ANNUAL GENERAL MEETING

The Annual General Meeting of Grain Growers will be held at the Quality Hotel Powerhouse in Tamworth, NSW on Thursday 25 November 2010.
OUR BOARD AND CEO

JOHN EASTBURN (GAiCD) CHAIRMAN (AGE: 54)
John is a grower from Baradine in NSW and is a Director for Zone 1. John was appointed a Director in February 2006 and Chairman in 2008. He is currently Chairman of Grain Growers’ Nominations and Remuneration Committee, a member of Grain Growers’ Audit Committee and was previously a Director of GrainCorp and member of the GrainCorp Audit Committee. Previously he served on the Grain Growers’ Committee of Advice for 15 years and the Policy Group for 5 years and acted as R&D subcommittee Chairman. He is a graduate of the Australian Institute of Company Directors.

STEVE HARGREAVES DEPUTY CHAIRMAN (AGE: 59)
Steve is a grower from Boree Creek in NSW and is a Director for Zone 2. Steve operates a 2,400 hectare family farm producing grain and wool and has extensive experience in the grains industry. Steve was appointed a Director in January 2009 and Deputy Chairman in 2010. He is currently a member of the Nomination and Remuneration Committee and served as a member of the Finance and Investment Committee during the year. Previously, he was a member of Grain Growers’ Regional Committee, the former Committee of Advice and AWB’s grower consultative committee.

SANDRA ANDERSEN (LLB, CPA, FFinisia, MAiCD) DIRECTOR (AGE: 48)
Sandra was appointed to the Board in July 2010 and is currently Chair of the Audit Committee. Sandra is also a Director and Chair of the Audit and Risk Committee for Rural Finance Corporation Limited and a Director and Chair of the Audit and Risk Management Committee for Victrack. Sandra has a law degree and has held senior executive positions with ANZ Bank, Commonwealth Bank of Australia and National Australia Bank. Her previous directorships include Eyecare Partners Ltd, Superpartners Pty Ltd, Victorian Funds Management Corporation, Multi-Emedia.com Ltd and Youth at Risk Inc.

ANDREW CARBERRY DIRECTOR (AGE: 48)
Andrew is a grower from Narrabri in North West NSW and is a Director for Zone 1. Andrew was appointed a Director in February 2009 and is a member of the Nomination and Remuneration Committee. Andrew has 30 years’ experience in agriculture and for the past 15 years he has been an owner/partner and manager of a 5,000 hectare mixed farm which encompasses all aspects of cereal, legume and summer cropping including irrigation and beef cattle (which also incorporates an Ausmeat accredited feedlot). Prior to his election to the Board, Andrew was a member of the Regional Committee representing Region 2.
GERRY LANE (GAICD) DIRECTOR (AGE: 68)
Gerry is a grower from Milbrulong in Southern NSW and is a Director for Zone 3. Gerry was appointed as a Director in February 2007 and is a member of the Investment Committee. Gerry is currently the Managing Director of Erin Vale Farming. Previously Gerry was a member of the Regional Committee for Region 9, a Director of GrainCorp and a member of the GrainCorp Audit Committee. He is a Graduate of the Australian Institute of Company Directors.

SPENCER MILLEAR (GAICD) DIRECTOR (AGE: 45)
Spencer is a grower from Willaura in Western Victoria and is a Director for Zone 3. Spencer was appointed to the Board in February 2007 and is a member of the Investment Committee. Spencer holds a diploma in investment planning, managed investments and securities and derivatives and was previously a Director of GrainCorp. He is a Graduate of the Australian Institute of Company Directors and has completed the AiCD strategic financial skills course.

ANNE O’DONNELL (BA(Bkg & Fin), MBA, FAICD, FFinsia) DIRECTOR (AGE: 47)
Anne was appointed to the Board in July 2010 and is currently Chair of the Investment Committee. Anne is also a Director of Equity Trustees Ltd, Community CPS Australia Ltd and Eastwoods Pty Ltd. She is also a member of the Compliance Committee of UBS Global Asset Management (Australia) Ltd. Her past directorships include Australian Ethical Investment Ltd, The Investment and Financial Services Association Limited, The Centre for Australian Ethical Research Pty Ltd and the ANZ Staff Superannuation Fund. Anne holds a Master of Business Administration at university of Canberra and a Bachelor of Arts, Banking and Finance at University of Canberra. She is a Fellow of the Financial Services Institute of Australasia and also a Fellow of the Australian Institute of Company Directors.

BRUCE SMITH (B.Bus(Acc.), GAICD, JP) DIRECTOR (AGE: 54)
Bruce is a grower from Cootamundra in the South West Slopes of NSW and is a Director for Zone 2. Bruce was appointed to the Board in February 2008 and is a member of the Audit Committee. Bruce holds a Bachelor of Business (Accounting) and has been mixed farming for 27 years. Bruce has been actively involved in the grains industry through the Regional Committee, as a member of the South-East Regional Advisory Committee to the GRDC, where he served as Chairman for three years, and as Chairman of the Board of Cootamundra Oilseeds for 5 years. He is currently a local Shire Councillor, Director of Australian Livestock Markets Association and Director of the Cootamundra Development Corporation.

MARK ALLISON (B.AGR.SC, B.ECON, GDM, FAICD) CHIEF EXECUTIVE OFFICER (AGE: 49)
Mark was appointed Chief Executive Officer of Grain Growers and the group of companies in September 2010. Mark was previously Chief Executive Officer of BRI Australia and has held positions of Chief Executive Officer of Landmark Operations Limited, Wesfarmers Rural Division and Wesfarmers CSBP as well as the General Manager of Crop Care Australasia and Incitec Fertilisers. Prior to joining BRI Australia in 2009, Mark performed the role of Chief Executive Officer and Managing Director for Jeminex Limited, a mining and construction products and services company. Mark is currently a Director of Elders Limited and Director and Chairman of the Australian Pesticides and Veterinary Medicines Authority.
Following the acquisitions of Agrecon and BRI Australia and the merger with Kondinin Group during the financial year, in 2010 Grain Growers set about leveraging these companies to provide a range of innovative products and services for Australian agriculture.

The Grain Growers group of companies is strategically investing in the future of our industry and in products and services so that growers in particular are equipped with the knowledge and tools they need to successfully participate in the global grains marketplace.

Our independence enables us to pursue activities that we believe will benefit growers as well as the industry and agriculture more broadly now and into the future.

Our 2010 Annual report highlights those activities and outlines the future direction for the Grain Growers group of companies.

GRAIN GROWERS TEAM

Management and staff are the backbone of our organisation. Throughout the year their hard work, insight and enthusiasm has enabled Grain Growers and the other companies in the group to go from strength to strength. On behalf of the Board I would particularly like to thank Peter Flottmann who during his time as CEO helped the Board realise its vision to create a significant services company for Australian agriculture.

NEW DIRECTORS

At our Annual General Meeting held in Albury in February, members acknowledged the need to broaden the depth of experience and skill on our Board and supported a special resolution that would see two non-grower Directors appointed to the Grain Growers Board.

Sandra (Sam) Andersen and Anne O’Donnell have taken their place on the Grain Growers Board. The two new Directors bring a wealth of experience in the finance and legal sectors which brings an additional level of rigour to the Grain Growers Board’s Corporate Governance framework and will assist in guiding the company’s future growth and investments.

INVESTING IN INDUSTRY

Grain Growers’ ongoing investment in the industry can be broadly categorised into three areas: programs to build capacity in agriculture’s future generations; platforms for information, product and service delivery; and projects to support industry development.

Capacity building programs

In 2010, Grain Growers continued with a number of successful programs that support future generations to take a more active role in the agriculture industry.

This year 190 delegates attended the Innovation Generation Conference which was held in Albury, and the inaugural Australian University Crops Competition was held in Temora where 23 students participated, representing six universities.

Again we sponsored a Nuffield Australia Farming Scholar, supported Farm Day, attended the Careers in Agriculture Expo at the Sydney Royal Easter Show and collaborated with a number of organisations to run the Go4Grains Kids’ Design Challenge. Our second crop of future leaders completed the Australian Future Grain Leaders Program.

Information, products and services

During the year, Grain Growers invested in platforms for information exchange and the delivery of products and services to the sector.
• Agrecon developed PriceWise, an online grain pricing tool that provides real time grain pricing information and aims to create an informed and efficient marketplace.

• Grain Growers launched an Online Agricultural Training Service (OATS) program that allows those looking for training opportunities to link up with course providers.

• BRI was instrumental in providing industry with an update of the What the World Wants from Australian Wheat report

• Kondinin Group conducted the National Agricultural Survey which is very effective in garnering farmer opinion, information needs and the hot topics facing the agricultural community.

• Grain Growers is involved in a project that is looking at more accurately predicting seasonal rainfall which will be of enormous benefit to growers.

Industry development activities

In 2010 Grain Growers secured funding for its Grains Industry Climate Initiative which supports a number of projects that provide tools for growers to manage climate change and encourage best-practice management.

Grain Growers representatives were fortunate to be part of a delegation to the Conference of Parties 15 to the Kyoto Protocol in Copenhagen in December. The Conference, and a subsequent visit to Canada and the US, provided an important opportunity to understand the international community’s position on climate change as well as how other countries are operating carbon markets for agricultural offsets.

Grain Growers provided submissions to the draft report to the Productivity Commission Inquiry into Wheat Export Marketing and the Productivity Commission’s Inquiry into the Research and Development Corporations Model as well as a Grain Trade Australia review of Standards.

FINANCIAL RESULTS

Grain Growers purchased 100% of BRI Australia Pty Ltd (formerly BRI Research Pty Ltd) on 31 December 2008. That acquisition last year has been followed by further acquisitions during this year. In July 2009, Grain Growers acquired Agricultural Reconnaissance Technologies Pty Ltd (Agrecon). Agrecon is a technology business specialising in the delivery of remotely sensed satellite image products and advisory and consultancy services for a wide range of stakeholders involved in the Australian agricultural sector. Agrecon uses predictive intelligence to forecast rainfall prospects, demand for agricultural inputs as well as crop commodity yield and production outcomes.

In August 2009, Grain Growers entered into arrangements resulting in Grain Growers holding an economic interest of 70% of Kondinin Information Services Pty Ltd (KIS) as at 30 June 2010. KIS is a leading research and information provider to the agricultural sector, primarily delivered through its flagship magazine Farming Ahead. KIS also provides publishing, consulting and training services to the agribusiness and related industries.

In October 2009, Grain Growers exercised its full entitlement in a 9 for 10 rights issue of 7.9 million GrainCorp Limited shares at $5.65 per share. This was funded by a $49.0 million bank facility. Grain Growers held 16.7 million shares as at 30 June 2010. The market price of these shares at 30 June 2010 was $5.33 resulting in a reduction in Grain Growers’ fair value on the GrainCorp shares of $19.3 million.

As at 30 September 2010, the price of GrainCorp Ltd shares was $7.24. This represents a gain in fair value of $32.0 million on the GrainCorp shares since 30 June 2010.

Grain Growers’ activities during the financial year have resulted in a loss from ordinary activities of $1.0 million (2009: $3.0 million loss), with total revenue of $5.6 million (2009: $1.4 million).

The Group’s activities during the financial year have resulted in a loss from ordinary activities after income tax of $2.3 million (2009: $2.7 million loss), with total revenue of $12.8 million (2009: $3.5 million).

The total comprehensive loss for 2010 reflects significant unrealised losses of $19.3 million in the value of the company’s investment portfolio (2009: $46.3 million realised gain in the value of the company’s investment portfolio). This was primarily due to the investment in GrainCorp Ltd.

A summary of the financial information has been presented in this report on both Grain Growers and the consolidated entity consisting of Grain Growers Association Limited and its controlled entities during and at the end of the year ending 30 June 2010. A separate set of full Financial Statements has been prepared and is available, along with the Annual Report, to members on the Grain Growers website or upon request.

THE FUTURE DIRECTION FOR GRAIN GROWERS

The next twelve months will bring a period of consolidation among the companies in our group. Under the direction of Mark Allison, who was appointed CEO of the Grain Growers group in September 2010, and who brings extensive corporate agribusiness experience which will assist in driving the Grain Growers group to become a leading services company for Australian agriculture, we will look to further integrate these organisations to provide more efficient operating platforms and advance the group overall.

The Grain Growers group is building a solid position in the marketplace to provide independent information, innovative products and sought-after services that growers and the wider industry need to succeed in the global grains environment.

John Eastburn
Chairman
8 October 2010
Grain Growers offers its members two key tools to assist them in managing their grain growing businesses.

The FarmRISK tool enables members to learn more about their own risk profiles and understand how factors associated with risk can assist in its management. The tool explains how individuals can achieve more informed, objective decision-making through better communication and by understanding the differing risk profiles in their businesses.

The Crop Forecasting tool, available through the members’ only section on the Grain Growers website, allows members to obtain a forecast for grain production for their statistical region for the current season. It covers all the major grains; wheat, barley, canola, sorghum, oats as well as various legumes and is updated on a monthly basis.

Grain and Hay Report
Grain Growers provides weekly updates to members in the form of a Grain and Hay Report. The report provides members with a national summary of grain and hay prices for the previous week while also providing members with the option to search further into the market. This is the second year of providing the service to members, which has been very well received.

Regional Committee
Grain Growers’ Regional Committee includes 27 members from across the Grain Growers’ membership regions who provide input into the Association and industry throughout the year.

Farm Day
Farm Day aims to foster a greater understanding of farming and its importance among urban Australians by having a farming family share their life with a city family for a day of ‘fun, friendship and understanding’. Farming families are able to help city families understand the business of farming, showcase their farm and the work they do, and enjoy the pleasure of seeing a city family discover the world of farming. Grain Growers along with the Kondinin Group provided city families with either a copy of The Story of Wheat or The Story of Rice as a take home reminder of their unique Farm Day experience. These books are part of Kondinin Group’s award winning Workboot Series — a collection of fun and innovative resources taking readers beyond the supermarket shelf to discover the origins of their food and clothing.
Community donations

In 2010, Grain Growers provided funding opportunities to members through its Community Donations program. The program supports innovation in local communities and recognises that Grain Growers’ members are involved in organisations and activities that require funds to assist them to undertake new initiatives, expand their local knowledge and better engage with a broader cross section of the industry.

This year Grain Growers provided cash support to:
- Clifton Top Crop Group in Queensland
- Woorak Hall in Victoria.

Sponsorships

In 2010, Grain Growers provided funding and support for industry and industry stakeholders. Grain Growers also represented growers and the industry by being involved in a number of organisations. Key sponsorships included:
- Nuffield Australia Farming Scholarship
- Sponsor of the 2010 VFF Annual Grains Conference, Horsham VIC
- Event, speaker and session sponsor of the 2010 Australian Grains Industry Conference, Melbourne VIC
- 2010 Gold Partner of the Future Farmers Network
- 2009/10 Grain Trade Australia Guide to Taking Out Contracts to Supply Grain
- Grains Research and Development Corporation Northern Panel Grower Updates Platinum Sponsor
- Grand Champion Sponsor NSW Royal Agricultural Society Careers in Agriculture Expo.

Memberships

Grain Growers is a member of a range of industry organisations which provide the company with a platform to act on behalf of growers and better engage with the industry on key issues. In 2010 Grain Growers was a member of the following companies:
- Agrifood Awareness Australia
- Go Grains Health & Nutrition
- Grain Trade Australia
- Australian Farm Institute
- Environmental Business Australia
- NSW Farm Writers’ Association.
Events

In 2010, Grain Growers attended several industry events to meet with members, growers and engage further with the industry. These included:

- Birchip Cropping Group Research Expo
- AgQuip Field Days
- Australian Grains Industry Conference
- NSW Farmers’ Association Annual Conference
- VFF Grains Group Annual Conference
- Sydney Royal Easter Show
- CWA NSW Seminar
- WA Crop Updates
- Australian Wheat Quality Forum
- Nuffield Australia Farming Scholarships Spring Tour
- GTA Common Interest Forum
- GRDC Grower and Advisor Updates

- Department of Agriculture, Fisheries and Forestry US Ministerial Delegation
- Carbon Market Expo
- Climate Adaption Future Conference
- Australian Farm Institute Climate Change and Emissions Trading Roundtable
- AQIS Post Entry Quarantine Arrangements Plant Forum
- Department of Foreign Affairs and Trade WTO and Free Trade Agreements Briefings
- International Federation of Agricultural Producers delegation to the Conference of Parties 15 in Copenhagen
- 3rd Annual Carbon Farming Conference and Expo
- Soil Carbon Markets Workshop.

Grain Growers Member Regional Events

Grain Growers held several events at the request of members during the year to better inform growers on activities, climate change, as well as the services offered by the Grain Growers group. Events included:

- NSW Regional Dinner in West Wyalong — 18 September 2009
- Information Session in Dalby QLD — 8 October 2009
- Information Session in Moree NSW — 9 October 2009.
Grains Industry Climate Initiative

Supported by funding from the Department of Agriculture, Fisheries and Forestry under its FarmReady Industry Grants program, the Grains Industry Climate Initiative is now underway and will deliver a range of outcomes through the following sub initiatives:

- A communications strategy to assist members and others within the grains industry understand the potential for impacts from climate change and the ramifications of these changes should they eventuate
- Online Agricultural Training Services (OATS); an online tool launched in July 2010 that allows growers to self assess their requirements for improved knowledge, skills development or training to increase their capacity to respond to the challenges that will arise from climate change. OATS enables growers to search for and compare training options available to them, within the one website, as well as keep records of their favourite searches, express interest in a course and receive reminders. A regular e-newsletter will keep growers up-to-date on the latest training and information services available to them. Visit www.agtrainingservices.com.au
- Development of a web based decision support system to provide increased understanding of the historic and future seasonal and production changes under climate scenarios. Such a system will also assist industry participants to plan for long run infrastructure investments such as rail, silo and port infrastructure so that decisions about these investments might better consider the implications of climate change. The working title for this system is ClimateWise and it is expected to be launched in the near future
- Consideration of the implications for grain marketing and grain quality arising from climate change for inclusion in specific grains industry courses for growers provided by BRI Australia.
Building better information

Every year in Australia 25,000 grain producers face a difficult decision: how much to invest in seed, fertiliser and other inputs for the coming season. Increased uncertainty about the climate exacerbates the difficulty of these decisions. With improved forecasts for the coming season such decisions could be made more optimally and with less risk.

To improve matters considerably, the University of Sydney and Grain Growers, supported by funding from the Australian Research Council, will combine the weather data collected on-farm by growers with existing data from the Bureau of Meteorology and additional sources, to develop a new type of local seasonal climate predictor and to deliver more sophisticated individualised forecasts to many thousands of grain producers.

The aim of this project is to better understand rainfall variability and, by using rainfall data from many sites, it is hoped that two things will be achieved:

1. Better detect patterns in rainfall in space and time
2. Develop methods to forecast seasonal rainfall amounts

The final result will give growers more accurate forecasts for their property, so that they will have better information to make planting and management decisions.

Industry submissions

During the year, Grain Growers made submissions to the following inquiries:

**Productivity Commission Inquiry into Wheat Export Marketing Arrangements**

The Productivity Commission, as a requirement of the *Wheat Marketing Act*, undertook an inquiry into wheat export marketing arrangements. Matters considered by the Commission included:

> the effectiveness of the arrangements in meeting the objectives of the Act, including the role of Wheat Exports Australia

> the suitability of the eligibility criteria for accreditation of exporters

> the appropriateness of the access test requirements for accreditation of port operators as exporters

> the effectiveness of, and level of competition in, the transport and storage supply chain for wheat

> the availability and transparency of market information.

Grain Growers lodged two responses to the inquiry; an initial response and then a secondary response to the Inquiry’s draft report. Grain Growers is of the view that the wheat industry will require continuing transitional Government support for a program of targeted initiatives as the industry moves forward.

The key areas that the industry will need transitional funding include:

- Trade data/supply and demand information (in conjunction with ABS/ABARE)
- Seasonal data/crop quality information and systems
- Macro data/consumer trend analysis/commercial performance
- Trade policy analytics
- Wheat classification
- Certification services
- Education and training (technical/capacity building).
Productivity Commission Inquiry into Research, Development and Extension

The Productivity Commission is undertaking an inquiry into the structure of Research and Development organisations and the justification for continuing public investment.

Grain Growers has made a brief submission to the inquiry as the grains sector is one of the sectors under consideration; however the inquiry does not focus on any specific R&D Corporation. The key issues discussed in our submission are:

- Growers invest more in R&D than just levies
- The current scope of R&D is sometimes too narrow
- Extension is a neglected component of Research, Development and Extension
- Protection of intellectual property and commercialisation of outcomes may not always be the best approach with public and grower funded research
- The need for a national policy on food security
- The merits of a new funding model.

GTA Grain Standards

Each year Grain Trade Australia releases a discussion paper in relation to the grain standards for the coming year. This year, one of the quality issues was test weight for wheat. GTA has for a number of years had a standing policy to increase test weight in the categories for Australian grain standards but has declined to implement this policy due to industry concerns. Grain Growers responded to this year’s discussion paper with a detailed response on the test weight issue supported by technical information from BRI Australia.

Development of the current standards system reflects an increasing sophistication of the Australian grains industry in being able to provide customers with what they want while improving returns to growers. The evolution of standards needs to be based on the commercial performance of Australian grains in the marketplace and reflect minimum standards from which the commercial players can provide incentives and indicators about their specific customer requirements. Grain Growers’ response over the last few years has included a call for a complete review of grain receival standards in order to ensure that the standards reflect the current commercial use of wheat and can send signals that envisage the future requirements of our industry, not just reflect the historic status quo.
CAPACITY BUILDING

Innovation Generation Conference

Innovation Generation is a national conference delivered exclusively to the under-40 demographic with the aim of building a connected and informed next generation of industry leaders. The Conference provides delegates the opportunity to interact on both a personal and professional level with key industry and government leaders and hear firsthand the demands and challenges facing the sector into the future and how best to prepare themselves and industry.

Grain Growers held the third Innovation Generation Conference in Albury NSW from 6–8 July 2010, themed ‘Building Supply Chain Solutions’. The conference attracted 190 delegates from across Australia aged 18–40 years who are currently working in agriculture as either a primary producer or agribusiness professional.

Innovation Generation has also provided a platform for Grain Growers and the wider industry to launch and promote other key industry leadership and capacity building courses.

Innovation Generation was acknowledged for the value it provides to the industry as a Public Relations Institute of Australia Golden Targets Awards Finalist in late 2009.

Go4Grains Kids’ Design Challenge

The Go4Grains Kids’ Design Challenge is a collaborative school education project involving Grain Growers, Go Grains Health & Nutrition (Go Grains), the Technology in Primary Schools (TiPS) Network, Healthy Kids Association and the NSW Department of Education and Training.

In 2010 more than 2,200 students from across NSW, in high school Years 7 and 8 and primary school Years 5 and 6, participated in the Challenge. The Challenge requires students to develop an innovative grain-based food product or an advertising campaign targeting their peers. The aim of this initiative is to drive awareness of the importance of eating ‘4+ serves a day’ of nutritious grain-based foods such as bread, breakfast cereals, pasta, rice and oats as part of a healthy diet.

There was a 73% increase in participation by NSW schools from the 2009 to the 2010 Challenge. Grain Growers is proud to be supporting grains and grains consumption education in schools.

Nuffield Australia Farming Scholarships

Nuffield Australia Farming Scholarships provides a scholarship scheme for the benefit of the Australian farming community. Through the adoption of local and international best practice and continuous development of a network of industry leaders and innovators, the scholarship scheme promotes excellence in all aspects of Australian agricultural production, distribution and management.

Grain Growers is a proud sponsor of a Nuffield Australia Farming Scholar with the aim of building capacity and identifying leadership potential within the Australian grains industry. In late 2009, Grain Growers announced that Alan Redfern, a member from Wee Waa in Northern NSW, would be the 2010 Nuffield Scholar. Alan will study groundcover management to preserve water for crop use and improve the flexibility of farming systems to respond to seasonal conditions and market opportunities.
Australian University Crops Competition

The Australian University Crops Competition (AUCC) is an initiative of Grain Growers that aims to promote and develop an increased awareness of and greater connectivity between universities and the rural industry through the combination of technical knowledge and practical skill development and application.

The inaugural competition in 2009 saw 23 competitors from seven universities across Australia visit Temora NSW from 25–27 September.

The top five placegetters won a fully hosted five-day study tour of the Canterbury region of New Zealand in January 2010.

These were the winner Sandy Middleton from Charles Sturt University Wagga Wagga; runner-up Michael Noble from University of Adelaide; third place recipient Annieka Paridaen from La Trobe University; fourth placegetter Denielle Kilby from University of New England Armidale and fifth placegetter Alexander Byrne from La Trobe University.

More information on the competition can be found by visiting www.unicropscomp.com.au

Australian Future Grain Leaders Program

The Australian Future Grain Leaders Program (AFGLP) is an initiative of Grain Growers which supports individuals committed to creating and leading change in the Australian grains industry. The program is designed to assist participants to develop, implement and evaluate their own integrated industry leadership development project with the ongoing support of their own leadership facilitator and industry partner.

In 2010, fifteen participants from across the supply chain graduated from the 2009/10 AFGLP at the Australian Grains Industry Conference dinner in Melbourne. In conjunction with their graduation, three graduates provided presentations on their projects as part of the industry conference.

More information on the AFGLP can be found at www.grainleaders.com.au

"THE AFGLP IS A ONE OF A KIND LEADERSHIP PROGRAM THAT HAS ALLOWED ME TO FURTHER DEVELOP MY LEADERSHIP POTENTIAL IN AN ENERGETIC, PASSIONATE ENVIRONMENT WITH OTHER LIKE MINDED HIGH ACHIEVING YOUNG LEADERS FROM ALL AROUND AUSTRALIA. HIGH LEVEL LEADERS ARE A NECESSITY IN ANY INDUSTRY — THE AFGLP HAS ENSURED THAT MY DEVELOPED LEADERSHIP SKILLS WILL TAKE ME THROUGH TO MAKE MY MARK ON THE GRAINS INDUSTRY NOW AND INTO THE FUTURE."

KELLY PIPER, BEVERLEY WA
Kondinin Group is best known as Australia’s national farm improvement group providing a range of independent knowledge based services to the agricultural industry. Services include independent research, best practice and benchmarking information; training to farmers; communications and publishing to the wider agricultural industry including public and private sectors. In addition to a substantial national footprint the company has subscribers to information services extending to 15 countries.

Independent research and best practice information to agriculture

- Responding to Kondinin Group customer feedback;
  > The company provided a lower cost entry option to their regular subscription based information services with the introduction of *Group Talk* magazine and a new ‘subscriber’ option to receive *Farming Ahead* magazine, which continues to present the latest research news from RDCs, small machinery evaluations and an in-depth issue report. The higher ‘Members’ subscriptions receive *Farming Ahead* and *Group Talk*. *Group Talk* now carries the Group’s high-value, technical testing results

  > Kondinin Group saw a fourfold expansion in the number of independent research projects during the year. Research, testing and evaluation highlights included reports on: Next G phones; self-propelled sprayers; grain storage; precision sheep management equipment; efficient inputs; fire management and carbon. The future research agenda includes testing ATVs, trialling boomsprayers, Class 7 harvesters, capacitance moisture probes and a new machinery specifications report. The Group’s benchmarking in the grains industry entered its second year with the production of the *WA Wheat Pools Performance Comparison* report. It is intended to take this report to a national level through the next year

  > Kondinin Group introduced a new regionally based research information publication *AG in Focus — WA*. This unique quarterly magazine continues to go from strength to strength attracting participation from WA’s leading agriculture research and development bodies such as the Department of Agriculture and Food Western Australia (DAFWA).
Publishing and communications

- Full service delivery of communications and publishing, project highlights included:
  - Future Farm Industries CRC — production of Focus on Perennials and Future Farm magazines
  - Syngenta Crop Protection — publishing the Gro magazine
  - Riverine Plains — production of research compendium
  - Global Bio-security Conference 2010 — provided the media services for the Global Biosecurity Conference 2010 held in Brisbane. The first conference of its kind to be held in Australia, the event was a joint initiative of three CRCs. The project entailed press release development and distribution, media enquiry handling before, during and after conference promotion
  - Farming and Fishing Health and Safety Collaborative Partnership (FFHS) for Rural Industries Research and Development Corporation (RIRDC). Developed and implemented a strategy to communicate the project’s research findings so far. The project is currently underway and will conclude during June 2011
  - Educational publications:

Training

Kondinin Group operates a registered training organisation (RTO) under the name of ‘Kondinin Group Industry Training’ and engages in the delivery of in-house courses and fee for service to third parties.

- Mulesing courses were held in all states ensuring accessibility to all sheep producers and contractors in safe best practice procedures
- Succession planning workshops continued to be scheduled and delivered nationally with the course being registered with FarmReady. A ‘next steps’ course will be rolled out in 2010 providing farming families the opportunity for one on one advice and assistance in meeting the requirements, taking participants into the implementation and application of the succession plan. In addition the RTO has been contracted by the Department of Agriculture, Fisheries and Forestry to deliver a ‘no advice’ toolkit to be distributed to all 112 Rural Financial Counsellors across Australia. The objective of the toolkit is to provide relevant and current information to enable farm families the opportunity to make decisions and action a succession plan with the input of their trusted advisors.

Conference and awards

- During the year Kondinin Group launched a new events division
  - Conference — Farming Ahead 2010. Kondinin Group teamed up with the Australasian Pacific Extension Network (APEN), industry sponsors and grower groups to run the inaugural national Farming Ahead 2010 conference for grower groups in Australian agriculture in September 2010
  - Award — Australian Farmer of the Year Awards. Kondinin Group and ABC Rural were proud to present the first Australian Farmer of the Year Awards, celebrating the professionalism, innovation and passion of Australian farmers. The inaugural Australian Farmer of the Year Awards are designed to promote a positive image of Australian farmers, inspire and encourage career choices and investment interest in Australian agriculture.

Staff and offices

The company employed 23 staff members and a number of contractors throughout the year, welcoming 4 new members to the expanding team of dedicated professionals and opening up a new presence in Canberra.

“THE SERVICE WE RECEIVE FROM KONDININ GROUP IS SECOND TO NONE. THEIR TEAM ADDS VALUE ABOVE AND BEYOND A STANDARD PUBLISHING SERVICE AND THEIR DEDICATION TO PRODUCING ENGAGING, HIGH QUALITY END PRODUCTS ON OUR BEHALF REGULARLY GENERATES POSITIVE FEEDBACK FROM RESEARCHERS AND READERS ALIKE.” KEVIN GOSS CEO, FFI CRC

“THIS YEAR WE HAVE MANAGED TO CO-ORDINATE AND PRODUCE OUR ANNUAL TRIAL BOOK IN RECORD TIME, ALLOWING OUR GROWERS THE OPPORTUNITY TO FACE THIS YEAR’S SEASON WITH THE BEST TOOLKIT OF STRATEGIES POSSIBLE. KONDININ GROUP PROVIDED A PROFESSIONAL SERVICE AND DELIVERED DESIGN AND EDITING SOLUTIONS THAT MET THE NEEDS NOT ONLY OF OUR GROWERS, BUT OF THE CONTRIBUTING AUTHORS, ALL OF WHOM WERE IMPRESSED WITH THE LOOK AND FEEL OF THEIR CONTRIBUTED ARTICLES.” FIONA HART RIVERINE PLAINS INC
Agricultural Reconnaissance Technologies Pty Ltd (Agrecon) is an Australian informatics company that for the past 17 years has provided high quality information, online analytical systems, consultancy services and customised solutions for rural landholders, agribusiness enterprises, agencies and community users in agriculture and other industries that seek to improve the management of natural resources in the face of climate related production uncertainty.

Key activities during the year include:

- Acquiring, integrating, managing and maintaining the currency of nationally comprehensive arrays of multi-temporal satellite imagery, maps and fundamental biophysical, commodity production, socio-economic and other forms of data
- Incorporating proprietary data within standardised geo-spatial and temporal frameworks
- Ensuring increased access by business and government customers to fundamental geo-spatial data and derived information products through transaction and subscription arrangements
- Providing strategically important market intelligence, consulting and advisory services
- Developing interactive web based information systems with predictive business intelligence for secure querying, data mining, extraction, analysis, production for printing or export in digital format of user-defined imagery, maps, charts, tables, animations and reports
- Incorporating innovative data analysis functionality
- Characterising biophysical settings and profiling past performance
- Deriving standardised, objective, numerical metrics, models and indicators
- Using fundamental data, analysis techniques and derived information metrics to:
  > assist business enterprises, local communities, regional agencies, national organisations and multi-national corporations to map, monitor and manage prevailing circumstances
  > identify and understand causal relationships through empirical modelling
  > predict forthcoming seasonal conditions
  > forecast planted area, yield, production, stocks and demand for agricultural commodities
  > generate yield maps and other products for prescription and precision farming
  > assess, manage, rate, price and transfer financial and insurance related production, multi-peril and environmental risk exposure.
Throughout the year Agrecon has continued to expand the range of information products, systems and services for which customers can subscribe to better manage business risk without having to purchase new computer hardware, software or any other ancillary data.

Particular attention has focused on development and deployment of an increasing array of web based applications within the growing family of Wise Decisions information services that are sponsored by leading Australian agribusinesses.

The Wise Decisions information services translate research and development outcomes into user friendly practical solutions that are relevant and accessible to decision makers using up to date information technologies. Each builds on a common platform, layout, placement and performance of common control mechanisms to minimise maintenance, maximise stability, reliability and scalability and to ensure that users can move seamlessly from one service to another without re-entering data.

**SprayWise Decisions**: is sponsored by Nufarm to provide maps, meteograms and tables depicting weather conditions over the last 14 days and meteograms, weather forecasts, weather maps, accuracy assessments and spray related risk ratings for the next 14 days.

**PriceWise**: is sponsored by Grain Growers to provide crop and grade specific commodity prices offered by participating buyers at silos and ports across Australia in farm gate equivalent terms. In addition to promoting price transparency within the recently deregulated grains industry, it enables producers to better understand the level of volatility in the local market and how it relates to regional, national and international markets.

**ProductionWise**: is sponsored by Australian Grain Accumulation Services (a wholly owned subsidiary of Cargill) as a pivotal system in the Wise Decisions family to facilitate farm and field mapping, record keeping, vendor declarations, rainfall forecasting, end of season yield estimation, benchmarking against best management practice, long term production risk and sustainability profiling.

**CottonMap**: is sponsored by Nufarm, Cotton Australia, CRDC and GRDC to increase awareness of the potential impact of spray drift on surrounding land by encouraging users to digitise field boundaries and record details of cotton crops planted across eastern Australia.

**Other projects during the year**
- Development of internal business systems for key agribusiness clients
- Compilation of Wise Decisions Services manuals and training materials
- Preparation of consultancy reports on a range of matters relating to expert evidence, statutory compliance, damaging impacts of spray drift, multi-peril risk profiling and insurance related loss adjustment advice.

“NUFARM HAS BEEN DEALING WITH THE AGRECON TEAM FOR A NUMBER OF YEARS. WHEN WE WANTED TO BUILD AN ONLINE PLATFORM TO ASSIST OUR GROWERS WITH THEIR DECISION MAKING WITH RESPECT TO THE APPLICATION OF POTENTIALLY DAMAGING AGROCHEMICALS, AGRECON WAS THE LOGICAL CHOICE. THE RESULT WAS WWW.SPRAYWISEDECISIONS.COM.AU, A UNIQUE ONLINE WEATHER FORECASTING FACILITY BUILT FROM THE GROUND UP WHICH WAS DESIGNED SPECIFICALLY FOR THE SPRAY APPLICATOR. AGRECON HAS ALSO BEEN RESPONSIBLE FOR DESIGNING AND HOSTING WWW.COTTONMAP.COM.AU, A COLLABORATION BETWEEN NUFARM, COTTON AUSTRALIA, GRDC AND CRDC TO MINIMISE DRIFT IN THE COTTON INDUSTRY.”  

GERARD BARDELL, NUFARM
BRI is an independent research, consulting and analytical company servicing the grains, flour milling, grains processing and grain-based food industries from paddock to plate. BRI has extensive laboratory facilities, sophisticated analytical tools, world class personnel and more than 60 years’ industry experience.

Business improvement investments

The business improvement investments during the year include:

- Rebranding of the business
- Review and development of:
  - IT system
  - Financial processes and reports
  - Human resource processes and reports
  - Occupational Health and Safety processes and reports.

Key services offered during the year include:

- Analytical Services — a wide range of testing to suit the grain and food industries specialising in validation, compliance, nutrition panels and labelling compliance
- Engineering Services — a specialised group providing solutions in food processing, troubleshooting high and low temperature environments, improving line efficiencies and pathogen detection, through to designing innovative scanning and automation equipments
- Economic and Project Evaluation Services — economic modelling techniques, market forecasting and investment analysis are conducted by BRI’s in house team
- Test and Pilot Milling and Baking — in house pilot milling and baking facilities, coupled to a highly skilled and experienced team, allow for the testing and development of many grain and food products. The facilities are Halal, Organic and NATA accredited
- Asian and Middle Eastern Foods — dedicated facilities focus on key grain markets for Australian grain
- Training Services — BRI offers a comprehensive range of training courses in the food and grains sectors
- Grain and Food Research — plant breeders, food quality assessors, grain scientists and farmers who desire a more intimate understanding of genotypical and phenotypical traits and their impact of food processing and quality utilise BRI’s expertise
- NIR Scanning and Detection Services — innovative hardware and software for a wide variety of users in the food and grains industries.
Initiatives for the year include the following:

- **What the World Wants**
  Grain Growers and BRI were successful in securing funding under the Promoting Australian Produce Grant to review the 2005 *What the World Wants from Australian Wheat* publication and deliver to the industry a revised desktop report and an up-to-date market review of what customers in Asia, North Africa and the Middle East are looking for from Australian wheat. As part of the project BRI will also deliver the technical, analytical and economic components and report all findings to the industry in July 2011.

- **Australian Wheat Variety Classification Panel**
  Recommendations made by the Federal Government’s Wheat Industry Expert Group and further industry consultation saw the GRDC assume responsibility for establishing management and operation of wheat classification. The GRDC implemented a two-tiered model with the Wheat Classification Council providing direction and oversight for the process and the Variety Classification Panel which is administered by BRI providing classification decisions. The aim of wheat varietal classification together with wheat receival standards is to deliver grain of consistent physical quality, processing performance and end-product quality to customers and end-users in a differentiated form (grades) allowing exporters (or traders) to optimise value capture from markets for the benefit of industry.

- **Crop Quality Report**
  The *East Coast Crop Quality Report* was a pilot project delivered to produce data and interpretation of the quality of samples (both grades and varieties) from Qld, NSW and Victoria grown last season. This information was able to fill a gap in the industry and was funded by Grain Growers and the GRDC. BRI have since been working extensively to deliver a National Crop Quality report for the 2010/11 season.

- **Barley Processes for Asia Project**
- **Know Your Grain**
- **Australian Wheat for China**
- **Milling and Baking Training Courses.**

Key events held during the year include:

- **Australian Wheat Quality Forum**
  As part of the East Coast Crop Quality Report project BRI delivered the first-ever Australian Wheat Quality Forum in Sydney on 18 February 2010. This included key industry supply chain participants from growers, plant breeders, traders, both domestic and international customers and research organisations.

- **LA Judge Award**
  The LA Judge Award recognises the best young baking apprentice in Australasia. Each State, and the New Zealand Baking Association, has the opportunity to nominate a competitor. The young bakers’ skills are evaluated on areas of practical baking, technical knowledge and communication abilities during the three days of the competition. As a major sponsor, the annual event is coordinated by BRI and hosted at their in-house facilities and was held from the 24–26 May 2010.

“**I WOULD LIKE TO THANK BRI FOR THE BRILLIANT RESPONSE TO OUR NEED FOR A RAPID TURNAROUND OF THE RECENT BARLEYMAX 2 ROLLING AND MILLING SAMPLES. THIS HAS GREATLY ASSISTED CSIRO DIVISION OF PLANT INDUSTRY, AND FOOD AND NUTRITIONAL SCIENCES WITH THE CURRENT STUDY BEING UNDERTAKEN.**” **RUSSELL HEYWOOD, SENIOR TECHNICAL OFFICER/FIELD OFFICER — METABOLIC ENGINEERING OF NEW PLANT PRODUCTS, CSIRO PLANT INDUSTRY**
FINANCIAL SUMMARY

PERFORMANCE AND OUTLOOK

The information presented is in respect to both Grain Growers Association Ltd and the consolidated entity. The consolidated entity (the Group) comprises Grain Growers Association Ltd and the entities it controlled at the year end: BRI Australia, Agrecon and Kondinin Group.

The net result for Grain Growers for the 12 months ended 30 June 2010 was a loss from ordinary activities of $1.0 million (2009: $3.0 million loss) with total revenue of $5.6 million (2009: $1.4 million).

The Group's activities for the 12 months ended 30 June 2010 resulted in a loss from ordinary activities after income tax of $2.3 million (2009: $2.7 million loss) with total revenue of $12.8 million (2009: $3.5 million).

The total comprehensive income for the company in 2010 reflected significant unrealised losses of $19.3 million in the value of our investment portfolio. The Group has written down its investment in GrainCorp Ltd. on a nil cash basis. KIS also provides publishing, consulting and training services to the agricultural sector, primarily delivered through its flagship magazine Farming Ahead. KIS also provides publishing, consulting and training services to the agricultural sector, primarily delivered through its flagship magazine Farming Ahead. KIS also provides publishing, consulting and training services to the agricultural sector, primarily delivered through its flagship magazine Farming Ahead. KIS also provides publishing, consulting and training services to the agricultural sector, primarily delivered through its flagship magazine Farming Ahead. KIS also provides publishing, consulting and training services to the agricultural sector, primarily delivered through its flagship magazine Farming Ahead. KIS also provides publishing, consulting and training services to the agricultural sector, primarily delivered through its flagship magazine Farming Ahead.

The result for Grain Growers reflects significant realised losses on the value of the investment portfolio, in particular the investment in GrainCorp Ltd.

Grain Growers purchased 100% of BRI Australia Pty Ltd (formerly BRI Research Pty Ltd) on 31 December 2008.

On 31 July 2009, Grain Growers acquired 100% of the equity of Agrecon Operations Pty Ltd, a holding company whose material asset is its 100% shareholding in Agricultural Reconnaissance Technologies Pty Ltd (Agrecon). Agrecon is a technology business specialising in the delivery of remotely sensed satellite image products and advisory and consultancy services for a wide range of stakeholders involved in the Australian agricultural sector. Agrecon uses predictive intelligence to forecast rainfall prospects, demand for agricultural inputs as well as crop commodity yield and production outcomes. Consideration of $2.0 million was paid between acquisition date and 1 October 2009, with a further $1.5 million paid 1 October 2010.

On 24 August 2009, Grain Growers entered into transactions with Kondinin Group Limited (KGL) and Kondinin Information Services Pty Ltd (KIS). These arrangements resulted in Grain Growers holding an economic interest of 70% of the issued capital in KIS at 30 June 2010, which will dilute to 50% over time provided the joint venture partner meets certain financial obligations. Merger transaction conditions included the entering into commercial services contracts with KIS, provision of services to members of KGL, restructuring the shareholder rights in KIS, transfer of intellectual property rights and obligations to Grain Growers from KGL and ultimately the liquidation of KGL. The transaction was undertaken on a nil cash basis. KIS is a leading research and information provider to the agricultural sector, primarily delivered through its flagship magazine Farming Ahead. KIS also provides publishing, consulting and training services to the agribusiness and related industries.

In October 2009, GrainCorp completed a 9 for 10 rights issue to assist financing its acquisition of United Malt Holdings. Grain Growers exercised its full entitlement and purchased 7,941,632 GrainCorp Limited shares at $5.65 per share. This was funded by a $49.0 million bank facility. The balance of the facility at 30 June 2010 was $47.4 million.

INVESTMENT PORTFOLIO

Grain Growers investment funds and investment portfolio (with the exception of the investment in GrainCorp Limited) continue to be managed by the independent investment manager appointed in 2007. The primary goal of the investment portfolio continues to be to achieve a balanced return of current income and modest growth of principal.

The investment manager provides monthly performance reports and presents to the Board on a quarterly basis.

The investment portfolio has been reasonably defensive in its asset allocation. However, it has still posted a return of 11.6% (after fees) for the 12 months ended 30 June 2010. The portfolio return, on a relative basis, has outperformed the benchmark median return for ‘Balanced Super Funds’ by 0.14% for the year.

The problematic Collateralised Debt Obligations (CDOs) have been written down substantially reflecting the uncertainty of recovery. All but one of the CDOs continues to pay their coupon. CDOs now represent less than 1% of the portfolio.

The investment manager has gradually increased the exposure to growth assets from a low base. Some losses may be booked in the current financial year as investments are realised and funds redeployed to other investments. The change in fair value of available-for-sale financial assets is based on the change in value as at 30 June 2009 compared to 30 June 2010. The major available-for-sale financial asset in the Grain Growers portfolio is the GrainCorp Limited shares.

Grain Growers held 16.7 million shares as at 30 June 2010. The market price of these shares at 30 June 2010 was $5.33 resulting in a reduction in Grain Growers’ fair value on the GrainCorp shares of $19.3 million.

As at 30 September 2010, the price of GrainCorp Ltd shares was $7.24. This represents an increase in fair value of $32.0 million since 30 June 2010.

Unrealised losses on this investment have been charged to the Available-for-Sale Balance Sheet.

While there has been a recovery in the investment portfolio since 30 June 2010, the financial outlook, coupled with uncertainty over dividend payments, still remains uncertain.
### SUMMARY OF RESULTS

The following tables are the audited statements of Comprehensive Income and Balance Sheet for Grain Growers and the Group for the 12 months ending 30 June 2010.

As Grain Growers is exempt from income tax, all income tax within the financial results relates to its subsidiaries: BRI, Agrecon and Kondinin Group. These results should be read in conjunction with the audited Financial Statements.

### STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2010

<table>
<thead>
<tr>
<th>Note</th>
<th>Consolidated</th>
<th>Parent entity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2010</td>
<td>9 months ended 2009</td>
</tr>
<tr>
<td>Revenue from continuing operations</td>
<td>4</td>
<td>12,761</td>
</tr>
<tr>
<td>Other income</td>
<td>5</td>
<td>1,758</td>
</tr>
<tr>
<td>Employee benefits expense</td>
<td>(6,703)</td>
<td>(2,027)</td>
</tr>
<tr>
<td>Raw materials and consumables used</td>
<td>(1,141)</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation and amortisation expense</td>
<td>6</td>
<td>(1,534)</td>
</tr>
<tr>
<td>Impairment loss on investments in subsidiaries</td>
<td>24</td>
<td>-</td>
</tr>
<tr>
<td>Net reversal of impairment loss on financial assets</td>
<td>6</td>
<td>737</td>
</tr>
<tr>
<td>Gain on investment</td>
<td>420</td>
<td>-</td>
</tr>
<tr>
<td>Membership activities</td>
<td>(682)</td>
<td>(695)</td>
</tr>
<tr>
<td>Consultancy costs</td>
<td>(1,839)</td>
<td>(577)</td>
</tr>
<tr>
<td>Grants and sponsorship</td>
<td>(307)</td>
<td>(483)</td>
</tr>
<tr>
<td>Occupancy costs</td>
<td>6</td>
<td>(878)</td>
</tr>
<tr>
<td>Acquisition costs</td>
<td>(275)</td>
<td>(370)</td>
</tr>
<tr>
<td>Recruitment costs</td>
<td>(130)</td>
<td>-</td>
</tr>
<tr>
<td>Finance costs</td>
<td>(1,725)</td>
<td>-</td>
</tr>
<tr>
<td>Banking facility establishment costs</td>
<td>(1,125)</td>
<td>-</td>
</tr>
<tr>
<td>50th Anniversary</td>
<td>-</td>
<td>(227)</td>
</tr>
<tr>
<td>Other expenses</td>
<td>(1,650)</td>
<td>(941)</td>
</tr>
<tr>
<td>Share of net profit of associates accounted for using the equity method</td>
<td>27</td>
<td>-</td>
</tr>
<tr>
<td>Profit before income tax</td>
<td>(2,313)</td>
<td>(2,690)</td>
</tr>
<tr>
<td>Income tax benefit/ (expense)</td>
<td>7</td>
<td>46</td>
</tr>
<tr>
<td>Profit from continuing operations</td>
<td>(2,267)</td>
<td>(2,737)</td>
</tr>
<tr>
<td><strong>Other Comprehensive Income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Changes in fair value of available-for-sale financial assets</td>
<td>(19,307)</td>
<td>45,711</td>
</tr>
<tr>
<td><strong>Other Comprehensive Income of the year, net of tax</strong></td>
<td>(19,307)</td>
<td>45,711</td>
</tr>
<tr>
<td><strong>Total Comprehensive Income for the year</strong></td>
<td>(21,574)</td>
<td>42,974</td>
</tr>
<tr>
<td><strong>Total Comprehensive Income for the year is attributable to:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owners of Grain Growers Association Ltd</td>
<td>(21,513)</td>
<td>42,974</td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td>(61)</td>
<td>-</td>
</tr>
</tbody>
</table>

The above statements of comprehensive income should be read in conjunction with the notes in the full Financial Statements.
### BALANCE SHEET FOR THE YEAR ENDED 30 JUNE 2010

<table>
<thead>
<tr>
<th>Note</th>
<th>Consolidated 2010 $'000</th>
<th>Parent entity 2010 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2009 $'000</td>
<td></td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>3,962</td>
<td>3,627</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>4,222</td>
<td>953</td>
</tr>
<tr>
<td>Inventories</td>
<td>139</td>
<td>-</td>
</tr>
<tr>
<td>Other assets</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>8,325</td>
<td>4,580</td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other financial assets</td>
<td>117,302</td>
<td>93,862</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>3,412</td>
<td>3,928</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>283</td>
<td>206</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>4,292</td>
<td>1,005</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td>125,289</td>
<td>99,001</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>133,614</td>
<td>103,581</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>3,070</td>
<td>667</td>
</tr>
<tr>
<td>Borrowings</td>
<td>47,720</td>
<td>-</td>
</tr>
<tr>
<td>Deferred Income</td>
<td>1,069</td>
<td>603</td>
</tr>
<tr>
<td>Current tax liabilities</td>
<td>-</td>
<td>93</td>
</tr>
<tr>
<td>Provisions</td>
<td>431</td>
<td>620</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>52,290</td>
<td>1,983</td>
</tr>
<tr>
<td><strong>Non-current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provisions</td>
<td>665</td>
<td>103</td>
</tr>
<tr>
<td><strong>Total non-current liabilities</strong></td>
<td>665</td>
<td>103</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>52,955</td>
<td>2,086</td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td>80,659</td>
<td>101,495</td>
</tr>
</tbody>
</table>

**Equity**

<table>
<thead>
<tr>
<th>Note</th>
<th>Consolidated 2010 $'000</th>
<th>Parent entity 2010 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2009 $'000</td>
<td></td>
</tr>
<tr>
<td>Parent entity interest</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributed equity</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Reserves</td>
<td>26,800</td>
<td>45,711</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>53,517</td>
<td>55,784</td>
</tr>
<tr>
<td><strong>Total Grain Growers interest</strong></td>
<td>80,317</td>
<td>101,495</td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td>342</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>80,659</td>
<td>101,495</td>
</tr>
</tbody>
</table>

The above balance sheets should be read in conjunction with the notes in the full Financial Statements.
BOARD MEMBER MEETINGS AND EMOLUMENTS

Meetings of Directors

The following table sets out the number of meetings held by the Grain Growers Board and Board Committees during the year ended 30 June 2010, and the number of meetings attended by each Director.

<table>
<thead>
<tr>
<th>Director</th>
<th>Full Board Meetings</th>
<th>Finance &amp; Investment Committee</th>
<th>Nomination &amp; Remuneration Committee</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>A</td>
<td>B</td>
<td>A</td>
<td>B</td>
</tr>
<tr>
<td>J.W. Eastburn</td>
<td>16</td>
<td>16</td>
<td></td>
<td></td>
</tr>
<tr>
<td>S.R. Hargreaves</td>
<td>16</td>
<td>16</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>G. T. Lane</td>
<td>16</td>
<td>16</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>S.J. Millear</td>
<td>16</td>
<td>16</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B.A. Smith</td>
<td>16</td>
<td>16</td>
<td>7</td>
<td>6</td>
</tr>
<tr>
<td>A. Carberry</td>
<td>16</td>
<td>16</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

A — Number of meetings held during period in office.  B — Number of meetings attended during period in office.
— Not a member of the relevant committee.

From 1 July 2010, following the appointment of the two Non-Grower Directors (Anne O’Donnell and Sandra Andersen) the Board Committee structure was changed. The Nomination & Remuneration Committee remains, but an Audit Committee has been formed and the Finance & Investment Committee is now an Investment Committee.

Details of Emoluments paid or payable

<table>
<thead>
<tr>
<th>2010</th>
<th>Directors Fees $</th>
<th>Superannuation Contributions $</th>
<th>Total $</th>
</tr>
</thead>
<tbody>
<tr>
<td>J.W. Eastburn</td>
<td>79,816</td>
<td>7,183</td>
<td>87,000</td>
</tr>
<tr>
<td>S.R. Hargreaves</td>
<td>29,521</td>
<td>2,657</td>
<td>32,178</td>
</tr>
<tr>
<td>A. Carberry</td>
<td>26,605</td>
<td>2,394</td>
<td>28,999</td>
</tr>
<tr>
<td>G.T. Lane</td>
<td>38,373</td>
<td>3,361</td>
<td>41,735</td>
</tr>
<tr>
<td>S.J. Millear</td>
<td>26,605</td>
<td>2,394</td>
<td>28,999</td>
</tr>
<tr>
<td>B.A. Smith</td>
<td>26,605</td>
<td>2,394</td>
<td>28,999</td>
</tr>
</tbody>
</table>
OVERVIEW

The Board and Management are committed to Grain Growers delivering real value to industry, our members and their businesses within a sound corporate governance framework based on the best practice recommendations of the ASX. These documents are available on the company’s website at www.graingrowers.com.au

Board Charter

The Board has adopted a formal Charter and has provided management with a formal statement of delegated authority. This Charter sets out the role and key responsibilities of the Board recognising its ultimate responsibility to oversee organisational performance and that of the CEO. The Board and senior management have signed appropriate letters of appointment which set out the key terms and conditions of their appointment. The Charter sets out the maximum continuous tenure for Directors. The Board reviewed its structure in line with the ASX essential corporate governance principle 3, and set up three sub-committees to ensure the Board adequately discharges its responsibilities and duties. The three sub-committees are the Board Audit Committee, the Board Investment Committee and the Board Nominations and Remuneration Committee. The Board Audit Committee regularly reviews the selection and appointment of the auditor.

Regional Committee Charter

The Board has adopted a Charter for the Regional Committee which sets out the roles and responsibilities of that Committee to be active and supportive of the Association and provide a link between the members, the Board, and staff.

Promote ethical and responsible decision making

The company has established codes of conduct which apply to Directors, Regional Committee and staff that require high ethical standards of behaviour to protect the interests of all stakeholders in the company and to ensure confidence in the company’s integrity.

Respect the rights of members

Grain Growers is committed to meeting the rights of its members and other stakeholders through ease of access to company information that is understandable, balanced and timely. The company supports these rights by providing:

- The Association’s website, which contains past years’ financial data, press releases, announcements and the annual reports
- Annual financial reports
- Quarterly newsletters
- Annual General Meetings at which sufficient time is provided to members to question the Directors and Auditors.

Remunerate fairly and responsibly

The company’s remuneration policies provide a remuneration structure for Board, management and staff that benchmarks each position against independent industry standards and assesses performance on a 12 monthly basis.

Recognise and manage risk

The company’s risk management procedure identifies and manages material business risks and opportunities that could impact the company’s business objectives. The Board has adopted an Occupational Health and Safety policy and procedure to protect staff, Regional Committee members and Directors.

Safeguard integrity in financial reports

The Board and the Board Audit Committee oversee:

- The company’s internal control and risk management system
- The truthful and factual presentation of the financial statements
- The company’s compliance with all legal and regulatory requirements.

The Board receives timely and sufficiently detailed management reports in a form and quality to enable the Board to discharge its duties effectively. The risk management process requires the Chief Executive Officer and the Chief Financial Officer to make declarations to the Board in accordance with the ASX recommendations 4.1 and 7.2 and the Corporations Act 2001.