2018

FULL FINANCIAL REPORT

Grain Growers Limited

(ABN 25 000 245 269)

and Controlled Entities

For the year ended 30 June 2018

Grain Growers Limited

CONTENTS

2018 Full Financial Report

This full financial report covers the consolidated entity consisting of Grain Growers Limited and its subsidiaries. The financial report is presented in Australian dollars.

This financial report was authorised for issue by the directors on 2 August 2018. GrainGrowers has the power to amend and reissue the financial statements.

The Directors present their report on the consolidated entity (referred to hereafter as GrainGrowers) consisting of Grain Growers Limited and the entities it controlled for the year ended, or during the year ended, 30 June 2018.

Directors

The following persons were Directors of GrainGrowers during the financial year and up to the date of this report:

John W. Eastburn (Chairman)
Rodney K. Birch (Deputy Chairman)
Michele J. Allan
Mark C. Allison
Andrew W. Carberry
Julia E. Hausler
Brett J. Hosking
Rhys T. Turton (appointed on 5 October 2017)
Trevor F. De Landgrafft (retired on 5 October 2017)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

The Company Secretary during the year was Helen Y Hu.

Subsidiaries

Following entities are controlled by Grain Growers Limited:

- G.G.A Investments Pty Ltd
- G.G.A Holdings Pty Ltd
- Agrecon Operations Pty Ltd
- Agricultural Reconnaissance Technologies Pty Ltd
- BRI Australia Ltd
- PA Source Pty Ltd

Refer to notes 22 for shareholding details.

Principal activities

The nature and scope of the main activities undertaken by GrainGrowers during the year were: the provision of credible and high integrity industry policy initiatives and innovation outcomes; organising value creating and effective capability building events and training; and value creating digital farming decision support tools; all primarily for the purpose of creating a more efficient, sustainable and profitable Australian grains industry

Dividends

In accordance with the Constitution of Grain Growers Limited no dividends are payable by GrainGrowers to its members.

Review of operations

GrainGrowers' activities during the financial year have resulted in a profit after income tax of $4.4 million (2017: $4.9 million), with revenue of $ 8.5 million (2017: $9.2 million). The total comprehensive profit for 2018 includes an unrealised gain of $3.5 million on the investment portfolio (2017: unrealised gain of $3.6 million), realised loss on investment of 0.5M (2017: Nil) and payroll tax refund of $1million in 2018 (2017: Nil).

Significant changes in state of affairs during the financial year

Payroll Tax Exemption

GrainGrowers has historically remitted payroll taxes in respect of its employees in its various states of operation, being New South Wales, Victoria, Queensland, South Australia, the Australian Capital Territory and Western Australia. The NSW Court of Appeal handed down a decision on 15 December 2016, confirming that GrainGrowers was exempt from payroll tax for a portion of the employees it had engaged during the years ended 30 June 2012 and 30 June 2013. Following this decision, GrainGrowers has applied to all State Revenue Offices where it has operations requesting an exemption from payroll tax and a refund of the payroll tax paid historically. This request was granted in New South Wales, Victoria, Queensland and South Australia for the years ended 30 June 2013 to date. The decision from the Australian Capital Territory is still pending.

GrainGrowers is now considered fully exempt from payroll tax in New South Wales, Victoria, Queensland and South Australia.

Transition of Commercial Services Business

From April 2018 to July 2018, the Board reviewed and decided to divest the Commercial Services Business.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2018 which has significantly affected or may significantly affect:

(a) GrainGrowers' operations in future financial years, or
(b) The results of those operations in future financial years, or
(c) GrainGrowers' state of affairs in future financial years.

Likely developments and expected results of operations

Information as to likely developments in the operations of GrainGrowers and the expected results of those operations in subsequent financial years has not been included in this report because, in the opinion of the Directors, it would prejudice the interests of GrainGrowers.

Environment

The Directors are not aware of any significant environmental breaches during the financial year.

Information on directors

John W. Eastburn, GAICD
John Eastburn has been a farmer in north west New South Wales since 1973, and his links to the land stretch back for generations. Mr Eastburn's father, Ian was an original director of the Prime Wheat Association. Mr Eastburn has been a GrainGrowers member since 1974 and director since 2006. During his service to the organisation he has travelled overseas many times as part of high level trade delegations to promote Australian wheat. He has been a member of the NFF Trade Committee since 2011. He has also been a director of NFF since 2016. He was a director of GrainCorp. Mr Eastburn sits on GrainGrowers' Finance, Remuneration and Nomination, and Audit and Risk Committees. He is a Graduate of the Australian Institute of Company Directors.

Rodney K. Birch, MAICD
Rodney Birch is a Grower Director from Coorow, Western Australia and is the Owner and Managing Director of Catalina Farms. Rod was appointed to the GrainGrowers' Board in September 2014, elected the Deputy Chairman in December 2016, and is a member of both the Investment Committees and Nomination Remuneration and Human Resources Committee. Rod has been a Director of the Pulse Australia Board and also a director of the UWA Institute of Agriculture. He is also a member of the National Lupin Release Committee and a founding member of the Liebe group, a prominent grower research and development farming systems group in the mid-west region of WA. Rod was a founding Director of the Grains Industry Association of WA in 2008 and Chairman of its Pulse Council until 2014. Rod has been a Director of Australian Grains Technologies (AGT) and completed a maximum six-year term in 2016.

Michele J. Allan, BAppSc, MMgmtTec, MCommLaw, DBA, FAICD, FATSE
Michele Allan was appointed to the GrainGrowers Board in 2013. She is also currently the Chair of Meat and Livestock Australia, Apple and Pear Australia Limited and Charles Sturt University (Chancellor). She is currently a non executive director of the following organisations

– CSIRO, Innovation and Science Australia, Food and Agri Business Growth Centre (FIAL), Nuffield Australia, CRC Food Agility. Michele has strong leadership experience across many areas of the food industry. Previously Michele was the CEO of a publicly listed food company and has held executive positions at Amcor Limited, Kraft Foods, Bonlac Foods, ICI and Nestle.

Mark C. Allison, BAgrSc, BEcon, GDM, AMP, FAICD
Mark Allison was appointed Executive Director of GrainGrowers in 2013 and has extensive agribusiness sector experience spanning 35 years. He is currently MD & CEO of Elders Limited and Chairman of Agribusiness Australia. Mark is a Fellow of the Australian Institute of Company Directors and a former CEO of GrainGrowers Limited, and a former MD and CEO of Jeminex Limited, Farmoz Pty Ltd, Wesfarmers Landmark Limited, Wesfarmers CSBP Limited and CropCare Australasia Pty Ltd He was also a former General Manager of Incitec Fertilisers. He holds degrees in Agricultural Science and Economics, GD in Business, and has completed multiple Harvard programs including the AMP and Agribusiness Seminar. He is a former Chairman of the APVMA, CropLife and Agsafe.

Andrew W. Carberry, FAICD
Andrew Carberry is a Grower Director from Narrabri, NSW, where he runs a cropping, irrigation and livestock enterprise. Prior to his election to the Board, Andrew was a member of GrainGrowers' Regional Committee representing the Northern Region. Andrew has served GrainGrowers as Chairman and Deputy Chairman, and as Chair of the Investment Committee. Currently Andrew is a member of the GrainGrowers' Audit Risk and Finance Committee and Investment Committee. Previously, Andrew has represented growers at the NFF's Members' Council and on several NFF committees

Julia E. Hausler, BEc, MAgrBus, GAICD, ARLF
Julia Hausler is a mixed farm grower in the Wimmera region of Victoria. Julia has over 20 years' experience in agriculture including expertise in marketing, accumulation, education, agribusiness finance and rural policy. Julia holds Masters of Agribusiness and Bachelor of Economics Degrees. She is a Graduate member of the Australian Institute of Company Directors (GAICD). Julia is Chairperson of Rural NorthWest Health Board, Group Treasurer for Central Wimmera CWA and a member of the Birchip Cropping Group (BCG) Research Committee. Julia has been a GrainGrowers member since 2004. Julia has been recognized as a leader through selection and completion of the Australian Rural Leadership Program (ARLF 2012-2013) and being named as a finalist in the Inaugural 100 Women in Australian Agribusiness Awards.

Brett J. Hosking, MAICD
Brett Hosking is a fifth generation farmer running a mixed farming business in Quambatook in Victoria's Mallee. Together with his wife, Jane, and their four daughters, they grow wheat, barley, canola, lentils and field peas, along with sheep and cattle. He has had a long-standing involvement in the Australian grains industry which saw him serve Victorian growers as the Victorian Farmers Federation Grains Group President from 2013 until 2017. He currently serves farmers as the Vice President of the Victorian Farmers Federation. He has a passion for growing and for supporting farmers and the small communities that support them, ensuring their voice is heard. Brett is active in his local community and is involved in many of the organisations which contribute to keeping a small community going

Rhys T. Turton, GAICD
Rhys Turton is a grain grower from York in Western Australia where he grows a range of crops including cereals, pulses, canola and hay. He is currently the Chairman of The Council of Grain Grower Organisations (COGGO) and is also the Vice President of the Western Australian Farmers Federation. Previously, Rhys held non-executive director roles with two large agricultural organizations, in Australia and Internationally. Both organizations were involved in the importation and exportation of agricultural commodities, including grain, fertilizer, agricultural chemicals, animal health products, sulphuric acid, nitrification inhibitors and stockfeeds. These board roles gave Rhys a thorough understanding of international trade and markets. Rhys was also a Councillor on the Co-operative Federation of Western Australia for seven years. He has been a Graduate member of the Australian Institute of Company Director's since 2002

Trevor F. De Landgrafft, DipAg GAICD (Retired on 5th October 2017)
Trevor De Landgrafft was a Grower Director from Newdegate WA, where he ran a broadacre cropping and livestock enterprise with his wife and two sons. He served on the Board of GrainGrowers from 2012 and was a member of the Nomination and Remuneration Committee and Chairman of the Ravensthorpe Hopetoun Future Fund. He was a past President of Western Australian Farmers Federation and served on numerous government and private committees and boards that benefit farming and rural communities.

Meetings of Directors

The following table sets out the number of meetings held by the GrainGrowers Board and Board Committees during the year ended 30 June 2018, and the number of meetings attended by each Director.

Director	Full Board Meetings		Audit, Risk and Finance Committee		Nomination Remuneration and Human Resource Committee		Investment Committee		Total	
	A	B	A	B	A	B	A	B	A	B
John W. Eastburn	7	7	-	-	4	4	-	-	11	11
Rodney K. Birch	7	7	-	-	3	3	3	3	13	13
Michele J. Allan	7	4	2	1	-	-	3	2	12	7
Mark C. Allison	7	7	3	3	-	-	3	3	13	13
Andrew W. Carberry	7	7	3	3	3	3	1	1	14	14
Julia E. Hausler	7	7	3	3	-	-	1	1	11	11
Brett J. Hosking	7	7	3	3	4	4	-	-	14	14
Rhys T. Turton *	5	5	-	-	1	1	-	-	6	6
Trevor F. De Landgrafft *	3	3	-	-	1	1	1	1	5	5

A - Number of meetings eligible to attend during period in office.
B - Number of meetings attended during period in office.
- Not a member of the relevant committee.
* Not a board member for the full financial year.

Indemnification and Insurance of Directors and Officers

Under its Constitution, GrainGrowers must indemnify each Director and each Executive Officer against any claim or any expenses or costs which may arise as a result of work performed in their respective capacities.

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

Proceedings on behalf of the company

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

Registered office and principal place of business

Level 19, 1 Market Street
Sydney, New South Wales 2000
(02) 9286 2000

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6 and forms part of this report.

Auditor independence

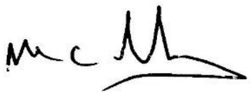
The auditor's independence declaration which forms part of the Director's Report for the financial year ended 30 June 2018 has been received and can be found following this report.

Rounding of amounts to nearest thousand dollars

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the "rounding off" of amounts in the directors' report and financial Report. Amounts in the directors' report and financial report have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report has been made in accordance with a resolution of directors.

John W. Eastburn
Chairman
Sydney
2 August 2018



Mark C. Allison
Chair of Audit, Risk and Finance Committee

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Auditor's Independence Declaration

As lead auditor for the audit of Grain Growers Limited for the year ended 30 June 2018, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

CMC Heraghty
Partner
PricewaterhouseCoopers

Sydney
2 August 2018

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	Note	Consolidated 2018 $'000	Consolidated 2017 $'000
Continuing Operations			
Revenue	3	**8,541**	**9,194**
Other income /(loss)	4	**3,976**	**3,637**
Employee benefits expense	5	**(3,985)**	**(4,374)**
Depreciation and amortisation expense	5	**(371)**	**(399)**
Marketing and Promotion costs		**(36)**	**(97)**
Professional fees	5	**(435)**	**(337)**
Project expenses		**(1,117)**	**(1,068)**
Occupancy costs	5	**(428)**	**(414)**
Other expenses	5	**(1,722)**	**(1,233)**
Profit (loss) before income tax		**4,421**	**4,909**
Net profit (loss) for the year from continuing operations		**4,421**	**4,909**
Net profit (loss) for the year		**4,421**	**4,909**
Other Comprehensive Income		**-**	**-**
Total Comprehensive profit (loss) for the year		**4,421**	**4,909**
Total Comprehensive profit (loss) for the year is attributable to:			
Owners of Grain Growers Limited		**4,421**	**4,909**

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

	Note	Consolidated 2018 $'000	Consolidated 2017 $'000
Current assets			
Cash and cash equivalents	6	**2,268**	**4,906**
Trade and other receivables	7	**747**	**832**
Total current assets		**3,015**	**5,738**
Non-current assets			
Other financial assets	8	**108,347**	**100,542**
Property, plant and equipment	9	**247**	**316**
Intangible assets	10	**226**	**472**
Total non-current assets		**108,820**	**101,330**
Total assets		**111,835**	**107,068**
Current liabilities			
Trade and other payables	11	**1,100**	**741**
Deferred Income		**95**	**152**
Provisions	12	**423**	**392**
Total current liabilities		**1,618**	**1,285**
Non-current liabilities			
Provisions	13	**84**	**71**
Total non-current liabilities		**84**	**71**
Total liabilities		**1,702**	**1,356**
Net assets		**110,133**	**105,712**
Equity			
Parent entity interest			
Contributed equity	14	**-**	**-**
Retained earnings	15	**110,133**	**105,712**
Total equity		**110,133**	**105,712**

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated

	Attributable to GrainGrowers		
	Contributed Equity $'000	Retained Earnings $'000	Total $'000
At 30 June 2016	-	**100,803**	**100,803**
Comprehensive profit for the period	-	**4,909**	**4,909**
At 30 June 2017	-	**105,712**	**105,712**
Comprehensive profit for the period	-	**4,421**	**4,421**
At 30 June 2018	-	**110,133**	**110,133**

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

		Consolidated	
		2018	2017
	Note	$'000	$'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		681	1,143
Payments to suppliers and employees (inclusive of goods and services tax) from continuing operations		(7,285)	(7,614)
		(6,604)	(6,471)
Interest received from investments	3	237	269
Proceeds from Payroll Tax Refund		1,024	-
Dividends/Unit distributions received		7,617	8,161
Net inflow (outflow) from operating activities		2,274	1,959
Cash flows from investing activities			
Payments for property, plant and equipment	9	(59)	(34)
Proceeds from sale of investment		2,000	-
Dividends /distributions re-investments		(6,853)	(1,704)
Net inflow (outflow) from investing activities		(4,912)	(1,738)
Net increase in cash and cash equivalents		(2,638)	221
Cash and cash equivalents at the beginning of the year		4,906	4,685
Cash attributable to discontinued operation			-
Cash and cash equivalents at the end of the year	6	2,268	4,906

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements include financial statements for the consolidated entity consisting of Grain Growers Limited and its subsidiaries, referred to hereafter as GrainGrowers.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001.* GrainGrowers is a not-for-profit entity for the purpose of preparing the financial statements.

Compliance with Australian Accounting Standards – Reduced Disclosure Requirements
The consolidated financial statements of GrainGrowers comply with Australian Accounting Standards – Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB).

New standards and interpretations not yet adopted
Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2017 reporting periods and have not been early adopted by GrainGrowers. GrainGrowers' assessment of the impact of these new standards and interpretations is set out below.

Title of standard	**AASB 9 Financial Instruments**
Nature of change	AASB 9 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.
Impact	GrainGrowers has already implemented phase 1 of the AASB 9 addressing classification, measure and de-recognition of financial assets and financial liabilities. The new hedge accounting rules will align the accounting for hedging instruments more closely with GrainGrowers' risk management practices. As a general rule, more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach. While GrainGrowers is yet to undertake a detailed assessment, due to lack of any substantial hedging relationships, GrainGrowers does not expect a significant impact on the financial statements. The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under AASB 139. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under AASB 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. While GrainGrowers has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses. The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the disclosures about its financial instruments particularly in the year of the adoption of the new standard.
Mandatory application date/ Date of adoption by group	Must be applied for financial years commencing on or after 1 January 2018. Based on the transitional provisions in the completed AASB 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety. GrainGrowers does not intend to adopt the remaining phases of AASB 9 before its mandatory date.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

New standards and interpretations not yet adopted (continued)

Title of standard	**AASB 15 Revenue from Contracts with Customers**
Nature of change	The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers revenue arising from the sale of goods and the rendering of services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.
Impact	Management is currently assessing the effects of applying the new standard on GrainGrowers financial statements and has identified the following areas that are likely to be affected: • IT consulting services-the application of AASB 15 may result in the identification of separate performance obligations which could affect the timing of the recognition of revenue. • accounting for the customer loyalty programme AASB 15 requires that the total consideration received must be allocated to the points and goods based on relative stand-alone selling prices rather than based on the residual value method; this could result in different amounts being allocated to the goods sold and bring forward the recognition of a portion of the revenue. Since GrainGrowers do not offer any loyalty programs, no impact is expected on the financial statements. • accounting for certain costs incurred in fulfilling a contract certain costs which are currently expensed may need to be recognised as an asset under AASB 15, and • rights of return-AASB 15 requires separate presentation on the balance sheet of the right to recover the goods from the customer and the refund obligation. At this stage, GrainGrowers is not able to estimate the effect of the new rules on its financial statements. GrainGrowers will make more detailed assessments of the effect over the next twelve months.
Mandatory application date/ Date of adoption by group	Mandatory for financial years commencing on or after 1 January 2018, but available for early adoption. Expected date of adoption by the group: 1 January 2018.

Title of standard	**AASB 16 Leases**
Nature of change	AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short- term and low-value leases. The accounting for lessors will not significantly change.
Impact	The standard will affect primarily the accounting for GrainGrowers' operating leases. As at the reporting date, GrainGrowers has non-cancellable operating lease commitments of $1,218,000, see note 18. However, the group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payment and how this will affect GrainGrowers' profit and classification of cash flows. Some of the commitments may be covered by the exception for short-term and low- value leases and some commitments may relate to arrangements that will not qualify as leases under AASB 16.
Mandatory application date/ Date of adoption by group	Mandatory for financial years commencing on or after 1 January 2019. At this stage, the group does not intend to adopt the standard before its effective date.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of preparation (continued)

New standards and interpretations not yet adopted (continued)

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

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss and certain classes of property, plant and equipment.

Historical cost convention
These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss and certain classes of property, plant and equipment.

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

(b) Principles of consolidation

(i) Subsidiaries
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Grain Growers Limited (referred to as the Company or parent entity) as at 30 June 2017 and the results of all subsidiaries for the year then ended. Grain Growers Limited and its subsidiaries together are referred to in this financial report as the consolidated entity or GrainGrowers.

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

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

The acquisition method of accounting is used to account for business combinations of GrainGrowers (refer to note 1 (h)).

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

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

(c) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

GrainGrowers recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of GrainGrowers' activities as described below. GrainGrowers bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Revenue recognition (continued)

Revenue from major business activities of GrainGrowers include: revenue earned from the provision of services (including training, software development and conference management), subscriptions (including web-based software applications), government grants (as co-funding for projects), and investments.

Revenue is recognised for the major business activities as follows:

(i) Sale of goods
Revenue from sale of goods is recognised when the risks and rewards of the ownership of goods are transferred to the customer. This occurs upon delivery of the goods.

(ii) Services
Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. Amounts billed in advance are recorded as a current liability until such time as the service is performed.

(iii) Other revenue
Other revenue includes rental income which is recognised on a straight-line basis over the lease term, interest income which is recognised on a time proportion basis using the effective interest rate method and dividends which are recognised when the right to receive payment is established.

(d) Government grants

Grants from government are recognised at their fair value where there is a reasonable assurance that the grant will be received and GrainGrowers will comply with all attached conditions.

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

(e) Income tax

The parent entity is classified as a charity exempt from income tax, therefore there is no income tax payable by the group or recognised within these financial statements.

(f) Goods and services tax (GST)

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

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

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

(g) Discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Discontinued operations (continued)

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

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

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

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

(h) Business combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by GrainGrowers. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, GrainGrowers recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s net identifiable assets.

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

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange.

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

(i) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently, if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash flows from other assets or groups of assets (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Cash and cash equivalents

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

(k) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement no more than 30 days from the date of recognition. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date. The collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used where there is objective evidence that GrainGrowers will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in profit and loss within other expenses. When a trade receivable for which an impairment allowance has been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(l) Investments and other financial assets

Classification
GrainGrowers classifies its financial assets in the following measurement categories: those to be measured subsequently at fair value and those to be measured at amortised cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

(i) Assets – at amortised cost
An asset is classified as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model with the objective to collect the contractual cash flows, and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

The nature of any derivatives embedded in the asset are considered in determining whether the cash flows of the investment are solely payment of principal and interest on the principal outstanding and are not accounted for separately.

(ii) Assets – at fair value through profit or loss
If either of the two criteria above are not met, the asset is classified as at fair value through profit or loss.

GrainGrowers has not designated any asset as measured at fair value through profit or loss so as to eliminate or significantly reduce an accounting mismatch.

GrainGrowers is required to reclassify all affected asset when and only when its business model for managing those assets changes.

(iii) Equity investments
All equity investments are measured at fair value. Equity investments that are held for trading are measured at fair value through profit or loss.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Investments and other financial assets (continued)

Measurement (continued)

A gain or loss on a debt investment that is subsequently measured at fair value and is not part of a hedging relationship is recognised in profit or loss and presented net in the income statement within other income or other expenses in the period in which it arises.

A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the financial asset is derecognised or impaired and through the amortisation process using the effective interest rate method.

GrainGrowers subsequently measures all equity investments at fair value. Dividends from such investments continue to be recognised in profit or loss as other revenue when GrainGrowers' right to receive payments is established (see note 1(c)(iii)) and as long as they represent a return on investment.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other income or other expenses in the income statement as applicable (notes 3, 4 and 5). Interest income from these financial assets is included in the net gains/(losses). Dividend income is presented as other revenue.

Details on how the fair value of financial instruments is determined are disclosed in note 1(t).

Impairment

GrainGrowers assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

(i) Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, GrainGrowers may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.
Impairment testing of trade receivables is described in note 1(i).

(ii) Assets classified as available-for-sale

If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss.

Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period.

If the fair value of a debt instrument classified as available-for-sale increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to GrainGrowers and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

(ii) Depreciation
Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or in the case of leasehold improvements and certain leased plant and equipment, the shorter term lease as follows:

GrainGrowers and its subsidiaries:

- Buildings and structures - 20 to 50 years;
- Plant and equipment - 2 to 10 years

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(i)).

Gains and losses on disposal are determined by comparing proceeds with carrying amount, and are included in the income statement.

(iii) Leased assets
A distinction is made between finance leases and operating leases:

A finance lease effectively transfers from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased non-current assets. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in current and non-current borrowings. Each lease payment is allocated between the liability and finance charges and the interest element of the finance cost is charged to profit or loss. The leased asset is depreciated on a straight-line basis over the shorter of the asset's useful life and the expected total lease term.

An operating lease allows the lessor to retain substantially all the risks and benefits incidental to ownership. Lease payments are charged to profit or loss on a straight-line basis over the lease term.

(n) Intangible assets

(i) Trademarks & Licences
Trademarks have an indefinite useful life and are not amortised. Instead, trademarks are tested for impairment annually or more frequently if events or changes in circumstances indicate that they might be impaired, and are carried at cost less accumulated impairment losses.

(ii) Customer Relationships
Customer relationships acquired as part of a business combination are recognised separately from goodwill. The customer relationships are carried at their fair value at the date of acquisition less accumulated amortisation and impairment losses. Amortisation is calculated based on the timing of projected cash flows of the contracts over their estimated useful lives, which currently vary from one to three years.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Intangible assets (continued)

(iii) Goodwill
Goodwill is measured as described in note 1(h). Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised. Goodwill is, instead, tested for impairment annually, or more frequently, if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

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

(iv) IT development and software
Costs incurred in developing products or systems and costs incurred in acquiring software and licences that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service and direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight line basis over periods generally ranging from three to five years.

(o) Repairs and maintenance

Property, plant and equipment is repaired and maintained on an ongoing basis through an ongoing major cyclical maintenance program. The costs of this maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised and depreciated. Other routine operating maintenance, repair and minor renewal costs are also charged as expenses as incurred.

(p) Trade and other payables

These amounts represent liabilities for goods and services provided to GrainGrowers prior to the year end which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(q) Employee benefits

(i) *Wages, salaries, annual leave and sick leave*
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) *Long service leave*
The liability for long service leave is recognised in the provision as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates on national government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

(iii) *Superannuation*
All employees of GrainGrowers are entitled to benefits from GrainGrowers' superannuation plans on retirement, disability or death. Contributions to employee superannuation funds are charged as an expense as the contributions are paid or become payable. GrainGrowers' legal or constructive obligation is limited to these contributions.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Employee benefits (continued)

(iv) *Termination benefits*
Liabilities for termination benefits, not in connection with the acquisition of an entity or operation, are recognised when a detailed plan for the terminations has been developed and a valid expectation has been raised in those employees affected that the terminations will be carried out. The liabilities for termination benefits are recognised in other payables unless the amount or timing of the payments is uncertain, in which case they are recognised as provisions.

Liabilities for termination benefits expected to be settled within 12 months are measured at the amounts expected to be paid when they are settled. Amounts expected to be settled more than 12 months from the reporting date are measured as the estimated cash outflows, 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 payments, where the effect of discounting is material.

(r) 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 or sale. Other borrowing costs are expensed as incurred.

(s) Provisions

Provisions are recognised when GrainGrowers has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

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

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

(t) Fair value estimation

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

GrainGrowers classifies all fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

(a) Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
(b) Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly (e.g. as prices) or indirectly (e.g. derived from prices), and
(c) Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance date. The quoted market price used for financial assets held by GrainGrowers is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. GrainGrowers uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Physical positions comprising stocks, forward sales and forward purchases do not have quoted market prices available. 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 swap contracts is determined by reference to market values for similar instruments.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Fair value estimation (continued)

The fair value of unlisted equity securities is determined based on the present value of net cash inflow from expected future dividends and subsequent disposal of the securities. The discount rate used to determine the present value of the net cash inflow was based on a market interest rate and the risk premium specific to the unlisted securities.

The nominal value less estimated credit adjustments of trade receivable and payables are assumed to approximate their fair values.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to GrainGrowers for similar financial instruments.

(u) Foreign currency translation

The consolidated financial statements are presented in Australian dollars, which is GrainGrowers' functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss.

(v) Contributed equity

The Company has no share capital as it is limited by guarantee.

(w) Rounding of amounts

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the "rounding off" of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

(x) Parent entity financial information

The financial information for the parent entity, Grain Growers Limited, disclosed in note 23 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities
Investments in subsidiaries are accounted for at cost in the financial statements of Grain Growers Limited.

(ii) Tax consolidation legislation
Grain Growers Limited and its wholly-owned Australian controlled entities have not implemented the tax consolidation legislation, as Grain Growers Limited is exempt from corporate income tax.

The parent entity, Grain Growers Limited, and its controlled entities account for their own current and deferred tax amounts.

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

(y) Comparatives
Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Impairment reviews are undertaken each year by evaluating the net present value of future cash flows. This requires significant judgements around estimates of those future cash flows, particularly some years into the future, and around estimates of the appropriate discount rate that adequately reflects the risk associated with those cash flows. Impairment reviews of intangible assets, in particular, requires significant judgements and estimates.

3. REVENUE

	Consolidated	
From continuing operations Sales Revenue	**2018 $'000**	**2017 $'000**
Services	671	1,010
Dividends / unit distributions	7,633	7,908
Interest from funds under management	124	128
	7,757	8,036
Interest	113	141
Rental income	-	7
Total revenue	8,541	9,194

4. OTHER INCOME

	Consolidated	
	2018 $'000	**2017 $'000**
Payroll tax refund	1,024	-
Net realised (loss) gain on disposal of investments	(535)	-
Net unrealised gain (loss) on investments	3,487	3,637
	3,976	3,637

5. EXPENSES

	Consolidated	
	2018 $'000	**2017 $'000**
Employee benefits expense		
- Salary and wages	3,393	3,736
- Superannuation	283	310
- Employee leave entitlements	84	99
- Other employment on costs	225	227
Total employee benefits expense	3,985	4,374

	Consolidated 2018 $'000	Consolidated 2017 $'000
Depreciation		
- Plant and equipment	53	80
- Buildings and improvements	72	72
Total depreciation	125	152
Amortisation		
- Intangible assets	246	247
Total amortisation	246	247
Rental expenses relating to operating leases		
- Minimum lease payments	428	414
Total rental expenses relating to operating leases	428	414
Professional Fees		
- Recurring	267	231
- Non-recurring (Refer Note 20 for additional information)	168	106
Total professional fees	435	337
Other expenses		
- Board	237	262
- Insurance	75	88
- Information technology	215	78
- Travel	255	291
- Telephone and mobiles	119	112
- Other costs	821	402
Total other expenses	1,722	1,233

6. CASH AND CASH EQUIVALENTS

	Consolidated 2018 $'000	Consolidated 2017 $'000
Cash at bank and on hand	2,061	4,699
Term deposit	207	207
	2,268	4,906

Cash at bank and on hand is non-interest bearing.

Deposits at call and deposits held for investment are at cost plus accrued interest. Interest rates are between 2%-2.67% (2017: 2%-2.99%).

7. TRADE AND OTHER RECEIVABLES

	Consolidated 2018 $'000	Consolidated 2017 $'000
Trade receivables	60	42
Provision for impairment of trade receivables	-	-
	60	42
Other receivables	48	28
Interest receivable	33	26
Dividends Receivable	510	500
Prepayments	95	236
Cash Advance	1	-
	747	832

(a) Provision for impairment of trade receivables

No impairment of trade receivables was recognised during the year ended 30 June 2018 (2017: Nil).

(b) Fair values

All amounts in respect of current receivables approximate fair value.

8. OTHER FINANCIAL ASSETS (Non-current)

	Consolidated 2018 $'000	Consolidated 2017 $'000
Financial assets at fair value	108,347	100,542
	108,347	**100,542**

With the adoption of AASB 9 GrainGrowers' financial assets are all now classified as financial assets at fair value.

Financial assets at fair value consist of		
Listed Interest rate securities	101	78
Sub-total	**101**	**78**
Units in unlisted Australian managed funds	52,702	47,182
Units in unlisted International managed funds	14,611	13,105
Units in unlisted Australian Infrastructure fund	29,875	29,791
Units in Diversified Alternatives managed funds	11,058	10,386
Sub-total	**108,246**	**100,464**
Funds under management at market value	**108,347**	**100,542**

Changes in fair values of financial assets at fair value are recorded in other income in the consolidated statement of comprehensive income (2018 – gain of $2,952,000 ; 2017: gain of $3,637,000).

In accordance with AASB 13 - Fair value measurement, all of the GrainGrowers' financial instruments are estimated based on Level 1, except for Australian Direct Property Fund and Global Unlisted Infrastructure Funds which are estimated based on Level 2.

Specific valuation techniques used to value financial instruments include: the use of quoted market prices or dealer quotes for similar instruments, the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

Listed interest rate securities are valued at market prices as quoted on the Australian Stock Exchange.

Unlisted interest rate securities are valued at market price and where no market price is available they are based on Financial Industry accepted financial modelling.

As part of the investment portfolio, interest rate securities are likely to be held on a long term basis, with either a fixed or floating rate of interest attached thereto. Payments are either quarterly, six monthly or annual. Unlisted securities interest rates are renewed each interest payment date. Security interest rates varied from 4 per cent to 9 per cent. Unlisted managed funds are valued at the redemption prices quoted by the respective investment fund managers.

As part of the investment portfolio, units in managed funds are likely to be held on a long term basis. Distributions are either quarterly, six monthly or annual. Unit distribution rates vary due to market growth or loss dependent on market trends in the period.

Unlisted Infrastructure funds are valued at cost plus the accrued distribution amount based on projected distribution rates. As part of the investment portfolio, unlisted Infrastructure funds are likely to be held on a long term basis, at a projected return of 10 per cent with distributions paid quarterly.

9. PROPERTY, PLANT AND EQUIPMENT

Consolidated	Buildings & structures $'000	Plant & equipment $'000	Total $'000
At 30 June 2017			
Cost	381	4,119	4,500
Accumulated depreciation	(148)	(4,036)	(4,184)
Net book value	**233**	**83**	**316**
Year ended 30 June 2018			
Opening net book value	233	83	316
Additions	-	59	59
Disposals	-	(3)	(3)
Depreciation	(72)	(53)	(125)
Closing net book value	**161**	**86**	**247**
At 30 June 2018			
Cost	381	4,175	4,556
Accumulated depreciation	(220)	(4,089)	(4,309)
Net book value	**161**	**86**	**247**

10. INTANGIBLE ASSETS

Consolidated	Customer Relationships $'000	Trademark $'000	Software/ Data $'000	Goodwill $'000	Total $'000
At 30 June 2017					
Cost	525	228	2,348	2,489	5,590
Accumulated amortisation and impairment	(525)	(228)	(1,876)	(2,489)	(5,118)
Net book amount	**-**	**-**	**472**	**-**	**472**
Year ended 30 June 2018					
Balance at 1 July 2018	-	-	472	-	472
Additions					
Amortisation charge	-	-	(246)	-	(246)
Closing net book amount	**-**	**-**	**226**	**-**	**226**
At 30 June 2018					
Cost	525	228	2348	2489	5590
Accumulated amortisation and impairment	(525)	(228)	(2,122)	(2,489)	(5,364)
Net book amount	**-**	**-**	**226**	**-**	**226**

11. TRADE AND OTHER PAYABLES

	Consolidated 2018 $'000	Consolidated 2017 $'000
Trade payables	**355**	**128**
Other payables	**1,277**	**613**
	1,632	**741**

12. PROVISIONS (current)

	Consolidated 2018 $'000	Consolidated 2017 $'000
Employee benefits	**423**	**392**

13. PROVISIONS (non-current)

	Consolidated 2018 $'000	Consolidated 2017 $'000
Employee benefits	**84**	**71**

14. CONTRIBUTED EQUITY

The company has no share capital as it is limited by guarantee. The liability of each member upon liquidation is limited to $100.

15. RETAINED PROFITS

	Consolidated 2018 $'000	2017 $'000
Retained Earnings		
Balance 1 July	105,712	100,803
Comprehensive profit attributable to members of GrainGrowers Limited	4,421	4,909
Balance 30 June	**110,133**	**105,712**
Total	**110,133**	**105,712**

16. DIVIDENDS

In accordance with the constitution of Grain Growers Limited no dividends are payable to its members.

17. RECONCILIATION OF PROFIT AFTER TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Note	Consolidated 2018 $'000	2017 $'000
Profit/(Loss) for the period		4,421	4,909
Adjustments for:			
Depreciation and amortisation expense	5	371	399
Net unrealised (gain)/loss on investments	4	(3,487)	(3,637)
Loss on disposal of investments	4	535	-
Decrease in trade and other receivables		86	285
Increase/(Decrease) in trade and other payables		360	23
(Decrease)/Increase in deferred income		(56)	(15)
Decrease in provisions		44	(5)
Net cash inflow from operating activities		**2,274**	**1,959**

18. REMUNERATION OF AUDITORS

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

	Consolidated	
	2018	**2017**
	$	**$**
Assurance Services		
(i) Audit services		
Fees paid or payable to PricewaterhouseCoopers Australia		
Audit of financial reports and other work under the *Corporations Act 2001*	67,958	65,000
	67,958	**65,000**
(ii) Other Assurance		
Fees paid or payable to PricewaterhouseCoopers Australia		
Payroll tax exemption	179,003	43,419
	179,003	**43,419**
Total	**246,961**	**108,419**

Any PricewaterhouseCoopers non-audit engagements are subject to GrainGrowers' corporate governance procedures and auditor independence policies.

19. COMMITMENTS

There are no capital expenditure commitments in either 2018 or 2017

	Consolidated	
	2018	**2017**
	$'000	**$'000**
Lease commitments		
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:		
- Not later than one year	**447**	**417**
- Later than one year and not later than five years	**771**	**1,196**
	1,218	**1,613**

20. CONTINGENCIES

GrainGrowers is party to legal actions and claims that arise in the ordinary course of business. While the outcome of such legal proceedings cannot be readily foreseen, GrainGrowers believes they will be resolved without material effect on its financial statements. Provision is made for known obligations where the existence of the liability is probable and can be reasonably estimated.

<u>Contingent Asset</u>
The company is involved in legal action aimed at returning funds held by a charitable trust to the benefit of the grains, milling and baking industry. As at 30 June 2018, the legal fees expended were $167,648 (2017: $105,401). Based on legal advice, the Directors are of the opinion that there is a likelihood that a portion of the historical legal expenses incurred may be recouped upon completion of the legal action.

<u>Contingent Liability</u>
The company is committed to funding the above mentioned legal action through to resolution. Dependent upon the continuing actions of the defendants in that case, there may exist a further liability to meet further legal fees in relation to the action. As at 30 June 2018, the continuing liability required is unable to be quantified.

21. KEY MANAGEMENT PERSONNEL DISCLOSURES AND RELATED PARTY TRANSACTIONS

(1) Key management personnel disclosures

(a) Directors

The following persons were Directors of Grain Growers Limited during the financial period:

John W. Eastburn
Rodney K. Birch
Michele J. Allan
Mark C. Allison
Andrew W. Carberry
Julia E. Hausler
Brett J. Hosking
Rhys T. Turton (appointed on 5 October 2017)
Trevor F. De Landgrafft (retired on 5 October 2017)

(b) Chief Executive Officers and General Managers

Dr Michael Southan and Mr David McKeon were appointed as General Managers on 4 August 2016 and as joint CEOs on 23 June 2017. They have the authority and responsibility for planning, directing and controlling the activities of GrainGrowers for the financial period from 1 July 2017 to 30 June 2018.

21. KEY MANAGEMENT PERSONNEL DISCLOSURES AND RELATED PARTY TRANSACTIONS (continued)

(c) Key management personnel compensation

The total remuneration received by key management personnel is as follows.

	Consolidated	
	2018 $	**2017** $
Key management personnel compensation	**995,784**	**1,168,490**
	995,784	**1,168,490**

Key management includes Directors and joint CEOs.

(d) Other transactions with key management personnel

There have been no other transactions with directors and key management personnel outside of normal expenses incurred in line with the fulfilment of their responsibilities.

(2) Related party transactions

Directors of GrainGrowers and Directors of its related parties, or their Director-related entities, conduct transactions with entities within GrainGrowers that occur within a normal employee, customer or supplier relationship on terms and conditions no more favourable than those which it is reasonable to expect the entity would have adopted if dealing with the director or director-related entity at arm's length in similar circumstances. These transactions including the following and have been quantified below where the transactions are considered likely to be of interest to user of these financial statements:

- John W. Eastburn is a Director of National Farmers' Federation (NFF). GrainGrowers paid NFF $200,000 in 2018 (2017: $200,000) for the membership fee. GrainGrowers received $5,998 in 2018 for NFF's contribution to an EU Delegation, Grain Innovation Tour and soft launch of national heavy vehicle safety project.

- Rodney K. Birch paid a subscription for ProductionWise through his company, Catalina Farms Pty Ltd. The subscription fee Mr Birch paid to GrainGrowers was $55 in 2018 (2017: NIL).

- Michele J. Allan is Chancellor of Charles Sturt University which paid GrainGrowers $ 7,511 in 2018 for registration of students for Australia University Crops Competition, Innovation Generation and sponsorship to Innovation Generation. (2017: $2,387 for an operating funding agreement for PHD and post-doctoral students). Dr Allan is a Director of CSIRO which invoiced GrainGrowers $32,100 in 2018 (2017: Nil) for an APSIM royalty payment and the Grains Transit project. Dr Allan is also a Director of Grain Technology Australia Ltd which has a funding agreement with GrainGrowers. GrainGrowers funded $ 167,648 (2017: $105,401) for its legal actions.

- Mark C. Allison is the Managing Director and CEO of Elders Limited. The Service Agreement between GrainGrowers and Elders Ltd was terminated in 2017. No payment from Elders Limited in 2018 (2017: $12,500) for the Service agreement. $6,265 was received in 2018 for registrations for Innovation Generation Conference and sponsorship of IG Locals. (2017: $4,545). Mr. Allison is also a Director of Grain Technology Australia Ltd which has a funding agreement with GrainGrowers. GrainGrowers funded $167,648 (2017: $105,401) for its legal actions.

- Andrew W. Carberry paid a subscription for ProductionWise and SprayWise through his farm, S.Carberry & Son. The subscription fee Mr Carberry paid to GrainGrowers was $176 (2017: $120).

- Julia E. Hausler is a member of Research Committee of Birchip Cropping Group which invoiced GrainGrowers $3,000 in 2018 (2017: 6,000 for the Partnership Funding Agreement.

- Brett J. Hosking is a member of NFF Infrastructure Taskforce. GrainGrowers paid NFF $200,000 in 2018 (2017: $200,000) for the membership fee. GrainGrowers received $5,998 in 2018 for NFF's contribution to an EU Delegation, Grain Innovation Tour and soft launch of national heavy vehicle safety project.

- Rhys T. Turton is non-executive director of the Western Australian Farmers Federation which received $500 from GrainGrowers in 2018 for advertising (2017: $10,000 for Ag Connect's administration assistance in organizing Innovation Generation Conference)

21. KEY MANAGEMENT PERSONNEL DISCLOSURES AND RELATED PARTY TRANSACTIONS (continued)

(b) Parent entity

The parent entity within GrainGrowers is Grain Growers Limited, which is also the ultimate parent entity.

(c) Subsidiaries
Interests in subsidiaries are set out in note 22.

22. SUBSIDIARIES

Name of entity	Class of shares	Equity holdings 2018	Equity holdings 2017
Entities controlled by **Grain Growers Limited**:			
Agrecon Operations Pty Ltd	Ordinary	100%	100%
Agricultural Reconnaissance Technologies Pty Ltd	Ordinary	100%	100%
BRI Australia Ltd	Ordinary	100%	100%
G.G.A Investments Pty Ltd	Ordinary	100%	100%
G.G.A Holdings Pty Ltd	Ordinary	100%	100%
PA Source Pty Ltd	Ordinary	100%	100%

All of the above subsidiaries are incorporated in Australia

The consolidated financial statements incorporate the assets, liabilities and results for Agrecon Operations Pty Ltd for the full year in accordance with the accounting policy described in note 1 (b).

In 2012 GrainGrowers consolidated all its trading activities into the parent entity and no longer conducts any activities through the subsidiaries of Agricultural Reconnaissance Technologies Pty Ltd.

23. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

No matter or circumstance has arisen since 30 June 2018 which has significantly affected or may significantly affect:

(a) GrainGrowers' operations in future financial years, or
(b) the results of those operations in future financial year, or
(c) GrainGrowers' state of affairs in future financial years.

24. PARENT ENTITY FINANCIAL INFORMATION

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2018 $'000	2017 $'000
Balance sheet		
Current assets	2,955	5,666
Total assets	112,851	108,072
Current liabilities	2,143	1,279
Total liabilities	2,227	1,350
Equity		
Issued Capital	-	-
Retained earnings	110,624	106,722
Profit (loss) for the year	3,902	4,866
Total comprehensive profit (loss)	3,902	4,866

(b) Guarantees entered into by the parent entity

The parent entity has provided no financial guarantees in respect of the subsidiaries.

(c) Contingent assets and liabilities of the parent entity

As disclosed in Note 20.

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

As at 30 June 2018, the parent entity had no contractual commitments for the acquisition of property, plant or equipment.

Directors' Declaration

In the Directors' opinion:

(a) the financial statements and notes set out on pages 7 to 32 are in accordance with the *Corporations Act 2001*, including:

i. complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

ii. giving a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of their performance for the financial year ended on that date, and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

John W. Eastburn
Chairman

Mark C. Allison
Chair of Audit, Risk and Finance Committee

Sydney
2 August 2018

Independent auditor's report

To the members of Grain Growers Limited

Our opinion

In our opinion:

The accompanying financial report of Grain Growers Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated balance sheet as at 30 June 2018
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the consolidated financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report comprises the Directors report included in the financial report, but does not include the financial report and our auditor's report thereon.

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Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors 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 – Reduced Disclosure Requirements and *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

PricewaterhouseCoopers

PricewaterhouseCoopers

CMC Heraghty
Partner

Sydney
2 August 2018