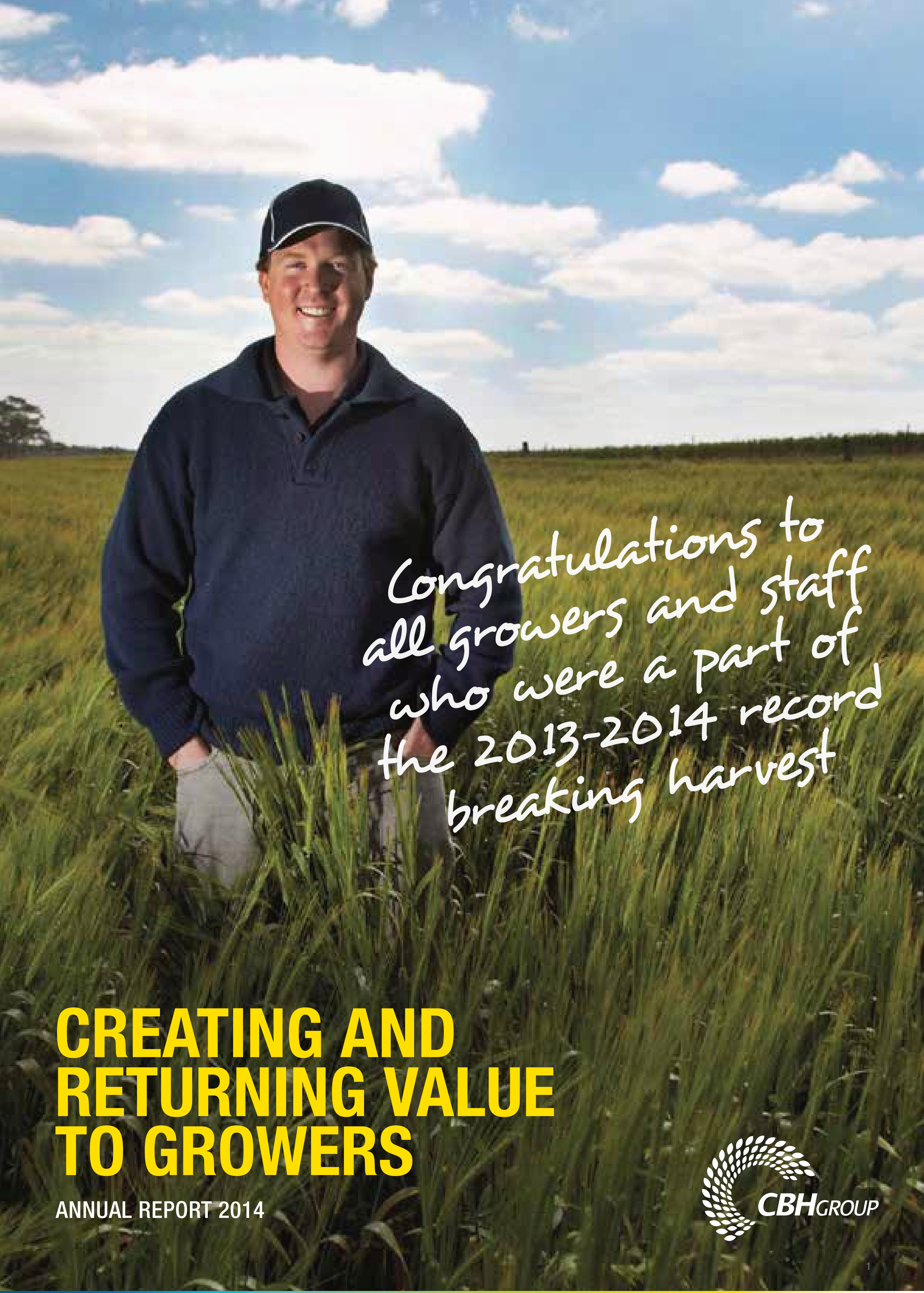


Congratulations to all growers and staff who were a part of the 2013-2014 record breaking harvest

CREATING AND RETURNING VALUE TO GROWERS

ANNUAL REPORT 2014

CBH GROUP


9760STS
JOHN DEERE

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 grain supply chain from storage, handling and transport to marketing, shipping and processing.

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

Since being established in Western Australia more than 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 the state at one of our regional offices, 195 receival site locations, four ports, our engineering workshops or at our head office in West Perth.

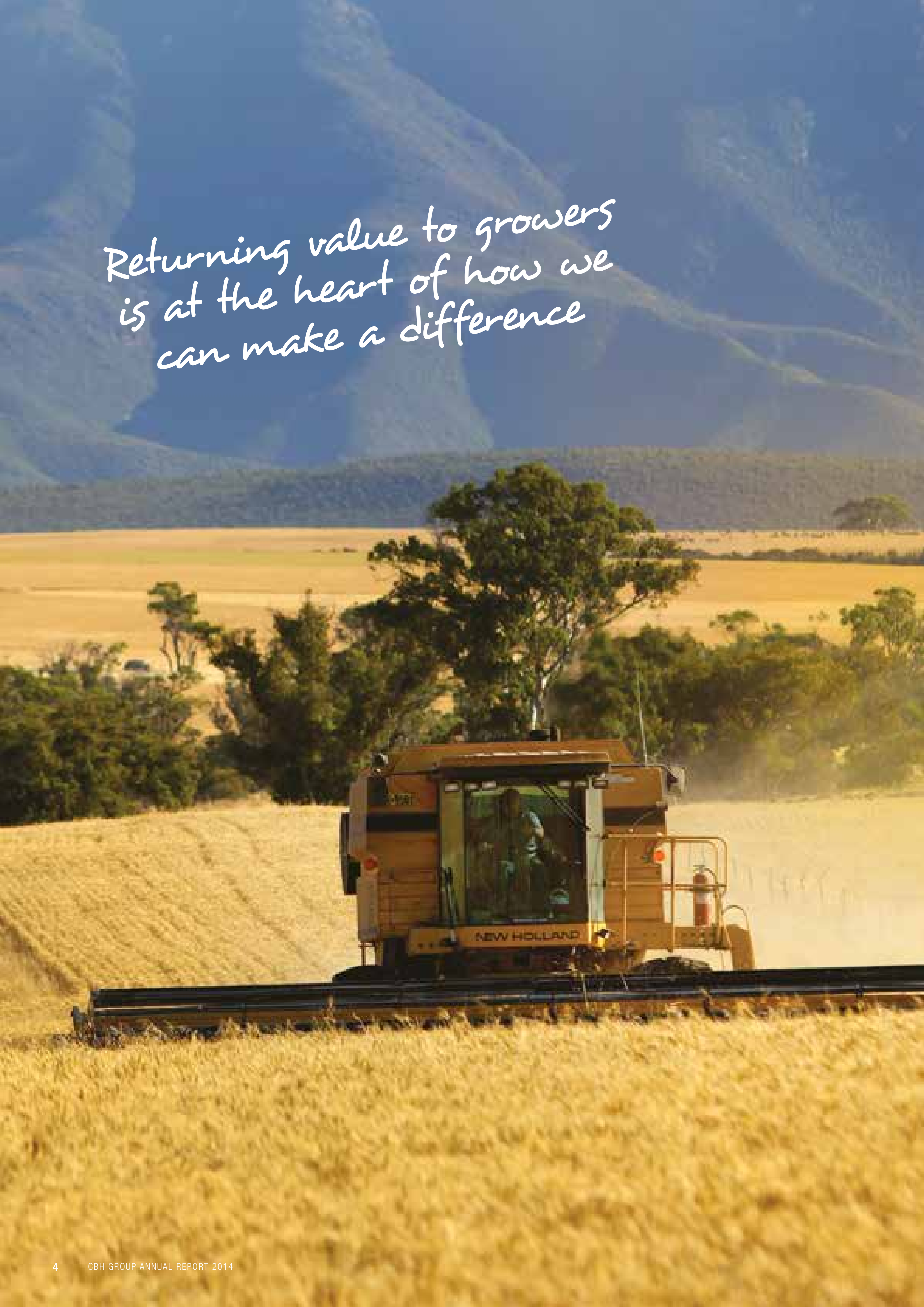
Our marketing division, aided by additional offices in Eastern Australia, Hong Kong, Japan and the United States, is responsible for exporting a range of grains to more than 30 markets across the world.

4
PORT TERMINALS

30
GLOBAL MARKETS

195
RECEIVAL LOCATIONS

4200
GRAIN GROWER ENTITIES


Returning value to growers
is at the heart of how we
can make a difference

2014 | YOUR CHAIRMAN'S REPORT

2014 WAS A YEAR OF RECORDS.
THE STRENGTH OF THE CO-OPERATIVE WAS SEEN IN ITS COLLABORATION WITH GROWERS TO BRING IN A RECORD 15.9 MILLION TONNE HARVEST IN RECORD TIME AND TO CREATE A RECORD REBATE FOR GROWERS THROUGH ITS GROWER PATRONAGE REBATE PROGRAM.

A year of records

I find myself in the very fortunate position of delivering my first report as Chairman of the CBH Group in what has been a magnificent year; one that saw our biggest and fastest harvest yet.

As well as record receivals of 15.9 million tonnes delivered in record time, the CBH Group broke numerous site, zone and daily receival records throughout the 2013-14 harvest.

Our Marketing and Trading division traded more than 10 million tonnes of grain in 2014 and shipped a record number of 200 vessels for the year. In addition, we saw the largest vessel ever shipped from Western Australia when the CMB Medoc exported 78,637 tonnes of feed barley to our customers in Saudi Arabia.

The records didn't stop there. In November 2013, we moved the largest amount of grain ever by rail across WA, a whole 12 percent more than in any previous year.

We broke our shipping record, with 3.5 million tonnes exported from our four ports for the three month period November 2013 to January 2014 compared to the previous record of 3.1 million tonnes in 2004-05. The shipping records continued throughout the year with our Marketing and Trading division exporting 2.2 million tonnes by the end of January 2014, breaking the previous record of 1.2 million tonnes from the 2009-10 crop.

And in September 2014, we announced a record rebate of up to $4.55 per tonne for growers who supported the co-operative during the 2013-14 harvest.

Strength of the co-operative

The record rebate of $4.55 per tonne is particularly pleasing and is one of the strongest indications of the ability of the co-operative to make a real difference for our growers by delivering real value.

It is by reducing the costs to serve growers that we are able to deliver this record rebate through our Grower Patronage Rebate Program.

The program consists of three rebates; an Operations Rebate, Marketing and Trading Rebate and an Investment Rebate.

With the record harvest and CBH implementing a number of initiatives to drive value within the business, it is only fitting that this is returned to our growers in recognition of their patronage.

The CBH Group runs a tight ship that serves its growers well, providing a high quality service; products at a good price; and making sound decisions to ensure the long term profitability of growers and the co-operative.

Over the past year, we have proven how being a co-operative doesn't stop us from being competitive or continuing to grow in order to deliver real value to our growers.

Investment in the network

Of course, the rebate isn't the only way in which we return value to our growers.

Perhaps the most important way your co-operative returns value is through investing in your storage and handling network. It is one of the things that sets us apart from our competitors.

In the last 10 years, the CBH Group has spent close to a billion dollars on capital projects, as well as major maintenance.

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

In 2013, we invested $155 million to enhance and maintain the network and improve our ability to take in such a fast and large harvest, with a minimum of disruption.

To increase that potential even further, the Board committed to providing an additional $45 million of capital and $10 million of maintenance in the network in 2014, resulting in $153 million spent on capital expenditure and maintenance activities for the financial year.

Returning value to communities

In addition to returning value directly to growers, we are also committed to making a difference in our grower communities and in 2014 we delivered $1.2 million to our communities to enrich the lives of those living in regional Western Australia.

This was a significant increase from the $350,000 contributed to rural communities in previous years and has been made possible through the tax exemption afforded to the co-operative under the current legislation.

Some of the projects we were able to provide support for included an air strip maintenance program for the Royal Flying Doctors Service and the sponsorship of a unit at Ronald McDonald House, among others.

Board update

There were a number of changes to the Board in 2014.

Rodney Madden was elected in District 1, replacing Clancy Michael.

Vern Dempster was re-elected in District 2 and I was re-elected by growers in District 4.

In addition, following Neil Wandel's decision to retire as Chairman, I took on the role in August 2014. It has always been an honour to serve on the Board of CBH and it is even more important to now serve as your Chairman. I would like to take this opportunity to thank Neil for the significant contribution he has made to the co-operative as a Director over the past 12 years. The successes I report on today are based on the decisions made by the Board under Neil's leadership.

I also thank Clancy for his contribution to the co-operative during his six years of service to the Board. He served as Deputy Chairman from 2012-13 and has been a member of the Board's Audit and Risk Management Committee and Chairman of the CBH Group subsidiary company, Lupin Foods Australia Pty Ltd. I wish him all the best in his future endeavours.

Following the retirement of Diane Smith-Gander in February 2014, the Board welcomed Samantha Tough as an Independent Director. Samantha recently announced her resignation from the Board and I thank her for her contribution over the past year. We are now in the process of appointing a new Independent Director for 2015.

Growers Advisory Council

In 2014, four new members were elected to the Grower Advisory Council (GAC). The new members include Digby Willmott of Watercarrin, Jeff Seaby of Mukinbudin, Linda Hewson of Katanning and David Slade of Albany.

Andrew Todd of Dowerin was re-elected to the Council following his first term and was elected as Chairman, following Ashley Wiese's decision to step down after two years at the helm. Michelle Barrett from Munglinup took on the role of Deputy Chair after Bradley Millsteed decided not to seek another term after serving on the Council for the previous four years.

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

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; Bradley Millsteed of Watheroo, Roger House of Kojonup, Mark Graham of Narrogin and Wayne Walter of Cascades.

Continued growth

I've been in the farming game now for 47 years and involved on the Board of CBH since 2000. I have seen a lot of changes in that time – good seasons, bad seasons, deregulation, industry consolidation, globalisation, increased competition and privatisation.

Despite all these changes, your co-operative is thriving and continuing to grow and it has been able to do this by remaining focussed on you – the grower – in every decision that is made.

Returning value to growers is at the heart of how we, as a co-operative, can make a difference; by returning the value made by the business right back to our growers, after providing the best services and storage and handling systems in the world.

As a Board, we will continue to actively work with management to not only optimise the supply chain but to also look at cost efficiencies and ways to develop more income streams to offset costs, with the intention of generating and returning real value to our growers.

Wally Newman
Chairman

2014 YOUR CEO'S REPORT

A RECORD CROP DELIVERED THE CBH GROUP AND OUR GROWERS A HEALTHY SURPLUS IN 2014. THE ESTABLISHMENT OF THE BUSINESS COUNCIL OF CO-OPERATIVES AND MUTUALS SAW THE WORLD START TO TAKE AN INTEREST IN CO-OPERATIVES AS A VIABLE MEANS OF CREATING STRONG ECONOMIES.

The 2013-14 season was an exceptional year for growers and your co-operative. We were taken on a rollercoaster ride through seasonal and emotional extremes but we got there in the end with the biggest and fastest harvest ever experienced in Western Australia. I thank and congratulate all our growers and staff for their part in the 2013-14 record breaking harvest.

Financial performance

As a result of the record harvest, the CBH Group performed well in the 2013-14 financial year with a Net Profit After Tax (NPAT) of $149.2 million.

Creating value for growers

As a grower co-operative, it is our sole focus to create and, as importantly, return value to growers. We are not here just to create value for growers now; we are here to create sustainable value for future generations.

As such, we set our cost structure to be the lowest in Australia for bulk handling and exporting grain while also responsibly managing cash investment into the network.

A network as large and established as ours takes a significant amount of time and money to maintain. As an example, we have invested $35 million over the last six years to refurbish the silos at Geraldton in order to bring them back to full operational capacity for the next 40 years. In the last year alone, we invested $41.6 million in important refurbishments at our Kwinana port terminal.

Our fees are set to ensure the business can afford the necessary capital expenditure year in, year out, taking into account the volatility of production each season. Hence, in record seasons you will see a large surplus. You can be assured that the co-operative business model ensures all of this is returned to you via the network, low storage and handling fees and grower rebates.

A renewed interest in co-operatives

The CBH Group has provided unique value to growers for over 80 years. The co-operative model has enabled CBH to make long term strategic decisions to ensure the ongoing prosperity of the grains industry. CBH has long understood the value and benefits a co-operative model can bring, that's why we supported the establishment of a national business council to promote our way of doing business.

The Business Council of Co-operatives and Mutuals (BCCM) was formed in 2013 as a legacy of the UN International Year of Co-operatives to promote the role of member-owned businesses in the economic and community development of Australia.

It is important to me that we use the success of the CBH Group to demonstrate to government that the co-operative business model works and is good for the Australian economy. As Chairman of the BCCM, I have been working with other equally successful co-operatives and mutuals to raise the profile of our business models and get government to see us as a solution to the many economic challenges we have as a nation.

CBH is the largest co-operative in Australia and ranked fourth in the 2014 Business Review Weekly's top private businesses in the nation. I believe we owe it to the co-op and mutual sector to use our presence and success to seek recognition and support from government.

To borrow a sound bite from someone else, "we are not looking for a hand out but we are looking for a leg up". This was the case in our position on the mandatory code for Port Access and we were pleased that the government recognised our co-operative model provides unique benefits to growers and the industry and provided co-operatives an exemption from the most onerous levels of regulation, creating a more level playing field across the industry.

We have done well in getting government to understand that co-operatives are good for both the economy and the community and therefore should be encouraged to form and grow even more. I see this as both desirable and a duty for CBH to take a lead role on.

Staff engagement

The achievements of our co-operative model could not have been achieved without the dedicated, highly skilled and engaged team of people working for your business; all of whom are focussed on our purpose to create and return value to our growers.

Each year, we conduct a survey to measure how motivated your employees are through their connection to CBH and its purpose. The results help us ensure CBH is an attractive and rewarding place to work. There is a proven link between engagement and productivity and I am pleased to report that engagement at CBH has increased for the fifth year in a row.

Safety

We have focussed on safety now for a number of years and it remains something that I am deeply passionate about. We have made great strides in this area over the last four years and our focus on safety has seen a clear reduction in injuries across the business. We estimate that 181 significant injuries have been prevented thanks to our decision to proactively act on safety.

Having said that, these statistics stand in stark contrast to the fatalities the co-operative experienced in December 2013 and August 2014. The loss of the lives of two of our contract staff members has affected the business deeply and has been a tragic reminder of why safety remains such a clear and important focus for the business.

In 2014 we extended our safety program to include contractors, with the roll out of our SitePass program which will ensure that any contractor coming onto a CBH site has a valid licence, appropriate qualifications and general online induction.

It is pleasing to see that growers are also on this safety journey with us. A 2014 grower survey indicated that CBH's safety approach has had a positive impact on the farm practises of many growers.

The Board and the team at CBH remain personally committed to safety and focused on our vision to ensure that our staff, many of whom are your friends and family, return home safely at the end of each work day.

The future

The CBH Group exists to create and return value to growers and to do that over the long term. It is clear that, as a co-operative, we have the unique advantage of being able to represent the collective interests of our growers and to create value through our storage, handling and freight services, our marketing and trading expertise and our investments. The co-operative today remains strong and is committed to delivering the best financial and social outcomes for growers and the industry in the long term.

Dr Andrew Crane
Chief Executive Officer

The co-operative today remains strong and is committed to delivering the best financial and social outcomes for growers and the industry in the long term.

20 14 | FINANCIAL AND OPERATIONAL SUMMARY

HIGHLIGHTS

- Received 15.9 million tonnes
- Australia's largest exporter of grain
- Traded more than 10 million tonnes
- Posted a Net Profit After Tax of $149.2 million
- Invested $153 million in capital expenditure and maintenance of the network
- Achieved accumulated sales of over $3.9 billion
- Invested $1.2 million into regional communities

TONNES HANDLED (MILLION TONNES)

2014	15.9
2013	9.1
2012	15.1
2011	6.5
2010	11.1

NET PROFIT (LOSS) AFTER TAX ($M)

2014	149.2
2013	131.7
2012	162.5
2011	(21.4)
2010	28.1

REVENUE ($M)

2014	3,938.7
2013	2,710.0
2012	2,229.5
2011	1,951.3
2010	1,304.2

CAPITAL REINVESTMENT ($M)

2014	114.5
2013	145.4
2012	191.7
2011	128.8
2010	67.0

Note: all 2010 results relates to an 11 month period only

SUMMARISED RESULTS

		2014	2013
Tonnes handled	mt	15.9	9.1
Revenue	$m	3,938.7	2,710.0
Revenue including pool revenue	$m	4,431.7	3,355.7
Net operating profit/(loss) before interest and tax	$m	185.3	170.1
Net profit/(loss) after tax	$m	149.2	131.7
Capital expenditure on property, plant and equipment	$m	114.5	145.4
Total assets	$m	1,980.2	1,988.8
Debt owing	$m	47.2	303.2
Equity	$m	1,516.1	1,370.2
Return on average equity	%	10.3	10.1
Gearing (net debt to net debt plus equity)	%	0	4.2

NO.1
GRAIN EXPORTER IN AUSTRALIA

$153M
IN CAPITAL EXPENDITURE AND MAINTENANCE ON THE NETWORK

$1.2M
INVESTED INTO REGIONAL COMMUNITIES

15.9
MILLION TONNES RECEIVED

$3.9B
WORTH OF GRAIN SALES

$2.60
WORTH OF REBATES PER TONNE PROVIDED

2014 SUMMARISED REVIEW

15.9 MILLION TONNES
RECEIVED DURING 2013-2014

RECORD BREAKING HARVEST
509,526.5 TONNES RECEIVED IN ONE DAY **45 SITE RECORDS AND 53 DAILY RECORDS BROKEN**

OPERATIONS

Received 15.9 million tonnes in record time

Invested $153 million in capital expenditure and maintenance of the network

Provided Operations Rebate of $0.85 per tonne to offset storage and handling charges

MARKETING AND TRADING

Australia's largest exporter of grain

Accumulated more than 50 percent of the Western Australia crop

Provided Marketing and Trading Rebate of $1.00 per tonne to offset storage and handling charges for 2013-14

Announced record rebate to growers of $3.30 per tonne to offset charges for 2014-15

INVESTMENTS

Provided Investment Rebate of $0.75 per tonne to offset storage and handling charges

Interflour returned profits of $12.1 million to the CBH Group

Lupin Foods Australia received a number of Awards for their product

Australian Bulk Stevedoring loaded 15.2 million tonnes of grain, woodchips and minerals sands at WA ports

PEOPLE

Employee engagement grew for fifth consecutive year

Commenced Contractor Safety Program

Nominated as a finalist in the 2014 Australian Human Resources Institute (AHRI) HR Technology Award

COMMUNITY

Invested $1.2 million into a wide range of community and industry organisations

Launched new three year partnership with the Royal Flying Doctors Service

Donated a further $185,000 to eight worthy charities from HMMS forfeited loads proceeds

SUPPORT

Maintained a high level of customer service through the Grower Service Centre

Moved to a national structure for our network of Business Relationship Managers

Attained a record number of more than 500 new members to DailyGrain

ENVIRONMENT

Implemented a new Sustainability Action Plan

Maintained certification to the ISO14001 standard for Environmental Management at all CBH Group terminals

Implemented sustainability and environment training across the business

01 | YOUR NETWORK

HIGHLIGHTS

Received 15.9 million tonnes in record time

Invested $153 million in capital expenditure and maintenance of the network

Provided Operations Rebate of $0.85 per tonne to offset storage and handling charges

RECORD RECEIVALS OF **15.9 MILLION TONNES DELIVERED IN RECORD TIME** PROVIDED A REAL CHALLENGE TO THE NETWORK IN 2014. HOWEVER, IT WAS A CHALLENGE MET BY YOUR TEAM AND ONE THAT DEMONSTRATED THE VALUE OF THE CONTINUED MAINTENANCE AND INVESTMENT INTO THE CO-OPERATIVE'S WORLD CLASS NETWORK.

Harvest Management and Logistics

Grain receivals for the 2013-14 harvest reached record levels with 15.9 million tonnes delivered across the state, compared to the 9.1 million tonne crop in the 2012-13 season.

Grain Receivals for Harvest 2013-14

Zone	Million tonnes 2013-14	Million tonnes 2012-13
Albany	3.6	2.0
Esperance	2.7	1.7
Geraldton	2.1	1.6
Kwinana	7.5	3.8
Total	**15.9**	**9.1**

Creating value for you

Capital works and maintenance

The co-operative completed a range of capital works and maintenance projects during 2013-14, enhancing the network's storage capacity and improving receival and discharge efficiency.

The key highlight of our capital works program was the completion of the final stage of the Chadwick receival site upgrade, with over $15.5 million invested into the project over the last two years. Stage 2 involved the installation of two state-of-the-art sample-weigh platforms. Each unit comprises two sample decks and four automated spears, which allow the sample and weigh process to happen at the same time. Improvements to marshalling areas were also completed to improve traffic flow and safety.

Other projects included:

- Weighbridge compliance program – the continuation of the 5 year program to achieve compliance to the National Trade Measurement Regulations for end to end weighing. This involves extending level concrete approaches to existing weighbridges.
- Tripper and stacker guard program – this project is being implemented to mitigate the safety risk of using stackers, trippers and conveyors by fitting appropriate guarding. Design work has been done, with manufacture and installation of guards occurring.
- Broomehill, Narembeen and Beaumont – sealing of open bulkhead pads with asphalt that were built as emergency pads during the 2013-14 harvest. This is to improve wet season usability and maintenance of grain quality in storage.

As part of the capital works program, over $5 million was invested to complete the manufacture of new plant and equipment, including:

- 10 Trippers and 12 Stackers
- 5 new Drive Over Grids and 5 Stacker Loaders
- 10 new Multi Loading Systems

Throughput program

The $40 million throughput program, which commenced in 2012, was topped up with $10 million additional capital for 2014. This money is being invested in the following projects to improve site efficiencies and reduce turnaround times for the 2014-15 harvest:

- Narrakine – upgrade to existing V-Pit elevator from 300TPH to 500TPH to improve grower throughput times.
- Doodlakine – upgrade the J-Pit to E-Pit style design with augers for improved site reliability and efficiencies.
- South Kumminin – replace Type 6 sample hut with a Type 9 sample hut with hydraulic spear relocated from Merredin for improved site performance.
- Pithara – removal of the existing J-Pit and upgrades to an E-Pit, set up with augers to achieve increased TPH of 300TPH and improved reliability.
- Merredin sample platform upgrade – removal of 2 x Type 9 sample platforms and installation of 1 x new Type 12 sample platform at the Merredin site to improve truck marshalling and throughput.
- Moonyoonooka pit/CLS upgrade – removal of the existing 200TPH conveyor system and installation of a new 500TPH conveyor with provision for upgraded augers to existing E-Pit.
- Pingrup – new entrance and expansion of the marshalling area for harvest receivals and upgrades to the open bulkhead conveyor system for improved site efficiencies.

- **Munglinup sample hut relocation upgrade** – refurbished sample hut from Chadwick was relocated to Munglinup for improved sampling facilities and marshalling improvements.
- **Miling OBH ground conveyor upgrade** - upgrade of an existing conveyor to increase speed to a maximum of 500TPH.
- **Shackleton** – removal of the old corrugated iron style sample platform and installation of 1 x Type 9 sample platform (ex-Merredin) at Shackleton in a new location on site, to improve truck marshalling and throughput.

2013-14 Emergency harvest storage

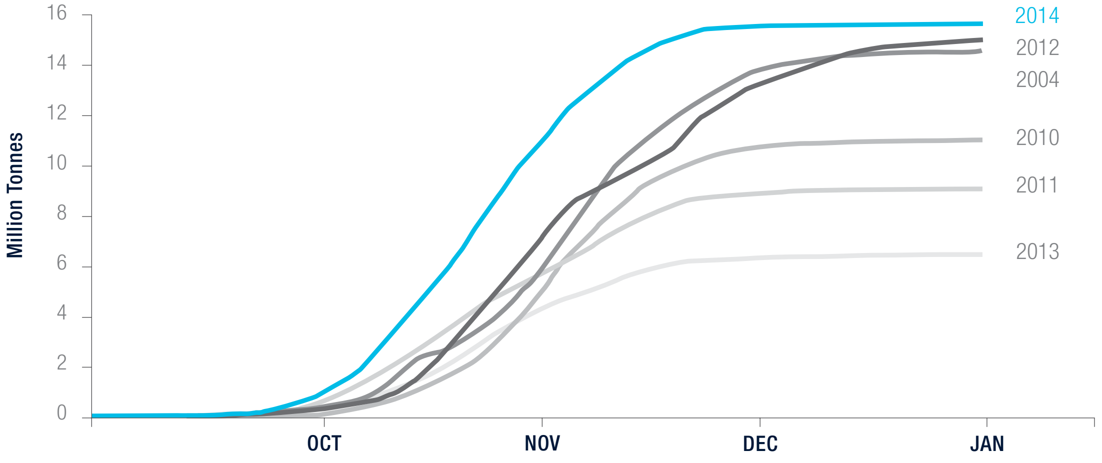
For the record 2013-14 harvest, CBH invested around $13 million into construction of approximately 576,000 tonnes of additional open bulkhead storage capacity for continued use.

Major port terminal maintenance

This included:

- Continuation of major repairs to the Albany and Kwinana port terminals' concrete cells.
- Practical completion of the Geraldton Terminal Cell Refurbishment Program involving banding of 24 cells and 14 star cells.
- Continuation of the major roof and wall cladding replacement program at the Kwinana port terminal, as well as the $23 million program over 3 years to refurbish the port terminal's ship loaders.
- Commencement of Geraldton Q Type re-roofing project involving the re-cladding and resealing of the roof.

Tonnes by Season



Operations Rebate

An Operations Rebate was first introduced in 2013, under the Grower Patronage Rebate Program. In 2014, an Operations Rebate of $0.85 was again provided to growers to use to offset storage and handling charges.

Tier 3

The closure of Tier 3 rail lines in June 2014 saw an increased level of truck activity on country roads, especially in the latter half of the year. The CBH Group believes operating on Tier 3 rail lines is economical and an efficient means to transport grain from these areas of the Western Australian wheatbelt. This was demonstrated by our ability to move an all-time record monthly amount of 97,196 tonnes into Merredin from Tier 3 sites in their last month before closing.

The co-operative commenced proceedings to seek access to the grain freight rail network through the rail access code via the Economic Regulation Authority (ERA) in 2013, after failing to reach an agreement on rail access with Brookfield Rail. At the time of writing, we are awaiting the outcome of arbitration relating to our proposal to seek access to the Tier 3 rail lines and remain in discussions with Brookfield Rail to determine rail access rights and charges going forward.

Port Access

In September 2014, the Federal Government introduced a new port access code of conduct for bulk wheat exports. The CBH Group considers the code a good step forward in terms of reducing regulation on the export wheat supply chain when it is appropriate, thus allowing the benefits in reduced costs to be provided back to growers.

Recognising the unique structure and motivations of a co-operative, the government allowed CBH an exemption from certain reporting requirements, placing us at the same level of regulation as competitors. The exemption is based around the co-operative business model and CBH's mandate to act in the best interest of our growers and the grain industry of Western Australia.

EyeFoss

CBH ran a pilot program at selected sites for the new image analysis grain assessment tool – EyeFoss – during the 2013-14 harvest period.

EyeFoss provides an objective supplement to existing visual checks performed by the human eye. It has been designed specifically to remove subjectivity from wheat and barley visual quality assessments, including sprouted grain, weed seeds and un-millable material as well as grain defects such as insect damage, mould, frost and germ damage.

The initial pilot program demonstrated a number of benefits, including reducing sampling speed down from 4.5 minutes to 3.5 minutes.

Following the pilot program in 2013-14 and feedback from growers, several modifications and improvements have been made and the EyeFoss tool will again be piloted for the 2014-15 harvest at selected sites.

02 | YOUR MARKETER

In 2014 CBH ranked as the country's largest grain exporter, exporting to over 30 countries and in excess of 250 customers.

HIGHLIGHTS

Australia's largest exporter of grain

Accumulated more than 50 percent of the Western Australia crop

Traded more than 10 million tonnes of grain

Announced a grower rebate of $3.30 per tonne to offset storage and handling charges for the 2014-15 harvest

Achieved accumulated sales of over $3.9 billion (including pool revenue)

CBH MARKETING AND TRADING REMAINED THE NATION'S LARGEST EXPORTER OF GRAIN AND ACCUMULATED MORE THAN 50 PERCENT OF THE TOTAL WESTERN AUSTRALIAN CROP FOR 2013-14. AS A RESULT, YOUR MARKETER WAS ABLE TO ANNOUNCE A RECORD REBATE OF $3.30 PER TONNE FOR WA GROWERS FOR THE 2014-15 HARVEST.

The CBH Group successfully traded a record of more than 10 million tonnes of grain during the 2013-14 financial year, with sales equating to more than $3.9 billion (including pool revenue). This accounts for approximately 35 percent of the Australian grain export industry across all major grains and oilseeds and ranks CBH as the country's largest grain exporter, exporting to over 30 countries and in excess of 250 customers.

With your support, the co-operative also took the lion's share of the market in Western Australia, accumulating in excess of 50 percent of the deliveries in what is Australia's most competitive and transparent grain market.

Creating value for you

Marketing and Trading Rebate

In 2014, Marketing and Trading delivered a rebate of $1.00 per tonne to growers who sold to CBH in the 2012-13 season.

In addition, a record Marketing and Trading Rebate of $3.30 per tonne for every tonne sold to CBH in the 2013-14 season was announced through the Grower Patronage Rebate Program, which growers will use to offset storage and handling charges for the 2014-15 harvest.

Pools

CBH's pools performed strongly in the 2013-14 season, with considerable support from growers

CBH's Harvest Pools were the highest performing pools in both Western Australia and South Australia, when comparing pool returns of similar products offered by other major pool providers*.

CBH internally benchmarks its pool performance to identify the result that could have been achieved had the pool exactly tracked its targeted sales mandate over its lifespan. The difference between the actual pool performance and the benchmark represents the grower value delivered by the pool via its strategic and risk management decisions. Depending on the commodity, the aim is to achieve an approximate 2-3 percent return over the benchmark. The results of this measure by commodity for the 2013-14 CBH Harvest Pools are as follows:

Pool	Relative to Benchmark (%)*
Wheat	7.84
Barley	3.34
Canola	2.74
Lupin	15.03

*based on information available as at 10 October 2014.

This result further demonstrates the strong performance by the pools for the 2013-14 season.

Pre-Pay Advantage

Further improvements were made to the Pre-Pay Advantage product in 2014. The product offers growers a pre-payment for grain that is committed to be delivered to any CBH product at harvest. Last year, we introduced an early approval from 1 March and this remained in place for 2014.

Additional improvements included reducing the minimum tonnage limit from 500 to 300 tonnes and providing participants with the option to make applications online through LoadNet®.

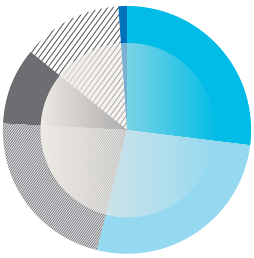
Connecting with customers

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 23 customer delegations from North Asia, South East Asia, the Middle East and Africa to Western Australia in 2014.

New US office

The CBH Group established an office in Portland, in the United States (US), for North American grain origination. Trading grain from Portland will allow CBH to better understand the market and offer US and Canadian wheat to key customers in the Asian region, to complement Australian wheat grades in their flour milling process.

CBH Marketing and Trading Export Destinations



27% SOUTH EAST ASIA

27% NORTH ASIA

22% MIDDLE EAST AND AFRICA

10% EUROPE AND AMERICAS

13% JAPAN

1% OTHER

Trading in Vietnam

To better access trading opportunities in the Asian region, Marketing and Trading partnered with Interflour to develop an independent trading and distribution company – CI Trading Limited – in 2014.

As with our international offices in Japan, Hong Kong and the US, the Vietnam trading company forms part of our strategy to have a local presence in key markets by extending your supply chain closer to the customer.

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.

Marketing and Trading experienced a number of shipping records in 2014, including the largest vessel shipped from WA – the CMB Medoc – carrying 78,637 tonnes of feed barley bound for Saudi Arabia. In addition, Marketing and Trading shipped a record number of 200 vessels for the 2013-14 financial year. CBH was also the second largest exporter of grain out of South Australia.

In further developing our multi-origin capabilities, we also shipped cargoes from the US and Russia to our Middle East and Asian customers respectively.

Eastern Australia

CBH's operations in the eastern states of Australia continue to provide a range of benefits to WA growers and your customers. Trading grain from Eastern Australia ensures your Marketing and Trading division can offer the full range of Australian grades and varieties to customers as well as maintain a scale of operation that ensures we remain competitive in the WA market year in, year out.

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. This was further demonstrated by the fact that CBH was the second largest exporter out of South Australia in 2014.

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 2014, CBH conducted two grower study tours to two of the most important regions for Western Australian growers – Asia and the Middle East. The first was a 16-day study tour by nine growers taking in Japan, China, Hong Kong and Vietnam and included visits to a number of leading CBH customers and their facilities.

In September 2014, CBH conducted another grower study tour to the Middle East region, to which Australia exports, on average, 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, Saudi Arabia and Dubai.


CBHgroup

03 | YOUR INVESTMENTS

Another strong performance by the Interflour Group, contributing a profit after tax to the CBH Group of $12.1 million

HIGHLIGHTS

- Provided Investment Rebate of $0.75 per tonne to offset storage and handling charges
- Interflour Group contributed a profit after tax to the CBH Group of $12.1 million
- Lupin Foods Australia received the Australian Institute of Food Science and Technology's "Food Industry Innovation Award" and the "Best New Environmentally Sustainable Initiative" award at the 2014 Gulfood Awards
- Australian Bulk Stevedoring loaded 15.2 million tonnes of grain, woodchips and minerals sands at WA ports

THE CBH GROUP IS COMMITTED TO MAKING PRUDENT INVESTMENTS ALONG THE GRAIN SUPPLY CHAIN SO THAT ADDITIONAL VALUE CAN BE CAPTURED AND RETURNED TO OUR GROWERS. **IN 2014, THE INVESTMENT REBATE RETURNED $0.75 PER TONNE TO WA GROWERS.**

Interflour

The CBH Group has a 50 percent interest in the Interflour Group, which operates seven flour mills in Indonesia, Malaysia, Vietnam and Turkey, and a port facility in Vietnam.

Continued strong demand for flour in the region over the last financial year saw Interflour (IFHL) mill 1.3 million tonnes for new and existing customers, compared to 1.2 million tonnes the previous year. It delivered another strong financial performance, posting a Profit After Tax (after minority interests) of $24.2 million, of which $12.1 million is attributable to the CBH Group.

As a result, CBH was able to provide an Investment Rebate to WA growers of $0.75 per tonne to offset their storage and handling charges for the 2013-14 harvest.

IFHL continued to pursue its objective of growing its daily milling and processing capacity from 5,890 tonnes per day in 2013 to 10,000 tonnes per day by 2018 by committing to investments to the value of over $140 million in four key projects, the majority of which is being debt funded using the financial capacity of the IFHL Group.

These include plans to construct a 360 tonne per day malting facility in Vietnam at its Cai Mep port, to provide a new gateway for WA growers' grain to enter the country's rapidly growing beer market. Barley has traditionally been malted close to its growing source and transported internationally to brewers in a variety of countries. The increasing size of the beer market in Vietnam, coupled with the ability to locate the malting facility at a port, provides a unique competitive advantage to the traditional approach.

IFHL also approved construction of a new 500 tonne per day mill in the Philippines, a market that is traditionally dominated by US grain. IFHL's entry into this market will provide a new opportunity for Australian grain to enter the local flour milling market.

In addition, IFHL approved the purchase of an existing flour mill in Cilegong, Indonesia. This mill will add a further 600 tonnes of processing capacity per day to support the growth in demand that is currently serviced through the Eastern Pearl Flour Mill.

An extension of the Prestasi flour mill in Malaysia by a further 500 tonnes will take the total daily processing capacity to 1,300 tonnes per day. Malaysia, while having a lower flour consumption growth rate than Indonesia and Vietnam, is a strategically important market and it is critical that the business continues to invest in the region in order to meet the current and future requirements of our valued Malaysian customers.

Given the scale of these investments, CBH has committed up to US $17.5 million to the Intermalt project over the next three years. This will be contributed via a reduction in the planned dividend to be received over this period.

CBH, together with its partner, commenced the consolidation of investments in Asia to create a simpler and more efficient structure. This will result in all entities of the Interflour Holdings Ltd group and PT Eastern Pearl Flour Mills being held under a single holding company in Singapore. These investments are currently held under two different holding structures. The consolidation is expected to be completed in 2015.

Lupin Foods Australia

Lupin Foods Australia (LFA) continued with its 'feed to food' strategy in 2014 with the commissioning of an advanced lupin processing plant that is now deemed 'food grade.'

The business realised a number of achievements in 2014 including:

- Receiving the highly prestigious "Foods Industry Innovation" award by the Australian Institute of Food Science and Technology. This award recognises significant new developments in a process, product, ingredient, equipment or packaging of a product that has achieved successful commercial application in any sector of the Australian food industry within the previous six months to five years.
- Receiving the "Best New Environmentally Sustainable Initiative" award and Runner-Up for the "Best New Health Food or Beverage" award at the 2014 Gulfood Awards.

LFA recognises there is low market awareness of the food characteristics of lupin and is focussed on promoting its benefits and assisting customers and food manufacturers in understanding how it can be used going forward.

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 of the supply chain.

During the 2013-14 year, ABS loaded 15.2 million tonnes of grain, woodchips and minerals sands and played a critical role in enabling the CBH Group to achieve its export records for the season.

Newcastle Agri-Terminal

The CBH Group acquired an option to be a minor shareholder in a consortium constructing a new agricultural export terminal – the Newcastle Agri-Terminal (NAT) – at the Port of Newcastle in New South Wales in 2009.

Since that time, CBH has invested a total of $13.1 million in this port facility for an 18.9 percent shareholding.

The commissioning of the NAT occurred at the same time as below average crop conditions in the catchment zone, which has meant the facility was unable to operate to its full capacity in its first year of operation. Below average crop conditions are part of the agricultural cycle and have been factored into the investment decision.

The co-operative has decided not to pursue the development of a country network of receival points to feed grain into NAT and is currently reviewing how to optimise value from this investment.

04 | YOUR SUPPORT

HIGHLIGHTS

Maintained a high level of customer service through the Grower Service Centre

Moved to a national structure for our network of Business Relationship Managers

Attained a record number of more than 500 new members to DailyGrain

Business Relationship Managers, located throughout Western Australia, provide growers with a local contact to assist with their grain marketing needs

THE CBH GROUP IS COMMITTED TO PROVIDING SUPPORT TO GROWERS THROUGHOUT THE YEAR. OUR GROWER SERVICE CENTRE AND BUSINESS RELATIONSHIP MANAGER TEAMS CONTINUED TO PROVIDE VALUABLE ASSISTANCE TO GROWERS IN 2014 AND DAILYGRAIN WELCOMED A RECORD NUMBER OF NEW MEMBERS TO ITS SERVICE.

Grower Service Centre

Our Grower Service Centre in West 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 2013-14 by three full time and one part-time permanent call centre staff members and three support staff, with an additional eight casuals employed during the harvest period. During the harvest period, between November 2013 and January 2014, the Grower Service Centre received close to 22,000 calls. Outside of the harvest period, total calls were around 9,500. The average time in queue remained low again for 2013-14 at less than 20 seconds.

The introduction of CBH's new, secure online system to record farming business details – GRID – was a major focus for the Grower Service Centre in 2014 and two casual GRID specialists were employed to assist growers with the GRID process.

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 Eastern Australia 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's team of 12 Business Relationship Managers, located throughout 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 business.

An additional four Business Relationship Managers provide support for growers in Eastern Australia.

In 2014, we moved to a national structure for our network of regional managers, bringing all Business Relationship Managers across Australia under the one umbrella and managed centrally from our head office in West Perth.

LoadNet® and CBH Mobile

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

CBH Mobile is a smartphone and tablet tool that provides growers with 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.

In 2014, significant work was undertaken to make the reporting of site times through LoadNet® and CBH Mobile more robust and reliable.

In addition, the co-operative developed the Freight Optimiser enhancement for CBH Mobile, to allow growers to compare freight costs between sites. The Freight Optimiser was implemented in readiness for the 2014-15 harvest.

DailyGrain

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

In 2013-14, a record number of over 500 growers took advantage of the Basic membership option, which is free to all CBH growers and gives members easy access to over 1,200 prices from 20 grain buyers for seven commodities over 55 grades.

DailyGrain completed the successful integration of its 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, was released in time for the 2013-14 harvest.

In February 2014, the DailyGrain website and mobile app underwent a major facelift to modernise the service and improve the functionality for members. Improvements included better customisation, improved market information and news, optimisation for tablets and mobiles, a new suite of charts and improved functionality, and the ability to include more than five grades on members' Top 5 pages.

05 | YOUR PEOPLE

HIGHLIGHTS

Employee engagement grew for a fifth consecutive year to 64 percent

Commenced Contractor Safety Program

Nominated as a finalist in the 2014 Australian Human Resources Institute (AHRI) HR Technology Award

We continued to upskill our employees in problem solving and continuous improvement tools with the goal of empowering our people to find more efficient and effective ways of operating.

THE CBH GROUP HAS A STRONG FOCUS ON ENSURING OUR PEOPLE RETURN HOME SAFELY AT THE END OF EACH WORK DAY AND ARE COMMITTED TO OUR PURPOSE OF CREATING AND RETURNING VALUE TO GROWERS. IN 2014, EMPLOYEE ENGAGEMENT GREW FOR A FIFTH CONSECUTIVE YEAR. WE ALSO EXTENDED OUR SAFETY FOCUS TO CONTRACTORS THROUGH THE INTRODUCTION OF THE CONTRACTOR SAFETY PROGRAM.

Retention of new hires remained high at over 90%

Employee Engagement

2014	64%
2013	63%
2012	58%
2011	50%
2010	40%

Culture and employee engagement

Our continued focus on building a One CBH culture and improving employee engagement resulted in a further increase to our employee engagement score for 2014, with some teams now well into the high performance zone representing the top quartile of employers.

Employee retention remained high over the year, with voluntary turnover averaging less than 5 percent over the 12 month period. Retention of new hires within the first two years of employment also remained high at over 90 percent, exceeding our 85 percent target.

In response to employee feedback, we expanded our service recognition scheme to include employees reaching their 5, 10, 15 and 20 year service milestones. Celebrating these service achievements is an acknowledgement of the important contribution our people make to CBH and to serving our growers over an extended period of time. The changes to the scheme have been well received.

Ensuring capability for the future

With a view to maintaining a sustainable, agile co-operative, we spent some time this year creating a long term People Strategy. This strategy will help ensure that CBH has a workforce equipped to meet the challenges of a competitive environment over the next five years. Strengthening the skills of our people leaders will be a key focus.

With the input of a broad cross-section of our people, we established a Leadership Capability Framework outlining the key competencies required for each level of leadership. We tested employee perceptions of their managers' capabilities via our annual engagement survey so we can track and measure improvements over time. We also invested in developing our people leaders with more than 120 people participating in leadership development activities.

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.

Despite the positive changes in our safety culture over the last few years, we sadly experienced two fatalities, in December 2013 of Mr Geddes Milne and August 2014 of Mr Jeffrey Grant.

OUR SAFETY PRINCIPLES

ALL INJURIES ARE PREVENTABLE	WE ARE ALL RESPONSIBLE FOR OUR PERSONAL SAFETY AND THAT OF OTHERS
NO ACTIVITY IS SO IMPORTANT THAT IT CANNOT BE DONE SAFELY	SAFETY INTERACTIONS ARE A PART OF OUR DAILY ACTIVITIES
MANAGEMENT IS RESPONSIBLE FOR MAINTAINING A SAFE WORKING ENVIRONMENT	WE ARE ALL EMPOWERED TO STOP UNSAFE BEHAVIOURS

OUR SAFETY VISION

That everyone returns home safely at the end of each working day.

In 2014, our internal safety focus continued to drive an improved safety culture and we remain committed to achieving our safety vision – **that everyone returns home safely at the end of each working day.**

In support of this vision, we have set the following key objectives:

- **Value for Health and Safety**
  The health and safety of people is positioned first, before all other business requirements.
- **Safety Leadership**
  Through effective safety leadership and our care for people, individuals are internally motivated to make our workplaces safer.
- **Developing our People**
  Teams of skilled and competent safety leaders.
- **Operating Discipline**
  Individuals and teams accountable for doing it right the first time every time.
- **Performance Metrics**
  Individuals and teams setting benchmarks to improve their workplace health and safety performance.
- **Audit and Review**
  Compliance verified by systems reviews and a culture of continuous improvement.
- **Systems and Processes**
  Standardisation and consistency across the business.

A key initiative for 2014 was the Contractor Safety Project that introduced a new system called SitePass to ensure that any contractor coming onto a CBH site has a valid licence, appropriate qualifications and a general online induction. To support this project, we also established a Contractor Safety Helpdesk to assist contractors with any safety queries or concerns they may have.

The co-operative also launched six workplace health and safety standards in 2014, which include:

- Incident reporting and classification
- Injury and incident analysis
- Management and control of asbestos
- Alcohol and drugs
- Sun protection and heat stress
- Injury management and return to work

We continued to work with the Growers Advisory Council throughout the year to raise greater awareness of grower safety and it is pleasing to note that a 2014 grower survey indicated that CBH's safety approach has had a positive impact on the farm practises of many growers. We will continue to work with growers on this important issue going forward.

Safety performance

CBH has made great strides in recent years in improving its safety record. Our Lost Time Injury Frequency Rate is at an all time low of 7. This is, however, still too high in comparison to other industries, a fact sadly emphasised by the two fatalities that occurred in December 2013 and August 2014. The deaths on our sites are a terrible reminder of how vigilant we have to be and how staff, management, the Board and growers all need to work together to achieve our goal of an injury free workplace.

Working smarter

In 2014, CBH introduced a new remuneration management system which has reduced the time and effort required to manage the annual remuneration review process.

CBH was nominated as a finalist in the 2014 Australian Human Resources Institute (AHRI) HR Technology Award, recognising the use of technology in improving the massive task of on-boarding more than 1,500 casual employees in readiness for harvest each year.

We continued to upskill our employees in problem solving and continuous improvement tools with the goal of empowering our people to find more efficient and effective ways of operating.

ACKNOWLEDGEMENT OF SERVICE

Acknowledging years of service is part of how we recognise our people. The following employees have dedicated 25, 30 and 40 years of service to CBH and we would like to recognise their longstanding commitment to CBH and WA growers.

25 YEARS

- Brian Bailey
- Lloyd Burges
- Richard D'Lima
- Peter Flack
- Darryl Follington
- Duncan Gray
- Matthew Greaves
- Brian Guthrie
- Guy Baxter
- Terry Chrimes
- Michael Daw
- Craig Dicks
- Donald Jones
- Cheryl Kowald
- Harold Moir
- Alfred Morrison
- Neville Scott
- Margaret Seymour
- Donald Jones

30 YEARS

- Clayton Coulthard
- Colin Hunt
- Willem Jansen
- Shane Higgins

40 YEARS

- Roger Hayden
- John Arcudi
- Malcolm Higgins
- Kevin Willis

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. Our goal is to make a difference in the communities in which we operate.

In 2014, your co-operative significantly increased its annual funding of approximately $350,000 per year to approximately $1.2 million under its new Community Investment Program, which provides support to our regional communities across a range of categories.

Grower community investment

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

CBH is committed to supporting education, arts and capacity building programs which will build future contributors and leaders of rural communities, inspire ideas and creativity and promote agriculture. In 2014, we demonstrated this through a range of sponsorships, as outlined below.

Sport and recreation

In 2014, we increased our long standing partnerships with the WA Country Football League to $62,000, bringing the total support to $550,000 since the sponsorship began in 2002. The additional sponsorship has doubled the number of leagues supported, from five to eleven, incorporating all core grain growing leagues.

We also continued our partnerships with Tennis West, Hockey WA and the Caitlin Bassett Netball Project.

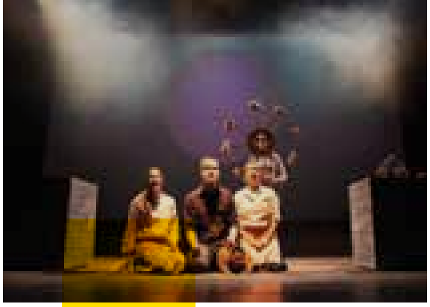
Regional capacity building

CBH continued to provide significant support to grower directed organisations that aim to lift farm profitability and sustainability in their regions. Combined, these groups have a membership base of over 1,500 farm business entities and include:

- 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
- Morawa Farm Improvement Group

The co-operative also sponsored the following:

- RIRDC Rural Women's Award
- Western Australian Farmers Federation Conference
- Pastoralists and Graziers Association Convention
- Grower Group Alliance Conference
- Nuffield Scholarship
- Influential Women
- Regional Achievement and Community Awards



Commenced a new three year partnership with the Royal Flying Doctors Service. Since February 2014, the RFDS has completed 452 retrievals from grain growing areas.

Health, safety and lifestyle

With a strong focus on health, safety and lifestyle, CBH commenced a three year partnership with the Royal Flying Doctors Service (RFDS) in evaluating the 700 airstrips located across regional WA. Since the commencement of the partnership in February 2014, the RFDS has completed 452 retrievals from grain growing areas.

We have continued our partnership as a Room Sponsor of the Ronald McDonald House. The house provides accommodation to regional families of seriously ill children who are being treated at the nearby Princess Margaret Hospital. In 2014, 62 families from nine of WA's grain growing communities spent a combined total of 759 nights in the Ronald McDonald House.

The Arts

In 2014, CBH commenced two new arts partnerships. The first was as the Equal Music Partner with Musica Viva – a three year partnership that will contribute to bringing music education to regional school children. Approximately 64 schools in the wheatbelt participated in a Musica Viva concert in 2014.

The CBH Group also partnered with the Spare Parts Puppet Theatre to bring the story of a WA farming family to audiences in the wheatbelt and Perth. In the first project of its type, the Spare Parts Puppet Theatre collaborated with the Merredin community to develop an all-ages theatre show called "Farm". Over 3,600 people from across the state attended the production in 2014.

Promoting the grain industry

In 2014, CBH commenced a new three year partnership with the Royal Agricultural Society in contributing to the Perth Royal Show educational displays within the Farm2Food and Farm Technology pavilions. Over 14,000 'Junior Farm Passports' were handed out to children who participated in the program at the 2014 Perth Royal Show.

64 schools in the wheatbelt participated in a Musica Viva concert in 2014.

Global community

CBH continued its sponsorship of the Crawford Fund in 2014. The Fund promotes and supports international agricultural research and development involving the participation of Australian organisations.

Grain industry

We recognise the important work done by grain industry organisations in representing grain growers at all levels of government and in the wider community.

In 2014, CBH sponsored a number of major conferences encouraging discussion and debate about latest developments, trends and challenges affecting our industry.

Grassroots Community Fund

During 2014, 80 organisations received funds totalling $90,000 under the Grassroots Community Fund.

Some of the projects and events to receive funds under the Grassroots Community Fund were:

- The Isolated Children's Parents Association (WA) Annual Conference
- Mukinbudin Spring Festival
- Esperance and Districts Agricultural Society's Children's Agricultural Discovery Trail
- Katanning Country Club's hosting of the State Sand Green Golf Championship
- Be Active Moora Triathlon
- York Swimming Club Country Pennants
- Westonia Progress Association's Westonia Primary School 100 Year Celebration, Hood Penn Museum Opening and Wessy Festival.

In 2014, CBH sponsored a number of major conferences encouraging discussion and debate about latest developments, trends and challenges affecting our industry.

CBH Donated $185,000 to eight worthy charities from HMMS forfeited loads proceeds

Industry associations and memberships

We maintained a strong, proactive presence amongst the business community in 2014, through our involvement with the following organisations:

- Grain Industry Association of Western Australia
- Grain Trade Australia
- Kwinana Industries Council
- Western Australian Chamber of Commerce and Industry
- Committee for Economic Development of Australia
- Australian Institute of Company Directors
- Business Council of Co-operatives and Mutuals
- 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 2014, our efforts were heavily focussed on ensuring the wheat industry continued its transition to deregulation with the introduction of the Mandatory Code of Conduct that removes costly and inefficient regulation for Western Australian grain growers, as well as continued efforts to achieve a fair below rail access agreement for the WA grain freight rail network.

Donations

HMMS

In May, CBH presented eight charitable organisations with a total of $185,000 in sale proceeds from grain forfeited under the 2013-14 Harvest Mass Management Scheme (HMMS).

The HMMS, 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 following eight organisations were selected because of their important role in helping rural communities and families.

- Ronald McDonald House
- St John Ambulance
- Association of Volunteer Bush Fire Brigades
- Avon Youth, Community and Family Services
- Cancer Council of Western Australia
- Regional Men's Health
- Children Cancer Care Group of Albany
- Parkerville Children and Youth Care

07 | YOUR ENVIRONMENT

Delivering value to all our stakeholders by protecting, sustaining and enhancing the natural resources needed for the future.

HIGHLIGHTS

Implemented a new Sustainability Action Plan which aligns and tracks the actions being taken to achieve our eight sustainability objectives

Maintained certification to the ISO14001 standard for Environmental Management at all CBH terminals, and broadened our formal environmental management system to eight additional regional sites

Implemented a new tiered training structure for sustainability and environmental aspects relevant to CBH that focuses on awareness and responsibilities

THE CO-OPERATIVE BELIEVES A SUSTAINABLE BUSINESS IS ONE WHICH MEASURES SUCCESS NOT JUST WITH ECONOMIC BUT SOCIAL AND ENVIRONMENTAL INDICATORS AS WELL. IN 2014, WE CONTINUED OUR LONG TERM COMMITMENT TO A SUSTAINABILITY VISION DESIGNED TO DELIVER VALUE TO ALL OUR STAKEHOLDERS BY PROTECTING, SUSTAINING AND ENHANCING THE HUMAN AND NATURAL RESOURCES NEEDED FOR THE FUTURE.

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

In 2014, CBH continued to implement a number of initiatives and programs that ensured progress towards these objectives.

Sustainability Action Plan

Vision	**Delivering value to all our stakeholders by protecting, sustaining and enhancing the natural resources needed for the future.**	
Guiding Principles	**Protecting natural resources**	The CBH Group regards protection of the physical environment and conservation of natural resources as an essential element to the organisation's operations and crucial to the long term sustainability of agriculture in Australia.
	Delivering value to all	The CBH Group is committed to ensuring planning, design and decisions take into account the present and future needs of all of our stakeholders. As such, safety, financial, environmental, ethical and social outcomes are considered in every thing we do.
	Enhancing communities	The CBH Group continues to strive to be involved in building strong and sustainable communities both within the industry and the rural environment we operate in.
Objectives	• Prevent harm to the environment • Strive to enhance the communities in which we operate • Reduce greenhouse gas emissions • Integrate sustainable development principles • Implement sustainable consumption practices • Foster more sustainable behaviours and consumption patterns • Improve water use efficiencies and protect water quality • Reduce waste produced, maximise resource recovery and recycling	

SUSTAINABILITY OVERVIEW 2014

PROGRESS REVIEW

Objective	Action	Comments	Status
Prevent harm to the environment	Maintain certification to the ISO14001 standard for Environmental Management at CBH Group terminals	Certification held via independent third party audits 2014-19	●●●●
	Broaden the CBH Group's Environment Management System (EMS) to the receival site network	Target established to have eight additional sites operating to the requirements of the ISO14001 standard by 2015	●●●○
	Prepare environmental plans for 'high risk' sites	Formal management plans for such aspects as noise, dust, storm water management	●●●○
	Implement an Environmental Incident Frequency Rate (EIFR) measure and target	EIFR as total number of environmental incidents x 1,000,000 divided by total hours worked by all employees (and contractors)	●○○○
	Design and develop native vegetation rehabilitation and planting plans to offset native vegetation clearing activities with the intent to protect and enhance local biodiversity	Project sites in place at Moora, Dowerin, Hyden, Chadwick. Since 2010 CBH is tracking with a "positive net gain" i.e. more diversity replaced than lost via CBH activities	●●○○
	Undertake tree retention programs on all relevant sites	Mandatory under our Sustainability Action Plan. Taken into consideration but not formalised as a standard practice	●●●○
	Construct and implement a "Buy Quiet" Policy	To be implemented from 2015 onwards	○○○○
Strive to enhance the communities in which we operate in	Review Community Investment Program against set objectives	Community Investment Program is reviewed annually and sponsorship activities are tracked	●●●●
	Formalise major community partnerships	Formal partnerships in place with a number of key organisations	●●●●
	CBH Grass Roots Fund	Provides sponsorship up to $5,000 via an application process against key criteria. Applications for fund accepted three times annually to assist the timing of payments to community groups	●●●●
	Harvest Mass Management Scheme	$185,000 donated to charity via this scheme in 2013-14	●●●●
	Continuation of the Employee Volunteer and Sponsorship (EVS) Committee	CBH is a member of Volunteering WA. The EVS Committee meets quarterly to assess employee volunteering and charity activities. Volunteering Committee Policy is in place	●●●●
Reduce greenhouse gas emissions	Meet all statutory greenhouse and emission reporting programs	National Greenhouse Reporting System, Australian Bureau of Statistics Energy and Waste reporting	●●●●
	Construct and implement an Energy Management Policy and Plan focusing on future energy requirements and the establishment of efficiency and reduction targets	Key stakeholder group developed Draft Policy designed	●○○○
	Implement greenhouse reduction projects at all CBH EMS certified sites	Projects linked to the Energy Management Policy, Energy Management Action Plan and greenhouse targets/measures	●●○○
	Install 0.5 megawatts of renewable energy by 2016 and 1 megawatt by 2019	30 kilowatt system established at Moora 500 kilowatt tender released April 2014	●●○○
	Identify vehicle fleet options to reduce environmental footprint of CBH Group fleet	Environmental criteria embedded in CBH Group vehicle selection policy	●●●○
Integrate sustainable development principles	Ensure sustainability objectives are captured within the 'Future Sites Concept'	Energy efficiency strategies factored into original site design at Chadwick	●○○○
	Opportunities for energy efficiency to be considered and reported for each major capital expansion in development specifications	To be implemented from 2015 onwards	○○○○

Status Key

Target complete Achieved	Complete ●●●●	Mostly achieved ●●●○ Work in progress ●●○○	Work begun ●○○○ Not achieved ○○○○

Objective	Action	Comments	Status
Implement sustainable consumption practices	Communicate our sustainability objectives, targets and activities to stakeholders (employees, growers, suppliers)	Communications to employees, growers and key suppliers has begun. Environmental and sustainability considerations included in key Request For Price (RFP) and contracts	●●○○
	Develop a purchasing policy giving consideration to environmental and social performance, opportunities to 'buy local' and minimal packaging options	Purchasing Policy now references Sustainability approach	●●○○
	Establish a program to benchmark suppliers	Tender evaluation process in place with criteria and weighting system applied	●●●○
	Implement a 'high risk' product or problem material database	To be implemented from 2015 onwards	○○○○
	Revitalise the 'Sustainable Office Program' focusing on travel, paper use, waste and recycling, water, energy in office settings	Waste and recycling programs in place and communicated	●○○○
	Determine the feasibility of using sustainable e-publishing tools for the majority of distribution, paper and printing processes for all marketing material	PDF and online capabilities available for all regular publications. CBH applications in development	●●●○
Foster more sustainable behaviours and consumption patterns	Implement a tiered training structure for sustainability and environmental aspects relevant to the CBH Group	Training developed and in the process of being implemented in consultation with Learning and Development	●●○○
	Utilise NAV MAN vehicle Technology Solution to support improved driving practices and vehicle selection	Fleet reporting now being tracked	●●○○
	Optimise CONNECT (CBH Intranet for staff) and WEB to communicate with all stakeholders on sustainability issues	Landing pages established for 'sustainability' related communications on CBH CONNECT and CBH external web page.	●●○○
	Implement an annual communications and education strategy in support of an international/national environmental significant day (e.g. World Environment Day)	To be implemented from 2015 onwards	○○○○
Improve water use efficiencies and protect water quality	Identify and communicate baseline water consumption figures centred on areas of potential wastage	Socialise and communicate a "net positive" water consumption mindset	●●○○
	Determine feasibility of installing rainwater tanks in all new developments	Rainwater tanks installed at some sites, however not in place for all new developments	●○○○
	Undertake feasibility studies of stormwater harvesting options from storage roofs	Goomalling site collects run off for community use. Pingrup project operational	●●○○
	Undertake formal water audits at major facilities	Kwinana Grain Terminal formally water audited with significant savings achieved. Cee and See Caravan Park audited and water efficiency management plan implemented	●○○○
	Implement water quality guideline for wash down areas on CBH sites focused on best practice controls	Audits to be conducted at CBH sites against the guideline	●○○○
	Review water quality monitoring programs	Water monitoring conducted at all high risk sites. A formal review of all water quality monitoring programs was conducted in 2012 with the next formal review due in 2015	Complete
Reduce waste produced and maximise resource recovery and recycling	Reuse and recycle strategies implemented for major waste streams	Recycling systems established for wall liners, sample bags, PVC tarps, fluro tubes, oil, paper, cardboard, co-mingled, e-waste, packaging and mobile phones. Reduce waste to landfill by 50% by 2019. Goal is 0% waste to landfill by 2030	●●○○
	Establish baseline waste generation and recycling of all CBH sites	CBH has agreements with several recycle providers. Uptake of reporting has been inconsistent across the Group, due to number of different providers and waste streams requiring managing	●○○○
	Examine opportunities and initiatives to specify product packaging and delivery to reduce site waste	To be implemented from 2015 onwards	○○○○
	Implement four closed loop recycling programs	Two already implemented. Grain dust at MGC and Kwinana Waste oil at major sites	●●○○
	Implement responsible waste days for CBH employees to utilise CBH waste systems for difficult domestic waste items such as car batteries and polystyrene	Battery collection conducted at major sites	●●○○

2014 YOUR BOARD OF DIRECTORS

Wally Newman

Chairman

Wally Newman has been a Director of the CBH Group Board since August 2000, was the Deputy Chairman from 2008-2012 and was elected Chairman-Elect in April 2014 before assuming the role of Chairman in August 2014. He was also Chairman of CBH subsidiary Bulkwest in 2002 and is currently Chairman of the Board's Communications Committee and a member of the Remuneration and Nomination Committee.

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 currently a committee member and its former President.

Wally is a member of the International Agricultural Exchange Association and a Fellow of the Australian Institute of Company Directors.

Vern Dempster

Deputy Chairman

Vern Dempster was elected Director of the CBH Group in April 2008. He was appointed Deputy Chairman from April 2013 to April 2014 and re-appointed to the position in August 2014. Vern is 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 grainbelt. 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.

Trevor Badger

Member Director

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

Trevor has held executive positions on various grower representative bodies in Western Australia and is currently Chairman of the Lake Chinocup Catchment Resource Management Committee and Deputy Chairman of the Nyabing Pingrup LCDC.

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 was previously 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, Aherns and Target Australia, then part of the Coles Myer Group. Trent is also Chairman of Margaret River Busselton Tourism Association, Deputy Chairman of Good Samaritan Industries and a Fellow of the Australian Institute of Company Directors.

Derek Clauson

Member Director

Derek Clauson was elected to the CBH Group Board in February 2013 and is a Member of the Board's 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 previously served as a Shire President and Deputy Shire President. He also formerly held the position of President of the Western Australian Farmers Federation Grains Council.

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

Kevin Fuchsbichler

Member 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. In addition, he is Chairman of the CBH Group's subsidiary company, Lupin Foods Australia Pty Ltd.

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

Member Director

John Hassell was elected to the CBH Group Board of Directors in April 2009 and is a member of the Board's Audit and Risk Management Committee and is the CBH appointed representative on the Co-operatives WA Council.

A grain and livestock producer from Pingelly, located in the central grainbelt 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.

Rodney Madden

Member Director

Rodney Madden first joined the CBH Group Board of Directors in April 2006 and served as a Director until 2012 before being re-elected in 2014. He is a member of the Board's Investment Committee and Communications Committee.

Mr Madden produces grain and sheep on his farm in Morawa. He is a Director of WAMMCO International and North East Farming Futures and was the inaugural Chairman of United Farmers Co-operative between 1992 and 2002. Rodney is also a Councillor of the Co-operative Federation of Western Australia.

In recognition of his contribution to agriculture, Mr Madden was awarded the Sir John Monash Gold Medal Award for Agribusiness Co-operative Directors in 2002. He is a Fellow of the Australian Institute of Company Directors.

Brian McAlpine

Member Director

Brian McAlpine was elected to the CBH Group Board of Directors in February 2012 and is a member of the Board's Audit and Risk Management Committee and Communications Committee.

Brian is an experienced grain farmer from Maya in WA's north east.

He has completed a Masters of Business Administration (MBA) and a Nuffield Scholarship. Brian is a past President of the Liebe Group, past Councillor of the Dalwallinu Shire and is a Graduate Member of the Australian Institute of Company Directors.

Neil Wandel

Member Director

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, a position he held until August 2014.

He is 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.

David Willis

Independent Director

David Willis was appointed to the CBH Board in March 2010 and is the Chairman of the Board's Audit and Risk Management Committee, a member of the Investment Committee and the CBH Board appointed Director of Interflour Holdings Ltd.

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.

2014 | YOUR SENIOR MANAGEMENT TEAM

IMAGES FROM LEFT TO RIGHT

1 DR ANDREW CRANE
2 ED KALAJZIC
3 DAVID CAPPER
4 JASON CRAIG
5 KARLIE MUCJANKO
6 MAT REGAN
7 COLIN TUTT
8 ALLYN WASLEY
9 DAVID WOOLFE

Dr Andrew Crane

Chief Executive Officer

Dr Andrew Crane joined grain marketer, Grain Pool Pty Ltd (now CBH Group Marketing and Trading), in 2001 and was appointed General Manager when it merged with CBH in 2003. He was responsible for the 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 the CBH Group's General Manager, Strategy and Business Development and was appointed Chief Executive Officer in April 2009.

Since joining the CBH Group, Andrew has led the reorganisation of the business to ensure that grower members benefit from the dramatic deregulation of their industry. 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.

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 the Business Council of Co-operatives and Mutuals, a member of the Curtin Business School Advisory Council and a member of Rabobank Australia and New Zealand Wholesale Food and Agriculture Advisory Board.

Ed Kalajzic

Chief Financial Officer

Ed Kalajzic joined the CBH Group in September 2008 as a Business Development Manager before being appointed as Chief Financial Officer in June 2014. He is currently responsible for the financial management of the CBH Group.

Prior to the appointment of Chief Financial Officer, Ed worked within the Strategy and Business Development division, where he was involved in mergers and acquisitions, investment monitoring, and corporate strategy. Over the past six years Ed has also been a Director of several of the CBH Group's subsidiaries and investments.

Before joining the CBH Group, Ed worked for PricewaterhouseCoopers for just over three years in the Advisory division where he was primarily involved in the Valuations/Strategy and Transactions teams. Ed was originally from a grain and sheep farm in Cadoux prior to commencing his career with PricewaterhouseCoopers.

Ed holds a Bachelor of Business (Double Major in Accounting and Finance), is a Chartered Accountant, and a Graduate of the Australian Institute of Company Directors.

David Capper

General Manager Operations

David Capper was appointed General Manager of Operations in July 2013 and is responsible for leading CBH's world-class storage and handling, logistics, engineering and shipping services. As General Manager of Operations, David's main focus is creating and returning value to 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 the positions of Manager of Operations and Strategy Manager, Operations since returning to Western Australia from Indonesia, where he 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 General Manager Marketing and Trading in April 2012 and is responsible for the CBH Group's Marketing and Trading division.

Jason joins the CBH Group from its 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 (now known as CBH Marketing and Trading).

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

Karlie Mucjanko

General Manager Grower and External Relations

Karlie Mucjanko joined the CBH Group in 2005 as a Marketing and Communications Advisor before taking on the role of Manager Corporate Affairs in November 2005 until May 2008. She is currently General Manager Grower and External Relations, where she is responsible for the Corporate Affairs, Government and Industry Relations and Grower Relations portfolios.

Prior to joining the CBH Group, Karlie was the Public Relations Manager for the Kondinin Group and the Communications Officer for the Western Australian Farmers Federation.

Karlie holds a Masters of Business Administration (Executive) from the University of Western Australia and a Bachelor of Arts (Communications and English and Comparative Literature) from Murdoch University. She is also a Member of the Australian Institute of Company Directors.

Mat Regan

General Manager Corporate Services

Mat Regan has worked with the CBH Group for 15 years, leading teams in the IT and Grain Quality areas, most recently in the role of Grain Quality Manager where he led the implementation of Quality Optimisation and Supply Chain Optimisation.

Mat was appointed General Manager Corporate Services in May 2014 and is responsible for the Human Resources, IT, Organisational Development and Shared Services portfolios.

He holds a Masters of Information Management from the University of Western Australia, a Bachelor of Science (Computer Science) from Edith Cowan University and is a Member of the Australian Institute of Company Directors.

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 the CBH Group's world-class storage and handling operations including grain receivals, road and rail transportation, grain storage, sampling, caretaking, freight for shipping and engineering services.

Colin's career at CBH commenced in 1974 as a 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 and Business Development

Allyn Wasley was appointed General Manager Strategy and 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 and Risk 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.

2014 CORPORATE GOVERNANCE

THIS STATEMENT OUTLINES THE MAIN CORPORATE GOVERNANCE PRACTICES OF THE CBH GROUP'S SYSTEM OF GOVERNANCE FOR THE YEAR ENDED 30 SEPTEMBER 2014.

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.

Following a comprehensive review of the charter in 2013, the Board approved further changes which included two new foundation policies, being a Sustainability Policy and a Safety Policy, and two new policies covering the Role of the Deputy Chairman and the Expectations of the Deputy Chairman.

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 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 and safety and ethical standards
- 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:

- 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 on 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
  - 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
- 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 considers 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 re-appointment 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 re-appointed 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 W A Newman 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 38 to 41 of this report.

Name of Director	Date first appointed	Period of Office **	Current term commenced	Term expires
T N Badger	4 April 2007	7 years 8 months	27 February 2013	February 2016
T J Bartlett*	28 February 2012	2 years 10 months	28 February 2012	February 2015
D G Clauson	27 February 2013	1 year 10 months	27 February 2013	February 2016
V A Dempster, Deputy Chairman	2 April 2008	6 years 8 months	26 February 2014	February 2017
K J Fuchsbichler	4 April 2007	7 years 8 months	27 February 2013	February 2016
J P B Hassell	1 April 2009	5 years 8 months	28 February 2012	February 2015
R G Madden	5 April 2006	6 years 8 months***	26 February 2014	February 2017
B E McAlpine	28 February 2012	2 years 10 months	28 February 2012	February 2015
W A Newman, Chairman	7 June 2000	14 years 6 months	26 February 2014	February 2017
N J Wandel	1 November 2002	12 years 1 month	28 February 2012	February 2015
D S Willis*	30 March 2010	4 years 9 months	27 February 2013	February 2016

* Independent Director

** Period of office as a Director of CBH as at December 2014

*** Mr Madden was a Director on the Board from 5 April 2006 to 28 February 2012 and then subsequently elected to the Board again with his term commencing on 26 February 2014

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 has 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 a Board only strategy session as well as an annual strategic planning session with senior management. In addition, the Board 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 2014 and the number of meetings attended by each Director are set out in the Directors' Report.

Board access to information and independent professional advice

The Board has an Information Protocol which 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, skills 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 business and on matters which may affect the CBH Group.

Director education

To support Directors in the 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
- 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 Committee to maintain free and open communication 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.

In 2014 the Committee initiated a tender for external audit services for the CBH Group and subsequently recommended to the CBH Board the appointment of an external auditor for the next five years.

The members of the Audit and Risk Management Committee during the 12 months ended 30 September 2014 were as follows:

Mr David Willis (Chairman)

Mr Vernon Dempster

Mr John Hassell (joined 7 May 2014)

Mr Brian McAlpine

Mr Clancy Michael (resigned 26 February 2014)

Ms Diane Smith-Gander (resigned 26 February 2014)

Ms Samantha Tough (joined 7 May 2014)

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 and 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 at the conclusion of each Committee meeting.

The Committee met four times during the financial year ended 30 September 2014.

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
- recommend the appointment of Independent Directors under Rule 32

The members of the Remuneration and Nomination Committee during the financial year ended 30 September 2014 were as follows:

Mr Neil Wandel (Chairman)

Mr Trent Bartlett

Mr Derek Clauson

Mr Kevin Fuchsbichler

Mr John Hassell (resigned 7 May 2014)

Mr Wally Newman

The Committee met ten times during the financial year ended 30 September 2014.

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
  - beginning new business activities outside the primary activities of CBH or within the primary activities of CBH but outside of WA
  - 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
- 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 2014 were as follows:

Ms Samantha Tough (Chairman – joined 7 May 2014)

Mr Trevor Badger

Mr Trent Bartlett

Mr Derek Clauson

Mr Rodney Madden (joined 7 May 2014)

Ms Diane Smith-Gander (resigned 26 February 2014)

Mr Neil Wandel

Mr David Willis

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

The Committee met eight times during the financial year ended 30 September 2014.

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 2014 were as follows:

Mr Wally Newman (Chairman)

Mr Trevor Badger

Mr Kevin Fuchsbichler

Mr John Hassell (resigned 7 May 2014)

Mr Rodney Madden (joined 7 May 2014)

Mr Brian McAlpine

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

The Committee met five times during the financial year ended 30 September 2014.

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
- 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 seven times during the financial year ended 30 September 2014.

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 and 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 and Risk Management Committee.

The 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.

In 2014 a tender process was conducted for the external audit services for the CBH Group. Six firms were invited to participate in the CBH tender and subsequent to this, three firms were shortlisted and presented to the Committee. The Committee, independent of management, then made a formal recommendation to the CBH Board. The Board has subsequently approved the appointment of KPMG as the CBH Group's external auditors for the next five years, commencing with the audit of the 2014-15 financial statements up to and including the audit of the 2018-19 financial statements, subject to the approval of CBH members, as required under the CBH Rules.

Ernst and Young have provided a declaration to the Committee for the financial year ended 30 September 2014 that Ernst and 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 and Risk Officer reports to the General Manager Legal and 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 program, 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 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 and Risk Officer and the Executive team, meeting on a fortnightly basis or as required
- 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 and Risk Officer monitors the internal control framework of the Group and provides reports to the Audit and Risk Management Committee. The Committee endorses the internal audit charter and the annual internal audit plan to ensure that planned audit activities are aligned to business risks.

The 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 Directors' 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 2014 Annual General Meeting, members approved Director remuneration at an aggregate amount of $1,168,000 to be divided amongst Directors in such a 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 2014:

Name	Role	Directors' Fees $'000	Superannuation $'000	Total $'000
Wally Newman (i)	Chairman	105	10	115
Trevor Badger	Director	84	8	92
Trent Bartlett	Independent Director	84	8	92
Derek Clauson	Director	84	8	92
Vern Dempster (ii)	Deputy Chairman	101	9	110
Kevin Fuchsbichler	Director	84	8	92
John Hassell	Director	84	8	92
Rodney Madden (iii)	Director	50	5	55
Brian McAlpine	Director	84	8	92
Clancy Michael (iv)	Director	34	3	37
Diane Smith-Gander (v)	Independent Director	34	3	37
Samantha Tough (vi)	Independent Director	50	5	55
Neil Wandel (vii)	Director	158	15	173
David Willis	Independent Director, Chair, Audit and Risk Management Committee	110	10	120
Total		**1,146**	**108**	**1,254**

(i) Wally Newman was appointed Deputy Chairman and Chair Elect on 2 April 2014 and commenced as Chairman on 18 August 2014

(ii) Vern Dempster was Deputy Chairman from 1 October 2013 to 2 April 2014 and appointed Deputy Chairman again on 19 August 2014

(iii) Rodney Madden joined the Board on 26 February 2014

(iv) Clancy Michael resigned from the Board on 26 February 2014

(v) Diane Smith-Gander resigned from the Board on 26 February 2014

(vi) Samantha Tough joined the Board on 26 February 2014

(vii) Neil Wandel was Chairman from 1 October 2013 to 17 August 2014

In addition to this, 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 US $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 2014, the co-operative engaged the Australian Institute of Company Directors (AICD) to conduct a Board review based on the AICD Governance Analysis tool, which was customised with the assistance of CBH to meet the needs of a Board appraisal system for co-operatives and mutuals.

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 (i.e. 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.

Remuneration Framework

OBJECTIVE	ATTRACT AND RETAIN TOP TALENT	REWARD PERFORMANCE ALIGNED TO BUSINESS STRATEGY	REWARD PERFORMANCE ALIGNED TO LONGER TERM BUSINESS STRATEGY AND 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

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 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 Rewards. Remuneration models are regularly benchmarked to the median of the Perth market for companies within the Industrial and Services sectors. 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 on the following table is the remuneration of the CEO, CFO and General Managers of the two key business units for the financial year ended 30 September 2014.

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

Executive Remuneration

Name	Title	Base Salary	Superannuation $'000	Total fixed employment cost $'000	Other benefits* $'000
Dr Andrew Crane	Chief Executive Officer	819	27	846	48
David Moroney **	Chief Financial Officer	340	18	358	139
Edward Kalajzic **	Chief Financial Officer	80	6	86	3
Jason Craig	GM Marketing and Trading	394	26	420	24
David Capper	GM Operations	321	26	347	24

* Other benefits include company vehicle, parking, industry association memberships, health insurance, life and trauma insurance etc., provided in the course of employment as well as payments upon termination of employment, such as unused leave and contractual entitlement on termination.

** David Moroney held the position as Chief Financial Officer for the period from 1 October 2013 until 1 July 2014. Edward Kalajzic held the position as Chief Financial Officer for the period from 1 July 2014 until 30 September 2014. The remuneration shown above relates to the period that each person held the role of Chief Financial Officer.

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 a percentage of Total Employment Cost (TEC), as show in the table below.

The STIs paid in December 2013 in respect of the financial year ended 30 September 2013 are also shown on the following table.

Name	Title	STI Target (% of fixed remuneration)	STI Result (% of fixed remuneration)	Actual STI Paid $,000
Dr Andrew Crane	Chief Executive Officer	50%	47.0%	386
David Moroney	Chief Financial Officer	30%	28.7%	135
Jason Craig	GM Marketing and Trading	30%	28.7%	118
David Capper *	GM Operations	30%	7.4%	24
Colin Tutt **	GM Operations	30%	22.0%	96

*David Capper held the position as GM Operations from 1 July 2013 until 30 September 2013 and therefore received a pro-rata STI of 25%.

**Colin Tutt held the position as GM Operations from 1 October 2012 until 30 June 2013 and therefore received a pro-rata STI of 75%.

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 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. The retention incentives paid in the financial year end 30 September 2014 are shown in the table below.

Name	Title	Retention payable as % of fixed remuneration	Actual Retention Incentive Paid $,000
Dr Andrew Crane	Chief Executive Officer	62.5%	527
David Moroney	Chief Financial Officer	100%	479

In the case of the CEO, the Board has agreed a retention payment of 59.3% of Total Fixed Reward (value of fixed remuneration and contractual benefits), to be payable in April 2017, plus a LTI of between 0% and 59.3% of Total Fixed Reward, which is linked to the achievement of performance targets in the form of grower value return on capital, payable on completion of the financial year ending 30 September 2017.

Communication with Members

The CBH Group places significant importance on effectively communicating 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 available to all members and an invitation to attend the CBH Annual General Meeting is sent to all members where they are given a reasonable opportunity to address issues with the Board. In addition, 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. The Code is published on the Corporate Governance section of the CBH website.

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 has an annual rotation system for Councillors whereby, on an annual basis, approximately 30 percent of Councillors retire and interested growers can apply for a three year term as a GAC Councillor.

Members of the Growers Advisory Council are:

- Mr Andrew Todd (Chairman)
- Mrs Michelle Barrett (Deputy Chair)
- Mr Tim Bock
- Mr Terry Counsel
- Mr Andrew Fowler
- Mrs Linda Hewson
- Mr Darrin Lee
- Mr Dwight Ness
- Mr Michael O'Callaghan
- Mr Jeff Seaby
- Mr David Slade
- Mrs Lindsay Tuckwell
- Mr Ashley Wiese
- Mr Brendan Williamson
- Mr Digby Willmott

20 14 DIRECTORS REPORT

YOUR DIRECTORS SUBMIT THE FINANCIAL REPORT OF CO-OPERATIVE BULK HANDLING LIMITED (THE "CO-OPERATIVE") AND ITS CONTROLLED ENTITIES (THE "GROUP") FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2014.

Directors

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

- W A Newman, Chairman
- T N Badger
- T J Bartlett
- D G Clauson
- V A Dempster, Deputy Chairman
- K J Fuchsbichler
- J P B Hassell
- R G Madden (appointed 26 February 2014)
- B E McAlpine
- M C Michael (resigned 26 February 2014)
- D Smith-Gander (resigned 26 February 2014)
- S J Tough (appointed 26 February 2014)
- N J Wandel
- D S Willis

Mr Wandel was Chairman of the Board from 1 October 2013 to 17 August 2014 and Mr Newman was Chairman from 18 August 2014 to 30 September 2014. Mr Dempster was Deputy Chairman from 1 October 2013 until 2 April 2014 and Mr Newman was Deputy Chairman from 2 April 2014 until 17 August 2014. Mr Dempster was appointed Deputy Chairman from 19 August 2014 to 30 September 2014.

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 38 to 44 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 2014 and the number of meetings attended by each Director.

	Scheduled Board Meetings		Unscheduled Board Meetings		Audit and Risk Management Committee		Remuneration and Nomination Committee		Investment Committee		Communications Committee	
Director	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
T N Badger	8	8	4	4					8	8	5	5
T J Bartlett	8	8	4	4			11	11	8	7		
D G Clauson	8	8	4	3			11	10	8	8		
V A Dempster	8	7	4	4	4	4						
K J Fuchsbichler	8	8	4	4			11	11			5	5
J P B Hassell	8	8	4	4	2	2	5	4			3	3
R G Madden	4	4	3	3					3	3	2	1
B E McAlpine	8	8	4	4	4	4					5	4
M C Michael	4	4	1	1	2	2						
W A Newman	8	8	4	4			11	11			5	5
D Smith-Gander	4	4	1	1	2	2			5	5		
S J Tough	4	4	3	2	2	2			3	3		
N J Wandel	8	8	4	4			11	11	8	5		
D S Willis	8	8	4	4	4	4			8	6		

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

Grower Returns

	Units	2014	2013	2012	2011
Tonnes received	mt	**15.9**	9.1	15.1	6.5
Profit attributable to members after rebates	$'000	**149,154**	131,707	162,466	(21,233)
Revenue and other income	$'000	**4,068,203**	2,815,738	2,272,723	2,033,322
Share of profit from associates	$'000	**12,740**	8,438	7,000	14,260
Rebates paid	$'000	**53,614**	4,751	6,276	-
Value Return on Capital*	%	**9.8**	9.6	13.1	(2.0)
Net assets	$'000	**1,516,067**	1,370,188	1,242,773	1,086,500

* Value Return on Capital is calculated post rebate, based on the closing net assets position.

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

The Group recorded profit from continued operations after income tax amounted to $149,154,000 (2013: $131,707,000). The increase in profit was mainly driven by an increase in harvest size in Western Australia, and a strong trading performance by the Marketing and Trading business unit.

The Operations business unit received 15.9 million tonnes of grain into its storage facilities during the financial year compared to 9.1 million tonnes in the prior year, while exporting 13.8 million tonnes compared to 11.5 million tonnes in the previous financial year.

The Marketing and Trading business unit traded 10.8 million tonnes compared with 7.6 million tonnes the previous financial year.
This has driven an increase in revenue for the Group, with strong margins also achieved on trading activities.

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 the state of affairs

In the opinion of the directors there were no significant changes in the state of affairs of the Group that occurred during the financial year.

The following highlight the significant financial and operational items during the financial year:

- Revenue from continuing operations and other income increased by 45 percent to $4,068,203,000. The increase in revenue is strongly driven by commodity prices with an offset in raw material costs.
- Raw materials, traded grains and other consumables increased by 49 percent to $3,010,256,000. This is consistent with increase in overall revenue income during the year.
- Net operating cash inflow for the year was $283,273,000 compared to the previous year of cash outflow of $29,031,000. The increase in operating cash flow was mainly due to greater harvest and trading volumes.
- During the year the Group has returned to growers, in the form of rebates, $53,614,000 (2013: $4,751,000). Included in this rebate is the Marketing and Trading customer loyalty rebate at $3.30 per tonne, investment rebate at $0.75 per tonne and Operations rebate at $0.85 per tonne.
- During the year interest bearing debt in relation to bank loans of $259,562,000 was fully repaid as at the end of the year.

Significant events after year end

Subsequent to 30 September 2014, CBH, together with its partner, has commenced the consolidation of its investments in Asia to create a simpler and more efficient structure. The effect of this exercise will result in all entities of the Interflour Holdings Ltd group and PT Eastern Pearl Flour Mills being held under a single holding company in Singapore. These investments are currently held under two different holding structures. The consolidation, being conducted in accordance to the respective legal, audit and tax requirements of each jurisdiction, is expected to be completed in 2015.

CBH Grain Pty Ltd negotiated the following facilities to be utilised for the acquisition of grain over the 2014-15 season:

- Syndicated debt facility for $1,000,000,000 with various banks;
- Uncommitted banking facility for $425,000,000 with various banks; and
- Pre-shipment facility for $125,000,000 with various banks.

Likely developments and expected results of operations

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

The operations of the Co-operative are subject to various Commonwealth and State environmental legislation and regulations.

The co-operative 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 co-operative is subject.

Indemnification and insurance

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

A Directors' and Officers' insurance policy is maintained.

Indemnification of auditors

To the extent permitted by law, the Group has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

Auditor's independence declaration

A copy of the declaration given by our External Auditor to the Directors in relation to the auditors' compliance with the independence requirements of the Australian accounting bodies and the applicable code of professional conduct for External Auditors is provided on page 57.

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

W A Newman.

W A Newman
Chairman
Perth
3 December 2014

2014 AUDITOR'S INDEPENDENCE DECLARATION

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

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 2014, 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 Kirkby
Partner
Perth
3 December 2014

2014 FINANCIAL REPORT

For the year ended 30 September 2014
ABN 29 256 604 947

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2014

	Notes	30 September 2014 $'000	30 September 2013 $'000
Continuing operations			
Revenue from continuing operations	6(a)	**3,938,655**	2,710,041
Other income	6(b)	**129,548**	105,697
Changes in inventories		**(192)**	(70)
Raw materials, traded grains and consumables used	7(a)	**(3,010,256)**	(2,013,207)
Employee benefits expense	7(b)	**(175,287)**	(122,603)
Depreciation and amortisation expense	11(b)	**(87,719)**	(75,911)
Storage, handling and freight expenses	7(d)	**(258,291)**	(205,605)
Marketing and trading expenses		**(259,401)**	(132,399)
Insurance		**(11,999)**	(9,576)
Rent expense		**(13,880)**	(13,949)
Other expenses		**(78,635)**	(80,741)
Finance costs	7(e)	**(24,768)**	(32,392)
Share of profit from associates	14	**12,740**	8,438
Profit from continuing operations before income tax		**160,515**	137,723
Income tax expense	10	**(11,361)**	(6,016)
Profit from continuing operations after income tax expense		**149,154**	131,707
Other comprehensive income			
Items that will not be reclassified to the profit or loss			
Actuarial gain/(loss) on defined benefit plan		**175**	(4,057)
Items that may be reclassified subsequently to the profit or loss			
Net (loss)/gain on cashflow hedge	21(d)	**(1,015)**	904
Foreign currency translation loss		**(2,435)**	(1,139)
Other comprehensive income/(expense) for the year, net of tax		**(3,275)**	(4,292)
Total comprehensive income for the year		**145,879**	127,415
Profit for the year attributable to members of the parent entity		**149,154**	131,707
Total comprehensive income for the year attributable to members of the parent entity		**145,879**	127,415

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2014

	Notes	**30 September 2014 $'000**	30 September 2013 $'000
ASSETS			
Current assets			
Cash and cash equivalents	18	**153,343**	247,929
Trade and other receivables	23	**209,400**	237,306
Derivative financial instruments	29	**186,166**	135,975
Inventories	24	**245,540**	231,483
Income tax receivable		**–**	9,738
Other assets	25	**23,424**	21,111
Total current assets		**817,873**	883,542
Non-current assets			
Trade and other receivables	23	**11,339**	11,339
Investments in associates	14	**142,401**	113,528
Derivative financial instruments	29	**955**	–
Other financial assets	15	**13,406**	11,917
Property, plant and equipment	11	**944,598**	921,957
Intangible assets and goodwill	12	**49,676**	46,468
Total non-current assets		**1,162,375**	1,105,209
Total assets		**1,980,248**	1,988,751
LIABILITIES			
Current liabilities			
Trade and other payables	26	**134,796**	82,415
Interest bearing loans and borrowings	20	**25,934**	284,337
Derivative financial instruments	29	**155,091**	101,492
Income tax payable		**622**	–
Provisions	17	**25,115**	21,499
Other liabilities	27	**75,215**	88,419
Total current liabilities		**416,773**	578,162
Non-current liabilities			
Trade and other payables	26	**1,210**	4,102
Interest bearing loans and borrowings	20	**21,279**	18,893
Derivative financial instruments	29	**602**	401
Provisions	17	**6,443**	6,077
Deferred tax liability	10	**17,874**	8,063
Other liabilities	27	**–**	2,865
Total non-current liabilities		**47,408**	40,401
Total liabilities		**464,181**	618,563
Net assets		**1,516,067**	1,370,188
EQUITY			
Equity attributable to equity owners of the parent			
Contributed equity	21(a)	**5**	6
Reserves	21(d)	**1,234,629**	1,145,852
Retained earnings	21(c)	**281,433**	224,330
Total equity		**1,516,067**	1,370,188

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2014

	Notes	30 September 2014 $'000	30 September 2013 $'000
Cash flows from operating activities			
Receipts from customers		**3,925,864**	2,685,639
Payments to suppliers and employees		**(3,643,444)**	(2,694,940)
		282,420	(9,301)
Interest received		**13,541**	19,237
Interest and other costs of finance paid		**(21,658)**	(32,391)
Income taxes refunded/(paid)		**8,970**	(6,576)
Net operating cash flows	9	**283,273**	(29,031)
Cash flows from investing activities			
Payments for property, plant and equipment		**(97,260)**	(138,913)
Proceeds from sale of property, plant and equipment		**635**	933
Payments for intangibles		**(15,796)**	(6,453)
Distributions from associates		**1,455**	350
Payments for investments in other financial assets		**(1,425)**	(8,136)
Net payment for acquisition of controlled entity		**–**	(711)
Loans to third parties		**(148,024)**	(106,305)
Loans repaid by third parties		**154,566**	190,408
Payments for investments in associate by way of loan		**(17,024)**	(3,990)
Repayment of loan from associated entity		**4,576**	17
Net investing cash flows		**(118,297)**	(72,800)
Cash flows from financing activities			
Proceeds from borrowings from other parties		**1,308,730**	1,516,092
Repayment of borrowings to other parties		**(1,568,292)**	(1,605,473)
Net financing cash flows		**(259,562)**	(89,381)
Net (decrease) in cash and cash equivalents		**(94,586)**	(191,212)
Cash and cash equivalents at the beginning of the financial year		**247,929**	439,141
Cash and cash equivalents at end of year	18	**153,343**	247,929

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2014

	Notes	Ordinary shares Note 21 $'000	Capital levy reserve Note21 $'000	General reserve Note21 $'000	Foreign currency translation reserve Note 21 $'000	Cash flow hedge reserve Note 21 $'000	Retained earnings Note 21 $'000	Acquisition Reserve Note 21 $'000	Total equity $'000
At 1 October 2013		6	52,587	1,119,500	(25,060)	–	224,330	(1,175)	1,370,188
Profit for the year		–	–	–	–	–	149,154	–	149,154
Other comprehensive income/ (expense)		–	–	–	(2,435)	(1,015)	175	–	(3,275)
Total comprehensive income/ (expense) for the year		**–**	**–**	**–**	**(2,435)**	**(1,015)**	**149,329**	**–**	**145,879**
Transfer (to) / from reserves / retained earnings		–	–	92,226	–	–	(92,226)	–	–
Transactions with owners in their capacity as owners:									
Shares cancelled		(1)	–	–	–	–	–	–	(1)
At 30 September 2014		**5**	**52,587**	**1,211,726**	**(27,495)**	**(1,015)**	**281,433**	**(1,175)**	**1,516,066**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2014

	Ordinary shares Note 21 $'000	Capital levy reserve Note 21 $'000	General reserve Note 21 $'000	Foreign currency translation reserve Note 21 $'000	Cash flow hedge reserve Note 21 $'000	Retained earnings Note 21 $'000	Acquisition reserve Note 21 $'000	Total equity $'000
At 1 October 2012	6	52,587	999,468	(23,921)	(904)	216,712	(1,175)	1,242,773
Profit for the year	–	–	–	–	–	131,707	–	131,707
Other comprehensive income/(expense)	–	–	–	(1,139)	904	(4,057)	–	(4,292)
Total comprehensive income/ (expense) for the year	**–**	**–**	**–**	**(1,139)**	**904**	**127,650**	**–**	**127,415**
Transfers (to)/from reserves/ retained earnings	–	–	120,032	–	–	(120,032)	–	–
At 30 September 2013	**6**	**52,587**	**1,119,500**	**(25,060)**	**–**	**224,330**	**(1,175)**	**1,370,188**

The above consolidated 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 2014

Overview

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 2014 were authorised for issue in accordance with a resolution of the directors on 3 December 2014.

Co-operative Bulk Handling Limited is a not for profit, co-operative 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.

2 Basis of preparation

This general purpose financial report has been prepared in accordance with the requirements of the Co-operatives Act 2009, the Corporations Act 2001, the Australian Charities and Not-for-profits Commission Act 2012 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 2013 to 30 September 2014.

(a) Structure of the notes

The notes are set out in the sections outlined below. Each section explains what accounting policies have been applied and how the amounts within a section are affected by significant estimates and judgements made in calculating the final numbers.

Current grower value

Provides information on the Group's performance, including the results of each individual business unit and details of specific line items in the consolidated statement of comprehensive income.

Your network

Provides information on the Group's property, plant and equipment and intangible assets.

Your investments

Provides information on the subsidiaries, associates and other financial assets of the Group.

Your people

Provides information on benefits provided to key management personnel during the year and amounts that have been provided for at year end regarding benefits of all employees.

Capital management

Provides information on the equity and net debt of the Group.

Working capital

Provides information on the working capital of the Group.

Financial risk management

Discusses the Group's exposure to various financial risks, explains how these affect the Group's financial position and performance and how the Group manages these risks.

Other information

Contains information that is not directly related to specific line items in the financial statements.

2 Basis of preparation (continued)

(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) New and amended accounting standards and interpretations adopted from 1 October 2013

In the current year, the Group has applied a number of new and revised Australian Accounting Standards issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2013. The impact of the application of these standards is set out below.

Reference	Description
AASB 10 – Consolidated Financial Statement	AASB 10 establishes a new control model that applies to all 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. No changes to the Group arose on the application of this Standard.
AASB 12 – Disclosure of Interests in Other Entities	AASB 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. The application of AASB 12 has resulted in more extensive disclosures in the Groups' financial statements.
AASB 13 – Fair Value Measurement	AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. 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. Other than the additional disclosures, the application of AASB 13 does not have any material impact on the amounts recognised in the Groups' financial statements.
AASB 119 (revised 2011) – Employee Benefits and AASB 2011-10 Amendments to Australian Accounting Standards	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. The change results in the Groups' annual leave balance being classified as a 'long-term' employee benefit for the purposes of calculation of the liability on the basis that the whole annual leave balance is not expected to be settled wholly within 12 months of the reporting date. There was no material change to the Groups' financial statements arising from the application of this revised standard and amendment.
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 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 all the offsetting criteria of AASB 132 are not met.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Basis of preparation (continued)

(c) New accounting standards and interpretations (continued)

(ii) New and amended standards and interpretations issued but not yet effective

The following standards, amendments and interpretations are relevant to current operations. They are available for early adoption but have not been applied by the Group. The Group has not yet determined the extent of the impact of these amendments as outlined in the table below:

Reference	Description	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
Interpretation 21 Levies	This Interpretation confirms that a liability to pay a levy is only recognised when the activity that triggers the payment occurs. Applying the going concern assumption does not create a constructive obligation.	1 January 2014	1 October 2014
AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9	AASB 9 includes new requirements for classifying and measuring financial assets and was further amended by AASB 2010-7 incorporating revised requirements for the classification and measurement of financial liabilities.	1 January 2018	1 October 2018
AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets	AASB 2013-3 amends the disclosure requirements in AASB 136 Impairment of Assets. The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal.	1 January 2014	1 October 2014
AASB 2013-4 Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting	AASB 2013-4 amends AASB 139 to permit the continuation of hedge accounting in specified circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations.	1 January 2014	1 October 2014
AASB 2014-1 Part A – Annual Improvements 2010–2012 Cycle	This standard sets out amendments to Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards (IFRSs) Annual Improvements to IFRSs 2010–2012 Cycle and Annual Improvements to IFRSs 2011–2013 Cycle. The improvements include clarification of the definitions in IFRS 2 Share-based Payment and IAS 24 Related Party Disclosures, removing references to IAS 37 Provisions, Contingent Liabilities and Contingent Assets in IFRS 3 Business Combinations.	1 July 2014	1 October 2014
IFRS 15 Revenue from Contracts with Customers	The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps: (a) Step 1: Identify the contract(s) with a customer (b) Step 2: Identify the performance obligations in the contract (c) Step 3: Determine the transaction price (d) Step 4: Allocate the transaction price to the performance obligations in the contract (e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation	1 July 2014	1 October 2017

2 Basis of preparation (continued)

(d) Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries controlled by Co-operative Bulk Handling Limited ("Co-operative" or "parent entity" or "CBH") as at 30 September 2014 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 control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary
- De-recognises the carrying amount of any non-controlling interests
- De-recognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

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 consolidated 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 to note 13.

2 Basis of preparation (continued)

(e) 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 consolidated 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 dates 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 consolidated 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.

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.

Critical accounting policies for which significant judgements, estimates and assumptions are made are identified at each applicable note.

Current grower value

4 Business unit results

For management purposes, the Group is organised into business units based on its products and services and has reportable segments as follows:

- The storage and handling segment, which receives and exports grain;
- The grain trading and marketing segment which acquires and trades grain. This segment also provides chartering and pool management services;
- The flour milling segment which engages in the milling and sale of wheat flour;
- Other business units includes Bulkwest Pty Ltd and controlled entities; and
- Other investments includes Australian Bulk Stevedoring Pty Ltd, Wheat Australia Pty Ltd and Westgrains Insurance Pte Ltd.

Executive management monitor the results of the business units separately for purposes of making decisions about resource allocation and performance assessment.

Segment performance is evaluated based on operating profit/loss.

Transfer prices between the segments are on an arms' length basis in a manner similar to transactions with third parties.

Year ended 30 September 2014	Storage and Handling 100% $'000	Grain Trading and Marketing 100% $'000	Flour Milling (Note 14) 50% $'000	Other business units 100% $'000	Other investments (Note 14) 50–100% $'000	Eliminations $'000	Total $'000
4 Business unit results (continued)							
Business Unit Revenue							
Sales	690,996	3,425,641	887,110	1,536	7,989	(1,074,617)	3,938,655
Total Business Unit Revenue	**690,996**	**3,425,641**	**887,110**	**1,536**	**7,989**	**(1,074,617)**	**3,938,655**
Total Business Unit Results							
Profit/(loss) before tax	97,924	45,692	32,570	(1,212)	3,122		
Minority interest share	–	–	–	–	–		
Operating profit/(loss) before tax	97,924	45,692	32,570	(1,212)	3,122		
CBH Share of Business Unit Result	97,924	45,692	16,789	(1,212)	2,158	445	161,796
CBH share of income tax expense	–	(11,195)	(4,687)	–	(166)	4,687	(11,361)
Net profit/(loss) after tax before adjustments	97,924	34,497	12,102	(1,212)	1,992	5,132	150,435
Adjusted for:							
Holding costs (i)	–	–	(1,281)	–	–	–	(1,281)
Profit/(loss) after tax	**97,924**	**34,497**	**10,821**	**(1,212)**	**1,992**	**5,132**	**149,154**
Total Assets	**1,467,789**	**792,689**	**73,750**	**7,059**	**9,462**	**(370,501)**	**1,980,248**
Total Liabilities	**176,274**	**282,204**	**28,267**	**761**	**2,158**	**(25,483)**	**464,181**

(i) **Holding costs include costs incurred by the companies associated with holding the Group's investments in the Flour Mills.**

Inter-group revenues are eliminated upon consolidation and reflected in the eliminations column along with the flour milling revenue which is equity accounted.

Segment profit eliminations include inter-group dividends, revenue and expenses.

Asset eliminations relate to the inter-group related party transactions eliminated on consolidation.

Liability eliminations relate to the inter-group related party transactions eliminated on consolidation.

Flour milling segment includes the total assets and liabilities of CBH Global Limited and its controlled entities.

4 Business unit results (continued)

Year ended 30 September 2013	Storage and Handling 100% $'000	Grain Trading and Marketing 100% $'000	Flour Milling (Note 14) 50% $'000	Other business units 100% $'000	Other investments (Note 14) 50-100% $'000	Eliminations $'000	Total $'000
Business Unit Revenue							
Sales	583,375	2,263,065	680,157	417	6,590	(823,563)	2,710,041
Total Business Unit Revenue	**583,375**	**2,263,065**	**680,157**	**417**	**6,590**	**(823,563)**	**2,710,041**
Total Business Unit Results							
Profit/(loss) before tax	124,089	18,558	25,332	1,631	2,657		
Minority interest share	–	–	(1,363)	–	–		
Operating profit/(loss) before tax	124,089	18,558	23,969	1,631	2,657		
CBH Share of Business Unit Result	124,089	18,558	11,631	1,631	2,657	(20,567)	137,999
CBH share of income tax expense	–	(5,691)	(4,290)	(159)	(515)	4,639	(6,016)
Net profit/(loss) after tax before adjustments	124,089	12,867	7,341	1,472	2,142	(15,928)	131,983
Adjusted for:							
Holding costs (i)	–	–	(276)	–	–	–	(276)
Profit/(loss) after tax	**124,089**	**12,867**	**7,065**	**1,472**	**2,142**	**(15,928)**	**131,707**
Total Assets	**1,404,659**	**860,736**	**76,521**	**19,929**	**10,390**	**(383,484)**	**1,988,751**
Total Liabilities	**213,644**	**447,479**	**25,582**	**820**	**4,204**	**(73,166)**	**618,563**

(i) **Holding costs include costs incurred by the companies associated with holding the Group's investments in the Flour Mills.**

Inter-group revenues are eliminated upon consolidation and reflected in the eliminations column along with the flour milling revenue which is equity accounted.

Segment profit eliminations include inter-group dividends, revenue and expenses.

Asset eliminations relate to the inter-group related party transactions eliminated on consolidation.

Liability eliminations relate to the inter-group related party transactions eliminated on consolidation.

Flour milling segment includes the total assets and liabilities of CBH Global Limited and its controlled entities.

	30 September 2014 $'000	30 September 2013 $'000

5 Extracted information relating to Co-operative Bulk Handling Limited ('the parent entity')

(a) Statement of Comprehensive Income – Parent

	30 September 2014 $'000	30 September 2013 $'000
Continuing operations		
Revenue from continuing operations	**687,525**	583,375
Other income	**14,975**	24,791
Changes in inventories	**(192)**	(70)
Raw materials, traded grains and consumables used	**81**	76
Employee benefits expense	**(164,288)**	(110,117)
Depreciation and amortisation expense	**(84,085)**	(75,487)
Storage, handling and freight expenses	**(255,401)**	(204,632)
Insurance	**(10,864)**	(8,947)
Rent expense	**(14,037)**	(14,109)
Other expenses	**(79,981)**	(64,535)
Finance costs	**(1,507)**	(6,256)
Profit from continuing operations after income tax expense	**92,226**	124,089
Other comprehensive income		
Items that may be reclassified subsequently to the profit and loss		
Net gain on foreign currency hedge	**–**	904
Items that will not be reclassified to the profit or loss		
Actuarial loss on defined benefit plan	**–**	(4,057)
Other comprehensive income for the year, net of tax	**–**	(3,153)
Total comprehensive income for the year	**92,226**	120,936

5 Extracted information relating to Co-operative Bulk Handling Limited ('the parent entity')(continued)

(b) Statement of Financial Position – Parent

	30 September 2014 $'000	30 September 2013 $'000
ASSETS		
Current assets		
Cash and cash equivalents	**40,094**	95,600
Trade and other receivables	**11,672**	9,426
Derivative financial instruments	**–**	13
Inventories	**5,864**	3,893
Loans to controlled entities	**204,235**	142,470
Other assets	**2,477**	3,568
Total current assets	**264,342**	254,970
Non-current assets		
Trade and other receivables	**43,706**	38,758
Investments in associates	**48,762**	34,509
Other financial assets	**112,819**	111,693
Property, plant and equipment	**950,131**	924,145
Intangible assets and goodwill	**23,960**	24,949
Total non-current assets	**1,179,378**	1,134,054
Total assets	**1,443,720**	1,389,024
LIABILITIES		
Current liabilities		
Trade and other payables	**54,230**	44,975
Derivative financial instruments	**(43)**	–
Provisions	**24,883**	21,332
Other liabilities	**90,127**	137,425
Total current liabilities	**169,197**	203,732
Non-current liabilities		
Other payables	**640**	4,102
Provisions	**6,435**	5,968
Total non-current liabilities	**7,075**	10,070
Total liabilities	**176,272**	213,802
Net assets	**1,267,448**	1,175,222
Equity		
Contributed equity	**5**	6
Reserves	**933,343**	933,343
Retained earnings	**334,100**	241,873
Total equity	**1,267,448**	1,175,222

5 Extracted information relating to Co-operative Bulk Handling Limited ('the parent entity')(continued)

(c) Statement of Cash Flows – Parent

	30 September 2014 $'000	30 September 2013 $'000
Cash flows from operating activities		
Receipts from customers	699,586	361,152
Payments to suppliers and employees	(569,344)	(424,758)
	130,242	(63,606)
Interest received	10,369	12,734
Interest and other costs of finance paid	(1,507)	(6,256)
Net operating cash flows	139,104	(57,128)
Cash flows from investing activities		
Payments for property, plant and equipment and intangibles	(110,016)	(128,814)
Proceeds from sale of property, plant and equipment	635	–
(Payments)/repayments for investments in associates by way of loan	(15,379)	(4,213)
Payments for investments in controlled entity by way of loan	(83,241)	73,507
Dividends received	13,391	–
Net investing cash flows	(194,610)	(59,520)
Net increase/(decrease) in cash and cash equivalents held	(55,506)	(116,648)
Cash and cash equivalents at the beginning of the financial year	95,600	212,248
Cash and cash equivalents at the end of the financial year	40,094	95,600

5 Extracted information relating to Co-operative Bulk Handling Limited ('the parent entity')(continued)

(d) Financial guarantees – Parent

The parent has issued guarantees in relation to loan facilities of its controlled entities, as disclosed in note 19.

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

Recognition and measurement

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.

Estimates and assumptions

The fair value of guarantees has been assessed using the present value approach on initial recognition. In order to estimate the fair value under this approach, the Co-operative used the differential between the interest rate with the guarantee (1.25%-3.77%) and what the interest rate would potential have been without the guarantee (1.5%-4.02%).

	30 September 2014 $'000	30 September 2013 $'000

6 Revenues and other income

(a) Revenue from continuing operations		
Grain handling services	**501,548**	404,463
Grain sales	**3,449,562**	2,254,690
Construction contract revenue	**1,418**	279
Logistic services revenue	**9,103**	22,031
Management fees	**10,120**	9,593
Interest	**12,102**	19,237
Other revenue	**8,416**	4,499
Grower patronage rebates	**(53,614)**	(4,751)
	3,938,655	2,710,041

Recognition and measurement

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:

6 Revenues and other income (continued)

Recognition and measurement (continued)

(i) Grain handling services

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 sales

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 sales 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) Construction contract revenue

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.

(iv) Logistic services revenue

Revenue is recognised as the services are rendered.

(v) Management fees

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

(vi) 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.

(vii) Grower patronage rebates

Grower patronage rebates included marketing and trading customer loyalty rebates of $28,124,000 (2013: $4,751,000); newly introduced investment rebate of $11,902,000 (at $0.75 per receival tonne) and Operations rebate of $13,588,000 (at $0.85 per receival tonne) which growers use to offset storage and handling charges.

(viii) Dividends

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2014

	30 September 2014 $'000	30 September 2013 $'000

6 Revenues and other income (continued)

(b) Other income

Net (loss)/gain on disposal of property, plant and equipment	**(300)**	795
Net realised gain/(loss) on foreign exchange	**8,447**	(73,116)
Unrealised fair value gain on derivatives	**2,211**	19,808
Realised gain on derivatives	**83,225**	135,549
Net unrealised gain on foreign exchange on non-derivatives	**2,881**	1,522
Amortisation of bank guarantee liability (i)	**5,648**	213
Other	**27,436**	20,926
	129,548	105,697

(i) Included is a $5,612,000 adjustment which relates to the amortisation of bank guarantees that CBH provided to PAL largely during the 2006 to 2010 financial periods.

7 Expenses

(a) Raw materials, traded grains and consumables used

Fair value change on traded inventory at year end	**(5,971)**	(1,616)
Construction contract costs	**1,558**	2,136
Costs of goods sold	**3,014,669**	2,012,687
	3,010,256	2,013,207

(b) Employee benefits expense

Wages and salaries (i)	**153,191**	101,408
Defined contribution accumulation superannuation expense	**12,839**	9,558
Defined benefit superannuation expense	**–**	2,156
Bonuses	**9,257**	9,481
	175,287	122,603

(i) Included in prior year wages and salaries was the state tax refund for payroll tax amounting to $35,695,940. The employee benefits accounting policy is disclosed at note 17.

(c) Depreciation and amortisation

For details regarding depreciation and amortisation, refer to note 11(b).

(d) Storage, handling and freight expenses

Storage and handling	**77,017**	65,412
Freight (i)	**181,274**	140,193
	258,291	205,605

(i) 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.

(e) Finance costs

Bank loans, overdrafts and auction premium	**23,156**	29,380
Payments to CBH Grain Pools	**1,612**	3,012
	24,768	32,392

Recognition and measurement

(i) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7 Expenses (continued)

(ii) **Qualifying assets**

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

	30 September 2014 $	30 September 2013 $
8 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	**458,425**	477,150
Other assurance services	**8,500**	9,500
	466,925	486,650
Amounts received or due and receivable by related overseas offices of Ernst & Young, from entities in the consolidated entity		
Audit of financial services	**129,800**	124,350
	596,725	611,000

	30 September 2014 $'000	30 September 2013 $'000
9 Reconciliation of net profit after tax to net cash flows from operations		
Net profit from ordinary activities after income tax	**149,154**	131,707
Adjustments to reconcile profit after tax to net cash flows:		
Depreciation and amortisation	**87,719**	75,911
Net loss/(profit) on disposal of property, plant and equipment	**300**	(795)
Amortisation of Bank guarantee	**(5,648)**	(213)
Share of associates' net (profits) and losses	**(12,740)**	(8,438)
Unrealised (gain)/loss	**(13,864)**	(17,246)
Income tax expense	**11,361**	6,016
Working capital adjustments:		
(Increase)/decrease in inventories	**(14,058)**	20,656
Decrease/(increase) in trade and other receivables	**24,580**	(75,274)
(Increase) in provision for impairment of receivables	**(2,299)**	–
(Increase) in derivative assets	**(51,146)**	(61,001)
(Increase) in other assets	**(2,313)**	(16,139)
Decrease in pension assets	**–**	2,156
Decrease in income tax receivable	**10,361**	–
Increase in derivative liabilities	**53,800**	45,640
Increase in deferred tax liabilities	**9,811**	–
Increase in trade and other payables	**49,488**	37,918
Increase in provisions	**3,984**	367
(Decrease) in other operating liabilities	**(16,070)**	(150,566)
Net cash inflow/(outflow) from operating activities	**282,420**	(9,301)
Interest received	**13,541**	19,237
Interest paid	**(21,658)**	(32,391)
Income tax refund/(paid)	**8,970**	(6,576)
Net cash from/(used in) operating activities	**283,273**	(29,031)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2014

10 Income tax

Major components of income tax expense for the year ended 30 September 2013 and the year ended 30 September 2014 are:

	30 September 2014 $'000	30 September 2013 $'000
Consolidated statement of comprehensive income		
Current income tax		
Current income tax charge	**1,569**	547
Adjustments in respect of current income tax of previous years	**(18)**	(22)
Deferred income tax		
Relating to origination and reversal of temporary differences	**12,057**	5,333
Adjustments in respect of deferred income tax of previous years	**(2,724)**	158
Adjustments in respect of unrecognised temporary differences	**477**	–
Income tax expense reported in the consolidated statement of comprehensive income	**11,361**	6,016

Deferred Tax	Consolidated statement of financial position		Consolidated statement of comprehensive income	
	30 September 2014 $'000	30 September 2013 $'000	**30 September 2014 $'000**	30 September 2013 $'000
Deferred income tax assets				
Financial liabilities	**46,719**	30,567	**16,152**	(14,921)
Financial assets	**92**	637	**(545)**	292
Plant and equipment	**904**	827	**77**	727
Accruals and provisions	**887**	551	**336**	(722)
Foreign exchange on loans to foreign subsidiaries	**25**	17	**8**	17
Other	**110**	84	**26**	(209)
Carry forward tax losses	**490**	4,839	**(4,349)**	(6,971)
Less: Unrecognised deferred tax asset on revenue account	**(1,416)**	(937)	**(479)**	(937)
Gross deferred income tax assets	**47,811**	36,585	**11,226**	(22,724)
Deferred income tax liabilities				
Financial assets	**(56,856)**	(41,852)	**(15,004)**	9,568
Plant and equipment	**(6,744)**	(2,292)	**(4,452)**	(2,292)
Inventories	**(1,791)**	(484)	**(1,307)**	8,402
Accrued income	**(282)**	–	**(282)**	–
Prepayments	**(12)**	(11)	**(1)**	(11)
Other	**–**	(9)	**9**	1,566
Gross deferred income tax liabilities	**(65,685)**	(44,648)	**(21,037)**	17,233
Net deferred tax liability	**(17,874)**	(8,063)		
Deferred tax expense			**(9,811)**	(5,491)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10 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 2014 $'000	30 September 2013 $'000
Profit from continuing operations before income tax expense	**160,515**	137,723
Less: Parent entity profit (tax exempt)	**(92,226)**	(124,089)
Accounting profit before income tax from continuing operations	**68,289**	13,634
At the Group's statutory income tax rate of 30%	**20,487**	4,090
Non-assessable income	**(18)**	(11)
Other assessable income	**(1,654)**	7
Non-deductible expenses	**21**	3,883
Share of equity accounted results of associates	**(4,905)**	(2,531)
Difference in effective tax rate of overseas subsidiary	**132**	92
Prior period adjustments	**(2,741)**	136
Other	**39**	350
Income tax expense	**11,361**	6,016

Recognition and measurement

(i) **Income tax**

CBH was retrospectively endorsed by the Australian Taxation Office on 21 March 2014 as a charitable institution by virtue of section 50-5 of the Income Tax Assessment Act 1997 ("ITAA 1997"), with effect from 1 July 2000. This endorsement did not change the income tax position for CBH as it was already tax-exempt under section 50-40 of the ITAA 1997. However, endorsement as a charity is recognition that section 50-5 is considered to be the more appropriate tax characterisation.

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. Due to the tax exempt status of CBH, no deferred tax amounts are recognised in the parent entity.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2014

10 Income tax (continued)

Recognition and measurement (continued)

(i) Income tax (continued)

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.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to offset 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 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.

At 30 September 2014, there was no recognised deferred tax liability (2013: $nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries or associate, as the Group has no liability for additional taxation should such amounts be remitted.

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

(ii) Other taxes

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.

Significant accounting judgements, estimates and assumptions

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 $1,548,000 (2013: $21,057,000) of tax losses carried forward.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2014

Your network

11 Property, plant and equipment

(a) Carrying amounts of 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 $'000	Total $'000
30 September 2014								
Cost								
1 October 2013	946,940	8,262	45,006	836,016	39,085	1,985	66,854	1,944,148
Additions	53,029	–	658	20,619	7,453	731	24,543	107,033
Disposals	(59)	–	(6)	(16)	(2,619)	(3)	–	(2,703)
Transfer from capital works-in-progress	21,869	–	96	18,261	2,687	–	(42,913)	–
Transfer to intangible assets	–	–	–	–	–	–	(8,352)	(8,352)
At 30 September 2014	1,021,779	8,262	45,754	874,880	46,606	2,713	40,132	2,040,126
Accumulated depreciation and impairment								
At 1 October 2013	486,239	1,745	36,479	476,117	19,627	1,984	–	1,022,191
Disposals	(59)	–	–	(9)	(1,724)	(1)	–	(1,793)
Depreciation / amortisation expense	37,758	73	1,915	31,487	3,173	724	–	75,130
At 30 September 2014	523,938	1,818	38,394	507,595	21,076	2,707	–	1,095,528
Net book value at 30 September 2014	**497,841**	**6,444**	**7,360**	**367,285**	**25,530**	**6**	**40,132**	**944,598**
30 September 2013								
Cost								
At 1 October 2012	875,488	8,262	42,542	768,726	36,445	1,283	111,029	1,843,775
Additions	45,505	–	1,074	34,236	3,070	702	54,325	138,912
Reversal of impairment (i)	–	–	–	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	836,016	39,085	1,985	66,854	1,944,148
Accumulated depreciation and impairment								
At 1 October 2012	453,564	1,613	34,640	447,306	19,146	1,283	–	957,552
Disposals	(342)	–	–	–	(2,043)	–	–	(2,385)
Depreciation / amortisation expense	33,017	132	1,839	28,811	2,524	701	–	67,024
At 30 September 2013	486,239	1,745	36,479	476,117	19,627	1,984	–	1,022,191
Net book value at 30 September 2013	**460,701**	**6,517**	**8,527**	**359,899**	**19,458**	**1**	**66,854**	**921,957**

(i) 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.

11 Property, plant and equipment (continued)

Recognition and measurement

Plant and equipment is stated at cost net of accumulated depreciation and any accumulated impairment losses. All such assets, except freehold land and rail rolling stock, are depreciated over their estimated useful lives on a straight line basis commencing from the time the asset is held ready for use. Rail rolling stock is depreciated on a usage basis (refer to note 11(b)).

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.

(i) Impairment of non-financial assets

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 of disposal 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.

(ii) Capital 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.

11 Property, plant and equipment (continued)

Recognition and measurement (continued)

(iii) 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 the 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 consolidated statement of comprehensive income on a straight line basis over the lease term. Lease incentives are recognised in the consolidated statement of comprehensive income as an integral part of the total lease expense.

Significant accounting judgements, estimates and assumptions

(i) Impairment of non-financial assets

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.

(ii) 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. The estimation of the useful lives of the rail rolling stock is based on the total 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.

	30 September 2014 $'000	30 September 2013 $'000
(b) Depreciation and amortisation		
Depreciation:		
Land and buildings	**37,758**	33,017
Plant and equipment	**31,487**	28,811
Office furniture and equipment	**1,915**	1,839
Motor vehicles	**3,173**	2,524
Low value assets	**724**	701
Leasehold properties	**73**	132
Amortisation:		
Intangibles	**12,589**	8,887
Total depreciation and amortisation	**87,719**	75,911

11 Property, plant and equipment (continued)

Recognition and measurement

(i) **Depreciation**

Plant and equipment, except freehold land, is depreciated over its estimated useful life 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

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.

(ii) **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. Other routine operating maintenance, repair costs and minor renewals are also charged as expenses as incurred.

(iii) **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.

12 Intangible assets and goodwill

	Goodwill $'000	Software costs $'000	Total $'000
30 September 2014			
Cost			
1 October 2013	575	96,329	96,904
Additions	–	7,445	7,445
Transfer from capital works in progress	–	8,352	8,352
30 September 2014	575	112,126	112,701
Accumulated amortisation			
1 October 2013	–	(50,436)	(50,436)
Amortisation	–	(12,589)	(12,589)
30 September 2014	–	(63,025)	(63,025)
Net book value at 30 September 2014	**575**	**49,101**	**49,676**

12 Intangible assets and goodwill (continued)

	Goodwill $'000	Software costs $'000	Total $'000
30 September 2013			
Cost			
1 October 2012	575	52,953	53,528
Additions	–	6,454	6,454
Transfer from capital works in progress	–	36,922	36,922
30 September 2013	575	96,329	96,904
Accumulated amortisation			
1 October 2012	–	(41,549)	(41,549)
Amortisation	–	(8,887)	(8,887)
30 September 2013	–	(50,436)	(50,436)
Net book value at 30 September 2013	**575**	**45,893**	**46,468**

Recognition and measurement

(i) 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.

12 Intangible assets and goodwill (continued)

Recognition and measurement (continued)

(ii) 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 de-recognised.

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.

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 2014, the Group does not have any development assets.

Significant accounting judgement, estimates and assumptions

Refer to significant accounting judgements, estimates and assumptions at note 11(a).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2014

Your investments

13 Investment in controlled entities

The following were controlled entities as at 30 September 2014 and have been included in the consolidated accounts.

Name of controlled entity	Country of incorporation	Class of shares	Equity holding **2014** %	Equity holding 2013 %
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 Investments Pty Ltd (i) (ii)	Australia	Ordinary	**100**	100
CBH Group Holdings Pty Ltd (i)	Australia	Ordinary	**100**	100
Westgrains Insurance Pte Ltd	Singapore	Ordinary	**100**	100
Wheat Australia Pty Ltd (iv)	Australia	Ordinary	**100**	33
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**	100
Bulkwest Pty Ltd controlled entities				
CBH Engineering Pty Ltd	Australia	Ordinary	**100**	100
CBH (WA) Pty Ltd (i) (iii)	Australia	Ordinary	**100**	100
Bulkeast Pty Ltd (i)	Australia	Ordinary	**100**	100
DailyGrain Pty Ltd	Australia	Ordinary	**100**	100
Lupin Foods Australia Pty Ltd	Australia	Ordinary	**100**	100
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**	100
CBH Grain Japan Co. Ltd controlled entity				
CBH Grain North America Trading LLC	USA	Ordinary	**100**	–

(i) These entities have remained inactive during the current and prior year.
(ii) Previously known as CBH (WA) Pty Ltd.
(iii) Previously known as CBH Investment Pty Ltd.
(iv) During the year Wheat Australia became a controlled entity.

13 Investment in controlled entities (continued)

Recognition and measurement

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.

Significant accounting judgements

CBH Grain Pools

From an accounting perspective, the Group considers that it does not control CBH Grain Pools. Whilst it was determined that the Group does manage the CBH Grain Pools' relevant activities, there is not significant exposure to variable returns. The Group acts as an agent and not as a principal in relation to the sale of pool products, and is remunerated on a fixed "fee for service" arrangement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14 Investments in associates

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

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.

The principal place of residence for PT Eastern Pearl Flour Mills is Makassar, South Sulawesi, Indonesia.

	30 September 2014 $'000	30 September 2013 $'000
Movements in carrying amounts of investments in associates		
Carrying amount at the beginning of the financial year	**113,528**	99,395
Investments in associates	**17,024**	3,990
Loan repayments and distributions from associates	**(6,432)**	(367)
Share of associates profits after income tax	**12,740**	8,438
Share of associates movement in reserves	**20**	(2,458)
Foreign exchange movements	**5,583**	4,530
Reclassification of Wheat Australia to investment in controlled entity	**(62)**	–
Carrying amount at the end of the financial year	**142,401**	113,528
Share of associates' profits		
Profit before income tax	**17,701**	12,902
Income tax expense	**(4,961)**	(4,464)
Share of net profits after income tax	**12,740**	8,438
Retained profits attributable to associates at beginning of the year	**26,472**	18,034
Retained profits attributable to associates at end of the year	**39,212**	26,472

14 Investments in associates (continued)

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

Name of company	Reporting date	Principal activity	Ownership Interest %	Current assets $'000	Non current assets $'000	Current liabilities $'000	Non current liabilities $'000	Net assets / (liabilities) $'000	Revenue $'000	OCI $'000	Group share of profit / (loss) $'000	Carrying amount $'000
As at 30 September 2014												
Australian Bulk Stevedoring Pty Ltd	30 Sept	Stevedoring	50	1,244	121	(900)	(96)	369	3,869	–	**638**	**355**
Pacific Agrifoods Limited	31 Dec	Flour milling	50	112,712	99,517	(144,660)	(21,160)	46,409	315,992	(164)	**5,097**	**79,203**
PT Eastern Pearl Flour Mills	31 Dec	Flour milling	50	63,642	39,875	(36,057)	(8,835)	58,625	127,563	184	**7,005**	**62,843**
Total								**105,403**			**12,740**	**142,401**

OCI is the Group's share of other comprehensive income/(expense).
The carrying value of Pacific Agrifoods Limited includes the CBH Loan of $37,968,000, financial guarantees of $9,589,000 adjusted for the non-controlling interest of ($14,763,000).
The carrying value of PT Eastern Pearl Flour Mills includes goodwill of $4,218,000.

Name of company	Reporting date	Principal activity	Ownership Interest %	Current assets $'000	Non current assets $'000	Current liabilities $'000	Non current liabilities $'000	Net assets / (liabilities) $'000	Revenue $'000	OCI $'000	Group share of profit / (loss) $'000	Carrying amount $'000
As at 30 September 2013												
Australian Bulk Stevedoring Pty Ltd	30 Sept	Stevedoring	50	941	101	(410)	(57)	575	3,145	–	**407**	**562**
Pacific Agrifoods Limited	31 Dec	Flour millling	50	98,534	93,276	(131,824)	(22,497)	37,489	269,450	(2,458)	**1,819**	**43,257**
PT Eastern Pearl Flour Mills	31 Dec	Flour millling	50	37,120	48,218	(29,299)	(5,581)	50,458	126,159	–	**6,212**	**69,651**
Wheat Australia	30 Sept	Wheat exporting	33	8	–	(6)	–	2	–	–	**–**	**58**
Total								**88,524**			**8,438**	**113,528**

14 Investments in associates (continued)

The Group invested US $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.

The Group's current exposure – the total investment made is US $35.4 million (2013: $25.9 million). The net debt still owing to banks for which CBH is responsible is Nil (2013: US $15.5 million).

	30 September 2014 US $'000	30 September 2013 US $'000
Long term loan to Pacific Agrifoods Ltd (i)	**33,209**	22,098
Investment in Interflour Group	**26,787**	27,400
Loan from PT Eastern Pearl Flour Mills (ii)	**(24,612)**	(23,604)
Total loans and investments	**35,384**	25,894
Outstanding acquisition debt (iii)	**–**	15,500
Current investment exposure	**35,384**	41,394
Share of equity accounted earnings	**60,956**	53,661
Total investment	**96,340**	95,055

The 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 US $5.0 million (2013: US $11.0 million). US $15.5 million (2013: US $2.5 million) was lent to PAL and used by PAL to repay its debt regarding the acquisition of Interflour Holding Ltd.

	30 September 2014		30 September 2013	
	AU $'000	**US $'000**	AU $'000	US $'000
Loans held by associates:				
Loan to Pacific Agrifoods Limited (i)	**37,968**	**33,209**	23,718	22,098
Loan from PT Eastern Pearl Flour Mills (ii)	**28,139**	**24,612**	25,332	23,604
Acquisition debt (iii)	**–**	**–**	16,635	15,500

(i) Co-operative Bulk Handling Limited has a loan outstanding to Pacific Agrifoods Limited that is interest free and has no repayment date reflecting its nature as quasi equity. This has therefore been classified as an Equity Loan.

(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.

(iii) Pacific Agrifoods Ltd had a loan from ANZ Bank which was used for the acquisition of Interflour Holdings Ltd. This loan was repaid during the year. This loan was guaranteed by the parent entity and its partner on a 50/50 severed basis.

The above loans will change in future years as a result of the corporate changes to Interflour Holdings Ltd Group and PT Eastern Peal Flour Mills. Refer to subsequent events note 32 for details.

14 Investments in associates (continued)

Recognition and measurement

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The results and assets and liabilities of associates are incorporated in the consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with AASB 5. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired. The requirements of AASB 139 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with AASB 136 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with AASB 136 to the extent that the recoverable amount of the investment subsequently increases.

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.

As at reporting date, the Co-operative 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.

	30 September 2014 $'000	30 September 2013 $'000
15 Other financial assets		
Non-current assets		
Investment in Newcastle Agri Terminal Pty Ltd	**13,051**	11,916
Other	**355**	1
	13,406	11,917

Recognition and measurement

(i) **Other financial assets**

Other financial assets include the investment in Newcastle Agri Terminal Pty Ltd which is an unlisted investment held at cost. The group assesses at each reporting date whether there is objective evidence that an investment is impaired.

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.

Your people

	30 September 2014 $	30 September 2013 $
16 Key management personnel compensation		
Short-term employee benefits (i)	**4,981,169**	4,929,201
Post-employment benefits (ii)	**222,802**	171,530
Long-term benefits (iii)	**1,458,404**	410,000
Termination benefits	**324,460**	–
	6,986,835	5,510,731

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.

(i) Short term employee benefits includes wages, salaries and non-monetary benefits for current employees.

(ii) Post employee benefits include pensions and other retirement benefits paid for current employees.

(iii) Long term benefits includes annual leave, sick leave and retention allowances which were reported previously as current.

	Long-term employee benefits $'000	Workers compensation (i) $'000	Total $'000
17 Provisions			
1 October 2013	27,413	163	27,576
Additional provisions	3,988	(6)	3,982
30 September 2014	31,401	157	31,558
30 September 2014			
Current	**25,115**	**–**	25,115
Non-current	**6,286**	**157**	6,443
	31,401	**157**	31,558
30 September 2013			
Current	21,499	–	21,499
Non-current	5,914	163	6,077
	27,413	163	27,576

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2014

17 Provisions (continued)

Recognition and measurement

(i) 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 consolidated 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.

(ii) Employee benefits

Liabilities for wages and salaries 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.

A liability for annual leave, long service leave and sick leave is recognised in the provision for employee benefits and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method.

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.

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.

Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Capital management

	30 September 2014 $'000	30 September 2013 $'000
18 Cash and cash equivalents		
Cash at bank and on hand	**147,540**	133,257
Short-term deposits	**5,803**	86,044
Cash – futures accounts at call	**–**	28,628
	153,343	247,929

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. The short term deposits on hand at 30 September 2014 earned interest at the short-term deposit rate of 0.01% (2013: 0.1%).

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 (2013: nil on balances due in foreign currencies and 1.75% on Australian dollar accounts).

Recognition and measurement

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.

19 Financing facilities

The Group has the following facilities in place at year end. All facilities are expressed in Australian dollars unless otherwise disclosed.

	Total facility amount $'000	Utilised facility amount $'000	Facility expiry date
Controlled entities			
CBH Grain Facility – AUD (i)	**210,000**	**–**	**31/12/2014**
CBH Grain Facility – AUD (i)	**300,000**	**–**	**31/10/2014**
CBH Grain Facility – AUD (i)	**270,000**	**–**	**28/11/2014**
CBH Grain Facility – USD (i)	**200,000**	**–**	**31/10/2014**
CBH Grain Facility – AUD (ii)	**100,000**	**–**	**15/11/2014**
CBH Grain Facility – AUD (i)	**120,000**	**–**	**12/12/2014**

(i) The Directors have approved the facility that expired in December 2014 and these will be renewed when required.

(ii) The facility expired in November 2014 and was not renewed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2014

19 Financing facilities (continued)

US dollar credit facility

The United States Dollar denominated loan are subject to annual review and used for general purposes by CBH Grain Pty Ltd with a total facility as at 30 September 2014 of US $200,000,000 (2013: US $250,000,000). As at 30 September 2014, US $nil of the facility had been drawn down. The average interest rate for the year was 1.09% (2013: 1.31%) payable in United States Dollars.

Australian dollar credit facilities

The Australian Dollar facility is a combination of bilateral term loans and packing credit facilities with total facility limits of $1,000,000,000. As at 30 September 2014, nil of the packing credit facility was drawn down and nil of the bilateral term loan was drawn down.

CBH Grain Pty Ltd will use these facilities to fund the 2014-2015 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 3.55% (2013: 4.22%).

20 Interest bearing loans and borrowings

	30 September 2014			30 September 2013		
	Current $'000	**Non-current $'000**	**Total $'000**	Current $'000	Non-current $'000	Total $'000
Unsecured						
Bank loans (i)	**–**	**–**	**–**	259,742	–	259,742
Loan from associate (ii)	**6,860**	**21,279**	**28,139**	6,439	18,893	25,332
Loans from growers (iii)	**19,074**	**–**	**19,074**	18,156	–	18,156
Total unsecured borrowings	**25,934**	**21,279**	**47,213**	284,337	18,893	303,230

(i) The bank loans are in both Australian Dollars and United States Dollars. For additional details refer to note 20(c).

(ii) Refer to note 14 for additional details.

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

Recognition and measurement

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 consolidated statement of comprehensive income when the liabilities are derecognised.

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.

(a) **Fair value**

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

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

Details regarding interest rate, foreign exchange and liquidity risk is disclosed in note 28.

20 Interest bearing loans and borrowings (continued)

(c) Terms and conditions

Bank loans are subject to annual review.

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 Co-operative. The negative pledge at 30 September 2014 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:

(i) 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 the total value of debtors on terms of 90 days or less;

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

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

Loans from associate

The loan from associate $28,139,000 (2013: $25,331,749); US$24,612,000 (2013: US$23,603,941) is a United States Dollar denominated loan. This 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%.

The loan from Eastern Pearl Flour Mills will be restructured in future years as part of the planned changes to PT Eastern Pearl Flour Mills. Refer to subsequent events note 32 for details.

(d) Defaults and breaches

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

	30 September 2014 $'000	30 September 2013 $'000
21 Contributed equity and reserves		
(a) Share capital		
(i) Ordinary shares		
Shares Issued	**5**	6
	5	6

21 Contributed equity and reserves (continued)

(a) Share capital (continued)

(i) Ordinary shares (continued)

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 Co-operative's Rules prohibit the distribution of any surplus or profits to shareholders.

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.

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

	Paid shares number	Unpaid shares number	Total number	Issue Price $	Share capital $
(ii) Movements in ordinary share capital					
At 1 October 2012	3,029	1,294	4,323	$2.00	6,058
Shares issued	–	148	148	–	–
Shares cancelled	(203)	(73)	(276)	–	–
At 1 October 2013	**2,826**	**1,369**	**4,195**	**$2.00**	**5,652**
Shares issued (i)	–	188	188	–	–
Shares cancelled (ii)	(124)	(61)	(185)	–	(248)
At 30 September 2014	**2,702**	**1,496**	**4,198**	**$2.00**	**5,404**

(i) During the year 188 ordinary shares (2013: 148) were issued and remained unpaid as at 30 September 2014. 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 1,496 (2013: 1,369).

(ii) During the year 184 member shares (124 paid and 60 unpaid) were cancelled through failure to meet the Active Membership Requirements under Rule 4 of the Co-operative's Rules. An additional 1 member share (unpaid) was cancelled due to a member resignation.

(b) Capital management

Capital consists of equity and net debt of the Group. 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 2014 $'000	30 September 2013 $'000

21 Contributed equity and reserves (continued)

(c) Retained earnings

	30 September 2014 $'000	30 September 2013 $'000
Opening balance	**224,330**	216,713
Actuarial loss on defined benefit plan	**175**	(4,058)
Net profit for the year	**149,154**	131,707
Aggregate of amounts transferred to reserves	**(92,226)**	(120,032)
Balance at year end	**281,433**	224,330

(d) Reserves

	30 September 2014 $'000	30 September 2013 $'000
Capital levy reserve	**52,587**	52,587
General reserve	**1,211,727**	1,119,501
Foreign currency translation reserve	**(27,495)**	(25,060)
Acquisition reserve	**(1,175)**	(1,176)
Cash flow hedge reserve	**(1,015)**	–
	1,234,629	1,145,852
Movements:		
Capital levy reserve		
Opening balance	**52,587**	52,587
Balance 30 September	**52,587**	52,587
General reserve		
Opening balance	**1,119,501**	999,469
Transfer from retained earnings	**92,226**	120,032
Balance 30 September	**1,211,727**	1,119,501
Foreign currency translation reserve		
Opening balance	**(25,060)**	(23,921)
Currency translation differences arising during the year	**(3,295)**	1,319
Share of associates translation difference	**860**	(2,458)
Balance 30 September	**(27,495)**	(25,060)
Acquisition reserve		
Opening balance	**(1,175)**	(1,176)
Balance 30 September	**(1,175)**	(1,176)
Cash flow hedge reserve		
Opening balance	**–**	(904)
Currency hedge differences arising during the year	**–**	904
Share of associates hedge reserve	**(1,015)**	–
Balance 30 September	**(1,015)**	–

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

21 Contributed equity and reserves (continued)

Nature and purpose of other reserves

Capital Levy Reserve

The Capital Levy Reserve was created upon the Co-operative being converted to a tax exempt entity as a result of changes to the Bulk Handling Act in 1971. This exemption removed from the Co-operative 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 is used to hold the transfer of profits relating to Co-operative Bulk Handling Limited from retained earnings as required by the Bulk Handling Act 1967.

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.

Significant accounting judgements

(i) 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 or loss.

22 Contingent liabilities

(a) Finance arrangements

Co-operative Bulk Handling Limited (parent entity) has undertaken guarantees relating to loan facilities with certain controlled entities (note 5(d)).

Working capital

	30 September 2014 Current $'000	30 September 2014 Non-current $'000	30 September 2014 Total $'000	30 September 2013 Current $'000	30 September 2013 Non-current $'000	30 September 2013 Total $'000
23 Trade and other receivables						
Trade receivables (i)	**72,503**	**–**	**72,503**	53,231	–	53,231
Allowance for doubtful debts (iii)	**(2,133)**	**–**	**(2,133)**	(4,432)	–	(4,432)
Loans to growers (ii)	**50,977**	**–**	**50,977**	56,604	–	56,604
	121,347	**–**	**121,347**	105,403	–	105,403
Other receivables (iv)	**88,053**	**11,339**	**99,392**	131,903	11,339	143,242
	209,400	**11,339**	**220,739**	237,306	11,339	248,645

(i) Trade receivables

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

	30 September 2014 $'000	30 September 2013 $'000
Current	**65,570**	27,569
< 30 days overdue	**2,715**	17,307
30 – 60 days overdue	**482**	5,173
60 – 90 days overdue	**106**	195
> 90 days overdue	**3,630**	2,987
	72,503	53,231

Recognition and measurement

Trade receivables are generally non-interest bearing and generally have 14-30 day terms. Trade receivables 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 and default payments are considered objective evidence of impairment.

Significant accounting estimates and assumptions

Management believe recoverability of some of the debts included in trade and other receivables are uncertain as they may relate to irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position and therefore an impairment allowance of $2,133,000 (2013: $4,432,000) has been raised. Measures are being undertaken to recover the full value of the relevant receivable, including taking charge over the assets of debtors in default and/or taking legal action.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2014

23 Trade and other receivables (continued)

(ii) Loans to growers

Loans receivable from growers are interest bearing and represent funds advanced to growers based on tonnes delivered to the Co-operative, 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 the Group. At 30 September 2014, the interest rate charged to growers was 4.77% for Grower loans.

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

	30 September 2014 $'000	30 September 2013 $'000
Current	**50,977**	56,604

(iii) Allowance for doubtful debts

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 $1,217,000 during the period (2013: $511,000). These amounts have been included in other expenses.

Movements in the allowance for doubtful debts were as follows:

	30 September 2014 $'000	30 September 2013 $'000
At 1 October	**4,432**	4,623
Additions for the year	**–**	320
Bad debt write off	**(1,082)**	–
Amounts written back	**(1,217)**	(511)
At 30 September	**2,133**	4,432

The allowance for doubtful debts for debts less than 90 days overdue is $908,000 (2013: $1,445,000) and over 90 days overdue $1,225,000 (2013: $2,987,000).

Trade receivables past due but not considered impaired are $4,800,000 (2013: $21,230,000). 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.

	30 September 2014 $'000	30 September 2013 $'000
(iv) Other receivables		
Accrued income receivable within 12 months	**73,319**	92,980
GST receivable	**8,427**	8,830
Other receivables	**6,307**	30,093
	88,053	131,903

23 Trade and other receivables (continued)

(iv) Other receivables (continued)

Other receivables included accrued income, unearned insurance premium, outstanding insurance loss recoveries, sundry payroll recoveries, outstanding receivables in relation to workers compensation claims and other grain handling revenues and export fees. Accrued income relates to revenue earned not yet invoiced at year end.

Non-current receivables represent the value of additional locomotives due from MotivePower Inc following the settlement of a contractual dispute. The locomotives are due to be commissioned in early 2015, at which point this balance will be re-classified to Property, Plant & Equipment.

(v) Fair value and credit risk

Due to the short term nature of current receivables, their net carrying amounts (after allowances for doubtful debts) 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.

(vi) Foreign exchange and interest rate risk

Details regarding foreign exchange and interest rate risk exposure are disclosed in note 28.

24 Inventories

	30 September 2014 $'000	30 September 2013 $'000
At fair value less cost to sell		
Traded grain	**239,492**	227,567
At lower of cost and net realisable value:		
Raw materials and stores (at cost)	**4,858**	3,916
Other inventories	**1,190**	–
	6,048	3,916
Total inventory	**245,540**	231,483

Recognition and measurement

(i) Traded grain

Grain purchased with the purpose of being sold in the near future is measured at fair value less costs to sell, with changes in fair value recognised in the profit or loss.

(ii) 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.

24 Inventories (continued)

Significant accounting estimates and assumptions

(i) **Valuation of traded grain**

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 independent broker reports.

	30 September 2014 $'000	30 September 2013 $'000
25 Other assets		
Current		
Prepayments	**23,424**	21,111
26 Trade and other payables		
Current		
Trade payables (ii)	**25,075**	24,637
Sundry payables and accrued expenses (iii)	**109,721**	57,634
Financial guarantees (iv)	**–**	144
	134,796	82,415
Non-current		
Other payables (vi)	**1,210**	4,102

(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 are primarily made up of execution cost accruals relating to the sale of grain. This also includes the customer loyalty rebate of $3.30 per tonne.

(iv) **Financial guarantees**

As described in 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 5(d).

The amortisation of financial guarantees is included in other income, note 6(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 28.

(vi) **Other Payables**

Included in other payables is $640,000 representing part of the settlement of a contractual dispute with MotivePower Inc, in relation to delivery of narrow gauge locomotives.

26 Trade and other payables (continued)

Recognition and measurement

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.

	30 September 2014 $'000	30 September 2013 $'000
27 Other liabilities		
Current		
Deferred revenue (i)	**25,282**	20,790
Other payables (ii)	**49,933**	67,629
	75,215	88,419
Non-Current		
Other payables (ii)	**–**	2,865

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

(ii) Other payables includes deferred freight fund liability and the auction premium payable.

The deferred freight fund liability relates to surpluses accumulated from freight operations carried forward to be redistributed to growers in the form of cash rebates or reduced freight rates in future years.

The auction premium payable relates to bid premium fees paid to the Co-operative 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2014

Financial risk management

28 Financial risk management 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 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 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:

28 Financial risk management policies (continued)

(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.

(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:

	30 September 2014 $'000	30 September 2013 $'000
Net derivative exposure	**(74,048)**	(302,967)
Net physical exposure	**(189,245)**	37,709
Undiversified 99th percentile VaR	**(46,993)**	(47,538)
Diversification benefit 99%	**12,316**	12,945
Diversified VaR	**(34,677)**	(34,593)

Traded Grains are grain books run by the 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 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.

28 Financial risk management policies (continued)

(a) Market risk (continued)

(ii) Foreign currency risk (continued)

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.

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
30 September 2014									
Financial assets									
Cash and cash equivalents	65,171	10,544	1,878	10,233	9	1,022	1	126	–
Trade receivables	54,482	–	–	–	–	–	–	–	–
Other receivables	3,421	–	–	18,509	–	3	–	–	–
Derivative financial assets	142,239	6,033	7,287	6,794	–	–	–	–	–
	265,313	**16,577**	**9,165**	**35,536**	**9**	**1,025**	**1**	**126**	**–**
Financial liabilities									
Interest bearing loans and borrowings	28,139	–	–	–	–	–	–	–	–
Derivative financial liabilities	79,123	10,352	1,736	–	–	5	–	–	–
Trade and other payables	1,368	–	72	14,314	–	216	–	40	12
	108,630	**10,352**	**1,808**	**14,314**	**–**	**221**	**–**	**40**	**12**
Net exposure	**156,683**	**6,225**	**7,357**	**21,222**	**9**	**804**	**1**	**86**	**(12)**

	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
30 September 2013									
Financial assets									
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	4,861	2,707	–	24	–	66	–
Net exposure	**(48,297)**	**2,261**	**1,678**	**13,866**	**4**	**(16)**	**–**	**(30)**	**–**

28 Financial risk management policies (continued)

(a) Market risk (continued)

(iii) Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instruments will fluctuate due to changes in market interest rates. The Group funds its ongoing 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 2014 $'000	30 September 2013 $'000
Net market exposure	**65,370**	25,040
99% VaR	**20**	5

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

	30 September 2014 $'000	30 September 2013 $'000
Financial assets		
Cash and cash equivalents	**153,343**	247,929
Loans receivable	**50,977**	56,604
	204,320	304,533
Financial liabilities		
Interest bearing liabilities and borrowings	**28,139**	285,073
Loan from CBH Grain Pools	**19,074**	18,156
	47,213	303,229
Net exposure	**157,107**	1,304

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. Interest rate derivatives contracts are outlined in Note 29(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2014

28 Financial risk management policies (continued)

(b) Credit risk (continued)

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 Group also monitors country risk 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 (2013: $Nil).

The financial guarantees are disclosed in Note 5.

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 the CBH Grain Pools was $4,438,000 (2013: $3,701,000). 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 2014. A summary of net position exposures by credit rating is detailed in the table below:

	30 September 2014 Fair Value $'000	30 September 2013 Fair Value $'000
Credit rating A	**18,007**	–
Credit rating AA – and above	**300**	626
	18,307	626

(3) Forward purchase and sale contracts

Forward purchase and sale contracts are undertaken with unrated external counterparties, including growers, grain traders and end-customers. The total face value of open purchase contracts is $525,047,000 (2013: $758,524,000) and the total face value of open sales contracts is $1,043,564,000 (2013: $1,030,023,000). 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 2014. 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.

28 Financial risk management policies (continued)

(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 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.

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 of the net position 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.

Contractual maturities of financial liabilities	Carrying amount $'000	Total contractual cash flows $'000	Less than 6 months $'000	6 – 12 months $'000	1 – 5 years $'000
At 30 September 2014					
Financial liabilities					
Interest bearing loans and borrowings	47,213	48,640	30,551	3,735	14,354
Trade and other payables	135,130	135,130	133,920	–	1,210
Auction premium payable	13,788	13,788	–	13,788	–
Total non-derivatives	**196,131**	**197,558**	**164,471**	**17,523**	**15,564**
Gross settled (forward foreign exchange contracts – cash flow hedges)					
– (inflow)	(1,731,048)	(1,731,048)	(1,731,048)	–	–
– outflow	1,886,741	1,886,741	1,885,642	497	602
Net derivative financial liabilities	**155,693**	**155,693**	**154,594**	**497**	**602**
	351,824	**353,251**	**319,065**	**18,020**	**16,166**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2014

28 Financial risk management policies (continued)

(c) Liquidity risk (continued)

v	Carrying amount $'000	Total contractual cash flows $'000	Less than 6 months $'000	6 – 12 months $'000	1 – 5 years $'000
Financial liabilities					
Interest bearing loans and borrowings	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
Financial guarantee	144	16,635	16,635	–	–
Total non-derivatives	438,533	456,016	407,299	22,761	25,956
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
	540,425	557,908	480,798	50,753	26,357

(d) Fair value measurements

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.

28 Financial risk management policies (continued)

(d) Fair value measurements (continued)

The fair value of the financial instruments and non-financial assets as well as the methods used to estimate the fair value are summarised in the table below.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
30 September 2014				
Financial and non-financial assets				
Derivative instruments				
– Forward exchange contracts	–	39,122	–	39,122
– Forward exchange options	–	2,059	–	2,059
– Commodity futures and options	27,835	–	–	27,835
– Forward sales contracts	–	108,397	–	108,397
– Forward purchase contracts	–	9,708	–	9,708
Inventories	–	244,312	–	244,312
Total financial assets	**27,835**	**403,598**	**–**	**431,433**
Financial Liabilities				
Derivative instruments				
– Forward exchange contracts	–	72,743	–	72,743
– Forward exchange options	–	2,059	–	2,059
– Commodity futures and options	6,683	–	–	6,683
– Interest rate swaps	–	356	–	356
– Forward sales contracts	–	5,552	–	5,552
– Forward purchase contracts	–	68,300	–	68,300
Interest bearing loans and borrowings	–	47,213	–	47,213
Total financial liabilities	**6,683**	**196,223**	**–**	**202,906**
30 September 2013				
Financial and non-financial assets				
Derivative instruments				
– Forward exchange contracts	–	62,195	–	62,195
– Forward exchange options	–	643	–	643
– Commodity futures and options	2,895	–	–	2,895
– Interest rate swaps	–	86	–	86
– Forward sales contracts	–	53,575	–	53,575
– Forward purchase contracts	–	16,581	–	16,581
Inventories	–	227,567	–	227,567
Total financial and non-financial assets	2,895	360,647	–	363,542
Financial liabilities				
Derivative instruments				
– Forward exchange contracts	–	63,433	–	63,433
– Forward exchange options	–	643	–	643
– Commodity futures and options	8,345	–	–	8,345
– Interest rate swaps	–	400	–	400
– Forward sales contracts	–	3,504	–	3,504
– Forward purchase contracts	–	25,567	–	25,567
Interest bearing loans and borrowings	–	303,230	–	303,230
Total financial liabilities	8,345	396,777	–	405,122

28 Financial risk management policies (continued)

(d) Fair value measurements (continued)

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 sales and purchase contracts and foreign exchange contracts not traded on a recognised exchange.

For inventories, the Group uses valuation techniques with quoted commodity prices, quoted transportation costs and unobservable inputs that are not significant to the overall valuations.

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.

Recognition and measurement

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.

Significant accounting estimates and assumptions

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 and forward purchases and sales) 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 exchange quoted 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.

	30 September 2014 $'000	30 September 2013 $'000
29 Derivative financial instruments		
Current Assets		
At fair value		
Forward foreign exchange contracts	**39,122**	62,195
Forward foreign exchange options	**2,059**	643
Interest rate swaps	**–**	86
Commodity futures and options	**27,835**	2,895
Forward purchase contracts	**9,708**	16,581
Forward sales contracts	**107,442**	53,575
	186,166	135,975
Non–Current Assets		
At fair value		
Forward sales contracts	**955**	–
	955	–
Current Liabilities		
At fair value		
Forward foreign exchange contracts	**72,743**	63,433
Forward foreign exchange options	**2,059**	643
Commodity futures and options	**6,679**	8,345
Forward sales contracts	**5,310**	3,504
Forward purchase contracts	**68,300**	25,567
	155,091	101,492
Non–Current Liabilities		
At fair value		
Interest rate swaps	**356**	400
Forward purchase contracts	**–**	1
Commodity futures and options	**4**	–
Forward sales contracts	**242**	–
	602	401

(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 28(a)(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 2014 is an unrealised gain of $31,428,570 (2013: $34,083,507). The subjective assessment of the value of these financial instruments at any given point in time will, in times of volatile market conditions, show substantial variation over the short term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2014

29 Derivative financial instruments (continued)

(a) Instruments used by the Group (continued)

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 consolidated 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.

(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 2.75% and 3.18%.

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 2014 $'000	30 September 2013 $'000
Interest rate swaps		
0 – 1 years	–	86
1 – 2 years	–	–
2 – 5 years	1	(400)
Interest rate options	–	–
2 – 5 years	(357)	–
	(356)	(314)

(c) Cash flow hedges

Movement in forward currency contract cash flow hedge reserve

	30 September 2014 $'000	30 September 2013 $'000
Opening balance	**–**	(904)
Charged to other comprehensive income	**–**	904
Closing balance	**–**	–

Note these amounts have not been tax-effected as the Co-operative is 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 28(b).

(e) Interest rate risk

Information regarding interest rate risk exposure is set out in note 28(a)(iii).

29 Derivative financial instruments (continued)

Recognition and measurement

(i) Derivatives

The Group uses derivative financial instruments, such as forward currency contracts, interest rate swaps and forward commodity contracts, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. 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 at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit and loss as the Group has not adopted hedge accounting.

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.

(ii) 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 (the 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.
- Hedges of a net investment in a foreign operation (the Group does not have any net investment hedges).

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 consolidated statement of comprehensive income. For interest rate cash flow hedges, any ineffective portion is taken to other expenses in the consolidated statement of comprehensive income.

If the forecast transaction is no longer expected to occur, amounts recognised in equity are transferred to the consolidated 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2014

29 Derivative financial instruments (continued)

Recognition and measurement (continued)

(iii) **Offsetting financial instruments**

The Group presents its assets and liabilities on a gross basis. Derivative financial instruments entered into by the Group are subject to enforceable master netting arrangements such as International Swaps and Derivatives Associations (ISDA) master netting agreement. In certain circumstances, for example, when a credit event such as a default occurs, all outstanding transactions under an ISDA agreement are terminated. The termination is assessed and only a single net amount is payable in settlement of all transactions.

Other information

30 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 (2013: USD 20,000) 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 (2013: 19).

	30 September 2014 $	30 September 2013 $
Messrs N J Wandel, K J Fuchsbichler, T N Badger, B McAlpine, J P Hassell, W A Newman, V A Dempster, D Clauson, R G Madden and M C Michael received payments or were due to receive payment for grain deliveries during the financial year	**10,162,767**	7,837,139
(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	**92,413,242**	88,545,326
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%	**26,513,019**	13,053,057

31 Commitments

(a) 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 2014 $'000	30 September 2013 $'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**5,478**	7,704
Later than one year but not later than five years	**14,810**	15,812
Later than five years	**54,171**	49,274
	74,459	72,790

(b) Capital commitments

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

	30 September 2014 $'000	30 September 2013 $'000
Within one year	**3,691**	29,474
	3,691	29,474

32 Events Subsequent to Balance Date

Subsequent to 30 September 2014, CBH together with its partner has commenced the consolidation of its investments in Asia to create a simpler and more efficient structure. The effect of this exercise will result in all entities of the Interflour Holdings Ltd group and PT Eastern Pearl Flour Mills being held under a single holding company in Singapore. These investments are currently held under two different holding structures. The consolidation, being conducted in accordance to the respective legal, audit and tax requirements of each jurisdiction, is expected to be completed in 2015.

CBH Grain Pty Ltd negotiated the following facilities for the acquisition of grain over the 2014/15 season:

- Syndicated debt facility of $1,000,000,000 with various banks;
- Banking facilities of $425,000,000 with various banks; and
- Pre-shipment facility of $125,000,000 with various banks.

Other than the matters disclosed above, there is no other subsequent event which requires disclosure.

DIRECTORS' DECLARATION

30 SEPTEMBER 2014

In the directors' opinion:

(a) The financial statements and notes are in accordance with *the Co-operatives Act 2009, the Corporations Act 2001* and the *Australian Charities and Not-for-profits Commission Act 2012*, including:

(i) Giving a true and fair view of the consolidated entity's financial position as at 30 September 2014 and of its performance for the year ended on that date; and

(ii) Complying with Accounting Standards (including the Australian Accounting Interpretations); and

(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.

This declaration is made in accordance with a resolution of directors.

W A Newman
Chairman

V A Dempster
Deputy Chairman

Perth
3 December 2014

2014 | INDEPENDENT AUDITOR'S REPORT

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

Independent auditor's report to the members of Co-operative Bulk Handling Limited

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 2014, the consolidate statement of comprehensive income, the consolidate statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Co-operatives Act 2009 and the *Australian Charities and Not-for-Profits Commission Act 2012* 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 the auditor's 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, the auditor considers internal controls relevant to the entity's preparation of the financial report that gives a true and fair view 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 and the *Australian Charities and Not-for-Profits Commission Act 2012*. 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 of Co-operative Bulk Handling Limited is in accordance with the *Co-operatives Act 2009 and the Australian Charities and Not-for-Profits Commission Act 2012*, including:

- (i) giving a true and fair view of the company's financial position as at 30 September 2014 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Co-operatives Act 2009 and the Australian Charities and Not-for-Profits Commission Regulation 2013*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Ernst & Young

Robert Kirkby
Partner
Perth
3 December 2014

2014 | YOUR FIVE YEAR FINANCIAL AND OPERATIONAL HISTORY

Co-operative Bulk Handling and it's controlled entities

		2014	2013	2012	2011	2010**
Tonnes handled	mt	15.9	9.1	15.1	6.5	11.1
All time injury frequency rate*		30	28	36		
Revenue from continuing operations	$m	3,939	2,710	2,230	1,951	1,304
Pools revenue	$m	493	644	860	919	1,332
Other income	$m	130	106	43	82	52
Total revenue including other income	$m	**4,562**	**3,460**	**3,133**	**2,952**	**2,688**
Net profit contribution from:						
Storage and handling	$m	98	124	131	(5)	(9)
Marketing, accumulation & trading	$m	34	13	20	(23)	12
Flour milling	$m	11	7	7	15	20
Other	$m	6	(13)	4	(8)	5
Profit attributable to members of Co-operative Bulk Handling Limited	$m	**149**	**131**	**162**	**(21)**	**28**
Return on average equity	%	10.3	10.1	13.3	(1.9)	2.6
Grower Patronage Rebates	$m	53.6	4.8	6.3	0.0	14.2
Capital reinvestment	$m	114.5	145.4	191.7	126.9	67.0
Total assets	$m	1,980	1,989	2,062	1,507	1,619
Total liabilities	$m	(464)	(619)	(819)	(420)	(510)
Equity	$m	**1,516**	**1,370**	**1,243**	**1,087**	**1,109**
Debt owing	$m	47.2	303	393	182	176

* 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 9600
Facsimile (08) 9322 3942
Email info@cbh.com.au

www.cbh.com.au