ANNUAL REPORT 2020

CBH GROUP

The CBH Group is an integrated grain storage, handling and marketing co-operative owned and controlled by approximately 3,700 Western Australian grain growing businesses.

We are Australia's largest co-operative and a leader in the Australian grain industry, with operations extending along the value chain from grain storage, handling and transport to marketing, shipping and processing. Our core purpose is to sustainably create and return value to current and future Western Australian grain growers.

Since it was established in Western Australia in 1933, CBH has continuously evolved, innovated and grown. Its storage and handling system receives and exports around 90 per cent of the Western Australian grain harvest to over 30 countries worldwide.

Contents

Thank you to the Letter family from Tambellup for participating in our photography.

Chair's Report

On behalf of the Board, I am pleased to report on the CBH Group's 2020 financial year which has demonstrated the resilience and strength of your co-operative through the continued delivery of a safe, efficient and low-cost supply chain.

Simon Stead
Chair

Like many businesses, CBH experienced a great deal of volatility in 2020 brought about by a number of factors including a below average harvest, international trade tensions and the ongoing COVID-19 pandemic that has caused economic disruption across the globe.

Despite the unique circumstances of the financial year, I am pleased to inform you we have reported a Group surplus of $11.0 million.

Your co-operative remains in a strong financial position with a robust balance sheet, consisting of $1.8 billion in net assets and no long-term debt. This position will continue to support our ability to manage the business through future growing seasons.

While our financial results are closely tied to the seasonal nature of our industry, our purpose is to sustainably create and return value to you through low supply chain fees and efficient services, rather than to generate large profits.

By remaining focused on the core of our business – our storage and handling network, marketing and trading your grain, and the provision of low-cost fertiliser – the real value of the co-operative is retained in your farm business.

The 2019-20 harvest was particularly challenging for Western Australian growers. Dry conditions, frost and severe winds had a major impact on production across large parts of the grainbelt.

These events resulted in the lowest receivals in the CBH network since the 2012-13 season and impacted revenue for the Operations division which recorded a loss of $10.9 million.

Growers continued to benefit from reduced upfront costs as we held supply chain fees flat following the $4 per tonne reduction in 2018-19, cementing our position as the lowest cost grain supply chain in Australia.

Our ongoing investment in developing and improving the network, which totalled $226 million this year, places us in a good position to meet the changing needs of your farm businesses and the requirements of our global customers.

The Marketing and Trading division returned to profit this year, totalling $12.2 million, by developing and strengthening existing market ties to capture the benefit of strong demand and tightening stocks.

This positive result occurred despite an environment of international trade tensions and represents a strong recovery for Marketing and Trading which is now well positioned to rebuild equity. To support these endeavours, the division did not return a rebate this year.

Our Fertiliser business enjoyed year-on-year growth of 21 per cent. Its continued success has allowed us to consider future plans to expand the business, capturing further market share and further driving down prices to the benefit of all growers.

Our Investment portfolio also produced positive results. Interflour Group's turnaround plan has continued to make good progress resulting in a profit for the year and a strengthened balance sheet. Our oat processing business, Blue Lake Milling, continued to ramp up production at its Forrestfield mill, also achieving a profit.

While COVID-19 had less of an impact in Western Australia than other parts of the world, the pandemic did present some challenges for CBH employees and the regional communities in which we operate.

From the beginning of the pandemic, CBH placed the utmost importance on ensuring the health, safety and wellbeing of our people and communities, and under the leadership of CEO Jimmy Wilson, we introduced a series of robust precautionary measures to reduce the risk of the virus spreading.

On behalf of the Board, I commend Jimmy and the Lead Team for their strong leadership through the COVID-19 period, along with all employees for their commitment during this unprecedented time.

Contributing to the wellbeing of our regional communities through 2020 has been another focus for CBH with the delivery of partnerships and programs as part of our Community Investment Fund.

This year, we joined forces with four leading mental health service organisations including Lifeline WA, Youth Focus, Mental Illness Fellowship WA and Black Dog Institute, in a new partnership as part of the Fund's Regional Mental Wellness Program. The partnerships will lead to more support for growers and community members in regional Western Australia with new activities and campaigns that seek to improve mental health.

Our Growers' Advisory Council (GAC) continued to play a critical role in providing grower feedback to the Board and management. I would like to thank our 16 grower representatives who each made significant contributions under the leadership of Chair Neville McDonald and former Deputy Chair Helen Woodhams, who has since been elected to the Board.

I would like to thank Neville and Helen for their leadership, as well as outgoing councillors Chris Antonio, Bryan Kilpatrick, Gareth Rowe and Kirrilee Warr, for their many years of service. I also welcome four new growers, Noel Heinrich, Graham Ralph, Bruce Trevaskis and Tony White, who were appointed to the Council in July.

The Board saw significant changes throughout the year, most notably through the departure of former Chair Wally Newman. Wally's passion and contribution to the co-operative over his 20 years on the Board, including six years as Chair, cannot be understated and I would like to thank him for his service.

I would also like to recognise former Deputy Chair Vern Dempster, and Directors Trevor Badger and Rod Madden, who left the Board this year and welcome appointed Directors John O'Neill, Ken Seymour and Helen Woodhams.

I am proud to have been appointed your Chair, alongside Deputy Chair Natalie Browning, in April. We are determined to build on strong foundations and strengthen your business, so it continues to sustainably deliver value for you over the long-term.

To achieve this, we commenced a review that sought to improve the governance of our co-operative.

I would like to thank all those who attended our grower meetings and participated in the survey which helped shape the governance improvements we are now seeking to implement.

Following your feedback, we will provide members the opportunity to vote on proposed changes at our upcoming Annual General Meeting. I encourage you all to have your say.

While CBH has faced many challenges this year, the strength of your co-operative has been demonstrated and I am confident in our ability to continue to deliver value to you.

As a Board, we are committed to building upon the remarkable legacy built by generations of Western Australian farmers to ensure our co-operative is set-up for long-term, sustainable success.

We thank our growers for your support over the past year and look forward to working with you in 2021.

Simon Stead

"Your co-operative remains in a strong financial position with a robust balance sheet, consisting of $1.8 billion in net assets and no long-term debt, which will continue to support our ability to manage the business through future growing seasons."

CEO's Report

In our industry we must continually adapt to challenges when they present, and capture opportunities to achieve our purpose of sustainably creating and returning value to Western Australian growers.

Jimmy Wilson
Chief Executive Officer

We have experienced significant external forces this year that are out of our control, with most of these having an impact on various parts of our co-operative.

I am proud of the CBH team for coming together to face the year's events with determination, working proactively with our growers, customers, suppliers and government and industry partners to keep the supply chain operating efficiently.

I would particularly like to thank the Western Australian government for working with us to keep the supply chain operating as smoothly as possible while keeping our people and communities safe during the COVID-19 pandemic.

Our Tactical Plan guides our organisation and makes sure that our actions are in line with our Strategy. Our performance measures are aligned to six pillars and track our progress towards generating and returning value to you.

Safety is our number one priority at all times, and it has been particularly pleasing that the work we have been doing to improve CBH's safety culture is showing excellent results. We have achieved our lowest ever All Injury Frequency Rate (AIFR) of 7.2 and the safest harvest on record with an AIFR during this period of 5.9.

We have spent time putting the right systems and tools in place to support our people to take ownership of their personal safety, and of your safety while on-site, making sure we all return home safely to our families at the end of each working day. It is these steps which have resulted in this fantastic outcome.

When the COVID-19 pandemic spread to Western Australia we transitioned more than 400 employees to remote working arrangements and made changes to rostering and hygiene measures on site to keep our people, growers and communities safe.

The transition was made with no disruption to the supply chain, a feat made possible by the great people we have in the organisation, married with a high level of technology and human resources support within the organisation.

Despite the disruption caused by the pandemic, it was pleasing that we achieved an improvement in our organisational culture this year with our annual employee survey results increasing significantly.

In Operations, we had a smaller than average harvest, receiving 9.8 million tonnes in the network. The Albany Zone weathered the season better than others, even managing to break a season receival record at our Cranbrook site.

We saw a significant increase in the number of loads delivered using the CDF app during harvest which is a great result. With more growers making use of the available technologies we are able to respond to issues quickly during harvest, and plan future services more easily.

We moved a large amount of grain through our system during the year to meet demand from customers and fulfil shipping requirements. This has resulted in the smallest volume of carryover in our system in more than 15 years and significantly improved the loss position of the division.

Marketing and Trading have once again contended with global headwinds which disrupted global trade for all marketers. The division managed to return to a profitable position and maintained the status as Australia's largest grain exporter with 40 per cent of bulk export market share.

We will continue to monitor and respond to the global grain market dynamics, and we are focused on developing new markets and strengthening relationships with our customers to ensure that we unlock the greatest value for your grain.

Once again, we have made a significant investment in improving the network, with three expansion projects and close to 200 sustaining capital projects completed.

We have made great progress towards expanding the capacity of our network, adding close to a record 2.5 million tonnes of new permanent storage over the past three years, including completing three major projects this year.

With this extra storage expansion now in place, we are well placed to efficiently receive future large harvests, however, following recent years of accelerating investment in storage expansion, now is the time to turn our focus to sustaining and maintaining our current assets.

We will aim to strike the right balance between expanding our network, and investing in sustaining and maintenance projects to ensure the long-term effective use of our assets for the benefit of current and future growers.

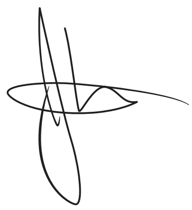
In April, the Board elected a new Chair and Deputy Chair in Simon Stead and Natalie Browning. It has been my pleasure to work closely with them since then and I look forward to our continued collaboration going forward.

I would like to acknowledge the support of my leadership team and all the great employees we have at CBH who demonstrate our values every day as we strive to achieve positive outcomes for the co-operative.

It has been a challenging year, but as a team, we rose to the task, finding creative ways to solve unique problems presented by the pandemic and the fluctuating market dynamics.

With our Strategy and Tactical Plan in place, we are well positioned to navigate future challenges and remain focused on returning value to you.

I look forward to another year of delivery and wish you all a safe 2020-21 harvest.



Jimmy Wilson

"We saw a significant increase in the number of loads delivered using the CDF app during harvest which is a great result. With more growers making use of the available technologies we are able to respond to issues quickly during harvest, and plan future services more easily."

Year Performance

Safest harvest on record, with an All Injury Frequency Rate of 5.9

Reduced average site cycle time by six minutes

$226 million invested in expanding, enhancing, sustaining and maintaining the network

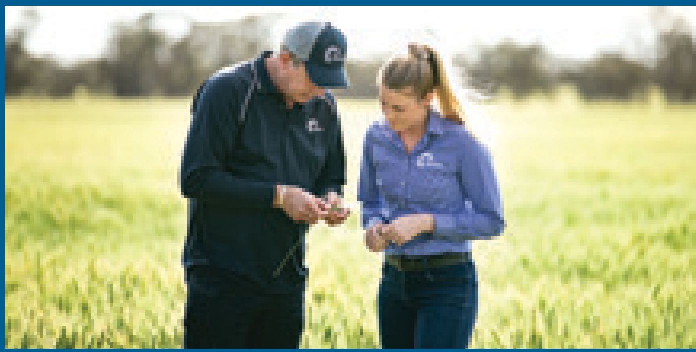
200 sustaining capital projects and three expansion projects completed across the network

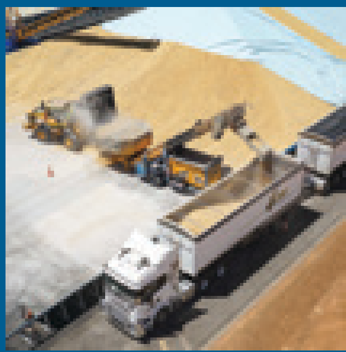
Australia's largest grain exporter with 40% market share of bulk grain exports

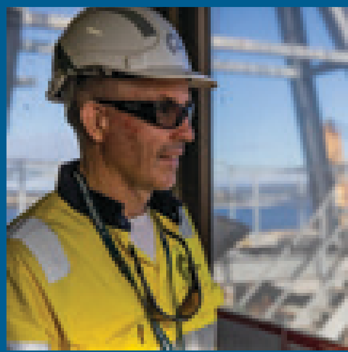
Provided working capital finance of $140.6 million to farm businesses

$1.5 million invested in our regional communities

Boosted regional mental health support to $200,000 a year





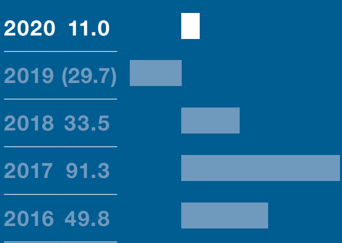


Key metrics

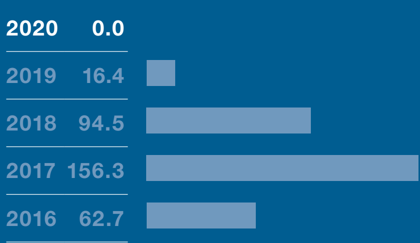
Tonnes handled
Million Tonnes

Capital Investment and Maintenance
$m

Group Net Profit (Loss) After Tax
$m



Group Rebates
$m



The co-operative benefit

Our organisation is based on the co-operative values of self-help, self-responsibility, democracy, equality, equity and solidarity. Being part of a co-operative provides leverage and opportunities to the advantage of each individual member.

CBH's purpose as a Western Australian, grower-owned co-operative is to sustainably create and return value to WA grain growers, current and future. We serve growers' needs and increase their farm profitability through:

- Low supply chain fees and competitive freight rates
- Continued investment in the storage and handling network to maintain the integrity of our assets and provide efficient services
- Competitive grain prices, grower-focused products and ongoing development of international markets for WA grain
- Competitive fertiliser prices to reduce on-farm input costs

In addition to generating value for Western Australian grain growers, we advocate for and provide financial support to regional communities, and the wider grain industry to ensure the long-term sustainability of our industry.

Co-operative values

- Voluntary and Open Membership
- Democratic Member Control
- Member Economic Participation
- Concern for the Community
- Autonomy and Independence
- Education, Training and Information
- Co-operation among Co-operatives

OUR VALUES

Courage

We innovate and adapt, we challenge ourselves and others through honest feedback, and we continuously learn and improve.

Collaboration

We work together as one team focused on the success of CBH, we empower people, develop relationships and have fun.

Commitment

We do what we say we will do and hold ourselves and others to account.

Simplicity

We relentlessly pursue the basics, eliminate waste and always focus on what matters most.

Sustainability

We always put safety first and strive for outcomes that benefit the environment and the communities in which we operate for the long term.

Our Strategy and Operating Model

Strategy

Our Strategy is how we will successfully achieve our purpose of sustainably creating and returning value for current and future Western Australian grain growers.

It is set by the Board, with the support of the Chief Executive Officer and Lead Team.

The Strategy for CBH is to focus on the core, where we can leverage the unique advantages of being a co-operative.

BENEFICIARY	**WA grain growers, current and future**
PURPOSE	**To sustainably create and return value to growers**

Focus on the Core – Grower Value Chain

Inputs	WA Grain Growers	Storage Handling and Logistics	Marketing and Trading
Provision of low cost inputs (e.g. fertiliser)	Owned by 3,700 WA grain grower members	Network of upcountry receival sites, above rail assets and four export terminals	Number one Australian grain exporter and marketer
Increased competitiveness in market to reduce paddock costs and improve access to supply	CBH serves growers' needs and returns value to their farm businesses	Low supply chain fees and competitive freight rates	Competitive grain prices
		Continued investment into network	Grower focused products
			Ongoing development of international markets for WA grain

Investments Portfolio

BLUE LAKE MILLING
Three oat milling facilities in Australia

120,000 tonnes of installed capacity

INTERFLOUR
9 flour mills, one malt facility, operating in South East Asia

More than two million tonnes installed capacity

Tactical Plan

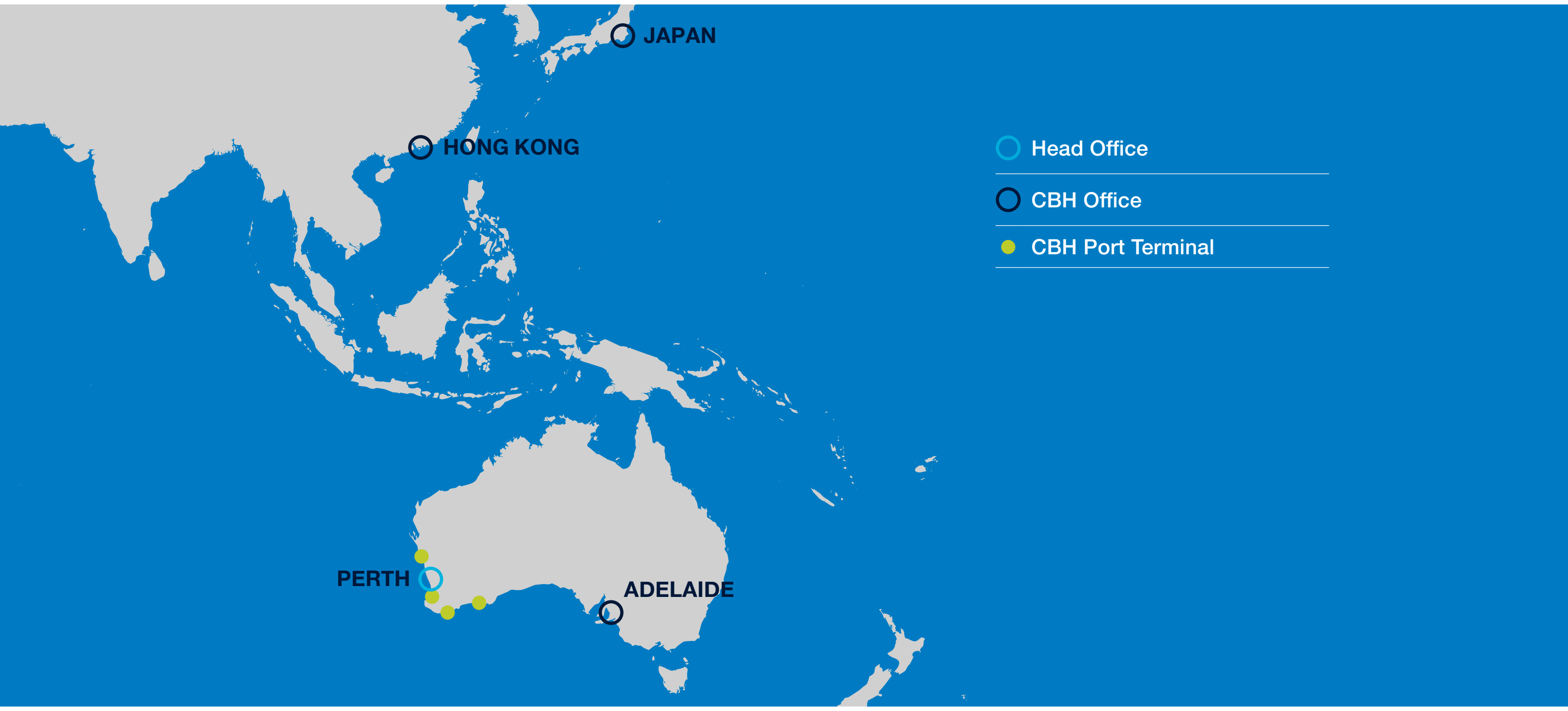
The Tactical Plan is the roadmap for how we deliver our Strategy and achieve our purpose. It contains actions and measures across six pillars designed to improve safety outcomes, create a high-performance culture, maximise the efficiency and effectiveness of the supply chain, achieve good financial outcomes and significantly improve grower service levels. Each year the Tactical Plan is reviewed and updated to make sure we are on track to achieve our goals.

Financial Outcomes		
Paddock to Port (P-P) costs	All Costs (excluding Marketing and Trading and Network)	Marketing and Trading Net Profit After Tax (Pre-Rebate)

Health, Safety and Environment	Grower, Customer and Community	Productivity	Portfolio and Network
Serious Incident Frequency Rate (SIFR)	Grower Value Score	Vessel Turnaround Time	Deliver Network Plan
All Injury Frequency Rate (AIFR)	Site Turnaround Time	Tonnes per Hour	Maintenance Spend on Network
Field Leadership Compliance	Marketing and Trading Customer NPS	Efficiency Benefits	Capital Spend on Network

People and Culture	
Organisational Health Index	Gender Diversity

Where we Operate



Western Australia Offices

Albany	Kwinana
Avon	Merredin
Esperance	Morawa
Geraldton	Perth
Jerramungup	Ravensthorpe
Katanning	Wongan Hills
Koorda	

Australia Offices

Adelaide

International Offices

Hong Kong

Japan

Owned by Western Australian growers, CBH's storage and handling business operates more than 100 grain receival sites across the Western Australian grainbelt.

These sites receive the bulk of the Western Australian grain crop through harvest with a large casual workforce employed during this time to service growers delivering to CBH.

Following harvest, grain is transported by rail and road to our four export terminals at Geraldton, Kwinana, Albany and Esperance to meet shipping requirements. Western Australia exports around 90 per cent of its grain crop via bulk export from our four terminals to more than 30 countries across the world.

We also export grain in containers through container loading services at our Metro Grain Centre in Perth. Metro Grain Centre houses the Australian Grain Centre, which provides on-site grain testing facilities and quality control services.

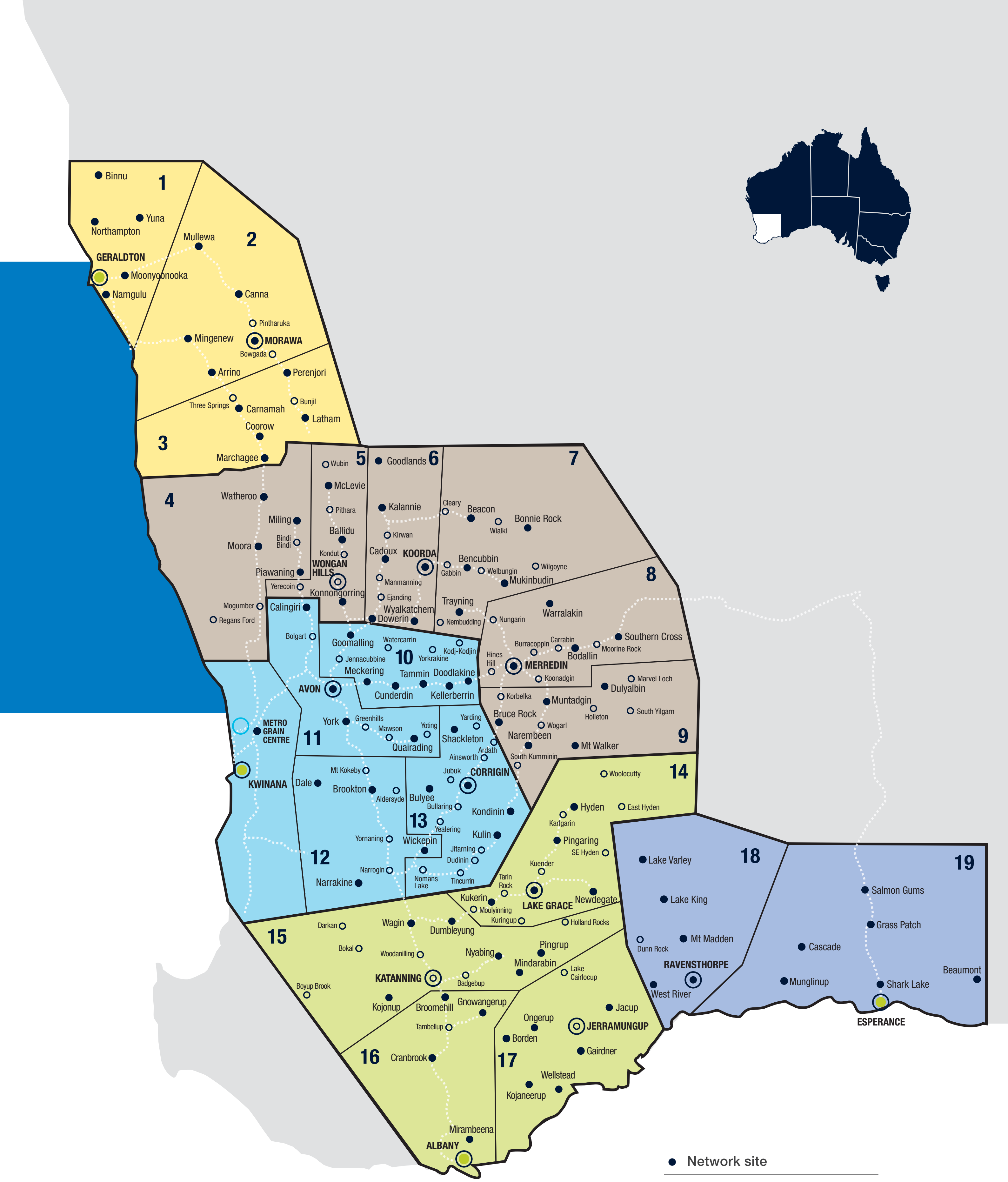
Our Head Office is based in Perth, with regional offices located in our grain growing communities.

Our co-operative's marketing and trading arm is the leading grain acquirer in Western Australia and Australia's largest exporter. It has operations in eastern Australia, as well as offices in Hong Kong and Tokyo.

Marketing and Trading is supported by a team of regional Business Relationship Managers who provide grain marketing and product advice and support to growers, as well as an international marketing team who service customers across the globe.

CBH owns Blue Lake Milling, a leading manufacturer of premium Australian oat products operating in South Australia, Victoria and Western Australia.

We also own a 50 per cent stake in Interflour Group. From its Head Office in Singapore, Interflour operates nine flour mills in Indonesia, Vietnam, the Philippines and Malaysia, including a grain port terminal in Vietnam; and Intermalt, a malting house in Vietnam.



- Network site
- Non Network site*
- Head Office
- CBH Office
- CBH Port Terminal

*Sites not opened over the past three harvests

Board of Directors

Simon Stead

Chair

Simon Stead was appointed as a Director of the CBH Board in February 2015, as Deputy Chair in April 2019, and as Chair in April 2020. He is currently a member of the Remuneration and Nomination Committee.

Simon runs a mixed sheep, cattle and cropping operation in Cascade and Dalyup in the Esperance port zone. He is a member of the Industry Advisory Board of the UWA Institute of Agriculture and is also a founding member and a past Chair of the Association for Sheep Husbandry, Excellence, Evaluation and Production (ASHEEP).

Simon holds an Executive Certificate in Agribusiness Marketing from Monash University and is a Graduate of the Australian Institute of Company Directors.

Natalie Browning

Deputy Chair

Natalie Browning was elected as a Director of the CBH Board in February 2018 and appointed as Deputy Chair in April 2020. She is currently a member of the Audit and Risk Management Committee and the Network and Engineering Committee.

Natalie runs a continuous cropping operation on her property in Kondinin. She is currently a member of the Rabobank Western Australian Client Council and Chair of the Narembeen District High School Board. Natalie has completed the Executive Leadership Program Co-operatives and Mutuals facilitated by University of Western Australia Business School and the Australian Institute of Management and is also a former member of the CBH Growers' Advisory Council.

Natalie is a Graduate of the Australian Institute of Company Directors and is currently studying a Bachelor of Commerce (Accounting and Business Law) at Curtin University.

Kevin Fuchsbichler

Member Director

Kevin Fuchsbichler was elected as a Director of the CBH Board in April 2007. He is currently a member of the Remuneration and Nomination Committee and a member of the Workplace Health and Safety Committee. Kevin is also the CBH appointed representative of the Co-operatives WA Council.

Kevin is a grain producer from Bruce Rock with more than 40 years' industry experience. He was an inaugural Director of Bruce Rock Bendigo Community Bank; is a past State President of the International Agricultural Exchange Association; an inaugural board member of the International Rural Exchange; and has successfully registered and commercialised two patents internationally.

Kevin is a Member of the Australian Institute of Company Directors.

Ken Seymour

Member Director

Ken Seymour was elected as a Director of the CBH Board in February 2020. He is currently a member of the Remuneration and Nomination Committee and a member of the Network and Engineering Committee.

Ken produces grain and sheep on his properties in the Miling district. He is a Councillor of the Shire of Moora and President of the Avon-Midland zone of the WA Local Government Association. Ken has held positions on many local committees, including community, agricultural and sporting groups.

Ken is a Member of the Australian Institute of Company Directors.

Helen Woodhams

Member Director

Helen Woodhams was elected as a Director of the CBH Board in August 2020. She is currently a member of the Audit and Risk Management Committee and a member of the Workplace Health and Safety Committee.

Helen produces grain and sheep on her properties in the Kojonup and Woodanilling Shires. She is a former Board Member of Rural Edge, former Deputy Chair of the CBH Growers' Advisory Council and has held positions as a rural financial counsellor and business lecturer. She has also been active on many local committees including community, agricultural and sporting groups.

Helen holds a Bachelor of Education (Business), Diplomas in Teaching and Financial Counselling and is a Graduate of the Australian Institute of Company Directors.

Trent Bartlett

Independent Director

Trent Bartlett was appointed as a Director of the CBH Board in February 2012. He is currently Chair of the Remuneration and Nomination Committee and a member of the Audit and Risk Management Committee.

Trent is currently Chair of the Margaret River Busselton Tourism Association, Chair of Good Samaritan Industries, Chair of Traveller's Choice, Independent Director of Beyond Bank and Independent Director of the Australian Packaging Covenant. He was previously Chief Executive Officer of Capricorn Society, one of Australia's most successful co-operative enterprises, from 2001 to 2011. Prior to that, he held senior executive positions with David Jones Ltd, Aherns and Target Australia, then part of the Coles Myer Group.

Trent is a Fellow of the Australian Institute of Company Directors and an Accredited Facilitator of their Governance Education Programs.

Brian McAlpine

Member Director

Brian McAlpine was elected as a Director of the CBH Board in February 2012. He is currently Chair of the Workplace Health and Safety Committee and Chair of the Network and Engineering Committee.

Brian is an experienced grain farmer from Latham in the north east of the Wheatbelt. He is a past President of Liebe Group and a past Councillor of the Shire of Dalwallinu.

Brian has completed a Masters of Business Administration (MBA) and a Nuffield Scholarship, and is a Graduate of the Australian Institute of Company Directors.

John O'Neil

Member Director

John O'Neil was elected as a Director of the CBH Board in February 2020. He is currently a member of the Audit and Risk Management Committee and a member of the Workplace Health and Safety Committee.

John produces grain and sheep on his properties in Wialki and Karloning. He has held previous positions as a Director of the International Rural Exchange, Director of the Mukinbudin branch of Bendigo Bank, councillor of Mukinbudin Shire, president of Mukinbudin District High School and was a founding member of Ninghan Farm Focus Group.

John holds a Bachelor of Business from Muresk and is a graduate of the Australian Institute of Company Directors.

Jeff Seaby

Member Director

Jeff Seaby was appointed as a Director of the CBH Board in February 2019. He is currently a member of the Remuneration and Nomination Committee and a member of the Network and Engineering Committee.

Jeff runs a mixed cropping and sheep operation in Mukinbudin. He is a Councillor at the Shire of Mukinbudin, former Chair of the Mukinbudin Planning and Development Group and the Central Wheatbelt Football League Tribunal, and has held leadership roles at multiple sporting clubs throughout the Central Wheatbelt. Jeff is also a former member of the CBH Growers' Advisory Council.

Jeff has completed the Executive Leadership Program for Co-operatives and Mutuals and is a Member of the Australian Institute of Company Directors.

David Lock

Independent Director

David Lock was appointed as a Director of the CBH Board in February 2019. He is currently Chair of the Audit and Risk Management Committee and a CBH Board appointed Director of Interflour Group Pte Ltd.

David is currently Chair of Sea Harvest Australia and Odeum Pty Ltd. He is Deputy Chair of Water Corporation and is a director of the Marine Stewardship Council and a member of the Advisory Council for Curtin Business School. He was previously Chair of Australian Pork Limited and the West Australian Meat Industry Authority. He has extensive experience in agribusiness, gained through CEO roles at Craig Mostyn Group and Mareterram Limited from 2004 to 2017. David was named the 2012 National Australia Bank Agribusiness Leader of the Year.

David holds a Bachelor of Commerce and is a Chartered Accountant and a Fellow of the Australian Institute of Company Directors.

Alan Mulgrew

Independent Director

Alan Mulgrew was appointed as a Director of the CBH Board in February 2015. He is currently a member of the Audit and Risk Management Committee, a member of the Network and Engineering Committee and a CBH Board appointed Director of Interflour Group Pte Ltd.

Alan has extensive senior executive experience both in Australia and overseas, with former roles including General Manager of Perth Airport, General Manager of Sydney Airport and Director of Queensland Airports Ltd. He is a strategic advisor on international infrastructure investments to two of Australia's largest investment groups. He also has extensive experience as a Director, including as former Chair of each of Western Power, Tourism WA, Western Carbon Pty Ltd and Australian Renewable Fuels.

Alan holds a Bachelor of Arts (Management), a Diploma in Corporate Finance and is a Graduate of the London Business School (Strategic Studies) and the Australian Institute of Company Directors.

Lead Team

Jimmy Wilson

Chief Executive Officer

Jimmy commenced as Chief Executive Officer in October 2017. He has a wealth of experience in supply chain management across multiple resource commodities.

Jimmy was President of BHP Billiton Iron Ore and Member of the Group Management Committee at BHP Billiton from 2012 to 2016. Prior to this, Jimmy led BHP Billiton's Energy Coal, Stainless Steel and Nickel West division in Australia after managing BHP Billiton's Chrome and Aluminium operations in South Africa.

Doug Warden

Chief Financial Officer

Doug joined CBH Group in October 2018 as Chief Financial Officer, bringing extensive experience in group financial management, strategy, commercial and business development, risk, treasury and investor relations.

Prior to joining CBH, Doug was Chief Financial Officer and Head of Strategy and Planning at Iluka Resources, and has more than 25 years' experience in senior roles across the resources and professional services sectors.

Doug is a Chartered Accountant and holds a Masters of Business Administration (MBA).

Jason Craig

Chief Marketing and Trading Officer

Jason joined CBH in 1998 and was appointed Chief Marketing and Trading Officer in 2012.

He is responsible for the Marketing and Trading division which includes grain accumulation, marketing and trading, chartering and shipping, grower finance, pool products and the fertiliser business.

Jason has more than 20 years' experience in international and domestic grain markets, distribution and logistics, risk management, food manufacturing, market development and customer relationship management through previous senior positions within the CBH Group and the Interflour Group.

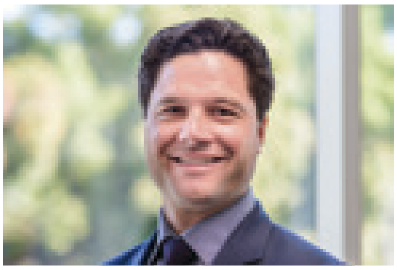
Brianna Peake

Chief External Relations Officer

Brianna joined CBH in 2010 and was appointed Chief External Relations Officer in 2015.

Her responsibilities include grower communications, media and Group reputation management, community investment, government and industry relations and management of the Grower Service Centre, DailyGrain and the Growers' Advisory Council.

Brianna has over 15 years' experience in the grain industry with a focus on stakeholder and relationship management and is a Graduate of the Australian Institute of Company Directors and a Fellow of the Australian Rural Leadership Foundation.



Ben Macnamara

Chief Operations Officer

Ben was appointed Chief Operations Officer in February 2019 and is responsible for leading CBH's storage and handling, logistics, engineering and shipping services. Ben's focus is on delivering an efficient, sustainable and cost-effective supply chain for Western Australian growers.

Ben joined CBH in 2014, serving as Commercial and Business Development Manager. Prior to his current role, Ben held the position of General Manager Planning, Strategy and Development.

Ben is a Chartered Accountant and prior to joining CBH worked for an investment advisory firm and an international professional services firm.

Kelly McKenzie

Chief People Officer

Kelly joined CBH in June 2009 and was appointed Chief People Officer in 2017. Her responsibilities include human resources, employee relations, benefits and payroll, learning and organisational development and change management.

Kelly has over 20 years' experience in human resources and leadership roles supporting leaders to recruit, retain and develop high performing employees.

David Woolfe

Chief Legal, Risk and Governance Officer and Company Secretary

David joined CBH in October 2003 and in his current role of Chief Legal, Risk and Governance Officer and Company Secretary, he is responsible for the company secretarial, corporate governance, risk and legal functions of the Group.

David is a qualified lawyer and Chartered Secretary with over 30 years of corporate and commercial law experience as well as being a Fellow of the Australian Institute of Company Directors, the Chartered Governance Institute and the Governance Institute of Australia.

Pieter Vermeulen

Chief Project Delivery Officer

Pieter joined CBH in January 2019 and was appointed Chief Project Delivery Officer in July the same year. He is responsible for the delivery of the co-operative's capital projects.

He has more than 30 years' experience in project management in the resources and construction sectors, and recently held senior roles in the Western Australia mining sector where he played an integral role in progressing a number of projects for major mining companies.

Prior to joining CBH, Pieter worked as an independent consultant to the resources sector.

Growers' Advisory Council

Absent from photo is Broomehill grower Gerard Paganoni.

At CBH, we value feedback from our members to ensure we provide the services that meet their needs. Member interaction is key to the long-running success of our co-operative.

Made up of 16 grower councillors, the Growers' Advisory Council (GAC) provides a formal channel to facilitate feedback and communication between CBH's grower members and the co-operative's Board and management team.

The Council meets four times a year in Perth to inform CBH of issues raised by growers, consider issues of a strategic nature to the Western Australian grain industry and provide feedback on CBH initiatives that will impact growers.

On top of this, the GAC helps increase grower engagement and understanding of issues affecting the co-operative and the broader grains industry.

2020 key advisory matters

Led by Chair, Neville McDonald and Deputy Chair, Helen Woodhams, who has since been elected to the CBH Board, CBH engaged the Growers' Advisory Council on several matters during 2020.

This included input on the Board's governance review, and advice on member engagement improvement, feedback on Paddock Planner and the CDF app, as well as consultation on segregation plans.

Advice was also sought from the GAC on initiatives that will impact growers, including the continued strategic direction of the CBH Grass Roots short course leadership program and feedback on other community initiatives.

Education

CBH recognises the need for co-operatives to provide their members with education, training and information.

This year, several GAC members had the opportunity to enhance their professional development by undertaking a five-day Australian Institute of Company Directors' Company Directors course.

Many councillors also participated in the two-day Australian Institute of Management and University of Western Australia's co-operatives and mutuals strategic development program.

Grower's Advisory Council Members

Neville McDonald (Chair), Beaumont

Helen Woodhams* (Deputy Chair), Kojonup

Andrew Chambers, Ravensthorpe

Bruce Trevaskis, Jerramungup

Craig Doney, Kulin

Daniel Sanderson, Esperance

Gerard Paganoni, Broomehill

Graham Ralph, Dowerin

Jeffrey Stoney, Gnowellen

Michael Caughey, Merredin

Noel Heinrich, Carnamah

Renee Lynch, Narambeen

Romina Nicoletti, Bonnie Rock

Stephanie Clark, Bolgart

Stephen Strange, Bruce Rock

Tony White, Miling

*Helen Woodhams was elected to the CBH Board in August, and subsequently resigned from her position in the GAC.


143H

Operations

Operations provided our growers a low-cost, efficient grain supply chain from paddock to port, overcoming challenges to ensure Western Australian grain reached international customers safely, efficiently and meeting their specifications.

ACHIEVEMENTS FROM THE YEAR

Safest harvest on record, with an All Injury Frequency Rate of 5.9

Reduced average site cycle time by six minutes

Kept supply chain fees low

Moved 11.7 million tonnes of grain, exceeding total season receivals

The 2019-20 season presented growing season challenges for Western Australian growers which resulted in a below average harvest and CBH receiving a total of 9.8 million tonnes.

Our aim was to receive the crop as safely and efficiently as possible to meet growers' site expectations and we offered 51 different grades across 114 receival sites while reducing average site cycle times by six minutes.

Despite the logistical challenges presented by the COVID-19 pandemic, grain arrived at port as required to meet customer demand and maximise grower return, and we successfully moved close to two million tonnes more than we received over the harvest period.

We sought to deliver improved on-site, online and technical services while keeping our storage and handling fees the lowest in the country.

COVID-19 response

Keeping our supply chain running and our people safe was the priority for CBH from the outset of the COVID-19 pandemic.

Our outloading program was challenged by border restrictions, however, we succeeded in transporting all grain to port without constraints.

We worked closely with the Freight and Logistics Council of Western Australia and the State Government to put in place sensible protocols and permit processes that enabled cross-border movements through the period of intrastate restrictions, allowing us to progress our export shipping program uninterrupted.

Changes to national and international shipping protocols, including the 14-day quarantine period required by many western seaboard ports, also impacted our supply chain and resulted in some delays to loading timeframes for ships that arrived from origin ports within a fortnight.

Our shipping and logistics teams managed this change successfully and our customers' expectations were met or exceeded despite these hurdles.

Grain received
(million tonnes)

Operations

Keeping fees low and investing in your network

CBH is committed to providing a low cost, efficient supply chain to keep Western Australian growers competitive in the international grain market and we are proud of continuing to provide the lowest supply chain fees in Australia.

We maintained our supply chain fees in the 2019-20 season, following the $4 per tonne reduction provided to growers and marketers ahead of the 2018-19 season.

In addition, CBH continued to invest in the network, with a total of $226 million spent on capital projects and maintenance over the 2019-20 financial year.

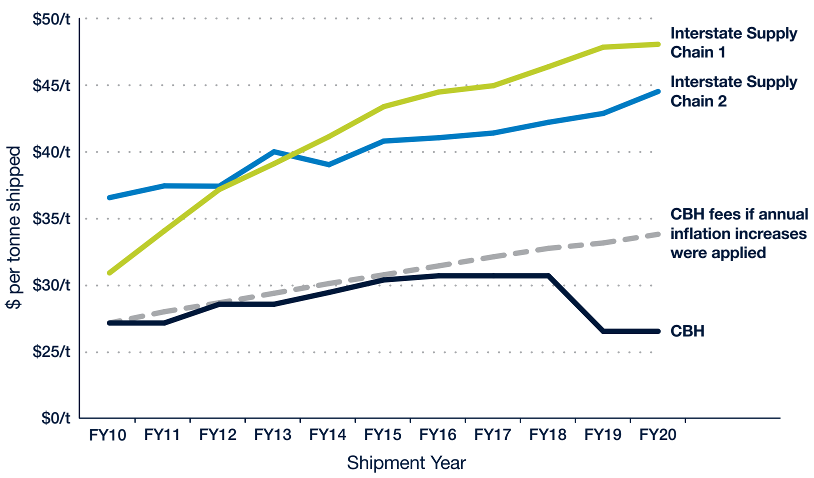
The combination of reduced upfront grower fees and the below average 2019-20 crop resulted in Operations making a loss of $10.9 million this financial year.

Operations benefitted from drawing down on a large amount of carryover held in the system to meet customer demand. The division moved and shipped close to two million tonnes of grain in addition to the 9.8 million tonnes received.

The increased export of stock in storage has resulted in the smallest volume of carryover in the CBH system in more than 15 years, and significantly improved the loss position of the division.

Storage and Handling Fee Comparison

(Receival and FOB charges)



Estimated comparisons based on published fees and charges, freight not included. Comparison based on standard wheat delivered 1 November to a primary site and exported in April, railed to port and stored for one week prior to ship loading. Outloading and inloading during normal working hours and assumes use of cheapest product available. Excludes CBH Operations rebates.

No rebate was returned by the division this year due to the below average harvest, focus on network investment and ongoing uncertainty due to COVID-19.

Moving the 2019-20 crop

Our supply chain extends from our upcountry receival sites, down to our four terminals and outbound shipping operations.

Rail and Road Transport

Our 574 wagons and 28 locomotives configured in 10 fleets across the network, combined with our road transport partners and our permanent and seasonal employees, play an integral role in transporting the crop to port for export.

Our rail infrastructure moved more than 6.1 million tonnes of grain to our ports and Metro Grain Centre through 2,495 train trips, travelling a distance totalling more than 2.4 million kilometres.

Rail activities were supported by road transport with close to three million tonnes of grain moved by road to a rail terminal or to our port terminals throughout the year.

Shipping

Overall, we shipped a total of 10.4 million tonnes from our four terminals this year, and packed 18,680 containers. Combined with domestic outturns, this exceeded the total 2019-20 grain receivals by close to two million tonnes and resulted in low carryover grain, higher Operations revenue, freeing up storage capacity and allowing for greater service flexibility for the 2020-21 harvest.

Record monthly shipments were exported from the Esperance (April) and Albany (August) grain terminals. The Albany Grain Terminal also loaded its largest ever wheat vessel in May, shipping 57,400 tonnes of wheat in one cargo.

Enhancing grain technology

Operations works closely with Western Australian growers to manage grain quality to maintain our reputation for clean and safe grain.

To facilitate quicker decision making for our frontline teams and growers on grain quality, and reduce operating costs, CBH has acquired analytical chemistry instrumentation and developed our technical capability to bring a large portion of our chemical residue testing processes in-house. This strategic, long-term investment reflects our commitment to working with growers to protect our export markets.

Developments have also been made to the way we train our harvest casual employees so learning can occur from any location. Sampling courses traditionally delivered in large classrooms are now available online through virtual reality technology, giving us greater flexibility in the way we train our people.

Along with these new measures, we have continued to apply our long-term, stringent receival standards, varietal and chemical use declarations, proactive segregation policies and stack management, while promoting grower awareness campaigns and advocacy within the industry to protect the value of your grain and maintain market access.

Online services streamlining harvest

The use of our online tools continues to grow, enabling us to achieve our goal of providing enhanced grower service and improved network planning.

Operations asks growers for crop estimates following seeding each year to help plan harvest services required including segregations, emergency storage and essential harvest road and rail movements.

Our online crop estimates tool Paddock Planner provides the most accurate picture of the crop helping us to make informed decisions to optimise harvest planning.

To improve functionality, several improvements were implemented within Paddock Planner based on grower feedback. This included the ability to download property and estimate information to new file types, download property boundary files, transfer a property to another account or grower, transfer or delete multiple paddocks and a new sort function.

Around 70 per cent of estimated tonnes were completed in Paddock Planner this year, giving the Operations team well-rounded, reliable information for 2020-21 harvest planning.

Since its introduction for the 2018-19 harvest the CDF app has continued to be well used by growers, with 91 per cent of total tonnes delivered during the 2019-20 harvest using the app, up from about 69 per cent in the previous season.

Site cycle times were reduced from an average of 43 minutes in 2018-19 to 37 minutes in 2019-20. A combination of network investment and traffic-flow improvements, improved site processes, better use of technology and a smaller crop supported the six-minute improvement. We will continue efforts to reduce site cycle times.

New features were developed ahead of the 2020-21 harvest to improve the functionality of the CDF app based on grower feedback including the integration of the CBH Notifier app into the CDF app, giving growers real-time notifications on harvest information in one app.

Cranbrook

The Cranbrook receival site is one of the major sites within the Albany Zone, receiving on average about 350,000 tonnes a year over the past five years.

Before the 2019-20 harvest, the site was significantly oversubscribed, with site receivals exceeding capacity by an average of 29 per cent over five years. This meant an average of 48,000 tonnes of essential moves were required to keep services open.

As a result of grower feedback and expected production growth in the region, Cranbrook was one of nine receival sites to undergo a major enhancement in 2019.

An extra 152,000 tonnes of storage capacity was added to the site through the construction of six open bulkheads, taking total storage capacity to 517,000 tonnes.

Three new conveyor loading systems with 500-tonne per hour loading capacity were added to the site to service these new bulkheads, and an existing conveyor system was upgraded to the same speed.

The 2019-20 harvest was the first season the upgraded site was in operation and the enhancements contributed to significant improvements in services to growers.

Cranbrook surpassed its season receival record by more than 17,500 tonnes, with 412,000 tonnes of deliveries, and the average site cycle time was significantly reduced to 42 minutes, with two additional segregations offered.

The upgrade demonstrates the valuable benefits we aim to bring to growers through prioritising network planning and investment.

Network

CBH invested $226 million in your network this year, expanding and enhancing sites, sustaining our existing infrastructure and completing important maintenance projects. We invest to ensure our network is well-equipped to service and support current and future growers and their farm businesses.

ACHIEVEMENTS FROM THE YEAR

$226 million invested in expanding, enhancing, sustaining and maintaining the network

Site expansions delivered at Moora, Konnongorring and Watheroo

200 sustaining capital projects across the network

Investing in our network is integral to ensuring our supply chain can move the state's growing crop from upcountry receival sites to port when required.

Over the past three years, we have added close to 2.5 million tonnes of permanent storage capacity, while deploying more than 60 enhancement projects to improve throughput capacity.

While we have continued to work on expanding and enhancing our network, we have focused more of our investment in sustaining and maintaining existing assets so we are well-equipped to service growers over the long-term.

Quality expansions

During the year, close to $102 million was invested in expanding and enhancing the network, with key expansion projects completed at the Moora, Konnongorring and Watheroo receival sites, and the completion of projects that commenced in 2019.

The expanded sites are located in the Kwinana North Zone, where production has grown significantly over the past decade. Increased storage capacity and throughput at these sites will enable us to provide services that meet grower demand and improve paddock to paddock turnaround times.

The expansion works at Moora, Watheroo and Konnongorring were all delivered safely ahead of the 2020 harvest, with a high-quality outcome.

We had planned to expand sites at Brookton, Dale and Hyden this year. Following a review of the 2020 network investment pipeline of projects following the outbreak of the COVID-19 pandemic, we decided to defer these site expansions.

Konnongorring

84,000 tonnes of additional permanent storage

Three open bulkheads converted from existing temporary storage

One 500-tonne per hour conveyor loading system

One 500-tonne per hour drive over grid

A new bypass road

Watheroo

70,000 tonnes of additional permanent storage

Two open bulkheads converted from existing temporary storage

One 500-tonne per hour conveyor loading system

One new elevator pit

Moora

132,000 tonnes of additional permanent storage

Four open bulkheads, two of which were converted from existing temporary storage

One 500-tonne per hour conveyor loading system

A second weighbridge

Albany Grain Terminal

Sustaining the structural integrity of our port infrastructure is vital to ensuring Western Australian grain is ready for export when our international customers require it.

As part of our network investment this year, $1.7 million was committed to extensive storage refurbishment and concrete remediation works at our Albany Grain Terminal.

The project sought to address deterioration that became apparent through concrete spalling and internal corrosion caused by moisture at the port location. Delamination of the outer layer of several cells was also evident, reducing the structural integrity of the infrastructure while increasing the risk of concrete falling.

Repair work involved the removal of concrete in the affected areas to fully expose the corroded steel, the removal of corrosion from steel, the installation of sacrificial zinc anodes and the installation of new concrete. A marine-grade protective coating was also applied to the cells to ensure the longevity of repair works.

The works took place over a period of five months and were completed in time for exporting the 2020-21 crop.

This was an example of a project conducted as part of our sustaining capital works to extend the useful life of our equipment and assets at receival sites and ports and maintain key infrastructure.

Network

Sustaining and maintaining our assets

During the year more than $65 million was invested on almost 200 separate works as part of our sustaining capital portfolio.

Sustaining capital works are an essential part of our network investment to extend the useful life of our infrastructure and equipment, so that our assets are in top working order for the long-term.

A major project included annual port shutdowns at our four grain terminals, where we invested more than $10 million to keep our terminals in optimal condition. These works included the installation of ceramic tiled plates in chutes and valves and the replacement of elevator pulleys, bearing sets and conveyor belts at each of the terminals.

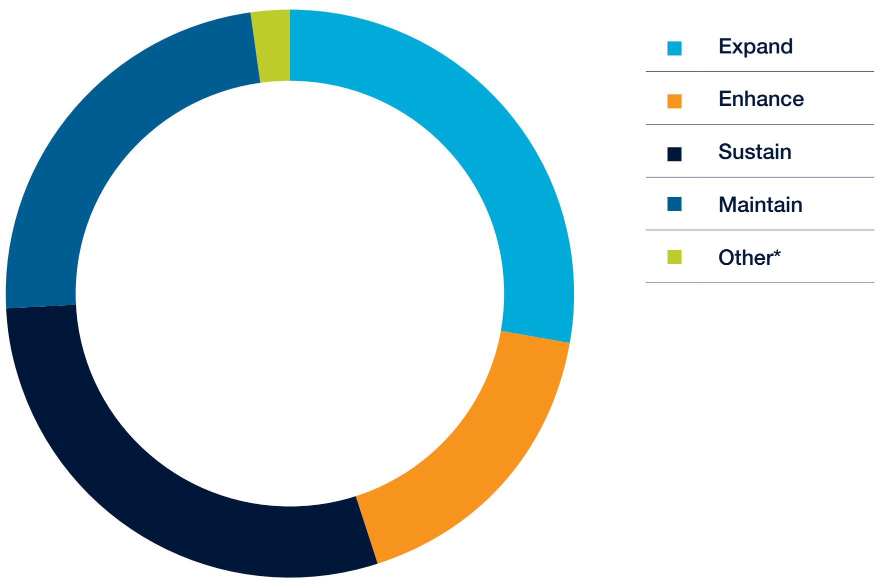
Other major projects included:

- Kwinana Jetty remediation works (ongoing)
- Geraldton Grain Terminal shiploader upgrade
- Albany Grain Terminal storage refurbishment and cell remediation
- Albany, Geraldton and Chadwick cell refurbishments
- Roadworks at more than 20 sites
- Road resurfacing at Merredin, Broomehill and Lake Varley
- Civil works at Arrino, Mingenew and Perenjori
- Storage refurbishment at Binnu, Carnamah, Coorow, Kalannie, Avon, Meckering, Bulyee, Grass Patch and West River
- Electrical refurbishments or upgrades at Carnamah, Avon, Kulin, Mindarabin, Lake Varley and Lake King

On top of our sustaining capital projects, more than $53 million was invested in our maintenance program dedicated to the consistent reparation works required to keep our equipment and infrastructure running.

CBH will continue to invest in protecting and maintaining our supply chain so that our current assets remain in top working order, particularly at harvest when growers need services the most.

Breakdown of network investment



*Other includes low value assets and minor capital expenditure projects

Marketing and Trading

Marketing and Trading is Australia's largest grain exporter delivering Western Australian grain to more than 200 customers in 30 countries around the world. Our unrivalled knowledge, strong customer relationships and consistent effort to develop new markets provides growers access to vital export markets.

ACHIEVEMENTS FROM THE YEAR

Australia's largest grain exporter with 40% market share of bulk grain exports

Accumulated 48% of the Western Australian crop

Provided working capital finance of $140.6 million to farm businesses

Introduced three-day payment terms

Tough conditions persisted for the Australian grain industry this year with rising international trade tensions and the COVID-19 pandemic creating significant volatility in the market. Uncertain demand dynamics and increased complexity in seaborne logistics led to increased challenges throughout the financial year.

In spite of the unprecedented set of circumstances the year presented, the Marketing and Trading team developed new markets and strengthened existing ones to capture the benefit of strong demand and tightening stocks to end the year with a net profit after tax of $12.2 million.

Over the next few years our focus will be on rebuilding equity in the division, while continuing to develop markets for Western Australian grain and delivering good outcomes for our growers and customers.

Finding alternative barley markets

The anti-dumping and countervailing duties investigations into Australian barley launched by the Chinese Ministry of Commerce (MOFCOM) in November 2018 concluded in May 2020.

Throughout the investigation, Marketing and Trading worked with other grain exporters, industry bodies and State and Federal Governments to try to achieve a positive outcome for Western Australian growers.

In May, MOFCOM determined it would apply tariffs to Australian barley imports including an anti-dumping margin of 73.6 per cent and a countervailing duty margin of 6.9 per cent to apply to all Australian companies.

In September, the Chinese Government announced that all barley exports from CBH Marketing and Trading (CBH Grain Pty Ltd) to China would be suspended due to phytosanitary concerns.

CBH is confident that the grain we export from Western Australia meets export phytosanitary requirements. We hope to see resolution to the suspension and tariffs so we can continue our longstanding and valued trading relationship with the Chinese malting, brewing and feed industries.

In further market changes, there has been reduced demand from eastern Australia, where recovery following years of drought has ended the need for Western Australian barley and wheat exports to fill the stock feed market.

Our long-term relationships have enabled us to find customers for Western Australian barley in Thailand in addition to supplying long-term markets in Japan and the Middle East, however, the premium for malt barley achieved through multi-decade long development of the Chinese market is unable to be replicated elsewhere. Consequently, the spread in prices between malt and feed barley has reduced significantly.

Trading in the face of a global pandemic

As one of Australia's largest export businesses, the COVID-19 pandemic has impacted several areas, requiring changes to the way we manage our relationships with customers and conduct some core business activities.

Our team undertakes regular visits to our international customers as well as hosting delegations here in Western Australia for crop tours and farm visits. With travel restrictions in place we have found creative ways to keep our customers informed and engaged using technology to conduct virtual crop tours, customer webinars and stakeholder meetings.

COVID-19 has also had a significant market impact, with fluctuating demand from key customers throughout the pandemic so far, depending on the impact and circumstances of their domestic economies.

Our chartering and shipping teams have managed restrictions on crew change activities as well as quarantine periods in place for ships entering both Australian and international ports.

Marketing and Trading

Marketing and Trading Export Markets

	South East Asia	North Asia	Europe and Americas	Japan and Korea	Middle East and Africa	Other/ Domestic
2019-20	**22%**	**20%**	**7%**	**24%**	**12%**	**15%**
2018-19	23%	19%	8%	16%	15%	19%
2017-18	19%	26%	14%	19%	15%	7%

Accumulations

Despite the below average 2019-20 harvest in Western Australia and South Australia, Marketing and Trading was a strong buyer, seeking out opportunities to purchase during harvest.

In Western Australia, we accumulated 4.7 million tonnes or 48 per cent of the total crop, and in South Australia we acquired 226,000 tonnes, or seven per cent of the total available crop.

Early in the year Marketing and Trading supported grower business needs, reducing payment terms from seven to three days, aiming to improve cash flow for farm businesses.

We accurately executed payments to growers for 4.7 million tonnes of grain worth $1.8 billion, a good result while transitioning to three-day payment terms.

Local team, local service

Marketing and Trading is supported by a regional team of Business Relationship Managers located across Western Australia and South Australia who provide a connection between our growers and international markets. The team provides information and assistance with our products and services as well as sales support for CBH Fertiliser in Western Australia.

Marketing and Trading is also supported by the Grower Service Centre which provides assistance to growers with grain contracting, grower finance products and grain marketing opportunities.

Products

Pools

Despite some other marketers withdrawing their product offering over time, Marketing and Trading has maintained a strong presence in Western Australia providing pools for all major grains.

Pools continue to offer growers a valuable option for diversifying grain marketing portfolios without sacrificing performance. Marketing and Trading pools consistently outperform equivalent cash prices over the pool marketing window, with this year again seeing strong performance.

Our pre-harvest pool option, the Flexi-starter Pool, closed in April with 2019-20 season participants achieving $38-$40 per tonne above the equivalent cash prices available during the pool marketing window. The continued success of the product has seen a surge in support, with the 2020-21 Flexi-starter Pool seeing a significant increase in uptake this season.

Swaption

The CBH Grain Commodity Swaption offers wholesale qualifying growers a commodity price hedging product for both wheat and canola. The product has enjoyed strong growth following its launch in 2019.

Pre-pay Advantage

Our Pre-pay Advantage and Grain for Fert products were well utilised following the small harvest. Our grower finance products provided working capital for 429 farm businesses with $140.6 million approved.

The products launched with the lowest interest rate in their history, and during the year, we were able to further reduce the interest rate in line with the broader easing of interest rates in Australia.

Chartering and Shipping

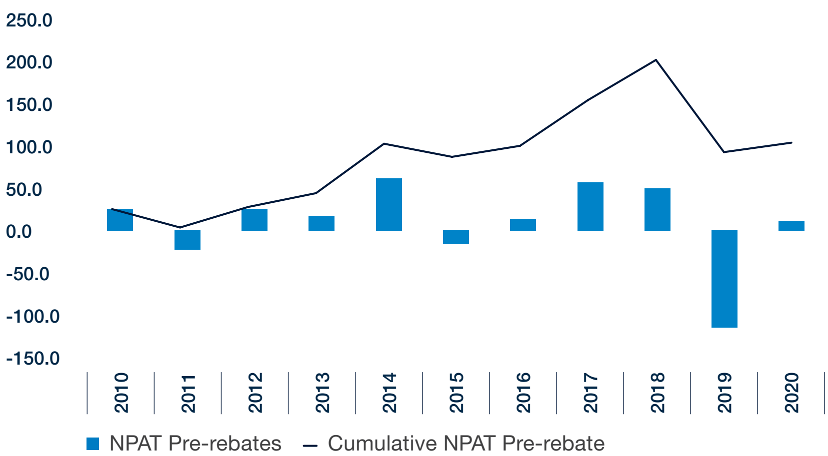
Our chartering and shipping team work hard to ensure that your grain is delivered on time and on specification to our customers, navigating global port requirements and the challenges of a dynamic industry.

During the year, we shipped 6.3 million tonnes of grain on 166 vessels with 65 per cent chartered by Marketing and Trading.

In January, the International Maritime Organisation (IMO) implemented a sulphur emissions cap, meaning all ocean-going vessels are required to consume fuel with a sulphur content of 0.5 m/m (mass by mass), a significant reduction from the previous 3.5 per cent limit.

We expect the changes to have less of an impact for Western Australian exporters who are located geographically close to our key markets, reducing the impact of increased costs associated with complying with the new regulation.

Net Profit After Tax Pre-rebates



Exploring sustainable markets

Marketing and Trading has taken steps to respond to customer demand for sustainably produced products, starting with the expansion of the successful International Sustainability and Carbon Certification (ISCC) scheme which was implemented in 2010 to sell Australian canola into the European Union (EU) biofuel market.

Having achieved ongoing success for participating canola growers, we are trialling expansion into other commodities under the banner of ISCC PLUS, with our first shipment of certified sustainable malting barley completed in April 2020.

About 27,300 tonnes of malting barley accredited through the ISCC PLUS scheme were shipped from Albany Grain Terminal bound for Interflour Group's Intermalt malting facility, located at the Cai Mep Port, south east of Ho Chi Minh City, Vietnam.

Following this success, we announced in September that the program has been extended to include certification for wheat, lupins and oats. Extending the certification to all exported grains allows CBH to access these emerging markets with a familiar accreditation system for growers.

While the advantage of extending the program is to reach new and existing markets, we hope that with long-term success we may be able to achieve market access premiums for WA growers.

Fertiliser

CBH Fertiliser aims to reduce on-farm input costs by providing a quality, low cost option for grower fertiliser needs, supporting more market competition and applying downward pressure to prices.

Since entering the market in 2015, CBH Fertiliser has consistently grown in both customer numbers and tonnes sold year-on-year while turning a modest profit.

We offer a complete range of high-quality granular fertiliser products and use state-of-the-art, high capacity blending machines providing growers the ability to purchase custom blends suiting their farm needs.

We also offer flexible payment options including our Grain for Fert finance product and 30-day payment terms.

Our market share has continued to grow, capturing about nine per cent of the available 1.4 million tonne granular market in 2020.

A busy period during March and April saw records broken with rain early in the year and uncertainty driven by COVID-19 leading to growers wanting security of supply for seeding.

During March we outturned 24,000 tonnes of product, compared to 16,000 tonnes for the same period in 2019. Additional team members were brought in during this peak period to keep our sites running efficiently and maintain a safe working environment.

In line with our continued growth we have expanded our permanent team with the appointment of a site coordinator at our Geraldton site, and a weighbridge administrator at our Kwinana site.

Building on success

With the support of our growers over the past five years, CBH Fertiliser is exploring further opportunities to grow.

Our facilities and operations have been outsourced to date and with continued growth in tonnes sold we have reached maximum capacity.

We are in the early stages of exploring the development of our own fertiliser storage facility located next to the Kwinana Grain Terminal which will enable us to expand and gain operational efficiencies by leveraging CBH's existing supply chain.

Reduced supply chain costs will enable us to price competitively into the market, resulting in lower fertiliser prices for growers and increased reliability of supply.

Tonnes sold

2020	125,000
2019	103,000
2018	90,000
2017	64,000
2016	55,000

DailyGrain

Providing information growers need to trade confidently anywhere, at any time.

DailyGrain, a wholly owned business of CBH, provides Western Australian growers a price discovery and online grain trading platform to support their grain marketing decisions.

Basic DailyGrain membership remains free to all growers, offering direct access to marketers and real-time visibility of transactions to facilitate the quick identification of market trends and opportunities.

In 2020, DailyGrain had 1,450 members, an increase of more than 120 over the past year.

Leading price discovery and market intelligence

Growers can receive easy access to daily prices from 25 grain buyers for most commodities and grades in Western Australia through DailyGrain's online platform and mobile application.

Key price discovery tools within DailyGrain, including its Top 5 feature, give growers access to pricing information on select commodities and port zones, supporting greater market transparency.

Additional functionality within the platform includes the ability for growers to set tailored alert notifications for price movements in targeted grades and locations, as well as to view and configure historical pricing trends across multiple seasons by using the extensive historical data and advanced charting capabilities within DailyGrain.

MarketPlace

DailyGrain's trading platform, MarketPlace, continues to provide a free, transparent online space for growers and marketers to post and transact on cash prices. It gives growers the ability to place offers into the market that can be matched against corresponding buyer bids to create a contract and nomination in one transaction, reducing administration time.

MarketPlace allows transactions for wheat, barley and canola on both delivered and forward grains, and is free for all CBH members.

Since its inception, MarketPlace has seen the number of growers transacting on the platform grow each year, which we aim to continue in future years.

DailyGrain app enhancements

In preparation for the 2020-21 season, DailyGrain added new features to its mobile application to transition pricing alerts from text messages to push notifications and give growers access to real-time price discovery features within the DailyGrain app.

The new features complement the existing transacting functionality of the DailyGrain app available through MarketPlace, giving users full access to price transparency at all times of the day, at any location through their mobile phone.

Investments

CBH's investments demonstrated improved performance during the year, benefitting from stronger demand, the success of efficiency programs and the completion of major projects.

Interflour Group

CBH has a 50 per cent interest in Interflour Group Pte Limited, which after accounting for minority interests, represents a 45 per cent economic interest in the Interflour Group.

For the year ended 30 September 2020, Interflour made a net profit after tax, with CBH's share $6.0 million and the Group retained capital to strengthen its balance sheet.

Interflour benefitted from the continuing turnaround plan and initial solid demand for flour during the year, however, the restrictions associated with the COVID-19 pandemic have negatively impacted economies in South East Asia. As a result, trading conditions in the second half of the year were more challenging than the first half.

Flour markets have seen a change in consumption pattern and associated sales mix to 'stay at home' as opposed to 'eating out'. This in conjunction with COVID-19 induced panic buying has supported Interflour's mills through the pandemic.

Located in Vietnam, one of the fastest growing beer markets globally, Interflour's malt facility, Intermalt, has seen demand return to normal with the successful containment and ongoing low COVID-19 infection rates in Vietnam.

The countries in which Interflour operates have each experienced the COVID-19 pandemic differently, with some having lower rates of infection than others. The Group continues to support any impacted employees and continues to safely operate as much as possible in the environment.

Blue Lake Milling

Blue Lake Milling (BLM), a leading manufacturer of premium Australian oat products with operations in South Australia, Victoria and Western Australia, achieved a profit of $2.7 million for the year.

The BLM mill located in Forrestfield, Western Australia continues to ramp up production supported by growing export demand due to increasingly health conscious Asian consumers.

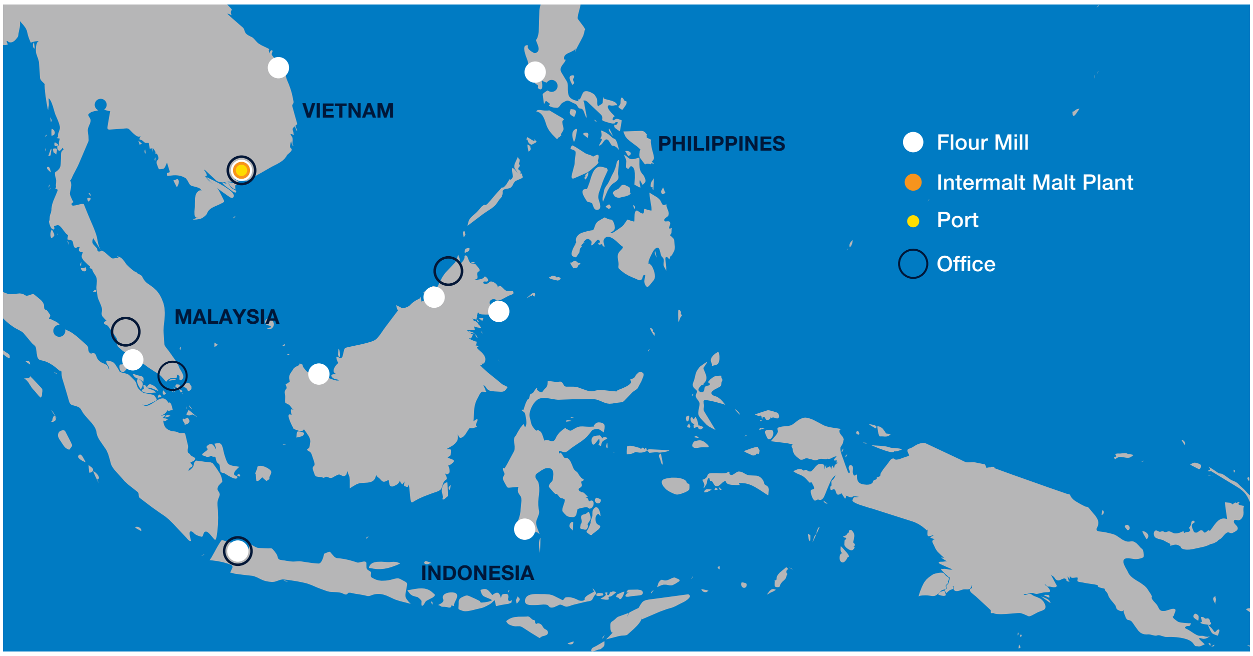
BLM's eastern Australian mills, which largely focus on the Australian market, benefitted from higher sales during the height of the COVID-19 pandemic as consumers spent more time at home.

Newcastle Agri-Terminal

Newcastle Agri-Terminal (NAT) located within the Port of Newcastle in New South Wales continued to be impacted by the drought in eastern Australia, exporting 90,000 tonnes and importing 295,000 tonnes in the year to 30 June 2020. The drought has since eased across most of eastern Australia.

CBH has an 18.9 per cent interest in NAT which operates the storage and export facility for bulk agricultural products.

Interflour



Blue Lake Milling

Health, Safety and Environment

CBH strives towards positive safety outcomes and cultivating a work environment where everyone returns home safely at the end of each working day.

ACHIEVEMENTS FROM THE YEAR

Reached our lowest ever All Injury Frequency Rate of 7.2

96 employees accredited as Mental Health First Aid Officers

Our team safely managed the unique challenge presented by the COVID-19 pandemic, while continuing to operate the supply chain.

Our focus has been supporting our people through the pandemic and implementing measures to keep our people and communities safe.

Safety

Building on our safety-focused culture in recent years, CBH achieved a record lowest All Injury Frequency Rate (AIFR), the method we use to measure our safety performance.

The result has been achieved through empowering our frontline employees by providing the right tools and support to encourage an open and honest dialogue back through the business.

Simplifying and streamlining our operating procedures for the frontline has allowed us to capture feedback and information from the field to be actioned swiftly.

Execution of capital expenditure has been aligned to our critical risk areas. This will support a reduction in the number of serious and serious potential incidents as we improve our infrastructure.

Field leadership

At CBH, safety is led by all employees, across all levels of the business. We seek to create a work environment where all individuals are empowered to stop a job if they feel unsafe.

We drive behaviour through our program of field leadership which includes activities to ensure the controls we have to manage our key risks are in place and effective. The feedback from these activities is used to improve our risk reduction program.

In recent years there has been a large increase in the number of field leadership interactions on-site and we have made a dedicated effort to improve the quality of these activities.

In support of this drive, we introduced tools and training packages so all employees understand the behavioural and quality expectations of a safe work environment.

Managing our critical risks

CBH finalised the revision of our critical risk control program, improving our use of technology to enable easier reporting from the field, revising our supporting documentation, and rolling out training to our frontline employees to make sure the tools are understood and utilised.

Health

The health and wellbeing of our people has never been more important, with challenges presented by the COVID-19 pandemic impacting the physical and mental health of our employees.

The Health, Safety and Environment team supported the transition of employees to work from home, providing advice and support.

Work was completed last year to understand the risk of fatigue to our workforce and identify areas for improvement. Following that analysis, we worked this year to develop and implement strategies to reduce that risk.

In addition to existing programs which include health checks, incentives and participation in mental health awareness raising activities including R U OK? Day and Movember, we introduced a new training program, Mental Health First Aid.

Mental Health First Aid is an internationally recognised, evidence-based, not-for-profit training program that provides individuals with the skills to assist someone who may be experiencing mental health challenges. It seeks to educate and train employees on recognising a potential issue, how to approach someone who may need support and how to refer people to appropriate support such as our Employee Assistance Program (EAP) or a health practitioner.

The training was initiated as part of the new CBH Mental Health and Peer Support program, complementing our current EAP service. Across the organisation 96 employees completed the program to become accredited Mental Health First Aid Officers, with positions evenly distributed across all geographical and operational areas.

Environment

Our Sustainability Action Plan contains actions and objectives which deliver value to all our stakeholders by protecting, sustaining and enhancing the community and environments we operate in.

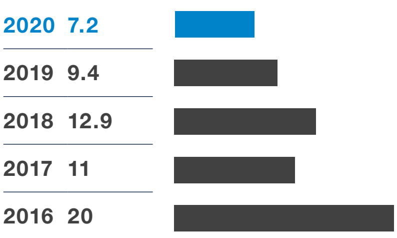
During the year, we introduced an Environmental Incident Frequency Rate (EIFR) to the Tactical Plan which measures the impact of our activities on our surrounding environments to track our progress towards achieving positive outcomes.

This year's result of three is well below the year target of 12, providing a benchmark for us to continue monitoring the reduction in environmental incidents.

Carbon emissions across the business reduced by eight per cent this year demonstrating the benefit of completed efficiency programs, combined with the smaller harvest received.

In November, following a single event where grain dust from ship loading at Kwinana Grain Terminal was observed as settling on Cockburn Sound, we worked constructively with the Department of Water and Environmental Regulation to implement engineering improvements and modifications to berth hygiene protocols to resolve the issue and prevent future incidents.

All Injury Frequency Rate



Mental Health First Aid

CBH has continued to focus on raising awareness and having conversations about mental health with our employees.

In 2020, we expanded our existing efforts with the introduction of Mental Health First Aid training for employees.

Accredited Mental Health First Aid officers are trained to recognise signs of a developing or worsening mental health problem or crisis and provide support and guidance when needed.

When we sought interest from employees to participate in the program, there was an overwhelming response.

Before the start of the 2020-21 harvest, we trained 96 employees to be accredited Mental Health First Aid officers, with 75 per cent of the people based in regional Western Australia.

The group of accredited officers now has the tools and resources to identify and assist their peers through mental health challenges.

They are also seeking to consolidate their skills by planning activities within their teams, and collaborating and sharing information with their fellow officers to raise awareness and reduce the stigma of mental health challenges.

Sustainability

Sustainability is a value of our organisation, meaning we strive for outcomes that benefit the environment and the communities in which we operate for the long-term.

ACHIEVEMENTS FROM THE YEAR

Reduced carbon emissions by 8 per cent

Achieved an Environmental Incident Frequency Rate of 3, well below our target of 12

Since 2010, CBH has had a Sustainability Action Plan designed to capture initiatives, drive actions and track progress against areas consistent with the concepts and principles of environment and community sustainability.

As part of the annual reporting cycle, the action plan is adjusted and updated each year to reflect the strategies, priorities, projects and progress made within the business.

Over the last five years we have implemented or started development on a number of strategies in areas including human capital management, gender diversity, equality, workplace health and safety, stakeholder engagement, sustainable market access and ethical business practices.

United Nations Sustainable Development Goals

In 2016, we aligned our sustainability approach to the United Nations Sustainable Development Goals framework when, as part of the 'Co-op's for 2030' campaign, we made a formal commitment to three of the 17 UN Sustainable Development Goals. At the time, CBH was the first Australian co-operative to pledge support to the goals and campaign.

The United Nations Sustainable Development Goals are a collection of 17 global goals designed to be a blueprint to achieve a better and more sustainable future for all. The goals were set and ratified by all member states, including Australia, in 2015 by the United Nations General Assembly.

The three UN Sustainable Development Goals we committed to in 2016 were:

- **7: Affordable and Clean Energy -** via the commitment to increase renewable energy into our energy mix.
- **12: Responsible Consumption and Practice -** via the commitment to reducing CBH's waste to landfill burden and producing visible sustainability reporting.
- **15: Life on Land -** via the commitment to minimise or offset biodiversity loss.

Our alignment to the Sustainable Development Goals is consistent with the International Cooperative Alliance which encourages co-operative organisations to learn more about the goals and commit to action towards achieving them.

We have spent time this year planning the next stage of our sustainability program with work in progress to refresh our sustainability targets and align our programs to more of the Sustainable Development Goals.

Sustainability Overview

Objective	Action	Comments	Status
Prevent harm to the environment	Maintain certification to the ISO14001 standard for Environmental Management at CBH terminals.	Certification held via independent third party audits 2014-2020.	Complete
	Implement Environment Management Standard as part of CBH's Integrated Management System.	Environment Management Standard outlining key environmental risks and minimum controls drafted and endorsed.	Complete
	Prepare environmental plans for 'high risk' sites, commodities or activities.	Formal management plans for such aspects as noise, dust, storm water management.	●●●○
	Implement an Environmental Incident Frequency Rate (EIFR) measure and target.	EIFR as total number of environmental incidents x 1,000,000 divided by total hours worked by all employees (and contractors). EIFR now in place and tracking below target.	Complete
	Design and develop native vegetation rehabilitation and planting plans to offset native vegetation clearing activities with the intent to protect and enhance local biodiversity.	Project sites in place at Moora, Dowerin, Hyden, and Chadwick. Since 2013 CBH is tracking with a "positive net gain" i.e. more diversity replaced than lost via CBH activities.	Complete
	Undertake tree retention programs on all relevant sites.	Mandatory under our Sustainability Action Plan. No non-essential clearing is undertaken on CBH sites.	Complete
	Construct and implement a 'Buy Quiet' policy.	Established in site-specific plans.	●●○○
Strive to enhance the communities in which we operate in	Review Community Investment Program against set objectives.	Community Investment Program is reviewed annually and sponsorship activities are tracked. Applications for the Grass Roots Fund are accepted twice a year to assist the timing of payments to community groups.	Complete
	Formalise major community partnerships.	Formal partnerships in place with Royal Flying Doctors Service, Ronald McDonald House, WA Country Football, Musica Viva, Hockey WA, Black Dog Institute, Lifeline WA, Mental Illness Fellowship of WA, Youth Focus, Royal Agricultural Society and Grower Group Alliance.	Complete
	CBH Grass Roots Community Grants.	Provides sponsorship up to $20,000 via an application process against key criteria.	Complete
	Harvest Mass Management Scheme.	$150,000 to nine Western Australian charities via this scheme in 2019-20.	Complete
Reduce greenhouse gas emissions	Meet all statutory greenhouse and emission reporting programs.	National Greenhouse Reporting System, Australian Bureau of Statistics Energy and Waste reporting.	Complete
	Construct and implement an Energy Management Policy and Plan focusing on future energy requirements and the establishment of efficiency and reduction targets.	Demand management, capacity management and site data tracking in place.	●●○○
	Implement greenhouse reduction projects at all CBH EMS certified sites.	Projects linked to the Energy Management Policy, Energy Management Action Plan and greenhouse targets/measures.	●●●○
	Install 0.5 megawatts of renewable energy by 2016 and 1 megawatt by 2019.	Solar systems established at Moora, Geraldton, Avon, Merredin and nine CBH offices. 1.2 megawatt anaerobic digester installed at Blue Lake Milling.	Complete
	Identify vehicle fleet options to reduce environmental footprint of CBH Group fleet.	Environmental criteria embedded in CBH vehicle selection policy.	Complete
Integrate sustainable development principles	Ensure sustainability objectives are captured within the 'Future Sites Concept'.	Energy efficiency strategies factored into original site design at Chadwick.	●○○○
	Opportunities for energy efficiency to be considered and reported for each major capital expansion in development specifications.		○○○○

Status Key

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

Objective	Action	Comments	Status
Implement sustainable consumption practices	Communicate our sustainability objectives, targets and activities to stakeholders (employees, growers, suppliers).	Communications to employees, growers and key suppliers undertaken. Environmental and sustainability considerations included in key Request For Price (RFP) and contracts.	Complete
	Develop a purchasing policy giving consideration to environmental and social performance, opportunities to 'buy local' and minimal packaging options.	Purchasing Policy now references Sustainability approach.	●●○○
	Establish a program to benchmark suppliers.	Tender evaluation process in place with criteria and weighting system applied.	●●●○
	Implement a 'high risk' product or problem material database.	To be implemented formally from 2019.	●●○○
	Revitalise the 'Sustainable Office Program' focusing on travel, paper use, waste and recycling, water, energy in office settings.	Waste and recycling programs in place.	Complete
	Determine the feasibility of using sustainable e-publishing tools for the majority of distribution, paper and printing processes for all marketing material.	PDF and online capabilities available for all regular publications. CBH applications in development.	Complete
Foster more sustainable behaviours and consumption patterns	Implement a tiered training structure for sustainability and environmental aspects relevant to CBH.	Training packages developed in consultation with Learning and Development.	●●●○
	Implement an annual communications and education strategy in support of an international/national environmental significant day (e.g. World Environment Day).	As part of HSE communications plan 2021.	●●○○
Improve water use efficiencies and protect water quality	Identify and communicate baseline water consumption figures centred on areas of potential wastage.	23 per cent reduction against five year usage average.	●●●○
	Determine feasibility of installing rainwater tanks in all new developments.	Rainwater tanks installed at some sites, however not in place for all new developments.	●●○○
	Undertake feasibility studies of stormwater harvesting options from CBH sites and facilities.	Goomalling site collects run-off for community use. Pingrup project operational. Involved in additional Department of Water and Environmental Regulation (DWER) projects.	●●●○
	Undertake formal water audits at major facilities.	Consumption patterns tracked at all CBH sites.	●●●○
	Implement water quality guideline for wash down areas on CBH sites focused on best practice controls.	Audits to be conducted at CBH sites against Environmental Management Standard for wash down areas.	Complete
	Review water quality monitoring programs.	Water monitoring conducted at all high risk sites.	Complete
Reduce waste produced and maximise resource recovery and recycling	Reuse and recycle strategies implemented for major waste streams.	Reuse and recycling systems established for wall liners, sample bags, PVC tarps, fluro tubes, oil, paper, cardboard, co-mingled, e-waste, packaging and mobile phones. Goal is 0 per cent waste to landfill by 2030.	●●●○
	Establish baseline waste generation and recycling of all CBH sites.	CBH has agreements with several recycle providers. Uptake of reporting has been inconsistent across the Group, due to number of different providers and waste streams requiring managing.	●●○○
	Implement four closed loop recycling programs.	Grain dust at Metro Grain Centre and Kwinana Grain Terminal. Waste oil at major sites. Supplier take back on PVC tarps.	●●●○
	Implement responsible waste days for CBH employees to utilise CBH waste systems for difficult domestic waste items such as car batteries and polystyrene.	Battery collection continued at major sites.	Complete

Community

CBH supports many groups, organisations and providers each year to deliver services, events and opportunities to people living in our grain growing communities through our Community Investment Fund.

ACHIEVEMENTS FROM THE YEAR

$1.5m invested in our regional communities

Boosted regional mental health support to $200,000 a year

Regional capacity building and leadership programs continued

$25,000 for the Royal Flying Doctor Service's COVID-19 readiness

CBH is proud to be actively involved with and supportive of the communities in which we operate, contributing to their development and long-term sustainability.

With our Community Investment Fund, we support regional projects, organisations and services across the areas of regional leadership development, health and wellness, arts and culture, and sports and recreation. We also seek to support communities with grassroots community grants as well as our agricultural industry as a whole.

CBH continued supporting regional Western Australian organisations as they tackled a changing economic environment and worked to recover from the COVID-19 pandemic. Where organisations have had to cancel or postpone services and events, we committed to maintaining our financial contributions where possible, to support a swift recovery from the economic impact of the pandemic and a return to normal operations.

In addition to our $150,000 annual partnership, we provided $25,000 to the Royal Flying Doctor Service of WA (RFDS) "Response Ready for WA" campaign. The campaign raised money to fund new equipment and other materials that the service required for the pandemic.

Regional leadership development

A large part of our fund is directed towards building regional capacity and leadership skills in our communities.

We support and deliver programs which build strength, resilience, knowledge and skills for future industry leaders to work towards a sustainable and profitable grain growing industry.

CBH proudly delivers or supports the:

- Growing Leaders Scholarship Program with Leadership WA
- Grass Roots Leadership Short Course with AIM and UWA
- Not-for-profit community governance training
- Muresk and CBH Group Grain Industry Scholarship
- Nuffield Scholarship
- AgriFuture's Rural Women's Award
- Leeuwin Ocean Adventure Foundation
- Clontarf Academy

Community-based grower groups play an important role connecting growers and encouraging collaboration and knowledge-sharing to benefit grower farm businesses. We support a number of grower groups across the state with annual partnerships.

Arts

In 2020, we completed our seventh year of partnership with Musica Viva, delivering its award-winning music education program to schools throughout regional Western Australia. Since 2014, CBH has contributed more than $255,000 to the program, reaching 1,361 students in 31 schools through 18 programs.

For the first time this year we supported the Perth Symphony Orchestra through a $15,000 sponsorship to enable the expansion of its regional tour with performer Phil Walley-Stack. Our sponsorship of concerts at Moora, Northam and Albany resulted in free entry for all community members and included community and school workshops.

In May, we joined with FORM's Scribblers Festival to launch a new visual storytelling competition for young people in regional areas to explore how creativity can play a part in keeping us connected during the COVID-19 pandemic and beyond.

The initiative gave regional families access to creative mentoring opportunities and a platform and outlet to showcase their creativity, resilience and connect with a wider community.

Health and safety

CBH continued supporting Ronald McDonald House through the sponsorship of a room at its Nedlands house which provides accommodation support to families from grain growing regions whose children are receiving medical treatment in Perth. Additionally, we supported the charity's Giving Day Online Fundraising Event with $25,000 committed.

For the second year we provided assistance to four regional non-profit organisations who provide crisis accommodation to those in need including Albany Youth Services, Esperance Crisis Accommodation, STAY Geraldton and Northam Men's Lodge.

In 2019, we partnered with peer-to-peer learning organisation Rural Edge to develop and deliver a new workshop: "Farm Safety – Safeguarding your Business and People". In addition to assisting the development of this new workshop, CBH supported delivery of 11 workshops in 2020.

Partnering up to boost regional mental health support

CBH has joined forces with four leading mental health service organisations in a new three-year, $600,000 partnership to improve the mental health of Western Australian regional communities.

Lifeline WA, Youth Focus, Mental Illness Fellowship WA and Black Dog Institute will become part of the CBH Regional Mental Wellness Program, which was established in 2015 and seeks to increase access to mental health services across our grain growing communities.

The new partnerships were launched in September following World Suicide Prevention Day (R U OK Day).

Mental health remains a significant issue for regional Western Australia, prompting the search for more partners to provide services, and an increase in funding for the program to $200,000 a year.

The extended program will allow this type of support to reach more growers and community members, with our four partners delivering new or expanded services, programs and campaigns for regional Western Australians in the areas of prevention, intervention and continuing care.

Community

Sport and recreation

CBH has been a long-term supporter of sport in regional areas, investing more than $100,000 each year in regional sporting groups.

We continued our partnership with the Western Australian Country Football League, with our sponsorship contributing to the 12 leagues, 72 clubs and 291 teams across our grain growing communities.

We were also proud to again support Hockey WA and Tennis West's regional programs, including Hockey WA's State Country Championships and the Tennis West annual regional roadshow.

Grass Roots community grants

Our Grass Roots community grants program marked a major milestone, reaching a total of $1.5 million in grants awarded over the past five years to 500 community groups, clubs and organisations across regional Western Australia.

The grants program attracts hundreds of funding applications each funding round from community organisations located in grain growing areas. The program seeks to fill funding gaps for regional events and projects that directly benefit growers and their communities.

We provided $300,000 to 73 community groups and organisations this year in two rounds of grants in February and August.

Harvest Mass Management Scheme

In conjunction with Main Roads WA, the Harvest Mass Management Scheme (HMMS) allows growers to forfeit grain from overloaded trucks during harvest with the proceeds from the sale of the grain provided to charities nominated by growers and CBH employees.

The program resulted in $150,000 being raised which was donated to nine charities predominantly delivering health and wellbeing services to regional Western Australia.

Since the scheme began in 2012, more than $1.5 million has been donated.

People

Our people are the heart of our organisation, and we aim to create a strong culture where people feel valued, accountable and supported in their roles as we all work towards the shared purpose of creating and returning value to our growers.

ACHIEVEMENTS FROM THE YEAR

Supporting our people through the COVID-19 pandemic

Building organisational capability through development

Significant improvement in our culture over the past 12 months

CBH has a permanent workforce of approximately 1,100 employees, supported by up to 1,800 casuals during harvest, working across more than 100 locations in Western Australia, South Australia and Asia.

During the year, we had a strong focus on providing our people development opportunities through a combination of face-to-face, virtual and online activities. These included compliance and safety-related training, as well as programs to support career progression and development.

Managing the COVID-19 pandemic

Similar to organisations across the world, CBH faced the challenge of supporting our people through the COVID-19 pandemic which drastically changed the way we work in a short period of time.

In March, as COVID-19 impacted Australia, leaders at CBH acted quickly to keep our people safe while continuing to move grain to port to meet export demand. More than 400 employees shifted from working in an office to working remotely, enabled by support from our IT team and communications infrastructure.

We were well placed to transition quickly with most impacted employees already using technology including laptops and computer-based phones which were in place prior to the pandemic. Collaborative technologies such as Skype, Microsoft Teams and Sharepoint meant our central teams and internal functions were able to continue supporting our frontline teams.

The rapid development and deployment of operational plans to create rotating rosters and increase hygiene protocols onsite minimised disruption and allowed us to manage, move and transport grain.

Leaders are working closely with their teams to preserve some of the positive elements that emerged including the ability to work flexibly and improve work/ life balance, and a continued focus on mental health and wellbeing.

Building a strong culture

In August, we conducted our annual employee survey on culture, the Organisational Health Index.

We worked on improving strategic clarity, individual role clarity, operational management through setting and monitoring key performance indicators and effective consequence management in relation to performance outcomes.

As a result, we saw a significant score increase from 2019 to the top of the third quartile when compared with global benchmarks.

Our people highlighted top quartile behaviour in relation to customer focus, inspirational leadership, talent development, government and community relations, and creating an open and trusting environment while noting significant improvement in the areas of accountability, innovation and learning, work environment and capabilities.

We will continue to embed processes and tools that create clarity on our strategic direction and the role individuals play in achieving those outcomes, and we will put in place clear operating plans and metrics to assess our performance and develop clear links between performance and outcomes for individuals.

Acknowledgement of Service

20 years	Nick Fisher	Shane Haines	Lindy McMiles
	Graham Foster	Bill Harper	Lee Nilan
	Dean Giles	Steven Lambe	Barry Niss
	Peter Ware	Al Wright	
25 years	Justin Bayles	Darryl Palmer	Andy Young
	Greg Bond	Darryl Penny	Steven Monk
	Vince Hastings	Jodi Robinson	Greg Stephens
30 years	Kerry Adams	Mai Ho	Simon McBeath
	Graeme Altus	Geoff Crogan	David Palmer
	Geoff Cecil		
35 years	Tony Bunter	John Pendergrast	Val Pavlich
	Stephen Jeeves	Colin Stephen	Glen Miller
	Luke Taplin	Giancarlo Zinetti	
40 years	Neil Berry	Trever Holt	Wayne Killen
	Neville Haines	Graeme Howard	Colin Vince
	Mark Whyte		
45 years	Brendan Simmons		

Celebrating a 49-year career

In July we farewelled one of our longest-serving employees, Jak Davidovic as he entered a well-earned retirement from his role as a Plant Operator at the Albany Grain Terminal.

Jak commenced his employment at CBH in 1971 at the age of 18 working at the Albany Grain Terminal where he worked in a variety of office-based positions for 25 years before taking an opportunity to move into an operational role at the terminal.

His lengthy career saw big change over the years with larger harvests and advances in technology driving a transition from tractor driven rail wagons unloaded with the help of a shovel, to the larger, automated systems and equipment we have now.

Jak holds fond memories of his time at CBH, highlighting the diversity of the work, his interest in the industry and comradeship with his colleagues as the reasons for his choosing to stay with CBH for 49 years.

As a highly respected member of the team, Jak leaves a legacy that will be hard to replicate. His dedication and loyalty to CBH is to be commended and we wish him all the best for the next chapter in his life.

Corporate Governance

This statement outlines the main corporate governance practices of the CBH Group's framework of governance for the year ended 30 September 2020.

CBH has in place a comprehensive Corporate Governance Charter setting out the role, responsibilities and powers of Directors and documenting the way the Board of the co-operative functions. The Corporate Governance Charter is regularly reviewed and revised as necessary.

In June 2020, the Board, under its newly appointed leadership of Simon Stead (Chair) and Natalie Browning (Deputy Chair), commenced a detailed review of its corporate governance practices. The process involved an extensive review of the governance practices and documents of successful co-operative peers and other governance bodies from around the world. The review also included face-to-face grower consultation sessions across the State and a comprehensive grower survey.

Following the governance review and grower feedback, various governance improvements are being implemented. Those improvements which require changes to the CBH Rules are being proposed to members for their consideration at the 2021 Annual General Meeting and will require support from a two-thirds majority of members who vote.

The CBH website (www.cbh.com.au) contains further information on the 2020 governance review as well as copies or summaries of key corporate governance policy documents currently in place.

Role and responsibilities of the Board

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

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

The CBH Board is responsible for and has the authority to determine all matters relating to the policies, practices, management and operations of the co-operative. It is required to do all things that may be necessary to achieve the co-operative's objectives. The Board has the final responsibility for the successful operations of the co-operative. The role of the Board is documented on the CBH website, however a summary of the principal functions of the Board include:

- approving and monitoring the overall strategic direction for the CBH Group
- establishing a framework for corporate governance and an environment of appropriate internal controls
- determining and approving the appointment and terms and conditions of employment and the terms of removal of the CEO and the Company Secretary
- determining and approving the setting and measuring of performance objectives and the remuneration and incentives of the CEO
- appointing appropriately skilled Independent Directors
- determining and modelling the appropriate culture for the CBH Group
- focusing on the creation of grower value
- identifying and monitoring the management of organisational risks
- monitoring compliance with legislative, environmental, occupational health and safety and ethical standards

Role and responsibilities of the CEO

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

The CEO's responsibilities include:

- ensuring a safe workplace for all personnel at all times
- proposing to the Board any changes to the strategy on an annual basis
- constructing, with the Lead Team, programs to implement the strategy set by the Board
- selecting and negotiating the terms and conditions of appointment of Lead Team members in consultation with the Board's Remuneration and Nomination Committee
- spokesperson for CBH Group's performance matters and operational announcements
- spokesperson for the Board on policy and strategic issues as delegated by the Chairman or the Board
- providing strong leadership to, and effective management of, the CBH Group in order to:
    - encourage co-operation and teamwork
    - build and maintain staff morale at a high level
    - build and maintain a strong sense of staff identity with, and a sense of allegiance to, the CBH Group
- forming management committees and working parties from time-to-time to assist in the orderly conduct of the Group's business
- keeping the Board up to date and informed of all major activities of the Group

Board structure

The CBH Rules currently provide for the following Board structure:

- Nine Member Directors. These Directors are elected from five districts. There are two Directors elected by Members from each of Districts 1, 2, 3 and 4 and one Director elected by Members from District 5. These Member Directors can have their main grain growing interests in any district.
- The appointment by the Board of up to three Independent Directors as the Board considers appropriate to provide expertise or skills in certain fields that will broaden the overall experience of the Board of Directors.

Following the 2020 governance review, the Board is seeking member approval at the 2021 Annual General Meeting for a reduction in Board size from 12 to 10 Directors comprising five District-elected Member Directors, two Statewide-elected Member Directors and up to three Independent Directors.

The Board appoints a representative of the Western Australian Electoral Commission as returning officer to conduct the Member Director elections in accordance with the CBH Rules.

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

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

There is no maximum age limit for a Director.

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

Name of Director	Date first appointed	Period of Office **	Current term commenced	Term expires
T J Bartlett*	28 February 2012	8 years 10 months	23 February 2018	February 2021
N A M Browning (Deputy Chair)	23 February 2018	2 years 10 months	23 February 2018	February 2021
K J Fuchsbichler	4 April 2007	13 years 8 months	22 February 2019	February 2022
D A Lock*	22 February 2019	1 year 10 months	22 February 2019	February 2022
B E McAlpine	28 February 2012	8 years 10 months	23 February 2018	February 2021
A J Mulgrew*	24 February 2015	5 years 10 months	20 February 2020	February 2023
J D O'Neil	20 February 2020	10 months	20 February 2020	February 2023
J N Seaby	22 February 2019	1 year 10 months	22 February 2019	February 2022
K M Seymour	20 February 2020	10 months	20 February 2020	February 2023
S R Stead (Chair)	23 February 2015	5 years 10 months	23 February 2018	February 2021
H Woodhams	10 August 2020	4 months	10 August 2020	February 2022

* Independent Director

** Period of office as a Director of CBH as at December 2020

All current Directors are Non-Executive Directors and, in addition to their role as a Director of CBH, each Director is also a Director of CBH Grain Pty Ltd. All Directors have formal letters of appointment.

In accordance with CBH's Rules, CBH Directors elect the Chair and Deputy Chair. Mr Simon Stead is the elected Chair and Ms Natalie Browning is the elected Deputy Chair.

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

Details of the background, experience and skills of each of the Directors is contained in pages 12 to 13 of the Annual Report.

Induction of new Directors

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

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

Role of individual Directors and conflicts of interest

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

Meetings of Directors

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

The number of meetings of the co-operative's Board of Directors and of each standing Board Committee held during the financial year ended 30 September 2020 and the number of meetings attended by each Director are set out in the Directors' Report.

Board access to information and independent professional advice

The Board has an Information Seeking Protocol which enables Directors to have access to required information to support the Board decision making process. In addition, any Director can request approval from the Chair or Deputy Chair, which will not be unreasonably withheld, to seek independent professional advice at the co-operative's expense to support a Director in fulfilling his or her duties and responsibilities as a Director.

Directors and officers insurance and deeds of indemnity and access

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

Diversity

The Board is committed to workplace diversity, recognising the many and varied benefits that gender diversity and broader dimensions of diversity that reflect our community, brings to an organisation. The Board supports management in its endeavours to achieve and maintain a diverse and inclusive workforce at all levels of CBH.

Furthermore, the Board respects and values the benefit of Board diversity and the different perspectives that it brings, and is supportive of appropriate initiatives to encourage Board diversity whilst at the same time respecting merit and the democratic process of Member Director Elections.

Knowledge, skills and experience

The Board aspires for its Directors to possess the requisite skills, experience and attributes to optimise the ability for CBH to achieve its objectives as a grower-owned co-operative, and is supportive of appropriate initiatives to further this aim.

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

Director education

To support Directors in the appreciation of their role and responsibilities, the CBH Board has adopted a Director Development Policy which requires that all Directors attend and graduate from the Australian Institute of Company Directors (AICD) Company Directors Course within their first term as a Director. For any Member Director seeking re-election who has not graduated from the AICD Company Directors Course, CBH will advise members of this fact prior to members considering whether or not to re-elect them.

The Director Development Policy also requires each Director to undertake a minimum number of professional development hours. This has been impacted this year by the inability for Directors to attend seminars and conferences due to the COVID-19 pandemic and restrictions on public gatherings. Directors are required to prepare a professional development plan having regard to their individual requirements and to discuss their plan with the Chair. Subject to prior approval, the reasonable cost of these development activities is met by the co-operative.

Committees of the Board

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

- Audit and Risk Management Committee
- Remuneration and Nomination Committee
- Investment Committee (disbanded during the year)
- Workplace Health and Safety Committee
- Network and Engineering Committee
- Share Transfers and Documents Committee

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

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

Details of Director attendance at committee meetings during the financial year is set out in the table on page 56. Directors that are not members of a particular committee are entitled to attend committee meetings as observers.

Audit and Risk Management Committee

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

The Committee reviews CBH Group financial statements, accounting policies and matters raised as a result of internal and external audit findings. In addition, the Committee reviews risk management policies, risk management reporting and the risk management framework.

The members of the Audit and Risk Management Committee as at the date of this report are as follows:

Mr David Lock (Chair)

Mr Trent Bartlett

Ms Natalie Browning

Mr Alan Mulgrew

Mr John O'Neil

Ms Helen Woodhams

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

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

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

The Committee met six times during the financial year ended 30 September 2020.

Remuneration and Nomination Committee

The primary functions of the Remuneration and Nomination Committee are to assist the Board in relation to setting and adhering to the CBH remuneration policies and practices, and to ensure the Board is of an effective composition to adequately discharge its duties and responsibilities.

The members of the Remuneration and Nomination Committee as at the date of this report are as follows:

Mr Trent Bartlett (Chair)

Mr Kevin Fuchsbichler

Mr Jeff Seaby

Mr Ken Seymour

Mr Simon Stead

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

The Committee met six times during the financial year ended 30 September 2020.

Investment Committee

The primary functions of the Investment Committee were to:

- review with management significant investment opportunities on behalf of the CBH Group and make recommendations to the Board;
- review with management potentially ceasing one of the primary activities of CBH and making recommendations to the Board;
- ensure that all investments recommended to the Board accord with the terms of the Investment Policy;
- ensure that reporting to the Board on the performance of investments is clear, consistent and balanced; and
- foster and maintain a trusting and productive relationship with management in the pursuit of new investments and the monitoring and reporting of existing investments.

The Committee met once during the financial year ended 30 September 2020. The Committee was no longer considered a necessary standing Committee and was therefore disbanded during the financial year. The Board may convene a temporary Investment Working Group to consider future investment opportunities as and when required.

Workplace Health and Safety Committee

The primary function of the Workplace Health and Safety Committee is to support and advise the Board in respect of all workplace health and safety matters facing the CBH Group.

The members of the Workplace Health and Safety Committee as at the date of this report are as follows:

Mr Brian McAlpine (Chair)

Mr Kevin Fuchsbichler

Mr John O'Neil

Ms Helen Woodhams

Mr Jimmy Wilson (CEO)

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

The Committee met four times during the financial year ended 30 September 2020.

Network and Engineering Committee

The primary function of the Network and Engineering Committee is to oversee and monitor the application of the Board Network Policy.

The members of the Network and Engineering Committee as at the date of this report are as follows:

Mr Brian McAlpine (Chair)

Ms Natalie Browning

Mr Alan Mulgrew

Mr Jeff Seaby

Mr Ken Seymour

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

The Committee met seven times during the financial year ended 30 September 2020.

Share Transfers and Documents Committee

The primary functions of the Share Transfers and Documents Committee are to consent to transfers of shares on behalf of the Board, and to approve changes to documents requiring Board approval under the Co-operatives Act 2009 or the CBH Rules.

The Committee consists of Board representative, Mr Simon Stead and members of management.

The Committee met three times during the financial year ended 30 September 2020.

Audit governance and independence

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

The co-operative's current external auditor is KPMG, who was appointed at the 2015 Annual General Meeting. The appointment and remuneration of the external auditor and its effectiveness, performance and independence is reviewed annually by the Audit and Risk Management Committee.

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

In order to assist in ensuring the independence of the external auditor, the external audit partner is rotated every five years at a minimum.

KPMG has provided a declaration to the Audit and Risk Management Committee for the financial year ended 30 September 2020 that it has maintained its independence in accordance with the Australian Charities and Not-for-profits Commission Act 2012 and any applicable code of professional conduct.

Risk identification and management

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

- Risk and internal audit – the Chief Audit and Risk Officer has a dual reporting line to the Chief Legal, Risk and Governance Officer and the Chair of the Audit and Risk Management Committee and is responsible for monitoring, investigating and reporting on internal control systems
- Financial reporting – there is a comprehensive budgeting system with an annual budget approved by the Directors. Monthly actual results are reported against budget and revised forecasts for the year are prepared regularly
- Insurance – there is a comprehensive annual insurance program, including external risk surveys
- Financial risk management – there are policies and procedures for the management of market risk, financial risk and treasury operations including exposures to foreign currencies, interest rates and commodity risks
- Compliance – there are systems and processes in place to ensure compliance with laws, regulations, internal policies and industry standards
- Due diligence – there are comprehensive due diligence procedures for acquisitions and divestments
- Crisis management – there are crisis management and business continuity systems for all key businesses in the Group
- Lead Risk Committee – there is a disciplined approach to the identification and management of risk with a Lead Risk Committee comprising the Chief Executive Officer, the Chief Audit and Risk Officer and the Lead Team, meeting on a regular basis
- There is also a separate Marketing and Trading Risk Committee which addresses risks specific to marketing, trading and chartering activities. This committee reports to the Lead Risk Committee and provides additional business level governance and risk management oversight

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

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

Director remuneration and performance review

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

At the 2018 Annual General Meeting, the co-operative's members approved Director remuneration at an aggregate amount of $1,365,296 to be divided amongst Directors in such manner as they determine with Directors being entitled to receive, in addition to this amount, statutory superannuation entitlements and reimbursement for reasonable travel and other expenses incurred by them in the performance of their duties. The co-operative does not have a formal scheme for retirement benefits for Directors other than statutory superannuation.

Set out below is the Directors' remuneration for the financial year ended 30 September 2020:

Name	Role	Directors' Fees ($)	Superannuation ($)	Total ($)
Simon Stead	Chair (i) (ii)	155,934	14,814	170,748
Wally Newman	Chair (i)	96,461	9,164	105,625
Natalie Browning	Deputy Chair (ii)	109,055	10,360	119,415
Trevor Badger	Director (iii)	59,835	5,684	65,519
Trent Bartlett	Independent Director; Chair – Remuneration & Nomination Committee	114,632	10,890	125,522
Vern Dempster	Director (iv)	37,714	3,583	41,297
Kevin Fuchsbichler	Director	94,588	8,986	103,574
David Lock	Independent Director; Chair – Audit and Risk Management Committee	119,999	11,400	131,399
Rod Madden	Director (v)	38,562	3,663	42,225
Brian McAlpine	Director; Chair – WHS Committee and Network & Engineering Committee (vi)	101,723	9,664	111,387
Alan Mulgrew	Independent Director	94,588	8,986	103,574
John O'Neil	Director (vii)	56,572	5,374	61,946
Ken Seymour	Director (vii)	56,572	5,374	61,946
Jeff Seaby	Director	94,588	8,986	103,574
Helen Woodhams	Director (viii)	12,692	1,206	13,898
Total		**1,243,515**	**118,134**	**1,361,649**

(i) Simon Stead replaced Wally Newman as Chair, and Wally Newman resigned from the Board on 1 April 2020

(ii) Natalie Browning replaced Simon Stead as Deputy Chair on 1 April 2020

(iii) Trevor Badger was removed from the Board on 15 May 2020

(iv) Vern Dempster resigned from the Board on 20 February 2020

(v) Rod Madden resigned from the Board on 17 February 2020

(vi) Brian McAlpine was elected Chair of the Network and Engineering Committee on 1 April 2020

(vii) John O'Neil and Ken Seymour were elected to the Board effective 20 February 2020

(viii) Helen Woodhams was elected to the Board effective 10 August 2020

In addition to the above, Alan Mulgrew, David Lock and Vern Dempster all acted as Directors of Interflour Group Pte Ltd (IFG), in which CBH holds a 50% interest, throughout the financial year. During the financial year Alan Mulgrew ($20,000), David Lock ($8,000) and Vern Dempster ($8,000) each received IFG Director fees.

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

Executive remuneration and performance review

The remuneration package and performance standards for the CEO are overseen by the Remuneration and Nomination Committee. The Committee also acts as a sounding board to the CEO in respect of remuneration packages for Lead Team members.

Remuneration framework

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

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

Figure 1: Remuneration Framework

<table>
<tr><th>Objective</th><th>Attract and Retain Top Talent</th><th>Reward Performance Aligned to Business Strategy</th><th colspan="2">Reward Performance Aligned to Longer Term Business Strategy + Retention of Key Talent</th></tr>
<tr><td>Element</td><td>Fixed Remuneration</td><td colspan="3">'At Risk' Remuneration</td></tr>
<tr><td rowspan="2">Component</td><td rowspan="2">Paid Salary, Benefits and Superannuation</td><td colspan="2" rowspan="2">Short Term Incentive</td><td>Long Term Incentive</td></tr>
<tr><td>Retention Bonus</td></tr>
<tr><td rowspan="2">Focus</td><td rowspan="2">Pay for role size, responsibility and competence</td><td rowspan="2">Pay for high performance aligned to individual plan and corporate performance</td><td colspan="2">Retention of key talent</td></tr>
<tr><td colspan="2">Achievement of superior longer term performance metrics</td></tr>
</table>

Annual reviews

Annually the Remuneration and Nomination Committee reviews and recommends to the CBH Board the performance standards and remuneration results for the CEO.

A formal Performance Management Program is in place which is reviewed at least six monthly. Performance improvement plans and processes are available should a Lead Team member be underperforming. Written employment contracts exist for all Lead Team members, which include provisions for terminating the employment relationship should the Performance Improvement Plan not result in improved performance results.

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

Executive remuneration

CBH Group remuneration structures are aligned to the external market, considering role grading, labour market conditions and the CBH Group business performance. CBH uses external data sourced from remuneration specialists, such as Korn Ferry Group and Mercer Rewards. Remuneration models are regularly benchmarked to the Perth market for companies within the Industrial and Services sectors. This ensures remuneration remains fair and market competitive.

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

Set out below is the remuneration of the CEO, CFO and Chiefs of the two key business units for the financial year ended 30 September 2020.

Name	Title	Base Salary $'000	Super $'000	Total Fixed Employment Cost $'000	Other Benefits * $'000
Jimmy Wilson	Chief Executive Officer	926	23	949	8
Doug Warden	Chief Financial Officer	577	21	598	-
Jason Craig	Chief Marketing and Trading Officer	514	21	535	-
Ben Macnamara	Chief Operations Officer	488	21	509	16

The remuneration reported includes paid leave taken but excludes any leave provision or period of unpaid leave.

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

Short Term and Long Term Incentives

In all cases, individual performance is linked to the delivery of outcomes against the CBH Group Tactical Plan.

Short Term Incentives (STI)

STIs are determined based on individual performance and group performance against Key Result Areas (KRAs) set by the Board annually. The KRAs have been designed to drive positive outcomes in areas such as group financial performance, sustainability and safety, network capacity and efficiency. This structure ensures that the payment of STIs to Lead Team members is linked to the enhancement of grower value, and more closely aligns the interests of Lead Team members and growers.

The STI target is calculated as a percentage of Total Fixed Employment Cost for Lead Team members and Total Fixed Remuneration for the Chief Executive Officer, as shown in the following table. Total Fixed Remuneration is calculated as Total Fixed Employment Cost plus the value of Other Benefits.

The STI targets, level of achievement and actual STIs earned in respect of the financial year ended 30 September 2020 for the CEO, CFO and Chiefs of the two key business units are shown in the table below.

Name	Title	STI Target (% of fixed remuneration)	STI Result (% of fixed remuneration)	Actual STI $'000
Jimmy Wilson	Chief Executive Officer	100	100	950
Doug Warden	Chief Financial Officer	75	75	452
Jason Craig	Chief Marketing and Trading Officer	50	50	270
Ben Macnamara	Chief Operations Officer	50	50	257

Long Term Incentives (LTIs) and retention payments

LTIs reward the creation of grower value over sustained periods of time and are designed to ensure an optimal balance between short and longer term business performance. Additionally, retention bonuses are used to retain key talent, especially where those individuals factor into CBH's succession planning. Both LTIs and retention payments are used only in exceptional circumstances.

The CEO's LTI performance period is three years, during which the Board set targets against long term Key Result Areas to assess performance and grower value created over time. Each year during the performance period, a proportion of the target LTI is accrued to apportion the value of the incentive equally (i.e. $400,000 per annum) across each financial year. At the end of the LTI performance period, the Board determines the extent to which Key Result Area targets have been achieved and determines the quantum of the incentive to be paid at the maturation date. While accruals toward this payment occur throughout the LTI performance period, until the maturation date, the CEO does not receive an LTI payment.

As shown in the table below, although $1.2 million was accrued over the 3 years of the CEO LTI performance period of FY 18,19 and 20, as not all the CEO's LTI targets were met by 30 September 2020, the actual amount to be paid in December 2020 was $756,000.

Accrual / Payment Type	Financial Year Ending Sep 2018 $'000	Financial Year Ending Sep 2019 $'000	Financial Year Ending Sep 2020 $'000
LTI Accrual	400	400	400
LTI Payment	0	0	756

Code of Conduct

The Board, as part of its corporate governance framework, has documented the expectations of Directors as well as a Code of Ethics as an appropriate standard of conduct that is to be followed by all CBH Directors. The Board also maintains a Directors' Code of Behaviour and takes a "zero tolerance" approach to material breaches of that Code. As members would be aware, a governance committee was formed during the year to investigate alleged breaches by Mr Trevor Badger of the Directors' Code of Behaviour. The Board upheld the findings of the governance committee and requested Mr Badger to resign, which he declined to do. Mr Badger was removed as a director by members at a special general meeting convened for that purpose on 15 May 2020.

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

The Business Code of Conduct encourages the reporting of unlawful and unethical behaviour, actively promotes and monitors compliance with the Business Code of Conduct and protects those that report breaches in good faith. The Business Code of Conduct is published on the Corporate Governance section of the CBH website.

In support of CBH's commitment to the highest standards of conduct and ethical behaviour in all of its business activities and to promote and support a culture of honest and ethical behaviour, the CBH Group has in place a Whistleblower Policy. The purpose of the Whistleblower Policy is to encourage staff and third parties to raise concerns and report instances of improper or corrupt conduct, where there are reasonable grounds to suspect such conduct, without fear of intimidation, disadvantage or reprisals. As part of the Whistleblower Policy, an employee or third party is able to report a matter via a secure and confidential whistleblower hotline operated by an external party. The Whistleblower Policy is published on the Corporate Governance section of the CBH website.

Communication with members

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

The Annual Report is available to all members and an invitation to attend the CBH Annual General Meeting and Member Forum is sent to all members where they are given opportunities to address issues with the Board and management. In addition, the auditors of the co-operative are available at the Annual General Meeting to address specific issues raised by members in relation to the audit if required.

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

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

CBH conducts grower surveys to assess grower attitudes to a range of CBH related issues including its grower communication strategy.

The co-operative reviews and updates the contents of its website on a regular basis.

In addition, the Growers' Advisory Council supports in the effective communication between the co-operative and its grower members.

Growers Advisory Council

The Growers' Advisory Council (GAC) comprises growers from each CBH District and is considered by the CBH Board as an important forum in which local, industry and CBH Group specific issues are discussed for the benefit of the co-operative and local regions.

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

The GAC consists of 16 Councillors. All Councillor terms will be for a period of four years and Councillors may not renominate for a further term. Accordingly, up to four Councillors will retire annually and their positions up for appointment. If considered desirable by the selection panel, the incumbent Chair may sit for an additional two years, taking their term to a maximum period of six years. Members of the Growers' Advisory Council as at the date of this report are as follows:

Mr Neville McDonald (Chair)

Mrs Renee Lynch

Ms Romina Nicoletti

Mr Stephen Strange

Mr Michael Caughey

Mrs Stephanie Clarke

Mr Craig Doney

Mr Gerard Paganoni

Mr Jeffrey Stoney

Mr Andrew Chambers

Mr Daniel Sanderson

Mr Noel Heinrich

Mr Tony White

Mr Graham Ralph

Mr Bruce Trevaskis

Directors' Report

For the year ended 30 September 2020

The Directors submit the financial report of Co-operative Bulk Handling Limited (the "Co-operative" or "CBH") and its controlled entities (the "Group") for the financial year ended 30 September 2020.

Directors and Company Secretary

The following persons held office as Directors of Co-operative Bulk Handling Limited during the financial year ended 30 September 2020 and up to the date of this report unless otherwise noted:

S R Stead, Chair

N A M Browning, Deputy Chair

T N Badger
(removed 15 May 2020)

T J Bartlett

V A Dempster
(resigned 20 February 2020)

K J Fuchsbichler

D A Lock

R G Madden
(resigned 17 February 2020)

B E McAlpine

A J Mulgrew

W A Newman
(resigned 1 April 2020)

J D O'Neil
(appointed 20 February 2020)

J N Seaby

K M Seymour
(appointed 20 February 2020)

H Woodhams
(appointed 10 August 2020)

A summary of the qualifications, experience and special responsibilities of each of the Directors is set out on pages 12 and 13 of the Annual Report.

A summary of the qualifications and experience of the Company Secretary is set out on page 15 of the Annual Report.

Meetings of Directors

The table below sets out the number of Directors' meetings and meetings of the standing board committees of the Co-operative held during the financial year ended 30 September 2020 and the number of meetings attended by each Director.

	Scheduled Board Meetings		Unscheduled Board Meetings		Audit & Risk Management Committee		Remuneration & Nomination Committee		Workplace Health and Safety Committee		Network and Engineering Committee		Investment Committee	
Director	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
T N Badger	4	4	7	6	-	-	4	4	-	-	-	-	1	1
T J Bartlett	7	7	8	6	6	5	6	6	-	-	-	-	-	-
N A M Browning	7	7	8	8	6	6	-	-	-	-	7	7	-	-
V A Dempster	3	3	5	5	-	-	3	3	-	-	-	-	-	-
K J Fuchsbichler	7	7	8	8	-	-	6	6	4	4	-	-	-	-
D A Lock	7	6	8	8	6	5	-	-	-	-	-	-	1	1
R G Madden	3	3	5	5	-	-	-	-	-	-	3	3	1	1
B E McAlpine	7	7	8	7	5	5	-	-	4	4	7	7	-	-
A J Mulgrew	7	7	8	8	1	1	-	-	-	-	7	7	1	1
W A Newman	4	3	6	5	-	-	4	4	-	-	-	-	-	-
J D O'Neil	4	4	3	3	1	1	-	-	1	1	-	-	-	-
J N Seaby	7	7	8	7	-	-	2	2	3	3	7	7	-	-
K M Seymour	4	4	3	3	-	-	2	2	-	-	2	2	-	-
S R Stead	7	7	8	8	5	5	2	2	-	-	-	-	-	-
H Woodhams	1	1	-	-	-	-	-	-	-	-	-	-	-	-

As the Board's representative on the Share Transfers and Documents Committee, Mr Wally Newman attended two and Mr Simon Stead attended one of the three Share Transfers and Documents Committee meetings held during the year.

Principal activities

The principal activities undertaken by the Group during the financial year comprised grain storage, handling, marketing, trading and oat processing. In addition, the entity has interests in fertiliser retailing and flour processing facilities.

Review of operations

The Group recorded a profit after income tax of $11,037,000 (2019: loss after income tax of $29,667,000). The Group's result includes a $12,157,000 profit after tax recorded by the Marketing and Trading business unit, a loss after tax of $10,867,000 in the Operations business unit and a profit after tax of $8,150,000 from grain processing investments.

Due to the current global COVID-19 pandemic, management continues to monitor the impact of the pandemic on the financial performance of the Group. As at the end of the financial year, CBH has not seen a material impact on its financial performance resulting from COVID-19.

The Group adopted AASB 16 Leases on 1 October 2019. For more details, refer to Note 30 (a).

The significant financial and operational items during the financial year were:

- Revenue decreased by (23)% to $3,235,563,000. The decrease in revenue was driven by reduced grain production in Western Australia. This led to reduced grain sales in the Marketing and Trading business unit and also lower grain storage and handling revenues in the Operations business unit.
- The Operations business unit received 9.8 million tonnes of grain into its storage facilities during 2020 (2019: 16.4 million tonnes), while exporting 10.4 million tonnes during the financial year (2019: 13.8 million tonnes).
- The Marketing and Trading business unit traded 6.9 million tonnes (2019: 8.9 million tonnes) during the financial year, with the reduction reflecting lower seasonal grain production in Western Australia.
- Net operating cash inflow for the year was $542,094,000. The large cash inflow was primarily due to the significant sell down of inventory by Marketing and Trading during the 2020 financial year. In comparison during the 2019 financial year an increase in traded grain inventories contributed to an operating cash outflow of $124,042,000.
- Group capital expenditure was $200,675,000.

Operations

The Operations business unit recorded a loss after tax of $10,867,000 (2019: profit after tax of $99,500,000). The loss was primarily due to of lower harvest volumes of 9.8 million tonnes versus 16.4 million tonnes received in 2019. The loss was tempered by earnings flowing from the increased level of export and domestic outturns (relative to the harvest size) which saw carryover stock levels reduced from 2.9 million tonnes in 2019 to 1.0 million tonnes in 2020. The increase in outturns was driven by both strong international and domestic demand for grain throughout the year. As a result of the loss no grower rebate was declared for 2020 (2019: $16,408,000 $1.00 per tonne).

Marketing and Trading

The Marketing and Trading business unit recorded a profit after tax of $12,157,000 (2019: loss after tax of $119,259,000) in the face of challenging markets impacted by the global COVID-19 pandemic and continued geopolitical tensions, resulting in the loss of China as an export market for barley. The business unit continues to rebuild equity after the significant trading losses in 2019 and therefore no grower rebate has been declared for 2020 (2019: nil).

Significant changes in the state of affairs

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

Significant events after year end

Subsequent to 30 September 2020, CBH Grain Pty Ltd negotiated the following facilities with various banks for the acquisition of grain over the 2020/21 season:

- Syndicated debt facility of $900,000,000;
- Banking facilities of $780,000,000; and
- Trade facilities of $200,000,000.

The facilities have been executed and are on similar terms and conditions to prior season facilities.

Other than the matters disclosed above, there are no other subsequent events which require disclosure.

Likely developments and expected results of operations

Likely developments in, and expected results of, the operations of the Group in subsequent years, to the extent that they would not be considered unreasonably prejudicial to the Group if disclosed, are referred to in the financial report and in the Annual Report.

Environmental regulation

The operations of the Group are subject to various Commonwealth and State environmental legislation and regulations.

The Group aims to control the impact of its activities on the environment as far as reasonably possible and to ensure that its operations are conducted in accordance with legislative requirements.

During the year CBH received a modified penalty under the provisions of the Environmental Protection (Unauthorised Discharges) Regulations 2004 for a single event where grain dust from ship loading activities was observed as settling on Cockburn Sound. CBH worked constructively with the Department of Water and Environmental Regulation to implement improvements around ship loading and berth hygiene to resolve the matter.

Further details regarding the Group's environmental activities and performance can be found in the "Health, Safety and Environment" section of the Annual Report.

Options

No options over unissued shares in the Co-operative were in existence at the beginning of the financial year or granted during, or since the end of the financial year.

Proceedings on behalf of the Co-operative

No proceedings have been brought on behalf of the Co-operative, nor have any applications been made in respect of the Co-operative under Part 4, Division 6 of the *Co-operatives Act 2009*.

Indemnification and Insurance

The Co-operative has entered into Deeds of Indemnity, Insurance and Access with each of its Directors, secretaries, certain lead team members and employees serving as officers for wholly owned or partly owned companies of CBH, for any liabilities incurred in or arising out of the conduct of the business of the Co-operative or a related body corporate or the discharge of the duties of any such person.

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

Non-audit services

KPMG, the external auditor of the Co-operative, provided non-audit services in relation to assurance related services to the Group during the financial year. The amount received or due to be received for these assurance related services amounted to $30,000.

The Directors are satisfied that the provision of the above non-audit services by the external auditor during the financial year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 and that all non-audit services were provided in accordance with the CBH Audit Policy and were reviewed by the CBH Audit and Risk Management Committee to ensure that they do not affect the integrity or objectivity of the external auditor.

Auditor's independence declaration

A copy of the declaration given by the Co-operative's external auditor to the Directors in relation to the auditor's compliance with the independence requirements of Australian accounting bodies and the applicable code of professional conduct for external auditors is provided on page 59.

Rounding of amounts

The amounts contained in the financial report have been rounded to the nearest thousand dollars ($'000) unless otherwise stated.

The Directors' report is signed in accordance with a resolution of Directors.

S R Stead
Director

2 December 2020

KPMG

Auditor's Independence Declaration under subdivision 60-C section 60-40 of Australian Charities and Not-for-profits Commission Act 2012

To the Directors of Co-operative Bulk Handling Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 September 2020 there have been:

i. no contraventions of the auditor independence requirements as set out in the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Jane Bailey

KPMG

Jane Bailey
Partner
Perth
2 December 2020


JOHN DEERE

Financial Report - 30 September 2020

ABN 29256604947

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 September 2020

	Notes	2020 $'000	2019 $'000
Revenue	5(a)	**3,235,563**	4,189,611
Other gain/(losses)	5(b)	**(5,166)**	(74,514)
Raw materials, traded grains and consumables used	6(a)	**(2,402,022)**	(3,178,267)
Employee benefits expense	6(b)	**(198,892)**	(193,384)
Depreciation and amortisation		**(129,241)**	(102,225)
Storage, handling and freight expenses	6(c)	**(244,577)**	(343,877)
Marketing and trading expenses	6(d)	**(173,605)**	(253,580)
Insurance		**(9,124)**	(8,562)
Rent expense		**(5,028)**	(12,739)
Other expenses	6(e)	**(35,102)**	(57,436)
Interest expense		**(20,326)**	(25,640)
Share of profit/(loss) from associates	11	**5,964**	(14,849)
Profit/(loss) before income tax		**18,444**	(75,462)
Income tax (expense)/benefit	7	**(7,407)**	45,795
Profit/(loss) attributable to members of Co-operative Bulk Handling Limited		**11,037**	(29,667)
Other comprehensive income/(expense)			
Items that will not be reclassified to the profit or loss			
Share of other comprehensive income from associates		**1,579**	3,966
Items that may be reclassified subsequently to the profit or loss			
Net gain on cash flow hedge		**-**	3
Foreign currency translation (loss)/gain		**(6,935)**	8,468
Share of other comprehensive (expense)/income from associates		**(6,791)**	11,342
Other comprehensive (expense)/income for the year, net of tax		**(12,147)**	23,779
Total comprehensive expense for the year, attributable to members of Co-operative Bulk Handling Limited		**(1,110)**	(5,888)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

As at 30 September 2020

	Notes	2020 $'000	2019 $'000
ASSETS			
Current assets			
Cash and cash equivalents	19	**256,929**	194,207
Trade and other receivables	13	**241,396**	287,057
Derivative financial instruments	23(d)	**89,668**	27,588
Inventories	14	**177,687**	651,573
Income tax receivable		**-**	6,388
Prepayments		**4,719**	3,437
Total current assets		**770,399**	1,170,250
Non-current assets			
Trade and other receivables	13	**35,035**	35,391
Investments in associates	11	**112,082**	117,950
Derivative financial instruments	23(d)	**4,282**	56
Other financial assets	12	**1,490**	1,787
Property, plant and equipment	8	**1,258,611**	1,170,117
Intangible assets and goodwill	9	**62,647**	64,248
Lease assets	16(a)	**168,080**	-
Deferred tax assets	7	**28,852**	34,676
Total non-current assets		**1,671,079**	1,424,225
Total assets		**2,441,478**	2,594,475
LIABILITIES			
Current liabilities			
Trade and other payables	15	**104,351**	183,643
Interest bearing loans and borrowings	20	**248,059**	480,261
Derivative financial instruments	23(d)	**55,202**	47,622
Income tax payable		**10**	-
Provisions	18	**33,166**	29,956
Lease liabilities	16(a)	**20,751**	-
Other liabilities	17	**26,528**	58,354
Total current liabilities		**488,067**	799,836
Non-current liabilities			
Trade and other payables	15	**412**	7,497
Derivative financial instruments	23(d)	**2,758**	259
Provisions	18	**39,584**	28,732
Lease liabilities	16(a)	**153,616**	-
Total non-current liabilities		**196,370**	36,488
Total liabilities		**684,437**	836,324
Net assets		**1,757,041**	1,758,151
EQUITY			
Contributed equity	21(a)	**4**	4
Reserves	21(c)	**1,607,126**	1,632,311
Retained earnings		**149,911**	125,836
Total equity		**1,757,041**	1,758,151

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

Consolidated statement of changes in equity

For the year ended 30 September 2020

	Ordinary shares Note 21 $'000	Capital levy reserve Note 21 $'000	General reserve Note 21 $'000	Foreign currency translation reserve Note 21 $'000	Cash flow hedge reserve Note 21 $'000	Retained earnings $'000	Acquisition Reserve Note 21 $'000	Total equity $'000
Balance at 1 October 2019	4	52,587	1,598,232	(17,635)	302	125,836	(1,175)	1,758,151
Profit/(loss) for the year	-	-	-	-	-	11,037	-	11,037
Other comprehensive income/(expense)	-	-	-	(6,935)	-	-	-	(6,935)
Share of associates' movement in reserves	-	-	-	(5,696)	(1,095)	1,579	-	(5,212)
Total comprehensive income/(expense) for the year	**-**	**-**	**-**	**(12,631)**	**(1,095)**	**12,616**	**-**	**(1,110)**
Transfer (to)/from reserves/retained earnings	-	-	(11,459)	-	-	11,459	-	-
At 30 September 2020	**4**	**52,587**	**1,586,773**	**(30,266)**	**(793)**	**149,911**	**(1,175)**	**1,757,041**

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

Consolidated statement of changes in equity

For the year ended 30 September 2020

	Ordinary shares Note 21 $'000	Capital levy reserve Note 21 $'000	General reserve Note 21 $'000	Foreign currency translation reserve Note 21 $'000	Cash flow hedge reserve Note 21 $'000	Retained earnings $'000	Acquisition reserve Note 21 $'000	Total equity $'000
At 1 October 2018	5	52,587	1,497,276	(36,694)	(452)	252,493	(1,175)	1,764,040
Profit/(loss) for the year	-	-	-	-	-	(29,667)	-	(29,667)
Other comprehensive income/(expense)	-	-	-	8,468	3	-	-	8,471
Share of associates' movement in reserves	-	-	-	10,591	751	3,966	-	15,308
Total comprehensive income/(expense) for the year	**-**	**-**	**-**	**19,059**	**754**	**(25,701)**	**-**	**(5,888)**
Transfer (to)/from reserves/retained earnings	-	-	100,956	-	-	(100,956)	-	-
Shares cancelled	(1)	-	-	-	-	-	-	(1)
At 30 September 2019	**4**	**52,587**	**1,598,232**	**(17,635)**	**302**	**125,836**	**(1,175)**	**1,758,151**

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

Consolidated statement of cash flows

For the year ended 30 September 2020

	Notes	2020 $'000	2019 $'000
Cash flows from operating activities			
Receipts from customers		**3,418,877**	4,497,783
Payments to suppliers and employees		**(2,871,105)**	(4,599,099)
		547,772	(101,316)
Interest received		**8,157**	9,626
Interest and other costs of finance paid		**(18,872)**	(25,496)
Income taxes refunded/(paid)		**5,037**	(6,856)
Net operating cash flows	19	**542,094**	(124,042)
Cash flows from investing activities			
Payment for acquisition of subsidiary, net of cash acquired		**-**	(2,107)
Payments for property, plant and equipment		**(217,870)**	(189,774)
Proceeds from sale of property, plant and equipment		**719**	203
Payments for intangible assets		**(10,428)**	(20,039)
Term deposits (net)		**(1,461)**	10,169
Loans to growers		**(136,170)**	(128,644)
Loans repaid by growers		**114,229**	174,415
Repayments from/(loans to) CBH Grain Pools		**23,186**	(3,859)
Loans to associated entities		**-**	(44,330)
Proceeds from sale of other financial assets		**305**	-
Net investing cash flows		**(227,490)**	(203,966)
Cash flows from financing activities			
Proceeds from borrowings		**1,406,000**	2,155,000
Repayment of borrowings		**(1,638,000)**	(1,775,000)
Repayment of lease liabilities		**(19,376)**	-
Net financing cash flows		**(251,376)**	380,000
Net increase in cash and cash equivalents		**63,228**	51,992
Cash and cash equivalents at the beginning of the financial year		**194,207**	139,820
Effects of exchange rate changes on cash and cash equivalents		**(506)**	2,395
Cash and cash equivalents at end of year	19	**256,929**	194,207

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

Notes to the consolidated financial statements

For the year ended 30 September 2020

Overview

1. General information

The consolidated financial statements of Co-operative Bulk Handling Limited (the "Co-operative" or "CBH") and its controlled entities (the "Group") for the year ended 30 September 2020 were authorised for issue in accordance with a resolution of the Directors on 2 December 2020.

CBH is a not-for-profit co-operative limited by shares held by grain growers and domiciled in Western Australia.

The principal activities undertaken by the Group during the financial year comprised grain storage, handling, marketing and trading and oat processing. In addition the Group has interests in flour processing facilities and fertiliser retailing.

2. Basis of preparation

This general purpose financial report has been prepared in accordance with the requirements of the *Co-operatives Act 2009,* the *Australian Charities and Not-for-profits Commission Act 2012* Division 60 and Australian Accounting Standards. The financial report has also been prepared on a historical cost basis, except for grain inventory held for trading which has been measured at fair value less costs of disposal and certain financial instruments which have been measured at fair value.

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

The financial report covers a period of 12 months from 1 October 2019 to 30 September 2020.

The financial report presents reclassified comparative information where required for consistency with the current year's presentation.

a. Statement of compliance

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board (AASB).

This is the first set of the Group's annual financial statements in which AASB 16 *Leases* and IFRIC 23 *Uncertainty Over Income Tax Treatments* have been applied. Changes to significant accounting policies are described in Note 30.

b. Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries controlled by CBH as at 30 September 2020 and the results of all subsidiaries for the year then ended. CBH and its subsidiaries together are referred to in this financial report as the Group or consolidated entity. Subsidiaries are entities controlled by the Group.

c. Foreign currency

The consolidated financial statements are presented in Australian dollars (AUD) which is CBH's functional and presentation currency. For each controlled entity, the Group determines the functional currency. The functional currency of overseas subsidiaries are United States Dollars (USD), Hong Kong Dollars (HKD), Japanese Yen (JPY), Swiss Franc (CHF) and Russian Ruble (RUB).

(i) Transactions and balances

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the reporting date exchange rate. Non-monetary assets and liabilities that are measured at fair value in foreign currency are translated into the functional currency at the exchange rate when the fair value was determined.

Foreign currency differences are generally recognised in profit or loss. However, foreign currency differences arising from the translation of qualifying cash flow hedges to the extent that the hedges are effective, are recognised in other comprehensive income ("OCI").

(ii) Foreign operations

The assets and liabilities of foreign operations, which includes investments in associates, are translated into the presentation currency of the Group at the reporting date exchange rate. The income and expenses of foreign operations are translated using average rates of exchange for the year.

The exchange differences arising on translation of foreign operations are recognised in OCI and accumulated in the foreign currency translation reserve.

When a foreign operation is disposed of in its entirety or partially, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

3. Significant accounting judgements, estimates and assumptions

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

As the COVID-19 pandemic continues to impact Australia and the world, the Group's focus remains on keeping its people well, and maintaining safe and reliable operations. The Group has considered the impact of COVID-19 on each of its significant accounting judgements and estimates, particularly with respect to assumptions used in determining expected credit losses on receivables, valuation of non-current assets and going concern. At this stage no further significant estimates have been identified as a result of COVID-19, however management is monitoring the increased level of uncertainty in all future cash flow forecasts used in asset valuation and financial viability.

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

Current grower value

This section provides information on the Group's performance, including the results of each individual business unit and details of specific line items in the profit or loss.

4. Business unit results

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

Business unit	Principal activities
Operations (grain storage and handling)	Receiving and exporting of grain.
Freight Fund	Transporting of grain to port.
Marketing and Trading	Acquiring and trading grain; vessel chartering; provision of financial products and grain pools management services.
Grain Processing (i)	Milling of wheat and oats; malting operations.
Corporate Services	Provision of central support functions and other corporate entity activities.
Other	Fertiliser supply, stevedoring services and captive insurance.
Eliminations (ii)	Business unit eliminations include intra-group dividends, revenues, expenses, assets and liabilities related to intra-group transactions eliminated on consolidation.

(i) Includes 100% of the revenue, assets and liabilities of Blue Lake Milling Pty Ltd, and 50% of the revenue, assets and liabilities of Interflour Group Pte ("IFG") and Pacific Agrifoods Limited ("PAL").

(ii) IFG and PAL equity accounted investments are reinstated in eliminations to reconcile to the statutory results.

The Lead Team monitors the results of the business units separately for the purposes of making decisions about resource allocation and performance assessment.

Business unit performance is evaluated based on operating profit or loss.

Transfer prices between the business units are performed on a commercial basis in a manner similar to transactions with third parties.

4. Business unit results (continued)

Year ended 30 September 2020	Operations (grain storage and handling) $'000	Freight Fund $'000	Marketing and Trading $'000	Grain Processing $'000	Corporate Services $'000	Other $'000	Eliminations $'000	Total $'000
Business unit revenue								
Revenue	224,166	146,675	2,689,392	546,531	1,841	72,066	(445,108)	3,235,563
Intra-unit revenue	150,639	519	25,510	-	69,920	2,683	(249,271)	-
Total business unit revenue	**374,805**	**147,194**	**2,714,902**	**546,531**	**71,761**	**74,749**	**(694,379)**	**3,235,563**
Total business unit results								
Profit/(loss) before tax	(10,867)	-	18,125	9,090	(592)	2,137	551	18,444
Income tax expense	-	-	(5,968)	(940)	-	(499)	-	(7,407)
Profit/(loss) after tax	**(10,867)**	**-**	**12,157**	**8,150**	**(592)**	**1,638**	**551**	**11,037**
Other business unit information								
Interest revenue	3,710	62	6,318	6	2,803	119	(3,203)	9,815
Interest expense	(3,578)	(2,709)	(15,283)	(964)	(558)	(437)	3,203	(20,326)
Depreciation and amortisation expense	(93,833)	(19,789)	(4,600)	(3,442)	(6,623)	(954)	-	(129,241)
Unrealised gain/(loss) on financial instruments	47	-	53,276	62	(2,342)	(9)	-	51,034
Share of profit/(loss) from associates	-	-	-	5,964	-	-	-	5,964
Assets (excluding investments in associates)	1,733,555	204,035	545,426	437,961	260,895	51,542	(904,018)	2,329,396
Investment in associates	-	-	-	-	-	-	112,082	112,082
Total assets	**1,733,555**	**204,035**	**545,426**	**437,961**	**260,895**	**51,542**	**(791,936)**	**2,441,478**
Capital expenditure	188,992	67	672	3,668	7,276	-	-	200,675
Total liabilities	**187,515**	**204,035**	**337,662**	**302,740**	**299,019**	**21,909**	**(668,443)**	**684,437**

4. Business unit results (continued)

Year ended 30 September 2019	Operations (Grain Storage and Handling) $'000	Freight Fund $'000	Marketing and Trading $'000	Grain Processing $'000	Corporate Services $'000	Other $'000	Eliminations [i] $'000	Total $'000
Business unit revenue								
Revenue	346,137	218,721	3,503,226	588,724	1,388	63,419	(515,596)	4,206,019
Intra-unit revenue	177,940	-	7,645	-	66,323	1,133	(253,041)	-
Grower patronage rebates	(16,408)	-	-	-	-	-	-	(16,408)
Total business unit revenue	**507,669**	**218,721**	**3,510,871**	**588,724**	**67,711**	**64,552**	**(768,637)**	**4,189,611**
Total business unit results								
Profit/(loss) before tax	99,500	-	(166,218)	(14,353)	1,456	4,672	(519)	(75,462)
Income tax benefit/(expense)	-	-	46,959	(249)	-	(1,180)	265	45,795
Profit/(loss) after tax	**99,500**	**-**	**(119,259)**	**(14,602)**	**1,456**	**3,492**	**(254)**	**(29,667)**
Other business unit information								
Interest revenue	11,922	126	6,993	-	1,628	283	(12,899)	8,053
Interest expense	-	(1,688)	(34,823)	(1,329)	-	(699)	12,899	(25,640)
Depreciation and amortisation expense	(78,667)	(9,052)	(5,359)	(2,960)	(5,990)	(197)	-	(102,225)
Unrealised gain/(loss) on financial instruments	(2)	-	(32,340)	171	2	(3)	(1,148)	(33,320)
Share of profit/(loss) from associates	-	-	-	(15,172)	-	323	-	(14,849)
Assets (excluding investments in associates)	1,715,839	140,304	1,016,720	512,892	228,219	47,990	(1,185,439)	2,476,525
Investment in associates	-	-	-	-	-	-	117,950	117,950
Total assets	**1,715,839**	**140,304**	**1,016,720**	**512,892**	**228,219**	**47,990**	**(1,067,489)**	**2,594,475**
Capital expenditure	244,836	27	1,572	4,845	5,227	3,193	-	259,700
Total liabilities	**158,925**	**140,304**	**820,799**	**369,121**	**269,806**	**19,997**	**(942,628)**	**836,324**

[i] Six months of Australian Bulk Stevedoring Pty Ltd ("ABS") profit is reinstated in the eliminations column to reconcile to the statutory results as ABS became a subsidiary on 2 April 2019, ABS became a subsidiary on 2 April 2019.

5. Revenue and other income

a. Revenue

	2020 $'000	2019 $'000
Revenue from contracts with customers		
Grain handling services	**211,687**	333,721
Grain freight services	**147,825**	220,563
Grain sales	**2,671,875**	3,486,320
Sales of finished products	**170,610**	133,219
Management fees	**2,674**	3,731
Interest	**9,815**	8,053
Other revenue	**21,077**	20,412
	3,235,563	4,206,019
Grower patronage rebates		
Operations rebate	**-**	(16,408)
Total revenue	**3,235,563**	4,189,611

Recognition and measurement

Revenue is recognised at a point in time when the Group transfers control over a good or service to the customer and is measured based on the transaction price specified in a contract with a customer. Revenue is disaggregated based on the major revenue stream categories above. The following specific recognition criteria must also be met before revenue is recognised:

(i) Grain handling services

Revenue is earned from the receival, storage and handling of grain. Revenue recognition for receival and handling occurs as the service is rendered and for storage, it is recognised over the storage period.

(ii) Grain freight services

Revenue is earned from the movement of grain from up-country receival sites to port by either road or rail and is recognised as the freight movement occurs.

(iii) Grain sales

Revenue is generated from the sale of grain overseas and domestically. Revenue is recognised once the control of goods has transferred from the Group to the customer. The transfer of control of grain usually occurs when title passes to the customer and the customer takes physical possession. The Group principally satisfies its performance obligations at a point in time; the amount of revenue recognised relating to performance obligations satisfied over time for shipping obligations is not significant.

Grain sales are primarily executed in USD. The Group enters foreign currency derivative contracts in order to manage its exposure to fluctuations in foreign exchange rates (refer to Note 23 for the financial risk management policies of the Group). The gain/(loss) on these contracts forms part of other gains and losses and is disclosed in Note 5(b).

(iv) Sales of finished products

Revenue on finished oat products and fertiliser is recognised once the control of goods has transferred to the customer. Revenue is measured based on consideration specified in the contract with the customer.

(v) Management fees

Management fee revenue applicable to the management and administration of CBH Grain Pools is recognised according to when the services are provided.

(vi) Interest

Interest revenue is recognised as the interest accrues (using the effective interest method) to the net carrying amount of the financial asset.

(vii) Other revenue

Other revenue includes chartering revenue, despatch income and address commission. Chartering revenue and despatch are recognised when the relevant shipment has occurred. Address commission is recognised at the time the vessel is fixed.

(viii) Grower patronage rebates

Grower rebates are recognised in the year that they are announced and are apportioned to growers based on their patronage for that year. Grower rebates can be used to offset storage and handling charges when the grower utilises the storage and handling network.

5. Revenue and other income (continued)

b. Other gains/(losses)

	2020 $'000	2019 $'000
Realised gains/(losses) on:		
Foreign currency exchange contracts, swaps and options [i]	**(54,687)**	(111,192)
Commodity derivatives	**(7,739)**	48,336
Other foreign currency exchange (loss)/gain	**(211)**	11,972
Unrealised gains/(losses) on:		
Foreign currency exchange contracts, swaps and options [i]	**61,196**	10,944
Commodity derivatives	**(7,986)**	(42,833)
Other foreign currency exchange (loss)/gain	**(2,176)**	(1,431)
Net gain on disposal of property, plant and equipment	**512**	55
Other income	**5,925**	9,635
	(5,166)	(74,514)

[i] It is the Group's policy to manage its foreign exchange risk through the use of derivative instruments. The 2020 and 2019 realised and unrealised losses on foreign exchange are the result of underlying currency movements. These losses are predominantly offset by foreign currency sales receipts (grain sales) recorded in revenue, refer to Note 5(a). Refer to Note 23 for the financial risk management policies of the Group.

6. Expenses

a. Raw materials, traded grains and consumables used

	2020 $'000	2019 $'000
Fair value change on traded inventory at year end	**62,918**	76,767
Costs of goods sold	**2,340,107**	3,100,530
Changes in other inventories	**(1,003)**	970
	2,402,022	3,178,267

b. Employee benefits expense

	2020 $'000	2019 $'000
Remuneration, bonuses and on-costs	**184,350**	178,900
Defined contribution superannuation	**14,542**	14,484
	198,892	193,384

c. Storage, handling and freight expenses

	2020 $'000	2019 $'000
Storage and handling	**110,268**	129,442
Freight [(i)]	**134,309**	214,435
	244,577	343,877

(i) Freight expenses include the amount CBH pays to rail and road transporters to move grain from up-country receival sites to destination sites.

d. Marketing and trading expenses

	2020 $'000	2019 $'000
Freight and demurrage [(i)]	**137,236**	184,800
Port and export charges	**14,779**	21,700
Storage and handling	**11,267**	25,302
Other [(ii)]	**10,323**	21,778
	173,605	253,580

(i) Freight and demurrage expenses include the amount that the Group pays for ocean and domestic freight.

(ii) Other costs include broker costs, quality testing and assurance services.

6. Expenses (continued)

e. Other expenses

	Notes	2020 $'000	2019 $'000
Professional and consultancy fees		**4,703**	2,661
Software and licences		**10,398**	8,805
Rehabilitation costs		**-**	12,288
Financial assets at fair value through profit and loss ("FVTPL")		**-**	8,808
Provision for credit loss	13	**(37)**	2,410
Other		**20,038**	22,464
		35,102	57,436

7. Income tax

Major components of income tax expense/(benefit) for the year ended 30 September 2020 and the year ended 30 September 2019 are:

	2020 $'000	2019 $'000
Statement of profit or loss and other comprehensive income		
Current income tax		
Current income tax charge	**1,988**	1,908
Adjustments in respect of current income tax of previous years	**(404)**	(174)
Deferred income tax		
Relating to origination and reversal of temporary differences	**5,386**	(47,532)
Adjustments in respect of deferred income tax of previous years	**437**	3
Income tax expense/(benefit) reported in the consolidated statement of profit or loss and other comprehensive income	**7,407**	(45,795)

7. Income tax (continued)

Deferred tax	Consolidated statement of financial position		Consolidated statement of profit or loss and other comprehensive income	
	30 September 2020 $'000	30 September 2019 $'000	30 September 2020 $'000	30 September 2019 $'000
Deferred income tax assets				
Financial liabilities	**17,388**	14,364	**(3,024)**	18,451
Plant and equipment	**123**	106	**(17)**	(35)
Accruals and provisions	**3,760**	4,506	**745**	(152)
Other	**1,016**	273	**(743)**	(42)
Carry forward tax losses	**36,672**	29,603	**(7,069)**	(14,747)
Gross deferred income tax assets	**58,959**	48,852	**(10,108)**	3,475
Deferred income tax liabilities				
Financial assets	**(28,184)**	(9,132)	**19,052**	(26,784)
Plant and equipment	**(1,014)**	(1,653)	**(639)**	(1,415)
Inventories	**(24)**	(2,206)	**(2,182)**	(23,870)
Accrued income	**-**	-	**-**	(141)
Prepayments	**-**	(66)	**(66)**	(31)
Intangible assets	**(784)**	(949)	**(165)**	(165)
Other	**(101)**	(170)	**(69)**	(466)
Gross deferred income tax liabilities	**(30,107)**	(14,176)	**15,931**	(52,872)
Net deferred tax asset	**28,852**	34,676		
Deferred tax expense/(benefit)			**5,823**	(49,397)
Deferred tax expense recognised in retained earnings			**-**	1,426
Deferred tax asset acquired			**-**	442
Deferred tax expense/(benefit) recognised in statement of profit or loss			**5,823**	(47,529)

7. Income tax (continued)

A reconciliation between tax expense and the accounting profit before tax multiplied by the Group's applicable income tax rate is as follows:

	2020 $'000	2019 $'000
Profit/(loss) before income tax expense	**18,444**	(75,462)
At the Group's statutory income tax rate of 30%	**5,533**	(22,639)
Parent entity loss/(profit) (tax exempt)	**3,438**	(29,961)
Other assessable income	**21**	24
Non-assessable income	**119**	-
Non-deductible expenses	**333**	11
Share of equity accounted results of associates	**(1,789)**	4,455
Difference in effective tax rate of overseas subsidiary	**(110)**	243
Prior year adjustments	**27**	28
Other	**(165)**	2,044
Income tax expense/(benefit)	**7,407**	(45,795)

7. Income tax (continued)

Recognition and measurement

(i) Income tax

CBH was retrospectively endorsed by the Australian Taxation Office on 21 March 2014 as a charitable institution by virtue of section 50-5 of the *Income Tax Assessment Act 1997* ("ITAA 1997"), with effect from 1 July 2000.

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

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

Deferred income tax is not recognised:

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

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

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

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

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

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

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

(ii) Other taxes

An Indirect Tax Sharing Agreement ("ITSA") is in force between CBH (as the Representative member) and members of the Goods and Services Tax ("GST") Group with the effect of managing the GST liability of the Group. The ITSA covers indirect taxes which include the GST and fuel tax.

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

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

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

Cash flows are presented in the statement of cash flows on a gross basis: receipts from customers include GST on sales, whilst payments to suppliers include GST on purchases and also the amounts which are payable to or recoverable from the taxation authority, including GST on transactions presented in the statement of cash flows as part of investing or financing activities.

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

Significant accounting judgements, estimates and assumptions

Estimation of current tax payable and current tax expense

The Group adopts a tax policy requiring compliance with all relevant tax laws and regulations and establishes provisions based on reasonable estimates. The Group's existing accounting policy for uncertain income tax treatments is consistent with the requirement in IFRIC 23 *Uncertainty over Income Tax Treatments*.

Recognition of deferred tax asset for carried forward tax losses

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable future taxable profits will be available against which they can be used.

The Group has deferred tax assets for unused tax losses and deductible temporary differences at year end that are available to offset against future taxable profits. The Group's $122,237,000 (2019: $98,676,000) of gross tax losses carried forward comprise realised losses on forward commodity contracts and traded grain inventories. Unrealised gains and losses on forward commodity contracts and traded grain inventories will qualify for inclusion in the Group's taxable income only after the underlying financial asset or liability is disposed of or settled. These tax losses do not expire under the current tax legislation in Australia.

Based on current years' performance and management's estimates, it is considered probable that future taxable profits will be available against which the current tax losses and deductible temporary differences can be used and, therefore, the related deferred tax assets can be realised.

Network and intangible assets

This section provides information on the Group's property, plant and equipment, intangible assets and goodwill.

8. Property, plant and equipment

Carrying amounts of property, plant and equipment

30 September 2020	Land and buildings $'000	Leasehold properties (i) $'000	Office furniture and equipment $'000	Plant and equipment $'000	Motor vehicles $'000	Capital works in progress $'000	Total $'000
Cost							
1 October 2019	1,375,042	8,685	24,969	1,105,411	50,202	101,866	2,666,175
Transfer to lease asset on initial application of AASB 16	-	(8,242)	-	-	-	-	(8,242)
Additions	76,005	96	1,596	34,130	2,659	66,013	180,499
Site rehabilitation / decommissioning	9,748	-	-	-	-	-	9,748
Disposals	(205)	-	(36)	(140)	(453)	(19)	(853)
Transfers from work-in-progress	14,990	-	421	35,867	-	(51,278)	-
At 30 September 2020	1,475,580	539	26,950	1,175,268	52,408	116,582	2,847,327
Accumulated depreciation and impairment							
At 1 October 2019	753,835	3,670	22,127	681,241	35,185	-	1,496,058
Transfer to lease asset on initial application of AASB 16	-	(3,479)	-	-	-	-	(3,479)
Depreciation expense	54,034	26	963	37,642	4,089	-	96,754
Disposals	(202)	-	(28)	(45)	(342)	-	(617)
At 30 September 2020	807,667	217	23,062	718,838	38,932	-	1,588,716
Net book value at 30 September 2020	**667,913**	**322**	**3,888**	**456,430**	**13,476**	**116,582**	**1,258,611**

(i) Opening balance includes leasehold properties reclassified as lease assets (refer Note 16). Closing balance includes leasehold improvements only.

8. Property, plant and equipment (continued)

Carrying amounts of property, plant and equipment (continued)

30 September 2019	Land and buildings $'000	Leasehold properties $'000	Office furniture and equipment $'000	Plant and equipment $'000	Motor vehicles $'000	Capital works in progress $'000	Total $'000
Cost							
At 1 October 2018	1,213,483	8,630	24,566	1,032,385	50,208	100,938	2,430,210
Additions	112,885	80	397	44,025	434	67,874	225,695
Site rehabilitation / decommissioning	10,773	-	-	-	-	-	10,773
Disposals	(1)	(25)	(11)	(26)	(440)	-	(503)
Transfers from work-in-progress	37,902	-	17	29,027	-	(66,946)	-
At 30 September 2019	1,375,042	8,685	24,969	1,105,411	50,202	101,866	2,666,175
Accumulated depreciation and impairment							
At 1 October 2018	706,065	3,404	20,952	645,018	31,177	-	1,406,616
Depreciation expense	47,770	266	1,175	36,223	4,344	-	89,778
Disposals	-	-	-	-	(336)	-	(336)
At 30 September 2019	753,835	3,670	22,127	681,241	35,185	-	1,496,058
Net book value at 30 September 2019	**621,207**	**5,015**	**2,842**	**424,170**	**15,017**	**101,866**	**1,170,117**

8. Property, plant and equipment (continued)

Recognition and measurement

Property, plant and equipment are stated at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses. Cost includes the present value of the estimated costs of dismantling and removing the asset and restoring the site on which it is located. Capital works-in-progress are valued at cost and when the asset is available and ready for use, it is transferred to the appropriate category.

Any gain or loss arising on disposal of an asset is recognised in profit or loss.

(i) Depreciation

Plant and equipment, excluding rail rolling stock, is depreciated over its estimated useful life on a straight line basis commencing from the time the asset is held ready for use.

The expected useful lives for current and comparative periods are as follows:

Buildings: 10-50 years
Plant and equipment: 3-40 years
Motor vehicles: 7-15 years
Office furniture and equipment: 5-20 years

Depreciation of rail rolling stock

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

(ii) Repairs and maintenance

When a major component of an asset is replaced, the costs are capitalised and depreciated. All other repair and maintenance costs are recognised in profit or loss as incurred.

Significant accounting judgements, estimates and assumptions

Impairment policy

The Group assesses indicators of impairment for all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. These include product and manufacturing performance, technology, economic, environmental and political conditions and future product expectations.

If any such indicator exists, the Group makes an estimate of the asset's recoverable amount. An impairment loss is recognised in profit or loss when the carrying amount of the asset exceeds its recoverable amount.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical and industry experience (for plant and equipment), lease term (for leased equipment) and turnover policies (for motor vehicles). Adjustments to useful lives are made when considered necessary. Rail rolling stock of $110,739,000 (2019: $117,427,000) is included in plant and equipment, the depreciation profile is based on the total tonnage moved to port via rail each year as a percentage of total tonnage expected to be moved over the life of the locomotives and wagons.

9. Intangible assets and goodwill

30 September 2020	Goodwill $'000	Software costs $'000	Customer contracts $'000	Software development costs $'000	Total $'000
Cost					
1 October 2019	21,948	153,047	5,500	15,919	196,414
Additions	-	7,150	-	3,278	10,428
Impairment	(575)	-	-	-	(575)
Transfers from work-in-progress	-	10,673	-	(10,673)	-
30 September 2020	21,373	170,870	5,500	8,524	206,267
Accumulated amortisation					
1 October 2019	-	(129,828)	(2,338)	-	(132,166)
Amortisation	-	(10,904)	(550)	-	(11,454)
30 September 2020	-	(140,732)	(2,888)	-	(143,620)
Net book value at 30 September 2020	**21,373**	**30,138**	**2,612**	**8,524**	**62,647**

30 September 2019	Goodwill $'000	Software costs $'000	Customer contracts $'000	Software development costs $'000	Total $'000
Cost					
1 October 2018	18,755	142,719	5,500	6,208	173,182
Additions	3,193	6,305	-	13,734	23,232
Transfers from work-in-progress	-	4,023	-	(4,023)	-
30 September 2019	21,948	153,047	5,500	15,919	196,414
Accumulated amortisation					
1 October 2018	-	(117,931)	(1,788)	-	(119,719)
Amortisation	-	(11,897)	(550)	-	(12,447)
30 September 2019	-	(129,828)	(2,338)	-	(132,166)
Net book value at 30 September 2019	**21,948**	**23,219**	**3,162**	**15,919**	**64,248**

9. Intangible assets and goodwill (continued)

Recognition and measurement

(i) Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses. Goodwill is not amortised, however its carrying amount is assessed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

(ii) Other intangible assets

Other intangible assets include software costs and customer contracts. They have finite useful lives and are measured at cost less accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets are not capitalised except for research and development costs and software.

Intangible assets are amortised over their useful lives using the straight line method. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Amortisation is recognised in profit or loss and included in depreciation and amortisation expense.

The estimated useful lives for current and comparative periods are as follows:

Computer software: 4-8 years
Customer contracts: 10 years

(iii) Software development costs

An intangible asset arising from the development of computer software is recognised only when the Group can demonstrate the technical feasibility of completing the development project, its intention to complete and its ability to use the asset to generate future economic benefits. Purchased computer software is recognised from acquisition date.

Significant accounting judgements, estimates and assumptions

Impairment of goodwill

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units ("CGUs"), or groups of CGUs, that are expected to benefit from the synergies of the combination.

Impairment is determined by assessing the recoverable amount of the CGU to which the goodwill relates. When the recoverable amount of the CGU is less than the carrying amount, an impairment loss is recognised.

Goodwill primarily relates to the acquisition of Blue Lake Milling Pty Ltd ("BLM") in 2015 (carrying amount: $18,180,000) and in 2019, the additional 50% acquisition of ABS (carrying amount: $3,193,000).

Blue Lake Milling
The carrying amount of goodwill relating to the acquisition of BLM in 2015 was $18,180,000. The Group has determined the recoverable amount of BLM using the value in use methodology.

The calculation of value in use is most sensitive to the following key assumptions:

- **Oat volumes and prices:** based on budgeted volumes and prices, adjusted for inflation.
- **Cash flows:** management forecasts projected over a period of five years and a terminal growth factor thereafter.
- **Discount rates:** reflect management's estimate of the time value of money and the risks to the CGU that are not already reflected in the cash flows. In determining appropriate discount rates, regard has been given to the weighted average cost of capital of the entity as a whole and adjusted for business risk specific to BLM. A pre-tax nominal discount rate of 14.29% was applied to the forecast cash flows.
- **Terminal value growth rate:** based on long term growth in agricultural production. A rate of 1.2% was used.

Sensitivity testing of key assumptions indicates that a reasonably possible change in any of the above key assumptions would not result in the carrying value of the CGU materially exceeding its recoverable value.

Investments

This section provides information on the subsidiaries, associates and other financial assets of the Group.

10. Investment in controlled entities

Set out below is a list of material subsidiaries of the Group.

Name of controlled entity	Country of incorporation	Equity holding 2020 %	Equity holding 2019 %
CBH Grain Pty Ltd	Australia	**100**	100
CBH Group Holdings Pty Ltd (i)	Australia	**100**	100
Australian Bulk Stevedoring Pty Ltd	Australia	**100**	100
Bulkwest Pty Ltd	Australia	**100**	100
Westgrains Insurance Pte Ltd	Singapore	**100**	100
CBH Grain Pty Ltd controlled entities			
CBH Grain Asia Ltd	Hong Kong	**100**	100
CBH Grain Japan Co. Ltd	Japan	**100**	100
CBH Grain North America LLC (ii)	USA	**-**	100
CBH Grain North America Trading LLC (ii)	USA	**-**	100
CBH Granary SA	Switzerland	**100**	100
LLC Granary (iii)	Russia	**-**	100
CBH Group Holdings Pty Ltd controlled entities			
CBH Pty Ltd (i)	Australia	**100**	100
CBH (WA) Pty Ltd (i)	Australia	**100**	100
Blue Lake Milling Pty Ltd (i)	Australia	**100**	100
Bulkwest Pty Ltd controlled entities			
CBH Engineering Pty Ltd	Australia	**100**	100

(i) These entities are parties to the Deed of Cross Guarantee and members of the Closed Group as at 30 September 2020. Refer to Note 26.

(ii) These subsidiaries were liquidated effective 9 December 2019.

(iii) The Group disposed of its interest in Granary LLC on 28 February 2020. The disposal of the subsidiary did not have a material impact on the financials of the Group.

Recognition and measurement

Subsidiaries

Subsidiaries are all those entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. The financial statements are prepared for the same reporting year as the parent entity using consistent accounting policies.

In preparing the consolidated financial statements, all intra-group transactions have been eliminated in full.

Significant accounting judgements, estimates and assumptions

CBH Grain Pools

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

11. Investments in associates

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. All associates have a 30 September reporting date.

Details of the Group's associates at the end of the reporting period are as follows:

Name of entity	Place of business/country of incorporation	Ownership interest held by the Group 2020 %	Ownership interest held by the Group 2019 %	Principal activities
Interflour Group entities ("Interflour Group")				
Pacific Agrifoods Limited	British Virgin Islands	**50.0**	50.0	Holding company
Interflour Group Pte Limited ("IFG") [(i)]	Singapore	**50.0**	50.0	Flour milling

[(i)] CBH holds a 50% interest in IFG, the ultimate parent entity of the consolidated Interflour Group of entities. After minority interests are taken into account, CBH effectively holds 45% of the consolidated Interflour Group's net assets.

	2020 $'000	2019 $'000
Carrying amount by entity		
Carrying amount of the Group's interest in Interflour Group	**112,082**	117,950

	2020 $'000	2019 $'000
Share of profit/(loss) from associates by entity		
Interflour Group (see details of material associates below)	**5,964**	(15,172)
ABS [(i)]	**-**	323
Total share of profit/(loss) from associate	**5,964**	(14,849)

[(i)] ABS became a subsidiary on 2 April 2019, all income, assets and liabilities are consolidated in the Group financial statements from this date onwards. The share of profit from 1 October 2018 to 2 April 2019 was $323,000.

11. Investments in associates (continued)

Details of material associates

Interflour Group	2020 $'000	2019 $'000
Movement in carrying amount		
Carrying amount at the beginning of the financial year	**117,950**	105,583
Share of associate profit/(loss) after income tax [i]	**5,964**	(15,172)
Share of associates' movement in reserves [ii]	**(5,212)**	15,308
Unrealised foreign exchange translation movements [iii]	**(6,620)**	6,558
Fair value of shareholder loan [iv]	**-**	5,673
Carrying amount at the end of the financial year	**112,082**	117,950

[i] Share of associates' profits/(losses) after income tax represents the Group's share of profits/losses which is recognised by the Group as an increase/decrease in the carrying amount of the investment in associates.

[ii] Share of associates' movements in reserves include movements in the foreign currency translation, cash flow hedge and defined benefit plan. Foreign currency movements arise from the translation of the financial statements of Interflour Group's subsidiaries into its functional currency USD. The share of associates' movement in reserves will either increase or reduce the carrying amount of the investment in associates.

[iii] Unrealised foreign exchange translation movements arise from the translation of the financial statements of Interflour Group from their USD functional currency into CBH's functional currency, being AUD.

[iv] Fair value of shareholder loan is the difference between the present value of the shareholder loan provided to Interflour Group of $38.7 million and the consideration advanced $44.3 million (US$30.0 million). The present value of the shareholder loan is classified as financial asset measured at amortised cost. Refer to Note 22 for details of classification and measurement of financial assets.

11. Investments in associates (continued)

	Interflour Group 2020 $'000	Interflour Group 2019 $'000
Current assets	**329,769**	419,109
Non-current assets	**361,505**	432,113
Current liabilities	**(229,450)**	(305,350)
Non-current liabilities	**(277,598)**	(340,172)
Net assets	**184,226**	205,700
Net assets (50%)	**92,113**	102,850
Non-controlling interests (50%)	**(9,693)**	(15,681)
Goodwill	**15,312**	16,432
Other intangible assets	**8,677**	8,676
Fair value of shareholder loan	**5,673**	5,673
Carrying amount of the Group's interest in Interflour Group	**112,082**	117,950
Revenue (100%)	**890,215**	1,026,343
Profit/(loss) (100%)	**11,928**	(30,343)
Other comprehensive (expense)/income (100%)	**(10,424)**	30,615
Total comprehensive (expense)/income (100%)	**1,504**	272

Loan to associate

In August 2019, a $44.3 million (US$30.0 million) shareholder loan was provided to Interflour Group to support the flour milling and malting business' turnaround plan and balance current debt and equity levels. The unsecured loan is interest free and repayable on demand after 3 years.

On initial recognition, the fair value of the loan of $38.7 million has been estimated to reflect its interest free terms. The difference between the amount advanced and the loan's fair value ($5.7 million) is recognised as an addition to the carrying value of the Group's investment in Interflour. Fair value has been estimated using a market rate of interest (LIBOR 2.5%). Refer to Note 13 and the carrying amount summary above.

When applying the effective interest method, interest revenue is recognised in the profit or loss on a quarterly basis.

The Group had the following receivable amounts due from the Interflour Group, which excludes any credit loss provision:

	2020 $'000	2019 $'000
Unsecured interest-free USD-denominated loan	**38,583**	39,083

11. Investments in associates (continued)

Recognition and measurement

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. The results and assets and liabilities of associates are incorporated in the consolidated financial statements using the equity method of accounting.

Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate.

Significant accounting judgements, estimates and assumptions

Impairment policy

As outlined in Note 8, the Group assesses indicators of impairment for all assets on an annual basis. Under this policy, management have conducted an estimate of the recoverable amount based on impairment indicators present in the Interflour Group in 2019/20.

Recoverable amount of investment in associates

The Co-operative performed an impairment assessment of the investment in the Interflour Group at year end. The investment's recoverable amount was estimated based on the fair value less cost of disposal method. In estimating the recoverable amount of the investment in Interflour, which assumes adequate funding arrangements will be in place as required, considerable judgement has been exercised in respect of expected future earnings and earnings multiples. Specifically, the following factors have been considered:

- maintainable EBITDA is estimated based on a probability weighted forecast that reflects future expectations;
- the multiple applied is comparable to relevant observable market transactions and listed company valuations; and
- a change in the multiple applied may cause the recoverable amounts to fall below carrying amount.

On the basis of this assessment, the Co-operative is satisfied the carrying amount of the investment in IFG is recoverable. Future changes in the assumptions, including potential impact of the COVID-19 pandemic, upon which this estimate is based may impact the assessment of recoverable amount, and could give rise to an impairment in future periods.

12. Other financial assets

	2020 $'000	2019 $'000
Non-current assets		
Investment in Newcastle Agri Terminal Pty Ltd	**1,490**	1,490
Other	**-**	297
	1,490	1,787

Recognition and measurement

Investment in Newcastle Agri Terminal Pty Ltd ("NAT")

Fair value is determined with Level 3 fair value measurement methods (see Note 23(d)) which use inputs that are not based on observable market data.

The unlisted investment in NAT, a bulk agricultural export facility located in Newcastle, is measured at fair value.

Operating assets and liabilities

This section provides information on the working capital of the Group.

13. Trade and other receivables

	2020 Current $'000	2020 Non-current $'000	2020 Total $'000	2019 Current $'000	2019 Non-current $'000	2019 Total $'000
Trade receivables	**108,429**	**-**	**108,429**	161,680	-	161,680
Loans to growers	**129,021**	**-**	**129,021**	119,319	-	119,319
Other receivables	**8,350**	**-**	**8,350**	12,048	-	12,048
Loan to associate (Note 11)	**-**	**38,583**	**38,583**	-	39,083	39,083
Provision for credit loss	**(4,404)**	**(3,548)**	**(7,952)**	(5,990)	(3,692)	(9,682)
	241,396	**35,035**	**276,431**	287,057	35,391	322,448

The ageing analysis of trade and other receivables is as follows:

As at 30 September 2020	Weighted average loss rate %	Gross carrying amount $'000	Provision for credit loss $'000
Not past due	1.98	273,775	(5,417)
1 - 30 days overdue	1.21	5,118	(62)
31 - 60 days overdue	53.41	2,597	(1,387)
61 - 90 days overdue	0.55	505	(3)
More than 90 days overdue	45.35	2,388	(1,083)
		284,383	**(7,952)**

As at 30 September 2019	Weighted average loss rate %	Gross carrying amount $'000	Provision for credit loss $'000
Not past due	2.03	301,622	(6,114)
1 - 30 days overdue	0.64	24,708	(159)
31 - 60 days overdue	0.20	1,509	(3)
61 - 90 days overdue	15.84	348	(55)
More than 90 days overdue	84.98	3,943	(3,351)
		332,130	(9,682)

13. Trade and other receivables (continued)

Recognition and measurement

(i) Trade receivables

Trade receivables are generally non-interest bearing with 14 to 30 day terms. Trade receivables and other receivables, including amounts owing from related parties are initially recognised at fair value and subsequently measured at amortised cost, less provision for credit loss.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off.

(ii) Loans to growers

Loans receivable from growers are interest bearing and represent funds advanced to growers based on tonnes either:

- Committed to CBH in respect of grower finance (Pre-pay Advantage and Grain for Fertiliser) of $128,031,000 (2019: $95,143,000), or;
- delivered into CBH Grain Pools of $990,000 (2019: $24,176,000).

These receivables are settled by deliveries of grain to the Group and cash received from Pools sales, respectively.

During the year, the interest rates charged on grower finance ranged from 3.20% to 6.45% (2019: 3.45% to 7.45%).

(iii) Provision for credit loss

The provision for credit loss amounted to $7,952,000 (2019: $9,682,000). The general approach has been used to calculate the credit loss on loan to associate and loans to growers in respect of grower finance. The simplified approach has been used for all other receivables.

Significant accounting judgements, estimates and assumptions

The Group makes an estimate of the credit loss in relation to trade and other receivables. Refer to Note 23(b) for details.

Movements in the provision for credit loss were as follows:

	2020 $'000	2019 $'000
At 1 October	**9,682**	7,288
Bad debt written off	**(1,693)**	(16)
Net remeasurement in loss allowance	**(37)**	2,410
At 30 September	**7,952**	9,682

14. Inventories

	2020 $'000	2019 $'000
At fair value less cost of disposal:		
Traded grain	**134,717**	616,063
At lower of cost and net realisable value:		
Raw materials and stores	**27,016**	19,971
Finished goods	**15,954**	15,539
	42,970	35,510
Total inventory	**177,687**	651,573

Recognition and measurement

(i) Traded grain

Traded grain is measured at fair value less costs of disposal, with changes in fair value recognised in the profit or loss.

(ii) Finished goods and other inventories

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs for completion and the estimated costs necessary to make the sale. Cost is determined using the weighted average method and includes materials costs and direct transport and handling costs incurred in bringing the inventories to their present location and condition.

Significant accounting judgements, estimates and assumptions

Valuation of traded grain

Traded grain is valued using either Level 2 or Level 3 fair value measurements (refer to Note 23(d)).

Level 2 is based on the market comparison technique and uses exchange-quoted grain prices, if available, or independent broker assessments, adjusted for quality and location differentials. Level 3 is based on realised sale prices, adjusted for market view and quality and location differentials.

The fair value of inventories is summarised below.

	2020 $'000	2019 $'000
Fair Value Measurement		
Level 2	**115,174**	537,826
Level 3	**19,543**	78,237
	134,717	616,063

A change in the Level 3 input price for inventories of plus/minus 10% would have a proportionate impact on the inventory value, and be recognised in profit or loss.

The following shows the net changes in fair value of Level 3 inventory:

	2020 $'000	2019 $'000
At 1 October	**78,237**	73,273
Purchases	**78,254**	124,595
Sales	**(130,852)**	(115,348)
Written off	**(155)**	(133)
Change in fair value (unrealised)	**(5,941)**	(4,150)
At 30 September	**19,543**	78,237

15. Trade and other payables

	2020 $'000	2019 $'000
Current		
Trade payables	**44,037**	67,031
Accrued expenses	**46,967**	82,420
Grower patronage rebates	**6,185**	25,220
Sundry payables	**7,162**	8,972
	104,351	183,643
Non-current		
Other payables	**412**	7,497

Recognition and measurement

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

(i) Trade payables

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

(ii) Accrued expenses

Accrued expenses include execution cost accruals relating to the sale of grain; capital accruals and other items.

(iii) Grower patronage rebates

Rebates are carried at cost, representing the liability to the Growers based on their patronage. The rebates can be used to offset against future fees and charges.

Grower patronage rebates payable includes prior year unutilised rebates and consists of the Operations rebate of $3,658,000 (2019: $21,589,000), the Marketing and Trading rebate of $2,427,000 (2019: $3,526,000) and the Investment rebate of $100,000 (2019: $105,000).

(iv) Sundry payables

Sundry payables relate to other payables and include levies, captive insurance payable and customer prepayments.

16. Leases

This note provides information on leases where the Group is a lessee.

a. Reconciliation of carrying amounts

	Land and buildings $'000	Rail infrastructure $'000	Vehicles $'000	Other $'000	Total $'000
Lease assets					
Cost					
Upon initial application of AASB 16	69,809	-	4,390	182	74,381
Transfers from property, plant and equipment	8,242	-	-	-	8,242
At 1 October 2019	78,051	-	4,390	182	82,623
Additions	4,977	102,264	1,319	93	108,653
Lease remeasurement	1,316	-	-	-	1,316
At 30 September 2020	**84,344**	**102,264**	**5,709**	**275**	**192,592**

16. Leases (continued)

a. Reconciliation of carrying amounts (continued)

	Land and buildings $'000	Rail infrastructure $'000	Vehicles $'000	Other $'000	Total $'000
Accumulated depreciation					
Transfers from property, plant and equipment	3,479	-	-	-	3,479
At 1 October 2019	3,479	-	-	-	3,479
Depreciation	5,704	13,080	2,169	80	21,033
At 30 September 2020	**9,183**	**13,080**	**2,169**	**80**	**24,512**
Carrying amount at 30 September 2020	**75,161**	**89,184**	**3,540**	**195**	**168,080**

	Total $'000
Lease liabilities	
Upon initial application of AASB 16	81,339
Additions	111,109
Repayments	(23,042)
Lease remeasurements	1,316
Interest expense	3,666
Exchange differences	(21)
Carrying amount at 30 September 2020	**174,367**
At 30 September 2020	
Current	20,751
Non-current	153,616
Carrying amount at 30 September 2020	**174,367**

The Group adopted AASB 16 *Leases* on 1 October 2019. Refer to Note 30(a) for lease transition disclosures and Group accounting policies in relation to the application of the new accounting standard.

The Group leases grain port facilities, land, offices, warehouses, equipment and vehicles. The Group also recognised as a lease a portion of the agreement in relation to Western Australian rail infrastructure.

16. Leases (continued)

b. Other items recognised in profit and loss

In addition to depreciation and interest expense disclosed in paragraph (a) above, the following items have been recognised in the profit and loss in relation to leases.

	Total $'000
Expenses relating to short-term leases	5,028
Variable lease payments	7,905
Total	**12,933**

The total cash out flow for leases in 2020 was $35,970,000.

c. Lease commitments

At 30 September 2020, the Group was committed to short-term leases and the total commitment at that date was $93,000.

Recognition and measurement

When a contract is entered into, the Group assesses whether the contract contains a lease. A lease arises when the Group has the right to direct the use of an identified asset which is not substitutable and to obtain substantially all economic benefits from the use of the asset throughout the period of use.

The Group separates the lease and non-lease components of the contract and account these separately. The Group allocates the consideration in the contract to each component on the basis of their relative stand-alone prices. Non-lease components are items that are not related to securing the use of the underlying asset.

2020 Lease policy under AASB 16

(i) Lease assets

The Group recognises lease assets and lease liabilities at the lease commencement date, which is when the assets are available for use.

The assets are initially measured at cost, which is the present value of future lease payments adjusted for any lease payments made at or before the commencement date, plus any make good obligations and initial direct costs incurred.

Lease assets are subsequently measured at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability. Lease assets are depreciated using straight-line method over the shorter of the useful life or the lease term. When the Group is reasonably certain to exercise an extension option on the lease asset, it is depreciated over the extended lease term.

Lease assets expected useful lives for the current period are as follows:

Land and buildings: 1-99 years
Rail infrastructure: 7 years
Motor vehicles: 1-6 years
Other: 1-7 years

(ii) Lease liabilities

Lease liabilities are initially measured at the present value of future minimum lease payments, discounted using the Group's incremental borrowing rate if the rate implicit in the lease cannot be readily determined. Minimum lease payments are fixed payments (less any lease incentive receivable) or index-based variable payments incorporating the Group's expectations of extension options.

The lease liability is remeasured when there are changes in future lease payments arising from a change in rates, index or lease terms from exercising an extension or termination option. Refer Note 23(c) for maturities of lease liabilities.

(iii) Short-term leases and low-value assets

Short-term leases (12 months or less lease term) and leases of low value assets are recognised as expenses in the consolidated income statement.

16. Leases (continued)

Recognition and measurement (continued)

2019 Lease policy under AASB 117

(i) Lease assets

Until the end of the comparative period, leases were accounted for by applying the principles of AASB 117 *Leases* which classified arrangements as either financial or operating leases. At inception of an arrangement, the Group determined whether an arrangement is or contains a lease.

Finance leases, which transfer to the Group substantially all the risks and rewards of ownership, were capitalised at the lower of their fair value and the present value of the minimum lease payments. Capitalised leased assets were depreciated over the shorter of the estimated useful life of the asset and the lease term.

Assets held under other leases were classified as operating leases and were not recognised in the Group's statement of financial position.

(ii) Lease payments

Operating lease payments were recognised in profit or loss on a straight-line basis over the lease term. Lease incentives were recognised in profit or loss over the lease term.

Finance lease payments were apportioned between the finance charges and the reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges were recognised as an expense in profit or loss.

Significant accounting judgements, estimates and assumptions

Control

Judgement is required to assess whether the contract is, or contains, a lease. A lease arises when the Group has the right to direct the use of an identifiable asset which is not substitutable and to obtain substantially all economic benefits from the use of the asset throughout the period of use. The Group recognises lease assets and liabilities for rail infrastructure when the estimated utilisation is 90% or more share of a route's traffic.

Discount rates

Judgement is required to determine the discount rate when the rate implicit in the lease cannot be readily determined. The incremental borrowing rate is determined with reference to the corporate bond yields with a similar credit rating to the lessee and with similar maturities to the lease term.

Lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

17. Other liabilities

	2020 $'000	2019 $'000
Current		
Deferred revenue [i]	**10,493**	36,091
Freight fund liability [ii]	**16,035**	22,263
	26,528	58,354

[i] Deferred revenue includes freight billing for services not yet performed.

[ii] The freight fund does not operate at a profit. The liability reflects the surplus accumulated from freight operations carried forward to be redistributed to growers in the form of cash rebates or reduced freight rates in future years.

18. Provisions

	Employee benefits provision $'000	Site rehabilitation provision (i) $'000	Restructuring provision $'000	Total $'000
1 October 2019	32,784	23,414	2,490	58,688
Arising during the year	16,534	11,388	-	27,922
Utilised	(11,370)	-	(2,490)	(13,860)
30 September 2020	**37,948**	**34,802**	**-**	**72,750**
30 September 2020				
Current	31,940	1,226	-	33,166
Non-current	6,008	33,576	-	39,584
	37,948	**34,802**	**-**	**72,750**
30 September 2019				
Current	27,466	-	2,490	29,956
Non-current	5,318	23,414	-	28,732
	32,784	**23,414**	**2,490**	**58,688**

Recognition and measurement

Employee benefits

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

Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Balances are calculated to present value at an appropriate pre-tax discount rate.

Site rehabilitation provision

In 2019, the Group raised a site decommissioning provision relating to obligations to dismantle and remove storage and handling assets and to rehabilitate closed sites which are not part of the network plan.

Over time, the provision is increased to record the liability at its present value based on prevailing government bond discount rates. The unwinding of the discount is recognised as an accretion charge in the profit and loss. The increase in 2020 is driven by a reduction in the discount rate (government bond) used to determine the present value of the long term decommissioning obligations.

The carrying amount of the capitalised decommissioning asset is depreciated over the useful life of the related asset (see Note 8).

The Group's assessment of the present value of the site decommissioning provisions requires the use of significant estimates and judgements, including the future cost of performing the work required, timing of the cash flows, discount rates, final remediation strategy and future land use requirements. A change in any of the assumptions used to determine the provisions could have a material impact on the carrying value of the provision. In the case of provisions for sites which remain in use, adjustments to the carrying value of the provision are offset by a change in the carrying value of the related asset. Where the provisions are for sites no longer in use, any adjustment is reflected directly in profit or loss.

Significant accounting judgements, estimates and assumptions

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

Capital and financial risk management

This section provides information on the equity and net debt of the Group. The section also discusses the Group's exposure to various financial risks, how these affect the Group's financial position and how the Group manages these risks.

19. Cash and cash equivalents

	2020 $'000	2019 $'000
Cash at bank and on hand	**98,420**	174,664
Deposits at call	**141,064**	-
Cash - futures accounts at call	**17,445**	19,543
	256,929	194,207

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

Deposits at call are held in Australian Dollars at an average interest rate of 0.59% (2019: nil). Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition. Term deposits that have maturity of more than three months from the date of acquisition are presented as trade and other receivables.

Futures accounts at call are held in US Dollars, Canadian Dollars, Euro and Australian Dollars. Average interest rates on the futures accounts are: US Dollars: -0.25% (2019: 1.5%), Canadian Dollars: -0.75% (2019: 0.75%), Euro: -1.29% (2019: -1.25%), Australian Dollars: -0.4% (2019: 0.1%).

Restricted cash

Futures accounts at call include $15.5 million (2019: $9.0 million) margin deposits on futures contracts.

a. Cash flow reconciliation

	2020 $'000	2019 $'000
Reconciliation of net profit after tax to net cash flows from operations:		
Net profit/(loss) after income tax expense	**11,037**	(29,667)
Adjustments to reconcile profit after tax to net cash flows:		
Depreciation and amortisation	**129,241**	102,225
Financial assets at fair value through profit and loss ("FVTPL")	**575**	8,808
Net profit on disposal of property, plant and equipment	**(512)**	(55)
Share of associates (profit)/loss	**(5,964)**	14,849
Unrealised (gain)/loss on foreign exchange and derivatives	**(51,034)**	33,320
Income tax expense/(benefit)	**7,407**	(45,795)
Net finance costs	**9,694**	12,674
Impairment loss on trade and other receivables	**(37)**	2,410
Other non-cash items	**400**	(64)
Working capital adjustments:		
Decrease/(increase) in inventories	**473,886**	(156,304)
Decrease/(increase) in trade and other receivables	**46,291**	56,263
(Increase)/decrease in prepayments	**(1,287)**	738
(Decrease)/increase in trade and other payables	**(42,765)**	(95,440)
Increase/(decrease) in provisions	**2,668**	(11,397)
(Decrease)/increase in other liabilities	**(31,828)**	6,119

19. Cash and cash equivalents (continued)

a. Cash flow reconciliation (continued)

	2020 $'000	2019 $'000
Reconciliation of net profit after tax to net cash flows from operations:		
Other adjustments:		
Interest received	**8,157**	9,626
Interest paid	**(18,872)**	(25,496)
Income tax paid	**5,037**	(6,856)
Net cash inflow/(outflow) from operating activities	**542,094**	(124,042)

Recognition and measurement

For the purposes of the cash flow statement, cash and cash equivalents consist of cash on hand, deposits and futures held at call with financial institutions and any outstanding bank overdrafts.

20. Interest bearing loans and borrowings

	Notes	2020 $'000	2019 $'000
Secured bank loans	20(e)	**248,059**	480,261

a. Reconciliation of interest bearing loans and borrowings

This section reconciles changes in liabilities arising from financing activities.

	Bank loans $'000
As at 1 October 2019	480,261
Proceeds from borrowings	1,406,000
Repayments	(1,638,000)
Net cash flow on borrowings	(232,000)
Other non-cash movements	(202)
As at 30 September 2020	**248,059**

20. Interest bearing loans and borrowings (continued)

a. Reconciliation of interest bearing loans and borrowings (continued)

Recognition and measurement

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the profit or loss when the liabilities are derecognised.

b. Fair value

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

c. Interest rate and liquidity risk

Details regarding interest rate and liquidity risk are disclosed in Note 23.

d. Terms and conditions

The bank loans are predominantly denominated in Australian Dollars. Bank loans are subject to annual review.

Negative pledge and loan covenants - CBH Grain Pty Ltd

The bank loans of CBH Grain Pty Ltd include a negative pledge that require (subject to certain exceptions) CBH Grain Pty Ltd to not provide any other security over its assets, and covenants to ensure that the following financial ratios and conditions are met throughout the term of the loan facilities:

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

- 100% of cash on hand;
- 90% of grain sold that is either on hand or in the course of delivery;
- 80% of the value of prepayment advances made to growers for the purchase of grain;
- 100% of the mark to market value of grain net open derivative position;
- 80% of the market value of grain that is not sold; and
- 80% of the total value of debtors on terms of 90 days or less.

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

(iii) Paid up equity plus parent guarantee is at least $200,000,000 or its equivalent at all times.

Negative pledge and loan covenants - CBH Ltd

The bank loans of CBH Ltd include a negative pledge that require (subject to certain exceptions) CBH Ltd to not provide any other security over its assets and the following covenant:

(i) Total assets less total intangible assets and total liabilities are not less than $1,000,000,000; and

(ii) Financial indebtedness limit of $500,000,000.

20. Interest bearing loans and borrowings (continued)

e. Financing facilities

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

	Total facility amount $'000	Utilised facility amount $'000	Facility expiry date
Controlled entities			
CBH Grain Facility	200,000	-	21/10/2020
CBH Grain Facility	50,000	50,000	21/10/2020
CBH Grain Facility	75,000	-	21/10/2020
CBH Grain Facility	100,000	-	21/10/2020
CBH Grain Facility	100,000	93,000	21/10/2020
CBH Grain Facility	250,000	35,000	30/11/2020
CBH Grain Facility	100,000	70,000	21/10/2020

The facilities are a combination of bilateral term loans and trade facilities with total facility limits of $875,000,000. As at 30 September 2020, $248,000,000 of the bilateral term loans was drawn down.

Under the financing facilities, the lenders hold fixed and floating securities over the assets of CBH Grain Pty Ltd and its subsidiaries. The interest rate is calculated with reference to the Australian dollar bank bill rate, plus a margin at normal commercial terms. The effective interest rate for the year was 1.39% (2019: 2.38%).

The Directors have approved these facilities, which will be renewed as required. Refer to subsequent events Note 32 for details.

	Total facility amount $'000	Utilised facility amount $'000	Facility expiry date
Controlled entities			
CBH Ltd Facility	70,000	-	09/06/2023
CBH Ltd Facility	60,000	-	09/06/2023
CBH Ltd Facility	70,000	-	09/06/2023

The facilities are bilateral term loans with total facility limits of $200,000,000. As at 30 September 2020, none of the loans were drawn down.

Under the financing facilities, the lenders hold fixed and floating securities over the Co-operative's assets. The interest rate is calculated with reference to the Australian dollar bank bill rate, plus a margin at normal commercial terms.

f. Defaults and breaches

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

21. Contributed equity and reserves

a. Share capital

(i) Ordinary Shares

	2020 $	2019 $
Shares Issued	**4,238**	4,414
	4,238	4,414

Ordinary shares have a par value of $2.00 each. CBH does not have authorised capital.
The right to vote attaches to membership and not shareholding.

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

In relation to the distribution of surplus profits, except for the payment of $2.00 on the cancellation of a paid share, the *Bulk Handling Act 1967* and the Co-operative's Rules prohibit the distribution of any surplus or profits to shareholders.

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

(ii) Movements in ordinary share capital

	Paid shares number	Unpaid shares number	Total number	Issue price $	Share capital $
At 1 October 2018	2,301	1,753	4,054	2.00	4,602
Shares issued (i)	-	87	87	-	-
Shares cancelled (ii)	(94)	(192)	(286)	-	(188)
At 1 October 2019	**2,207**	**1,648**	**3,855**	**2.00**	**4,414**
Shares issued (i)	-	62	62	-	-
Shares cancelled (ii)	(88)	(92)	(180)	-	(176)
At 30 September 2020	**2,119**	**1,618**	**3,737**	**2.00**	**4,238**

(i) During the current year 62 ordinary shares (2019: 87) were issued and remained unpaid as at 30 September 2020. The parent entity retains the right to call on all outstanding ordinary shares at any time in the future. The total number of unpaid ordinary shares is 1,618 (2019: 1,648).

(ii) During the year 179 ordinary shares (88 paid and 91 unpaid) were cancelled through failure to meet the Active Membership Requirements under Rule 4 of the Co-operative's Rules (2019: 94 paid and 192 unpaid). One unpaid share was cancelled due to member resignation (2019: nil).

b. Capital management

The Group's policy is to ensure that CBH is adequately capitalised at all times in order to protect its assets and to create and return value for West Australian growers. Capital consists of total equity and long term debt relating to financing activities. Due to the structure of the business, dividends are not paid to shareholders with sources of capital being through debt finance and retained earnings. Any surpluses created from excess charges to growers beyond the Group's capital requirements are rebated to growers based on their patronage to the business.

The Board is responsible for monitoring and approving the capital management framework within which management operates. Capital is regularly monitored using various benchmarks, with the main internal measures being return on capital employed and gearing (equity to assets ratio).

21. Contributed equity and reserves (continued)

b. Capital management (continued)

	2020 $'000	2019 $'000
Profit/(loss) after tax (A)	**11,037**	(29,667)
Opening capital	**1,758,151**	1,767,018
Closing capital	**1,757,041**	1,758,151
Average capital (B)	**1,757,596**	1,762,585
Return on average equity	**0.6%**	(1.7)%
Total equity (C)	**1,757,041**	1,758,151
Total assets (D)	**2,441,478**	2,594,475
Equity to assets ratio (C/D)	**72.0%**	67.8%

c. Reserves

	2020 $'000	2019 $'000
Capital levy reserve	**52,587**	52,587
General reserve	**1,586,773**	1,598,232
Foreign currency translation reserve	**(30,266)**	(17,635)
Acquisition reserve	**(1,175)**	(1,175)
Cash flow hedge reserve	**(793)**	302
	1,607,126	1,632,311

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

Nature and purpose of other reserves

Capital Levy Reserve

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

General Reserve

The General Reserve is used to hold the transfer of profits or losses relating to CBH from retained earnings as required by the *Bulk Handling Act 1967.*

Foreign Currency Translation Reserve

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

Acquisition Reserve

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

Cash Flow Hedge Reserve

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

22. Financial instruments

The financial assets and liabilities are presented by class in the tables below at their carrying values. Where financial assets and liabilities are held at amortised cost, these generally approximate fair value. Refer to Note 23(d) for more information on the Group's fair value policies and methods.

30 September 2020	Amortised Cost $'000	FVTPL [i] $'000	Total $'000
Assets			
Cash and cash equivalents	256,929	-	256,929
Trade and other receivables	275,101	-	275,101
Derivative financial instruments	-	93,950	93,950
Other financial assets	-	1,490	1,490
Total current and non-current financial assets	**532,030**	**95,440**	**627,470**
Liabilities			
Trade and other payables	104,763	-	104,763
Interest bearing loans and borrowings	248,059	-	248,059
Derivative financial instruments (current and non-current)	-	57,960	57,960
Lease liabilities	174,367	-	174,367
Total current and non-current financial liabilities	**527,189**	**57,960**	**585,149**

30 September 2019	Amortised Cost $'000	FVTPL [i] $'000	Total $'000
Assets			
Cash and cash equivalents	194,207	-	194,207
Trade and other receivables	322,448	-	322,448
Derivative financial instruments	-	27,644	27,644
Other financial assets	-	1,787	1,787
Total current and non-current financial assets	**516,655**	**29,431**	**546,086**
Liabilities			
Trade and other payables	191,140	-	191,140
Interest bearing loans and borrowings	480,261	-	480,261
Derivative financial instruments (current and non-current)	-	47,881	47,881
Total current and non-current financial liabilities	**671,401**	**47,881**	**719,282**

[i] Fair value through profit and loss.

22. Financial instruments (continued)

Classification and subsequent measurement

Financial Assets

On initial recognition, a financial asset is classified as measured at amortised cost or FVTPL. No financial assets have been reclassified subsequent to their initial recognition.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial Assets - Business model assessment

The Group makes assessments of the objectives of the business model in which a financial asset is held at a portfolio level, because this best reflects the way the business is managed and the information provided to management. These information assessments consider:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - for example whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations of future sales activity.

Financial assets that are either held for trading or are managed, and whose performance is evaluated on a fair value basis, are measured at FVTPL.

Financial Assets - Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (for example liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (for example non-recourse features).

Financial Assets - Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

22. Financial instruments (continued)

Derecognition

The Group derecognises financial assets and liabilities when the contractual rights to the cash flows from the financial instrument are discharged, cancelled or expire.

Offsetting financial instruments

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

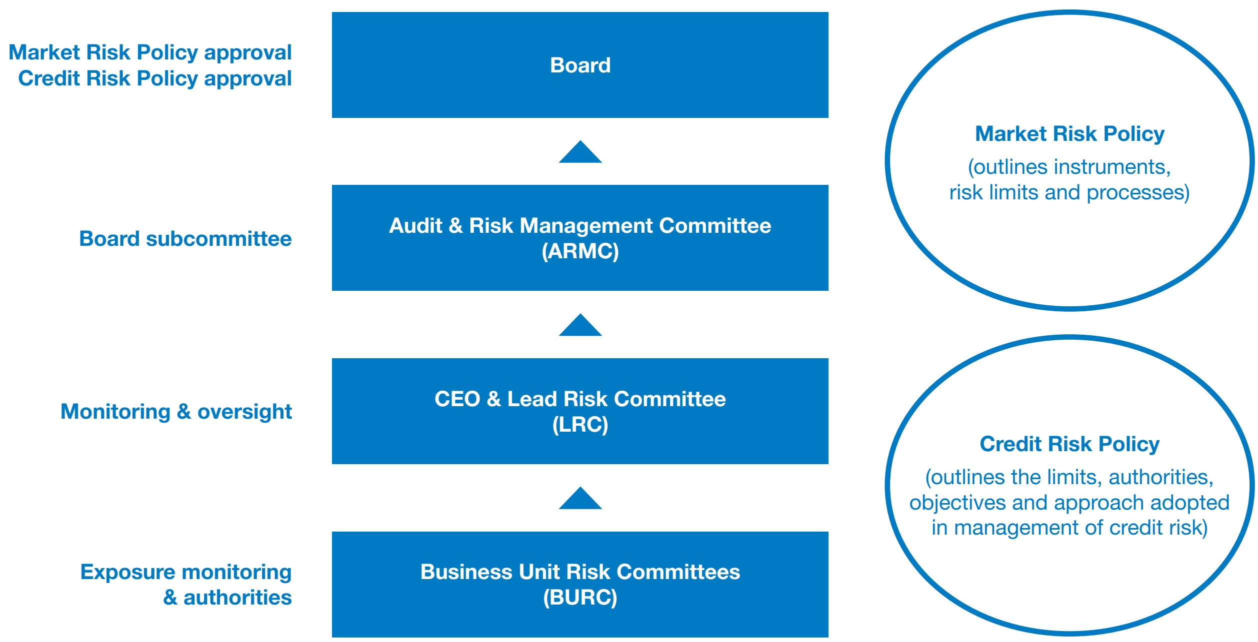
23. Financial risk management

Overview

The Group is exposed to a variety of financial risks arising from normal business activity, including market risks (relating to foreign currency rates, commodity prices and interest rates), credit risk and liquidity risk.

Risk management framework

The CBH Group's Board of Directors ("the Board") has overall responsibility for the establishment and oversight of its risk management framework. The Group has established several risk management committees to develop and monitor its risk management policies. These include the Audit and Risk Management Committee ("ARMC"), Lead Risk Committee and the Business Unit Risk Management Committees, as outlined below:



These committees report regularly to the Board on their activities, via the ARMC.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed and, if required, updated regularly to reflect changes in market conditions and the Group's activities.

The ARMC also oversees management monitoring compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The ARMC is assisted in its oversight role by internal audit and third party specialists. Both regular and ad hoc reviews of risk management controls and procedures are undertaken, the results of which are reported to the ARMC.

23. Financial risk management (continued)

a. Market risk

Market risk arises from the uncertainty of market price movements and the resulting impact on business performance. The Group's business performance is exposed to movements in interest rates, foreign currency exchange rates and commodity prices. Accordingly, the Group has developed policies to manage the volatility of these inherent business exposures. Under these policies, the Group routinely uses derivative financial instruments to manage related risk exposures, most commonly foreign currency forward exchange contracts and options, interest rate swaps, forward rate agreements and commodity futures and options.

The Group uses Value at Risk ("VaR") techniques to measure and limit market risk. VaR is a risk measurement technique that estimates the maximum potential loss resulting from predicted price movements over a specified holding period and within a stipulated level of confidence.

The VaR methodology is a statistically defined, probability based approach that considers market volatilities and risk diversification, by taking into account offsetting positions and correlations between commodities and markets. As a result of this approach, risks can be measured consistently across markets and commodities and risk measures can be aggregated into a single risk value. The Group's VaR approach is based on Monte Carlo simulations over a five to ten day holding period with a 99% confidence level using two years of weighted price data history.

VaR calculations should be considered in the context of their limitations. These include the use of historical data to estimate future events and the non-recognition of market illiquidity risks and tail risks. Recognising these limitations, the Group's VaR measures are supplemented by stress testing of both flat and basis price exposures and daily monitoring of positions against Board-mandated limits.

(i) Commodity price risk

The Group's trading function trades grain-related financial and commodity instruments and physical grain. Grain commodity futures and options are used to manage price risk within Board-approved limits. The aggregate limit for all grains can only be modified by the Board. The trading function operates within a dynamic limit framework which adjusts quantitative flat prices and basis spread limits over time by comparing the current level of flat prices and basis spreads to their historical ranges and averages. Under this framework, limits are lower when flat prices and basis spreads are high, and limits are higher when flat prices and basis spreads are low.

VaR at 30 September (pre-tax), was as follows:

	2020 $'000	2019 $'000
Undiversified VaR [i]	**(18,369)**	(15,585)
Diversified VaR [ii]	**(11,521)**	(8,624)

[i] Undiversified VaR is the result of simple addition of the calculated VaR figures for each individual commodity.

[ii] Diversified VaR further recognises the benefit of offsetting positions and correlations between different commodities and markets and therefore reflects a lower potential loss amount than undiversified.

Commodity price risk refers primarily to the Group's exposure to fluctuations in prices of grain commodities.

(ii) Foreign currency risk

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which operating and financing transactions are denominated and the respective functional currencies of Group companies. Foreign currency exposures originate in the normal course of business with the buying or selling of grain, or execution of derivatives on foreign commodity exchanges in currencies other than the Group's functional currency. Group policy requires that foreign currency risks are minimised to remain within Board-mandated limits. The Group manages its exposure to foreign currency risk through the use of forward exchange contracts and options.

Net foreign exchange exposure, which includes cash balances and loans and borrowings, is used in the calculation of the combined commodity price risk and foreign currency risk. Consequently, the VaR of commodity price risk in the table of Note 23(a)(i) includes all associated foreign currency risk.

As a result of investment in operations in Asia, the Group's statement of financial position can be affected by movements in the USD/AUD exchange rates as the investment in Asia has a functional currency of USD. The Group does not hedge this exposure.

23. Financial risk management (continued)

a. Market risk (continued)

(ii) Foreign currency risk (continued)

The group had the following financial instruments denominated in foreign currencies:

30 September 2020	USD in AUD equivalent $'000	CAD in AUD equivalent $'000	Euro in AUD equivalent $'000	JPY in AUD equivalent $'000	Other* in AUD equivalent $'000	Total AUD equivalent $'000
Financial assets						
Cash and cash equivalents	53,641	661	4,910	13,433	891	73,536
Trade and other receivables	78,097	-	-	18,255	21	96,373
Derivative financial assets	56,931	380	10,807	12	1	68,131
	188,669	**1,041**	**15,717**	**31,700**	**913**	**238,040**
Financial liabilities						
Derivative financial liabilities	35,769	114	6,260	190	-	42,333
Trade and other payables	5,933	-	213	2,595	281	9,022
Lease liabilities	-	-	-	372	87	459
	41,702	**114**	**6,473**	**3,157**	**368**	**51,814**
Net exposure	**146,967**	**927**	**9,244**	**28,543**	**545**	**186,226**

30 September 2019	USD in AUD equivalent $'000	CAD in AUD equivalent $'000	Euro in AUD equivalent $'000	JPY in AUD equivalent $'000	Other* in AUD equivalent $'000	Total AUD equivalent $'000
Financial assets						
Cash and cash equivalents	63,511	1,357	8,383	12,210	587	86,048
Trade and other receivables	126,006	-	2,284	4,232	23	132,545
Derivative financial assets	13,759	548	3,001	193	8	17,509
	203,276	**1,905**	**13,668**	**16,635**	**618**	**236,102**
Financial liabilities						
Derivative financial liabilities	37,713	257	3,418	28	16	41,432
Trade and other payables	13,891	6	569	831	218	15,515
	51,604	**263**	**3,987**	**859**	**234**	**56,947**
Net exposure	**151,672**	**1,642**	**9,681**	**15,776**	**384**	**179,155**

*Other includes exposure to CHF, CNY, GBP, HKD, NZD and RUB.

23. Financial risk management (continued)

a. Market risk (continued)

(iii) Interest rate risk

Interest rate risk refers to risk that the value of a financial instrument or cash flows associated with the instruments will fluctuate due to changes in market interest rates. The Group sources external funds to support its grain accumulation and trading operations and is exposed to interest rate fluctuations predominantly from liabilities bearing variable interest rates.

The Group held the following financial assets and liabilities exposed to variable interest rate risk:

	2020 $'000	2019 $'000
Financial assets		
Cash and cash equivalents	**256,929**	194,207
Term deposit	**5,653**	4,191
Loans to growers	**990**	24,176
	263,572	222,574
Financial liabilities		
Interest bearing loans and borrowings	**(248,059)**	(480,261)
Net exposure	**15,513**	(257,687)

The Group's policy is to manage exposure to adverse movements in interest rates through one of the following:

- variation of the physical terms; or
- structure of the various portfolios; or
- use of derivative financial instruments. Interest rate derivatives are covered further in Note 23(d).

An increase of 25 basis points in underlying interest rates would increase profit before tax for the year by $39,000 (2019: reduce $644,000). A decrease of 25 basis points in underlying interest rates would reduce profit before tax for the year by $39,000 (2019: increase $644,000). This analysis assumes all other variables remain constant.

Lease liabilities (see Note 16) are fixed-rate instruments. The Group does not account for any fixed-rate financial assets or financial liabilities at FVTPL, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

b. Credit risk

Credit risk is the risk that a customer or counterparty will fail to perform or fail to pay amounts due, causing financial loss to the Group. It can arise:

- principally, from credit exposures to customers relating to outstanding receivables; or
- from cash and cash equivalents, derivative financial instruments and deposits held with financial institutions.

The Group has a Board-approved credit policy designed to ensure that consistent processes are present throughout the Group to measure and control credit risk. Under the policy, customers are subject to credit verification procedures including an assessment of their independent credit rating, financial position, past experience and industry reputation. The Group also monitors and reports sovereign risk associated with its customers, counterparties and financial institutions. Risk limits are set for individual customers in accordance with parameters set out in the credit policy. Actual counterparty credit exposures are routinely monitored against risk limits with any breaches requiring approval from the appropriate level of management. Counterparty risk limits are reviewed regularly and updated when appropriate.

The Group may require collateral to be provided by counterparties. The forms of collateral accepted typically include cash downpayment, letter of credit, bank guarantee and retention of title to goods, or any combination thereof.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and the geographical location in which the customers operate.

23. Financial risk management (continued)

b. Credit risk (continued)

The carrying amount of financial assets represents the maximum credit exposure.

Below is an analysis of credit risk exposure net of credit loss provisions by counterparty type.

	2020 $'000	2019 $'000
Grain Storage, Handling and Freight: Growers	**1,490**	3,996
Grain Storage, Handing and Freight: Non-growers	**15,731**	39,343
Marketing and Trading: Growers	**127,964**	117,824
Marketing and Trading: Non-growers	**75,333**	99,730
Grain Processing: Non-growers	**21,135**	15,304
Other: Growers	**1,078**	2,625
Other: Non-growers	**32,370**	36,300
	275,101	315,122

Credit loss assessment

The Group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including, but not limited to, external ratings, audited financial statements, management accounts and available press information about customers) and applying experienced credit judgements. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default and are aligned to external credit rating definitions from agencies.

Exposures with similar credit risk are grouped and assigned a credit loss based on the groups' credit risk rating. The assignment of credit loss is based on a ratings agency's annual study which compares credit ratings to default rates. One-year default rates are used for current receivables and three-year default rates are used for non-current receivables.

The following table shows the exposures to credit risk and credit loss by credit rating.

30 September 2020	Weighted average loss rate %	Gross carrying amount $'000	Credit loss $'000	Net carrying amount $'000
Assigned credit rating				
AA-	0.02	60	-	60
A+	0.02	3,127	(1)	3,126
A	-	35,134	(2)	35,132
A-	0.02	102	-	102
BBB+	0.02	6,231	(1)	6,230
BBB	0.04	2,472	(1)	2,471
B	2.16	200,751	(4,329)	196,422
B-	10.13	35,035	(3,547)	31,488
CCC/C	50.27	140	(70)	70
Total	**2.81**	**283,052**	**(7,951)**	**275,101**

23. Financial risk management (continued)

c. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, and without incurring unacceptable losses or risking damage to the Group's reputation. The Group entered into new term loans during the year to manage liquidity risk and COVID-19 uncertainties (see Note 20).

The Group's objective is to ensure that adequate liquid assets and funding sources are available at all times to meet both the short and long term commitments of the Group. The Group's liquidity is managed centrally with subsidiaries forecasting their cash requirements to the central treasury function. Unless restricted by local regulations or bank covenants, subsidiaries pool their cash surpluses to central treasury, which arranges to fund other subsidiaries, invest net surpluses in the market, or arrange external borrowings, as appropriate.

Maturities of financial liabilities

The table below reflects the contractual maturities of the Group's financial liabilities. For derivative financial instruments that are settled on a net basis, the market value of the net position is presented, whereas for other obligations the undiscounted cash flows are presented. Cash flows for financial assets and liabilities without fixed amount or timing are based on prevailing conditions at year end.

Contractual maturities of financial liabilities

30 September 2020	Carrying amount $'000	Total contractual cash flows $'000	Less than 6 months $'000	6 - 12 months $'000	1 - 5 years $'000	Over 5 years $'000
Financial liabilities						
Interest bearing loans and borrowings	248,059	248,148	248,148	-	-	-
Trade and other payables	104,763	104,763	104,351	-	412	-
Lease liabilities	174,367	208,975	12,591	11,814	109,436	75,134
Total non-derivatives	**527,189**	**561,886**	**365,090**	**11,814**	**109,848**	**75,134**
Derivative financial liabilities						
(inflow)	(955,224)	(955,224)	(922,734)	(1,656)	(30,834)	-
outflow	1,013,184	1,013,184	975,265	4,327	33,592	-
Net derivative financial liabilities	**57,960**	**57,960**	**52,531**	**2,671**	**2,758**	**-**
	585,149	**619,846**	**417,621**	**14,485**	**112,606**	**75,134**

30 September 2019	Carrying amount $'000	Total contractual cash flows $'000	Less than 6 months $'000	6 - 12 months $'000	1 - 5 years $'000
Financial liabilities					
Interest bearing loans and borrowings	480,261	480,623	480,623	-	-
Trade and other payables	191,140	191,140	183,643	-	7,497
Total non-derivatives	**671,401**	**671,763**	**664,266**	**-**	**7,497**
Derivative financial liabilities					
(inflow)	(307,823)	(307,823)	(306,848)	(796)	(179)
outflow	355,704	355,704	350,222	5,044	438
Net derivative financial liabilities	**47,881**	**47,881**	**43,374**	**4,248**	**259**
	719,282	**719,644**	**707,640**	**4,248**	**7,756**

23. Financial risk management (continued)

d. Fair value measurements

The Group uses various methods in estimating the fair value of a financial instrument and non-financial assets (traded grain inventories) carried at fair value. These methods are:

Level 1 - the fair value is calculated using quoted prices in active markets.

Level 2 - the fair value is estimated using inputs other than quoted prices that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 - the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

Quoted market price represents the fair value determined based on quoted prices on active markets as at the reporting date without any deduction for transaction costs.

For financial instruments not quoted in active markets, the Group uses valuation techniques such as present value techniques, comparison to similar instruments for which market observable prices exist and other relevant models used by market participants. These valuation techniques use both observable and unobservable market inputs.

Financial instruments that use valuation techniques with only observable market inputs or unobservable inputs that are not significant to the overall valuation include interest rate swaps, forward sale and purchase contracts and foreign exchange contracts not traded on a recognised exchange.

Derivative financial instruments

The Group primarily uses the following derivatives financial instruments to manage market risk in its grain trading activities:

- Forward foreign currency exchange contracts, swaps and options;
- Commodity futures, swaps and options;
- Forward commodity sale and purchase contracts; and
- Interest rate swaps and options.

These contracts are held in the currencies in which the Group has exposure (refer to Note 23(a)[(ii)]) and range in maturity from one month to two years. Movements in the fair value of these derivatives are recognised in the profit and loss. The net fair value at 30 September 2020 was an unrealised asset of $35,990,000 (2019: $20,237,000 unrealised liability). The assessed value of these financial instruments at any given point in time will, in times of volatile market conditions, show substantial variation over the short term.

Recognition and subsequent measurement

Derivative financial instruments are initially recognised at fair value at the date of entry into the contract and then subsequently measured at fair value through profit and loss.

Significant accounting estimates and assumptions

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives and forward purchases and sales) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the reporting date. Physical positions comprising some inventories, forward sales and forward purchases cannot be directly referenced to appropriate exchange quoted prices. Therefore other techniques, such as obtaining assessments from independent commodity brokers, are used to determine fair value.

The valuation techniques adopted for traded grain inventories are further discussed in Note 14.

The fair value of interest rate swaps is determined by reference to market values for similar instruments. The fair value of forward foreign exchange contracts and swaps is determined using forward foreign exchange market rates at the reporting date for contracts with similar maturity profiles. The fair value assessments include consideration of inputs such as liquidity risk, credit risk and market volatility. Any change in the assumptions for these factors may affect the reported fair value of financial instruments.

23. Financial risk management (continued)

d. Fair value measurements (continued)

The fair value of derivative financial instruments is summarised in the table below.

30 September 2020	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Current Assets				
Forward foreign currency exchange contracts, swaps and options	-	48,609	-	48,609
Commodity futures and options	2,298	-	-	2,298
Forward commodity sale and purchase contracts	-	33,981	4,780	38,761
	2,298	**82,590**	**4,780**	**89,668**
Non-current Assets				
Forward foreign exchange contracts and swaps	-	3,692	-	3,692
Commodity futures and options	476	-	-	476
Forward commodity sale and purchase contracts	-	114	-	114
	476	**3,806**	**-**	**4,282**
Current Liabilities				
Forward foreign currency exchange contracts, swaps and options	-	8,132	-	8,132
Commodity futures and options	6,504	-	-	6,504
Forward commodity sale and purchase contracts	-	38,667	1,899	40,566
	6,504	**46,799**	**1,899**	**55,202**
Non-current Liabilities				
Forward foreign exchange contracts, swaps and options	-	110	-	110
Commodity futures and options	2,458	-	-	2,458
Forward commodity sale and purchase contracts	-	190	-	190
	2,458	**300**	**-**	**2,758**

23. Financial risk management (continued)

d. Fair value measurements (continued)

30 September 2019	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Current Assets				
Forward foreign currency exchange contracts, swaps and options	-	3,207	-	3,207
Commodity futures and options	570	-	-	570
Forward commodity sale and purchase contracts	-	20,952	2,859	23,811
	570	**24,159**	**2,859**	**27,588**
Non-current Assets				
Forward foreign exchange contracts and swaps	-	7	-	7
Commodity futures and options	34	-	-	34
Forward commodity sale and purchase contracts	-	15	-	15
	34	**22**	**-**	**56**
Current Liabilities				
Interest rate swaps and options	-	1,316	-	1,316
Forward foreign currency exchange contracts, swaps and options	-	20,572	-	20,572
Commodity futures and options	3,302	-	-	3,302
Forward commodity sale and purchase contracts	-	20,028	2,404	22,432
	3,302	**41,916**	**2,404**	**47,622**
Non-current Liabilities				
Forward commodity sale and purchase contracts	-	259	-	259
	-	**259**	**-**	**259**

The following table shows the net changes in fair value of Level 3 forward commodity sale and purchase contract assets and liabilities:

	Total $'000
1 October 2019	455
Net movement taken to profit or loss	2,426
30 September 2020	**2,881**

A change in the Level 3 input price for inventories and forward sale and purchase contracts of plus/minus 10% would have a corresponding proportionate impact on the financial asset/liability carrying value, and be recognised in profit or loss.

Transfers between categories

There were no transfers between Level 1, 2 and 3 during the year.

23. Financial risk management (continued)

d. Fair value measurements (continued)

Interest rate derivative contracts

The Group does not currently hold any interest rate swaps.

The fair value and periods of expiry of open interest rate swaps and options are as follows:

	2020 $'000	2019 $'000
Interest rate swaps less than 1 year	-	(1,315)

24 Contingent assets and liabilities

Co-operative Bulk Handling Limited (parent entity) has provided guarantees relating to loan facilities with certain controlled entities (Note 25).

In May 2020, a judgement was made in the Federal Court in the case of WorkPac Pty Ltd vs Rossato (WorkPac vs Rossato) that ruled an employee previously considered as 'casual' worked regular and predictable shifts and was entitled to paid annual, personal/carer's and compassionate leave. CBH employs casual workers in the operation of its supply chain. While there may be a possible obligation given the precedent case set, due to the seasonal nature of CBH's operations the majority of casuals are typically hired during the harvest season and are not expected to have similar arrangements as that present in the WorkPac vs Rossato case. A detailed review is currently being conducted by the Group. While the existence or amount of any obligation cannot be determined with sufficient reliability at the date of this report, CBH does not expect any overall exposure arising to be material to the Group.

Other information

This section contains information that is not directly related to specific line items in the financial statements.

25. Parent entity disclosures

a. Statement of profit or loss and other comprehensive income - Parent

	2020 $'000	2019 $'000
Revenue	**545,133**	746,747
Other gains	**3,263**	5,176
Raw materials, traded grains and consumables used	**(72)**	(227)
Employee benefits expense	**(165,960)**	(166,047)
Depreciation and amortisation	**(121,369)**	(94,835)
Storage, handling and freight expenses	**(223,785)**	(328,640)
Marketing and trading expenses	**(475)**	(69)
Insurance	**(8,861)**	(8,268)
Rent expense	**(3,446)**	(11,693)
Other expenses	**(30,037)**	(41,073)
Interest expense	**(5,850)**	-
(Loss)/profit before and after income tax	**(11,459)**	101,071
Other comprehensive income		
Items that may be reclassified subsequently to the profit and loss		
Other comprehensive income for the year, net of tax	**-**	-
Other comprehensive income for the year, net of tax	**-**	-
Total comprehensive (expense)/income for the year	**(11,459)**	101,071

25. Parent entity disclosures (continued)

b. Statement of financial position - Parent

	2020 $'000	2019 $'000
ASSETS		
Current assets		
Cash and cash equivalents	**161,952**	77,191
Trade and other receivables	**16,616**	45,509
Inventories	**20,251**	11,719
Loans to controlled entities	**61,496**	301,151
Prepayments	**4,340**	2,952
Total current assets	**264,655**	438,522
Non-current assets		
Trade and other receivables	**35,035**	35,391
Investments in associates	**135,025**	135,025
Other financial assets	**139,496**	139,496
Property, plant and equipment	**1,227,893**	1,140,666
Intangible assets and goodwill	**34,766**	31,975
Lease assets	**165,426**	-
Total non-current assets	**1,737,641**	1,482,553
Total assets	**2,002,296**	1,921,075
LIABILITIES		
Current liabilities		
Trade and other payables	**72,947**	142,801
Lease liabilities	**19,724**	-
Interest bearing loans and borrowings	**21,020**	6,655
Provisions	**29,686**	26,861
Other liabilities	**24,528**	54,617
Total current liabilities	**167,905**	230,934
Non-current liabilities		
Other payables	**-**	7,076
Provisions	**39,481**	28,666
Lease liabilities	**151,970**	-
Total non-current liabilities	**191,451**	35,742
Total liabilities	**359,356**	266,676
Net assets	**1,642,940**	1,654,399
Equity		
Contributed equity	**4**	4
Reserves	**1,642,936**	1,654,395
Total equity	**1,642,940**	1,654,399

25. Parent entity disclosures (continued)

c. Statement of cash flows - Parent

	2020 $'000	2019 $'000
Cash flows from operating activities		
Receipts from customers	**577,404**	687,763
Payments to suppliers and employees	**(488,963)**	(620,022)
	88,441	67,741
Interest received	**2,520**	11,687
Interest and other costs of finance paid	**(4,195)**	-
Net operating cash flows	**86,766**	79,428
Cash flows from investing activities		
Payments for property, plant and equipment	**(214,726)**	(184,726)
Proceeds from sale of property, plant and equipment	**719**	203
Payments for intangible assets	**(9,232)**	(18,674)
Payments for acquisition of subsidiary	**-**	(4,000)
Dividends received	**-**	1,200
Term deposits (net)	**(411)**	(1,698)
Loans from/(to) related parties	**30**	(7,537)
Loan to CBH Grain	**(110,000)**	(255,982)
Loan repaid by CBH Grain	**350,000**	420,982
Net investing cash flows	**16,380**	(50,232)
Cash flows from financing activities		
Repayment of lease liabilities	**(18,385)**	-
Net cash flows from financing activities	**(18,385)**	-
Net increase/(decrease) in cash and cash equivalents held	**84,761**	29,196
Cash and cash equivalents at the beginning of the financial year	**77,191**	47,995
Cash and cash equivalents at the end of the financial year	**161,952**	77,191

d. Financial guarantees - Parent

The parent has entered into a Deed of Cross Guarantee ("the Deed") with the effect that it guarantees debts in respect of certain subsidiaries. Further details of the Deed and the subsidiaries subject to the Deed are disclosed in Note 26.

The parent has issued guarantees in relation to loan facilities of its controlled entities.

Recognition and measurement

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

e. Capital commitments - Parent

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

	2020 $'000	2019 $'000
Within one year	**8,019**	30,291

26. Deed of cross guarantee

Co-operative Bulk Handling Limited, Blue Lake Milling Pty Ltd, CBH Pty Ltd, CBH Group Holdings Pty Ltd and CBH (WA) Pty Ltd are parties to the Deed under which each entity guarantees the debts of the others. By entering into the Deed, the wholly-owned entities (Blue Lake Milling Pty Ltd, CBH Pty Ltd, CBH Group Holdings Pty Ltd and CBH (WA) Pty Ltd) have been relieved by the Australian Securities and Investments Commission ("ASIC") from requirements for preparation, audit and lodgement of financial reports and directors' reports under ASIC Instrument 16-0845 as varied by ASIC Instrument 19-0960 ("ASIC Order").

Consolidated statements

The above entities represent a 'closed group' for the purposes of the ASIC Order, and as there are no other parties to the Deed that are controlled by CBH, they also represent the 'extended closed group'.

Set out below is a consolidated statement of profit or loss and other comprehensive income and a summary of movements in consolidated retained earnings for the year ended 30 September 2020 of the closed group.

	2020 $'000	2019 $'000
Consolidated statement of profit or loss and other comprehensive income		
Revenue	**710,641**	877,417
Other income	**6,381**	6,110
Expenses from ordinary activities	**(718,264)**	(779,311)
Interest expense	**(5,915)**	(98)
(Loss)/profit before income tax	**(7,157)**	104,118
Income tax expense	**(1,301)**	(917)
(Loss)/profit for the year	**(8,458)**	103,201
Other comprehensive income		
Items that may be reclassified subsequently to the profit or loss		
Net loss on cash flow hedge	**-**	(3)
Total comprehensive (expense)/income for the year	**(8,458)**	103,198
Summary of movements in consolidated retained earnings		
Retained earnings at the beginning of the financial year	**2,830**	585
(Loss)/profit for the period	**(8,458)**	103,201
Transfer to reserves	**11,459**	(100,956)
Retained earnings at the end of the financial year	**5,831**	2,830

26. Deed of cross guarantee (continued)

Consolidated statements (continued)

Set out below is a consolidated statement of financial position as at 30 September 2020 of the closed group.

	2020 $'000	2019 $'000
Current assets		
Cash and cash equivalents	**166,056**	80,733
Income tax receivable	**-**	97
Trade and other receivables	**50,414**	317,147
Inventories	**42,970**	35,509
Prepayments	**4,508**	3,161
Total current assets	**263,948**	436,647
Non-current assets		
Trade and other receivables	**35,035**	35,391
Investments in associates	**135,025**	135,025
Investment in controlled entities	**100,772**	100,772
Property, plant and equipment	**1,265,278**	1,177,925
Intangible assets and goodwill	**56,121**	53,346
Lease assets	**167,538**	-
Total non-current assets	**1,759,769**	1,502,459
Total assets	**2,023,717**	1,939,106
Current liabilities		
Trade and other payables	**129,458**	217,609
Income tax payable	**119**	-
Provisions	**31,253**	28,261
Total current liabilities	**160,830**	245,870
Non-current liabilities		
Trade and other payables	**-**	6,753
Deferred tax liabilities	**815**	589
Provisions	**39,481**	28,665
Lease liabilities	**173,820**	-
Total non-current liabilities	**214,116**	36,007
Total liabilities	**374,946**	281,877
Net assets	**1,648,771**	1,657,229
Equity		
Contributed equity	**4**	4
Reserves	**1,642,936**	1,654,395
Retained earnings	**5,831**	2,830
Total equity	**1,648,771**	1,657,229

27. Key management personnel compensation

	2020 $	2019 $
Short-term benefits [i]	**7,802,915**	7,569,307
Post-employment benefits [ii]	**296,930**	324,341
Long-term benefits [iii]	**677,880**	779,903
Termination benefits [iv]	**-**	501,354
	8,777,725	9,174,905

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director of that entity.

(i) Short-term benefits include director fees, wages, salaries, annual leave provided and non-monetary benefits for current employees.

(ii) Post-employment benefits include superannuation benefits paid for directors and current employees.

(iii) Long-term benefits include long term incentives and retention payments, long service leave and sick leave provided for current employees.

(iv) Termination benefits include contractual entitlements on termination.

28. Related party transactions

a. Parent and ultimate controlling party

The ultimate parent entity in the wholly owned group is Co-operative Bulk Handling Ltd ("CBH").

b. Transactions with key management personnel

(i) Directors fees

Directors fees paid by CBH are disclosed in Note 27. In addition, the following directors of the parent entity received payments for their roles as directors of Interflour Group Pte Ltd ("IFG"), an associated company, for the year.

	2020 $	2019 $
Mr D S Willis	-	8,000
Mr A J Mulgrew	**20,000**	12,000
Mr V A Dempster	**8,000**	20,000
Mr D A Lock	**8,000**	-

Total aggregate number of shares held by directors and director-related entities is 16 (2019: 14).

(ii) Related party transactions with directors on normal commercial terms

Certain directors had dealings, either in their own name or through director-related entities, with CBH and its controlled entities under commercial terms no more favourable than those available to other grain growers and shareholders.

	2020 $	2019 $
K J Fuchsbichler, T N Badger, N A M Browning, B E McAlpine, J A Seaby, W A Newman, V A Dempster, R G Madden, S R Stead, J D O'Neil, K M Seymour, and H Woodhams transacted with the Group during the financial year as follows:		
Grain sales to the Group	**11,522,967**	12,450,981
Freight and receival fees charged by the Group	**1,493,401**	1,588,823
Fertiliser purchases from the Group	**804,448**	772,893
(iii) Unsecured balances outstanding from/(to) Directors		
Rebates payable	**(16,828)**	(86,678)
Loans to growers (Refer to Note 13)	**404,680**	-

28. Related party transactions (continued)

c. Other related party transactions

	2020 $	2019 $
(i) Transactions with associates in the ordinary course of business on normal commercial terms		
Sales of grain to IFG and its controlled entities	**89,383,168**	37,277,603
Payments for grain and shipping related charges to IFG and its controlled entities	**160,197**	270,607
Charges for stevedoring services from Australian Bulk Stevedoring Services Pty Ltd	**-**	2,048,721
(ii) Receivables from IFG and its controlled entities		
Unsecured trade receivable amount under normal commercial terms	**6,006,237**	-
Unsecured interest-free USD-denominated loan	**38,583,000**	39,083,000

A credit loss provision has been recognised in the statement of profit or loss and other comprehensive income in respect of amounts owing from related parties. Settlement occurs in cash.

29. Auditor's remuneration

The auditor of the Group is KPMG. During the year fees were paid or payable for services provided by the Group's auditors and related overseas offices.

	2020 $	2019 $
Audit and review of financial statements		
KPMG Australia - Group	**259,403**	278,363
KPMG Australia - controlled entities	**193,607**	196,678
Other KPMG firms - controlled entities	**55,379**	46,027
	508,389	521,068
Non-audit services		
KPMG Australia - other regulatory assurance services	**8,754**	8,732
KPMG Australia - other assurance services	**30,000**	105,178
	38,754	113,910

30. Changes in accounting policies

a. New accounting standards and interpretations

(i) New and amended accounting standards and interpretations adopted from 1 October 2019

In the current year, the Group has applied amendments to Australian Accounting Standards issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective for accounting periods that begin on or after 1 January 2019. IFRIC 23 *Uncertainty over Income Tax* and a number of other new standards are effective from 1 January 2019 but they do not have a material effect on the Group's financial statements.

AASB 16 Leases (effective for year ends beginning on or after 1 January 2019)

The Group has adopted AASB 16 Leases from 1 October 2019 (the "adoption date") using modified retrospective approach: it has not restated comparatives for the 2019 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are recognised in the opening balance sheet on 1 October 2019. The leases were reported under AASB 117 and related interpretations in prior year. No adjustments were made to the opening balance of retained earnings as at that date. The new accounting policies are disclosed in Note 16 Leases.

In applying AASB 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- Applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review - there were no onerous contracts as at 1 October 2019;
- Accounting for operating leases with a remaining lease term of less than 12 months as at 1 October 2019 as short-term leases;
- Excluding initial direct costs for the measurement of the lease asset at the date of initial application; and
- Using hindsight in determining the lease terms where the contract contains options to extend or terminate the lease.

The Group has applied the short-term lease exemption to land and buildings, furniture and fittings and motor vehicles. The low-value asset exemption was applied to leases of all low-value assets. The lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

The Group has also elected not to reassess whether a contract is, or contains, a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relies on its assessment made applying AASB 117 and Interpretation 4 *Determining whether an Arrangement contains a Lease*.

On adoption of AASB 16, the Group recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of AASB 117 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 October 2019. The incremental borrowing rate applied to the lease liabilities on 1 October 2019 was between 1.4% and 4.3%. The Group presented lease liabilities in "Lease liabilities" in the balance sheet.

The associated lease assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 30 September 2019.

The Group did not need to make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of AASB 16.

30. Changes in accounting policies (continued)

a. New accounting standards and interpretations (continued)

Impact on the financial statements

The impact on transition to AASB 16 is summarised below:

	30 September 2019 $'000	1 October 2019 $'000
Leasehold assets presented in property, plant and equipment	**4,763**	-
Accrued lease payments recognised in trade and other payables	**(6,958)**	-
Lease assets	**-**	79,144
Lease liabilities	**-**	(81,339)

Operating lease commitments disclosed at the end of the comparative period are reconciled to the opening lease liabilities as follows:

	$'000
Operating lease commitment as at 30 September 2019	151,246
Accrued lease payments as at 30 September 2019	6,958
Discounted using the incremental borrowing rate as at 1 October 2019	(29,688)
Recognition exemption for leases of low-value assets and short-term leases	(900)
Adjustments related to changes in the index or rate affecting variable payments	(46,277)
Lease liabilities recognised as at 1 October 2019	81,339

b. New and amended standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published that are not effective for the 30 September 2020 reporting period.

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

Notes to the consolidated financial statements

For the year ended 30 September 2020

31. Commitments

a. Operating lease commitments

From 1 October 2019 the Group has recognised lease assets for these leases, except for short-term and low-value leases. Refer to Notes 16 and 30 for further information.

b. Non-cancellable operating lease receivables

The Group has sub-leased some of its property to an external party.

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

	2020 $'000	2019 $'000
Within one year	**3,231**	1,907
Later than one year but not later than five years	**5,099**	3,349
Later than five years	**-**	328
	8,330	5,584

c. Capital commitments

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

	2020 $'000	2019 $'000
Within one year	**8,978**	33,657
	8,978	33,657

32. Events subsequent to balance date

Subsequent to 30 September 2020, CBH Grain Pty Ltd negotiated the following facilities with various banks for the acquisition of grain over the 2020/21 season:

- Syndicated debt facility of $900,000,000;
- Banking facilities of $780,000,000; and
- Trade facilities of $200,000,000.

The facilities have been executed and are on similar terms and conditions to prior season facilities.

Other than the matters disclosed above, there are no other subsequent events which require disclosure.

Directors' declaration

1. In the Directors' opinion:

(a) The consolidated financial statements and notes that are set out on pages 61 to 124 are in accordance with the *Co-operatives Act 2009* and the *Australian Charities and Not for profits Commission Act 2012,* including:

   (i) giving a true and fair view of the Group's financial position as at 30 September 2020 and of its performance for the year ended on that date, and

   (ii) complying with Australian Accounting Standards; and

(b) there are reasonable grounds to believe that Co-operative Bulk Handling Ltd will be able to pay its debts as and when they become due and payable.

2. There are reasonable grounds to believe that the Co-operative and the group entities identified in Note 26 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Co-operative and those group entities pursuant to ASIC Instrument 16-0845 as varied by ASIC Instrument 19-0960.

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

S R Stead
Director

2 December 2020

Independent Auditor's Report

To the members of Co-operative Bulk Handling Limited

Opinion

We have audited the ***Financial Report***, of the Co-operative Bulk Handling Limited (the Co-operative).

In our opinion, the accompanying Financial Report of the Co-operative is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, and the *Co-operatives Act 2009* including:

- Giving a true and fair view of the ***Group's*** financial position as at 30 September 2020, and of its financial performance and its cash flows for the year ended on that date; and
- Complying with *Australian Accounting Standards* and *Division 60 of the Australian Charities and Not-for-profits Commission Regulation 2013*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 30 September 2020.
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended.
- Notes including a summary of significant accounting policies.
- Directors declaration.

The ***Group*** consists of the Co-operative and the entities it controlled at the year end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 are independent of the Group in accordance with the auditor independence requirements of the *ACNC Act 2012* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Other Information

Other Information is financial and non-financial information in Co-operative Bulk Handling Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

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. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- Preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards, the ACNC Act 2012 and the Co-operatives Act 2009.
- Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.
- Assessing the Group and Co-operative's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Co-operative or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 this Financial Report.

As part of an audit in accordance with *Australian Auditing Standards*, we exercise professional judgement and maintain professional scepticism throughout the audit.

We also:

i. Identify and assess the risks of material misstatement of the Financial Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

ii. Obtain an understanding of internal control relevant to the Audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the registered Group's internal control.

iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

iv. Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Co-operative's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Financial Report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the registered Group and Co-operative to cease to continue as a going concern.

v. Evaluate the overall presentation, structure and content of the Financial Report, including the disclosures, and whether the Financial Report represents the underlying transactions and events in a manner that achieves fair presentation.

vi. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the entity to express an opinion on the group Financial Report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for the audit opinion.

We communicate with the Directors of the Group regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG

Jane Bailey

KPMG

Jane Bailey
Partner
Perth
2 December 2020

Five year financial and operational history

Co-operative Bulk Handling and its controlled entities

		2020	2019	2018	2017	2016
Tonnes handled	mt	**9.8**	16.4	13.3	16.6	13.6
All time injury frequency rate		**7**	9	13	11	20
Revenue from continuing operations	$m	**3,236**	4,190	3,792	3,477	3,271
Pools revenue	$m	**196**	235	266	363	390
Other gains and losses	$m	**(5)**	(75)	(25)	35	125
Total revenue including other income	**$m**	**3,427**	**4,350**	**4,033**	**3,875**	**3,786**
Net profit contribution from:						
Grain storage and handling	$m	**(11)**	100	45	98	70
Marketing and trading	$m	**12**	(119)	3	10	6
Grain processing	$m	**8**	(15)	(7)	8	2
Corporate and other	$m	**2**	4	(7)	(25)	(28)
Profit attributable to members of Co-operative Bulk Handling Limited	**$m**	**11**	**(30)**	**34**	**91**	**50**
Rebates*	$m	**0**	16	95	156	63
Capital expenditure	$m	**201**	260	156	70	92
Total assets	$m	**2,441**	2,594	2,351	2,173	2,110
Total liabilities	$m	**(684)**	(836)	(584)	(437)	(462)
Equity	**$m**	**1,757**	**1,758**	**1,767**	**1,735**	**1,648**
Net debt / net cash	$m	**(7)**	(295)	30	187	63

**Rebates correspond to the year of accounting recognition.*

Co-operative Bulk Handling Ltd

Level 6
240 St Georges Terrace
Perth WA 6000

GPO Box L886

Freecall 1800 199 083
Telephone (08) 9237 9600
Facsimile (08) 9322 3942
Email info@cbh.com.au

cbh.com.au