBH Group;
- ensuring a safe workplace for all personnel;
- forming Management committees and working parties from time-to-time to assist in the orderly conduct of the Group's business; and
- keeping the Board up to date and informed of all major activities of the Group.

Board Structure

The CBH Rules provide for the following Board structure:

- Nine Member Directors. These Directors are elected from five districts comprised of Districts 1, 2, 3, 4 and 5. There are two Directors elected by Members from each of Districts 1, 2, 3 and 4 and one Director elected by Members from District 5. These Member Directors can have their main grain growing interests in any district.
- The appointment by the Board of up to three Independent Directors as the Board 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 representative of the Western Australian Electoral Commission as returning officer to conduct the election of Member Directors in accordance with the Rules.

In respect of the appointment of an Independent Director, the Board approves the key skills and attributes that it is seeking to complement the existing Board. The Remuneration and Nomination Committee considers the appointment or reappointment of an Independent Director against the criteria approved by the Board and makes a recommendation to the Board with regard to a preferred candidate. The Board makes a final decision as to the Director to be appointed.

The term of office for a Member Director commences from the Annual General Meeting at which he or she is elected or at which his or her election is confirmed and expires at the third Annual General Meeting after election. The term of office for an Independent Director is up to three years with their appointment to be ratified by members at the next Annual General Meeting following their appointment or re-appointment.

There is no maximum age limit for a Director or any age after which a Director must be reappointed on an annual basis.

The names of Directors in office at the date of this report, the date they were first appointed, their period in office, the commencement date of their current term and the expiry of their current term is set out in the table below.

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 CBH Grain Pty Ltd. All Directors have formal letters of appointment.

In accordance with CBH's Rules CBH Directors elect the Chairman and Deputy Chairman. Mr N J Wandel is the elected Chairman and Mr V A Dempster is the elected Deputy Chairman.

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 32 to 35 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 program which includes meeting with the Chairman, CEO, Audit and Risk Committee Chairman and key executives. The program 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 Co-operative's Board of Directors and of each standing Board Committee held during the financial year ended 30 September 2013 and the number of meetings attended by each Director are set out in the Directors Report.

NAME OF DIRECTOR	DATE FIRST APPOINTED	PERIOD OF OFFICE **	CURRENT TERM COMMENCED	TERM EXPIRES
T N Badger	4 April 2007	6 years 8 months	27 February 2013	February 2016
T J Bartlett*	28 February 2012	1 year 10 months	28 February 2012	February 2015
D G Clauson	27 February 2013	10 months	27 February 2013	February 2016
V A Dempster, Deputy Chairman	2 April 2008	5 years 8 months	2 March 2011	February 2014
K J Fuchsbichler	4 April 2007	6 years 8 months	27 February 2013	February 2016
J P B Hassell	1 April 2009	4 years 8 months	28 February 2012	February 2015
B E McAlpine	28 February 2012	1 year 10 months	28 February 2012	February 2015
M C Michael	2 April 2008	5 years 8 months	2 March 2011	February 2014
W A Newman	7 June 2000	13 years 6 months	2 March 2011	February 2014
D Smith-Gander*	2 March 2011	2 years 9 months	2 March 2011	February 2014
N J Wandel, Chairman	1 November 2002	11 years 1 month	28 February 2012	February 2015
D S Willis*	30 March 2010	3 years 9 months	27 February 2013	February 2016

* Independent Director
**Period of office as a Director of CBH as at December 2013

Board Access to Information and Independent Professional Advice

The Board has an Information Protocol which enables Directors 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 Co-operative'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 Co-operative 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. All CBH Directors have attended the AICD 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 Co-operative.

Committees of the Board

The Board has established the following committees to assist with the discharge of its responsibilities:

- the Audit and Risk Management Committee;
- the Remuneration and Nomination Committee;
- the Investment Committee;
- the Communications Committee; and
- the Share Transfers and Documents Committee.

All of the above committees review matters on behalf of the Board and operate in accordance with their own charters as approved by the Board. These charters are published on the Corporate Governance section of the CBH website.

It is customary for the CBH Board to review the composition of its committees annually at the first Board meeting following the Annual 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, Risk Management reporting and the Risk Management Framework.

The members of the Audit and Risk Management Committee during the 12 months ended 30 September 2013 were as follows:

Mr David Willis (Chairman)
Mr Vernon Dempster
Mr Clancy Michael
Ms Diane Smith-Gander
Mr Brian McAlpine

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 Audit & Risk Officer, internal and external auditors and other persons considered appropriate attend meetings by invitation.

The Committee also meets with the external auditors in the absence of management.

The Committee met four times during the financial year ended 30 September 2013.

Remuneration and Nomination Committee

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

- make recommendations to the Board on remuneration of Directors;
- recommend to the Board the appointment and the terms and conditions of employment and the terms of removal of the CEO and Company Secretary;
- review the performance of the CEO, at least annually and recommend to the Board performance measures for the CEO;
- recommend to the Board the remuneration and incentives of the CEO;
- consult with the CEO in setting and measuring performance objectives for General Managers;
- consult with the CEO in respect of the appointment or termination of General Managers;
- consult with the CEO in the recommendation of the annual CBH Group wage increase;
- consult with the CEO in respect of the remuneration and incentives for General Managers;
- 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 Independent Directors under Rule 32.

The members of the Remuneration and Nomination Committee during the financial year ended 30 September 2013 were as follows:

Mr Neil Wandel, (Chairman)

Mr Trent Bartlett

Mr Derek Clauson, joined 10 April 2013

Mr Kevin Fuchsbichler

Mr John Hassell

Mr Mick McGinniss, resigned 27 February 2013

Mr Wally Newman

The Remuneration and Nomination Committee met seven times during the financial year ended 30 September 2013.

Investment Committee

The primary functions of the Investment Committee are:

- to review with Management significant investment opportunities on behalf of the CBH Group and make recommendations to the Board; this may include:
  - buying or selling a subsidiary or associated entity; or
  - beginning new business activities outside the Primary Activities of CBH or within the Primary Activities of CBH but outside of WA; or
  - increasing equity in an existing joint venture or associated entity;
- to review with Management potentially ceasing one of the Primary Activities of CBH and making recommendations to the CBH Board; and
- to support management, when authorised by the Board, in concluding investments by giving guidance on key negotiation points, reviewing documentation and providing general advice in connection with the investment opportunity.

The members of the Investment Committee during the 12 months ended 30 September 2013 were as follows:

Ms Diane Smith-Gander, (Chairman)

Mr Trevor Badger

Mr Trent Bartlett

Mr Derek Clauson, joined 10 April 2013

Mr Mick McGinniss, resigned 27 February 2013

Mr Neil Wandel

Mr David Willis

Management and external professional advisers may attend the meetings by invitation or request.

The Committee met eleven times during the financial year ended 30 September 2013.

Communications Committee

The primary function of the Communications Committee is to provide guidance and advice on the Group's communications approach, to ensure consistency in communicating the Board's direction and objectives.

The members of the Communications Committee during the 12 months ended 30 September 2013 were as follows:

Mr Wally Newman (Chairman)

Mr Trevor Badger

Mr Kevin Fuchsbichler

Mr John Hassell

Mr Brian McAlpine, joined 10 April 2013

Mr Clancy Michael, resigned 10 April 2013

Management and external professional advisers may attend the meetings by invitation or request.

The Committee met three times during the financial year ended 30 September 2013.

Share Transfers and Documents Committee

The primary function of the Share Transfers and Documents Committee is to:

- Consent to transfers of shares on behalf of the Board; and
- Approve changes to documents requiring Board approval under the Co-operatives Act 2009 or the Rules.

The Committee consists of Board representative, Mr Neil Wandel and members of management.

The Committee met eight times during the financial year ended 30 September 2013.

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 Co-operative's current external auditors are Ernst & Young, who were appointed at the 2004 Annual 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.

In order to ensure the independence of the external auditor, the external audit partner is rotated every five years at a minimum. This occurred during the 2011-12 financial year.

Ernst & Young have provided a declaration to the Audit and Risk Management Committee for the financial year ended 30 September 2013 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 Co-operative 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 Audit & 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;
- Executive Risk Management Committee – there is a disciplined approach to the identification and management of risk with an Executive Risk Committee comprising the Chief Executive Officer, the Chief Audit & Risk Officer and the Executive team, meeting on a fortnightly basis or as required; and
- Two additional separate committees that address risks to specific key areas of the operations of the CBH Group, being the Operations Risk Committee and the Marketing, and Trading Risk Committee. These two committees report to the Executive Risk Committee and provide additional business level governance and risk management oversight.

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 division of the Co-operative which encompass operational, financial, strategic and compliance risk assessment and quantification.

The internal audit function is independent of the external audit function. The Chief Audit & 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 internal 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 Group.

Director Remuneration and Performance Review

The Remuneration and Nomination Committee uses an external advisor to assist in determining the appropriate remuneration levels for the CBH Board by comparing Director remuneration for entities of a similar size, nature and complexity to the CBH Group. On the basis of that external advice, the Committee makes recommendations to the Board on remuneration of Directors. The aggregate level of Directors' fees is determined by members.

At the Co-operative's 2012 Annual General Meeting members approved Director remuneration at an aggregate amount of $1,126,000, 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 Co-operative does not have a formal scheme for retirement benefits for Directors other than statutory superannuation.

Set out below is the Directors' Remuneration for the financial year ended 30 September 2013.

In addition to the above, David Willis is a Director of Interflour Holdings Limited (IFHL) in which CBH holds a 50% interest and he has been paid Director's fees of USD 20,000 by IFHL during the financial year.

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

For the year ended 30 September 2013, the CBH Board conducted a program whereby with the assistance of an external provider, the Board assessed its performance and the performance of individual Directors every four months.

Executive Remuneration and Performance Review

The remuneration package and performance standards for the CEO and Executive are overseen by the Remuneration and Nomination Committee.

Remuneration Framework

The objective of CBH's remuneration framework is to attract and retain talent and reward and align employee activities to CBH's business strategy.

At the individual level, packages are comprised of fixed cash and variable incentive components. Fixed remuneration is comprised of base salary, superannuation and salary sacrificed benefits. Variable remuneration is the Short Term Incentive (STI) Program (ie annual bonus) offered to salaried employees and payable based on individual and corporate performance.

The Short Term Incentive (STI) Program outcomes depend upon the performance of the CBH Group's balanced scorecard and the performance of the individual concerned. The more senior an employee is within the Group, the higher the impact of the corporate balanced scorecard on their eligible individual incentive, creating a clear link between the achievement of grower value and the level of incentive earned by the Executive team and senior managers.

Annual Reviews

Annually the Remuneration and Nomination Committee review and recommend to the CBH Board the performance standards and remuneration results for the CEO. The Committee also oversee Executive performance and remuneration results, as managed by the CEO, and annual remuneration movements within the business more generally.

A formal Performance Management Program is in place which is reviewed at least six monthly. Performance improvement plans and processes are available should an Executive be underperforming. Written employment contracts exist for all executives, which include provisions for ending the

NAME	ROLE	DIRECTORS' FEES $'000	SUPERANNUATION $'000	TOTAL $'000
Neil Wandel	Chairman	165	15	180
Vern Dempster (i)	Deputy Chairman	95	9	104
Trevor Badger	Director	83	7	90
Derek Clauson (ii)	Director	48	5	53
Kevin Fuchsbichler	Director	83	7	90
John Hassell	Director	83	7	90
Clancy Michael (iii)	Director	97	9	106
Brian McAlpine	Director	83	7	90
Mick McGinniss (iv)	Director	33	4	37
Wally Newman	Director	83	7	90
Trent Bartlett	Independent Director	83	7	90
Diane Smith-Gander	Independent Director	83	7	90
David Willis	Independent Director, Chair, Audit & Risk Management Committee	107	10	117
TOTAL		1,126	101	1,227

(i) Vern Dempster was appointed Deputy Chairman on 10 April 2013.
(ii) Derek Clauson joined the Board on 27 February 2013.
(iii) Clancy Michael held the position of Deputy Chairman from 1 October 2012 until 10 April 2013.
(iv) Mick McGinniss resigned from the Board on 27 February 2013.

Remuneration Framework

OBJECTIVE	ATTRACT AND RETAIN TOP TALENT	REWARD PERFORMANCE ALIGNED TO BUSINESS STRATEGY	REWARD PERFORMANCE ALIGNED TO LONGER TERM BUSINESS STRATEGY + RETENTION OF KEY TALENT
ELEMENT	Fixed remuneration	'At risk' remuneration	
COMPONENT	Paid salary benefits and superannuation	Short term incentive	Long term incentive Retention bonus
FOCUS	Pay for role size, responsibility and competence	Pay for high performance aligned to individual plan and corporate performance	Retention for key talent Achievement of superior longer term performance metrics

employment relationship should the Performance Improvement Plan not result in improved performance results.

Talent management and succession management programs are in place to ensure an adequate pool of successors exist for each Executive role.

Executive Remuneration

CBH Group remuneration structures are aligned to the external market, considering role grading, labour market conditions and the CBH Group business performance. CBH uses external data sourced from remuneration specialists, such as the Hay Group and Mercer. Remuneration models are regularly benchmarked to the median of the Western Australian market for Industrial and Services companies. This ensures remuneration remains fair and market competitive.

In addition, the Remuneration and Nomination Committee seeks advice from external remuneration advisors where required.

Set out below is the remuneration of the CEO, CFO and General Managers of the two key business units for the financial year ended 30 September 2013.

Executives are also entitled to the reimbursement of out of pocket expenses incurred in the course of their employment.

Short and Long Term Incentives

In all cases, individual performance is linked to the achievement of the CBH Group strategy. In particular, incentive programs are linked to the creation of grower value.

Short Term Incentives (STI)

STIs are linked to the achievement of key performance indicators on the Group's balanced scorecard and individual performance.

A maximum STI target is calculated as percentage of Total Employment Cost (TEC), as shown in the table on the following page.

The STI's paid in December 2012 in respect of the financial year ended 30 September 2012 are shown in the table on the following page.

Long Term Incentives (LTIs) and Retention Payments

LTIs reward the creation of grower value over sustained periods of time and are designed to ensure an optimal balance between short and longer

Executive Remuneration

NAME	TITLE	BASE SALARY $'000	SUPER $'000	TOTAL EMPLOYMENT COST (TEC) $'000	OTHER BENEFITS* $'000
Dr Andrew Crane	Chief Executive Officer	789	25	814	48
David Moroney	Chief Financial Officer	453	17	470	20
Jason Craig	GM Marketing and Trading	385	25	410	24
David Capper**	GM Operations	76	6	82	4
Colin Tutt**	GM Operations	325	0	325	187***

*Other benefits include company vehicle, parking, industry association memberships, health insurance, accrued leave paid out in lieu of taking the leave, life and trauma insurance etc., provided in the course of employment.

** Colin Tutt held the position as General Manager Operations for the period from 1 October 2012 until 30 June 2013. David Capper held the position as General Manager Operations for the period from 1 July 2013 until 30 September 2013. The remuneration shown above relates to the period that each person held the role of General Manager Operations.

*** Colin Tutt received a payment in lieu of accrued annual and long service leave during the financial year ended 30 September 2013 and this amount is included in Other Benefits.

NAME	TITLE	STI TARGET (% OF TEC)	STI RESULT (% OF TEC)	ACTUALSTI PAID $,000
Dr Andrew Crane	Chief Executive Officer	50%	47.6%	375
David Moroney	Chief Financial Officer	30%	25.7%	116
Jason Craig	GM Marketing and Trading			20
Colin Tutt	GM Operations	30%	28.7%	121

* Jason Craig commenced on 1 July 2012 and received a discretionary STI of $20,000.

term business performance. Additionally, retention bonuses are used to retain key talent, especially where those individuals factor into CBH's succession planning. Both the LTIs and retention payments are used only in exceptional circumstances.

In the case of the CEO, the Board has agreed a retention payment of 62.5% of TEC, to be payable at the end of a five year contract, plus a LTI of between 0% and 62.5% of TEC, which is linked to the achievement of performance targets in the form of grower value return on capital.

Communication with Members

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

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

Throughout the year the CBH Group holds many local and regional meetings with growers to provide advice on Co-operative and industry issues. Meetings include pre and post-harvest meetings, proposed capital works meetings, and grower focus groups where growers are given the opportunity of expressing their views on relevant topical issues. CBH representatives also regularly attend and present at events held by regional grower groups.

In addition, each year the Co-operative provides all Western Australian grain growers with a detailed Grower Value Statement which outlines the value created and returned by the Co-operative to the Western Australian grain industry, each grower's grain growing zone and to their own grower enterprise.

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

The Co-operative 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 Co-operative and its grower members.

Code of 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 Business Code of 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 Business Code of 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 Co-operative and local regions.

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

The GAC have an annual rotation system for Councillors whereby on an annual basis approximately 30% of Councillors retire and interested growers can apply for a 3 year term as a GAC Councillor.

Members of the Growers Advisory Council are:

- Mr Ashley Wiese, (Chairman)
- Mr Bradley Millsteed, (Deputy Chairman)
- Mrs Michelle Barrett
- Mr Tim Bock
- Mr Terry Counsel
- Mr Andrew Fowler
- Mr Mark Graham
- Mr Roger House
- Mr Darrin Lee
- Mr Dwight Ness
- Mr Michael O'Callaghan
- Mr Andrew Todd
- Mrs Lindsay Tuckwell
- Mr Wayne Walter
- Mr Brendan Williamson

2013 DIRECTORS REPORT

Your directors submit the financial report of Co-operative Bulk Handling Limited (the "Company") and its controlled entities (the "Group") for the financial year ended 30 September 2013.

Directors

The following persons were Directors of Co-operative Bulk Handling Limited during the financial year:

- N J Wandel (Chairman)
- T N Badger
- T J Bartlett
- D G Clauson joined 27 February 2013
- V A Dempster (Deputy Chairman)
- K J Fuchsbichler
- J P B Hassell
- B E Mc Alpine
- M E McGinniss retired 27 February 2013
- M C Michael
- W A Newman
- D Smith-Gander
- D S Willis

Mr Wandel was Chairman of the Board for the financial year. Mr Michael was Deputy Chairman from 1 October 2012 until 10 April 2013 and Mr Dempster was Deputy Chairman from 10 April 2013 until 30 September 2013.

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 32 to 38 of this Annual Report.

Board and Committee Meetings

The table below sets out the number of CBH Directors' meetings and meetings of the standing board committees held during the financial year ended 30 September 2013 and the number of meetings attended by each Director.

	SCHEDULED BOARD MEETINGS		UNSCHEDULED BOARD MEETINGS		AUDIT & RISK MANAGEMENT COMMITTEE		REMUNERATION & NOMINATION COMMITTEE		INVESTMENT COMMITTEE		COMMUNICATIONS COMMITTEE	
Director	Eligible to attend	Attended	Eligible to attend	Attended	Attended	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
T N Badger	9	9	4	4					11	11	3	3
T J Bartlett	9	9	4	4			7	7	9	9		
D G Clauson	5	5	3	3			3	3	7	7		
V A Dempster	9	9	4	4	4	4						
K J Fuchsbichler	9	9	4	4			7	7			3	3
J P B Hassell	9	9	4	4			7	7			3	3
B E McAlpine	9	9	4	4	4	4					1	1
M E McGinniss	4	4	1	1			3	3	3	3		
M C Michael	9	9	4	4	4	4					2	2
W A Newman	9	9	4	4			7	5			3	3
D Smith-Gander	9	9	4	4	4	4			10	9		
N J Wandel	9	9	4	4			7	7	11	10		
D S Willis	9	9	4	4	4	4			11	10		

In addition to the above, Mr Wandel, the Board's representative on the Share Transfers and Documents Committee, attended each of the eight committee meetings held during the year.

Principal Activities

The principal activities undertaken by the consolidated entity during the financial year comprised grain storage, handling, marketing and trading. In addition the entity has an investment in flour processing facilities.

Review of Operations

From total revenue and other income of $2,815,739,000 (2012: $2,272,723,000) the consolidated entity realised a profit attributable to members of the parent entity for the financial year of $131,707,000 (2012: $162,369,000).

Revenue increased due to the increased volume of grain traded in 2013 in comparison to 2012 where there was more grain deposited into pools. There was also an increase in commodity prices. Included in the profit result for 2013 are the one off cash refunds for prior years in relation to state taxes totalling $38,335,000.

The CBH Group received 9.12 million tonnes of grain into its storage facilities during the financial year compared to 15.06 million tonnes in the prior year. This significant decrease in harvest size in Western Australian was the main reason for the reduction in profit.

A more detailed review of the operations of the consolidated entity during the financial year 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 financial year are as follows:

- Revenue from continuing operations and other income increased by 24% to $2,815,739,000.
- Storage, handling and freight expenses decreased 16% to $202,697,000 due to the reduced harvest size compared to previous year.
- The profit attributable to members of the parent entity for the year decreased to $131,707,000 this year.
- Prior years one off cash refunds in relation to state taxes totalling $38,335,000.
- The net cash outflow from operations was $29,115,000 due to the smaller harvest, and cash and cash equivalents reduced to $247,929,000 at year end with a lower level of short-term debt.
- Total assets decreased by 4% to $1,988,752,000.
- Other Current Liabilities decreased to $88,419,000 due mainly to a reduction in auction premium balances on the Group's books at 30 September 2013.
- Interest bearing debt reduced to $303,229,000 due to a lower carryover of grain inventory.
- Total liabilities decreased by 25% to $618,564,000.
- Equity increased by 10% to $1,370,188,000.

Significant Events After Year End

Subsequent to year end, CBH Grain Pty Ltd negotiated the following facilities to be utilised for the acquisition of grain over the 2013/14 season:

- Syndicated debt facility for $400,000,000 with various banks;
- Syndicated inventory finance facility for $400,000,000 with various banks; and
- Uncommitted banking facility for $700,000,000 with various banks.
- Pre-shipment facility for $220 million with various banks.

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 as far as reasonably possible and to ensure that its operations are conducted in accordance with legislative requirements.

There has been no known breach of any environmental regulations to which the Company is subject.

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.

A Directors' and Officers' insurance policy is maintained.

Auditor's Independence

A copy of the declaration given by our External Auditor to the Directors in relation to the auditor's compliance with the independence requirements of the Australian accounting bodies and the applicable code of professional conduct for External Auditors is provided on page 51.

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

Neil Wandel
Chairman
Perth
4 December 2013

2013 AUDITOR'S INDEPENDENCE DECLARATION

to Members of Co-operative Bulk Handling Limited

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

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

Auditor's Independence Declaration to the Directors of Co-operative Bulk Handling Limited

In relation to our audit of the financial report of Co-operative Bulk Handling Limited for the financial year ended 30 September 2013, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of Australian accounting bodies or any applicable code of professional conduct.

Ernst & Young

Robert A Kirkby
Partner
Perth
4 December 2013

2013 FINANCIAL REPORT

For the year ended 30 September 2013
ABN 29 256 604 947

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2013

	Notes	30 September 2013 $'000	30 September 2012 $'000
Continuing operations			
Revenue from continuing operations	4(a)	**2,712,013**	2,229,534
Other income	4(b)	**103,726**	43,189
Changes in inventories		**(70)**	(286)
Raw materials, traded grains and consumables used	4(c)	**(2,013,207)**	(1,399,543)
Employee benefits expense	4(d)	**(122,604)**	(164,595)
Depreciation and amortisation expense	4(e)	**(75,911)**	(64,780)
Storage, handling and freight expenses	4(f)	**(202,697)**	(240,180)
Marketing and trading expenses		**(135,307)**	(105,978)
Insurance		**(9,576)**	(10,725)
Rent expense		**(13,949)**	(12,802)
Other expenses		**(80,742)**	(78,861)
Finance costs	4(g)	**(32,391)**	(31,837)
Share of profit/(loss) of associates accounted for using the equity method	27	**8,438**	7,000
Profit/(loss) from continuing operations before income tax		**137,723**	170,136
Income tax benefit/(expense) from continuing operations	5	**(6,016)**	(7,670)
Profit/(loss) from continuing operations after income tax expense		**131,707**	162,466
Other comprehensive income			
Items that will not be reclassified to the profit or loss			
Foreign currency translation profit/(loss)	17	**(1,139)**	(2,704)
Actuarial loss on defined benefit plan	25	**(4,057)**	(195)
Items that may be reclassified subsequently to the profit and loss			
Net gain/(loss) on foreign currency hedge	20(c)	**904**	(1,936)
Other comprehensive income/(expense) for the year, net of tax		**(4,292)**	(4,835)
Total comprehensive income/(expense) for the year		**127,415**	157,631
Profit/(loss) for the year is attributable to:			
Non-controlling interest		**–**	97
Members of the parent entity		**131,707**	162,369
		131,707	162,466
Total comprehensive income/(expense) for the year is attributable to:			
Non-controlling interest		**–**	97
Members of the parent entity		**127,415**	157,534
		127,415	157,631

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2013

	Notes	30 September 2013 $'000	30 September 2012 $'000
ASSETS			
Current assets			
Cash and bank balances	18	**247,929**	439,141
Trade and other receivables	6	**237,306**	276,710
Derivative financial instruments	20	**135,975**	73,990
Inventories	8	**231,483**	252,139
Income tax receivable		**9,738**	3,689
Other assets	9	**21,111**	4,972
Total current assets		**883,542**	1,050,641
Non-current assets			
Trade and other receivables	6	**11,339**	–
Investments in associates	27	**113,528**	99,395
Other financial assets	7	**11,918**	3,780
Derivative financial instruments	20	**–**	984
Property, plant and equipment	11	**921,956**	886,223
Intangible assets and goodwill	12	**46,469**	11,979
Other assets	9	**–**	6,213
Total non-current assets		**1,105,210**	1,008,574
Total assets		**1,988,752**	2,059,215
LIABILITIES			
Current liabilities			
Trade and other payables	13	**82,417**	95,953
Interest bearing loans and borrowings	14	**284,337**	381,116
Derivative financial instruments	20	**101,491**	55,723
Provisions	15	**21,499**	20,183
Other liabilities	16	**88,419**	241,846
Total current liabilities		**578,163**	794,821
Non-current liabilities			
Trade and other payables	13	**4,102**	–
Interest bearing loans and borrowings	14	**18,892**	11,492
Derivative financial instruments	20	**401**	529
Provisions	15	**6,077**	7,026
Deferred tax liability	5	**8,063**	2,574
Other liabilities	16	**2,866**	–
Total non-current liabilities		**40,401**	21,621
Total liabilities		**618,564**	816,442
Net assets		**1,370,188**	1,242,773
EQUITY			
Equity attributable to equity owners of the parent			
Contributed equity	17	**6**	6
Reserves	17	**1,145,852**	1,026,055
Retained earnings	17	**224,330**	216,712
Parent interests		**1,370,188**	1,242,773
Total equity		**1,370,188**	1,242,773

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

	Notes	30 September 2013 $'000	30 September 2012 $'000
Cash flows from operating activities			
Receipts from customers		**2,685,639**	2,379,644
Payments to suppliers and employees		**(2,694,940)**	(1,994,714)
		(9,301)	384,930
Interest received		**19,237**	28,558
Interest and other costs of finance paid		**(32,391)**	(31,837)
Income taxes refunded/(paid)		**(6,576)**	(7,301)
Net operating cash flows	18	**(29,031)**	374,350
Cash flows from investing activities			
Payments for property, plant and equipment		**(138,913)**	(189,554)
Payments for intangibles		**(6,453)**	(1,978)
Distributions from associates		**350**	900
Payments for investments in other financial assets	7	**(8,136)**	–
Net payment for acquisition of controlled entity	26	**(711)**	–
Loans to third parties		**(106,305)**	(384,346)
Loans repaid by third parties		**190,408**	287,838
Proceeds from sale of property, plant and equipment		**933**	582
Payments for investments in associates by way of loan		**(3,990)**	–
Repayment of loan from associated entity		**17**	–
Net investing cash flows		**(72,800)**	(286,558)
Cash flows from financing activities			
Borrowings from other parties		**1,516,092**	960,371
Repayment of borrowings to other parties		**(1,605,473)**	(755,316)
Net financing cash flows		**(89,381)**	205,055
Net increase/(decrease) in cash and cash equivalents		**(191,212)**	292,847
Cash and cash equivalents at the beginning of the financial year		**439,141**	146,294
Cash and cash equivalents at the end of the financial year	18	**247,929**	439,141

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2013

Year ended 30 September 2013	Ordinary shares Note 17 $'000	Capital levy reserve Note 17 $'000	General reserve Note 17 $'000	Foreign currency translation reserve Note 17 $'000	Cash flow hedge reserve Note 17 $'000	Retained earnings $'000	Acquisition reserve Note 17 $'000	Total $'000	Non-controlling interest $'000	Total Equity $'000
At 1 October 2012	**6**	**52,587**	**999,468**	**(23,921)**	**(904)**	**216,712**	**(1,175)**	**1,242,773**	**–**	**1,242,773**
Profit/(loss) for the year	–	–	–	–	–	131,707	–	131,707	–	131,707
Other comprehensive income/(expense)	–	–	–	(1,139)	904	(4,057)	–	(4,292)	–	(4,292)
Total comprehensive income/(expense)	**–**	**–**	**–**	**(1,139)**	**904**	**127,650**	**–**	**127,415**	**–**	**127,415**
Transfers (to)/from reserves/retained earnings	–	–	120,032	–	–	(120,032)	–	–	–	–
Transactions with owners in the capacity as owners										
Shares cancelled	–	–	–	–	–	–	–	–	–	–
At 30 September 2013	**6**	**52,587**	**1,119,500**	**(25,060)**	**–**	**224,330**	**(1,175)**	**1,370,188**	**–**	**1,370,188**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2013 (continued)

Year ended 30 September 2012	Ordinary shares Note 17 $'000	Capital levy reserve Note 17 $'000	General reserve Note 17 $'000	Foreign currency translation reserve Note 17 $'000	Cash flow hedge reserve Note 17 $'000	Retained earnings $'000	Acquisition reserve Note 17 $'000	Total $'000	Non-controlling interest $'000	Total Equity $'000
At 1 October 2011	**7**	**52,587**	**868,489**	**(21,217)**	**1,032**	**185,517**	**–**	**1,086,415**	**85**	**1,086,500**
Profit/(loss) for the year	–	–	–	–	–	162,369	–	162,369	97	162,466
Other comprehensive income/(expense)	–	–	–	(2,704)	(1,936)	(195)	–	(4,835)	–	(4,835)
Total comprehensive income/(expense)	**–**	**–**	**–**	**(2,704)**	**(1,936)**	**162,174**	**–**	**157,534**	**97**	**157,631**
Transfers (to)/from reserves/retained earnings	–	–	130,979	–	–	(130,979)	–	–	–	–
Acquisition of minority interest of a controlled entity	–	–	–	–	–		(1,175)	(1,175)	(182)	(1,357)
Transactions with owners in the capacity as owners										
Shares cancelled	(1)	–	–	–	–	–	–	(1)	–	(1)
At 30 September 2012	**6**	**52,587**	**999,468**	**(23,921)**	**(904)**	**216,712**	**(1,175)**	**1,242,773**	**–**	**1,242,773**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

Note 1 Corporate information

The consolidated financial statements of Co-operative Bulk Handling Limited and its subsidiaries (collectively, the Group) for the year ended 30 September 2013 was authorised for issue in accordance with a resolution of the directors on 4 December 2013.

Co-operative Bulk Handling Limited is a not for profit, co-operative company limited by shares held by grain growers-deliverers and domiciled in Western Australia.

The principal activities undertaken by the consolidated entity during the financial year comprised grain storage, handling, marketing and trading. In addition the entity has an investment in flour processing facilities.

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 Co-operatives Act 2009 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 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.

The financial report covers a period of 12 months from 1 October 2012 to 30 September 2013.

(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 October 2012.

- AASB 2010-8 Amendments to Australian Accounting Standards – Deferred Tax – recovery of underlying Assets – determination of deferred tax on investment property measured at fair value and introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that the carrying amount will be recoverable through sale; effective 1 October 2012.
- AASB 211-9 Amendments to Australian Accounting Standards – Presentation of Other Comprehensive Income – requires entities to group items presented in other comprehensive income on the basis of whether they might be reclassified subsequently to profit or loss and those that will not; effective 1 October 2012.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

Note 2 Summary of significant accounting policies (continued)

(c) New accounting standards and interpretations (continued)

The Group has assessed the impact of the adoption of these new and amended Standards and Interpretations and has determined that they do not have an impact on the financial statements or performance of the Group.

(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 2013. The Group has not yet determined the extent of the impact of these amendments as outlined in the table below:

Reference	Summary	Application date of standard	Application date for Group
AASB 10 – Consolidated Financial Statements	AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 *Consolidated and Separate Financial Statements* dealing with the accounting for consolidated financial statements and UIG-112 *Consolidation – Special Purpose Entities.* The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. Consequential amendments were also made to other standards via AASB 2011-7.	1 January 2013	1 October 2013
AASB 11 – Joint Arrangements	AASB 11 replaces AASB 131 *Interests in Joint Ventures* and UIG-113 *Jointly – controlled Entities – Non-monetary Contributions by Ventures.* AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition it removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the ventures' a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venture's a right to the net assets is accounted for using the equity method. Consequential amendments were also made to other standards via AASB 2011-7 and amendments to AASB 128.	1 January 2013	1 October 2013
AASB 12 – Disclosure of Interests in Other Entities	AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structures entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.	1 January 2013	1 October 2013

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 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	Summary	Application date of standard	Application date for Group
AASB 13 – Fair Value Measurement	AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets. AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined. Consequential amendments were also made to other standards via AASB 2011-8.	1 January 2013	1 October 2013
AASB 119 – Employee Benefits	The main change introduced by this standard is to revise the accounting for defined benefit plans. The amendment removes the options for accounting for the liability, and requires that the liabilities arising from such plans is recognised in full with actuarial gains and losses being recognised in other comprehensive income. It also revised the method of calculating the return on plan assets. The revised standard changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date. Consequential amendments were also made to other standards via AASB 2011-10.	1 January 2013	1 October 2013
Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]	This Amendment deletes from AASB 124 individual key management personnel disclosure requirements for disclosing entities that are not companies. It also removes the individual KMP disclosure requirements for all disclosing entities in relation to equity holdings, loans and other related party transactions.	1 July 2013	1 October 2013

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 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	Summary	Application date of standard	Application date for Group
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: (a) Tier 1: Australian Accounting Standards. (b) Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements. Tier 2 comprises the recognition, measurement and presentation requirements of Tier 1 and substantially reduced disclosures corresponding to those requirements. The following entities apply Tier 1 requirements in preparing general purpose financial statements: (a) For-profit entities in the private sector that have public accountability (as defined in this Standard). (b) The Australian Government and State, Territory and Local Governments. The following entities apply either Tier 2 or Tier 1 requirements in preparing general purpose financial statements: (a) For-profit private sector entities that do not have public accountability. (b) All not-for-profit private sector entities. (c) Public sector entities other than the Australian Government and State, Territory and Local Governments. Consequential amendments to other standards to implement the regime were introduced by AASB 2010-2, 2011-2, 2011-6, 2011-11, 2012-1, 2012-7 and 2012-11.	1 July 2013	1 October 2013
AASB 2012-2 – Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities	AASB 2012-2 principally amends AASB 7 Financial Instruments: Disclosures to require disclosure of information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position, when the offsetting criteria of AASB 132 are not all met.	1 January 2013	1 October 2013
AASB 2012-5 – Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle	AASB 2012-5 makes amendments resulting from the 2009-2011 Annual Improvements Cycle. The Standard addresses a range of improvements, including the following: • repeat application of AASB 1 is permitted (AASB 1); and • clarification of the comparative information requirements when an entity provides a third balance sheet (AASB 101 Presentation of Financial Statements).	1 January 2013	1 October 2013

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 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	Summary	Application date of standard	Application date for Group
AASB 2012-3 – Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities	AASB 2012-3 adds application guidance to AASB 132 Financial Instruments: Presentation to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.	1 January 2014	1 October 2014
AASB 9 – Financial Instruments	AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below. (a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. (b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. (c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. (d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: – The change attributable to changes in credit risk are presented in other comprehensive income (OCI). – The remaining change is presented in profit or loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. Further amendments were made by AASB 2012-6 which amends the mandatory effective date to annual reporting periods beginning on or after 1 January 2015. AASB 2012-6 also modifies the relief from restating prior periods by amending AASB 7 to require additional disclosures on transition to AASB 9 in some circumstances. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7 and 2010-10.	1 January 2015	1 October 2015

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 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	Summary	Application date of standard	Application date for Group
AASB 10 – Consolidated Financial Statements	AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 *Consolidated and Separate Financial* Statements dealing with the accounting for consolidated financial statements and UIG-112 *Consolidation – Special Purpose Entities.* The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. Consequential amendments were also made to this and other standards via AASB 2011-7 and AASB 2012-10.	1 January 2014	1 October 2014
AASB 11 – Joint Arrangements	AASB 11 replaces AASC 131 *Interests in Joint Ventures* and UIG-113 *Jointly-controlled Entities – Non-monetary Contributions by Ventures.* AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition it removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give venturers a right to the net assets is accounted for using the equity method. Consequential amendments were also made to this and other standards via AASB 2011-7, AASB 2010-10 and amendments to AASB 128.	1 January 2014	1 October 2014

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

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 2013 and the results of all subsidiaries for the year 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 year 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.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values. Refer Note 26.

Associates

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.

(e) Business combinations

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 re-measured 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 re-measured.

Note 2 Summary of significant accounting policies (continued)

(f) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is 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 and 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.

(iv) Dividends

Dividends are recognised as revenue when the right to receive payment is established, which is generally when shareholders approve the dividend.

(v) Management fees revenue

Management fee revenue is recognised according to when the service is provided.

(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 are rendered.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

Note 2 Summary of significant accounting policies (continued)

(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 is 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 other 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 on-going 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 profit and loss.

(j) Investments and other financial assets

Investments and financial assets within 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 on initial recognition.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

Note 2 Summary of significant accounting policies (continued)

(j) Investments and other financial assets (continued)

(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.

(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.

(v) Hedging

The group uses forward currency contracts to hedge its risks associated with foreign currency fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured to fair value at each year end.

For the purposes of hedge accounting, hedges are classified as:

- Fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment (CBH Group does not have any fair value hedges).
- Cash flow hedges when they hedge the exposure to variability in cash flows that is attributable either to a particular risk associated with a recognised asset or liability or to a forecast transaction (during 2013 CBH Group had cash flow hedges attributable to future foreign currency purchases in respect of the rail assets, at 30 September 2013 there were no cash flow hedges required).
- Hedges of a net investment in a foreign operation (CBH Group does not have any net investment hedges).

Hedges that meet the strict criteria for hedge accounting are accounted for as follows:

Cash flow hedges:

Cash flow hedges are hedges of the Group's exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or to a forecast transaction and that could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in profit or loss.

Amounts taken to equity are transferred out of equity and included in the measurement of the hedged transaction (finance costs or inventory and fixed asset purchases) when the forecast transaction occurs.

The Group tests each of the designated cash flow hedges for effectiveness on a monthly basis both retrospectively and prospectively using regression analysis. A minimum of 30 data points is used for regression analysis and if the testing falls within the 80:125 range, the hedge is considered highly effective and continues to be designated as a cash flow hedge.

At each balance date, the Group measures ineffectiveness using the dollar offset method. For foreign currency cash flow hedges if the risk is over-hedged, the ineffective portion is taken immediately to other income/expense in the statement of comprehensive income. For interest rate cash flow hedges, any ineffective portion is taken to other expenses in the statement of comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

Note 2 Summary of significant accounting policies (continued)

(j) Investments and other financial assets (continued)

If the forecast transaction is no longer expected to occur, amounts recognised in equity are transferred to the statement of comprehensive income. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked (due to it being ineffective), amounts previously recognised in equity remain in equity until the forecast transaction occurs.

(k) Property, plant and equipment

Plant and equipment is stated at cost net of 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
Low value assets	Immediate write off

An item of property, plant and equipment and any significant part initially recognised, is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

Depreciation of rail rolling stock

The rail rolling stock, comprising locomotives and wagons, is depreciated on a usage basis. The usage is assessed based on the tonnes moved to port via rail each year as a percentage of total tonnes expected to be moved over the life of the locomotives and wagons.

(l) Impairment of non-financial assets other than goodwill

At each reporting date, the Group assesses 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 re-valued 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 re-valued 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

Note 2 Summary of significant accounting policies (continued)

(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. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised in profit or loss.

After 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.

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.

(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 are not capitalised except for R&D development costs and software, 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 de-recognition 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 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. Purchased computer software is recognised from acquisition date. 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 4 to 8 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

Note 2 Summary of significant accounting policies (continued)

(p) Intangible assets (continued)

(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 2013, the Group does not have any development assets.

(q) Leases

The determination of whether an arrangement is, or contains a lease, is based on the substance of the arrangement at inception date. The arrangement is assessed for 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

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. 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.

(r) Trade and other payables

Current trade payables and other payables are carried at amortised cost 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) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the 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.

Note 2 Summary of significant accounting policies (continued)

(t) 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.

(u) 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. For each controlled entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

(i) Transactions and balances

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).

(ii) Group Companies

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 is translated at the average exchange rate for the year. The exchange differences arising on the translation are recognised in other comprehensive income and 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 profit and loss.

(v) 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.

(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 measured 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

Note 2 Summary of significant accounting policies (continued)

(v) Employee benefits (continued)

(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 25) 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 to account for actual gains or losses. Under this approach actuarial gains and losses in respect of the defined benefit component of the superannuation plan are recognised in 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.

(w) Income tax

Current tax assets and liabilities for the current year and prior period are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current year'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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

Note 2 Summary of significant accounting policies (continued)

(w) Income tax (continued)

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 is exempt from income tax by virtue of Section 50-40 of the Income Tax Assessment Act (1997).

(x) Other taxes

Co-operative Bulk Handling Limited ('CBH') added DailyGrain Pty Ltd and Lupin Foods Australia Pty Ltd to its existing GST Group during the financial year. An Indirect Tax Sharing Agreement ('ITSA') is in force between CBH (as the Representative member) and members of the GST Group with the effect of managing the GST liability of the Group. The ITSA covers indirect taxes which include the GST and Fuel Tax.

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.

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

(y) Borrowing costs

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

Other borrowing costs are recognised as an expense when incurred.

(z) 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 controlled entities and an associated entity.

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.

(aa) Derivative financial instruments

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 carrying 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

Note 2 Summary of significant accounting policies (continued)

(bb) 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.

(cc) 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 Group's consolidated 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.

(a) 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:

(i) 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.

(ii) Loans to overseas subsidiaries in foreign currency

Loans to overseas subsidiaries where there is no intention to recall the payment in the immediate future and there are no fixed repayment term are considered equity in nature.

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 profit and loss.

(iii) Recognition of deferred income tax assets

Deferred income tax assets are recognised in relation to the subsidiaries of the Group to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. Due to the tax exempt status of CBH Limited, no deferred tax amounts are recognised in the parent entity.

(iv) Qualifying assets

The Group has determined that Qualifying assets are those assets which take longer than twelve to get ready for their intended use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

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

(b) 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 year are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(i) Allowance for doubtful debts

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 impairment allowance of $4,432,000 (2012: $4,623,000) 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.

(ii) 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 year. There was no impairment recognised during the year as a result of this.

(iii) Impairment of investment in associate

As at reporting date, the Company assessed the impairment of investments in associates by comparing the equity accounted value of the investments to expected cash flows from the investments. As a result, no impairments were recognised in any associates this financial year.

(iv) Fair value of financial instruments

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 some 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. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 19 for further discussion.

(v) Grain stock inventory

The Group measures the cost of grain stock inventory held for trading other than those mentioned above 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 cases where international or domestic prices are not readily available, the fair value is determined by reference to a forward price that may be available.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

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

(b) Estimates and assumptions (continued)

(vi) Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, frequent changes in tax laws, and the amount and timing of future taxable income. Given this, the Group adopts a strict tax policy requiring full compliance with all relevant tax laws and regulations and establishes provisions based on reasonable estimates.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised.

The Group has $21,057,000 (2012 $42,200,000) of tax losses carried forward.

(vii) 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 25.

(viii) 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.

(ix) Bank guarantee liability

The fair value of guarantees discussed in Notes 2(z) and 10 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 (1.65%-4.40%) and what the interest rate would potentially have been without the guarantee (1.90%-4.65%). Subsequent to initial measurement, the guarantees are recognised at the higher of the present value of the expenditure required to settle the obligation or the amount initially recognised less cumulative amortisation, whichever is higher.

(x) Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical and industry 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

	30 September 2013 $'000	30 September 2012 $'000
Note 4 Revenues and expenses		
Revenues and Expenses from Continuing Operations		
(a) Revenue		
Grain handling services	**404,542**	530,187
Grain sales	**2,261,353**	1,614,338
Construction contract revenue	**–**	5,759
Logistic services revenue	**22,031**	35,737
Management fees	**9,601**	21,231
Interest	**19,237**	28,558
Customer loyalty rebate	**(4,751)**	(6,276)
	2,712,013	2,229,534
(b) Other income		
Net (loss)/gain on disposal of property, plant and equipment	**795**	582
Net realised gain/(loss) on foreign exchange	**(73,124)**	68,574
Unrealised fair value gain/(loss) on derivatives	**14,108**	(49,349)
Realised fair value gain/(loss) on derivatives	**139,013**	9,673
Net unrealised (loss)/gain on foreign exchange on non-derivatives	**1,522**	(858)
Amortisation of bank guarantee liability	**213**	320
Other	**21,199**	14,247
	103,726	43,189
(c) Raw materials, traded grains and consumables		
Fair value change on traded inventory at year end	**(1,616)**	(29,621)
Construction contract costs	**2,136**	5,477
Costs of goods sold	**2,012,687**	1,423,687
	2,013,207	1,399,543
(d) Employee benefits expense		
Wages and salaries	**101,409**	146,118
Defined contribution accumulation superannuation expense	**9,558**	6,916
Defined benefit superannuation expense	**2,156**	4,228
Bonuses	**9,481**	7,333
	122,604	164,595
(e) Depreciation and amortisation		
Depreciation:		
Land and buildings	**33,017**	32,743
Plant and equipment	**28,811**	23,233
Office furniture and equipment	**1,841**	1,682
Motor vehicles	**2,523**	2,039
Low value assets	**702**	858
Leasehold properties	**132**	168
Amortisation:		
Intangibles	**8,885**	4,057
Total depreciation and amortisation	**75,911**	64,780

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

	30 September 2013 $'000	30 September 2012 $'000
Note 4 Revenues and expenses (continued)		
Revenues and Expenses from Continuing Operations (continued)		
(f) Storage, handling and freight expenses		
Storage and handling	**62,504**	58,179
Freight	**140,193**	182,001
	202,697	240,180

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.

(g) Finance costs		
Bank loans and overdrafts	**29,379**	29,459
Payments to CBH Grain Pools	**3,012**	2,378
Total finance costs	**32,391**	31,837
(h) Unrealised gain/(loss)		
Fair value change on traded inventory at year end	**1,616**	29,621
Net unrealised (loss)/gain on foreign exchange on non-derivatives	**1,522**	(858)
Unrealised fair value gain/(loss) on derivatives	**14,108**	(49,349)
	17,246	(20,586)

Note 5 Income tax

Major components of income tax expense for the year ended 30 September 2012 and the year ended 30 September 2013 are:

Statement of comprehensive income		
Current income tax		
Current income tax charge	**547**	808
Adjustments in respect of current income tax of previous years	**(22)**	(3,614)
Deferred income tax		
Relating to origination and reversal of temporary differences	**5,333**	8,055
Adjustments in respect of deferred income tax of previous years	**158**	2,421
Income tax (benefit)/expense reported in the statement of comprehensive income	**6,016**	7,670

	STATEMENT OF FINANCIAL POSITION		STATEMENT OF COMPREHENSIVE INCOME	
	30 September 2013 $'000	30 September 2012 $'000	**30 September 2013 $'000**	30 September 2012 $'000
Note 5 Income tax (continued)				
Deferred income tax assets				
Financial liabilities	**30,567**	45,488	**(14,921)**	13,683
Financial assets	**637**	345	**292**	(68)
Plant and equipment	**827**	100	**727**	34
Accruals and provisions	**551**	1,273	**(722)**	(653)
Foreign exchange on loans to foreign subsidiaries	**17**	–	**17**	(3)
Other	**84**	293	**(209)**	293
Carry forward tax losses	**4,839**	11,808	**(6,971)**	11,808
Less: Unrecognised deferred tax asset on revenue account	**(937)**	–	**(937)**	–
Gross deferred income tax assets	**36,585**	59,307	**(22,724)**	25,094
Deferred income tax liabilities				
Financial assets	**(41,852)**	(51,420)	**9,568**	(28,788)
Plant and equipment	**(2,292)**	–	**(2,292)**	–
Inventories	**(484)**	(8,886)	**8,402**	(5,329)
Prepayments	**(11)**	–	**(11)**	–
Other	**(9)**	(1,575)	**1,566**	(1,453)
Gross deferred income tax liabilities	**(44,648)**	(61,881)	**17,233**	(35,570)
Net deferred tax liability	**(8,063)**	(2,574)		
Deferred tax expense			**(5,491)**	(10,476)

	30 September 2013 $'000	30 September 2012 $'000

Note 5 Income tax (continued)

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:

	30 September 2013 $'000	30 September 2012 $'000
Accounting profit before income tax from continuing operations	**137,723**	170,136
Less: Parent entity profit (tax exempt)	**(124,089)**	(131,174)
Accounting profit before income tax from taxable entities	**13,634**	38,962
At the Group's statutory income tax rate of 30%	**4,091**	11,689
Non-assessable income	**(12)**	(104)
Other assessable income	**7**	13
Non-deductible expenses	**3,883**	(617)
Share of equity accounted results of associates	**(2,531)**	(1,835)
Difference in effective tax rate of overseas subsidiary	**92**	52
Prior period adjustments	**136**	(1,193)
Other	**350**	(335)
Income tax expense	**6,016**	7,670

At 30 September 2013, there was no recognised deferred tax liability (2012: $nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries, associate or joint venture, as the Group has no liability for additional taxation should such amounts be remitted.

The parent entity currently claims an exemption from income tax by virtue of Section 50-40 of the Income Tax Assessment Act 1997.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

	30 September 2013 $'000	30 September 2012 $'000
Note 6 Trade and other receivables		
CURRENT		
Trade receivables (i)	**53,231**	67,865
Loans to Growers (ii)	**56,604**	140,614
Less: Allowance for doubtful debts (iii)	**(4,432)**	(4,623)
	105,403	203,856
Other receivables (v)	**131,903**	72,310
Related party receivables: (iv)		
Associated entities	**–**	545
	237,306	276,710
NON-CURRENT		
Trade receivables (i)	**11,339**	–
	11,339	–

(i) Trade receivables

Trade receivables are generally non-interest bearing and are 14 – 30 day terms. An allowance for doubtful debts is made when there is objective evidence that a trade receivable is impaired.

Non-current receivables represent the settlement of a contractual dispute with MotivePower Inc, in relation to delivery of narrow gauge locomotives.

At financial year end, the ageing analysis of current trade receivables is as follows:

	2013	2012
Current	**27,569**	38,898
< 30 days overdue	**17,307**	13,991
30 – 60 days overdue	**5,173**	4,015
60 – 90 days overdue	**195**	4,566
> 90 days overdue	**2,987**	6,395
	53,231	67,865

(ii) Loans to growers

Loans receivable from growers are interest bearing and represent funds advanced to growers based on tonnes delivered to the Company, for delivery into CBH Grain Pools and the Pre Pay Advance product. This receivable is secured by and settled by distributions receivable from the Pools and contracted sales to CBH. At 30 September 2013, the interest rate charged to growers was 5.55% for Grower loans.

At year end, the ageing analysis of Loans to Growers is as follows:

	2013	2012
Current	**56,604**	140,614
	56,604	140,614

	30 September 2013 $'000	30 September 2012 $'000

Note 6 Trade and other receivables (continued)

(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 a Grower or Customer is known to be uncollectable. The Group has recovered $191,000 during the period (2012: $706,000 impairment loss). These amounts have been included in other expenses.

Movements in the provision for doubtful debts were as follows:

	30 September 2013 $'000	30 September 2012 $'000
At 1 October	**4,623**	3,917
Additions for the year	**320**	2,614
Amounts written back	**(511)**	(1,908)
At 30 September:	**4,432**	4,623

The provision for doubtful debts for debts less than 90 days overdue is $1,445,000 (2012; $831,000) and over 90 days overdue $2,987,000 (2012; $3,792,000).

Trade receivables past due but not considered impaired are $21,230,000 (2012: $24,344,000). These balances have been reviewed and it is expected 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 Notes 27 and 28.

(v) Other receivables

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

	30 September 2013 $'000	30 September 2012 $'000
Accrued income receivable within 12 months	**92,980**	53,692
GST receivable	**8,830**	10,344
Other	**30,093**	8,274
	131,903	72,310

(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.

The maximum exposure to credit risk is the carrying 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

	30 September 2013 $'000	30 September 2012 $'000
Note 7 Other financial assets		
NON-CURRENT		
Unlisted investments at cost		
– Investment in Newcastle Agri Terminal Pty Ltd	**11,916**	3,780
– Other	**2**	–
	11,918	3,780
Note 8 Inventories		
At fair value less cost to sell		
Traded grain	**227,566**	249,409
At the lower of cost and net realisable value:		
Raw materials and stores (at cost)	**3,917**	2,730
Total inventory	**231,483**	252,139
Note 9 Other assets		
CURRENT		
Prepayments	**21,111**	4,972
NON-CURRENT		
Defined benefit superannuation plan surplus	**–**	6,213

Refer to Note 25 for further details in relation to the defined benefit superannuation plan.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

	30 September 2013 $'000	30 September 2012 $'000
Note 10 Extracted Information relating to Co-operative Bulk Handling Limited ('the parent entity')		
(a) Statement of Comprehensive Income – Parent		
Continuing operations		
Revenue from continuing operations	**583,375**	684,723
Other income	**24,791**	5,213
Changes in inventories	**(70)**	(286)
Raw materials, traded grains and consumables used	**76**	–
Employee benefits expense	**(110,117)**	(154,066)
Depreciation and amortisation expense	**(75,487)**	(64,816)
Storage, handling and freight expenses	**(200,351)**	(253,609)
Marketing and trading expenses	**(4,282)**	(683)
Insurance	**(8,947)**	(10,587)
Rent expense	**(14,109)**	(12,752)
Other expenses	**(64,535)**	(57,782)
Finance costs	**(6,256)**	(4,181)
Profit/(loss) from continuing operations before income tax	**124,088**	131,174
Income tax benefit/(expense) from continuing operations	**–**	–
Profit/(loss) from continuing operations after income tax expense	**124,088**	131,174
Other comprehensive income		
Items that may be reclassified subsequently to the profit and loss		
Net gain/(loss) on foreign currency hedge	**904**	(1,936)
Items that will not be reclassified to the profit or loss		
Actuarial loss on defined benefit plan	**(4,057)**	(195)
Other comprehensive income/(expense) for the year, net of tax	**(3,153)**	(2,131)
Total comprehensive income/(expense) for the year	**120,935**	129,043

Note 10 Extracted Information relating to Co-operative Bulk Handling Limited ('the parent entity' – continued)

(b) Statement of Financial Position – Parent

	30 September 2013 $'000	30 September 2012 $'000
ASSETS		
Current assets		
Cash and bank balances	**95,600**	212,248
Trade and other receivables	**9,426**	35,940
Derivative financial instruments	**13**	–
Inventories	**3,893**	2,730
Loans to controlled entities	**142,470**	218,284
Other assets	**3,568**	4,570
Total current assets	**254,970**	473,772
Non-current assets		
Trade and other receivables	**38,758**	28,320
Investments in associates	**34,509**	30,296
Other financial assets	**111,693**	108,919
Property, plant and equipment	**924,145**	885,344
Intangible assets	**24,950**	10,423
Other assets	**–**	6,213
Total non-current assets	**1,134,055**	1,069,515
Total assets	**1,389,025**	1,543,287
LIABILITIES		
Current liabilities		
Trade and other payables	**44,976**	66,128
Derivative financial instruments	**–**	1,053
Provisions	**21,332**	12,654
Other liabilities	**137,425**	394,132
Total current liabilities	**203,733**	473,967
Non-current liabilities		
Trade and other payables	**4,102**	–
Provisions	**5,968**	15,033
Total non-current liabilities	**10,070**	15,033
Total liabilities	**213,803**	489,000
Net assets	**1,175,222**	1,054,287
EQUITY		
Contributed equity	**6**	6
Reserves	**1,175,216**	1,054,281
Total equity	**1,175,222**	1,054,287

	30 September 2013 $'000	30 September 2012 $'000
Note 10 Extracted Information relating to Co-operative Bulk Handling Limited ('the parent entity' – continued)		
(c) Statement of Cash Flows– Parent		
Cash flows from operating activities		
Receipts from customers	**361,152**	1,035,820
Payments to suppliers and employees	**(424,758)**	(470,153)
	(63,606)	565,667
Interest received	**12,734**	13,345
Interest and other costs of finance paid	**(6,256)**	(4,181)
Net operating cash flows	**(57,128)**	574,831
Cash flows from investing activities		
Payments for property, plant and equipment and intangibles	**(128,814)**	(181,966)
Payments for investments in associates by way of loan	**(4,213)**	–
Payments for investments in controlled entity by way of loan	**73,507**	(203,328)
Proceeds from sale of property, plant and equipment	**–**	657
Net investing cash flows	**(59,520)**	(384,637)
Cash flows from financing activities		
Debentures repaid	**–**	–
Net financing cash flows	**–**	–
Net increase/(decrease) in cash and cash equivalents held	**(116,648)**	190,194
Cash and cash equivalents at the beginning of the financial year	**212,248**	22,054
Cash and cash equivalents at the end of the financial year	**95,600**	212,248

Note 10 Extracted Information relating to Co-operative Bulk Handling Limited ('the parent entity' – continued)

(d) Finance arrangements – Parent

The parent has issued the following guarantees in relation to loan facilities of its controlled entities and associate. All facilities are expressed in Australian dollars unless otherwise disclosed.

	Total facility amount $'000	Utilised facility amount $'000	Parent Entity maximum exposure $'000	Parent Entity fair value exposure (Note 2(z)) $'000	Facility expiry date
30 September 2013					
Controlled entities (a)					
CBH Grain Facility-AUD (i)	**150,000**	**–**	**–**	**–**	**30 October 2013**
CBH Grain Facility-USD (ii)	**250,000**	**200,000**	**–**	**–**	**30 November 2013**
CBH Grain Facility-AUD (iii)	**120,000**	**44,912**	**–**	**–**	**5 December 2013**
Associated entity					
Acquisition of flour mills (iv)	**33,269**	**33,269**	**16,634**	**36**	**30 November 2013**
	USD31,000	*USD31,000*	*USD15,500*		

The guarantees provided by CBH Limited to the lenders of CBH Grain Pty Ltd are only exercisable where total indebtedness of CBH Grain is greater than $1.5 billion.

(i) During the year, this facility was reduced from $350 million to $150 million. In October 2013, this facility was renewed to October 2014.

(ii) During the year, this facility was increased from $150 million to $250 million. In October 2013 this facility was renewed to November 2014.

(iii) In December 2013 it is intended that this facility be renewed to December 2014.

(iv) In November 2013 this facility will be fully repaid and not renewed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

Note 11 Property, plant and equipment

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 year are set out below:

	Land and buildings $'000	Leasehold properties $'000	Office furniture, fittings and equipment $'000	Plant and equipment $'000	Motor vehicles $'000	Low Value Assets $'000	Capital works-in -progress (i) $'000	Total $'000
Cost								
At 1 October 2011	834,819	8,257	40,881	641,598	29,354	425	147,530	1,702,864
Additions	18,616	–	552	8,387	5,601	858	155,722	189,736
Disposals	(23,017)	–	(227)	(14,582)	(1,609)	–	(15)	(39,450)
Transfer from capital works-in-progress	45,070	5	1,336	133,323	3,099	–	(182,833)	–
Transfer to intangible assets	–	–	–	–	–	–	(9,375)	(9,375)
At 30 September 2012	**875,488**	**8,262**	**42,542**	**768,726**	**36,445**	**1,283**	**111,029**	**1,843,775**
Additions	**45,505**	**–**	**1,074**	**34,234**	**3,070**	**702**	**54,328**	**138,913**
Reversal of impairment	**–**	**–**	**–**	**1,359**	**–**	**–**	**–**	**1,359**
Disposals	**(458)**	**–**	**–**	**(2)**	**(2,513)**	**–**	**(3)**	**(2,976)**
Transfer from capital works-in-progress	**26,405**	**–**	**1,390**	**31,697**	**2,083**	**–**	**(61,575)**	**–**
Transfer to intangible assets	**–**	**–**	**–**	**–**	**–**	**–**	**(36,922)**	**(36,922)**
At 30 September 2013	**946,940**	**8,262**	**45,006**	**836,014**	**39,085**	**1,985**	**66,857**	**1,944,149**
Accumulated depreciation								
At 1 October 2011	443,781	1,445	33,171	438,650	18,658	425	–	936,130
Disposals	(22,960)	–	(213)	(14,577)	(1,551)	–		(39,301)
Depreciation/Amortisation expense (Note 4(e), 2(k))	32,743	168	1,682	23,233	2,039	858	–	60,723
At 30 September 2012	**453,564**	**1,613**	**34,640**	**447,306**	**19,146**	**1,283**	**–**	**957,552**
Disposals	**(342)**	**–**	**–**	**–**	**(2,043)**	**–**	**–**	**(2,385)**
Depreciation/Amortisation expense (Note 4(e), 2(k))	**33,017**	**132**	**1,841**	**28,811**	**2,523**	**702**	**–**	**67,026**
At 30 September 2013	**486,239**	**1,745**	**36,481**	**476,117**	**19,626**	**1,985**	**–**	**1,022,193**
Net book value								
At 30 September 2013	**460,701**	**6,517**	**8,525**	**359,897**	**19,459**	**–**	**66,857**	**921,956**
At 30 September 2012	**421,924**	**6,649**	**7,902**	**321,420**	**17,299**	**–**	**111,029**	**886,223**

(i) Capital works in progress for 2012 included advances to suppliers amounting to $37 million for purchase of the locomotives and wagons. These advances are no longer outstanding as at 2013.

Reversal of impairment of non-current assets

On 24 December 2012 the Group purchased the remaining 50% interest in Australasian Lupin Processing Pty Ltd later renamed Lupin Foods Australia Pty Ltd. A review of the fair value of assets acquired led to a partial reversal of impairment on the Property, Plant and Equipment. Refer note 26 for details of this acquisition.

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FOR THE YEAR ENDED 30 SEPTEMBER 2013

	Goodwill $'000	Software Costs $'000	Total $'000
Note 12 Intangible assets			
Cost			
At 1 October 2011	575	41,654	42,229
Additions	–	1,978	1,978
Disposals	–	(54)	(54)
Transfer from capital works-in-progress	–	9,375	9,375
At 30 September 2012	**575**	**52,953**	**53,528**
Additions	**–**	**6,453**	**6,453**
Disposals	**–**	**–**	**–**
Transfer from capital works-in-progress	**–**	**36,922**	**36,922**
At 30 September 2013	**575**	**96,328**	**96,903**
Accumulated amortisation			
At 1 October 2011	–	(37,514)	(37,514)
Disposals	–	22	22
Amortisation (Note 4(e), 2(p))	–	(4,057)	(4,057)
At 30 September 2012	**–**	**(41,549)**	**(41,549)**
Disposals	**–**	**–**	**–**
Amortisation (Note 4(e), 2(p))	**–**	**(8,885)**	**(8,885)**
At 30 September 2013	**–**	**(50,434)**	**(50,434)**
Net book value			
At 30 September 2013	**575**	**45,894**	**46,469**
At 30 September 2012	**575**	**11,404**	**11,979**

	30 September 2013 $'000	30 September 2012 $'000
Note 13 Trade and other payables		
CURRENT		
Trade payables (ii)	**24,652**	42,166
Sundry payables and accrued expenses (iii)	**57,621**	53,542
Financial guarantees (iv) (Note 22)	**144**	245
	82,417	95,953
NON CURRENT		
Other payables (vi)	**4,102**	–

Note 13 Trade and other payables (continued)

(i) Fair value

Due to the short term nature of the current payables their carrying value is assumed to approximate 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) Financial guarantees

As described in Note 2(z) and Note 22, the Group has provided financial guarantees to an associate, which commits the Group to make payments on behalf of this entity upon its 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).

(v) 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.

(vi) Other Payables

Other payables are part of the settlement of a contractual dispute with MotivePower Inc, in relation to delivery of narrow gauge locomotives.

Note 14 Interest bearing loans and borrowings

	30 September 2013 $'000	30 September 2012 $'000
CURRENT		
Unsecured:		
Bank loans (i)	**259,742**	320,042
Loan from associate (ii)	**6,439**	–
Loans from Growers (iii)	**18,156**	61,074
	284,337	381,116
NON CURRENT		
Unsecured:		
Loan from associate (ii)	**18,892**	11,492

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

(ii) Refer to Note 27 for additional details.

(iii) Loans from Growers, managed by CBH Grain Pty Ltd, have interest paid to the Pools at the bank bill rate less a commercial margin.

(a) Fair value

Unless otherwise disclosed, the carrying amounts of the Group's borrowings approximate fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

Note 14 Interest bearing loans and borrowings (continued)

(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

Bank loans are subject to annual review.

US dollar credit facilities

The United States Dollar denominated loans are subject to annual review and used for general purposes by CBH Grain Pty Ltd with a total facility as at 30 September 2013 of US $250,000,000 (2012: US $250,000,000). As at 30 September 2013, US$ 200,000,000 of the facility had been drawn down. The average interest rate for the year was 1.31% (2012: 1.14%) payable in United States Dollars.

Australian dollar credit facilities

The Australian Dollar facility is a combination of syndicated term loans and packing credit facilities with total facility limits of $270,000,000. As at 30 September 2013, $44,912,144 of the packing credit facility was drawn down and the syndicated term loan was not drawn down. The syndicated term loan facility matures on 31 October 2013 and the packing credit facility on 5 December 2013.

CBH Grain Pty Ltd will use these facilities to fund the 2013/2014 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 interest rate for the year was 4.22% (2012: 5.41%)

Negative Pledge – CBH Grain Pty Ltd

The bank loans of CBH Grain Pty Ltd are supported by a negative pledge that imposes certain covenants on the Company. The negative pledge at 30 September 2013 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:
   – 100% of cash on hand;
   – 90% of grain sold that is either on hand or in the course of delivery;
   – 100% of the mark to market value of grain net open derivative position;
   – 80% of the market value of grain that is not sold; and
   – 80% of total value of debtors on terms of 90 days or less;

(b) The net realised and unrealised grain trading positions should not exceed minus $50,000,000; and

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

$25,331,749 (USD $23,603,941) loan

This United States Dollar denominated loan is from Eastern Pearl Flour Mills and is used for general working capital purposes as part of the Group's investment in Asia. The loan is unsecured and incurs interest payable at three month JIBOR plus 2%.

(d) Defaults and breaches

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	Long-term employee benefits $'000	Workers compensation (i) $'000	Total $'000
Note 15 Provisions			
At 1 October 2012	25,843	1,366	27,209
Additional provisions	1,570	(1,203)	367
At 30 September 2013	**27,413**	**163**	**27,576**
Current 2013	**21,499**	**–**	**21,499**
Non-current 2013	**5,914**	**163**	**6,077**
	27,413	**163**	**27,576**
Current 2012	20,183	–	20,183
Non-current 2012	5,660	1,366	7,026
	25,843	1,366	27,209

(i) The workers compensation provision is to provide for premiums that become due under the Workers Compensation Policy. This policy covers wage replacement and medical benefits to employees injured during the course of employment.

	30 September 2013 $'000	30 September 2012 $'000
Note 16 Other liabilities		
CURRENT		
Deferred revenue (i)	**20,790**	78,547
Deferred freight fund surplus (ii)	**21,854**	2,502
Auction premium payable (iii)	**45,775**	160,797
	88,419	241,846
NON CURRENT		
Auction premium payable (ii)	**2,866**	–

(i) Deferred revenue includes deferred shipping revenue related to grain movements from up country grain depots to port.

(ii) Deferred freight fund surplus relates to surpluses accumulated from freight operations carried forward to cover fixed costs in low production years. In 2013 the amount includes a non-cash settlement of $7.8 million in relation to future locomotives.

(iii) Auction premium payable relates to bid premium fees paid to the company by grain marketers for shipping capacity which will be returned to marketers inclusive of deposit interest and net of administration costs on the basis of actual tonnes shipped.

	30 September 2013 $'000	30 September 2012 $'000
Note 17 Contributed equity and reserves		
(a) Ordinary shares		
Issued	**6**	6
	6	6

The right to vote attaches to membership and not shareholding.

In relation to the distribution of surplus profits, except for the payment of $2.00 on the cancellation of a paid share, the Bulk Handling Act (1967) and the Company's Rules prohibit the distribution of any surplus or profits to shareholders/members.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

	Paid Shares Number	Unpaid Shares Number	Total Number	Issue Price $	Share Capital $'000
Note 17 Contributed equity and reserves (continued)					
Movement in ordinary shares					
At 1 October 2012	3,029	1,294	4,323	$2.00	6
Shares issued (i)	–	148	148		–
Share cancelled (ii)	(203)	(73)	(276)		–
At 30 September 2013	**2,826**	**1,369**	**4,195**		**6**

(i) Shares issued

During the year 148 ordinary shares (2012: 210) were issued and remained unpaid as at 30 September 2013. The parent entity retains the right to call on all outstanding ordinary shares at any time in the future. The total number of unpaid ordinary shares is 1,369 (2012: 1,294)

(ii) Shares cancelled

During the year 276 member shares (203 paid and 73 unpaid) were cancelled through failure to meet the Active Membership Requirements under Rule 4 of the company's Rules. An additional 1 member share (paid) was cancelled due to member resignation.

(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. 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 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.

	30 September 2013 $'000	30 September 2012 $'000
(c) Retained earnings		
Movements in retained earnings were as follows:		
Opening balance	**216,712**	185,517
Actuarial loss on defined benefit plan	**(4,057)**	(195)
Net profit/(loss) for the year	**131,707**	162,369
Aggregate of amounts transferred (to)/from reserves	**(120,032)**	(130,979)
Balance at year end	**224,330**	216,712
(d) Reserves		
Capital levy reserve	**52,587**	52,587
General reserve	**1,119,500**	999,468
Foreign currency translation reserve	**(25,060)**	(23,921)
Acquisition reserve	**(1,175)**	(1,175)
Cash flow hedge reserve	**–**	(904)
	1,145,852	1,026,055

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

	30 September 2013 $'000	30 September 2012 $'000
Note 17 Contributed equity and reserves (continued)		
Movement in reserves		
Capital levy reserve		
Balance at beginning of year	**52,587**	52,587
Balance at end of year	**52,587**	52,587
General reserve		
Balance at beginning of year	**999,468**	868,489
Transfer from retained earnings	**120,032**	130,979
Balance at end of year	**1,119,500**	999,468
Acquisition reserve		
Balance at beginning of year	**(1,175)**	(1,175)
Balance at end of year	**(1,175)**	(1,175)
Foreign currency translation reserve		
Balance at beginning of year	**(23,921)**	(21,217)
Currency translation differences arising during the year	**1,319**	(2,704)
Share of associates translation difference	**(2,458)**	–
Balance at end of year	**(25,060)**	(23,921)
Cash flow hedge reserve (refer Note 20)		
Balance at beginning of year	**(904)**	1,032
Currency hedge differences arising during the year	**904**	(1,936)
Balance at end of year	**–**	(904)

Under the Bulk Handling Act (1967) the Company is permitted to build up reserves and does not make distributions of these reserves to shareholders.

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.

Cash Flow Hedge Reserve

This reserve records the portion of the gain or loss on a cash flow hedging instrument that is determined to be an effective hedge.

Acquisition Reserve

This reserve records the difference between the consideration paid and the carrying value of the non-controlling interests acquired.

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	30 September 2013 $'000	30 September 2012 $'000
Note 18 Cash and cash equivalents		
Cash at bank and on hand	**133,258**	183,588
Short-term deposits	**86,044**	190,206
Cash – futures account at call	**28,627**	65,347
	247,929	439,141

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 90 days and earn interest at the average short-term deposit rate of 4.21% (2012: 4.88%).

Cash – futures at call and on deposit are held in United States Dollars, Canadian Dollars, Euro and Australian Dollars at an average interest rate of nil for foreign currency accounts and 1.75% on Australian dollar accounts (2012: nil on balances due in foreign currencies and 1.85% 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:

	30 September 2013 $'000	30 September 2012 $'000
Cash and cash equivalents	**247,929**	439,141
Reconciliation of net profit/(loss) from ordinary activities before income tax to net cash flows from operating activities		
Net profit/(loss) from ordinary activities before income tax	**137,723**	170,136
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortisation	**75,911**	64,780
Net (profit)/loss on disposal of property, plant and equipment	**(795)**	(582)
Bank guarantee	**(213)**	(320)
Share of associates' net (profits) and losses	**(8,438)**	(7,000)
Unrealised (gain)/loss	**(17,246)**	20,586
Working capital adjustments:		
(Increase)/decrease in inventories	**20,656**	(22,826)
(Increase)/decrease in trade and other receivables	**(75,274)**	(40,379)
(Increase)/decrease in derivative assets	**(61,001)**	(97,264)
(Increase)/decrease in prepayments	**(16,139)**	(2,567)
(Increase)/decrease in pension assets	**2,156**	4,228
(Increase)/decrease in other assets	**–**	20
(Decrease)/increase in derivative liabilities	**45,640**	46,661
(Decrease)/increase in trade and other payables	**37,918**	58,099
(Decrease)/increase in provision	**367**	3,824
(Decrease)/increase in other liabilities	**(150,563)**	187,534
Cash flows from operating activities	**(9,300)**	384,930
Interest received	**19,237**	28,558
Interest paid	**(32,391)**	(31,837)
Income tax paid	**(6,576)**	(7,301)
Net cash from/(used in) operating activities	**(29,031)**	374,350

Disclosure of financing facilities: refer Note 14

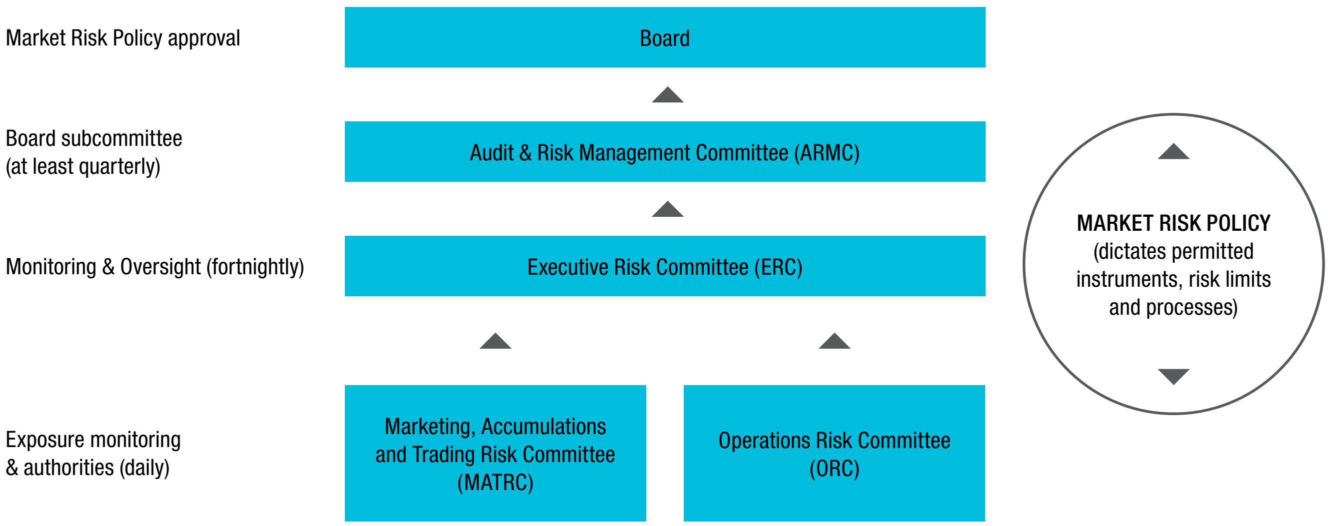
Note 19 Financial risk management objectives and policies

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 Business Risk Management Committees 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:

	2013 A$'000	2012 A$'000
Net derivative exposure	**(302,967)**	(436,616)
Net physical exposure	**37,709**	461,271
Undiversified 99% VaR	**(47,538)**	(50,660)
Diversification benefit 99%	**12,945**	10,370
Diversified VaR	**(34,593)**	(40,290)

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 Marketing Accumulations and Trading Risk Committee however the aggregate limit for all grains can only be modified by the Board.

(ii) Foreign Currency Risk

Foreign currency risk 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 net foreign exchange exposure which includes the cash balances and loans and borrowings is used in the calculation of the combined commodity price risk and foreign currency risk. As a result, the VaR of commodity price risk above includes foreign currency risk.

To enable appropriate comparison with prior year, the group has restated the prior year commodity price risk measure to include the foreign currency risk.

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.

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FOR THE YEAR ENDED 30 SEPTEMBER 2013

Note 19 Financial risk management objectives and policies (continued)

(ii) Foreign Currency Risk (continued)

At year end, the Group had the following financial instruments denominated in another currency:

	USD in AUD equivalent $'000	CAD in AUD equivalent $'000	Euro in AUD equivalent $'000	JPY in AUD equivalent $'000	CNY in AUD equivalent $'000	GBP in AUD equivalent $'000	NZD in AUD equivalent $'000	HKD in AUD equivalent $'000	CHF in AUD equivalent $'000
Consolidated – 2013									
Financial assets		**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Cash and cash equivalents	**102,605**	**1,567**	**1,998**	**12,339**	**4**	**8**	**–**	**36**	**–**
Trade receivables	**32,139**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Other receivables	**74,477**	**–**	**3**	**4,234**	**–**	**–**	**–**	**–**	**–**
Derivative financial assets	**93,290**	**8,666**	**4,538**	**–**	**–**	**–**	**–**	**–**	**–**
	302,511	**10,233**	**6,539**	**16,573**	**4**	**8**	**–**	**36**	**–**
Financial liabilities									
Interest bearing loans and borrowings	**285,073**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Derivative financial liabilities	**62,280**	**7,972**	**4,861**	**468**	**–**	**–**	**–**	**–**	**–**
Trade and Other Payables	**3,455**	**–**	**–**	**2,239**	**–**	**24**	**–**	**66**	**–**
	350,808	**7,972**	**4861**	**2,707**	**–**	**24**	**–**	**66**	**–**
Net Exposure	**(48,297)**	**2,261**	**1,678**	**13,866**	**4**	**(16)**	**–**	**(30)**	**–**

	USD in AUD equivalent $'000	CAD in AUD equivalent $'000	Euro in AUD equivalent $'000	JPY in AUD equivalent $'000	CNY in AUD equivalent $'000	GBP in AUD equivalent $'000	NZD in AUD equivalent $'000	HKD in AUD equivalent $'000	CHF in AUD equivalent $'000
2012									
Financial assets									
Cash and cash equivalents	68,742	383	3,473	12,190	4	1	199	102	–
Trade receivables	24,345	–	454	10,467	–	–	–	–	–
Other receivables	32,164	50	5,022	1,768	–	–	–	–	–
Derivative financial assets	34,264	492	12,305	–	–	–	1	–	4
	159,515	925	21,254	24,425	4	1	200	102	4
Financial liabilities									
Interest bearing loans and borrowings	16,951	–	–	–	–	–	–	–	–
Derivative financial liabilities	23,466	233	7,155	154	–	–	2	–	7
Trade and Other Payables	11,387	–	–	11,458	–	–	–	61	–
	51,804	233	7,155	11,612	–	–	2	61	7
Net Exposure	107,711	692	14,099	12,813	4	1	198	41	(3)

Note 19 Financial risk management objectives and policies (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 seasonal grain accumulation and trading 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 2013 A$'000	30 September 2012 A$'000
Net Market Exposure	**25,040**	30,872
99% VaR	**5**	2

At reporting date, the Group had the following mix of financial assets and liabilities exposed to variable interest rate risk:

	30 September 2013 $'000	30 September 2012 $'000
Financial assets		
Cash and cash equivalents	**247,929**	439,141
Trade and other receivables	**–**	–
Loans receivable	**56,604**	–
	304,533	439,141
Financial liabilities		
Interest bearing liabilities and borrowings	**285,073**	331,534
Trade and other payables	**–**	–
Loan from CBH Grain	**18,156**	61,074
	303,229	392,608
Net Exposure	**1,304**	46,533

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, none 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 and its guarantees.

The financial assets of the Group comprise 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 on-going 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 (2012: $Nil).

The financial guarantees are disclosed in Note 10.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

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

For all derivatives contracted with the CBH Grain Pools, 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 credit risk, with a maximum exposure equal to the carrying amount of these derivatives. At 30 September, the total exposure from CBH Grain Pools was $3,701,000 (2012: $12,804,000). 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 believes the risk is acceptable.

(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 2013.

A summary of exposures by credit rating is detailed in the table below:

	30 September 2013 Fair Value $'000	30 September 2013 Notional $'000	30 September 2012 Fair Value $'000	30 September 2012 Notional $'000
Credit rating A	–	39,332	621	21,505
Credit rating AA – and above	626	879,382	26,171	1,062,306
	626	918,714	26,792	1,083,811

(3) Forward purchase and sale contracts

Forward purchase and sale contracts are undertaken with unrated external counterparties, including growers, grain traders and end-customers. These counterparties are unrated. The total face value of open purchase contracts is $758,524,000 (2012: $601,035,000) and the total face value of open sales contracts is $1,030,023,000 (2012:$ 317,580,000). 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 2013. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

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 which are settled on a net basis, the market value is presented, 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.

	Carrying Amount $'000	Total Contractual (undiscounted) Cash Flows $'000	Contractual (undiscounted) cash flows by period ≤6 Months $'000	6–12 Months $'000	1–5 years $'000
2013					
Financial liabilities					
Unsecured loans	**303,229**	**303,778**	**278,254**	**6,536**	**18,988**
Trade and other payables	**86,519**	**86,519**	**82,417**	**–**	**4,102**
Auction premium payable	**48,641**	**49,084**	**29,993**	**16,225**	**2,866**
Deposits from Pools	**18,156**	**18,377**	**18,377**	**–**	**–**
Derivative financial liabilities					
– (inflow)	**(1,798,630)**	**(1,798,630)**	**(1,734,511)**	**(64,119)**	**–**
– outflow	**1,900,522**	**1,900,522**	**1,808,010**	**92,111**	**401**
Net derivative financial liabilities	**101,892**	**101,892**	**73,499**	**27,992**	**401**
Financial Guarantee	**144**	**16,635**	**16,635**	**–**	**–**
	558,581	**576,285**	**499,175**	**50,753**	**26,357**
2012					
Financial liabilities					
Unsecured loans	331,534	334,196	320,325	–	13,871
Trade and other payables	95,953	95,953	95,953	–	–
Auction premium payable	160,798	164,340	73,077	–	91,263
Deposits from Pools	61,074	61,911	61,911	–	–
Derivatives financial liabilities					
– (inflow)	(1,603,497)	(1,603,497)	(1,292,094)	(287,060)	(24,343)
– outflow	1,659,749	1,659,749	1,335,410	299,467	24,872
Net derivative financial liabilities	56,252	56,252	43,316	12,407	529
Financial guarantee	245	17,545	17,545		
	705,856	730,197	612,127	12,407	105,663

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

Note 19 Financial risk management objectives and policies (continued)

(c) Liquidity Risk (continued)

Maturity analysis of financial assets and liabilities based on management's expectations

The risk implied from the values shown in the table below, reflects a balanced view of the timing of settlement and receipt of financial assets and liabilities. Trade payables and other financial liabilities mainly originate from the financing of assets used in our on-going operations such as property, plant and equipment and investment in working capital e.g. inventories and trade 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 $'000	≤6 months $'000	6–12 months $'000	1–5 years $'000	> 5 years $'000
Year ended 30 September 2013					
Financial assets					
Cash and cash equivalents	**247,929**	**247,929**	**–**	**–**	**–**
Trade and other receivables	**248,645**	**237,306**	**–**	**11,339**	**–**
Other financial assets	**11,918**	**–**	**–**	**–**	**11,918**
Derivative financial assets	**135,975**	**90,592**	**45,383**	**–**	**–**
	644,467	**575,827**	**45,383**	**11,339**	**11,918**
Financial liabilities					
Unsecured loans	**303,229**	**277,898**	**6,439**	**18,892**	**–**
Trade and other payables	**82,417**	**82,417**	**–**	**–**	**–**
Derivative financial liabilities	**101,892**	**73,569**	**27,922**	**401**	**–**
Financial guarantee	**16,635**	**16,635**	**–**	**–**	**–**
	504,173	**450,519**	**34,361**	**19,293**	**–**
Net maturity	**140,294**	**125,308**	**11,022**	**(7,954)**	**11,918**
Year ended 30 September 2012					
Financial assets					
Cash and cash equivalents	439,141	439,141	–	–	–
Trade and other receivables	276,710	276,710	–	–	–
Other financial assets	3,780	–	–	–	3,780
Derivative financial assets	74,974	49,992	23,998	984	–
	794,605	765,843	23,998	984	3,780
Financial liabilities					
Unsecured loans	331,534	320,042	–	11,492	–
Trade and other payables	95,953	95,953	–	–	–
Derivative financial liabilities	56,252	43,316	12,407	529	–
Financial guarantee	17,545	17,545	–	–	–
	501,284	476,856	12,407	12,021	–
Net maturity	293,321	288,987	11,591	(11,037)	3,780

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 on 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.

	YEAR END 30 SEPTEMBER 2013				YEAR END 30 SEPTEMBER 2012			
	Level 1	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
Financial assets								
Derivative instruments								
– Forward exchange contracts	**–**	**62,195**	**–**	**62,195**	–	43,113	–	43,113
– Forward exchange options	**–**	**643**	**–**	**643**	–	915	–	915
– Commodity futures and options	**2,895**	**–**	**–**	**2,895**	697	–	–	697
– Interest rate swaps	**–**	**86**	**–**	**86**	–	–	–	–
– Forward sales contracts	**–**	**53,575**	**–**	**53,575**	–	6,498	–	6,498
– Forward purchase contracts	**–**	**16,581**	**–**	**16,581**	–	23,751	–	23,751
	2,895	**133,080**	**–**	**135,975**	697	74,277	–	74,974
Financial liabilities								
Derivative instruments								
– Forward exchange contracts	**–**	**63,433**	**–**	**63,433**	–	28,178	–	28,178
– Forward exchange options	**–**	**643**	**–**	**643**	–	915	–	915
– Commodity futures and options	**8,345**	**–**	**–**	**8,345**	8,125	–	–	8,125
– Interest rate swaps	**–**	**400**	**–**	**400**	–	–	–	–
– Forward sales contracts	**–**	**3,504**	**–**	**3,504**	–	7,574	–	7,574
– Forward purchase contracts	**–**	**25,567**	**–**	**25,567**	–	11,460	–	11,460
	8,345	**93,547**	**–**	**101,892**	8,125	48,127	–	56,252

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.

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 level 3 where the fair value is based on non-observable market inputs. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	30 September 2013 $'000	30 September 2012 $'000
Note 20 Derivative financial instruments		
CURRENT ASSETS		
At fair value		
Forward foreign exchange contracts	**62,195**	42,803
Forward foreign exchange options	**643**	915
Commodity futures and options	**2,895**	697
Interest rate swaps	**86**	–
Forward purchase contracts	**16,581**	23,245
Forward sales contracts	**53,575**	6,330
	135,975	73,990
NON-CURRENT ASSETS		
At fair value		
Forward foreign exchange contracts	**–**	310
Forward purchase contracts	**–**	506
Forward sale contracts	**–**	168
	–	984
CURRENT LIABILITIES		
At fair value		
Forward foreign exchange contracts	**63,433**	27,949
Forward foreign exchange options	**643**	915
Commodity futures and options	**8,345**	8,125
Forward purchase contracts	**25,566**	11,160
Forward sales contracts	**3,504**	7,574
	101,491	55,723
NON-CURRENT LIABILITIES		
At fair value		
Forward foreign exchange contracts	**–**	229
Interest rate swaps	**400**	–
Forward purchase contracts	**1**	300
	401	529

(a) Instruments used by the Group

An existing portfolio of derivatives is held by the Group. These derivatives are primarily

- Forward foreign exchange contracts and options;
- Commodity futures and options; and
- Forward sales and purchase contracts.

These contracts are held in the currencies in which the Group has exposure, refer to note 19 (ii) and range in maturity from 6 months to 2 years. The derivatives do not qualify for hedge accounting under AASB 139 with movements in the fair value of these derivatives being recognised in the profit and loss for the year. The fair value at 30 September 2013 is an unrealised gain of $34,083,000 (2012: $18,722,000). 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.

In addition, CBH Grain Pty Ltd takes out foreign exchange contracts and options and commodity futures and options on behalf of the CBH Grain Pools. This is achieved by the CBH Grain Pools contracting with 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 recognises a derivative asset/liability for the position with the CBH Grain Pools, and an offsetting derivative asset/liability with the external counterparty.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

Note 20 Derivative financial instruments (continued)

(b) Interest rate derivatives contracts

In order to protect against rising interest rates in the short term, the Group entered into interest rates at fixed rates of 2.225% and 2.825%.

At the financial year end, the fair value and periods of expiry of the interest rate options and forward rate agreement are as follows:

	30 September 2013 $'000	30 September 2012 $'000
Interest rate swaps		
0 – 1 years	**86**	
1 – 2 years	**–**	–
2 – 5 years	**(400)**	
Interest rate options		
0 – 1 years	**–**	177
	(314)	177

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(aa).

(c) Cash flow hedges

Movement in forward currency contract cash flow hedge reserve

	30 September 2013 $'000	30 September 2012 $'000
Opening balance	**(904)**	1,032
Charged to other comprehensive income	**904**	(1,936)
Closing balance	**–**	(904)

Note these amounts have not been tax-effected as the Company is in a tax-exempt entity.

(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).

(e) Interest rate risk

Information regarding interest rate risk exposure is set out in Note 19(a) (iii).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

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. There are no restrictions placed upon the Group by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as at the financial year end are as follows:

	30 September 2013 $'000	30 September 2012 $'000
Within one year	**7,704**	12,116
After one year but not more than five years	**15,812**	27,514
More than five years	**49,274**	44,853
	72,790	84,483

Capital commitments

Commitments for the acquisition of property, plant and equipment contracted as at the reporting date but not recognised as liabilities payable:

Within one year	**29,474**	23,536
	29,474	23,536

Note 22 Contingent liabilities

(i) Finance arrangements

Co-operative Bulk Handling Limited (parent entity) has undertaken guarantees relating to loan facilities with certain controlled entities and an associate (note 10).

Note 23 Auditors' remuneration

Amounts received or due and receivable by Ernst & Young (Australia) from entities in the consolidated entity or related entities		
– Audit of Financial Statements	**477,150**	463,300
– Other assurance services	**9,500**	13,000
	486,650	476,300
Amounts received or due and receivable by a related overseas office of Ernst & Young, from entities in the consolidated entity		
– Audit of Financial Statements	**124,350**	113,752
	611,000	590,052

Note 24 Compensation of key management personnel

Short term	**4,929,201**	4,236,457
Post-employment	**171,530**	164,802
Other long term benefits	**410,000**	267,067
Termination benefits	**–**	75,022
	5,510,731	4,743,348

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.

Other long term benefits relate to retention allowances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

Note 25 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 all defined benefit members transferred to the accumulation section of the fund other than existing pension recipients. All new members now receive accumulation only benefits.

The following sets out details in respect of the defined benefit section only:

	30 September 2013 $'000	30 September 2012 $'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	**(564)**	281
Fair value of defined benefit plan assets	**598**	5,932
Adjustment for limit on net asset	**(34)**	–
Net asset in the statement of financial position	**–**	6,213
(iii) Categories of plan assets		
The major categories of plan assets are as follows:		
Australian equity	**43%**	45%
International equity	**9%**	3%
Fixed income	**23%**	19%
Property	**13%**	17%
Cash	**12%**	16%
(iv) Actual return on fund assets		
Actual return on fund assets	**(3,566)**	534
(v) Reconciliations		
Reconciliation of the present value of the defined benefit obligation, which is fully funded:		
Balance at beginning of year	**(281)**	(973)
Current service cost	**2,401**	4,735
Interest cost	**18**	25
Plan participants contributions	**–**	–
Actuarial gains/(losses)	**194**	197
Benefits, administrative expenses, premiums and tax paid	**(93)**	(176)
Contributions to accumulation section	**(1,675)**	(4,089)
Past service cost	**–**	–
Curtailments	**–**	–
Settlements	**–**	–
Defined benefit at end of year	**564**	(281)

	30 September 2013 $'000	30 September 2012 $'000
Note 25 Employee benefits (continued)		
(a) Defined benefit superannuation plan (continued)		
(v) Reconciliations (continued)		
Reconciliation of the fair value of plan assets/(liabilities)		
Balance at beginning of year	**5,932**	9,663
Actuarial gains/(losses)	**(3,829)**	2
Expected return on fund assets	**263**	532
Contributions by fund participants	**–**	–
Benefits, administrative expenses, premiums and tax paid	**(93)**	(176)
Contributions to accumulation section	**(1,675)**	(4,089)
Settlements	**–**	–
Fair value of plan assets at end of year	**598**	5,932
(vi) Amounts recognised in statement of comprehensive income		
The amounts recognised in the statement of comprehensive income are as follows:		
Service cost	**2,401**	4,735
Interest cost	**18**	25
Expected return on assets	**(263)**	(532)
Past service costs	**–**	–
Effect of curtailments/settlements	**–**	–
Superannuation (income)/expense	**2,156**	4,228
Actuarial gains/(losses)	**(4,023)**	(195)
Adjustment for limit on net asset	**(34)**	–
Surplus distribution to accumulation members	**–**	–
Gain/(loss) recognised in other comprehensive income	**(4,057)**	(195)
Cumulative amount of actuarial gain/(loss)	**(10,463)**	(6,406)

	FINANCIAL YEAR ENDING	
	30 September 2013 % pa	30 September 2012 % pa
(vii) Principal actuarial assumptions		
The principal actuarial assumptions used as at the reporting date were as follows:		
Discount rate – pensioners	**3.80**	2.90
Expected rate of return on plan assets – pensioners	**7.00**	7.00
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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

	FINANCIAL YEAR				
	2013	2012 $'000	2011 $'000	2010 $'000	2009 $'000
Note 25 Employee benefits (continued)					
(a) Defined benefit superannuation plan (continued)					
(viii) Historical information – experience adjustments on plan					
Present value of defined benefit	**564**	(281)	(973)	(1,648)	(1,931)
Fair value of fund assets	**(598)**	5,932	9,663	13,778	18,669
(Surplus)/deficit in fund	**(34)**	(6,213)	(10,636)	(15,426)	(20,600)
Experience adjustments (gain)/loss – plan assets	**3,829**	(2)	933	1,842	(1,684)
Experience adjustments (gain)/loss – plan liabilities	**225**	139	128	380	(429)

(ix) 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 28 March 2013 in relation to the financial position as at 31 October 2012. No employer contribution is expected to be paid to the plan within the next financial year. At 30 September 2013 there were no active Defined Benefit Members and three 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 was also on a contribution holiday for part of the year for salary sacrifice contributions which commenced during the 2004/05 year. The contribution suspension resulted in savings of $1,675,000 (2012: $4,089,000) in legislatively mandated or contractually obliged contributions during the year ended 30 September 2013. This has now ceased as the actuary has determined 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

Note 26 Investment in controlled entities

The following were controlled entities as at 30 September 2013 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	
			2013 %	2012 %
CBH Grain Pty Ltd	Australia	Ordinary	**100**	100
Bulkwest Pty Ltd	Australia	Ordinary	**100**	100
CBH Global Limited	Cyprus	Ordinary	**100**	100
Grain Pool Pty Ltd (i)	Australia	Ordinary	**100**	100
CBH (WA) Pty Ltd (i)	Australia	Ordinary	**100**	100
CBH Group Holdings Pty Ltd (i) (iii)	Australia	Ordinary	**100**	100
Westgrains Insurance Pte Ltd	Singapore	Ordinary	**100**	100
CBH Grain Pty Ltd controlled entities				
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
CBH Grain North America LLC	USA	Ordinary	**100**	NIL
Bulkwest Pty Ltd controlled entities				
CBH 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	Australia	Ordinary	**100**	100
Lupin Foods Australia Pty Ltd (ii)	Australia	Ordinary	**100**	50
CBH Global Limited controlled entities				
Co-operative Bulk Handling (Netherlands) BV	Netherlands	Ordinary	**100**	100
CBH Indonesia Limited	Malaysia	Ordinary	**100**	100
CBH Group Holdings Pty Ltd controlled entity				
CBH Pty Ltd (i)	Australia	Ordinary	**100**	NIL

(i) These entities have remained inactive during the current and prior year.
(ii) On 24 December 2012 the Group purchased the remaining 50% of Australasian Lupin Processing Pty Ltd which subsequently changed its name to Lupin Foods Australia Pty Ltd (LFA). Refer below for details of this acquisition.
(iii) Previously known as Grainswest Pty Ltd.

Acquisition of LFA

On 24 December the Group acquired the remaining 50% of the issued share capital of LFA. The principal activities of this entity being the dehulling of Lupin grains. Prior to 24 December 2012 the parent entity owned 50% of the shares in LFA. Gaining control of this entity is to allow for the development of food markets for lupins.

	$'000
Purchase consideration	
Cash paid	760
Acquisition date fair value of previously held equity interest	–
Total purchase consideration	760

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

Note 26 Investment in controlled entities (continued)

The assets and liabilities recognised as a result of the acquisition are as follows:

	$'000
Cash	49
Trade receivables	28
Inventories	24
Property Plant and Equipment	1,359
Trade payables	(50)
Loans from related parties	(618)
Provisions	(32)
Net assets acquired	760

Purchase consideration – cash outflow

Out flow of cash to acquire controlled entity, net of cash acquired:

Cash consideration	760
Less: balances acquired	(49)
Out flow of cash	711

Note 27 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		CARRYING AMOUNT		REPORTING DATE
		2013 %	2012 %	**2013 $'000**	2012 $'000	
Australian Bulk Stevedoring Pty Ltd	Stevedoring	**50**	50	**562**	505	30 September
United Bulk Carriers Pty Ltd	Chartering	**–**	50	**–**	–	30 September
Pacific Agrifoods Limited	Investment	**50**	50	**43,257**	39,447	31 December
PT Eastern Pearl Flour Mills	Flour milling	**50**	50	**69,651**	59,369	31 December
Wheat Australia Pty Ltd	Wheat exporting	**33**	33	**58**	74	30 September
				113,528	99,395	

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.

Refer to note 26 for details of the acquisition of Australasian Lupin Processing Pty Ltd.

During the year the Group sold its investment in United Bulk Carriers Pty Ltd for $1 and a resulting profit on sale of NIL.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

	30 September 2013 $'000	30 September 2012 $'000
Note 27 Investment in associates (continued)		
Movements in carrying amounts of investments in associates		
Carrying amount at the beginning of the financial year	**99,395**	95,999
Repayment of loan and distributions	**3,623**	(300)
Share of associates profits/(losses) after income tax	**8,438**	7,000
Share of associates movement in reserves	**(2,458)**	–
Foreign exchange movements	**4,530**	(3,304)
Carrying amount at the end of the financial year	**113,528**	99,395
Share of associates' profits		
Profits before income tax	**12,902**	9,389
Income tax benefit/(expense)	**(4,464)**	(2,389)
Share of net profits/(losses) after income tax	**8,438**	7,000
Retained profits/(accumulated losses) attributable to associates at beginning of the year	**18,034**	11,034
Retained profits/(accumulated losses) attributable to associates at end of the year	**26,472**	18,034
Share of associates' profit or loss and statement of financial position	**8,438**	7,000

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting.

Name of company	Reporting date %	Owner-ship $'000	Current assets $'000	Non-current assets $'000	Current liabilities $'000	Non-current liabilities $'000	Net assets/ (liabilities) $'000	Group share of Profit/ (loss) $'000	Carrying amount
2013									
Australian Bulk Stevedoring Pty Ltd	30 Sept	50	941	101	(410)	(57)	575	**407**	**562**
Pacific Agrifoods Limited	31 Dec	50	98,534	93,276	(131,824)	(22,497)	37,489	**1,819**	**43,257**
PT Eastern Pearl Flour Mills	31 Dec	50	37,120	48,218	(29,299)	(5,581)	50,458	**6,212**	**69,651**
Wheat Australia Pty Ltd	30 Sept	33	8	–	(6)	–	2	**–**	**58**
Total								**8,438**	**113,528**
2012									
Australian Bulk Stevedoring Pty Ltd	30 Sept	50	1,114	89	(664)	(21)	518	**593**	**505**
Australasian Lupin Processing Pty Ltd	30 Sept	50	59	–	(60)	–	(1)	**–**	**–**
United Bulk Carriers Pty Ltd	30 Sept	50	201	–	(13)	–	188	**–**	**–**
Pacific Agrifoods Limited (i)	31 Dec	50	94,977	136,781	(138,254)	(43,153)	50,351	**3,218**	**39,448**
PT Eastern Pearl Flour Mills	31 Dec	50	60,036	42,245	(47,549)	(4,301)	50,431	**3,189**	**59,368**
Wheat Australia Pty Ltd	30 Sept	33	19	–	(11)	(5)	3	**–**	**74**
Total								**7,000**	**99,395**

Note 27 Investment in associates (continued)

CBH Group invested USD 69.7 million in 2005 in a 50% stake in Interflour Group (comprising Pacific Agrifoods Ltd and PT Eastern Pearl Flour Mills) to diversify the Group's revenue streams and gain exposure to the world's fastest growing market for grains.

CBH Group's current exposure – the total investment made and the net debt still owing to banks for which CBH is responsible is USD $41.4 million.

	30 September 2013 USD'000	30 September 2012 USD'000
Long term loan to Pacific Agrifoods Ltd (i)	**22,098**	20,349
Investment in PT Eastern Pearl Flour Mills	**27,400**	28,609
Loan from PT Eastern Pearl Flour Mills (ii)	**(23,604)**	(12,000)
Total loans and investments	**25,894**	36,958
Outstanding acquisition debt (iii)	**15,500**	18,000
Current investment exposure	**41,394**	54,958
Share of equity accounted earnings	**53,661**	51,747
Total investment	**95,055**	106,705

CBH Group receives returns from the investments in various forms – dividends, repayments of loans and advances of loans. During the year the total amount received from the Interflour Group was USD 11 million (2012: USD 7.25 million), of which USD 2.5 million (2012: USD 2.5 million) was paid to ANZ Bank to repay the investment acquisition debt in Pacific Agrifoods Ltd with the balance received by CBH Group used for general working capital purposes.

	$'000	$'000
Loans held by associates:		
(i) Co-operative Bulk Handling Limited had a loan outstanding to Pacific Agrifoods Limited for specific and working capital purposes that is interest free and had no repayment date reflecting its nature as quasi equity. This has therefore been classified as an Equity Loan.	**23,718** **(USD 22,098)**	19,487 (USD 20,349)
(ii) Co-operative Bulk Handling (Netherlands) BV has a loan from PT Eastern Pearl Flour Mills for working capital purposes that is interest bearing. The interest and capital repayment dates are three years from drawdown. The loan is denominated in USD.	**25,332** **(USD 23,604)**	11,492 (USD 12,000)
(iii) Pacific Agrifoods Ltd has a loan from ANZ Bank which was used for the acquisition of Interflour Holding Ltd. This loan has been guaranteed by the parent entity and its joint venture partner on a 50/50 severed basis.	**33,269** **(USD 31,000)**	34,476 (USD 36,000)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

Note 28 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.

During the year a director of the parent entity, Mr D S Willis, received remuneration of USD 20,000 (2012: USD 9,000) from Interflour Holdings Ltd ("IFHL"), an associated company, for his role as a director of IFHL.

Total aggregate number of shares held by directors and director related entities is 19 (2012: 20).

	30 September 2013 $	30 September 2012 $
Messrs N J Wandel, W A Newman, T N Badger, D G Clauson, V A Dempster, K J Fuchsbichler, J P Hassell, B E McAlpine, M E McGinniss and M C Michael received payments or were due to receive payment for grain deliveries during the financial year.	**7,837,139**	8,918,819
(ii) Identification of Related Parties' Ultimate Parent Entity		
The ultimate parent entity in the wholly owned group is Co-operative Bulk Handling Limited.		
(iii) Transactions with associates		
The group has sold grain to Interflour Group Pte Ltd and Interflour Vietnam Ltd (controlled entities of Pacific Agrifoods Limited) in the ordinary course of business on an arm's length basis	**88,545,326**	37,030,918
Amount due to the group at year end from Interflour Group Pte Ltd under a credit facility with a limit of $60,000,000 on 180 day repayment terms with interest charged at LIBOR plus 1.65%	**13,053,057**	2,883,975

Year ended 30 September 2013	Storage and Handling $'000	Grain Trading and Marketing $'000	Flour Milling (Note 27) $'000	Other Investments (Note 27) (i) $'000	Other costs $'000	Eliminations $'000	Total $'000
Note 29 Business unit results							
Business Unit Revenue							
Sales	**583,375**	**2,265,037**	**680,157**	**417**	**6,590**	**(823,563)**	**2,712,013**
Total Business Unit Revenue	**583,375**	**2,265,037**	**680,157**	**417**	**6,590**	**(823,563)**	**2,712,013**
Total Business Unit Results							
Profit/(loss) before tax	**124,089**	**18,558**	**26,005**	**940**	**2,657**		
Minority interest share	**–**	**–**	**(1,363)**	**–**	**–**		
Operating profit/(loss) before tax	**124,089**	**18,558**	**24,642**	**940**	**2,657**		
CBH Share (%)	*100%*	*100%*	*50%*	*100%*	*100%*		
CBH Share Business Unit Result	**124,089**	**18,558**	**12,321**	**940**	**2,657**	**(16,276)**	**142,289**
CBH share of income tax expense	**–**	**(5,691)**	**(4,290)**	**(159)**	**(515)**	**349**	**(10,306)**
Net profit/(loss) after tax before adjustments	**124,089**	**12,867**	**8,031**	**781**	**2,142**	**(15,927)**	**131,983**
Adjusted for:							
Holding costs (ii)					**(276)**		**(276)**
Profit/(loss) after tax	**124,089**	**12,867**	**8,031**	**781**	**1,866**	**(15,927)**	**131,707**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2013

(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.

Year ended 30 September 2012	Storage and Handling $'000	Grain Trading and Marketing $'000	Flour Milling (Note 27) $'000	Other Investments (Note 27) (i) $'000	Other costs $'000	Eliminations $'000	Total $'000
Note 29 Business unit results (continued)							
Business Unit Revenue							
Sales	684,749	1,669,649	659,268	1,039	327	(785,498)	2,229,534
Total Business Unit Revenue	684,479	1,669,649	659,268	1,039	327	(785,498)	2,229,534
Total Business Unit Results							
Profit/(loss) before tax	131,174	27,810	20,439	3,079	2,028		
Minority interest share	–	–	(2,153)	–	(97)		
Operating profit/(loss) before tax	131,174	27,810	18,286	3,079	1,931		
CBH Share (%)	*100%*	*100%*	*50%*	*50–100%*	*100%*		
CBH Share Business Unit Result	131,174	27,810	9,135	3,079	1,931	(114)	173,023
CBH share of income tax expense	–	(7,980)	(2,135)	502	(704)	512	(9,805)
Net profit/(loss) after tax before adjustments	131,174	19,830	7,000	3,581	1,227	398	163,218
Adjusted for:							
Holding costs (ii)	–	–	–	–	(849)	–	(849)
Profit/(loss) after tax	131,174	19,830	7,000	3,581	378	398	162,369

Note 30 Events subsequent to reporting date

Subsequent to year end, CBH Grain Pty Ltd negotiated the following facilities for the acquisition of grain over the 2013/14 season

- Syndicated debt facility for $400,000,000 with various banks;
- Syndicated inventory finance facility for $400,000,000 with various banks; and
- Uncommitted Banking facility for $700,000,000 with various banks.
- Pre-shipment facility for $220,000,000 with various banks.

DIRECTORS' DECLARATION

(1) In the opinion of the directors:
- (a) The financial statements and notes of the consolidated entity for the financial year ended 30 September 2013 are in accordance with the Co-operatives Act 2009 including:
  - (i) Giving a true and fair view of the financial position as at 30 September 2013 and performance for the year then ended;
  - (ii) Complying with Accounting Standards (including the Australian Accounting Interpretations);
- (b) The financial statements and associated notes also comply with International Financial Reporting Standards as described in Note 2 to the financial statements; and
- (c) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The above declarations are made in accordance with a resolution of the directors.

ON BEHALF OF THE BOARD

N J WANDEL
Chairman of Directors
Dated at Perth this 4 December 2013

V A DEMPSTER
Deputy Chairman of Directors

2013 INDEPENDENT AUDITOR'S REPORT

to Members of Co-operative Bulk Handling Limited

Building a better working world

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

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

We have audited the accompanying financial report of Co-operative Bulk Handling Limited, which comprises the consolidated statement of financial position as at 30 September 2013, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Co-operatives Act 2009 and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 judgment, 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 complied with the independence requirements of the Australian professional accounting bodies. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Opinion

In our opinion:

(a) the financial report presents fairly, in all material respects, the financial position of the consolidated entity as of 30 September 2013, and its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards and the Co-operatives Act 2009; and

(b) the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Ernst & Young

Robert A Kirkby
Partner
Perth
4 December 2013

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2013

YOUR FIVE YEAR FINANCIAL AND OPERATIONAL HISTORY

Co-operative Bulk Handling and its controlled entities

		2013	2012	2011	2010	2009
Tonnes handled	mt	9.1	15.1	6.5	11.1	12.3
All time injury frequency rate*		28	36			
Revenue from continuing operations	$m	2,712	2,230	1,951	1,304	1,541
Pools revenue	$m	644	860	919	1,332	1,992
Other income	$m	104	43	82	52	153
Total revenue including other income	$m	3,460	3,133	2,952	2,688	3,686
Net profit contribution from:						
Storage and handling	$m	124	131	(5)	(9)	68
Marketing, accumulation & trading	$m	13	20	(23)	12	44
Flour milling	$m	8	7	15	20	7
Other	$m	(13)	4	(8)	5	0
Profit attributable to members of Co-operative Bulk Handling Limited	$m	132	162	(21)	28	119
Return on average equity	%	10.1	13.3	(1.9)	2.6	11.5
Marketing & Trading Rebate	$m	4.8	6.3	0.0	14.2	16.3
Capital reinvestment	$m	145.4	191.7	126.9	67.0	73.9
Total assets	$m	1,989	2,062	1,507	1,619	1,506
Total liabilities	$m	(619)	(819)	(420)	(510)	(416)
Equity	$m	1,370	1,243	1,087	1,109	1,090
Debt owing	$m	303	393	182	176	82

* The CBH Group commenced recording the All Time Injury Frequency Rate in 2012
** 2010 results relate to an 11 month period only

Co-operative Bulk Handling Ltd

Gayfer House
30 Delhi Street, West Perth
Western Australia 6005

GPO Box L886
Perth WA 6842

Freecall	1800 199 083
Telephone	(08) 9237 9658
Facsimile	(08) 9322 3942
Email	info@cbh.com.au

www.cbh.com.au