

**GRAINCORP LIMITED**  
**APPENDIX 4D**  
**FOR THE HALF-YEAR ENDED 31 MARCH 2021**

<b>Results for announcement to the market</b>				
	<b>Up / Down</b>	<b>% Movement</b>		<b>2021 \$ M</b>
Revenue from ordinary activities	Up	30.8%	to	<b>2,563.4</b>
Profit before significant items <sup>1</sup> from ordinary activities after tax attributable to owners of GrainCorp Limited from continuing operations	Up	87.7%	to	<b>50.5</b>
Profit from ordinary activities after tax attributable to owners of GrainCorp Limited from continuing operations	Down	35.1%	to	<b>50.5</b>
Net profit for the period attributable to owners of GrainCorp Limited	Down	87.0%	to	<b>50.5</b>

<b>Dividend Information</b>	<b>Amount per security</b>	<b>Franked amount per security at 30% tax</b>
Final dividend per share (paid 10 December 2020)	7.0	7.0
Interim dividend per share	8.0	8.0
<b>Record date for determining entitlements to the interim dividend</b>		8 July 2021
<b>Payment date for interim dividend</b>		22 July 2021

<sup>1</sup> Significant items: GrainCorp defines significant items as not in the ordinary course of business, non-recurring and material in nature and amount. Significant items are shown in Note 1.2 of the Financial Report for the half-year ended 31 March 2021.



### Additional information

Net tangible assets per share: \$4.13 (30 September 2020: \$3.85)

The following were the interests in joint ventures held by the entity during the half-year. The aggregate share of loss from joint ventures is \$3.2 million (31 March 2020: loss \$2.3 million).

	Ownership interest	
	31 March 2021	30 September 2020
GrainsConnect Canada Operations Inc	50.0%	50.0%
National Grower Register Pty Ltd	50.0%	50.0%
FutureFeed Pty Ltd	20.4%	20.4%
ACN 168 101 335 Pty Ltd (in administration previously PumpFree Pty Ltd)	23.0%	23.0%
GRO Agriculture Pty Limited	50.0%	-

Additional Appendix 4D disclosure requirements can be found in the attached Financial Report for the half-year ended 31 March 2021.

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

Further information regarding the GrainCorp and its business activities can be obtained by visiting the website at [www.graincorp.com.au](http://www.graincorp.com.au).

GrainCorp Limited

# Financial Report

Half-year 31 March 2021



GrainCorp

# Contents

<b>Directors' Report</b>	<b>3</b>
<b>Auditor's Independence Declaration</b>	<b>5</b>
<b>Half-year Financial Report</b>	<b>6</b>
Consolidated Income Statement	6
Consolidated Statement of Comprehensive Income	7
Consolidated Statement of Financial Position	8
Consolidated Statement of Changes in Equity	9
Consolidated Statement of Cash Flows	10
<b>Notes to the Financial Statements</b>	<b>11</b>
<b>About this report</b>	<b>11</b>
1. <b>Group Performance</b>	12
2. <b>Capital and Financial Risk Management</b>	16
3. <b>Operating Assets and Liabilities</b>	21
4. <b>Discontinued Operation</b>	22
5. <b>Other</b>	22
<b>Directors' Declaration</b>	<b>23</b>
<b>Independent Auditor's Report</b>	<b>24</b>

GrainCorp Limited  
Level 28, 175 Liverpool Street  
Sydney NSW 2000  
T: 02 9325 9100  
F: 02 9325 9180  
ABN 60 057 186 035

[graincorp.com.au](http://graincorp.com.au)

## Directors' Report

The Directors present their report on the consolidated entity (collectively the 'Group') consisting of GrainCorp Limited ('GrainCorp' or the 'Company') and the entities it controlled at the end of, or during, the half-year ended 31 March 2021.

### Directors

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

- ▶ P I Richards (Chairman)
- ▶ R J Spurway (Managing Director & CEO)
- ▶ K M Grigg
- ▶ D J Mangelsdorf
- ▶ D G McGauchie AO

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

### Review of operations

#### Group Financial Analysis and Commentary

The Group recorded a statutory net profit after tax (NPAT) of \$50.5 million for the half-year ended 31 March 2021 compared to a statutory net profit after tax of \$388.3 million for the previous corresponding half-year. The HY20 result included \$332.9 million of Significant Items, including a \$282.0 million profit on demerger of United Malt and \$59.0 million gain on sale of the Australian Bulk Liquid Terminals (ABLT).

Underlying NPAT from Continuing and Discontinued Operations for the half-year ended 31 March 2021 was \$50.5 million (HY20: \$55.4 million). Underlying NPAT from Continuing Operations was \$50.5 million (HY20: \$26.9 million).

Revenue from continuing operations increased by 30.8% to \$2,563.4 million (HY20: \$1,959.1 million).

#### Agribusiness

- ▶ Favourable turnaround in growing conditions for 2020/21 ECA winter crop - Total ECA production up 166% to 31.4mmt (ABARES' estimate)<sup>1</sup>
- ▶ Improved market share and larger crop delivering substantial increase in receivals and exports
- ▶ Result includes maximum production payout of \$70m (by GrainCorp) under Crop Production Contract (CPC) (HY20: \$58m receipt). Clearly demonstrates importance of CPC in smoothing cash flows
- ▶ Strong supply chain margins from solid demand for Australian grains and benefits from delivery of operating initiatives.

Million metric tonnes (mmt)	HY21	HY20
<b>ECA production (total winter + sorghum)<sup>1</sup></b>	<b>31.4</b>	<b>11.8</b>
Carry-in	0.7	1.5
Receivals <sup>2</sup>	14.5	3.8
Imports (trans-shipments)	-	0.9
Domestic outload	2.0	2.8
Exports <sup>3</sup>	3.1	0.6
Carry-out	10.1	2.9
<b>Total grain handled<sup>4</sup></b>	<b>30.4</b>	<b>12.5</b>
Bulk materials (non-grain) handled <sup>5</sup>	0.9	0.9
Total contracted grain sales	5.5	4.3
Feeds, Fats & Oils executed sales	0.4	0.5

<sup>1</sup> ABARES' Feb-21 estimate for total ECA winter (29.9mmt) + sorghum (1.5mmt) production for 2020/21 season.

<sup>2</sup> Grain receivals comprises total tonnes received up-country + direct-to-port.

<sup>3</sup> Grain exports include bulk + container exports.

<sup>4</sup> 'Total grain handled' includes GNC carry-in + receivals + imports + domestic outload + exports + GNC carry-out.

<sup>5</sup> Bulk materials (non-grain) includes sand, cement, sugar, woodchips, fertiliser and other materials.

## Processing

### Oilseeds:

- › High utilisation at Numurkah; 12% increase in oilseed crush volumes compared to previous corresponding period
- › Positive crush margins, driven by global premium for canola oil
- › Positive crush margins expected to continue in 2H21.

### Foods:

- › Solid performance, optimising sales volume mix
- › On-boarding of new customer - a global owner of margarine, spreads, and plant-based foods brands.

Processing volumes (kt)	HY21	HY20
Oilseed crush volumes	220	196
Foods sales volumes	103	106

## COVID-19

During the first half of 2021, COVID-19 continued to spread rapidly throughout the world, causing significant disruption to business and economic activity. The Australian and NZ Food and Agricultural industries have been declared essential services by their respective governments, enabling supply chains to continue operating.

GrainCorp has responded, and continues to respond, to COVID-19 in a multitude of ways to support its people, customers, communities and other stakeholders.

GrainCorp has adapted its operations to ensure business continuity while addressing the health and safety risks posed by COVID-19. Demand for GrainCorp's products and services has held up strongly, albeit with a change in mix. Longer term trends continue to be monitored with scenario planning regularly undertaken.

GrainCorp has taken comprehensive steps to protect its people with segregated team rostering at operational sites, office-based roles working remotely, physical and mental wellbeing programs, and additional cleaning and sanitisation at offices and sites. The Company is focused on protecting jobs and maintaining its regional employment program for the upcoming harvest in 2021/22.

For GrainCorp, the on-going COVID-19 pandemic has not significantly increased the estimation uncertainty in the preparation of the Consolidated Financial Statements. A thorough consideration of potential COVID-19 impacts on carrying values of assets and liabilities, contracts and potential liabilities has been made, with no material impact to the financial statements.

## 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 5.

## Rounding of amounts

All figures in the financial statements are presented in Australian dollars and have been rounded off to the nearest hundred thousand dollars, or in certain cases, to the nearest thousand dollars in accordance with *ASIC Corporations (Rounding in Financial/Director's Reports) Instrument 2016/191*, unless otherwise indicated.

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



Peter Richards  
Chairman

Sydney  
13 May 2021

# Auditor's Independence Declaration



## *Auditor's Independence Declaration*

As lead auditor for the review of GrainCorp Limited for the half-year ended 31 March 2021, 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 review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

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

A handwritten signature in black ink that reads 'K. Stubbins'.

Kristin Stubbins  
Partner  
PricewaterhouseCoopers

Sydney  
13 May 2021

**PricewaterhouseCoopers, ABN 52 780 433 757**  
One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001  
T: +61 2 8266 0000, F: +61 2 8266 9999, [www.pwc.com.au](http://www.pwc.com.au)  
Level 11, 1PSQ, 169 Macquarie Street, Parramatta NSW 2150, PO Box 1155 Parramatta NSW 2124  
T: +61 2 9659 2476, F: +61 2 8266 9999, [www.pwc.com.au](http://www.pwc.com.au)

Liability limited by a scheme approved under Professional Standards Legislation.

# Half-year Financial Report

## Consolidated Income Statement

For the half-year ended 31 March 2021

	Note	Half-year	
		31 March 2021	31 March 2020
		\$M	\$M
Revenue	1.1	2,563.4	1,959.1
Other income	1.3	62.6	174.5
Goods purchased for resale		(2,201.3)	(1,711.8)
Raw materials and consumables used		(45.8)	(47.4)
Employee benefits expense		(166.2)	(118.9)
Finance costs		(13.2)	(16.7)
Depreciation and amortisation		(52.6)	(55.2)
Repairs and maintenance		(17.5)	(14.1)
Other expenses	1.4	(51.8)	(57.1)
Share of results of investments accounted for using the equity method		(3.2)	(2.3)
<b>Profit before income tax</b>		<b>74.4</b>	<b>110.1</b>
Income tax (expense)	1.5	(23.9)	(32.3)
<b>Profit after tax from continuing operations</b>		<b>50.5</b>	<b>77.8</b>
Profit after tax from discontinued operation - UMG	4.1	-	310.5
<b>Profit attributable to owners of GrainCorp Limited</b>		<b>50.5</b>	<b>388.3</b>

	31 March 2021	31 March 2020
	Cents	Cents
<b>Earnings per share attributable to owners of GrainCorp Limited</b>		
Basic earnings per share	22.1	169.7
Diluted earnings per share	22.0	169.0
<b>Earnings per share attributable to owners of GrainCorp Limited from continuing operations</b>		
Basic earnings per share	22.1	34.0
Diluted earnings per share	22.0	33.9

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



## Consolidated Statement of Comprehensive Income

For the half-year ended 31 March 2021

	Half-year	
	31 March 2021 \$M	31 March 2020 \$M
<b>Profit for the period</b>	<b>50.5</b>	<b>388.3</b>
<b>Other comprehensive income</b>		
<i>Items that will not be reclassified to profit and loss:</i>		
Remeasurements of retirement benefit obligations	-	11.6
Income tax relating to these items	-	(2.5)
<i>Items that may be reclassified to profit and loss:</i>		
Changes in fair value of cash flow hedges	(0.1)	(8.6)
Income tax relating to these items	-	2.1
Exchange differences on translation of foreign operations	(1.1)	63.4
Reserves released to profit and loss on demerger	-	(181.5)
<b>Other comprehensive (loss) for the period, net of tax</b>	<b>(1.2)</b>	<b>(115.5)</b>
<b>Total comprehensive income for the period, net of tax</b>	<b>49.3</b>	<b>272.8</b>
<b>Total comprehensive income for the year attributable to owners of GrainCorp Limited from:</b>		
Continuing operations	49.3	84.1
Discontinued operation	-	188.7
	<b>49.3</b>	<b>272.8</b>

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

## Consolidated Statement of Financial Position

As at 31 March 2021

	Note	31 March 2021 \$M	30 September 2020 \$M
<b>Current assets</b>			
Cash and cash equivalents		130.8	124.7
Trade and other receivables		535.0	260.6
Inventories	3.1	1,392.6	277.4
Derivative financial instruments	2.3	143.0	106.9
Current tax assets		0.4	0.1
Assets classified as held for sale	3.2	14.9	14.7
<b>Total current assets</b>		<b>2,216.7</b>	<b>784.4</b>
<b>Non-current assets</b>			
Derivative financial instruments	2.3	-	1.5
Investments in other entities		108.3	108.6
Deferred tax assets		64.0	89.1
Property, plant and equipment		670.1	678.2
Right of use assets	3.3	171.5	177.1
Intangible assets		117.6	125.1
Investments accounted for using the equity method		34.9	38.1
<b>Total non-current assets</b>		<b>1,166.4</b>	<b>1,217.7</b>
<b>Total assets</b>		<b>3,383.1</b>	<b>2,002.1</b>
<b>Current liabilities</b>			
Trade and other payables	3.4	346.8	153.4
Lease liabilities		27.8	26.9
Deferred revenue		16.1	7.0
Borrowings	2.1	1,381.9	213.9
Derivative financial instruments	2.3	55.6	72.9
Current tax liabilities		0.1	0.4
Provisions		51.1	45.7
<b>Total current liabilities</b>		<b>1,879.4</b>	<b>520.2</b>
<b>Non-current liabilities</b>			
Trade and other payables	3.4	14.0	11.3
Lease liabilities		197.6	204.9
Borrowings	2.1	150.0	150.0
Derivative financial instruments	2.3	7.1	10.0
Deferred tax liabilities		0.5	0.3
Provisions		7.3	10.1
<b>Total non-current liabilities</b>		<b>376.5</b>	<b>386.6</b>
<b>Total liabilities</b>		<b>2,255.9</b>	<b>906.8</b>
<b>Net assets</b>		<b>1,127.2</b>	<b>1,095.3</b>
<b>Equity</b>			
Contributed equity		570.6	572.8
Reserves		15.9	16.3
Retained earnings		540.7	506.2
<b>Total equity</b>		<b>1,127.2</b>	<b>1,095.3</b>

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

## Consolidated Statement of Changes in Equity

For the half-year ended 31 March 2021

	Hedging reserve	Capital reserve	Share option reserve	Translation reserve	Total reserves	Contributed equity	Retained earnings	Total equity
	\$ M	\$ M	\$ M	\$ M	\$ M	\$ M	\$ M	\$ M
<b>At 1 October 2019</b>	<b>(8.6)</b>	<b>8.3</b>	<b>4.2</b>	<b>147.3</b>	<b>151.2</b>	<b>1,347.9</b>	<b>337.2</b>	<b>1,836.3</b>
Profit for the period	-	-	-	-	-	-	388.3	388.3
<b>Other comprehensive income:</b>								
Exchange difference on translation of foreign operations	-	-	-	65.6	65.6	-	(2.2)	63.4
Changes in fair value of cash flow hedges	(8.6)	-	-	-	(8.6)	-	-	(8.6)
Remeasurement of retirement benefit obligations	-	-	-	-	-	-	11.6	11.6
Deferred tax credit / (expense)	2.1	-	-	-	2.1	-	(2.5)	(0.4)
Reserves released to profit and loss on demerger	16.7	-	-	(198.2)	(181.5)	-	-	(181.5)
<b>Total other comprehensive income</b>	<b>10.2</b>	<b>-</b>	<b>-</b>	<b>(132.6)</b>	<b>(122.4)</b>	<b>-</b>	<b>6.9</b>	<b>(115.5)</b>
Total comprehensive income for the period	10.2	-	-	(132.6)	(122.4)	-	395.2	272.8
<b>Transactions with owners:</b>								
Capital distribution and demerger dividend	-	-	-	-	-	(775.1)	(181.2)	(956.3)
Share-based payments	-	-	1.1	-	1.1	-	-	1.1
Treasury shares vested to employees	-	-	(3.1)	-	(3.1)	3.1	-	-
Treasury shares purchased	-	-	-	-	-	(3.1)	-	(3.1)
<b>At 31 March 2020</b>	<b>1.6</b>	<b>8.3</b>	<b>2.2</b>	<b>14.7</b>	<b>26.8</b>	<b>572.8</b>	<b>551.2</b>	<b>1,150.8</b>
<b>At 1 October 2020</b>	<b>1.6</b>	<b>8.3</b>	<b>2.9</b>	<b>3.5</b>	<b>16.3</b>	<b>572.8</b>	<b>506.2</b>	<b>1,095.3</b>
Profit for the period	-	-	-	-	-	-	50.5	50.5
<b>Other comprehensive income:</b>								
Exchange differences on translation of foreign operations	-	-	-	(1.1)	(1.1)	-	-	(1.1)
Changes in fair value of cash flow hedges	(0.1)	-	-	-	(0.1)	-	-	(0.1)
<b>Total other comprehensive income</b>	<b>(0.1)</b>	<b>-</b>	<b>-</b>	<b>(1.1)</b>	<b>(1.2)</b>	<b>-</b>	<b>-</b>	<b>(1.2)</b>
Total comprehensive income for the period	(0.1)	-	-	(1.1)	(1.2)	-	50.5	49.3
<b>Transactions with owners:</b>								
Dividends paid	-	-	-	-	-	-	(16.0)	(16.0)
Share-based payments	-	-	1.2	-	1.2	-	-	1.2
Treasury shares vested to employees	-	-	(0.4)	-	(0.4)	0.4	-	-
Treasury shares purchased	-	-	-	-	-	(2.6)	-	(2.6)
<b>At 31 March 2021</b>	<b>1.5</b>	<b>8.3</b>	<b>3.7</b>	<b>2.4</b>	<b>15.9</b>	<b>570.6</b>	<b>540.7</b>	<b>1,127.2</b>

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

## Consolidated Statement of Cash Flows

For the half-year ended 31 March 2021

	Note	Half-year	
		31 March 2021 \$ M	31 March 2020 \$ M
<b>Cash flows from operating activities</b>			
Receipts from customers		2,664.1	3,061.3
Payments to suppliers and employees		(3,696.9)	(3,534.9)
		(1,032.8)	(473.6)
Proceeds for bank loans – inventory funding		1,190.3	507.2
Interest received		0.1	0.6
Interest paid		(13.1)	(34.7)
Income taxes paid		(0.2)	(6.3)
Net (payment) / proceeds from crop production contract		(68.9)	46.2
<b>Net cashflows from operating activities</b>		<b>75.4</b>	<b>39.4</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment and computer software		(23.6)	(41.4)
Proceeds from sale of property, plant and equipment		5.4	0.2
Payments for investments		(0.9)	-
Proceeds from sale of investments		0.2	315.2
Dividends received		1.0	-
Net outflow from demerger		-	(121.5)
<b>Net cashflows from investing activities</b>		<b>(17.9)</b>	<b>152.5</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		858.2	719.2
Repayment of borrowings		(875.9)	(952.1)
Principal elements of lease payments		(15.1)	(19.4)
Dividends paid	2.2	(16.0)	-
Treasury shares purchased		(2.6)	(3.1)
<b>Net cashflows from financing activities</b>		<b>(51.4)</b>	<b>(255.4)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>6.1</b>	<b>(63.5)</b>
Cash and cash equivalents at the beginning of the year		124.7	265.3
Effects of exchange rate changes on cash and cash equivalents		-	10.3
<b>Cash and cash equivalents at the end of the period</b>		<b>130.8</b>	<b>212.1</b>

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

The 31 March 2020 cashflows are inclusive of the United Malt Group (UMG) discontinued operation cashflows for the period up to the date of Demerger.

# Notes to the Financial Statements

For the half-year ended 31 March 2021

## About this report

The financial report for the half-year ended 31 March 2021 includes consolidated financial statements for GrainCorp Limited ('GrainCorp' or the 'Company') and its controlled entities (collectively the 'Group'). GrainCorp Limited is a company incorporated and domiciled in Australia, limited by shares that are publicly traded on the Australian Securities Exchange.

The GrainCorp Limited financial report for the half-year ended 31 March 2021 was authorised for issue in accordance with a resolution of the Directors on 13 May 2021. The Directors have the power to amend and reissue the financial report.

The United Malt Group (UMG) was demerged effective March 2020. UMG's comprehensive income for the period up to the date of demerger has been presented as a discontinued operation in the half-year period to 31 March 2020.

## COVID

During the first half of 2021, COVID-19 continued to spread rapidly throughout the world, causing significant disruption to business and economic activity. The Australian and NZ Food and Agricultural industries have been declared essential services by their respective governments, enabling supply chains to continue operating.

GrainCorp has adapted its operations to ensure business continuity while addressing the health and safety risks posed by COVID-19. Demand for GrainCorp's products and services has held up strongly, albeit with a change in mix. Longer term trends continue to be monitored with scenario planning regularly undertaken.

For GrainCorp, the on-going COVID-19 pandemic has not significantly increased the estimation uncertainty in the preparation of the Consolidated Financial Statements. A thorough consideration of potential COVID-19 impacts on carrying values of assets and liabilities, contracts and potential liabilities has been made, with no material impact to the financial statements.

### a) Basis of preparation

This general purpose financial report for the half-year ended:

- i. has been prepared in accordance with the Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*;
- ii. does not include all of the information required for an Annual Report, and should be read in conjunction with the Annual Report of the Group as at 30 September 2020 and any public announcements made by GrainCorp Limited during the half-year in accordance with continuous disclosure obligations arising under the *Corporations Act 2001* and ASX Listing Rules;
- iii. is presented under the historical cost basis apart from derivative financial instruments and commodity inventories which are measured at fair value;
- iv. presents reclassified comparative information where necessary to conform to changes in the current year; and
- v. does not early adopt any Australian Accounting Standards and Interpretations that have been issued or amended but are not yet effective.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the 30 September 2020 Annual Report. These accounting policies are consistent with the respective Australian Accounting Standards.

### b) New accounting standards and interpretations

There are no new or revised Standards issued by the Australian Accounting Standards Board (AASB) that are relevant to GrainCorp's operations that are effective for the current annual reporting period.

## 1. Group Performance

This section of the Financial Report focuses on disclosures most relevant to understanding the financial performance of the Group during the half-year. Segment reporting provides a breakdown of profit and revenue by operational activity. The key line items of the consolidated income statement along with their components provide detail behind the reported balances. Group performance also impacts earnings per share.

### 1.1 Segment information

#### a) Description of segments

The Group is organised into two segments that are based on the operational activity of each segment. These segments are consistent with internal reports that are reviewed and used by the Group's chief operating decision maker, the Managing Director & Chief Executive Officer, in assessing performance and determining the allocation of resources.

Operating Segment	Products and Services
Agribusiness	A leading Australian end-to-end grains and oils supply chain business with diversified international grains and oils origination and destination capabilities. The key commodities and products handled and traded by this segment include wheat, coarse grains (including barley, sorghum and corn), oilseeds, pulses and organics.
Processing	A vertically integrated edible oils crushing, processing, manufacturing and distribution business with a strong and well-invested footprint across both Australia and New Zealand.

Corporate includes the unallocated corporate costs such as group financing. Segment performance is based on a measure of Underlying EBITDA. Underlying EBITDA is a non-IFRS measure representing earnings before net interest, tax, depreciation and amortisation, and excluding significant items (refer to note 1.2).

#### b) Performance of segments

Half-year 2021	Agribusiness	Processing	Reportable segments	Corporate	Eliminations	Total Continuing Operations
	\$ M	\$ M	\$ M	\$ M	\$ M	\$ M
<b>Reportable segment revenue</b>						
External revenue	2,261.2	302.2	2,563.4	-	-	2,563.4
Intersegment revenue	298.9	18.0	316.9	-	(316.9)	-
<b>Total reportable segment revenue</b>	<b>2,560.1</b>	<b>320.2</b>	<b>2,880.3</b>	<b>-</b>	<b>(316.9)</b>	<b>2,563.4</b>
<b>Reportable segment result</b>	<b>128.3</b>	<b>23.6</b>	<b>151.9</b>	<b>(7.4)</b>	<b>-</b>	<b>144.5</b>
Share of results of joint ventures	(3.1)	-	(3.1)	(0.1)	-	(3.2)
Net change in fair value of investments	-	-	-	(1.2)	-	(1.2)
<b>Underlying EBITDA</b>						<b>140.1</b>
Lease interest	(3.2)	(0.5)	(3.7)	-	-	(3.7)
Net interest	(6.5)	(0.7)	(7.2)	(2.2)	-	(9.4)
Depreciation and amortisation	(37.5)	(12.6)	(50.1)	(2.5)	-	(52.6)
<b>Profit / (loss) before income tax</b>	<b>78.0</b>	<b>9.8</b>	<b>87.8</b>	<b>(13.4)</b>	<b>-</b>	<b>74.4</b>
<b>Other segment information</b>						
Capital expenditure	18.1	5.2	23.3	0.3	-	23.6
Reportable segment assets	2,444.1	636.3	3,080.4	302.7	-	3,383.1
Reportable segment liabilities	(1,734.5)	(283.7)	(2,018.2)	(237.7)	-	(2,255.9)

## 1.1 Segment information (continued)

Half-year 2021	Agribusiness	Processing	Total Continuing Operations
	\$ M	\$ M	\$ M
<b>Reportable segment revenue</b>			
Sale of commodities	1,945.1	-	1,945.1
Sale of finished goods	59.2	302.2	361.4
Service revenue and other revenue	249.4	-	249.4
Rental income	7.5	-	7.5
<b>Total external segment revenue</b>	<b>2,261.2</b>	<b>302.2</b>	<b>2,563.4</b>
Revenue recognised at point in time	2,245.9	302.2	2,548.1
Revenue recognised over time	15.3	-	15.3
<b>Total external segment revenue</b>	<b>2,261.2</b>	<b>302.2</b>	<b>2,563.4</b>

Half-year 2020	Agribusiness	Processing	Reportable segments	Corporate	Eliminations	Total Continuing Operations	Discontinued Operation <sup>6</sup>
	\$ M	\$ M	\$ M	\$ M	\$ M	\$ M	\$ M
<b>Reportable segment revenue</b>							
External revenue	1,655.6	303.5	1,959.1	-	-	1,959.1	626.3
Intersegment revenue	316.4	2.2	318.6	-	(318.6)	-	-
<b>Total reportable segment revenue</b>	<b>1,972.0</b>	<b>305.7</b>	<b>2,277.7</b>	<b>-</b>	<b>(318.6)</b>	<b>1,959.1</b>	<b>626.3</b>
<b>Reportable segment result</b>	<b>84.2</b>	<b>23.3</b>	<b>107.5</b>	<b>(5.7)</b>	<b>-</b>	<b>101.8</b>	<b>77.9</b>
Share of results of joint ventures	(2.3)	-	(2.3)	-	-	(2.3)	-
Net change in fair value of investments	-	-	-	5.6	-	5.6	-
<b>Underlying EBITDA</b>						<b>105.1</b>	<b>77.9</b>
Lease interest	(2.9)	(0.4)	(3.3)	(0.1)	-	(3.4)	(3.7)
Net interest	(5.0)	(1.1)	(6.1)	(6.8)	-	(12.9)	(4.3)
Depreciation and amortisation	(39.4)	(11.6)	(51.0)	(4.2)	-	(55.2)	(32.3)
Significant items (note 1.2)	87.7	-	87.7	(11.2)	-	76.5	301.5
<b>Profit / (loss) before income tax</b>	<b>122.3</b>	<b>10.2</b>	<b>132.5</b>	<b>(22.4)</b>	<b>-</b>	<b>110.1</b>	<b>339.1</b>
<b>Other segment information</b>							
Capital expenditure	8.0	3.2	11.2	0.1	-	11.3	-
Reportable segment assets	1,869.7	639.5	2,509.2	432.2	-	2,941.4	-
Reportable segment liabilities	(1,216.9)	(282.9)	(1,499.8)	(290.8)	-	(1,790.6)	-

Half-year 2020	Agribusiness	Processing	Total Continuing Operations	Discontinued Operation
	\$ M	\$ M	\$ M	\$ M
<b>Reportable segment revenue</b>				
Sale of commodities	1,504.9	-	1,504.9	27.6
Sale of finished goods	71.2	303.5	374.7	592.8
Service revenue and other revenue	72.8	-	72.8	0.5
Rental income	6.7	-	6.7	5.4
<b>Total external segment revenue</b>	<b>1,655.6</b>	<b>303.5</b>	<b>1,959.1</b>	<b>626.3</b>
Revenue recognised at point in time	1,642.0	303.5	1,945.5	623.6
Revenue recognised over time	13.6	-	13.6	2.7
<b>Total external segment revenue</b>	<b>1,655.6</b>	<b>303.5</b>	<b>1,959.1</b>	<b>626.3</b>

<sup>6</sup> Discontinued operation relates to Malt business (UMG) which was demerged from the Group in March 2020.

## 1.2 Significant items

Net profit after tax for the half-year includes the following items whose disclosure is relevant in explaining the financial performance of the Group. The Group defines significant items as those items not in the ordinary course of business, non-recurring and material in nature and amount.

### 31 March 2021

There were no significant items for the half-year ended 31 March 2021.

### 31 March 2020

Half-year 2020		Profit before tax	Tax	NPAT
		\$ M	\$ M	\$ M
<b>Net significant items comprise:</b>				
Profit on demerger <sup>7</sup>	Discontinued Operation	301.5	(19.5)	282.0
Gain on sale <sup>8</sup>	Agribusiness	87.7	(28.7)	59.0
Transaction related costs <sup>9</sup>	Corporate	(11.2)	3.1	(8.1)
<b>Net significant items</b>		<b>378.0</b>	<b>(45.1)</b>	<b>332.9</b>

## 1.3 Other income

	Half-Year	
	31 March 2021	31 March 2020
	\$ M	\$ M
<b>Net gain / (loss) on derivative / commodity trading:</b>		
Net realised (loss) / gain on financial derivatives	(75.4)	11.0
Net realised gain / (loss) on foreign currency derivatives	114.7	(11.1)
	<b>39.3</b>	<b>(0.1)</b>
Net unrealised gain / (loss) on financial derivatives	16.4	(7.9)
Net unrealised gain on commodity contracts (forward purchases and sales)	76.3	1.7
Net unrealised (loss) on foreign currency derivatives	(40.1)	(22.8)
Net unrealised gain on commodity inventories at fair value less costs to sell	31.1	57.2
	<b>83.7</b>	<b>28.2</b>
Net realised (loss) / gain on crop production contract	(75.9)	52.0
Net unrealised gain / (loss) on fair value of crop production contract	5.2	(6.6)
	<b>(70.7)</b>	<b>45.4</b>
<b>Net gain on derivative / commodity trading</b>	<b>52.3</b>	<b>73.5</b>
Gain on sale of investments and property, plant and equipment <sup>8</sup>	3.0	87.7
Net change in fair value of investments	(1.2)	5.6
Interest income	0.1	0.4
Reversal of prior period impairment on sale of property, plant and equipment	2.3	-
Sundry income	6.1	7.3
<b>Total other income</b>	<b>62.6</b>	<b>174.5</b>

Unrealised gains / losses on commodity contracts (forward purchases and sales) and commodity inventories will be recognised through revenue and goods purchased for resale respectively when the contract is executed.

<sup>7</sup> Relates to the profit on Demerger of the Malt business net of associated tax and transaction costs. Refer to note 4.1.

<sup>8</sup> The 31 March 2020 balance relates to the gain on sale of the Australian Bulk Liquid Terminals business which settled on 31 December 2019.

<sup>9</sup> Relates to costs incurred to support the Board and management in their Portfolio Review including the Demerger of the Malt business unit and sale of Australian Bulk Liquid Terminals.



## 1.4 Other expenses

	Half-year	
	31 March	31 March
	2021	2020
	\$ M	\$ M
<b>Other expenses</b>		
Consulting <sup>10</sup>	3.2	11.3
Operating leases	5.8	5.5
Legal <sup>10</sup>	1.8	4.2
Software maintenance	8.8	8.6
Motor vehicle	4.1	3.6
Travel	1.3	2.8
Insurance	6.3	4.7
Communication	1.8	1.6
Rates and taxes	4.8	3.8
Other	13.9	11.0
<b>Total other expenses</b>	<b>51.8</b>	<b>57.1</b>

## 1.5 Taxation

	Half-year	
	31 March	31 March
	2021	2020
	\$ M	\$ M
<b>Income tax expense recognised in consolidated income statement</b>		
Current tax	(1.6)	(12.7)
Deferred tax	25.3	45.4
Under / (over) provision in prior years	0.2	(0.4)
	<b>23.9</b>	<b>32.3</b>
<b>Reconciliation to effective tax rate</b>		
Profit from continuing operations before income tax expense	74.4	110.1
Less: equity accounted loss not subject to taxation	3.2	2.3
<b>Profit subject to tax</b>	<b>77.6</b>	<b>112.4</b>
Income tax expense calculated at 30% (2020: 30%)	23.3	33.7
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:		
Non-deductible / non-assessable items	1.2	1.4
Recognition of previously unrecognised tax losses	(0.5)	(1.9)
Under / (over) provision in prior years	0.2	(0.4)
Difference in overseas tax rates	(0.3)	(0.5)
<b>Income tax expense</b>	<b>23.9</b>	<b>32.3</b>
<b>Effective tax rate<sup>11</sup></b>	<b>30.8%</b>	<b>28.8%</b>

<sup>10</sup> 31 March 2020 includes \$9.9m of consulting and legal transaction related costs (significant items) referred to in Note 1.2.

<sup>11</sup> Effective tax rate is calculated as the income tax expense divided by profit subject to tax (excluding equity accounted profit / loss).

## 2. Capital and Financial Risk Management

The Group manages its capital to safeguard its ability to maintain an optimal capital structure so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Group's capital consists of core debt, commodity inventory funding and equity. Core debt is calculated as borrowings, net of cash assets and commodity inventory. The capital structure is monitored using the core debt gearing ratio and net debt gearing ratio. The core debt gearing ratio is calculated as core debt divided by core debt plus equity. The Group targets minimal core debt though this may fluctuate due to changes in the underlying capital structure and earnings base. Net debt primarily consists of funding for commodity inventory and the net debt gearing ratio is calculated as net debt divided by net debt plus equity. Net debt fluctuates in line with seasonal working capital requirements. Commodity inventories includes trading grain and oilseed inventories.

The capital structure of the Group is continuously monitored and can be changed by adjusting the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. At 31 March 2021, the core debt gearing ratio is as follows:

	31 March 2021 \$ M	30 September 2020 \$ M
Total borrowings	1,531.9	363.9
Cash and cash equivalents	(130.8)	(124.7)
Net debt	1,401.1	239.2
Commodity inventory	(1,311.2)	(202.1)
Core debt	89.9	37.1
Total equity	1,127.2	1,095.3
<b>Core debt gearing ratio</b>	<b>7%</b>	<b>3%</b>

### 2.1 Borrowings

	31 March 2021 \$ M	30 September 2020 \$ M
<b>Current</b>		
Commodity inventory funding facilities – secured	1,286.6	96.3
Working capital – unsecured	95.3	117.6
<b>Total current borrowings</b>	<b>1,381.9</b>	<b>213.9</b>
<b>Non-current</b>		
Term debt facilities – unsecured	150.0	150.0
<b>Total non-current borrowings</b>	<b>150.0</b>	<b>150.0</b>

#### a) Assets pledged as security

The carrying amounts of assets pledged as security for borrowings are as follows:

	31 March 2021 \$ M	30 September 2020 \$ M
Inventory	1,169.6	87.6
<b>Total assets pledged as security</b>	<b>1,169.6</b>	<b>87.6</b>

Inventory funding facilities are secured against the related inventory. The Group's secured inventory balance is GST exclusive.

Loans under term and working capital funding facilities are secured by a negative pledge and these facilities provide the related entities in the Group that are party to the pledge the flexibility in funding their respective liquidity requirements as needed. The facilities impose certain financial covenants on the Group. All covenant ratios have been complied with during the half-year.

## 2.1 Borrowings (continued)

### b) Financing arrangements

Borrowings are drawn under the following Group debt facilities:

31 March 2021	Maturity date	Principal facility amount \$ M	Amount utilised \$ M
Term debt <sup>12</sup>	March 2023	150.0	150.0
Commodity inventory funding <sup>13</sup>	November 2021	1,650.0	1,286.6
Working capital	November 2021	695.0	95.3
Trade financing	November 2021	13.2	-
<b>Total financing arrangements</b>		<b>2,508.2</b>	<b>1,531.9</b>

30 September 2020	Maturity date	As at 5 November 2020	As at 30 September 2020
		Principal facility amount \$ M	Amount utilised \$ M
Term debt	March 2023	150.0	150.0
Commodity inventory funding <sup>14</sup>	November 2021	1,375.0	96.3
Working capital <sup>15</sup>	November 2021	695.0	117.6
Trade financing <sup>16</sup>	November 2021	14.0	-
<b>Total financing arrangements</b>		<b>2,234.0</b>	<b>363.9</b>

## 2.2 Dividends

	Half-year	
	31 March 2021	31 March 2020
	\$ M	\$ M
<b>Dividends paid in the half-year:</b>		
Final fully franked dividend at 7.0 cents for the year ended 30 September 2020 (2019: Nil)	16.0	-
<b>Total dividends paid</b>	<b>16.0</b>	<b>-</b>

### Dividend not recognised at half-year:

Subsequent to the period end the Directors have approved the payment of the following dividend, expected to be paid on 22 July 2021:

Interim fully franked dividend for half-year ended 31 March 2021 of 8 cents (2020: Nil)	18.3	-
---	------	---

No liability for the dividend has been recognised at 31 March 2021, as it was declared after the end of the reporting period.

<sup>12</sup> Subsequent to balance date, the maturity date was extended from March 2023 to March 2025.

<sup>13</sup> Subsequent to balance date, the principal facility amount for the commodity inventory funding facility was changed from \$1,650 million to \$1,485 million. This facility has been reduced to align to the seasonal requirements of the Group.

<sup>14</sup> The maturity date and principal facility amount for the commodity inventory funding facility is as at 5 November 2020. Subsequent to 30 September 2020, the maturity date was extended from November 2020 to November 2021 and the principal facility amount changed from \$511.5 million to \$1,375 million. This facility is renewed subsequent to balance date each year to align with the seasonal requirements of the Group.

<sup>15</sup> The maturity date and principal facility amount for the working capital facility is as at 5 November 2020. Subsequent to 30 September 2020, the maturity date was extended from November 2020 to November 2021 and the principal facility amount changed from \$205 million to \$695 million.

<sup>16</sup> The maturity date and principal facility amount for the trade finance facility is as at 5 November 2020. Subsequent to 30 September 2020, the maturity date was extended from November 2020 to November 2021 and the principal facility amount changed from \$35 million to \$14 million.

## 2.3 Financial instruments

### Fair value measurements

The Group's derivative instruments and other financial assets are measured at fair value at the end of each reporting period. Financial instruments are grouped into Levels 1 to 3 based on the degree to which fair value measurement inputs are observable. The fair value has been determined as follows:

- ▶ **Level 1** financial instruments held by the Group are instruments which are traded on an active market. The fair value of these financial instruments is the quoted market settlement price on the reporting date.
- ▶ **Level 2** financial instruments held by the Group are financial instruments that are not traded on an active market. The fair value is determined using valuation techniques which maximise observable market data and rely as little as possible on entity-specific estimates.
- ▶ **Level 3** financial instruments do not have quoted market prices available. The fair values are calculated by amending market price values obtained from traders and brokers for location and grade differentials.

The following table presents the Group's assets and liabilities measured and recognised at fair value at balance date:

31 March 2021	Level 1 \$ M	Level 2 \$ M	Level 3 \$ M	Total \$ M
<b>Assets</b>				
<i>Derivative financial instruments – fair value through profit and loss</i>				
Commodity futures and options	21.2	0.1	-	21.3
Commodity contracts (forward purchases and sales)	-	-	109.6	109.6
Foreign currency derivatives	-	11.4	-	11.4
<i>Derivative financial instruments – cash flow hedge</i>				
Foreign currency derivatives	-	0.7	-	0.7
<b>Total derivative financial instrument assets</b>	<b>21.2</b>	<b>12.2</b>	<b>109.6</b>	<b>143.0</b>
Commodity inventory at fair value less costs to sell (note 3.1)	-	-	1,120.4	1,120.4
Investments in other entities	103.5	-	4.8	108.3
<b>Total financial assets</b>	<b>124.7</b>	<b>12.2</b>	<b>1,234.8</b>	<b>1,371.7</b>
<b>Liabilities</b>				
<i>Derivative financial instruments – fair value through profit and loss</i>				
Commodity futures and options	10.2	-	-	10.2
Commodity contracts (forward purchases and sales)	-	-	22.6	22.6
Foreign currency derivatives	-	21.8	-	21.8
Crop production contract	-	-	6.7	6.7
<i>Derivative financial instruments – cash flow hedge</i>				
Foreign currency derivatives	-	1.2	-	1.2
Interest rate swap contracts	-	0.2	-	0.2
<b>Total financial liabilities</b>	<b>10.2</b>	<b>23.2</b>	<b>29.3</b>	<b>62.7</b>

## 2.3 Financial instruments (continued)

### Fair value measurements (continued)

30 September 2020	Level 1	Level 2	Level 3	Total
	\$ M	\$ M	\$ M	\$ M
<b>Assets</b>				
<i>Derivative financial instruments – fair value through profit and loss</i>				
Commodity futures and options	3.4	3.2	-	6.6
Commodity contracts (forward purchases and sales)	-	-	59.3	59.3
Foreign currency derivatives	-	41.7	-	41.7
<i>Derivative financial instruments – cash flow hedge</i>				
Foreign currency derivatives	-	0.8	-	0.8
<b>Total derivative financial instrument assets</b>	<b>3.4</b>	<b>45.7</b>	<b>59.3</b>	<b>108.4</b>
Commodity inventory at fair value less costs to sell (note 3.1)	-	-	141.4	141.4
Investments in other entities	104.8	-	3.8	108.6
<b>Total financial assets</b>	<b>108.2</b>	<b>45.7</b>	<b>204.5</b>	<b>358.4</b>
<b>Liabilities</b>				
<i>Derivative financial instruments – fair value through profit and loss</i>				
Commodity futures and options	12.4	-	-	12.4
Commodity contracts (forward purchases and sales)	-	-	50.5	50.5
Foreign currency derivatives	-	13.6	-	13.6
Crop production contract	-	-	5.0	5.0
<i>Derivative financial instruments – cash flow hedge</i>				
Foreign currency derivatives	-	1.1	-	1.1
Interest rate swap contracts	-	0.3	-	0.3
<b>Total financial liabilities</b>	<b>12.4</b>	<b>15.0</b>	<b>55.5</b>	<b>82.9</b>

### Investments in other entities

The Group holds investment in other entities, these are equity investments that are classified as fair value through profit or loss. They are classified as Level 1 and Level 3 financial instruments. Level 1 instruments are traded on an active market and the fair value of these financial instruments is the quoted market price at the reporting date.

The Group has an interest in UMG which is a listed entity on the Australian Stock Exchange. The Group's interest in UMG is recognised within investments in other entities in the consolidated statement of financial position. The fair value of the Group's interest, determined by reference to the closing share price on 31 March 2021, was \$103.5 million (FY20: \$104.8m).

### Fair value estimation

The fair value of financial assets and liabilities must be estimated for recognition, measurement and disclosure purposes. There were no material changes made to any of the valuation techniques applied since 30 September 2020. The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 31 March 2021.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There were no instruments reclassified between levels for the half-year ended 31 March 2021.

The following table presents the changes in Level 3 financial assets and liabilities:

	Half-year 2021			Full year 2020		
	Commodity Contracts	Commodity inventory at fair value	Crop Production Contract	Commodity Contracts	Commodity inventory at fair value	Crop Production Contract
	\$ M	\$ M	\$ M	\$ M	\$ M	\$ M
Opening balance	8.8	141.4	(5.0)	5.9	272.9	-
Unrealised gain / (loss) recognised in profit and loss	76.3	31.1	(1.7)	4.6	2.2	(5.0)
Net acquisitions / (disposals)	1.9	947.9	-	(1.7)	(133.7)	-
<b>Closing balance</b>	<b>87.0</b>	<b>1,120.4</b>	<b>(6.7)</b>	<b>8.8</b>	<b>141.4</b>	<b>(5.0)</b>

## 2.3 Financial instruments and risk management (continued)

### › Financial risk management – commodity price risk

Commodity price risk arises due to grain and edible oil price fluctuations impacting on the value of commodity forward purchase and forward sales contracts written by the Group as part of its grain, meal and edible oil marketing activities. The Group's policy is to lock in favourable margins between the purchase and sale price of commodities but differences in the timing of entering into these contracts create an exposure to commodity price risk.

To manage exposure to this risk, the Group enters into various exchange traded commodity derivative contracts (futures and options) as well as OTC contracts with terms between two and 24 months. These contracts are predominantly in Australia, New Zealand, US, Canada and Europe based financial markets and denominated in the currencies of those jurisdictions.

This sensitivity analysis shows the impact on post-tax profit if commodity prices changed by 20%. The 20% movement is calculated over the market value amount of the net exposure of the commodity physical and derivative contracts as at 31 March 2021 and 30 September 2020.

	31 March 2021 \$M	30 September 2020 \$M
Fair value of derivatives and physical inventory	1,218.5	144.4
Net effect of a 20% appreciation in price on post-tax profit or loss	13.2	4.1
Net effect of a 20% depreciation in price on post-tax profit or loss	(13.2)	(4.1)

### › Crop production contract

The crop production contract is classified as a financial derivative at fair value through profit and loss designated as a level 3 instrument. The fair value of the crop production contract is determined using a valuation model which estimates future cashflows from the contract, discounted to present value. Future cashflows are determined by applying the crop production contract terms to estimated crop production levels for the remainder of the contract term. The fair value calculation is highly subjective given the inability to forecast future weather patterns and crop production levels accurately. The fair value calculation uses the following inputs:

- Cashflows are determined using the crop production contract terms.
- Historical crop production data published by the Australian Bureau of Agricultural and Resource Economics (ABARES).
- Estimated future production growth rates and probabilities are derived from historical crop production data.
- Risk-adjusted discount rate based on the applicable zero-coupon AUD overnight index swap curve.

In accordance with AASB 9, the initial fair value was not recognised in the income statement as unobservable data points (as indicated above) were used for the initial fair value measurement. Consequently, the initial fair value of the instrument is deferred as disclosed in the table below. On subsequent measurement the deferred difference is recognised as a gain or loss in the income statement only to the extent it arises from a change in a factor that market participants would take into account when pricing the contract.

Derivative asset valuation gains / losses will be recognised in the income statement at the point-in-time when the valuation model inputs change. GrainCorp expects that this would occur over the life of the contract once ABARES crop production data becomes publicly available for each given year, and as such the deferred amount will be recognised in the income statement annually. The fair value of the crop production contract is disclosed in the table below.

Production payments / receipts are determined based on actual ABARES production in any given year only. In any given financial year, the realised gain / loss can range between the following:

- \$74m realised gain (based on the annual maximum receipt of \$80 million, less annual premium of \$6m)
- \$76m realised loss (based on the annual maximum payment of \$70 million, plus annual premium of \$6m).

There were no significant inter-relationships between unobservable inputs that materially affect fair value. There is a bank guarantee in place amounting to \$147.2 million.

	31 March 2021 \$ M	30 September 2020 \$ M
<b>Fair value of contract using unobservable data</b>		
Fair value of crop production derivative recognised in the statement of financial position	76.9	89.1
Fair value of crop production derivative not recognised in the statement of financial position	(83.6)	(94.1)
<b>Net position as presented in the consolidated statement of financial position</b>	<b>(6.7)</b>	<b>(5.0)</b>

### 3. Operating Assets and Liabilities

This section shows the assets used to generate the Group's trading performance and liabilities incurred as a result. Liabilities relating to the Group's financing activities are addressed in Section 2. Capital and Financial Risk Management.

#### 3.1 Inventories

	31 March 2021 \$ M	30 September 2020 \$ M
Raw materials	200.0	57.7
Work in progress	10.7	8.2
Finished goods	20.1	22.5
Trading stock at net realisable value	41.4	47.6
Commodity inventory at fair value less cost to sell	1,120.4	141.4
<b>Total inventories</b>	<b>1,392.6</b>	<b>277.4</b>

#### 3.2 Assets held for sale

At 31 March 2021, GrainCorp has multiple properties classified as held for sale (2020: one property held for sale).

	31 March 2021 \$ M	30 September 2020 \$ M
Property, plant and equipment	14.9	14.7
<b>Total assets classified as held for sale</b>	<b>14.9</b>	<b>14.7</b>

#### 3.3 Right of use assets

	31 March 2021 \$M	30 September 2020 \$M
Land	82.5	80.1
Buildings and structures	61.9	68.9
Motor vehicles	14.8	15.3
Rail	12.3	12.8
<b>Total right of use assets</b>	<b>171.5</b>	<b>177.1</b>

For the six months ended 31 March 2021 included in the Consolidated Income Statement is depreciation of right of use assets of \$13.2m and interest expense of \$3.7m (31 March 2020: \$13.1m and \$3.4m respectively).

### 3.4 Trade and other payables

	31 March 2021 \$ M	30 September 2020 \$ M
<b>Current</b>		
Trade payables	193.1	124.7
Inventory procurement trade payables	113.2	-
Income received in advance	0.3	4.8
Other payables	40.2	23.9
<b>Total current trade and other payables</b>	<b>346.8</b>	<b>153.4</b>

	31 March 2021 \$ M	30 September 2020 \$ M
<b>Non-current</b>		
Income received in advance	10.7	11.3
Other payables	3.3	-
<b>Total non-current trade and other payables</b>	<b>14.0</b>	<b>11.3</b>

The Group has inventory procurement trade payables with third-party financial institutions, which are interest bearing. Trade bills of exchange are paid by the financial institution direct to the supplier or to GrainCorp and the Group settles the payable on extended payment terms. The amount utilised and recorded within trade and other payables at 31 March 2021 was \$113.2m (30 September 2020: nil).

### 3.5 Provisions

The Group may from time to time receive notices of possible customer claims for losses or damages within provisions. A provision of \$7.2 million (30 September 2020: \$7.0 million) has been recognised to cover any liabilities that may arise out of such claims. Based on information currently available, the Directors believe that no further provision is required at this time.

## 4. Discontinued Operation

### 4.1 Demerger of UMG

The discontinued operation relates to the UMG business which was demerged effective March 2020. As a consequence of the Demerger, UMG was presented as a discontinued operation in the half-year ending 31 March 2020. Financial information for UMG for the period up to the date of Demerger and gain on Demerger is summarised below:

	31 March 2021 \$ M	31 March 2020 \$ M
<b>Results of discontinued operation</b>		
Profit before income tax	-	37.6
Income tax expense	-	(9.1)
Gain on demerger after income tax	-	282.0
<b>Profit after tax from discontinued operation</b>	<b>-</b>	<b>310.5</b>

Profit after tax in the period to 31 March 2020 comprises \$282.0 million profit on Demerger and \$28.5 million profit from operations of UMG. The profit on Demerger was included in Significant items (Note 1.2). Further details of the UMG Demerger are set out in GrainCorp 2020 Interim Financial Report and 2020 Annual Report.

## 5. Other

### 5.1 Events occurring after the reporting period

No matter or circumstance has arisen since 31 March 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.



## Directors' Declaration

In the Directors' opinion:

- a) The financial statements and notes set out on pages 6 to 22 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 GrainCorp Limited and its controlled entities' financial position as at 31 March 2021 and of its performance for the half-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.



Peter Richards  
Chairman

Sydney  
13 May 2021

# Independent Auditor's Report



## Independent auditor's review report to the members of GrainCorp Limited

### *Report on the half-year financial report*

#### *Conclusion*

We have reviewed the half-year financial report of GrainCorp Limited (the Company) and the entities it controlled from time to time during the half-year (together the Group), which comprises the consolidated statement of financial position as at 31 March 2021, the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and consolidated income statement for the half-year ended on that date, significant accounting policies and explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of GrainCorp Limited does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 31 March 2021 and of its performance for the half-year ended on that date
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001.

#### *Basis for conclusion*

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

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 & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

#### *Responsibilities of the directors for the half-year financial report*

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

---

#### **PricewaterhouseCoopers, ABN 52 780 433 757**

One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001  
T: +61 2 8266 0000, F: +61 2 8266 9999, [www.pwc.com.au](http://www.pwc.com.au)

Level 11, 1PSQ, 169 Macquarie Street, Parramatta NSW 2150, PO Box 1155 Parramatta NSW 2124  
T: +61 2 9659 2476, F: +61 2 8266 9999, [www.pwc.com.au](http://www.pwc.com.au)

Liability limited by a scheme approved under Professional Standards Legislation.



### *Auditor's responsibilities for the review of the half-year financial report*

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 March 2021 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*PricewaterhouseCoopers*

PricewaterhouseCoopers

*K. Stubbins*

Kristin Stubbins  
Partner

Sydney  
13 May 2021