Annual Report 2021

The CBH Group is an integrated grain storage, handling and marketing co-operative owned and controlled by approximately 3,600 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 fertiliser, 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 Chambers family from Ravensthorpe and Spencer family from Yandanooka for participating in our photography.

Chair's Report

The 2021 financial year presented challenges to our organisation, but also gave us the opportunity to demonstrate the true value of your co-operative as we navigated through these circumstances to deliver an excellent result.

Simon Stead
Chair

On behalf of the Board, I am very pleased to inform you we have reported a Group surplus of $133.8 million. The fantastic result is a testament to the partnership between our growers and the team at CBH.

We are steadfastly focused on the core of our business; the storage and handling network, marketing and trading your grain, and providing low-cost fertiliser.

This year highlighted the need to continue to invest in our network and our people, and build flexibility into our supply chain so we can adapt to external shocks.

Our elevated rate of capital investment for the network will continue for at least the next five years, and will be expanded to strengthen our outbound logistics to ensure we are better positioned to navigate supply chain issues, like we saw this year.

With global commodity markets predicted to see ongoing volatility for the near future, we are in a position to use CBH's scale to manage some of the risk and uncertainty on behalf of growers. We need to balance this risk with seeking out opportunities to capture the greatest value for your grain.

Similarly, in the fertiliser market we are seeking to leverage our supply chain to your advantage to keep costs low by bringing competition to the market and ensuring continuity of supply when you need it most.

Financial results

The Operations division recorded a profit of $43.7 million off the back of receiving our fifth largest harvest of 15.1 million tonnes, combined with strong shipping demand.

Marketing and Trading had an excellent year, capitalising on strong grain prices driven by global demand to deliver a profit of $76.6 million. The division also benefited from the sale of its share of the Newcastle Agri-Terminal with sale proceeds of $15.4 million generating a profit of $13.9 million.

Supply chain challenges caused delayed vessel loading times at our grain terminals for several months of the year. This resulted in a total of $17.3 million in demurrage costs being incurred by the Group.

CBH's grain processing investments delivered strong results this year. Interflour's senior management made strategic sales and procurement decisions in the face of COVID-19 challenges, which combined with operational efficiencies, resulted in a year-end profit, with CBH's share $7.8 million. Blue Lake Milling captured increasing export demand opportunities to achieve a fantastic end of year result with a profit of $6.2 million.

Fertiliser achieved another excellent year of growth, with tonnes sold increasing by 47 per cent from last year. The business also announced plans to expand through a new dedicated fertiliser facility to be built in Kwinana which will enable us to move into liquid fertiliser products.

Reinforcing your network

The supply chain challenges throughout the year highlighted the need to continue our elevated investment in the network. During the year, we invested $254.2 million into the network, with a significant portion invested into sustaining our existing infrastructure.

The elevated investment has been necessary to meet the requirements of a growing crop size, an ageing network and the demands of a narrowing shipping window to capture maximum value for growers' grain.

To fund this ongoing investment, the decision was made during the year to increase fees by $2.20 per tonne, split evenly between growers and marketers. While there has been an increase, our fees remain significantly lower than other Australian grain supply chains.

Support for our people and community

For the second year in a row COVID-19 has presented the challenge of keeping our people, growers and community safe while continuing to operate our supply chain. We have been fortunate to be less impacted in Western Australian than other parts of the world, and have put measures in place to ensure that in the event of an outbreak we can continue to operate effectively.

COVID is only one of several uncertainties and difficulties faced by our growers and their communities this year, along with natural disasters, labour shortages and international supply chain restrictions. Although the talk of the industry has been the fantastic growing season and potentially record sized crop, our thoughts are with those growers who suffered frost and weather damaging events towards the end of the growing season.

It has been a sobering reminder of the unpredictability of our industry, and has highlighted once again the need to continue to look after our mental health during times of hardship. In September we were proud to launch a new regional mental health resource in partnership with Lifeline to provide growers and their communities with information on mental health support and care specific to their local area, and covering a wide range of issues.

Growth through strong leadership

Over the last two years the Board has welcomed several new members, and with the level of capability, commitment and collaboration now in the room I am confident that your co-operative is in good hands to deliver on its purpose of creating and returning value to the growers of Western Australia.

I would like to extend a warm welcome to new Grower Directors Gareth Rowe and Royce Taylor and Independent Director Paul Sadleir who joined us this year, and convey my sincere thanks and recognition to long-term Directors Brian McAlpine and Trent Bartlett who finished their tenure on the Board this year.

This year we farewelled Chief Executive Officer Jimmy Wilson who, after nearly four years with the co-operative, retired from an executive career. I would like to thank and acknowledge Jimmy for all that he achieved at CBH including the implementation of a clear strategy and Tactical Plan to focus the organisation's efforts on our core, and create a more efficient supply chain and better safety outcomes.

I would like to acknowledge CBH's Acting Chief Executive Officer Ben Macnamara who has demonstrated strong leadership to guide the team through supply chain challenges, COVID-19, and an intense harvest preparation period. Ben will continue in this role while the Board takes the time to finalise our search for a new CEO. We are conducting a rigorous assessment of both internal and external candidates to ensure our new CEO is the right person to guide and develop our unique co-operative.

My thanks also to Chief Financial Officer Doug Warden, and Chief Project Delivery Officer Pieter Vermeulen who both departed CBH this year to pursue other opportunities. Doug and Pieter made significant contributions during their time at CBH and I wish them the best for the future.

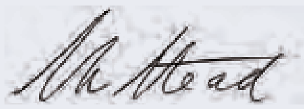
"In the face of some significant challenges, your co-operative has achieved a remarkable result this year. The strength of the co-operative model is demonstrated by our ability to meet these challenges head on, and still return value to Western Australian grain growers."

The 16 members of our Growers' Advisory Council (GAC) continue to facilitate a two-way channel of communication and feedback between CBH's Board and management.

I would like to thank the GAC for their ongoing commitment to CBH and its success, particularly to new Chair Romina Nicoletti and Deputy Chair Craig Doney for their leadership. I would like to thank outgoing Chair Neville McDonald for his dedicated service, and welcome our two new GAC Councillors this year, Laurie Butler and Lyndon Mickel.

As a co-operative we are only as strong as our members, and we rely on your support to meet our goals and objectives. I thank you for working with us during 2021, and for your involvement and contribution to the governance and operation of your co-operative.

I remain optimistic about the future of our co-op and the year ahead, and look forward to working with you in 2022.



Simon Stead

CEO's Report

This year has been categorised by some major challenges, but also some major achievements from within the business. I'm proud of the way our people have shown resilience, courage and determination to overcome the challenges to deliver a fantastic end of year result.

Ben Macnamara
Acting Chief Executive Officer

Our people have worked really hard this year on a large number of initiatives. We have pulled together to overcome supply chain challenges, managed the uncertainty of COVID-19, delivered a large network investment program including building two million tonnes of emergency storage for harvest, and battled market volatility to find new markets for your grain.

I would like to thank the entire CBH team for their effort this year. It has been a challenging period and I really appreciate the commitment and pride the team continues to show in the co-op.

The number one priority for CBH is the safety and wellbeing of our people. During the year, our safety performance varied. The impact of COVID-19 on our harvest recruitment last season meant we had a large number of less experienced team members, resulting in more safety incidents than we would like to see.

However following harvest, the experience of our permanent employees and the enhanced focus on frontline leadership saw our safety performance improve. As a result, we achieved an All Injury Frequency Rate (AIFR) of 7.3, which was better than our target. Looking ahead, we are working to improve our onboarding and training procedures, continuing to simplify our processes and improve our equipment. With this large effort taking place, I am confident we are working towards being in a better position to meet our targets in this space.

During the year, we have had to respond to the changing COVID-19 environment, working through several lockdowns and complex requirements for our port and shipping operations.

I have been overwhelmingly pleased by the response of our team in getting their COVID-19 vaccinations. I would like to thank the Lead Team for leading by example and encouraging all team members to take the opportunity to be vaccinated. I understand that it is not an easy decision for some to make, but by being fully vaccinated, we not only protect ourselves, but also growers and their communities out in the regions.

COVID-19 has also tightened the labour market in WA, making it difficult to attract and retain people, which contributed to the supply chain challenges we saw earlier in the year. There's no doubt the impact of COVID will continue to be felt over the next year. We are committed to being proactive and flexible, and will work with our people and partners to minimise any disruption to our supply chain.

Business unit performance

OPERATIONS

We started the year with a lower amount of carryover grain and received a larger-than average crop of 15.1 million tonnes, which allowed us to meet strong harvest shipping demand. Our shipping performance for the first few months of the year was exceptional, with a new monthly shipping record set in December with 1.64 million tonnes exported. This was before a series of compounded external and internal factors impacted our ability to move grain to port efficiently, resulting in delayed vessel loading times.

To mitigate this, we enacted a range of short-term measures including optimising our ship-loading schedule and pushing back major maintenance works at our ports to later in the year, and I am pleased to say that our vessel turnaround times are back within our target range.

This challenge has underpinned the requirement to continue our elevated investment into the network, which longer term, will help to alleviate large and compounding shocks to the supply chain.

Our network investment program this year added an extra 270,000 tonnes of permanent extra storage to the network and saw more than 180 sustaining capital projects completed to extend the life and capacity of our existing infrastructure.

Looking ahead, our network investment focus will expand to projects that will increase our outloading capabilities. We have prioritised our Moora, Broomehill, Cranbrook and Brookton sites for the rapid rail outloading projects, complemented by State Government investment in extending rail sidings at these sites, which are scheduled to commence next year.

MARKETING AND TRADING

We cannot understate the strong result delivered by Marketing and Trading following the loss of the significant China barley market in the previous year. The team utilised their extensive network and strong long-term customer relationships to seek out opportunities to open new markets for Western Australian barley, resulting in the first export of malt barley to Mexico from Australia.

During the year, the re-emergence of several grain markets helped to spur demand for Western Australian grain. A market for feed barley was re-established in Saudi Arabia, while the team worked closely with flour millers in Kenya, Mozambique and South Africa to diversify demand for WA wheat.

For their efforts in developing these new markets, the Marketing and Trading team were recognised as WA's Exporter of the Year a few months ago, an excellent achievement.

Production issues in competing origins saw Marketing and Trading capitalise on strong demand for Australian grain. Superior knowledge and strong relationships saw the team leverage strong grain prices without assuming all the risk, delivering great value to WA growers. The strong financial result has restored the equity base for the division, leaving them well placed to accumulate grain for the coming year.

FERTILISER

The fantastic start to the growing season saw strong demand for inputs. Our fertiliser business outturned 184,000 tonnes this year, a 47 per cent increase on last year's sales. The continued growth of the business has enabled us to make plans for expansion, moving into the Esperance zone and announcing plans to build a dedicated fertiliser facility in Kwinana which will expand our current capacity and facilitate the move into liquid fertiliser products.

Looking ahead

Our immediate focus is safely receiving the remainder of this year's harvest, with a large amount of preparation put into receiving the potentially record crop. Our team started harvest preparations months earlier than normal to plan for the construction for up to two million tonnes of emergency storage at strategically located sites, purchase additional equipment to help receive the crop and attract and recruit a 2,000 strong workforce of harvest casuals. As harvest nears completion, we will remain focused on receiving deliveries safely, then shift to outturning the grain to our four ports in a timely and efficient manner to capture value for growers in the first half of the year when there is increased demand for WA grain.

I wish you all a safe and productive remainder of your harvest.

Ben Macnamara

"I would again like to acknowledge the efforts of our team for what has been a very demanding year marked by a number of challenges. The results achieved this year would not have been possible without the commitment of the CBH team who go above and beyond."

Year Performance

$254.2 million invested in the network

Fifth largest harvest on record with 15.1 million tonnes of grain received

96 per cent of tonnes delivered via the CDF app

Accumulated 54 per cent of the Western Australian crop

Sold 1.2 million tonnes of sustainably certified grain

Provided working capital finance of $150 million to farm businesses

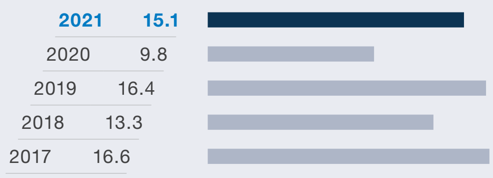
47 per cent increase in fertiliser sold this year

Reduced carbon emissions on a per tonne basis by 38 per cent

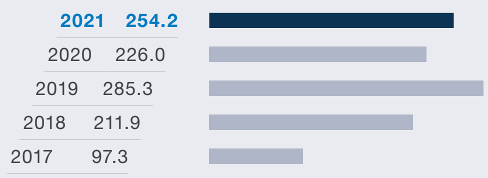
$1.6 million invested in our regional communities

KEY METRICS

Tonnes handled
Million Tonnes



Network Capital and Maintenance
$m



Group Net Profit (Loss) After Tax
$m

The Co-operative Benefit

Co-operatives are organisations that are owned and controlled by their members, who benefit by sharing in the growth and prosperity of the business.

Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. CBH puts these values into practice by applying the seven co-operative principles:

Voluntary and open membership

Democratic member control

Member economic participation

Concern for community

Autonomy and independence

Education, training and information

Co-operation among co-operatives

Being part of a co-operative gives all members access to opportunities to help them succeed financially, and support for their communities to achieve social resilience.

As a Western Australian grower-owned co-operative, **CBH's purpose is to sustainably create and return value to WA grain growers, current and future**. We deliver value to your farm business through:

- Low supply chain fees and competitive freight rates
- Continued investment into the storage and handling network to maintain the integrity of the assets, to get your grain off faster at harvest and deliver to port efficiently
- Competitive grain prices, grower-focused products and ongoing development of international markets for WA grain
- Competitive fertiliser prices to reduce on-farm input costs

CBH 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

As your co-operative our purpose is to create and return value to Western Australian grain growers, current and future.

Our strategy remains focused on the ‘core’ of our business, and leveraging the advantages of being a co-operative to achieve better outcomes for growers.

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

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

	FOCUS ON THE CORE			Investments Portfolio
	Fertiliser	**Storage and Handling**	**Marketing and Trading**	**INTERFLOUR GROUP** Nine mills and one malting facility operating in South East Asia More than two million tonnes of processing capacity **BLUE LAKE MILLING** Three oat milling facilities 160,000 tonnes of processing capacity
OUR GOAL	Providing competitive fertiliser to reduce growers' on-farm costs	Move grain from the paddock to the customer on time, on specification and at the lowest cost possible, by leveraging our people and the storage and handling network	Maximise the value of Western Australian grain by leveraging Marketing and Trading without assuming all the risk	
HOW WE RETURN VALUE	Provision of low-cost fertiliser Increase competitiveness in market to reduce paddock costs and improve access to supply	Continued investment into the network Receive grain quickly at harvest and move to port efficiently to meet market demand Low supply chain fees and competitive freight rates	Competitive grain prices Grower-focused products Ongoing development of markets for WA grain	

Where We Operate and What We Do

CBH Group is a proudly Western Australian-owned grain growers' co-operative, with three core business activities: Storage and Handling, Marketing and Trading, and Fertiliser.

- Head Office
- CBH Office
- CBH Port Terminal

Western Australian Offices

- Albany
- Avon
- Corrigin
- Esperance
- Geraldton
- Jerramungup
- Katanning
- Koorda
- Kwinana
- Lake Grace
- Merredin
- Morawa
- Perth
- Ravensthorpe
- Wongan Hills

Australian Offices

- Adelaide

International Offices

- Hong Kong
- Japan

Our storage and handling business operates a network of more than 100 grain receival sites across the Western Australian grainbelt. During the busy harvest period, CBH receives and stores the bulk of the grain produced by our growers at these upcountry receival sites.

It is via Western Australia's extensive road and rail network that grain is transported to our four grain export terminals at Geraldton, Kwinana, Albany and Esperance where it is exported in bulk to customers around the world.

Metro Grain Centre in Perth offers container loading and grain bagging services, for both export and domestic customers. Located at the same site, the Australian Grains Centre provides grain quality and testing services for both CBH and commercial customers as well as being CBH's centre for grain technology and innovation.

Our Head Office is based in the Perth Central Business District, with regional offices located in major grain growing communities.

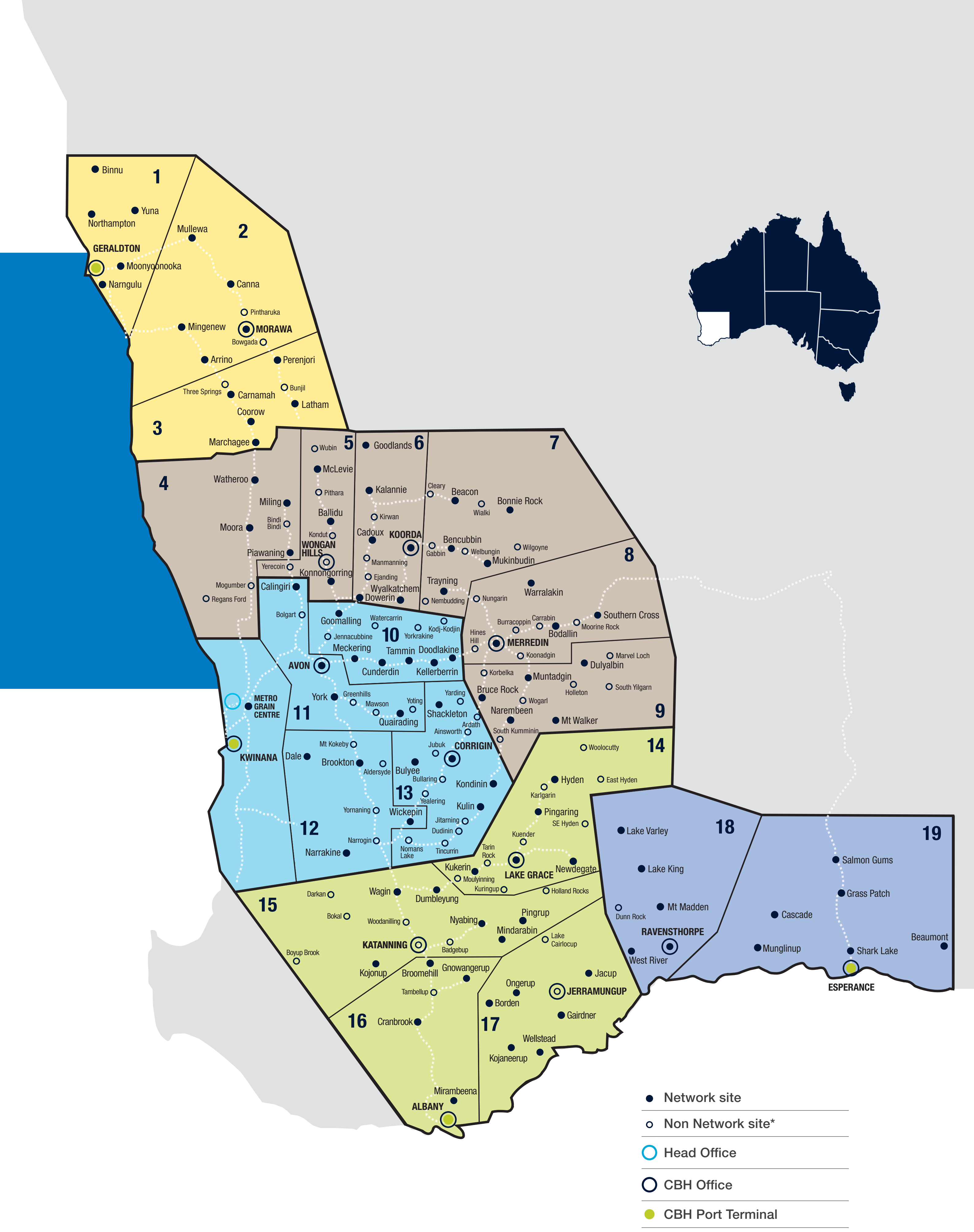
Our Marketing and Trading arm is the leading grain acquirer in Western Australia and largest exporter of Australian grain. Our team of regional Business Relationship Managers build and maintain relationships with growers and provide them with grain marketing and product advice. Grain is then marketed and sold by an international marketing team who service customers domestically and across the globe.

Marketing and Trading also operates in eastern Australia via its Adelaide office, as well as having offices in Hong Kong and Tokyo.

Our Fertiliser division supplies a range of high-quality granular fertiliser products for cropping and pasture to Western Australian growers with depots located in Kwinana, Geraldton and more recently, Esperance. Our Fertiliser Area Managers offer advice and support to growers with their fertiliser choices.

In addition to our core business activities, CBH owns Blue Lake Milling, a leading manufacturer of premium Australian oat products operating in Western Australia, South Australia and Victoria.

We also own a 50 per cent stake in Interflour Group, which operates nine flour mills in Indonesia, Vietnam, Malaysia and the Phillippines, a grain port terminal in Vietnam and Intermalt, a malting house in Vietnam.



*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 the Chair of the Network and Engineering Committee and a member of the Audit and Risk Management Committee .

She is currently a Director of Hockey WA, Chair of the Narembeen District High School Board and a member of the Asia Pacific Regional Board of the International Cooperative Alliance. 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 the Chair of the Workplace Health and Safety Committee and a member of the Remuneration and Nomination 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, 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.

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.

Gareth Rowe

MEMBER DIRECTOR

Gareth Rowe was elected as a Director of the CBH Board in June 2021. He is currently a member of the Audit and Risk Management Committee and a member of the Workplace Health and Safety Committee.

Gareth produces grain and cattle on his properties in Walkaway and Moonyoonooka. He is currently Chair of the Geraldton Grammar School Board and a Director of the Council of Grain Grower Organisations (COGGO) Ltd. Gareth has previously served on the Growers' Advisory Council.

Before developing his business interests in Western Australia, he acted as a consultant for the Milk Marketing Board co-operative in the UK and as a consultant for international accounting firm Grant Thornton. Gareth has built a number of businesses in the UK in consultancy, computer software, property development and construction, and farm production activities.

Gareth holds an Honours Degree (BSc Hons) in Farm Business Management from the University of Reading and is a Graduate 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 at 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.

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: Co-operatives and Mutuals and is a Member of the Australian Institute of Company Directors.

Royce Taylor

MEMBER DIRECTOR

Royce Taylor was elected as a Director of the CBH Board in June 2021. He is currently a member of the Remuneration and Nomination Committee and a member of the Network and Engineering Committee.

Royce produces grain and sheep on his farm in Lake Grace. He is currently Chair of Innovation Central Midlands WA Inc and President of the Ongerup Football Association. Royce has previously served as a Councillor on the Lake Grace Shire and as Deputy Chair of the CBH Growers' Advisory Council.

Royce has completed the Australian Institute of Management's Co-operatives & Mutuals Strategic Development Program and 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. She is also chair of the Growers' Advisory Council (GAC) Selection 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. Helen has been active on many local committees including community, agricultural and sporting groups.

Helen holds a Bachelor of Education (Business) and Diplomas in Teaching and Financial Counselling. She is a Graduate of the Australian Institute of Company Directors and has completed the Executive Co-operatives and Mutuals Program, facilitated by UWA and the Australian Institute of Management.

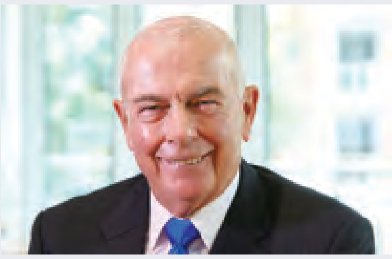
David Lock

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 Odeum Produce Pty Ltd. He is Deputy Chair of Water Corporation and is a Director of the Marine Stewardship Council and Chair of the Curtin Faculty of Business Law Advisory Council. 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 is 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 with former roles including General Manager of Perth Airport and General Manager of Sydney Airport. He is currently a Director of Queensland Airports Ltd and 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.

Paul Sadleir

INDEPENDENT DIRECTOR

Paul Sadleir was appointed as a Director of the CBH Board in February 2021. He is currently Chair of the Remuneration and Nomination Committee and a member of the Network and Engineering Committee.

Paul is a non-executive director of Perron Group Limited and chair of its Remuneration and Nomination Committee and is President of the WA Division of the Australian Institute of Company Directors.

Paul recently stepped down as Deputy Chair of the Brightwater Care Group and chair of its Business Committee and as a member of the Perth Catholic Archdiocese's Property and Investment Committee.

He has over 30 years of corporate, commercial and technical experience across ASX listed, government, private and not for profit organisations. Paul was Managing Director of Cedar Woods Properties Limited for 16 years until September 2017 and prior to that, held senior positions with Bunnings Warehouse Property Trust, Wesfarmers and Western Power.

Paul has a Bachelor of Engineering and an MBA from the University of Western Australia and is a Fellow of the Australian Institute of Company Directors and the Australian Property Institute.

Lead Team

Ben Macnamara

ACTING CHIEF EXECUTIVE OFFICER

Joined CBH Group: **2014**

Ben commenced as Acting Chief Executive Officer in July 2021. Previously, he was Chief Operations Officer from February 2019 where he was responsible for leading CBH's world-class storage and handling, logistics, engineering and shipping services.

Ben joined CBH in 2014, serving as Commercial and Business Development Manager, before becoming General Manager Planning, Strategy and Development.

Before joining CBH, Ben worked for an investment advisory firm and an international professional services firm.

Ben holds a Bachelor of Business, is a member of the Institute of Chartered Accountants Australia and is on the board of the Business Council of Co-operatives and Mutuals (BCCM).

Stewart Hart

CHIEF FINANCIAL OFFICER

Joined CBH Group: **2021**

Stewart was appointed Chief Financial Officer in 2021 and is responsible for finance and strategy. He has over 35 years' experience as an international finance and commercial leader in the construction, mining and energy industries, both within Australia and internationally.

He is a Fellow of CPA Australia and Graduate of the Australian Institute of Company Directors.

Since 2015 Stewart has been a member on the board of AVIVO.

Mick Daw

ACTING CHIEF OPERATIONS OFFICER

Joined CBH Group: **1989**

Mick was appointed Acting Chief Operations Officer in July 2021 and is responsible for leading CBH's world-class storage and handling, logistics, engineering and shipping services.

For the past 15 years Mick held the role of Esperance Zone General Manager. Prior to this he was the Albany Zone Manager and the Geraldton Zone Manager.

Mick holds a Diploma in Business Management and is a graduate of the Australian Rural Leadership Program.

Jason Craig

CHIEF MARKETING AND TRADING OFFICER

Joined CBH Group: **1998**

Jason was appointed Chief Marketing and Trading Officer in April 2012 and is responsible for CBH's Marketing and Trading and Fertiliser divisions.

Jason has vast experience in international trade, supply chains, shipping, food processing and agricultural inputs. He has held previous roles as President Director with PT Eastern Pearl Flour Mills (Indonesia) and in various marketing and trading roles with the Grain Pool (now CBH Marketing and Trading).

Jason holds a Bachelor of Commerce in Banking and Finance, Postgraduate in Applied Investment and Finance and attended the Advance Management Program at INSEAD.

Since 2015 Jason has been a board member of Grain Trade Australia and the Chair of the Grain Trade Australia, Trade & Market Access Technical Committee.

Kelly McKenzie

CHIEF PEOPLE OFFICER

Joined CBH Group: **2009**

Kelly was appointed Chief People Officer in 2017 and is responsible for human resources, employee relations, benefits and payroll, learning and organisational development and change management.

Kelly joined CBH in June 2009 first serving as Human Resources Advisor and then as Human Resources Manager. Prior to her current role, she held the position of Group Manager People and Performance. Kelly has over 25 years' experience in human resources and leadership roles supporting leaders to attract, retain and develop high performing employees.

Kelly has a Master of Business Leadership and a Master of Business Administration. She is also a graduate of the AICD Company Directors Course and the AIM UWA Co-operatives & Mutuals Strategic Development Program.

Brianna Peake

CHIEF EXTERNAL RELATIONS OFFICER

Joined CBH Group: **2010**

Brianna was appointed Chief External Relations officer in 2015 and is responsible for Corporate Affairs, Government and Industry Relations, Grower Relations, DailyGrain and the Growers' Advisory Council.

Brianna joined CBH in 2010 first serving as Grower Relations Manager then went on to hold other senior roles within CBH including Marketing Communications Advisor and Government and Industry Relations Manager.

Brianna is a graduate of the University of Western Australia with a Science degree in Natural Resource Management and has a Graduate Certificate in Corporate Finance from Kaplan Professional. She is also a graduate of the AICD Company Directors Course and the Australia Rural Leadership Program.

In 2021 Brianna was appointed as a Commissioner on the Lotterywest Board and to the General Council of the Chamber of Commerce and Industry WA.

Sam Gliddon

CHIEF PROJECT DELIVERY OFFICER

Joined CBH Group: **2016**

Sam was appointed Chief Project Delivery Officer in October 2021 and is responsible for the management of network infrastructure projects and engineering.

Sam commenced with CBH in the Commercial and Business Development team in 2016 and held the role of Planning Strategy and Development Manager, before becoming Head of Network Planning in 2019. Prior to joining CBH, Sam worked in corporate finance and restructuring, treasury, and professional services firms both locally and internationally.

Sam holds a Bachelor of Commerce majoring in Corporate Finance and Financial Accounting and a Bachelor of Science, majoring in Environmental Science.

Sam brings over 15 years' experience in infrastructure planning, finance and accounting roles across agriculture, commodities and asset intensive industries, and is a member of the Institute of Chartered Accountants Australia.

Tamour Azam

CHIEF INFORMATION OFFICER

Joined CBH Group: **2018**

Tam joined CBH as Chief Information Officer in December 2018, where he is responsible for leading the Information Technology division and ensuring CBH's systems and technology support the business' operations.

He has over 25 years' experience working in the UK and Australia across multiple industries including manufacturing, technology, defence and retail.

David Woolfe

CHIEF LEGAL, RISK AND GOVERNANCE OFFICER AND COMPANY SECRETARY

Joined CBH Group: **2003**

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

David is a qualified lawyer with over 34 years of corporate and commercial law experience.

Prior to joining CBH, David was a partner at a top tier commercial law firm. David is also a qualified Chartered Secretary and is a Fellow of the Australian Institute of Company Directors, the Chartered Governance Institute and the Governance Institute of Australia.

Growers' Advisory Council

The Growers' Advisory Council (GAC) is comprised of grain growers who have a genuine desire and commitment to see CBH continue to develop as Australia's leading grain business.

The GAC supports the co-operative by providing a formal mechanism for issues raised by growers to be fed back to CBH and its Board of Directors.

The GAC advocate on behalf of growers by considering issues of a strategic nature to the industry, providing feedback on CBH initiatives that will impact growers, and increasing grower engagement and understanding of CBH and the issues affecting the co-operative and the broader grains industry.

Councillors are appointed for a single four-year term and are selected by a panel comprised of CBH Directors, the GAC Chair and the CBH management team.

The Council is made up of 16 members with representation across the five electoral districts of CBH and meets four times a year in person, as well as engaging with CBH via forums, events, and informal communication channels throughout the year.

CBH would like to thank the immediate past Chair of the GAC, Neville McDonald who retired from the GAC on 30 July 2021, for his commitment to the success of the GAC and the co-operative.

Professional development

GAC members are provided with opportunities to enhance their professional development through training, education and information during their time on the Council, making it an excellent opportunity for growers to contribute to the future of the co-operative while enhancing their own professional development.

This year, several GAC members had the opportunity to participate in the three-day Australian Institute of Management and University of Western Australia's co-operatives and mutuals strategic development program.

GROWER'S ADVISORY COUNCIL MEMBERS 2021

Romina Nicoletti (Chair), Bonnie Rock	**Stephanie Clark**, Bolgart	**Graham Ralph**, Dowerin
Craig Doney (Deputy Chair), Kulin	**Noel Heinrich**, Carnamah	**Stephen Strange**, Bruce Rock
Laurie Butler, Perenjori	**Renee Lynch**, Narembeen	**Daniel Sanderson**, Esperance
Michael Caughey, Merredin	**Neville McDonald***, Beaumont	**Jeffrey Stoney**, Gnowellen
Andrew Chambers, Ravensthorpe	**Lyndon Mickel**, Beaumont	**Bruce Trevaskis**, Jerramungup
	Gerard Paganoni, Broomehill	**Tony White**, Miling

*Neville McDonald's term ended on 30 July 2021.


CBHGROUP
snakes
snakes

Operations

CBH's integrated supply chain provides growers with an efficient, low-cost storage and handling network to move grain from the paddock to the port and on to the customer. Our operations extend from safely receiving the Western Australian harvest at our extensive network of upcountry receival sites, managing grain quality, transporting grain via road and rail to port, and ship loading operations.

HIGHLIGHTS

Received **15.1 million tonnes of grain** during harvest

96 per cent of tonnes delivered via the CDF app

Shipped a record **1.64 million tonnes in December**

CBH is committed to providing a low cost, efficient supply chain to keep Western Australian growers competitive in the international grain market.

This year, Operations maintained grower service levels during a larger than average harvest and capitalised on strong shipping demand in the first half of the year. Several challenges in the second half of the year impacted our ability to move grain to port efficiently, however the combined efforts of our people and measures put in place saw performance improve in time for the 2021/22 harvest with 13.4 million tonnes shipped during the year.

Safety

Our focus continues to be on supporting our people and implementing measures to keep our people and communities safe, including managing the unique challenges presented by the COVID-19 pandemic.

Disappointingly, our overall safety performance during harvest did not meet expectations. However, a significant improvement during the outloading period ensured that our 12-month All Injury Frequency Rate (the measure we use to track safety performance) exceeded our target.

The harvest safety performance was attributed to an inexperienced workforce compared to previous years and the interrupted start to harvest, and was demonstrated by more injuries to our harvest casual workforce than our permanent employees. Following harvest, when our workforce returned to routine outloading tasks, the experience of the team and the focus of the frontline leadership resulted in significantly improved safety outcomes.

To ensure we improve on our safety performance from last harvest, a large amount of work has gone into improving the onboarding, training and leadership for our harvest workforce. This includes continuing to simplify our processes and improve our equipment to make the frontline tasks more streamlined.

MANAGING OUR CRITICAL RISKS

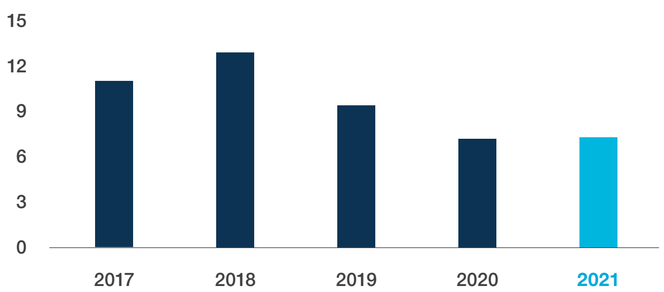
Capital expenditure has been aligned to our critical risk areas, which should see the rate of serious and potential incidents reduced even further as we upgrade and improve our existing infrastructure.

We invested heavily in reducing risks during the year, spending more than $16 million dollars on removing electrical, working at height, dropped object, machine entanglement and energy release risks. This program of work complements the critical risk programs and a similar amount is planned to be spent in the coming year to ensure we continue to remove our people's exposure to risk.

FIELD LEADERSHIP

At CBH, leadership in safety is a responsibility of each and every employee across the organisation. We seek to create a work environment where all individuals are empowered to stop a job if they feel unsafe. We continue to see the benefits of this in our routine work where we continue to identify improvements and remove risks for our team members.

ALL INJURY FREQUENCY RATE



Operations

Harvest

This year we completed harvest under the threat of COVID-19. Prior to harvest, we put protocols in place to ensure the safety of our people, growers, transporters and contractors. Throughout harvest, we strongly encouraged use of the CDF app and limited entry to the sample hut to reduce personal interactions on site. We also increased distancing and hygiene measures, encouraged registration for contact tracing, and instructed people to remain home if they felt unwell.

Despite receiving below average rainfall over the 2020/21 growing season, Western Australian growers demonstrated how innovative and progressive farming practices coupled with mild temperatures can produce an above average crop, with 15.1 million tonnes received across the network.

CBH experienced its busiest day ever on 23 November 2020 when 528,678 tonnes were delivered to 112 sites across the network. The average site cycle time across the network was 38 minutes, a good achievement given the larger than average harvest, and still six to eight minutes faster than a few seasons ago.

Improved site efficiencies have once again been supported by the continued uptake of the CDF app with 96 per cent of tonnes delivered via the app this harvest, up from 91 per cent in 2019/20 and 69 per cent in 2018/19 – the first year of network-wide use.

HARVEST AT A GLANCE

15.1 million tonnes received

114 sites opened

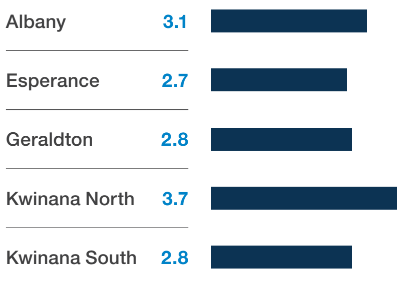
14 daily receival records broken

38 minutes average site cycle time

15 site season records broken

96 per cent of tonnes delivered via CDF App

GRAIN RECEIVED (MILLION TONNES)



Supply chain challenges

A series of challenges during the middle of the year highlighted our exposure to external events and the labour market, and culminated in vessel turnaround times at our ports extending well beyond our targeted timeframes.

Similar to many other businesses across the state, a key challenge felt across the network has been the shortage of both train and truck drivers. Labour shortages, bushfires, multiple flooding events, Tropical Cyclone Seroja and a third-party derailment in the Avon Valley all disrupted rail activities. These factors, combined with a few internal factors specific to each port, resulted in significant logistical losses.

Some individual port zone issues included:

— Geraldton – reduced availability of fumigatable storage and Tropical Cyclone Seroja damaging infrastructure

— Albany – local infrastructure projects absorbing limited labour

— Esperance – reduced port storage capacity due to a large sustaining capital project

In response to the challenges, we worked closely with our export customers and road and rail contractors to manage the shipping program and introduce short-term remediation plans including:

— Leasing additional narrow-gauge rail fleets and drivers

— Working with Arc Infrastructure to optimise scheduled track works to work within our rail transport schedule

— Engaging additional trucking contractors and increasing the frequency of movements where safe to do so (i.e. 24-hour programs)

— Working with customers to optimise vessel loading efficiency

— Delaying port maintenance shutdowns to later in the year

— Better aligning capacity offered to marketers to road and rail resources available

Through the combined efforts of our people and partners, we worked to resolve the supply chain issues, and our vessel turnaround performance has improved to target levels.

We also have longer-term measures in place to ensure our supply chain can better absorb external shocks in the future:

- Investing in critical rail outloading infrastructure to improve the pace of transporting tonnes to port
- Additional rolling stock secured via new rail provider contract
- Working with the trucking industry to enhance long term sustainability
- Continuing to execute sustaining capital programs that enhance the performance of existing infrastructure at port terminals and upcountry sites.

SHIPPING

We have seen an increasing trend in the past decade to export the bulk of the Western Australian harvest in the first half of the year, which allows growers to capture higher values for their grain before the northern hemisphere's harvest commences.

This resulted in a new monthly total shipping record of 1.64 million tonnes sent from all four ports in December 2020.

Despite the significant supply chain challenges, we ended the year with a total of 13.4 million tonnes shipped on 333 vessels, which is in line with recent years. This effort was testament to the resilience and solidarity of our people who worked hard to overcome the challenges and deliver on our shipping commitments.

Enhancing grain technology

The Grain Technology team is focused on strengthening our core systems, processes and people to improve how we receive, measure, protect and maintain the quality of grain throughout the length of the supply chain.

Significant progress has been made on major initiatives to improve moisture management, chemical residue testing capability and management, bulk weighing system, grain quality analysis and sampler training, remote monitoring technologies, pest control methodologies and load reference sample processes. The team continuously looks for improvement opportunities and how we can support growers and frontline operations to help sites run more efficiently and reduce operating expenses.

Along with new innovations, we have continued to apply our long-term 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.

A NEW ERA FOR RAIL PERFORMANCE

In April, we started a Request For Proposal (RFP) process for an above-rail services provider, as our existing long-term agreement with Watco was due to end in April 2022.

The RFP process gave us the opportunity to assess the best rail operators in the market to determine how each could help maximise the value of our rail assets for growers. In August, Aurizon was selected as the preferred rail services provider with a proposed operating model that includes three fleets in addition to our 10 existing fleets consisting of 28 locomotives and 574 wagons. It also includes access to maintenance and operational facilities at Forrestfield, Narngulu, Merredin, Albany and Wagin, and an investment in Avon to bring the maintenance facility and yards back into operation.

Under the new agreement, Aurizon is responsible for rail logistics planning services including train planning and scheduling, tracking, maintenance, inventory control and crew management. The agreement is for six years with two 2-year options to extend, which is contingent on Aurizon meeting their relevant contract KPIs. A decision was made to end the existing contract with Watco early to enable transition prior to harvest starting.

The new agreement with Aurizon will support our effort to move tonnes to port on rail and deliver higher levels of service, maintenance and scheduling efficiencies, and improved operations for CBH employees.

Network

This year has highlighted more than ever the need to continue improving the network to make sure our supply chain is efficient and effective to service growers' needs, current and future. We focus our network investment on expanding and enhancing the network's capacity and sustaining and maintaining our infrastructure.

HIGHLIGHTS

$254.2 million invested in the network this year

$109.6 million invested on sustaining capital projects

270,000 tonnes of new permanent storage added to the network

In 2021 we continued to invest heavily in improving our network, with a focus on sustaining capital projects to increase the useful life of our existing assets. During the latter half of the year, we focused our resources on the construction of emergency storage as we prepared for a potentially record-breaking 2021/22 harvest.

We made a total network-wide investment of $254.2 million, with $95.1 million invested on expand and enhance projects, which included $35.8 million on emergency storage and $109.6 million on sustaining capital projects. In line with previous years, an additional $49.5 million was spent on a comprehensive maintenance program.

Securing the future of our network

We increased investment on sustaining capital projects, which are those essential works to extend the useful life and compliance of our existing infrastructure and equipment.

CBH has historically underinvested in sustaining our network to the degree required for the scale of our infrastructure footprint. Therefore, increased investment in sustaining projects will be required in coming years to ensure our assets and infrastructure at port terminals and upcountry are performing to manage in-loading and outloading tasks as efficiently as possible.

Our sustaining capital work needs to be balanced with the investment in storage and throughput projects to keep up with the growing crop size and meet the changing pace of harvest deliveries.

Sustaining our network

In 2021, we completed more than 180 sustaining capital projects across the network, ranging from small $50,000 projects to larger $12 million projects. A total of $109.6 million was invested in sustaining capital projects across the network. These included our annual port shutdowns at our grain terminals, storage refurbishments, road works, zone safety and compliance upgrades.

A selection of key sustaining capital projects by zone are outlined below:

GERALDTON

Carnamah – Site accommodation upgrades

Geraldton Grain Terminal – Steel silo refurbishment, high voltage upgrades, silo fumigation and sealing repair

Mingenew – Amenities upgrade

Northampton – Q-type roof replacement and S-type storage repair

KWINANA NORTH

Bruce Rock – G-type storage refurbishment

Kalannie – Site accommodation

Koorda – Site accommodation

Trayning – CS2000 Remediation

Merredin – Open bulkhead refurbishment

KWINANA SOUTH

Wickepin – Sample hut

Kwinana Grain Terminal – Roofing reseal, ship loader bogie overhaul, sealing remediation, Jetty Pile Cathodic protection

Bulyee - Roadworks

Cunderdin - Electrical upgrades

ALBANY

Albany Grain Terminal – Construction of maintenance workshop, asphalt remediation, high voltage upgrades

ESPERANCE

Lake Varley - Site main switchboard replacement

West River – Site accommodation

Esperance Grain Terminal – Annexe fumigation sealing, cell cones coatings and high voltage upgrades

Cascade – Q-type sealing

Improving our rail outloading facilities

A focus for this year was prioritising investment in our rail outloading facilities at key sites across the network, to help get more tonnes to port quicker, and when required.

Our Moora, Broomehill, Brookton and Cranbrook sites were selected as priority sites for rapid rail outloading projects, scheduled to commence next year.

These projects will be complemented by the WA State Government's funding of $22 million from the Agricultural Supply Chain Initiative (ASCI) to extend the rail sidings at each location, with a further $178 million committed by the State and Federal Governments for further projects.

HYDEN

- 136,000 tonnes of additional permanent storage
- Four open bulkheads
- Fixed inloading equipment – including 500-tonne per hour conveyor loading system
- New weighbridge

BROOKTON

- 127,000 tonnes of additional permanent storage
- Four new open bulkheads
- Increase wall heights of three open bulkheads to 1.8 metres, adding 13,000 additional tonnes
- 500 tonne per hour grid powered inloading equipment to service open bulkheads

DALE

- New 36-metre weighbridge
- New sample hut
- Increase length of and height to 1.8 metres of the walls of existing bulkheads to add an extra 5,000 tonnes of permanent storage

Expanding key sites

During the year, more than $95.1 million was invested in expanding the network which included emergency storage and key expansion projects completed at the Hyden, Brookton and Dale receival sites.

The expanded sites are located in the Albany and Kwinana South zones, where production has grown significantly over the past decade. Increased storage capacity and throughput at these sites will enable us to provide the required services closer to growers and improve site turnaround times.

We also continued our weighbridge enhancement program, with new weighbridges installed and commissioned at Mt Walker, Salmon Gums and Binnu.

Pivot to harvest preparation

As the season progressed and estimates were produced for a potentially record-breaking 2021/22 harvest, it was necessary to redirect some network funding and resources towards a large amount of work in addition to our usual harvest preparation to ensure the network was ready to receive such a large crop.

A total of $35.8 million was spent this year on preparing emergency storage and purchasing associated receival equipment for strategically located sites. In the lead up to harvest, we engaged extensively with Main Roads WA and relevant local governments to obtain planning and approval for up to two million tonnes of emergency storage.

This storage will enable us to receive above average crops in a cost-effective way and supports our frontline teams in continuing to provide services for growers.

Additionally, we acquired more equipment including 10 drive over grids and extra tarpaulins and testing equipment, to support frontline teams in receiving the harvest safely and efficiently while maintaining grower service levels. We also redirected resources towards the maintenance and preparation on a series of non-network sites to open if needed, providing up to 700,000 tonnes of additional storage capacity to the network.

REVIVING THE BRUCE ROCK G-TYPE

The G-type sealed storage at Bruce Rock was built in 1980 and has been serving the surrounding growers for more than 40 years. This year we began a two-year project to completely refurbish and reseal the storage to extend its life by a further 25 to 30 years.

The works will be completed over a two-year period, with the first stage focused on cleaning, repairing and restoring the structure before resealing it with a method known as ‘total encasement’ to ensure a high-integrity seal for effective fumigation.

After a high-pressure water wash to remove debris and the polyurethane foam which forms the seal inside the storage, trenching, backfill and bitumen works took place around the inside perimeter to replace the seal between the floor and the walls.

On the exterior of the building, damaged or compromised wall struts were replaced, and the structure received a new roof including lighting, gutters, downpipes and gable end cladding.

Works will pause until the storage has been emptied following the 2021/22 harvest before the second stage of refurbishments commences. Stage two will focus on sealing the inside of the storage with a combination of elastomeric membrane and polyurethane foam to form an airtight seal to allow for successful fumigation and protection from contaminants.

Throughout the project, new and stronger materials are being used to replace old, damaged or corroded materials to ensure the asset can be used for many more years to come.

Marketing and Trading

As Australia's largest grain exporter with customers in more than 30 countries, Marketing and Trading provides a gateway to global markets for Western Australian growers. With superior knowledge, experience and customer relationships, our efforts to develop new markets and provide grower-focused products helps you unlock the most value for your grain.

HIGHLIGHTS

Australia's largest grain exporter with **26 per cent market share** of bulk grain exports

Accumulated **54 per cent** of the Western Australian crop

Opened new malting barley markets in Mexico and South America

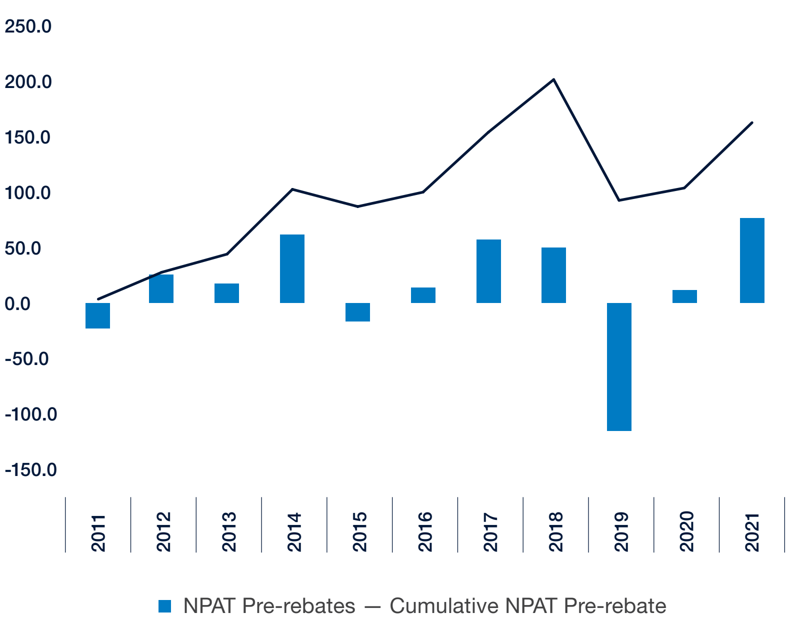
Provided working capital finance of **$150 million** to farm businesses

Shipped **8 million tonnes** in a supply chain-challenged environment

Bullish global grain markets, driven by increased demand and disruption to production in some global grain growing regions, provided a consistent theme to the global grain trading environment during the year. Global coarse grain, oilseed and cereal markets were impacted by weather-related production shortages and rebounding demand led by China.

However, domestic execution costs increased significantly (primarily demurrage) as delays in the loading of vessels saw wait times extend to unprecedented levels both in Western Australia and nationally. As a result, Marketing and Trading paid $8.1 million in demurrage and $3.6 million in contract penalties. This was caused by several adverse weather events in Western Australia that impacted supply chain infrastructure, as well as a shortage of rail and road operator labour. Despite these challenges, Marketing and Trading reported a strong net profit after tax of $76.6 million.

NET PROFIT AFTER TAX PRE-REBATES



Marketing and Trading's success in finding new markets for Australian barley and the development and growth of its sustainability program during 2021, saw the team named the Western Australian Exporter of the Year, winner of the Agribusiness, Food and Beverages category and finalist in the Sustainability category at the 2021 Western Australian Export Awards.

Barley to South America

Following the anti-dumping and countervailing duties tariff on Australian barley launched by the Chinese Ministry of Commerce in May 2020, and the suspension of Marketing and Trading (CBH Grain Pty Ltd) as a registered exporter to China, we began to build new barley markets and customer relationships. We utilised existing, strong commercial relationships with global beverage manufacturers to establish malting barley markets in South America.

In addition, feed barley trade flows were re-established to Saudi Arabia – a market that deregulated from a government tender process to private buying. Building strong commercial relationships with private buyers not only enabled the trade flow, but also allowed for greater market insight during the period of change. There was also strong demand for feed barley from key South-East Asian countries, including Thailand and Vietnam, which underpinned increased prices for Western Australian barley.

East Africa market re-emerges

The end of the protracted drought in the Eastern States drove up Australian export supply, which saw Australian wheat priced competitively in global markets. While the traditional South-East Asian destinations of Indonesia, Vietnam, Philippines, and the Middle East continued to provide strong demand, Eastern African countries such as Kenya, Mozambique and South Africa re-emerged as destinations for Australian grain. Marketing and Trading worked closely with flour millers in the region to secure valuable outlets for Western Australian wheat growers.

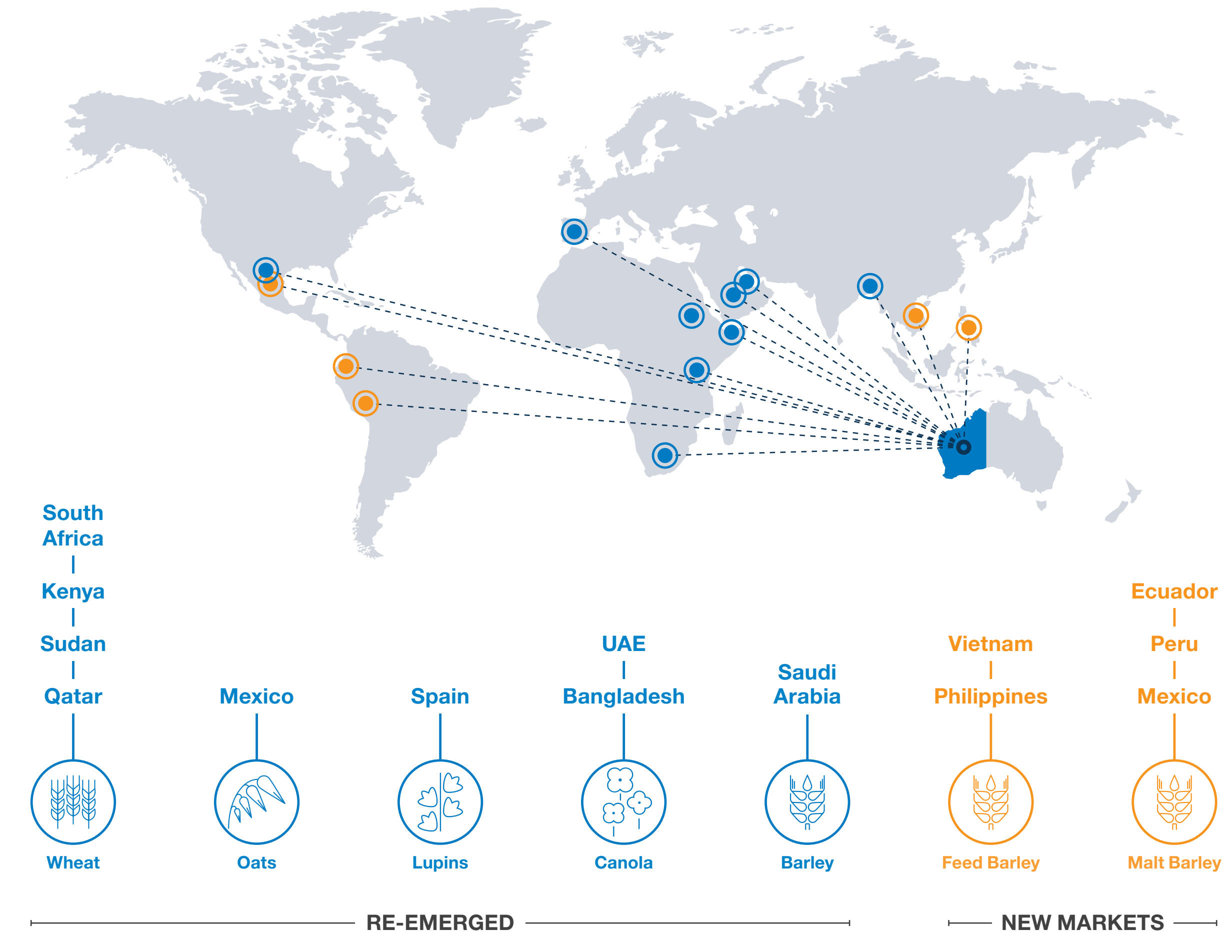
Sale of processed oats soar

This year, Blue Lake Milling grew its volume of exported products by over 40 per cent to meet the growing global demand for oat products. The increase was driven by Marketing and Trading's efforts to leverage its experience in global oat markets and its long-term customer relationships with global oat processors.

Customer connections re-imagined

One of the challenges presented by the COVID-19 pandemic has been the inability to visit and host our valued customers in person. As a result, we increased our outbound communication to provide customers with regular crop production and quality reports in innovative, interactive and multi-lingual digital formats. We also held regular online meetings with our customers to help build and maintain our valued relationships and to ensure a connection despite the isolation.

Marketing and Trading



Growth of sustainably certified grain exports

Marketing and Trading's sustainably certified grain program has always been underpinned by the European Union canola market, providing over $450 million of additional value to Western Australian growers over the past 12 years.

However, with the expansion into the International Sustainability and Carbon Certification (ISCC) PLUS scheme, the range and volume of grain certified and exported has grown rapidly. In 2020/21, more than 1.2 million tonnes of barley, wheat, oats and canola was exported under the certification – meeting the rapidly growing needs and expectations of customers.

In addition, we conducted a detailed market research project with our customer base to better understand these changing dynamics and future expectations of customer markets. The results confirmed that sustainable market opportunities will continue to grow at a rapid pace and that future product development is needed to meet this global shift in consumer preference.

Accumulations

This year Marketing and Trading was a strong buyer accumulating 8.1 million tonnes or 54 per cent of the total Western Australian crop – an increase of five per cent compared to last year. Driving this increase was a combination of competitive cash pricing and strong pool participation from growers. In South Australia we acquired a total of 392,000 tonnes, with our strongest market share won on the Eyre Peninsula. We accurately executed payments to growers for 8.6 million tonnes of grain worth $2.6 billion.

Pleasingly, more than 55 per cent of the grain accumulations contracts were performed by growers and contractors using our LoadNet self-service platform. The increased self-service uptake reflects continued improvements to our LoadNet Grain Marketing Tool, such as access to performance history, which enables growers to make more informed selling decisions.

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 growers and international markets. The team provides information and assistance with products and services as well as sales support for CBH Fertiliser.

Marketing and Trading is also supported by the Grower Service Centre who provide advice and assistance to growers with grain contracting, financial products and grain marketing opportunities.

Products

POOLS

All CBH pool options for 2020/21 outperformed internal targets, providing confidence that these products continue to return value to growers. Pool deliveries as a percentage of CBH market share returned to normal levels compared to the drought-impacted 2019/20 season.

Our pre-harvest pool option, Flexi-starter, remains popular having seen approximately 75 per cent annual growth in nominations across its four years of operation. Flexi-starter also continued to deliver strong performance outcomes, with participants achieving $10-$14 per tonne above the equivalent cash prices available during the pool marketing window. Due to the popularity of the Flexi-starter pool, it was expanded to include feed barley.

SWAPTION

The CBH Grain Commodity Swaption continued to experience strong uptake from wholesale-qualifying growers – particularly as some banks reduced their product offering.

We also delivered significant enhancements to the product, which allows growers and consultants to view their portfolio positions and outstanding orders in LoadNet, providing increased transparency and self-service capabilities.

PRE-PAY ADVANTAGE

Pre-pay Advantage and Grain for Fert products provided working capital to 420 farm businesses with a record $150 million approved. Almost 20 per cent of these businesses were new product users. The base rate offered was the lowest in the product's history, reflecting the prevailing low interest rate environment. The first Sell Anywhere requests were processed in 2020/21, supporting increased flexibility for growers to market their committed tonnes with alternate grain marketers.

The improved reservation management process across the product suite provided growers with a more flexible and simple way to manage their nomination commitments and cashflow needs during harvest.

Chartering and shipping

The COVID-19 pandemic has caused delays, congestion and disruptions across the shipping industry. Despite these challenges we shipped 8.4 million tonnes of grain on 188 vessels with 60 per cent of these vessels chartered by Marketing and Trading.

Increased global demand for commodities and goods, fleet inefficiencies and delays underpinned by the pandemic led to the highest bulk freight rates seen in a decade. Similarly, the container market surged due to container shortages and cargo backlogs, resulting in ongoing logistical challenges to meet customer demand.

A 14-day quarantine rule was introduced for vessels berthing in Albany, Esperance and Geraldton, also impacting vessel loading times. To help mitigate the risks of COVID-19 within our network, we developed a COVID-19 Shipping Protocol Framework to safely and efficiently facilitate the loading of vessels.

A NEW MARKET FOR WESTERN AUSTRALIAN BARLEY

Marketing and Trading's strong relationships allowed the team to find a new destination for Western Australian barley, following changes in the international trading landscape.

In January, Marketing and Trading shipped 35,000 tonnes of malting barley, accredited through the International Sustainability and Carbon Certification program, from the Albany Grain Terminal to Mexico.

It was believed to be the first ever malt barley shipment from Australia to Mexico – opening a major barley market for Western Australian growers.

Further barley sales to Peru and Ecuador required CBH's Operations team to be inventive in managing the very specific quality requirements of this new market. The collaboration between Marketing and Trading and Operations has created a blueprint for future shipments to these markets.

In the meantime, demand for Australian feed barley from Saudi Arabia increased from almost nothing in the 2019/20 marketing year to more than two million tonnes this year.

Saudi Arabia is the second largest barley importer in the world, importing approximately seven million tonnes each year.

As Australia's largest barley exporter, it was the priority for our Marketing and Trading team to find new markets for this grain by taking advantage of trade conditions, developing new customer relationships and exploring opportunities in new markets.

Fertiliser

CBH provides growers with access to a high-quality and cost-effective bulk granular fertiliser, supporting market prices through increased competition.

HIGHLIGHTS

184,000 tonnes outturned, a 47 per cent increase on last year

41 per cent increase in new customers

Successfully entered the Esperance market

Expansion plans activated with **new facility in Kwinana**, including liquid fertiliser facilities

It was another successful year for Fertiliser, having outturned 184,000 tonnes of product – a 47 per cent increase from last year. Our fertiliser business has continued to go from strength to strength since it entered the market in 2015, growing in both customer numbers and tonnes sold year-on-year while turning a modest profit.

The significant demand for urea was driven by strong rainfall early and throughout the season. This put pressure on our warehouses and presented logistical challenges with shipping, staffing and grower collections. To overcome these challenges and meet grower demand, we shipped product early and provided urea from a short-term warehouse in Esperance.

There was also a strong focus on improving our processes and the grower experience. We successfully improved the efficiency and accuracy of our data management and implemented a LoadNet booking calendar that provides real-time data for the Fertiliser team and Grower Service Centre to make timely and accurate bookings.

Expansion plans underway

KWINANA

We have achieved average year-on-year growth of around 30 per cent since entering the market in 2015 and this year reached maximum capacity at our four leased facilities.

In August, we announced the construction of a liquid and granular fertiliser storage facility near the Kwinana Grain Terminal that will significantly expand our business.

This facility will leverage our existing supply chain infrastructure – helping to reduce supply chain costs and increase reliability of supply. The cost savings will then be passed on to growers through lower prices.

The new development includes construction of 55,000 tonnes of granular fertiliser storage capacity and 32,000 tonnes of UAN storage, enabling us to enter the state's growing liquid UAN market.

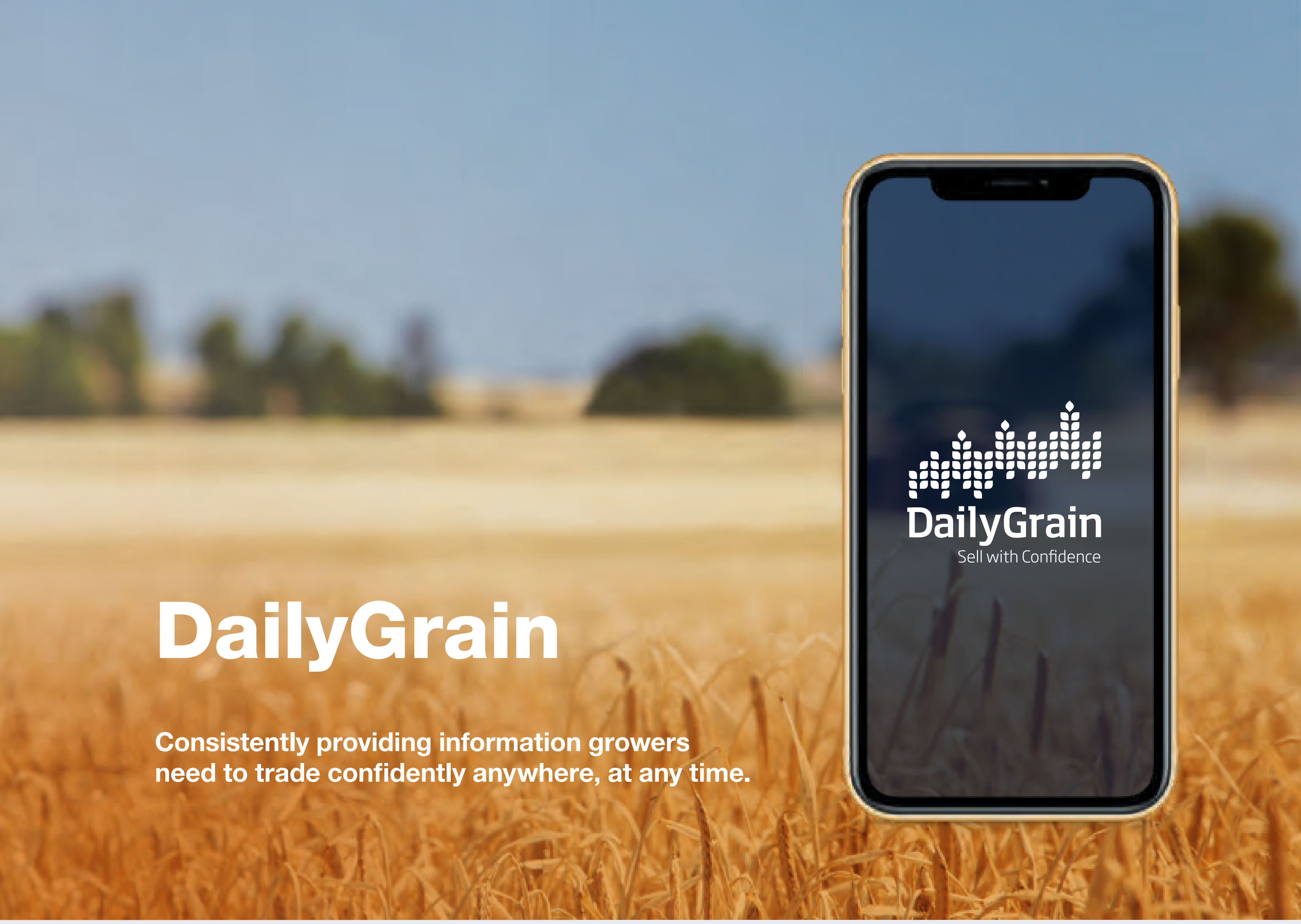
ESPERANCE

Our expansion plans extended to Esperance where we signed a lease for a new fertiliser warehouse. The facility will be fitted with blending equipment, allowing us to offer a full range of custom blending products to the Esperance Zone.

This opportunity opens the door for more Western Australian growers to benefit from access to secure supply and competitive pricing as we continue to grow our fertiliser business.

TONNES SOLD

2021	184,000
2020	125,000
2019	103,000
2018	90,000
2017	64,000
2016	55,000



DailyGrain

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

DailyGrain is CBH's online grain marketing and trading platform designed to help Western Australian growers with their grain marketing decisions.

The basic DailyGrain membership is a free, on-going membership available to all growers. It offers direct access to its trading platform, MarketPlace, and real-time visibility of where the market is trading, to facilitate the quick identification of market trends and opportunities.

In 2021, DailyGrain saw a 40 per cent increase in membership to reach a total of 2028 members.

Leading price discovery and market intelligence

Through DailyGrain's online platform and mobile application, growers can easily access daily prices from 15 major grain buyers for most commodities and grades in Western Australia.

Its Top 5 feature provides growers with access to key pricing information on selected commodities and port zones, supporting greater market transparency.

Recent improvements to the platform include the ability for growers to set tailored alert notifications from the Top 5 and MarketPlace bids for price movements in targeted grades and locations, as well as view and configure historical pricing trends across multiple seasons by using the extensive historical data and advanced charting capabilities within DailyGrain.

MarketPlace: even better

MarketPlace is DailyGrain's trading platform, which provides a transparent online space for growers and marketers to trade on spot prices and the forward market. The platform enables growers to place offers into the market that can be matched against corresponding buyer bids to create a contract and nomination in one transaction.

This year, MarketPlace expanded to include transactions for lupins and oats. Growers can now complete transactions for wheat, barley, canola, lupins and oats on delivered grain and forward contracts, which is free for all DailyGrain members.

Investment into the MarketPlace feature has resulted in several improvements for all users, which we are confident will bring increased activity and use for the coming season.

An example of these is the addition of flexible delivery windows for forward contracts and deferred payment being supported in the spot market.

DailyGrain enhancements

Push notifications are now available for pricing alerts in MarketPlace and the Top 5 to give growers access to real-time price discovery features within the DailyGrain app.

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

Further enhancements have been made to support grain marketing consultants with delayed nominations on offers and improvements in administration of trades on behalf of growers.

DailyGrain will continue to enhance and review product features to best meet the needs of Western Australian growers. The provision of daily indicative pricing and a fee-free MarketPlace remains an important element of the grain marketing landscape and CBH is committed to ensuring growers gain value from the suite of products on offer.

Sustainability

We are increasing our focus on sustainability, to ensure that our co-operative, environment and communities remain strong for future generations, and we continue to meet market expectations.

HIGHLIGHTS

Reduced carbon emissions on a per tonne basis by **38 per cent** from last year.

Environmental Incident Frequency Rate of 2.1, below our target of 8.5

Achieved ISO14001 accreditation at all four ports and the Metro Grain Centre

Sold **1.2 million tonnes** of sustainably certified grain

Environmental, social and governance (ESG) refers to three factors commonly used to measure the impact of an organisation's activities on its stakeholders and the environment and to ensure the organisation operates ethically and sustainably.

Environment covers the preservation and restoration of the natural world in which we operate. Social refers to CBH's relationships with our growers, employees, suppliers, customers, and the communities in which we operate. Governance refers to a company's leadership, decision-making processes and member rights.

With the increasing focus on sustainability, or ESG, globally, we have spent time this year assessing our responsibilities and approach in this space. Our efforts have focused on understanding the drivers behind sustainability to inform future decision making and achieve better outcomes for CBH, our growers and our communities.

For the last ten years, our Sustainability Action Plan has tracked actions and targets to achieve positive outcomes for our people and communities, and reduce any negative impact of our operations to the surrounding environment. Last year saw the completion of our most recent five-year Sustainability Action Plan of which the outcomes were detailed in the 2020 Annual Report.

Understanding stakeholder expectations

This year, we spent time defining the ESG topics that matter most to our organisation and our stakeholders. This process, known as a materiality assessment, was facilitated by KPMG and involved 30 in-depth interviews and discussions with key stakeholders across the business including Board and Lead Team members, and employees. The stakeholder feedback was combined with an extensive desktop analysis of industry research and benchmarking of similar organisations across the globe to form a report on the topics deemed most important to us.

The assessment has given us a deeper understanding of some of the sustainability issues which might impact our ability to operate, and to generate and return value to our growers and their communities. Many of the topics identified align to our existing focus areas, meaning we are well placed to expand our existing programs and activities to meet the needs and expectations of our stakeholders, including growers, customers, employees and the community.

We are now in the process of developing action plans and measurable targets to address those areas which need improvement, and to capture opportunities to ensure the interactions CBH has with the environment, our people and the communities in which we operate result in beneficial outcomes.

While we take the time to determine the next steps, significant progress has been made on some major initiatives this year.

Growing demand for sustainable grain

Marketing and Trading surveyed customers this year to understand their expectations and demand for sustainability from producers and supply chains. Run by a US-based market research company, the project consisted of a digital survey with a follow up phone interview with selected customers. In total, 55 of around 200 Marketing and Trading customers responded to the survey ranging from large multi-national corporations from a variety of regions, to smaller domestic customers.

The survey results show that food manufacturers, to varying degrees, are increasing their focus on sustainability and implementing carbon targets and sustainable sourcing policies, among other initiatives. Even those without defined actions in place recognise the importance of sustainability in the long-term with 80 per cent of respondents rating it as central or important to their business strategy. Traits including chemical residues and traceability were rated as the most important factors for

customers. The nature of our supply chain, our existing chemical residue management practices and current sustainability certification program International Sustainability and Carbon Certification - ISCC mean Western Australian growers are well placed to meet future customer requirements.

The survey results have provided us with useful data to help guide our focus and have highlighted the opportunities available to CBH and Western Australian grain growers to capture this growing market for sustainably produced grain. CBH is committed to working closely with growers and industry to capture these opportunities and meet market expectations.

Working towards United Nations Sustainable Development Goals

In 2016, we made a formal commitment to align our sustainability approach to three of the 17 United Nations Sustainable Development Goals:

- **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.

This year, we have made further progress towards the goals through:

Participation in the Department of Water and Environmental Regulation's Community Water Supply Program whose goal is to encourage the establishment of reliable non-potable water supplies in dryland agricultural areas. CBH has been involved in a number of projects and this year installed new community tanks at several CBH sites, with the next instalment progressing through planning and funding stages, and set for installation in 2022.

Reduced carbon emissions on a per tonne basis by 38 per cent despite handling a significantly larger harvest.

Achieving re-certification of the ISO14001 at our four export grain terminals in Kwinana, Geraldton, Esperance and Albany as well as Metro Grain Centre.

Reducing our Environmental Incident Frequency Rate to 2.1, which is well below our target of 8.5 for the year.

This year saw the completion of an anaerobic digestion facility at BLM's Bordertown mill in South Australia. This facility turns oat husk, a traditional waste product, into renewable biogas which will provide renewable energy via an onsite generator for milling operations with surplus energy exported to the local area.


PT Eastern
Pearl Flour Mills

Investments

CBH's investments had a strong year, demonstrating improved management performance to capitalise on demand, manage risks and improve operational efficiencies.

Interflour Group

In 2004, CBH acquired a 50 per cent stake in South East Asia-based grain processor Interflour Group Pte Limited, which after accounting for minority interests, represents a 44 per cent economic interest.

Interflour made a statutory after-tax profit, with CBH's share $7.8 million. This was largely due to actively managing the sales mix in the face of more 'stay at home' goods demand, increased focus on grain procurement and inventory management to offset rising wheat costs, and the gaining of internal operational efficiencies.

This year Interflour returned a A$4.1 million (US$3 million) dividend to CBH. While the dividend does not formally constitute part repayment of the shareholder loan paid to Interflour in 2018, it is welcomed, and will be reinvested back into our network as capital expenditure.

Interflour faced many COVID-19 related challenges across its markets, with outbreaks resulting in various levels of restrictions which affected market consumption and business operations. Interflour's management team and staff have shown excellent commitment and collaboration in the face of these challenges, which has played a large part in the positive result for the year.

Blue Lake Milling

Blue Lake Milling (BLM) also performed well this year, delivering its highest profit contribution since we acquired it in 2015, with a profit after tax of $6.2 million.

BLM's Forrestfield plant was commissioned in November 2018 to meet growing export demand for oat products. Leveraging Marketing and Trading's strong customer relationships has allowed BLM to capture opportunities for exporting its products internationally. The facility is now operating at maximum capacity, exporting to around 50 customers around the world.

Newcastle Agri-Terminal (NAT)

CBH co-invested in the development of the Newcastle Agri-Terminal (NAT) in 2009, which was officially commissioned in 2014 to complement the supply and quality of grain available from the co-operative to international customers.

CBH no longer trades grain in the Newcastle port zone and so along with majority shareholders Viterra and Riverina, we entered into a binding agreement with a subsidiary of Qube Holdings Limited to sell our 18.9 per cent share in NAT.

We invested a total of $13.1 million of capital into NAT. On 30 September 2021 the sale was completed with CBH receiving cash proceeds of $15.4 million. After deducting the remaining book value of $1.5 million, a profit on sale of $13.9 million was reflected in Marketing and Trading's financial results, as NAT was a Marketing and Trading owned asset.

Community

The CBH Community Investment Fund is a key supporter of grain growing community groups and organisations. Each year the fund contributes to supporting the delivery of services, events and opportunities for people living in regional Western Australia.

HIGHLIGHTS

$1.6m invested in our regional communities

Launched the **Regional Crisis Information Resource** as part of the Regional Mental Health Program

Provided $250,000 and **over 200 industrial tarps** to support regional communities affected by Tropical Cyclone Seroja

$25,000 for the Ronald McDonald House WA Giving Day

The sustainability and health of our communities is paramount to our co-operative. Each year we strive to contribute to and support the communities in which we operate.

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 advocate for the WA agriculture industry by participating in and sponsoring industry events, forums and initiatives.

This year we continued supporting regional community groups through a number of challenges including the ongoing COVID-19 pandemic, along with natural disasters in Tropical Cyclone Seroja and the Wooroloo bush fires. We provided over 200 industrial tarps to local growers, businesses and community organisations in the Mid-West who suffered damage from Tropical Cyclone Seroja. In instances where organisations have needed to cancel or postpone services and events through the year, we have maintained our financial commitments through the Fund to ease stress and ensure they can be resumed when possible.

Grass Roots community grants

Our Grass Roots community grants program marked a major milestone, reaching a total of $2.2 million in grants awarded over the past five years to 710 community groups, clubs and organisations across regional Western Australia. We provided $400,000 this year in two rounds of grants awarded in February and August.

The grants program attracts hundreds of funding applications each 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.

Our August round saw an additional $100,000 set aside for community groups and local governments that were impacted by Tropical Cyclone Seroja and located within the declared disaster area. This resulted in support for 94 projects and events that provided direct benefits to cyclone affected communities.

Growing future leaders

Building regional capacity and leadership skills in our communities is a growing focus, with a large portion of our funding dedicated to supporting and delivering programs which increase the capability of our future industry leaders.

CBH proudly delivers or supports the:

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

Community

Scholarships offered under the Leeuwin Ocean Adventure Foundation provide young people from grain growing communities with an opportunity to participate in a unique youth development program, taking their learnings back to their schools, families and friends and building capacity in their communities.

This year our partnership provided six young people (aged 14-25) from Kondinin, Gairdner, Esperance, Geraldton, Cunderdin and Moora with the opportunity to develop key life-skills in teamwork, communication, leadership and a sense of community, through participation in a week-long voyage on the STS Leeuwin II.

Supporting industry

Community-based grower groups provide a local focus on research and development and encourage collaboration and knowledge-sharing between growers to the benefit of their farm business. Our support of 13 grower groups across the state in addition to the Grower Group Alliance, contributed $140,000 to these grower-led organisations through our annual partnerships this year.

September saw the re-emergence of the Perth Royal Show after the cancellation of the 2020 event. CBH participated with a number of activities in the Farm2Food pavilion, enabling metropolitan based families to learn about grain first-hand through oat milling and grain sampling activities. The CBH miniature train was also on display showing the loading and unloading of canola to the delight of the attending children.

Arts and music

Our longstanding partnership with Musica Viva delivers an award-winning music education program to schools throughout regional Western Australia. The emergence of COVID-19 saw the program adapt to an online learning format for regional students to ensure they did not miss out on access to music education during the pandemic, with many interstate ensembles continuing to perform via online streaming.

Since 2014, 44,243 students have participated in the program. Over the past 12 months the program delivered 43 concerts to 53 schools reaching 4,557 students from grain growing communities.

We also provided 30 scholarships for regional teachers to participate in the 'Music Education Skills for the Primary Classroom' course. The scholarship provides teachers with 12 weeks of online training with a general introduction to music education which they can take back to their classrooms.

Our annual photography competition celebrated 21 years with a record number of entries. A Perth-based exhibition of images showcasing the creative work of our grower communities was on display in the foyer of the CBH Head Office, and celebrated at a harvest launch event, giving a city audience a chance to see and understand the importance of our agricultural industry.

Health and wellbeing

Our long-term sponsorship of a room at Ronald McDonald House in Nedlands provides accommodation support to families from grain growing regions whose children are receiving medical treatment in Perth. We also supported Ronald McDonald House's Giving Day Online Fundraising Event with $25,000 committed this year.

For the third consecutive year we provided a donation to four regional non-profit organisations who provide crisis accommodation to those in need; Albany Halfway House, Leukaemia Foundation, Salvation Army Geraldton and Ngala.

We continued our partnership with Rural Edge to deliver workshops to help growers establish their priorities and systems for improving safety outcomes on farm. In 2021, ten 'Farm Safety – Safeguarding your Business and People' workshops were delivered.

Sport and recreation

Despite the interruptions of COVID-19, CBH has continued to support sport in regional areas, investing more than $100,000 through partnerships with the Western Australian Country Football League and Hockey WA and Tennis WA's regional programs, including Hockey WA's State Country Championships and the Tennis West Country Championships.

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 $248,000 being raised for 14 regionally based charities that primarily deliver health and wellbeing services to regional Western Australia.

Since the scheme began in 2012, more than $1.8 million has been donated by WA growers.

EXPANDED REGIONAL MENTAL HEALTH PROGRAM

This year, we marked our first anniversary of partnering with four leading mental health service organisations as part of our three-year, $600,000 commitment to improve the mental health of Western Australian regional communities.

Lifeline WA, Youth Focus, Mental Illness Fellowship WA (MIFWA) and Black Dog Institute form part of our expanded Regional Mental Wellness Program, which was first established in 2015 and seeks to increase access to mental health services across our grain growing communities. With our support, Lifeline WA has produced a Regional Crisis Information Resource which was launched at the Newdegate Field Days this year.

The 36-page book contains geographically relevant information and contact details for mental health support services available for grain growing communities.

The CBH shed at the Newdegate Field Days had a focus on mental health with Lifeline WA and Mental Health Ambassador and cricket legend Brad Hogg in attendance.

The extended mental wellness program allows our partners to reach more growers and community members with new or expanded services, programs and campaigns for regional Western Australians in the areas of prevention, intervention and continuing care.

In 2021, the program funding assisted Lifeline WA to answer over 42,000 calls to their crisis support line, and deliver 151 video and phone counselling sessions around grief and loss.

Youth Focus were able to provide 212 web counselling sessions to regional youth aged 12-25 years plus 782 occasions of services.

Mental Illness Fellowship of WA were able to offer 20 workshops and training sessions to 261 people from grain growing communities and schools.

Lifeline WA MIFWA

Black Dog Institute youthfocus

People

At CBH we strive to create a collaborative and safe work environment – a place where people feel supported to do their best work and achieve their goals, as we work together to create and return value to growers.

HIGHLIGHTS

Secured more than **2,000 harvest casuals** amid state-wide labour shortages

Received gold accreditation from Mental Health First Aid Australia

Celebrating our **longest-serving active employee**

CBH has a permanent workforce of about 1,100 employees, supported by up to 2,000 casuals during harvest. Our people work across more than 100 locations throughout Western Australia, South Australia and Asia.

This year our key culture measure, the Organisational Health Index, remained comparable to last year despite external challenges such as changes in global markets, supply chain challenges and the continued impacts of the COVID-19 pandemic.

Our ability to maintain that strong position was testament to our people – their hard work, resilience and commitment to delivering exceptional results for Western Australian grain growers.

Harvest recruitment campaign

In June, we launched our largest-ever mass marketing recruitment campaign to attract more than 2,000 casual employees to assist during harvest.

The campaign started a month earlier than usual and targeted new audiences in the Perth metro area across multiple channels such as social media, digital media, print media, radio and television. This complemented our employee referral program.

This new marketing approach was driven by labour shortages experienced across the state and international borders being closed due to COVID-19, combined with the forecast of a larger than average harvest.

In addition, we also worked with the State Government to help launch their ‘Paid Escape’ campaign, which aimed to connect other regional employers, including farmers, with Perth jobseekers.

Superannuation review

This year we conducted a comprehensive remuneration and payroll review to ensure our employees’ superannuation contributions were accurate.

Throughout this process we identified inadvertent underpayments of superannuation for some of our casual employees. To correct the issue, we reimbursed affected employees as quickly as possible.

CBH has since continued to review and monitor all employee benefits and entitlements to ensure our people are remunerated appropriately and in accordance with relevant agreements, awards and legislation.

Changes to senior management

In July, Ben Macnamara (CBH’s Chief Operating Officer) was appointed Acting Chief Executive Officer following the departure of Jimmy Wilson.

During this time, the Board started an internal and external global search for a new Chief Executive Officer, which is still underway.

We were also pleased to announce the appointment of Stewart Hart as our new Chief Financial Officer and Sam Gliddon as our new Chief Project Delivery Officer following the departure of Doug Warden and Pieter Vermeulen, respectively.

Tamour Azam, in his role as Chief Information Officer, also moved into the Lead Team given the growing importance of data, analytics and systems.

We would like to thank Jimmy, Doug and Pieter for their contributions to CBH and congratulate Stewart, Sam and Tamour on their appointment to the Lead Team.

People

Championing mental health

This year we attained gold accreditation from Mental Health First Aid Australia for our sustainable and effective Mental Health and Peer Support program.

As part of the program, CBH has over 100 accredited Mental Health First Aid Officers who have completed the internationally recognised, evidence-based, not-for-profit Mental Health First Aid training program.

Through this network of mental health champions, several new mental health initiatives were rolled out across the organisation. These included zone-specific registers of mental health services, monthly topic presentations and get-to-know your Mental Health First Aid Officer videos. These activities aimed to raise awareness and reduce the stigma of mental health challenges.

The Mental Health and Peer Support program complements the Employee Assistance Program (EAP). In collaboration with our EAP provider, we delivered mental health workshops and a tailored calendar of mental health topics and resources to our people.

Free health assessments

We continued to focus on improving the overall health of our employees through several early detection and prevention initiatives.

These initiatives included free flu vaccinations, skin checks and ‘GrainFit’ health assessments for all employees. The uptake was positive – more than 480 employees received flu vaccinations, while 427 skin checks and 101 GrainFit heath assessments were conducted.

GrainFit is a holistic, integrated assessment helping individuals to understand their health status and provides a targeted, preventative health improvement program to improve the physical and psychological wellbeing of our employees.

Acknowledgement of Service

20 YEARS

Jeremy O'Neill	Mark Newton
Antony Daw	Ross Crofft
Mark Davies	Denise Martin
Robert Anderson	Jeremy Osborne
Robert Maurich	

25 YEARS

Marcus Lane	Jason Freeborne
Guy Turton	Mark Jones
David Andersen	Darren Coles
Trevor Martin	Justin White

30 YEARS

Daniel Allison	Charles Burgess
Stuart Clarke	

35 YEARS

Ian Flugge	Keith Kamen
Peter Murdoch	Garry Newbey
Norman Ryan	Patrick Morton
Christopher Thornton	

40 YEARS

Robert Andersen	Keith Alison
Ronald Rankine	Robert Ricciardi
Barry Collard	Graeme Fleming

45 YEARS

Dominic Ripepi	Neil Gray

50 YEARS

Keith Gray

CELEBRATING OUR LONGEST-SERVING EMPLOYEE

This year we celebrated Keith Gray's 50 years of service to CBH. Keith joined CBH as a Bin Attendant at Nungarin in 1970 when he was just 15 years old.

He has since held several different operational roles across the state, including Gang Truck Driver in Merredin, Supervisor in Lake Grace and Moora to Operations Logistics, IBIS Security and Systems Support at Head Office.

Keith is currently based at the Australian Grains Centre where his focus is on improving harvest deliveries through technologies like the CDF and Rover apps. This role has been a highlight for Keith, who said technology has come a long way over the past 50 years.

"I have enjoyed all of my roles with CBH," Keith said. "But most of all, I have enjoyed embracing and having input into the new technologies that are making the delivery of grain more efficient."

Other notable changes during Keith's time with CBH include improvements to safety and storage, capacity of the network and delivery times. For example, Keith recalls his first year with CBH when the Nungarin site received just 2,400 tonnes – in 2000 it received its largest harvest, with more than 82,000 tonnes.

Keith admits he has never had much interest to work elsewhere – CBH has the people, the opportunities and a network that has enabled him to live and work across much of the state.

Again, congratulations to Keith on reaching this incredible milestone. We are very grateful for your loyalty, contribution and dedication to CBH and the grain growers of Western Australia.

Corporate Governance

This section summarises the main corporate governance practices of the CBH Group's framework of governance for the year ended 30 September 2021.

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.

The Board undertook an extensive review of its corporate governance practices in the second half of 2020. Following the governance review and grower feedback, various governance improvements were implemented during the year, including:

- Electioneering Code of Conduct – was introduced to further support candidates to adhere to expected behaviour during the member director election process;
- Skills of CBH Directors – a list of desired skills was developed, to complement the existing desired list of attributes, sought in future CBH Member Directors;
- Candidate Assessment Panel (CAP) – a majority independent panel was formed to assess prospective candidates against the desired list of skills and attributes sought by the Board in CBH Directors (participation in the CAP is mandatory for incumbent directors and strongly encouraged for all other candidates);
- Director graduation from Australian Institute of Company Directors (AICD) course – an expectation was formalised that all Directors graduate from the AICD Company Directors Course within their first term as a Director (with members advised if this is not achieved);
- Joint CBH/AICD workshops – were presented for prospective director candidates and other interested members to assist in their understanding of the role and duties of a Director and the CBH Member Director election process;
- CBH's capacity building program – was enhanced to support grower members to develop their leadership and governance capability and to encourage more diverse candidates to stand in Member Director Elections.

The CBH Board sought member approval at the 2021 Annual General Meeting for changes to the CBH Rules for other governance initiatives, specifically changes to the Board's size and composition and the introduction of a limit on Director tenure. These proposals did not receive the required support from a two-thirds majority of members who voted and therefore were not implemented.

The CBH website (www.cbh.com.au) contains 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 ultimate 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
- acting as spokesperson for CBH Group's performance matters and operational announcements
- acting as spokesperson for the Board on policy and strategic issues as delegated by the Chair 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 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.

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.

Except in the case of the election of a Member Director to fill a casual vacancy, 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
N A M Browning (Deputy Chair)	23 February 2018	3 years 10 months	25 February 2021	February 2024
K J Fuchsbichler	4 April 2007	14 years 8 months	22 February 2019	February 2022
D A Lock*	22 February 2019	2 years 10 months	22 February 2019	February 2022
A J Mulgrew*	24 February 2015	6 years 10 months	20 February 2020	February 2023
J D O’Neil	20 February 2020	1 year 10 months	20 February 2020	February 2023
G R Rowe	8 June 2021	6 months	8 June 2021	February 2024
P S Sadleir	25 February 2021	10 months	25 February 2021	February 2024
J N Seaby	22 February 2019	2 years 10 months	22 February 2019	February 2022
K M Seymour	20 February 2020	1 year 10 months	20 February 2020	February 2023
S R Stead (Chair)	23 February 2015	6 years 10 months	25 February 2021	February 2024
R P Taylor	8 June 2021	6 months	8 June 2021	February 2023
H Woodhams	10 August 2020	1 year 4 months	10 August 2020	February 2022

*Independent Director

**Period of office as a Director of CBH as at December 2021

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 IT 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 2021 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 each Director to undertake a minimum number of professional development hours. All Directors that have been in their positions for the entire financial year have met or exceeded this minimum number of professional development hours. 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
- 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 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 52. 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)

Ms Natalie Browning

Mr Alan Mulgrew

Mr John O'Neil

Mr Gareth Rowe

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 four times during the financial year ended 30 September 2021.

Remuneration and Nomination Committee

The primary functions of the Remuneration and Nomination Committee are to assist the Board in relation to approving the CBH remuneration principles and framework, to oversee the development and succession planning of the CEO and Lead Team, 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 Paul Sadleir (Chair)

Mr Kevin Fuchsbichler

Mr Jeff Seaby

Mr Ken Seymour

Mr Simon Stead

Mr Royce Taylor

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

The Committee met six times during the financial year ended 30 September 2021.

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 Kevin Fuchsbichler (Chair)

Mr Ben Macnamara (Acting CEO)

Mr John O'Neil

Mr Gareth Rowe

Ms Helen Woodhams

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

The Committee met four times during the financial year ended 30 September 2021.

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:

Ms Natalie Browning (Chair)

Mr Alan Mulgrew

Mr Paul Sadleir

Mr Jeff Seaby

Mr Ken Seymour

Mr Royce Taylor

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

The Committee met seven times during the financial year ended 30 September 2021.

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 seven times during the financial year ended 30 September 2021.

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 2021 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
- Marketing and Trading Risk Committee – reporting to the Lead Risk Committee and providing additional business level governance and risk management oversight, this committee addresses risks specific to marketing, trading and chartering activities.

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 CBH 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 ultimately determined by members in general meeting.

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 2021:

Name	Role	Directors' Fees ($)	Superannuation ($)	Total ($)
Simon Stead	Chair	188,571	18,168	206,739
Natalie Browning	Deputy Chair; Chair – Network & Engineering Committee (i)	125,743	12,120	137,863
Trent Bartlett	Independent Director; Chair – Remuneration & Nomination Committee (ii)	48,498	4,607	53,105
Kevin Fuchsbichler	Director; Chair – WHS Committee (iii)	95,014	9,157	104,171
David Lock	Independent Director; Chair – Audit and Risk Management Committee	119,999	11,562	131,561
Brian McAlpine	Director; Chair – WHS Committee and Network & Engineering Committee (iv)	44,107	4,190	48,297
Alan Mulgrew	Independent Director	94,588	9,113	103,701
John O'Neil	Director	94,588	9,113	103,701
Gareth Rowe	Director (v)	28,648	2,849	31,497
Paul Sadleir	Independent Director; Chair – Remuneration & Nomination Committee (vi)	66,575	6,479	73,054
Ken Seymour	Director	94,588	9,113	103,701
Jeff Seaby	Director	94,588	9,113	103,701
Royce Taylor	Director (v)	28,648	2,849	31,497
Helen Woodhams	Director	94,588	9,113	103,701
Total		**1,218,743**	**117,546**	**1,336,289**

(i) Natalie Browning was elected Chair of the Network and Engineering Committee on 4 August 2021

(ii) Trent Bartlett resigned from the Board on 25 February 2021

(iii) Kevin Fuchsbichler was elected Chair of the Workplace Health and Safety Committee on 4 August 2021

(iv) Brian McAlpine resigned from the Board on 25 February 2021

(v) Gareth Rowe and Royce Taylor were elected to the Board effective 8 June 2021

(vi) Paul Sadleir was appointed to the Board and as Chair of the Remuneration and Nomination Committee on 25 February 2021

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

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 provides oversight and counsel 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 (or at risk component of an employee's remuneration) offered to eligible salaried employees and payable based on performance and a Long-Term Incentive (LTI) offered to the CEO payable based on the delivery of outcomes over an extended period of time, usually three to five years.

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.

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 received by the CEO, CFO and Chiefs of the two key business units for the financial year ended 30 September 2021.

Name	Title	Base Salary	Superannuation	Total Fixed Employment Cost	Other Benefits*
		$'000	$'000	$'000	$'000
Jimmy Wilson	Chief Executive Officer	713	15	728	9
Doug Warden	Chief Financial Officer	543	24	567	1
Jason Craig	Chief Marketing and Trading Officer	517	22	539	1
Ben Macnamara	Chief Operations Officer / Acting Chief Executive Officer	610	22	632	13

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

Notes:

1. Jimmy Wilson retired on 1 July 2021. In addition to the fixed remuneration reported above, a further $299,719 was paid in lieu of notice upon termination.
2. Doug Warden resigned on 31 August 2021. There were no further entitlements upon his departure.
3. Ben Macnamara was the Chief Operations Officer from 1 October 2020 to 30 June 2021. On 1 July 2021 Ben moved into the role of Acting CEO and his remuneration includes an increase in compensation for the additional responsibilities from this date until the end of the financial year.
4. The remuneration reported includes paid leave taken but excludes any leave provision or period of unpaid leave.

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 Base Salary 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 2021 for the CEO, CFO and Chiefs of the two key business units are shown in the table below. Further detail on group and business unit performance in the current financial year is detailed within this Annual Report.

Name	Title	STI Target	STI Result	Actual STI
		(% of fixed remuneration)	(% of fixed remuneration)	$'000
Jimmy Wilson	Chief Executive Officer	100	68	495
Jason Craig	Chief Marketing and Trading Officer	50	50	261
Ben Macnamara	Chief Operations Officer	50	44	221

Notes:

1. Jimmy Wilson retired on 1 July 2021 and earned a pro-rata STI payment for the period from 1 October 2020 to 1 July 2021 under the terms of his contract of employment.
2. Doug Warden resigned on 31 August 2021 and became ineligible for an STI in the current financial year under the terms of his contract of employment.

LONG-TERM INCENTIVES (LTI)

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. The CEO is the only CBH employee with an LTI.

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. Following Jimmy Wilson's departure, the Board determined the extent to which his LTI Key Result Area targets had been achieved and determined the quantum of the incentive to be paid.

In accordance with the terms of his contract of employment and performance against the LTI targets as set and assessed by the Board, Jimmy Wilson earned a pro-rata LTI payment of $338,839 for the period from 1 October 2020 to 1 July 2021.

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.

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 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 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 and sends regular emails to growers on important issues.

In addition, the Growers' Advisory Council supports in the effective communication between the co-operative and its grower members. Refer to page 16 for further information on the Growers' Advisory Council.

Directors' Report

For the year ended 30 September 2021

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 2021.

Directors and Company Secretary

The following persons held office as Directors of Co-operative Bulk Handling Limited during the financial year ended 30 September 2021 and up to the date of this report unless otherwise noted:

S R Stead, Chair

N A M Browning, Deputy Chair

T J Bartlett
(resigned 25 February 2021)

K J Fuchsbichler

D A Lock

B E McAlpine
(resigned 25 February 2021)

J D O'Neil

A J Mulgrew

G R Rowe
(appointed 8 June 2021)

P S Sadleir
(appointed 25 February 2021)

J N Seaby

K M Seymour

R P Taylor
(appointed 8 June 2021)

H Woodhams

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 2021 and the number of meetings attended by each Director.

	Scheduled Board Meetings		Unscheduled Board Meetings		Audit & Risk Management Committee		Remuneration & Nomination Committee		Workplace Health & Safety Committee		Network and Engineering Committee	
Director	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
T J Bartlett	4	4	3	2	3	3	3	3	-	-	-	-
N A M Browning	8	8	9	9	4	4	-	-	-	-	7	7
K J Fuchsbichler	8	8	9	9	-	-	6	6	4	4	-	-
D A Lock	8	8	9	8	4	4	-	-	-	-	-	-
B E McAlpine	4	4	3	3	-	-	-	-	2	2	3	3
A J Mulgrew	8	8	9	7	4	4	-	-	-	-	7	6
J D O'Neil	8	8	9	7	4	4	-	-	4	4	-	-
G R Rowe	2	2	2	2	-	-	-	-	1	1	-	-
P S Sadleir	4	4	6	5	-	-	3	3	-	-	1	-
J N Seaby	8	8	9	8	-	-	6	6	-	-	7	7
K M Seymour	8	8	9	7	-	-	6	6	-	-	7	7
S R Stead	8	8	9	9	-	-	6	6	-	-	-	-
R P Taylor	2	2	2	2	-	-	1	1	-	-	1	1
H Woodhams	8	8	9	9	4	4	-	-	4	4	-	-

As the Board's representative on the Share Transfers and Documents Committee, Mr Simon Stead attended each of the seven 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 and trading, oat processing, and fertiliser retailing. In addition, the entity has interests in flour processing facilities.

Review of operations

The Group recorded a profit after income tax of $133,752,000 (2020: profit after income tax of $11,037,000). The Group's result includes a $76,603,000 profit after tax recorded by the Marketing and Trading business unit, a profit after tax of $43,737,000 in the Operations business unit and a profit after tax of $13,636,000 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.

During the year the Group responded to a larger than anticipated harvest, strong export demand and supply chain challenges. The series of supply chain challenges were brought about by various circumstances throughout the year, including road and rail transport labour shortages related to COVID-19 border closures, weather events including flooding and bushfires, as well as a third party train derailment. While these challenges were largely remediated by the end of the financial year, larger than usual demurrage penalties of $17,304,000 (2020: $1,540,000) were incurred across the Group.

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

- Revenue increased by 23% to $3,993,212,000. The increase in revenue was driven by increased grain production in Western Australia. This led to increased grain sales in the Marketing and Trading business unit and also higher grain storage and handling revenues in the Operations business unit.
- The Operations business unit received 15.1 million tonnes of grain into its storage facilities during 2021 (2020: 9.8 million tonnes), while bulk exporting 13.4 million tonnes during the financial year (2020: 10.4 million tonnes).
- The Marketing and Trading business unit traded 8.9 million tonnes (2020: 6.9 million tonnes) during the financial year, with the increase reflecting higher seasonal grain production in Western Australia.
- Net operating cash inflow for the year was $64,295,000 (2020: inflow of $542,094,000). The lower cash inflow was primarily due to an accumulation of inventory during the year.
- Group capital expenditure for the year was $218,090,000 (2020: $200,675,000), reflecting a continued emphasis on storage and handling network investment.

Operations

The Operations business unit recorded a profit after tax of $43,737,000 (2020: loss after tax of $10,867,000). The profit was primarily due to higher harvest volumes of 15.1 million tonnes versus 9.8 million tonnes received in 2020. The current year result was also driven by strong export demand which led to higher shipping volumes resulting in higher revenue. However, current year profit was tempered by $9,203,000 of demurrage penalties relating to supply chain challenges.

Marketing and Trading

The Marketing and Trading business unit recorded a profit after tax of $76,603,000 (2020: profit after tax of $12,157,000) as increased global grain demand and disruption to production in other origins drove favourable export margins. The export margins were partially offset by demurrage of $8,101,000 (2020: $1,456,000) relating to supply chain challenges. The Marketing and Trading profit was also positively impacted by the sale of Newcastle Agri Terminal, recording a profit on sale of $13,915,000.

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 2021, CBH Grain Pty Ltd negotiated the following facilities with various banks for the acquisition of grain over the 2021/22 season:

- Banking facilities of $1,575,000,000; and
- Trade facilities of $300,000,000.

The facilities have been executed and are on similar terms and conditions to prior season, refer to Note 20(d). The lenders are expected to undertake an annual review which includes (but is not limited to) an assessment of:

- The financial performance of the Group, ensuring that the financial ratios and conditions are met throughout the term of the loan facilities
- Compliance over negative pledge and loan covenants

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 there have been no known significant breaches of any environmental regulations to which the Co-operative is subject.

Further details regarding the Group's environmental activities and performance can be found in the "Sustainability" 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.

Non-audit services

KPMG, the external auditor of the Co-operative, provided non-audit services to the Group during the financial year. The amount received or due to be received for these non-audit services amounted to $64,688.

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 55.

Rounding of amounts

The amounts contained in the financial report have been rounded to the nearest thousand dollars ($'000) unless otherwise stated under the option available to the Co-operative under ASIC Instrument 2016/191. The Co-operative is an entity to which the Instrument applies.

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

S R Stead
Director

1 December 2021

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 2021 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
1 December 2021

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Financial Report - 30 September 2021

ABN 29256604947

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 September 2021

	Notes	2021 $'000	2020 $'000
Revenue	5(a)	**3,993,212**	3,235,563
Other gain/(losses)	5(b)	**13,354**	(5,166)
Raw materials, traded grains and consumables used	6(a)	**(2,906,371)**	(2,402,022)
Employee benefits expense	6(b)	**(210,631)**	(198,892)
Depreciation and amortisation		**(134,506)**	(129,241)
Storage, handling and freight expenses	6(c)	**(288,032)**	(244,577)
Marketing and trading expenses	6(d)	**(229,639)**	(173,605)
Insurance		**(11,717)**	(9,124)
Other expenses	6(e)	**(51,633)**	(40,130)
Interest expense		**(17,881)**	(20,326)
Share of profit/(loss) from associates	11	**7,795**	5,964
Profit before income tax		**163,951**	18,444
Income tax expense	7	**(30,199)**	(7,407)
Profit attributable to members of Co-operative Bulk Handling Limited		**133,752**	11,037
Other comprehensive income **Items that will not be reclassified to the profit or loss**			
Share of other comprehensive income from associates		**452**	1,579
Items that may be reclassified subsequently to the profit or loss			
Foreign currency translation (loss)/gain		**(1,348)**	(6,935)
Share of other comprehensive (expense)/income from associates		**2,625**	(6,791)
Other comprehensive income/(expense) for the year, net of tax		**1,729**	(12,147)
Total comprehensive income/(expense) for the year, attributable to members of Co-operative Bulk Handling Limited		**135,481**	(1,110)

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 2021

	Notes	2021 $'000	2020 $'000
ASSETS			
Current assets			
Cash and cash equivalents	19	**235,278**	239,484
Trade and other receivables	13	**419,811**	258,841
Derivative financial instruments	23(d)	**263,654**	89,668
Inventories	14	**304,097**	177,687
Prepayments		**5,710**	4,719
Total current assets		**1,228,550**	770,399
Non-current assets			
Trade and other receivables	13	**34,639**	35,035
Investments in associates	11	**120,570**	112,082
Derivative financial instruments	23(d)	**7,816**	4,282
Other financial assets	12	**-**	1,490
Property, plant and equipment	8	**1,365,098**	1,258,611
Intangible assets and goodwill	9	**54,641**	62,647
Lease assets	16(a)	**157,021**	168,080
Deferred tax assets	7	**2,507**	28,852
Total non-current assets		**1,742,292**	1,671,079
Total assets		**2,970,842**	2,441,478
LIABILITIES			
Current liabilities			
Trade and other payables	15	**153,933**	104,351
Interest bearing loans and borrowings	20	**475,065**	248,059
Derivative financial instruments	23(d)	**171,352**	55,202
Income tax payable		**2,519**	10
Provisions	18	**36,247**	33,166
Lease liabilities	16(a)	**21,706**	20,751
Other liabilities	17	**32,906**	26,528
Total current liabilities		**893,728**	488,067
Non-current liabilities			
Trade and other payables	15	**412**	412
Derivative financial instruments	23(d)	**5,156**	2,758
Provisions	18	**36,775**	39,584
Lease liabilities	16(a)	**142,249**	153,616
Total non-current liabilities		**184,592**	196,370
Total liabilities		**1,078,320**	684,437
Net assets		**1,892,522**	1,757,041
EQUITY			
Contributed equity	21(a)	**4**	4
Reserves	21(c)	**1,653,071**	1,607,126
Retained earnings		**239,447**	149,911
Total equity		**1,892,522**	1,757,041

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 2021

	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 2020	4	52,587	1,586,773	(30,266)	(793)	149,911	(1,175)	1,757,041
Profit/(loss) for the year	-	-	-	-	-	133,752	-	133,752
Other comprehensive income/(expense)	-	-	-	(1,348)	-	-	-	(1,348)
Share of associates' movement in reserves	-	-	-	2,270	355	452	-	3,077
Total comprehensive income/(expense) for the year	**-**	**-**	**-**	**922**	**355**	**134,204**	**-**	**135,481**
Transfer (to)/from reserves/retained earnings	-	-	44,668	-	-	(44,668)	-	-
At 30 September 2021	**4**	**52,587**	**1,631,441**	**(29,344)**	**(438)**	**239,447**	**(1,175)**	**1,892,522**

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 2021

	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 2019	4	52,587	1,598,232	(17,635)	302	125,835	(1,175)	1,758,150
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)**	**149,910**	**(1,175)**	**1,757,040**

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 2021

	Notes	2021 $'000	2020 $'000
Cash flows from operating activities			
Receipts from customers		**4,245,880**	3,418,877
Payments to suppliers and employees		**(4,166,840)**	(2,871,105)
		79,040	547,772
Interest received		**5,082**	8,157
Interest and other costs of finance paid		**(18,416)**	(18,872)
Income taxes (paid)/refunded		**(1,411)**	5,037
Net operating cash flows	19	**64,295**	542,094
Cash flows from investing activities			
Payments for property, plant and equipment		**(184,447)**	(217,870)
Proceeds from sale of property, plant and equipment		**258**	719
Payments for intangible assets		**(9,316)**	(10,428)
Proceeds from sale of other financial assets		**15,405**	305
Distributions from associates		**4,071**	-
Term deposits (net)		**(18,718)**	(1,461)
Margin deposits (net)		**(78,315)**	2,098
Loans repaid by growers		**163,315**	114,229
Loans to growers		**(166,005)**	(136,170)
Repayments from/(loans to) CBH Grain Pools		**990**	23,186
Net investing cash flows		**(272,762)**	(225,392)
Cash flows from financing activities			
Proceeds from borrowings		**1,886,095**	1,406,000
Repayment of borrowings		**(1,659,095)**	(1,638,000)
Repayment of lease liabilities		**(21,866)**	(19,376)
Net financing cash flows		**205,134**	(251,376)
Net increase in cash and cash equivalents		**(3,333)**	65,326
Cash and cash equivalents at the beginning of the financial year		**239,484**	174,664
Effects of exchange rate changes on cash and cash equivalents		**(873)**	(506)
Cash and cash equivalents at end of year	19	**235,278**	239,484

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

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 2021 were authorised for issue in accordance with a resolution of the Directors on 1 December 2021.

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, oat processing, and fertiliser retailing. In addition the Group has interests in flour processing facilities.

2. Basis of preparation

This general purpose financial report has been prepared in accordance with the requirements of the *Co-operatives Act 2009,* the *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 2020 to 30 September 2021.

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) and the *Corporations Act 2001*.

(b) Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries controlled by CBH as at 30 September 2021 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 Hong Kong Dollar (HKD), Japanese Yen (JPY), and Swiss Franc (CHF).

(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 or significant change in 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 2021	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	298,231	186,350	3,296,850	513,796	1,478	104,048	(407,541)	3,993,212
Intra-unit revenue	166,815	(290)	20,367	-	76,287	3,603	(266,782)	-
Total business unit revenue	**465,046**	**186,060**	**3,317,217**	**513,796**	**77,765**	**107,651**	**(674,323)**	**3,993,212**
Total business unit results								
Profit/(loss) before tax	43,737	-	103,287	16,222	930	3,419	(3,644)	163,951
Income tax expense	-	-	(26,684)	(2,586)	-	(929)	-	(30,199)
Profit/(loss) after tax	**43,737**	**-**	**76,603**	**13,636**	**930**	**2,490**	**(3,644)**	**133,752**
Other business unit information								
Interest revenue	1,390	145	4,365	3	2,406	24	(1,893)	6,440
Interest expense	(3,886)	(2,295)	(11,742)	(929)	(590)	(332)	1,893	(17,881)
Depreciation and amortisation expense	(100,494)	(22,187)	(1,378)	(3,249)	(6,062)	(1,136)	-	(134,506)
Unrealised gain/(loss) on financial instruments	26	(19)	59,042	390	(357)	4	-	59,086
Share of profit/(loss) from associates	-	-	-	7,795	-	-	-	7,795
Assets (excluding investments in associates)	1,815,884	186,276	978,219	461,357	258,162	49,169	(898,795)	2,850,272
Investment in associates	-	-	-	-	-	-	120,570	120,570
Total assets	**1,815,884**	**186,276**	**978,219**	**461,357**	**258,162**	**49,169**	**(778,225)**	**2,970,842**
Capital expenditure	202,227	3,253	72	1,916	9,944	678	-	218,090
Total liabilities	**226,104**	**186,276**	**694,977**	**311,561**	**297,267**	**17,581**	**(655,446)**	**1,078,320**

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**

5. Revenue and other income

(a) Revenue

	2021 $'000	2020 $'000
Revenue from contracts with customers		
Grain handling services	**287,277**	211,687
Grain freight services	**185,191**	147,825
Grain sales	**3,274,581**	2,671,875
Sales of finished products	**208,106**	170,610
Management fees	**3,547**	2,674
Interest	**6,440**	9,815
Other revenue	**28,070**	21,077
Total revenue	**3,993,212**	3,235,563

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 or 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.

(b) Other gains/(losses)

	2021 $'000	2020 $'000
Realised gains/(losses) on:		
Foreign currency exchange contracts, swaps and options [i]	**91,329**	(54,687)
Commodity derivatives	**(164,262)**	(7,739)
Other foreign currency exchange gain/(loss)	**6,538**	(211)
Unrealised gains/(losses) on:		
Foreign currency exchange contracts, swaps and options [i]	**(84,963)**	61,196
Commodity derivatives	**143,898**	(7,986)
Other foreign currency exchange gain/(loss)	**151**	(2,176)
Gain on disposal of Newcastle Agri-Terminal [ii]	**13,915**	-
Net (loss)/gain on disposal of property, plant and equipment	**(246)**	512
Other income	**6,994**	5,925
	13,354	(5,166)

(i) It is the Group's policy to manage its foreign exchange risk through the use of derivative instruments. The current and prior year realised and unrealised gains and losses on foreign exchange are the result of underlying currency movements. These losses and gains 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.

(ii) For further details on the sale of Newcastle Agri Terminal, refer to Note 12.

6. Expenses

(a) Raw materials, traded grains and consumables used

	2021 $'000	2020 $'000
Fair value change on traded inventory at year end	**(58,234)**	21,925
Costs of goods sold	**2,964,826**	2,381,100
Changes in other inventories	**(221)**	(1,003)
	2,906,371	2,402,022

(b) Employee benefits expense

	2021 $'000	2020 $'000
Remuneration, bonuses and on-costs	**190,301**	184,350
Defined contribution superannuation	**20,330**	14,542
	210,631	198,892

6. Expenses (continued)

(c) Storage, handling and freight expenses

	2021 $'000	2020 $'000
Storage and handling	**119,894**	110,268
Freight (i)	**168,138**	134,309
	288,032	244,577

(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

	2021 $'000	2020 $'000
Freight (i)	**154,012**	135,696
Demurrage	**17,304**	1,540
Port and export charges	**29,740**	14,779
Storage and handling	**18,100**	11,267
Other (ii)	**10,483**	10,323
	229,639	173,605

(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.

(e) Other expenses

	Notes	2021 $'000	2020 $'000
Professional and consultancy fees		**6,733**	4,703
Software and licences		**13,167**	10,398
Adjustment arising on change in Cloud Computing accounting policy	30	**7,113**	-
Movement in provision for credit loss	13	**(1,607)**	(37)
Rent expense		**3,873**	5,028
Property rates and taxes		**6,359**	6,031
Sponsorship and donation		**1,781**	1,515
Travel and employee related expense		**7,510**	5,919
Other		**6,704**	6,573
		51,633	40,130

7. Income tax

Major components of income tax (benefit)/expense for the year ended 30 September 2021 and the year ended 30 September 2020 are:

	2021 $'000	2020 $'000
Statement of profit or loss and other comprehensive income		
Current income tax		
Current income tax charge	**4,029**	1,988
Adjustments in respect of current income tax of previous years	**(175)**	(404)
Deferred income tax		
Relating to origination and reversal of temporary differences	**26,114**	5,386
Adjustments in respect of deferred income tax of previous years	**231**	437
Income tax expense reported in the consolidated statement of profit or loss and other comprehensive income	**30,199**	7,407

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

	2021 $'000	2020 $'000
Profit before income tax expense	**163,951**	18,444
At the Group's statutory income tax rate of 30%	**49,186**	5,533
Parent entity (profit)/loss (tax exempt)	**(12,304)**	3,438
Other assessable income	**15**	21
Non-assessable income (i)	**(4,175)**	119
Non-deductible expenses	**27**	333
Share of equity accounted results of associates	**(2,342)**	(1,789)
Difference in effective tax rate of overseas subsidiary	**(73)**	(110)
Prior year adjustments	**(135)**	27
Other	**-**	(165)
Income tax expense	**30,199**	7,407

(i) The non-assessable income mainly relates to the accounting gain made on the sale of the Newcastle Agri Terminal (refer to Note 12), which is not taxable due to the availability of capital losses to offset the capital gain.

7. Income tax (continued)

Deferred tax	Consolidated statement of financial position		Consolidated statement of profit or loss and other comprehensive income	
	30 September 2021 $'000	30 September 2020 $'000	30 September 2021 $'000	30 September 2020 $'000
Deferred income tax assets				
Financial liabilities	**52,952**	17,388	**(35,564)**	(3,024)
Plant and equipment	**-**	123	**123**	(17)
Accruals and provisions	**3,028**	3,760	**732**	745
Other	**1,033**	1,016	**(17)**	(743)
Carry forward tax losses	**40,797**	36,672	**(4,125)**	(7,069)
Gross deferred income tax assets	**97,810**	58,959	**(38,851)**	(10,108)
Deferred income tax liabilities				
Financial assets	**(81,440)**	(28,184)	**53,256**	19,052
Plant and equipment	**(993)**	(1,014)	**(22)**	(639)
Inventories	**(11,716)**	(24)	**11,692**	(2,182)
Prepayments	**(10)**	-	**10**	(66)
Intangible assets	**(619)**	(784)	**(165)**	(165)
Other	**(525)**	(101)	**425**	(69)
Gross deferred income tax liabilities	**(95,303)**	(30,107)	**65,196**	15,931
Net deferred tax asset	**2,507**	28,852		
Deferred tax (benefit)/expense			**26,345**	5,823
Deferred tax (benefit)/expense recognised in statement of profit or loss			**26,345**	5,823

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 $135,987,000 (2020: $122,237,000) 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 2021	Land and buildings $'000	Leasehold properties $'000	Office furniture and equipment $'000	Plant and furniture and equipment $'000	Motor vehicles $'000	Capital works in progress $'000	Total $'000
Cost							
1 October 2020	1,475,580	539	26,950	1,175,268	52,408	116,582	2,847,327
Additions	39,560	(45)	819	26,521	1,561	140,358	208,774
Disposals	(11)	-	(11)	(857)	(103)	19	(963)
Transfers from work-in-progress	41,710	503	152	30,630	1,800	(74,795)	-
At 30 September 2021	1,556,839	997	27,910	1,231,562	55,666	182,164	3,055,138
Accumulated depreciation and impairment							
At 1 October 2020	807,667	217	23,062	718,838	38,932	-	1,588,716
Depreciation expense	56,113	39	812	40,540	4,259	-	101,763
Disposals	-	-	(10)	(327)	(102)	-	(439)
At 30 September 2021	863,780	256	23,864	759,051	43,089	-	1,690,040
Net book value at 30 September 2021	**693,059**	**741**	**4,046**	**472,511**	**12,577**	**182,164**	**1,365,098**

8. Property, plant and equipment (continued)

Carrying amounts of property, plant and equipment (continued)

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							
At 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 AASB16	-	(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)

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 $104,507,000 (2020: $110,739,000) 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 2021	Goodwill $'000	Software costs $'000	Software development costs $'000	Customer contracts $'000	Total $'000
Cost					
1 October 2020	21,373	170,870	8,524	5,500	206,267
Additions	-	1,477	7,839	-	9,316
Disposal and write-offs (i)	-	(5,918)	(3,103)	-	(9,021)
Transfers from work-in-progress	-	1,922	(1,922)	-	-
30 September 2021	21,373	168,351	11,338	5,500	206,562
Accumulated amortisation					
1 October 2020	-	(140,732)	-	(2,888)	(143,620)
Amortisation	-	(9,677)	-	(550)	(10,227)
Disposal and write-offs (i)	-	1,926	-	-	1,926
30 September 2021	-	(148,483)	-	(3,438)	(151,921)
Net book value at 30 September 2021	**21,373**	**19,868**	**11,338**	**2,062**	**54,641**

(i) The Group have written off a number of intangible assets with a total net book value of $7.1 million (historical cost of $9.0 million offset by accumulated amortisation of $1.9 million) as a result of the change in the Group's Cloud Computing accounting policy. Refer to Note 30(a).

30 September 2020	Goodwill $'000	Software costs $'000	Software development costs $'000	Customer contracts $'000	Total $'000
Cost					
1 October 2019	21,948	153,047	15,919	5,500	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	8,524	5,500	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**	**8,524**	**2,612**	**62,647**

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) Software and software development costs

Costs incurred in developing products or systems and acquiring software and licences that are controlled by the Group and will contribute to future benefits, are capitalised at cost and amortised on a straight-line basis over their expected useful life.

Software development costs are 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.

Computer software 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 for computer software range between 4-8 years.

Costs incurred in configuring or customising software in a cloud computing arrangement can only be recognised as intangible assets if the activities create an intangible asset that the entity controls and the intangible asset meets the recognition criteria.

Costs that do not result in intangible assets are expensed as incurred, unless they are deemed to not be distinct from the underlying use of the cloud computing application software, in which case the costs are recorded as a prepayment for services and amortised over the contract term of the cloud computing arrangement.

(iii) Customer contracts

Intangible assets in relation to customer contracts have finite useful lives and are measured at cost less accumulated amortisation and any accumulated impairment losses. Customer contracts are amortised over their useful lives using the straight line method. The estimated useful life for customer contract is 10 years and amortisation is recognised in profit or loss and included in depreciation and amortisation expense.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

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 Australian Bulk Stevedoring Pty Ltd (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 11.43% 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.

Software-as-a-Service arrangement

In respect of configuration and customisation costs incurred in implementing software as a service arrangements (SaaS), management has considered the following key judgements that may have significant effect on the amounts recognised in financial statements.

<u>Determination whether configuration and customisation services are distinct from the SaaS access</u>

Implementation costs including costs to configure or customise the cloud provider's application software are recognised as operating expenses when the services are received.

Where the SaaS arrangement supplier provides both configuration and customisation services, judgement has been applied to determine whether each of these services are distinct or not from the underlying use of the SaaS application software. Non-distinct configuration and customisation activities significantly enhance or modify a SaaS cloud-based application. Judgement has been applied in determining whether the degree of customisation and modification of the SaaS cloud-based application is significant or not.

Distinct configuration and customisation costs are expensed as incurred as the software is configured or customised (i.e. upfront). Non-distinct configuration and customisation costs are expensed over the SaaS contract term.

9. Intangible assets and goodwill (continued)

During the financial year, the Group did not recognise any prepayments in respect of configuration and customisation activities undertaken in implementing SaaS arrangements which are considered not to be distinct from the access to the SaaS application software over the contract term.

Capitalisation of configuration and customisation costs in SaaS arrangements

In implementing SaaS arrangements, the Group has developed software code that either enhances, modifies or creates additional capability to the existing owned software. This software is used to connect with the SaaS arrangement cloud-based application. Judgement has been applied in determining whether the changes to the owned software meets the definition of and recognition criteria for an intangible asset in accordance with AASB 138 *Intangible Assets*.

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	
		2021 %	2020 %
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 Granary SA (ii)	Switzerland	**100**	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 2021. Refer to Note 26.

(ii) As at 30 September 2021 this subsidiary is in the process of liquidation.

10. Investment in controlled entities (continued)

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 2021 %	2020 %	Principal activities
Interflour Group entities ("Interflour Group")				
Pacific Agrifoods Limited	British Virgin Islands	50	50	Holding company
Interflour Group Pte Limited ("IFG")[(i)]	Singapore	50	50	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 44% (2020: 45%) of the consolidated Interflour Group's net assets.

	2021 $'000	2020 $'000
Carrying amount by entity		
Carrying amount of the Group's interest in Interflour Group	**120,570**	112,082

	2021 $'000	2020 $'000
Share of profit/(loss) from associates by entity		
Interflour Group (see details of material associates below)	**7,795**	5,964
Total share of profit/(loss) from associate	**7,795**	5,964

11. Investments in associates (continued)

Details of material associates

Interflour Group	2021 $'000	2020 $'000
Movement in carrying amount		
Carrying amount at the beginning of the financial year	**112,082**	117,950
Cash dividends received by the Group	**(4,071)**	-
Share of associate profit/(loss) after income tax (i)	**7,795**	5,964
Share of associates' movement in reserves (ii)	**3,077**	(5,212)
Unrealised foreign exchange translation movements (iii)	**(223)**	(6,620)
Fair value of shareholder loan (iv)	**1,910**	-
Carrying amount at the end of the financial year	**120,570**	112,082

(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) When the shareholder loan was provided to Interflour Group in 2019, a capital contribution was recognised, being the difference between the present value of the shareholder loan and the consideration advanced $44.3 million (US$30.0 million). A $1.9 million remeasurement of capital contribution was recognised in 2021 as the loan repayment term was extended. The present value of the shareholder loan is classified as a 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 2021 $'000	Interflour Group 2020 $'000
Current assets	**356,418**	329,769
Non-current assets	**363,802**	361,505
Current liabilities	**(265,619)**	(229,450)
Non-current liabilities	**(252,476)**	(277,598)
Net assets	**202,125**	184,226
Net assets (50%)	**101,062**	92,113
Non-controlling interests (50%)	**(12,081)**	(9,693)
Goodwill	**15,328**	15,312
Other intangible assets	**8,677**	8,677
Fair value of shareholder loan	**7,584**	5,673
Carrying amount of the Group's interest in Interflour Group	**120,570**	112,082
Revenue (100%)	**815,082**	890,215
Profit/(loss) (100%)	**15,589**	11,928
Other comprehensive income/(expense) (100%)	**6,153**	(10,424)
Total comprehensive income/(expense) (100%)	**21,742**	1,504

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 was interest free and repayable on demand after 3 years.

In June 2021, the shareholder loan subordination was revised. US$5.0 million unsubordinated amount became repayable on demand, and the remaining US$25.0 million is repayable on demand in 5 years from 1 July 2021. As a result, the fair value of the loan of $36.2 million has been estimated to reflect its new interest-free terms. The difference between the carrying value of the loan at the date of the change and the loan's re-measured fair value ($1.9 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:

	2021 $'000	2020 $'000
Unsecured interest-free USD-denominated loan	**37,793**	38,583

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. Management have conducted an assessment of impairment indicators in respect of the Interflour Group in 2020/21.

Recoverable amount of investment in associates

The Group performed an assessment for impairment indicators in relation to its investment in the Interflour Group at year end. In performing this assessment, judgement has been exercised in respect of assessing changes in the market value of the Interflour Group which is performed by analysing market conditions, 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; and
- the multiple applied which is comparable to relevant observable market transactions and listed company valuations.

On the basis of this assessment, the Group is satisfied that no impairment indicators exist at the reporting date. Future changes in the assumptions, including potential impact of the COVID-19 pandemic, may impact the assessment of impairment indicators, and could give rise to an impairment in future periods.

12. Other financial assets

	2021 $'000	2020 $'000
Non-current assets		
Investment in Newcastle Agri Terminal Pty Ltd	-	1,490
	-	1,490

Newcastle Agri Terminal Pty Ltd is a bulk agricultural export facility located in Newcastle. On 30 September 2021 the investment was sold for $15.4 million. The net gain on disposal of $13.9 million was reported as part of Other gains and losses (Note 5(b)).

Operating assets and liabilities

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

13. Trade and other receivables

	2021 Current $'000	2021 Non-current $'000	2021 Total $'000	2020 Current $'000	2020 Non-current $'000	2020 Total $'000
Trade receivables	**153,006**	**-**	**153,006**	108,429	-	108,429
Loans to growers	**140,441**	**-**	**140,441**	129,021	-	129,021
Margin deposits	**95,760**	**-**	**95,760**	17,445	-	17,445
Term deposits	**24,370**	**-**	**24,370**	5,652	-	5,652
Other receivables	**8,832**	**-**	**8,832**	2,698	-	2,698
Loan to associate (Note 11)	**-**	**37,793**	**37,793**	-	38,583	38,583
Provision for credit loss	**(2,598)**	**(3,154)**	**(5,752)**	(4,404)	(3,548)	(7,952)
	419,811	**34,639**	**454,450**	258,841	35,035	293,876

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

As at 30 September 2021	Weighted average loss rate %	Gross carrying amount $'000	Provision for credit loss $'000
Not past due	1.10	448,328	(4,946)
1 - 30 days overdue	1.04	10,098	(105)
31 - 60 days overdue	0.52	405	(2)
61 - 90 days overdue	1.84	374	(7)
More than 90 days overdue	69.37	997	(692)
		460,202	(5,752)

As at 30 September 2020	Weighted average loss rate %	Gross carrying amount $'000	Provision for credit loss $'000
Not past due	1.86	291,220	(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)
		301,828	(7,952)

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) or;
- delivered into CBH Grain Pools.

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

Loans receivable in respect of grower finance amounted to $140,441,000 (2020: $128,031,000). The loan balance related to CBH Grain Pools amounted to ($768,000) (2020: $990,000) and has been recorded under sundry payables (Note 15).

During the year, the interest rates charged on grower finance ranged from 2.95% to 6.20% (2020: 3.20% to 6.45%).

(iii) Margin deposits

Margin deposits relate to futures accounts at call and are held in US Dollars, Canadian Dollars, Euro and Australian Dollars. Average interest rates on the futures accounts are: US Dollars: -0.25% (2020: -0.25%), Canadian Dollars: -0.75% (2020: -0.75%), Euro: -1.38% (2020: -1.29%), Australian Dollars: -0.55% (2020: -0.4%).

(iv) Term deposits

Term deposits are presented as current assets when they have a maturity of three months or more from the date of acquisition and are not repayable on demand without a loss of interest. Term deposits were held in Australian Dollars at 0.14% average interest rate (2020: 0.46%), in US Dollars at 0.16% average interest rate (2020: 0.21%), and in Hong Kong Dollars at 0.25% average interest rate (2020: 0.05%).

(v) Provision for credit loss

The provision for credit loss amounted to $5,752,000 (2020: $7,952,000). 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:

	2021 $'000	2020 $'000
At 1 October	**7,952**	9,682
Bad debt written off	**(593)**	(1,693)
Net remeasurement in loss allowance	**(1,607)**	(37)
At 30 September	**5,752**	7,952

14. Inventories

	2021 $'000	2020 $'000
At fair value less cost of disposal:		
Traded grain	**250,951**	134,717
At lower of cost and net realisable value:		
Raw materials and stores	**43,125**	27,016
Finished goods	**10,021**	15,954
	53,146	42,970
Total inventory	**304,097**	177,687

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.

	2021 $'000	2020 $'000
Fair Value Measurement		
Level 2	**213,902**	115,174
Level 3	**37,049**	19,543
	250,951	134,717

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:

	2021 $'000	2020 $'000
At 1 October	**19,543**	78,237
Purchases	**157,751**	78,254
Sales	**(149,203)**	(130,852)
Written off	**(608)**	(155)
Unrealised change in fair value	**9,566**	(5,941)
At 30 September	**37,049**	19,543

15. Trade and other payables

	2021 $'000	2020 $'000
Current		
Trade payables	**76,220**	44,037
Accrued expenses	**64,272**	46,967
Grower patronage rebates	**4,450**	6,185
Sundry payables	**8,991**	7,162
	153,933	104,351
Non-current		
Other payables	**412**	412

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 represents prior year unutilised rebates and consists of the Operations rebate of $2,718,000 (2020: $3,658,000), the Marketing and Trading rebate of $1,656,000 (2020: $2,427,000) and the Investment rebate of $76,000 (2020: $100,000).

(iv) Sundry Payables

Sundry payables relate to other payables and include levies, captive insurance payable, customer prepayments and loan balance payable to CBH Grain Pools.

Notes to the consolidated financial statements

30 September 2021

16. Leases

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

(a) Reconciliation of carrying amounts

30 September 2021	Land and buildings $'000	Rail infrastructure $'000	Vehicles $'000	Other $'000	Total $'000
Lease assets					
Cost					
At 1 October 2020	84,344	102,264	5,709	275	192,592
Additions	5,224	-	4,820	-	10,044
Lease remeasurement	1,437	-	-	-	1,437
Foreign currency translation	(22)	-	-	-	(22)
At 30 September 2021	**90,983**	**102,264**	**10,529**	**275**	**204,051**
Accumulated depreciation					
At 1 October 2020	(9,183)	(13,080)	(2,169)	(80)	(24,512)
Depreciation	(6,192)	(14,269)	(1,993)	(59)	(22,513)
Foreign currency translation	(5)	-	-	-	(5)
At 30 September 2021	**(15,380)**	**(27,349)**	**(4,162)**	**(139)**	**(47,030)**
Carrying amount at 30 September 2021	**75,603**	**74,915**	**6,367**	**136**	**157,021**

30 September 2020	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**
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**

16. Leases (continued)

(a) Reconciliation of carrying amounts (continued)

	2021 $'000	2020 $'000
Lease liabilities		
At 1 October	**174,367**	81,339
Additions	**10,044**	111,109
Repayments	**(25,581)**	(23,042)
Lease remeasurements	**1,437**	1,316
Interest expense	**3,715**	3,666
Foreign currency translation	**(27)**	(21)
Carrying amount at 30 September	**163,955**	174,367
At 30 September		
Current	**21,706**	20,751
Non-current	**142,249**	153,616
Carrying amount at 30 September	**163,955**	174,367

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.

(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.

	2021 $'000	2020 $'000
Expenses relating to short-term leases	**8,883**	5,028
Variable lease payments	**9,745**	7,905
Total	**18,628**	12,933

The total cash out flow for leases in 2021 was $44,209,000 (2020: $35,970,000).

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.

(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.

16. Leases (continued)

Recognition and measurement (continued)

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

	Range of remaining term
Land and buildings	1 - 98 years
Rail infrastructure	6 years
Motor vehicles	1 - 7 years
Other	1 - 5 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.

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

	2021 $'000	2020 $'000
Current		
Deferred revenue [(i)]	**17,994**	10,493
Freight fund liability [(ii)]	**14,912**	16,035
	32,906	26,528

(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 $'000	Total $'000
1 October 2020	37,948	34,802	72,750
Arising during the year	15,311	-	15,311
Remeasurement during the year	-	(1,604)	(1,604)
Utilised	(13,435)	-	(13,435)
30 September 2021	**39,824**	**33,198**	**73,022**
30 September 2021			
Current	33,393	2,854	36,247
Non-current	6,431	30,344	36,775
	39,824	**33,198**	**73,022**
30 September 2020			
Current	31,940	1,226	33,166
Non-current	6,008	33,576	39,584
	37,948	**34,802**	**72,750**

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

The Group recognises 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 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

	2021 $'000	2020 $'000
Cash at bank and on hand	**152,546**	98,420
Deposits at call	**82,732**	141,064
	235,278	239,484

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 0.22% (2020: 0.59%) and in US Dollars at an average interest rate of 0.07% (2020: none). 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.

(a) Cash flow reconciliation

	Notes	2021 $'000	2020 $'000
Reconciliation of net profit after tax to net cash flows from operations:			
Net profit/(loss) after income tax expense		**133,752**	11,037
Adjustments to reconcile profit after tax to net cash flows:			
Depreciation and amortisation		**134,506**	129,241
Financial assets at fair value through profit and loss ("FVTPL")		**-**	575
Net profit on disposal of property, plant and equipment		**246**	(512)
Adjustment arising on change in Cloud Computing accounting policy	30(a)	**7,113**	-
Net profit on disposal of Newcastle Agri-Terminal		**(13,915)**	-
Non-cash movement in site rehabilitation provision		**(1,925)**	-
Share of associates (profit)/loss		**(7,795)**	(5,964)
Unrealised (gain)/loss on foreign exchange and derivatives		**(59,087)**	(51,034)
Income tax expense/(benefit)		**30,199**	7,407
Net finance costs		**11,442**	9,694
Impairment loss/(reversal) on trade and other receivables		**(1,607)**	(37)
Other non-cash items		**39**	400
Working capital adjustments:			
(Increase)/decrease in inventories		**(126,409)**	473,886
(Increase)/decrease in trade and other receivables		**(61,059)**	46,291
(Increase)/decrease in prepayments		**(996)**	(1,287)
Increase/(decrease) in trade and other payables		**25,037**	(42,765)
Increase/(decrease) in provisions		**3,121**	2,668
Increase/(decrease) in other liabilities		**6,378**	(31,828)

19. Cash and cash equivalents (continued)

(a) Cash flow reconciliation (continued)

	2021 $'000	2020 $'000
Reconciliation of net profit after tax to net cash flows from operations:		
Other adjustments:		
Interest received	**5,082**	8,157
Interest paid	**(18,416)**	(18,872)
Income tax paid	**(1,411)**	5,037
Net cash inflow/(outflow) from operating activities	**64,295**	542,094

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	2021 $'000	2020 $'000
Secured bank loans	20(e)	**475,065**	248,059

(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 2020	248,059
Proceeds from borrowings	1,886,095
Repayments	(1,659,154)
Net cash flow on borrowings	226,941
Other non-cash movements	65
As at 30 September 2021	**475,065**

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

The bank loans of CBH include a negative pledge that require (subject to certain exceptions) CBH 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	650,000	100,000	20/09/2022
CBH Grain Facility	170,000	90,000	22/10/2021
CBH Grain Facility	130,000	70,000	29/10/2021
CBH Grain Facility	160,000	80,000	22/10/2021
CBH Grain Facility	200,000	-	22/10/2021
CBH Grain Facility	25,000	-	22/10/2021
CBH Grain Facility	75,000	65,000	22/10/2021
CBH Grain Facility	180,000	70,000	22/10/2021

The facilities are a combination of bilateral term loans and trade facilities with total facility limits of $1,590,000,000. As at 30 September 2021, $475,000,000 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 0.94% (2020: 1.39%).

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 Facility	70,000	-	23/06/2024
CBH Facility	60,000	-	23/06/2024
CBH Facility	70,000	-	23/06/2024

The facilities are bilateral term loans with total facility limits of $200,000,000. As at 30 September 2021, 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

	2021 $	2020 $
Shares Issued	**4,058**	4,238
	4,058	4,238

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 2019	2,207	1,648	3,855	2.00	4,414
Shares issued (i)	-	62	62	-	-
Shares cancelled (ii)	(88)	(92)	(180)	-	(176)
At 1 October 2020	**2,119**	**1,618**	**3,737**	**2.00**	**4,238**
Shares issued (i)	-	68	68	-	-
Shares cancelled (ii)	(90)	(112)	(202)	-	(180)
At 30 September 2021	**2,029**	**1,574**	**3,603**	**2.00**	**4,058**

(i) During the current year 68 ordinary shares (2020: 62) were issued and remained unpaid as at 30 September 2021. 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 1,574 (2020: 1,618).

(ii) During the year 202 ordinary shares (90 paid and 112 unpaid) were cancelled through failure to meet the Active Membership Requirements under Rule 4 of the Co-operative's Rules (2020: 88 paid and 91 unpaid) and no shares were cancelled due to member resignation (2020: 1).

(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. If a surplus is created from excess charges to growers beyond the Group's capital requirements, a rebate may be offered to growers to encourage and reward their ongoing 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)

	2021 $'000	2020 $'000
Profit/(loss) after tax (A)	**133,752**	11,037
Opening capital	**1,757,041**	1,758,151
Closing capital	**1,892,522**	1,757,041
Average capital (B)	**1,824,782**	1,757,596
Return on average equity	**7.3%**	0.6%
Total equity (C)	**1,892,522**	1,757,041
Total assets (D)	**2,970,842**	2,441,478
Equity to assets ratio (C/D)	**63.7%**	72.0%

(c) Reserves

	2021 $'000	2020 $'000
Capital levy reserve	**52,587**	52,587
General reserve	**1,631,441**	1,586,773
Foreign currency translation reserve	**(29,344)**	(30,266)
Acquisition reserve	**(1,175)**	(1,175)
Cash flow hedge reserve	**(438)**	(793)
	1,653,071	1,607,126

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.

At 30 September 2021	Amortised Cost $'000	FVTPL [i] $'000	Total $'000
Assets			
Cash and cash equivalents	235,278	-	235,278
Trade and other receivables	448,206	-	448,206
Derivative financial instruments	-	271,470	271,470
Total current and non-current financial assets	**683,484**	**271,470**	**954,954**
Liabilities			
Trade and other payables	152,607	-	152,607
Interest bearing loans and borrowings	475,065	-	475,065
Derivative financial instruments	-	176,508	176,508
Lease liabilities	163,955	-	163,955
Total current and non-current financial liabilities	**791,627**	**176,508**	**968,135**

30 September 2020	Amortised Cost $'000	FVTPL [i] $'000	Total $'000
Assets			
Cash and cash equivalents	239,484	-	239,484
Trade and other receivables	292,546	-	292,546
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	-	57,960	57,960
Lease liabilities	174,367	-	174,367
Total current and non-current financial liabilities	**527,189**	**57,960**	**585,149**

(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 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.

Notes to the consolidated financial statements

30 September 2021

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.

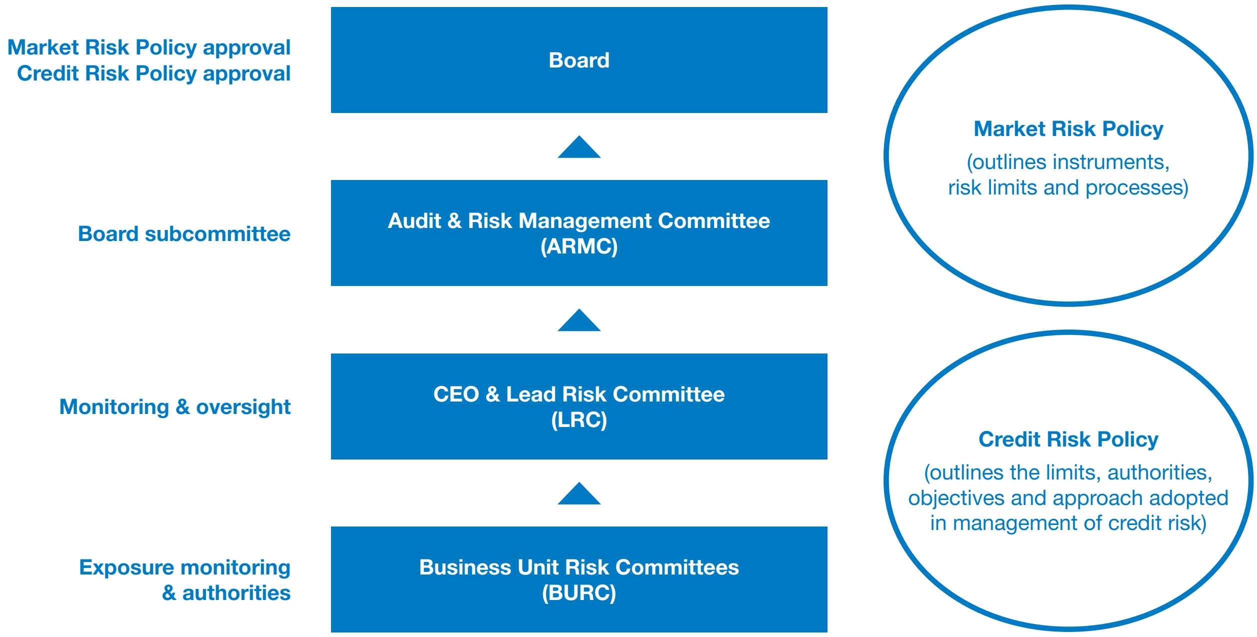
23. Financial risk management

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, 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

Commodity price risk refers primarily to the Group's exposure to fluctuations in prices of grain commodities.

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 price 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:

	2021 $'000	2020 $'000
Undiversified VaR (i)	**(20,091)**	(18,369)
Diversified VaR (ii)	**(10,124)**	(11,521)

(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.

23. Financial risk management (continued)

(a) Market risk (continued)

(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 international 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 risks.

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.

The Group had the following financial instruments denominated in foreign currencies:

30 September 2021	USD in AUD equivalent $'000	CAD in AUD equivalent $'000	EUR in AUD equivalent $'000	JPY in AUD equivalent $'000	Other* in AUD equivalent $'000	Total AUD equivalent $'000
Financial assets						
Cash and cash equivalents	40,351	3,726	1,874	14,331	489	60,771
Trade and other receivables	173,820	24,565	41,535	2,198	18	242,136
Derivative financial assets	15,267	3,616	1,721	1,876	-	22,480
	229,438	**31,907**	**45,130**	**18,405**	**507**	**325,387**
Financial liabilities						
Derivative financial liabilities	83,268	25,035	61,734	-	-	170,037
Trade and other payables	14,746	-	214	3,020	62	18,042
Lease liabilities	-	-	-	268	18	286
	98,014	**25,035**	**61,948**	**3,288**	**80**	**188,365**
Net exposure	**131,424**	**6,872**	**(16,818)**	**15,117**	**427**	**137,022**

30 September 2020	USD in AUD equivalent $'000	CAD in AUD equivalent $'000	EUR in AUD equivalent $'000	JPY in AUD equivalent $'000	Other* in AUD equivalent $'000	Total AUD equivalent $'000
Financial assets						
Cash and cash equivalents	39,989	350	1,433	13,433	891	56,096
Trade and other receivables	91,749	311	3,477	18,255	21	113,813
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**

* Other includes exposure to CHF, CNY, GBP, HKD and NZD.

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:

	2021 $'000	2020 $'000
Financial assets		
Cash and cash equivalents	**235,278**	239,484
Term deposits	**24,370**	5,653
Loans to growers	**140,441**	129,021
Margin deposits	**95,760**	17,445
	495,849	391,603
Financial liabilities		
Interest bearing loans and borrowings	**(475,065)**	(248,059)
Loans from growers	**(768)**	-
	(475,833)	(248,059)
Net exposure	**20,016**	143,544

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.

Given the above financial assets and liabilities are exposed to variable interest rate risk, an increase of 25 basis points in underlying interest rates would increase profit before tax for the year by $50,000 (2020: increase $359,000). A decrease of 25 basis points in underlying interest rates would reduce profit before tax for the year by $50,000 (2020: reduce $359,000). 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 open contracts and 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.

The carrying amount of financial assets represents the maximum credit exposure.

23. Financial risk management (continued)

(b) Credit risk (continued)

The credit risk analyses in this section excludes GST receivable of $6,244,000 (2020: $1,330,000) which is part of other receivables (Note 13).

Below is an analysis of credit risk exposure net of credit loss provisions by counterparty type.

	2021 $'000	2020 $'000
Grain Storage, Handling and Freight: Growers	**1,806**	1,490
Grain Storage, Handing and Freight: Non-growers	**34,295**	15,732
Marketing and Trading: Growers	**139,302**	127,964
Marketing and Trading: Non-growers	**216,166**	83,223
Grain Processing: Non-growers	**18,425**	21,135
Associate company - Interflour Group Pte Limited	**34,639**	41,041
Other: Growers	**3,175**	1,078
Other: Non-growers	**398**	883
	448,206	292,546

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 five-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 2021	Weighted average loss rate %	Gross carrying amount $'000	Credit loss $'000	Net carrying amount $'000
Assigned credit rating				
AA-	0.02	13	-	13
A+	-	2,357	-	2,357
A	-	58,327	(2)	58,325
A-	0.17	113,712	(191)	113,521
BBB+	0.02	6,235	(2)	6,233
BBB	0.04	5,914	(2)	5,912
B	1.99	267,155	(5,312)	261,843
CCC/C	99.18	245	(243)	2
Total	**1.27**	**453,958**	**(5,752)**	**448,206**

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'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

At 30 September 2021	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	475,065	475,246	475,246	-	-	-
Trade and other payables	152,607	152,607	152,195	-	412	-
Lease liabilities	163,955	195,849	12,606	12,473	92,906	77,864
Total non-derivatives	**791,627**	**823,702**	**640,047**	**12,473**	**93,318**	**77,864**
Derivative financial liabilities						
(inflow)	(443,108)	(443,108)	(423,493)	(8,375)	(11,240)	-
outflow	619,616	619,616	585,909	17,311	16,396	-
Net derivative financial liabilities	**176,508**	**176,508**	**162,416**	**8,936**	**5,156**	**-**
	968,135	**1,000,210**	**802,463**	**21,409**	**98,474**	**77,864**

At 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**

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 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; and
- Forward commodity sale and purchase contracts.

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 to thirty months. Movements in the fair value of these derivatives are recognised in the profit and loss. The net fair value at 30 September 2021 was an unrealised asset of $94,962,000 (2020: $35,990,000 unrealised asset). 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 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 2021	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Current Assets				
Forward foreign currency exchange contracts, swaps and options	-	8,663	-	8,663
Commodity futures and options	13,067	-	-	13,067
Forward commodity sale and purchase contracts	-	231,036	10,888	241,924
	13,067	**239,699**	**10,888**	**263,654**
Non-current Assets				
Forward foreign currency exchange contracts, swaps and options	-	651	-	651
Commodity futures and options	6,219	-	-	6,219
Forward commodity sale and purchase contracts	-	946	-	946
	6,219	**1,597**	**-**	**7,816**
Current Liabilities				
Forward foreign currency exchange contracts, swaps and options	-	48,714	-	48,714
Commodity futures and options	54,315	-	-	54,315
Forward commodity sale and purchase contracts	-	55,992	12,331	68,323
	54,315	**104,706**	**12,331**	**171,352**
Non-current Liabilities				
Forward foreign currency exchange contracts, swaps and options	-	1,544	-	1,544
Commodity futures and options	1,958	-	-	1,958
Forward commodity sale and purchase contracts	-	1,654	-	1,654
	1,958	**3,198**	**-**	**5,156**

23. Financial risk management (continued)

(d) Fair value measurements (continued)

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 currency exchange contracts, swaps and options	-	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 currency 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**

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 2020	2,881
Net movement taken to profit or loss	(4,164)
30 September 2021	**(1,283)**

A change in the Level 3 input price for inventories and forward sale and purchase contracts of 10% would have a corresponding proportionate impact on both inventory and the net financial asset or liability carrying values, and be recognised in profit or loss.

Transfers between categories

There were no transfers between Level 1, 2 and 3 during the year.

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) and has no contingent assets.

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

	2021 $'000	2020 $'000
Revenue	**671,407**	545,133
Other gains	**6,522**	3,263
Employee benefits expense	**(175,973)**	(165,960)
Depreciation and amortisation	**(129,920)**	(121,369)
Storage, handling and freight expenses	**(265,844)**	(223,785)
Insurance	**(11,440)**	(8,861)
Other expenses	**(43,973)**	(34,030)
Interest expense	**(6,111)**	(5,850)
Profit/(loss) before and after income tax	**44,668**	(11,459)
Other comprehensive income		
Items that may be reclassified subsequently to the profit and loss	**-**	-
Other comprehensive income for the year, net of tax	**-**	-
Total comprehensive income/(expense) for the year	**44,668**	(11,459)

25. Parent entity disclosures (continued)

(b) Statement of financial position - Parent

	2021 $'000	2020 $'000
ASSETS		
Current assets		
Cash and cash equivalents	**125,314**	161,952
Trade and other receivables	**41,537**	16,616
Inventories	**27,014**	20,251
Loans to controlled entities	**53,993**	61,496
Prepayments	**4,673**	4,340
Total current assets	**252,531**	264,655
Non-current assets		
Trade and other receivables	**34,639**	35,035
Investments in associates	**136,935**	135,025
Other financial assets	**139,496**	139,496
Property, plant and equipment	**1,333,955**	1,227,893
Intangible assets and goodwill	**28,898**	34,766
Lease assets	**155,324**	165,426
Total non-current assets	**1,829,247**	1,737,641
Total assets	**2,081,778**	2,002,296
LIABILITIES		
Current liabilities		
Trade and other payables	**116,699**	72,947
Lease liabilities	**20,606**	19,724
Interest bearing loans and borrowings	**11,555**	21,020
Provisions	**32,468**	29,686
Other liabilities	**34,535**	24,528
Total current liabilities	**215,863**	167,905
Non-current liabilities		
Provisions	**36,680**	39,481
Lease liabilities	**141,627**	151,970
Total non-current liabilities	**178,307**	191,451
Total liabilities	**394,170**	359,356
Net assets	**1,687,608**	1,642,940
Equity		
Contributed equity	**4**	4
Reserves	**1,687,604**	1,642,936
Total equity	**1,687,608**	1,642,940

25. Parent entity disclosures (continued)

(c) Statement of cash flows - Parent

	2021 $'000	2020 $'000
Cash flows from operating activities		
Receipts from customers	**724,171**	577,404
Payments to suppliers and employees	**(535,844)**	(488,963)
	188,327	88,441
Interest received	**1,026**	2,520
Interest and other costs of finance paid	**(6,652)**	(4,195)
Net operating cash flows	**182,701**	86,766
Cash flows from investing activities		
Payments for property, plant and equipment	**(182,397)**	(214,726)
Proceeds from sale of property, plant and equipment	**258**	719
Payments for intangible assets	**(8,700)**	(9,232)
Term deposits (net)	**(20,033)**	(411)
Loans from related parties	**8,183**	30
Distributions from subsidiaries and associates	**4,071**	-
Loan to CBH Grain	**-**	(110,000)
Loan repaid by CBH Grain	**-**	350,000
Net investing cash flows	**(198,618)**	16,380
Cash flows from financing activities		
Repayment of lease liabilities	**(20,721)**	(18,385)
Net cash flows from financing activities	**(20,721)**	(18,385)
Net (decrease)/increase in cash and cash equivalents held	**(36,638)**	84,761
Cash and cash equivalents at the beginning of the financial year	**161,952**	77,191
Cash and cash equivalents at the end of the financial year	**125,314**	161,952

(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

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

	2021 $'000	2020 $'000
Within one year	**27,641**	8,019

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 2021 of the closed group.

	2021 $'000	2020 $'000
Consolidated statement of profit or loss and other comprehensive income		
Revenue	**872,884**	710,641
Other income	**(1,705)**	6,381
Expenses from ordinary activities	**(810,324)**	(718,264)
Interest expense	**(6,139)**	(5,915)
Profit/(loss) before income tax	**54,716**	(7,157)
Income tax expense	**(3,073)**	(1,301)
Profit/(loss) for the year	**51,643**	(8,458)
Other comprehensive income		
Total comprehensive income/(expense) for the year	**51,643**	(8,458)
Summary of movements in consolidated retained earnings		
Retained earnings at the beginning of the financial year	**5,831**	2,830
Profit/(loss) for the period	**51,643**	(8,458)
Transfer to reserves	**(44,668)**	11,459
Retained earnings at the end of the financial year	**12,806**	5,831

26. Deed of cross guarantee (continued)

Consolidated statements (continued)

Set out below is a consolidated statement of financial position as at 30 September 2021 of the closed group.

	2021 $'000	2020 $'000
Current assets		
Cash and cash equivalents	**132,011**	166,056
Trade and other receivables	**70,389**	50,414
Inventories	**53,145**	42,970
Prepayments	**4,870**	4,508
Total current assets	**260,415**	263,948
Non-current assets		
Trade and other receivables	**34,639**	35,035
Investments in associates	**136,935**	135,025
Investment in controlled entities	**100,772**	100,772
Property, plant and equipment	**1,370,902**	1,265,278
Intangible assets and goodwill	**49,876**	56,121
Lease assets	**156,679**	167,538
Total non-current assets	**1,849,803**	1,759,769
Total assets	**2,110,218**	2,023,717
Current liabilities		
Trade and other payables	**172,410**	129,458
Income tax payable	**2,168**	119
Provisions	**34,271**	31,253
Total current liabilities	**208,849**	160,830
Non-current liabilities		
Deferred tax liabilities	**669**	815
Provisions	**36,680**	39,481
Lease liabilities	**163,606**	173,820
Total non-current liabilities	**200,955**	214,116
Total liabilities	**409,804**	374,946
Net assets	**1,700,414**	1,648,771
Equity		
Contributed equity	**4**	4
Reserves	**1,687,604**	1,642,936
Retained earnings	**12,806**	5,831
Total equity	**1,700,414**	1,648,771

27. Key management personnel compensation

	2021 $	2020 $
Short-term benefits [i]	**7,471,302**	7,802,915
Post-employment benefits [ii]	**308,531**	296,930
Long-term benefits [iii]	**357,269**	677,880
Termination benefits [iv]	**299,719**	-
	8,436,821	8,777,725

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.

Key management personnel include directors and member of the Lead Team, including those in an acting capacity.

(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 or payable 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.

	2021 $	2020 $
Mr A J Mulgrew	**22,000**	20,000
Mr D A Lock	**22,000**	8,000
Mr V A Dempster	**-**	8,000

Total aggregate number of CBH shares held by directors and director-related entities is 10 (2020: 16).

(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.

	2021 $	2020 $
N A M Browning, K J Fuchsbichler, B E McAlpine, J D O'Neil, G R Rowe, J N Seaby, K M Seymour, S R Stead, R P Taylor, and H Woodhams transacted with the Group during the financial year as follows:		
Grain sales to the Group	**13,524,540**	11,522,967
Freight and receival fees charged by the Group	**1,959,425**	1,493,401
Fertiliser purchases from the Group	**2,045,738**	804,448
(iii) Unsecured balances outstanding from/(to) Directors		
Rebates payable	**(201)**	(16,828)
Loans to growers (Refer to Note 13)	**910,350**	404,680

28. Related party transactions (continued)

(c) Other related party transactions

	2021 $	2020 $
(i) Transactions with associates in the ordinary course of business on normal commercial terms		
Sales of grain to IFG and its controlled entities	**113,418,975**	89,383,168
Payments for grain and shipping related charges to IFG and its controlled entities	**45,020**	160,197
Cash dividends paid by IFG to the Group (refer to Note 11)	**4,070,820**	-
(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 (Refer to Note 11)	**37,793,302**	38,583,000

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.

	2021 $	2020 $
Audit and review services		
Auditors of the Group - KPMG		
KPMG Australia - Group	**234,404**	259,403
KPMG Australia - controlled entities	**193,607**	193,607
Other KPMG firms - controlled entities	**49,234**	55,379
	477,245	508,389
Assurance services		
Auditors of the Group - KPMG		
Regulatory assurance services	**8,754**	8,754
Other assurance services	**-**	30,000
	8,754	38,754
Other services		
Auditors of the Group - KPMG		
Non-audit services	**64,688**	-
	64,688	-

30. Changes in accounting policies

(a) New and amended accounting standards and interpretations adopted from 1 October 2020

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 2020. *Interest Rate Benchmark Reform (Amendments to AASB 9, AASB 139, and AASB 7)* and a number of other new standards are effective from 1 January 2020 but they do not have a material effect on the Group's financial statements.

IFRS Interpretations Committee agenda decision Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 Intangible Assets)

The Group previously capitalised costs incurred in configuring or customising a supplier's application software in cloud computing arrangements as intangible assets as the Group considered that it would benefit from those costs to implement the cloud-based software over the expected terms of the cloud computing arrangements.

Following the IFRS Interpretations Committee (IFRS IC) agenda decision on Configuration or Customisation Costs in a Cloud Computing Arrangement in March 2021, the Group has reconsidered its accounting treatment and adopted the treatment set out in the IFRS IC agenda decision, which is to recognise those costs as intangible assets only if the activities create an intangible asset that the entity controls and the intangible asset meets the recognition criteria.

Costs that do not result in intangible assets are expensed as incurred, unless they are deemed to not be distinct from the underlying use of the cloud computing application software, in which case the costs are recorded as a prepayment for services and amortised over the contract term of the cloud computing arrangement.

As a result of this change in accounting policy, CBH completed a review of the existing intangible assets portfolio and the effect of this change in accounting policy resulted in derecognition of certain capitalised software costs as a disposal / write off (as reflected in Note 9 - Intangible Assets). Given the quantum of the impact arising from the change in accounting policy, the Group has elected not to restate its comparative financial information.

All expenditure in the current financial year in relation to cloud computing arrangements has been assessed under the new guidance and expensed or capitalised as appropriate.

The new accounting policy is presented in Note 9.

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

The following relevant accounting standards have recently been issued or amended but are not yet effective for the 30 September 2021 reporting period. These standards are not expected to have a material impact on the Group's financial position or its performance.

Reference	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 2020-8 Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform (Phase 2)	1 January 2021	30 September 2022
AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments	1 January 2022	30 September 2023
AASB 2014-10 Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2022	30 September 2023
AASB 2021-2 Amendments to Australian Accounting Standards - Definition of Accounting Estimates	1 January 2023	30 September 2024
AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-Current	1 January 2023	30 September 2024
AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies	1 January 2023	30 September 2024

31. Commitments

(a) Lease commitments

At 30 September 2021, the Group was committed to short-term and low-value leases. Refer to Note 16 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:

	2021 $'000	2020 $'000
Within one year	**2,702**	3,231
Later than one year but not later than five years	**3,327**	5,099
Later than five years	**40**	-
	6,069	8,330

(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:

	2021 $'000	2020 $'000
Within one year	**28,012**	8,978
	28,012	8,978

32. Events subsequent to balance date

Subsequent to 30 September 2021, CBH Grain Pty Ltd negotiated the following facilities with various banks for the acquisition of grain over the 2021/22 season:

- Banking facilities of $1,575,000,000; and
- Trade facilities of $300,000,000.

The facilities have been executed and are on similar terms and conditions to prior season, refer to Note 20(d). The lenders are expected to undertake annual review which include (but not limited to) an assessment of:

- The financial performance of the Group, ensuring that the financial ratios and conditions are met throughout the term of the loan facilities.
- Compliance over negative pledge and loan covenants.

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 57 to 116 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 2021 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

1 December 2021

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 2021, 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 2021;
- 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; and
- 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.

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KPMG

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 and 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; and
- 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:

- 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;
- 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;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- 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 registered Group 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;

- 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; and
- 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
1 December 2021

Five year financial and operational history

Co-operative Bulk Handling and its controlled entities

		2021	2020	2019	2018	2017
Tonnes received	mt	15.1	9.8	16.4	13.3	16.6
All time injury frequency rate		7	7	9	13	11
Revenue from continuing operations	$m	3,993	3,236	4,190	3,792	3,477
Pools revenue	$m	240	196	235	266	363
Other gains and losses	$m	13	(5)	(75)	(25)	35
Total revenue including other income	**$m**	**4,246**	**3,427**	**4,350**	**4,033**	**3,875**
Net profit contribution from:						
Grain storage and handling	$m	44	(11)	100	45	98
Marketing and trading	$m	77	12	(119)	3	10
Grain processing	$m	14	8	(15)	(7)	8
Corporate and other	$m	-	2	4	(7)	(25)
Profit attributable to members of Co-operative Bulk Handling Limited	**$m**	**135**	**11**	**(30)**	**34**	**91**
Rebates*	$m	-	-	16	95	156
Capital expenditure	$m	218	201	260	156	70
Total assets	$m	2,971	2,441	2,594	2,351	2,173
Total liabilities	$m	(1,078)	(684)	(836)	(584)	(437)
Equity	**$m**	**1,893**	**1,757**	**1,758**	**1,767**	**1,735**
Net debt / net cash	$m	(240)	(9)	(306)	18	183

**Rebates correspond to the year of accounting recognition.*

Co-operative Bulk Handling Ltd

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