Helping our clients to make more possible

2013 ANNUAL REPORT

Elders









Our clients and their needs are our central focus – all day, every day.

Elders is an Australian company with a history dating back to 1839. Today, Elders owns and operates one of Australia's leading rural services businesses.

Elders Rural Services' network operations supply the physical, financial and advisory inputs and marketing options to help Australian and New Zealand farmers realise the best results for their efforts.

Elders International manages the trading businesses of live export, wool trading, feedlots and the importation and distribution of Australian products in China.

List of photographers
Top left: Tanya Warrener, Roma, QLD
Top middle: Margie McClelland, Hay, NSW
Top right: Karen Miles, Mole Creek, TAS
Second row left: Jasmin Dawe, Booborowie, SA
Second row right: Danielle Short, Narrogin, WA
Third row left: Courtney Robinson, Badgingarra, WA
Third row right: Richard Poulish, Gnowangerup, WA
Bottom left: Paddy Weir, Alice Springs, NT
Bottom right: Jane Lamb, Armidale, NSW

2013 ANNUAL REPORT

Elders

Our Business

Elders Rural Services

Network Operations
Sales Revenue: $1,283 million
Employees: 2,056*

Network Operations

Supply of product and services to rural and regional clients including:

- Farm inputs – supply of agricultural chemicals, fertilisers, animal health and general rural merchandise
- Marketing and sale of farm outputs

Supply of services to both rural and metropolitan clients including:

- Real estate and property services
- Financial services distribution

Australia

209 rural branches

104 real estate and insurance stores

139 real estate franchises

New Zealand

12 rural branches

2 insurance stores

International Trading
Sales Revenue: $375 million
Employees: 269*

International Trading

International trading platforms link offshore markets with primary producers, delivering a range of livestock, food and fibre solutions.

Feedlots

Australian (2)
Indonesia (1)

Live Export

Long-haul breeding stock
Short-haul feeder cattle

Wool

Trading business in New Zealand

China

Elders Fine Foods importation to Chinese markets

* Full time equivalent employees at 30 September 2013. Includes 98 FTEs whose last day of employment was on 30 September 2013. These employees exited the business as part of the business reorganisation announced to the ASX on 10 September 2013. Forestry and Corporate activities employed a further 12 and 3 FTEs respectively at year end.

2013 The Year in Brief

Key Financial Results

Year ended 30 September	2013	2012
$ million unless indicated otherwise		
Sales revenue from continuing operations	1,657.1	1,813.2
Underlying EBIT	(42.0)	8.2
Net underlying interest	(16.2)	(13.1)
Underlying loss before tax	(58.2)	(4.9)
Tax on underlying profit	(1.7)	(2.5)
Non-controlling interests	(3.1)	(3.2)
Underlying loss to shareholders	(63.0)	(10.6)
Non-recurring items after tax	(442.2)	(50.0)
Statutory (Reported) loss to shareholders	(505.2)	(60.6)
Cash flow from operating activities	(81.6)	2.5
Borrowings	294.7	385.8
Net debt	255.2	295.3
Net assets	46.2	551.8
Earnings per share (cents) – underlying basic	(14.0)	(2.4)
Earnings per share (cents) – underlying diluted	(14.0)	(2.4)
Earnings per share (cents) – statutory basic	(112.4)	(13.5)
Earnings per share (cents) – statutory diluted	(112.4)	(13.5)
Gearing	552.4%	53.5%

Reporting Period, Terms and Abbreviations

Abbreviations and terms

This Report uses terms and abbreviations relevant to the Company and its accounts. The terms “the Company”, “Elders Limited”, “Elders” and “the Group” are used in this report to refer to Elders Limited and/or its subsidiaries. The terms “2013” or “2013 financial year” refer to the 12 months ended 30 September 2013 unless otherwise stated. References to “2012” or other years refer to the 12 months ended 30 September of that year.

Annual Report

This document has been prepared to provide shareholders with an overview of Elders Limited’s performance for the 2013 financial year and its outlook. The Annual Report is mailed to shareholders who elect to receive a copy and is available free of charge on request (see Shareholder Information printed in this Report).

The Annual Report can be accessed via the Company’s website at www.elderslimited.com.

Notice of Meeting

The 2013 Annual General Meeting of Elders Limited will be held on Thursday, 19 December 2013, commencing at 10.00am in Hall A, Adelaide Convention Centre, North Terrace, Adelaide, South Australia. A formal Notice of Meeting has been mailed to shareholders. Additional copies can be obtained from the Company’s registered office or downloaded from its website at **www.elderslimited.com.**

Elders Limited ABN 34 004 336 636

Safety

Lost Time Injury Frequency Rate reduced from 6.4 to 6.2

Medical Treatment Injury Frequency Rate reduced from 14.7 to 12.4

Profit and loss

Statutory loss after tax of $(505.2) million compared with loss of $(60.6) million in 2012

Items excluded from underlying profit totalling $(442.2) million after tax:

- Tax items of $(38.1) million
- Forestry related items totalling $(16.7) million
- Rural Services items totalling $(159.3) million
- Automotive items totalling $(201.8) million
- Corporate items totalling $(26.3) million

Underlying loss after tax of $(63.0) million compared with $(10.6) million in 2012

Balance sheet and finance

Net debt of $255.2 million

Borrowings reduced from $385.8 million to $294.7 million

Rural Services

Sales from continuing operations down 9% to $1,657.1 million

Statutory EBIT of $(195.6) million, down from $18.6 million

Underlying EBIT of $(36.3) million, down from $18.2 million

Chairman's Remarks

Mark Allison

I am conscious that this annual report, my first as Chairman of Elders Limited, is for many shareholders, the latest in a succession of Elders' annual reports chronicling losses rather than profits, and a steadily descending share price.

I am also conscious that the previous Chairman's Review expressed the then board's intention to conduct a formal sale process for the business' core asset, Elders Rural Services, as this was considered the most value accretive strategy for shareholders.

As this report documents, the 2013 financial results and share prices are the poorest yet recorded by Elders and the sale of the Rural Services was pursued but not completed. The year's outcomes and events have lead shareholders, clients, employees and the many followers of Elders in the Australian farming, financial and regional communities to question: "what now for Elders?"

This report's primary purpose is, however, to detail and explain your company's performance and position for the twelve months ending 30 September 2013. I will not avoid the question "what now for Elders", as the company's future is dependent on each director and employee of the company being able and ready to present a compelling case for Elders' relevance as an investment, supplier, advisor, client and employer. However, accountability for outcomes is fundamental. Accordingly my first concern in presenting this annual report is to address the results it records and their significance before turning to the future.

Financial Results

The loss of $(505.2) million recorded by the company in 2013 is comprised of an underlying loss of $(63.0) million from continuing operations and a further net loss of $(442.2) million from items excluded from underlying profit as they do not relate to operational results from continuing operations. Both of these elements are analysed and discussed by the Managing Director in his report and in the Operating and Financial Review.

A large discrepancy between Elders' statutory profit and the underlying profit has been a feature of recent profit announcements as the company divests assets that are not relevant to its strategy of becoming an agriculture pure-play, or are uneconomic and it restructures its finances and operations.

While the total loss for abnormal and non-recurring items is the largest yet, it also marks the near completion of what has been a five year process of rationalisation and restructuring of assets, operations, finances and carrying values, conducted in uncompromising markets. In 2013, this activity included the sale of the company's automotive interests and the near-completion of the forestry divestment program. In addition the carrying value of intangibles relating to the Elders Rural Services businesses have been impaired to modest levels.

The sale process was initiated in the belief that a structured competitive process could provide stakeholders with accelerated access to the value of the rural services business believed to exist, but not reflected in the share price due to the company's debt levels. As the previous Chairman advised in the 2012 Annual Report and Annual General Meeting, it was intended that the board would present a proposed transaction for shareholder consideration and approval once an appropriate transaction was identified. Ultimately, none of a number of the indicative offers, or the one final offer, received were considered adequate, and the focus of effort for our security-holders remains on reconstituting the company as an appropriately capitalised, appropriately geared, agriculture pure-play that is leveraged to the Elders brand.

Collectively, the impairment to Elders Rural Service intangibles of $151.4 million and the loss on sale of, and other accounting adjustments attributable to, the divested Futuris automotive components business, represent approximately 81% of the total of $(442.2) million excluded from the underlying profit and loss in the 2013 accounts.

The underlying loss is disappointing, coming after the improvements reported in the past two years. Seasonal factors in the form of unusually hot, dry weather contributed significantly to the result, as did a total $(24.2) million charge necessary to restate global livestock trading balance sheet items after the company identified that trading results had not been recorded in line with accounting policies. This matter was announced to the ASX and is discussed in more detail, including the actions taken by the company, by the Managing Director in his report following.

However, seasonal variations are a fact of life in agriculture and the business clearly needs to perform better. It is realistic to expect that an enterprise with annual revenue of $1.65 billion and a customer base of over 50,000 has the capacity to generate a material profit given the appropriate cost structure, business mix and capital management. I have no doubt that Elders possesses the potential to be highly competitive in costs, service and ultimately returns to shareholders.

In this respect, the business reorganisation initiative undertaken this year is a positive and necessary step forward. This initiative, which is outlined by the Managing Director in his report, is expected to improve the sales and earnings generation capability and client focus of the Elders network. The anticipated cost savings of approximately $25 million per annum should see the business commence the new financial year with the added impetus of a much more appropriate cost base and an organisation structure which moves senior management closer to clients and provides branch management with greater autonomy and accountability.

Balance sheet and finance

The company has worked hard, and achieved good results, in its efforts to reduce debt levels and progressively optimise the structure of its finances. 2013 was the fifth successive year that Elders reduced its indebtedness and net debt at year-end of $255.2 million was 14% lower than at the beginning of the year and 43% lower than three years earlier. The company enjoys the continuing support of its financiers, as evidenced by the extension of its finance facilities to 31 December 2014.

In assessing indebtedness, it is important to appreciate that only 50% of borrowings are core debt owed to banks under syndicated term facilities, with the balance being self-liquidating debt such as securitised debtor facilities which are backed by farm supplies receivables. In a similar vein, I would like to make clear that Elders' borrowings, whether that be measured in gross debt or net debt measures, are all below that of the previous year-end, notwithstanding an increase in equity-related debt metrics such as gearing, which were impacted by the reduction in shareholders' equity arising from the year's loss after tax.

Further debt reduction is planned for the 2014 financial year and it is expected that this will leave Elders with modest borrowing levels, that are forecast to align with the requirements of the business, given anticipated earnings improvement. This will represent a significant and hard won achievement for the company and mean that, for the first time in several years, capital management can move from a priority on reducing bank debt to longer term considerations such as addressing the reduction to equity levels incurred in the restructuring process. Board and management are assessing the appropriate timing and form of initiatives for this purpose.

Safety

Safety performance is another area where the company's efforts have been rewarded with improvement in the form of lower injury frequency rates. The gains made in 2013, outlined by the Managing Director, are significant and commendable. However, the only acceptable safety performance is one which is injury and incident free. Continual improvement towards this objective is ongoing priority for the company.

Board

The size of the board has been reduced to four members, comprising three non-executive directors and the Managing Director. Elders is now a smaller, simpler company and the reduced board size is considered appropriate for the current needs of the business.

The smaller board has resulted from the resignations during the year of Mr John Ballard, and Mr Ian MacDonald. Mr Ballard, served the company as Chairman and non-executive director since 2010, while Mr MacDonald joined the board in November 2006 as a non-executive director and served on a number of committees, including Chair of the Remuneration and Human Resources Committee. On behalf of shareholders and my fellow members of the board I would like to record our appreciation for the contributions made to the company by Mr Ballard and Mr MacDonald.

Corporate governance

Your company is committed to an unequivocal and full discharge of its corporate governance and continuous disclosure obligations. Elders' corporate governance framework and practices are detailed in the Corporate Governance Statement commencing on page 21 of this report.

The report includes details of the progress of the company's diversity strategy, which was outlined for the first time in the 2012 annual report. Sufficient diversity within the ranks of the company's workforce and board is important for the company to have access to optimal blends of skill, talent and perspective. Agribusiness and rural and regional services have, traditionally, unlike farming enterprises themselves, not featured high levels of gender diversity so I am pleased to report each of the targets set by the board has been met or surpassed.

Concluding comments, the future

In concluding, I return to the question of the company's future. For some time, Elders has been engaged in making the changes necessary for the company to once again be an agriculture-focussed pure-play. For various reasons, this has taken longer than anticipated, and, as this year's results have demonstrated, been accompanied by a substantial diminution in shareholders' equity, which we intend to address.

However this goal has now been achieved, and in its 175th year since Elders began, your company will, once again, offer investors exposure to a pure-play that possesses the most well-known brand and network in Australian agriculture. The progress made in simplifying the business and reducing debt levels has enabled a simplification of its management structures and a return to day-to-day focus on its core business that has not been available until now.

As the 2013 results evidence, the business has scope to improve, and management initiatives in train should advance improvement.

Most importantly, I believe that Elders has the base ingredients required for delivery of its vision: a substantial existing client and sales foundation, penetration into key markets, a strong brand in Australia and abroad and a team of employees with passion and commitment to its reputation. The task now is to take these ingredients and apply the necessary capital and business management so that Elders can deliver on its potential and provide appropriate returns for its various stakeholders.

Your board is committed to providing the necessary guidance, oversight and action to support the company's management and employees in this task, and I look forward to updating you on our progress.

2013 has been a demanding year for all of the company's stakeholders, whether they are security-holders, financiers, clients or employees. Your ongoing support has been highly valued. In particular I would like, on behalf of directors, to acknowledge the efforts and contribution made by the company's employees and their families and wish them well for the coming year. Elders enters 2014 with sharpened focus, reduced debt, a better cost structure and a strong capacity and drive to deliver improved results for all of its stakeholders.

Mark Allison
Chairman

Report by the Managing Director

Malcolm Jackman

Management of your company in 2013 has been essentially directed to three broad objectives.

First, the delivery of the best possible financial results.

Second, the continued development of Elders Rural Services as a sales-focussed, efficient agricultural services and supply organisation, that is the leader in its field.

Third, completing the journey began in December 2008 to transform an over-geared conglomerate corporate structure to an agribusiness pure-play that offers investors attractive exposure to the value created in the Australian farm sector in Australian and international markets.

In this report I will address the company's progress and position in respect of each of these objectives. While each is important, the latter two objectives have occupied much of the company's efforts over the past five years, and are fundamental to the company's future and the realisation of improved returns for security holders.

The progress made in 2013 has your company nearing completion of the transformation to a pure-play agribusiness that is now largely unencumbered by excessive debt levels and the dead-weight of cash absorbing forestry assets and liabilities. However, this progress has been accompanied by the substantial impact on the 2013 financial results that arise from the necessary divestments, discontinuation, impairments and restructuring.

Financial performance

Elders' statutory loss after tax of $(505.2) million for the 2013 financial year comprises an underlying loss of $(63.0) million and items totalling $(442.2) million which have been excluded from underlying profit as they do not relate to operational results and the day-to-day performance of the business. These items, which are detailed in the Operating and Financial Review that commences from page 13 of this document, largely fall within 4 categories relevant to the organisation's shift to being competitive agriculture pure-play: those attributable to assets divested or discontinuing including write-downs, loss on sale and financial results ($(182.5) million); the impairment of Elders intangibles including brand and associated goodwill ($151.4 million); and the costs of restructuring remaining assets and resource bases to that considered necessary to be competitive ($(70.2) million). The tax impact of items not included in underlying profit was $(38.1) million.

The underlying loss of $(63.0) million after tax compares to a corresponding result of $(10.6) million in the previous year, with the deterioration being attributable to lower earnings from Elders' Australian Network and Trading operations, the causes of which are discussed below.

Operational results

Elders' continuing operations now comprise the Rural Services Network and Trading operations and joint ventures. These operations contributed an underlying EBIT loss of $(36.3) million, well below the previous year's comparative of $18.6 million due to seasonally affected lower network sales and an unprofitable result from global cattle trading.

Results from Network operations in 2013 were shaped by an abnormally hot and dry opening six months, which persisted over the year in pastoral regions particularly in the north and east. Far north and southern regions recorded good to above average rainfall over the six months to 30 September.

Collectively, these conditions translated into reduced sales through the combined effects of lower livestock demand and prices, lower weight stock and reduced demand for animal health, fungicide and other farm supplies products. Cattle, sheep and wool prices for the year were, respectively 18%, 29% and 6% below 2012 averages. Sales revenue for the Australian network in 2013 was $1,206.0 million, compared with $1,275.5 million in the previous year.

Anecdotal evidence suggests the downturn in sales and margin generated was consistent with industry experience given the seasonal conditions.

However, in Elders' case, the impact of these seasonal and market conditions on earnings was exacerbated by a $34.6 million contraction in the underlying contribution from Trading operations. Trading, which includes cattle trading, wool trading, feedlot and Chinese and Indonesian operations, recorded an underlying EBIT of $(20.5) million for 2013.

This result includes a charge of ($24.2) million to adjust cattle inventory to fair value and restate other Trading related balance sheet items after the company identified certain cattle sale outcomes had not been recorded in line with accounting policies for the global cattle trading operations. The company immediately submitted the accounts and procedures of the global cattle trading operations to an external examination by forensic accounting consultant, PPB Advisory for a full and independent investigation. As at the date of this report the company is yet to receive PPB Advisory's final report.

Development of Elders Rural Services

Getting our core business 'right' for both clients and shareholders has been, by necessity, an on-going exercise over the past 5 years. Our objective, the creation and maintenance of a high performance, cash-focussed sales organisation, has been addressed through a range of measures such as:

- replacing a service-supply culture with a sales focus and structured sales management and accountability;
- management of supply chain and inventory reform and reduction of support centre and overhead costs;
- reductions to working capital requirements, and divestment or closure of non-working capital efficient businesses;
- increasing the diversity of the workforce, and
- providing training, remuneration and incentive structures, that are aligned with the performance needs of the business.

This is, by nature, a progressive exercise. New changes and gains need to be embedded and consolidated before further change is introduced, front-line staff need to be focussed on, and not distracted from, anticipating and meeting the needs of our clients and management resources need to be appropriately applied.

While this makes for a long term exercise, the business has been making solid gains and the work done prior to 2013 enabled the implementation during the year of Project Horizon, a major reorganisation, which has been designed to deliver a substantial reduction in cost-to-serve and improved organisational efficiency.

The reorganisation, announced in September 2013, has seen the introduction of a flatter, lower cost management structure, the rationalisation of support services and the introduction of greater autonomy and accountability at the branch level. The move to 'hub and spoke' model will shorten reporting lines from the branch to the senior executive responsible for Elders Rural Services and will be accompanied by the closure of a small number of branches. In total, the restructuring is forecast to result in annualised savings of approximately $25 million, a figure which represents an improvement of 8%.

The management and cost of non-network businesses such as the Trading and New Zealand have also been rationalised.

Those who have followed Elders the past 5 years will be well aware of previous restructurings conducted during the course of its transformation over that period. The changes made in 2013 are the most significant undertaken over that period and it is important to understand these changes are built upon the gains made in organisational culture, systems and structures delivered by previous initiatives.

This applies equally at the Network level (where the adoption of new systems, performance aligned remuneration and sales focus and management has enabled the shift to a flatter, lower cost, high-autonomy/high accountability structure) as it does to support services, where the completion of Automotive and the near-completion of Forestry divestments mean that support services and overheads can now be tailored to the needs of Elders' core single business in Rural Services.

...The outcome is...that Elders for the first time in 20 years... is once again an agricultural pure-play"

Transformation to an agribusiness pure-play

The transformation of Elders into an agriculture pure-play with a sustainable and attractive capital structure has been an ongoing management priority since I announced the Agenda for Change program in December 2008.

This has been a long term project which, due to events such as the global financial crisis and the collapse of the plantation forestry sector, has taken longer than expected. The task list has been considerable: debt has been reduced by over $1 billion; company structure and focus has been simplified through a series of transactions that have seen the divestment of a range of diverse non-core businesses and interests in automotive components, property development, insurance underwriting, banking, financial planning, aquaculture, telecommunications, horticulture, timber manufacturing and wholesale, early stage wool processing, shipping, beef production and forestry.

The forestry divestments have been particularly complex. Elders' decision to withdraw from forestry following the contemporaneous collapse of the industry's funding and revenue sources required the company to deal with a portfolio of some 180,000 hectares of freehold and leasehold land, and negotiate exit from long term agreements with MIS investors and leaseholders. Moreover, the execution of the forestry asset divestment program initiated in October 2012 has been conducted within a market already softened and oversupplied by the fall-out from the insolvency of a number of other forestry companies.

However, the progress made in 2013 has Elders' forestry withdrawal and asset divestment approaching completion. As at the date of this report:

- all freehold land has now been divested.
- all MIS schemes established by Elders Forestry have completed, or are otherwise in the process of being wound up with the approval of scheme investors. This will be finalised with a payment of $5 million to investors in remaining schemes in December 2013.
- agreements have been reached with respect to the surrender of leases which will reduce Elders' remaining leasehold estate to 4,600 ha, some 8% of the 58,000 ha held at the commencement of the Forestry Divestment Program.

In addition, Elders completed the divestment of Futuris Automotive and reduced its equity in the Elders Insurance joint venture to 10% through sale of a 15% interest to QBE, the joint venture partner. The sale of the joint venture interest optimises Elders' capital participation in the insurance distribution joint venture, whilst extending the agreed term for its use of the Elders brand until 2033.

As a result of these divestments and other initiatives, Elders has been able to record a substantial reduction in debt and extend the term of its debt facilities to December 2014. Core bank debt was reduced by 21% in 2013 to $147.8 million, while gross debt was reduced by 24% to $294.7 million. Further reductions are anticipated in 2014 through a handful of further divestments of assets not core to the company's strategy.

The outcome of the corporate actions taken in 2013 and the previous four years is that Elders, for the first time in 20 years since it was acquired by Futuris Corporation, is once again an agricultural pure-play. The divestment agenda is now principally completed, debt substantively reduced and trending downward, and the business can now consolidate and focus on building a sustainable and profitable agribusiness under its new lower cost structure.

Safety

The provision of a safe environment for all who come into contact with Elders' operations is the Company's foremost priority. Safety management and promotion in 2013 continued the focus on safe work practices and on systems that promote reporting, effective analysis and management.

Across the Group, including Futuris Automotive, safety outcomes showed an improvement in the 12 month rolling Lost Time Injury Frequency Rate (LTIFR), from 6.4 in 2012 to 6.2 in 2013. Performance in the Australian Network has shown ongoing improvement, with 17% reduction in the number of lost time injuries.

Consistent with the company's shift to a pure-play agribusiness, a revised safety strategy focussing on Rural Services operations was approved by the Board Occupational Health and Safety Committee in April 2013 and is currently being implemented across the business. The plan aims to improve safety performance through robust risk management activities and an embedded safety culture across all levels of the business.

Human Resources

Elders employed 2,340 full time equivalent (FTE) persons at 30 September 2013 compared with the previous corresponding figure of 4,504 persons. The fall in employment numbers is due to the divestment of Futuris Automotive and the progressive reductions to staffing levels required by the company as it moves towards a simpler, more focussed structure.

The effectiveness and enterprise of our workforce is a critical factor in its performance. To this end, Elders has 3 core aims in the management of its human resources:

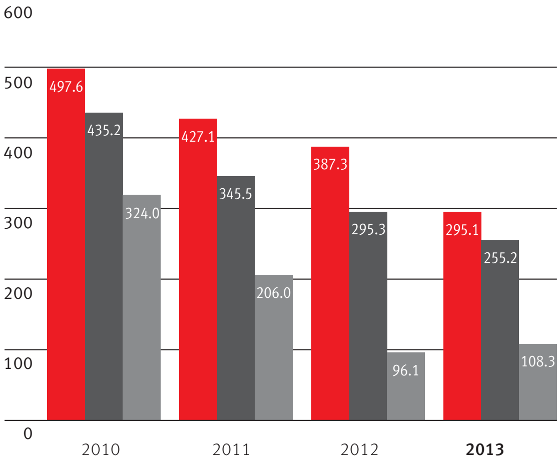
1) making sure Elders has, and keeps, the 'best right talent';
2) giving employees the training, opportunity and leadership that will enable them to make their greatest contribution to the company; and
3) providing remuneration and incentive structures that appropriately motivate and reward employees to deliver superior performance.

Elders is working to improve the diversity of its talent pool, particularly in regards to the gender diversity of its management, senior executive team and board of directors. While the representation of women within Elders' workforce (33%) is comparable to the sector in which it operates, it is nevertheless below the general population level. Moreover, the representation of women in the company's leadership positions is even lower.

The company is working to improve diversity in its human resources throughout the company by the pursuit of the measurable targets set out in the Corporate Governance Statement which commences on page 21. Targets have been set for gender diversity at various levels of leadership and I am pleased to report that the 2013 targets have been exceeded in all but one of the categories, and met in the outstanding category. Full details are provided in the Corporate Governance Statement.

Net debt

$million



$million as at 30 September:	2010	2011	2012	**2013**
Total Debt	497.6	427.1	387.3	**295.1**
Total Net Debt	435.2	345.5	295.3	**255.2**
Core Net Debt	324.0	206.0	96.1	**108.3**

Elders invests in the training and development of its workforce and young people in the rural regions where it operates. The Elders' traineeship initiative entered its fourth year. This program provides a 12 month program of employment, on-the-job training and tertiary study of a Certificate IV in Agriculture at TAFE institutions. Elders has now provided a total of 90 traineeships since the program began, all of whom have been recruited from rural and regional locations, and 82% of whom have been placed in ongoing roles within the Network on graduation. An additional 8 trainees entered the traineeship program in October 2013.

As is appropriate for a sales-based organisation such as Elders, sales effectiveness training and management is ongoing. With the SalesPlus program having established a sales effectiveness culture and reporting framework, the company has shifted its point of emphasis to leadership capability at 'the front line'.

The Branch Manager Training Program, initiated and developed in the previous year, commenced delivery in November 2012. It has been designed to build managerial and leadership capability amongst those responsible for the individual performance of the branches that comprise the Elders network. A total of 80 branch managers completed the program in 2013.

The new year will see the program delivered to a second wave of branch managers, and the ongoing development of previous graduates through continuing development of the Branch Manager Training Program alumni group.

Community

As a rural service organisation, Elders is committed to supporting the communities in which it serves. Elders is a major employer in rural and regional Australia and Elders' branches support local initiatives and charities and staff members participate in community service.

At a corporate level, Elders supported a number of charities and a number of non-government organisations of relevance to its client base. Elders supports the Australian Land Management Group in its work to provide environmental sustainability on Australian farms. Elders is also a sponsor of the Little Heroes Foundation in its work to provide funding for equipment and services for seriously ill children and their families.

Elders is a member of a number of industry organisations where it helps advance the interests of Australian agriculture and primary producers.

Concluding comments

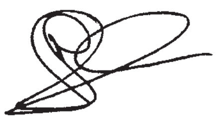
In coming to the position five years ago, I was attracted by the opportunity to work with one of Australia's great brands, and one of the few with iconic historical and cultural significance.

My experience over the past 5 years as part of the Elders 'family' in Australia and internationally has only served to reinforce my belief in the business' significance, and more importantly, its potential if it were to be given the opportunity of a focussed structure and a sustainable capital structure.

For reasons outlined above, and discussed in more detail in the Operating and Financial Review, the financial results for 2013 have been disappointing, and have seen underlying profit decline after the trend of improvement reported in the previous two years.

However, the years' efforts also mean the business is now in a position where, having addressed its corporate structure so that it is completely focussed on agribusiness, substantially reduced borrowings and having adopted a lower cost operating structure, the business can now turn its attention to share-holders' equity and the recapitalisation of the balance sheet. As noted by the Chairman, work is already in train on this front. It also means that, at a more fundamental level, Elders can better focus on its core task of generating appropriate returns for all stakeholders from its day-to-day business of supporting its rural, regional and international clients.

This is an outcome which the entire Elders team has been striving for against numerous obstacles for some time and I would like to record my appreciation for the support, efforts and patience that the company has been given by its employees, clients, security-holders, suppliers and financiers.



Malcolm Jackman
Managing Director

Operating and Financial Review

Elders' continuing operations involve the sale of inputs and services to the Australian and New Zealand agricultural industry, the marketing of real estate in both rural and non-rural areas and the trading of livestock, wool and beef, both domestically and into international markets. Elders has a network of 221 full-service branches and approximately 330 points of presence including specialist real estate branches, specialist insurance branches, specialist financial planning branches plus three beef cattle feedlots.

Elders is now focused on its core agriculture pure-play and Elders branded businesses, having divested its automotive components operations, Futuris Automotive, during the year.

Australian Network

Network operations in Australia include the following product and service offerings:

- Wool: Elders is one of the largest agents for sale of Australian greasy wool and has an extensive range of products, services, facilities and alliances to help growers maximise returns from their wool. These include wool marketing and broking, wool handling, in-shed wool preparation advisory and wool trading. Elders also holds a 50% interest in AWH, Australia's largest wool logistics provider, which handles approximately half of the national wool clip.
- Livestock: Elders provides a range of livestock marketing activities including on-farm sales to third parties, regular physical and on-line public livestock auctions and direct sales into Elders-owned and third-party feedlots and livestock exporters. The livestock marketing services are backed by the provision of professional animal health, genetics and production advice. The Elders livestock network comprises approximately 1,000 livestock agents and staff operating across the entire pastoral area of Australia.
- Farm supplies: Elders is one of Australia's leading suppliers of rural farm inputs, including seeds, fertilisers, agricultural chemicals, animal health products and general rural merchandise, backed by professional advice to primary producers on agronomy, genetics and animal health.
- Grain: Elders offers grain growers a range of cash-based grain marketing options through an accumulation agreement with Toepfer Australia.
- Real Estate: Elders operates real estate agencies and property management services primarily in the broadacre, rural residential and lifestyle property markets. Broadacre and lifestyle property services are conducted primarily through the Elders Network and supporting specialist real estate offices. Residential and metropolitan real estate services are conducted mostly through Elders franchise operations.
- Insurance: The Elders Insurance joint venture with QBE utilises the Elders Network as the core of its distribution of a wide range of insurance policies to rural and regional Australia. In September 2013, Elders reduced its shareholding in the joint venture from 25% to 10% through a sale to QBE. As part of the transaction, the use of the Elders brand by the joint venture has been extended to 2033.
- Banking: Elders distributes a wide range of banking products through the Elders Network under a distribution agreement with Rural Bank. Banking services include Term Loans, Seasonal Finance, Machinery Finance, Livestock Trading Facilities, Transactional Banking and Term Deposits.
- Financial Planning: Elders provides professional financial planning solutions through a network of advisors under the Elders Financial Planning brand. It operates through a joint venture, in which Elders has a 49% interest, with OnePath (a subsidiary of ANZ) and specialises in Business Succession Planning as well as Risk Management, Superannuation and Wealth Creation.

New Zealand Network

Operations in New Zealand provide wool, livestock, real estate agency services, farm supplies and financial services distribution through a network of 12 rural branches and 2 specialist insurance stores. The services in New Zealand are broadly similar to those offered in Australia, but provided by local staff with local knowledge and experience.

Trading

Elders conducts global trading operations under the Elders International Trading (EIT) banner which has well-developed supply chains into a range of international markets:

- Live export: Facilitates principal position trades of dairy, beef feeder, beef slaughter and beef breeding cattle from Australia, New Zealand and Uruguay to international markets through North Australian Cattle Company (NACC) and Universal Live Exports (ULE). Cattle are transported by sea or air freight depending on the market requirements.
- Wool Trading: Elders exports wool from New Zealand to China, North Asia and Australasian carpet producers.
- Feedlots: Elders operates Australian cattle feedlots near Charlton in Victoria (Charlton) and near Tamworth in New South Wales (Killara) as well as an Indonesian cattle feedlot near Lampung (PT Elders Indonesia).
- China operations: Elders Fine Foods is involved in the importation and distribution of Australian and New Zealand food and beverage products throughout China.

Automotive

Elders divested Futuris Automotive on 31 July 2013 to Clearlake Capital Group. Futuris' primary operations involved the design, manufacture and supply of automotive seating and interior solutions. As a result of the sale, Futuris Automotive has been classified among discontinued operations. Proceeds from disposal were applied to reduce net debt by $55.2m.

Forestry

In October 2011, Elders announced its intention to withdraw from conducting Forestry operations and to divest its forestry assets under a long term divestment program. Forestry operations have been classified as a discontinued operation and the company has been engaged in divesting forestry assets and effecting withdrawal from the operation of forestry plantations since that time. In 2013 this program was substantially completed through the following events and achievements:

- Disposal of Indian Sandalwood MIS schemes to Santanol Pty Ltd
- Sale of the 30,000 hectare APT estate to NewForests
- MIS investor approval to terminate all remaining retail MIS Forestry projects
- Entry into conditional implementation agreements with the two largest remaining landlords relating to the exit of substantial lease liabilities in Esperance and Queensland.

Divestment of the final assets, including the divestment of the Company's equity in Agricultural Land Trust and its responsible entity, Agricultural Land Management Limited, is expected to be completed by the first quarter of calendar year 2014.

Financial Performance

The statutory loss after tax attributable to owners of the parent (shareholders) of $(505.2m) for the 12 months ended 30 September 2013 [F12 : $(60.6m)] includes a number of items considered either not related to ongoing operating performance or related to discontinued operations.

Calculation of underlying profit, which is an unaudited non IFRS measure, by excluding these items enables more meaningful comparison of results between periods by providing like-for-like figures for ongoing operations.

Underlying profit is calculated as follows:

Statutory and Underlying Profit

$m after tax 12 months ended 30 September:	F13	F12
Reported profit/(loss) after tax to shareholders	**(505.2)**	(60.6)
Items excluded from underlying profit/(loss):		
Rural Services	**(159.3)**	0.4
Corporate & other	**(26.3)**	(15.1)
Automotive	**(201.8)**	4.2
Forestry	**(16.7)**	(74.9)
Tax on items excluded from underlying profit/(loss)	**(38.1)**	35.4
Items excluded from underlying profit/(loss)	**(442.2)**	(50.0)
Underlying profit/(loss) after tax to shareholders	**(63.0)**	(10.6)

Items excluded from statutory profit to determine underlying profit for the 12 months ended 30 September 2013 comprise:

- **Rural Services** items before tax of $(159.3m), including impairment of intangibles $(151.4m)[1], other asset impairments $(21.5m), cost of business reorganisation $(14.1m), cost of terminating the IT platform replacement project $(4.3m), onerous contracts $(3.8m), mark to market loss on foreign currency contracts $(3.0m) offset by profit on sale of Elders Insurance JV $26.0m and fair value uplift in Insurance JV $17.3m.

  [1] The Rural Services impairment loss, recognised under Accounting Standards, is largely a result of a reduction in future cash flows following the sell down of a portion of the Elders Insurance JV and an increased allocation of corporate costs to the business due to the reorganisation of Elders as a pure-play agribusiness. The Elders brand remains the most recognisable rural banner in Australia.
- **Corporate** items before tax of $(26.3m), including impairment of investment in Seafood Delicacies Ltd $(5.3m) and Australian Fine China $(2.5m), costs relating to intiatives to divest Automotive and Rural Services $(6.8m), refinance costs $(3.2m) and interest relating to discontinued operations $(8.9m).
- **Automotive** items before tax of $(201.8m), including impairment of intangibles $(166.5m), loss on disposal of $(37.7m) and results from discontinued Automotive operations for the period $2.3m.

- **Forestry** items before tax of $(16.7m), including equity loss and impairment associated with the ALT investment $(18.5m), loss on disposal of forestry assets $(2.6m), restructure costs $(11.8m) and results from discontinued forestry operations for the period $(9.7m) which were offset by reversal of asset impairments for assets held for sale $6.7m and reversal of onerous contract provisions $19.2m.
- **Tax** items excluded from underlying results of $(38.1m), relating to de-recognition of deferred tax asset on prior year losses and temporary differences $(64.5m), partly offset by realisation of taxable income on wind up of Forestry assets and provisions $15.0m and disposal of Automotive operations $4.6m.

Key Profit & Loss Items

$m 12 months ended 30 September:	F13	F12
Sales revenue		
- Continuing operations	**1,657.1**	1,813.2
- Discontinued operations	**305.5**	359.4
Total sales revenue	**1,962.6**	2,172.6
Depreciation & amortisation		
- Continuing operations	**6.5**	6.4
- Discontinued operations	**12.7**	14.6
Total depreciation & amortisation	**19.2**	21.0
Income from associates		
- Continuing operations	**11.5**	14.1
- Discontinued operations	**(3.1)**	(6.3)
Total income from associates	**8.4**	7.8
Net finance costs		
- Underlying finance cost on core debt	**(10.8)**	(8.1)
- Finance cost on self-liquidating facilities	**(6.8)**	(7.9)
- Other finance costs and interest income (net)	**1.4**	2.9
Underlying net finance costs	**(16.2)**	(13.1)
Excluded from underlying finance costs	**(9.3)**	4.6
Total net finance costs	**(25.5)**	(8.5)

Key profit and loss items for the year include:

- **Continuing sales revenue** of $1,657.1m was down 9% or $(156.1m) on the previous year, with $(10.5m) relating to operations wound down in F12 (wool indent) and $(145.6m) relating to ongoing Rural Services operations:
  - **Australian Network sales** were down $(69.5m), mainly in Farm Supplies $(45.1m) from lower demand for agricultural chemicals due largely to hot and dry conditions and in Livestock $(19.8m) from lower sheep and cattle prices.
  - **New Zealand Network sales** were $(4.0m) lower as drought induced destocking placed downward pressure on livestock prices and limited cash flow spending on farm inputs.
  - **International Trading sales** were $(72.1m) lower as a result of reduced Indonesian import quotas impacting short haul shipping volumes and decline in shipments to China from uncertainties in government and regulatory changes affecting long haul shipping business.
- **Discontinued sales revenue** related to Automotive $304.1m (F12 $344.8m) and Forestry $1.4m (F12 $14.6m).
- **Reported net finance costs** of $(25.5m) in F13 includes:
  - **Underlying net finance costs** of $(16.2m), which comprises:
    - Underlying finance cost on core debt $(10.8m) which excludes interest to finance designated Forestry and Automotive assets being divested $(6.3m). Finance cost on core debt of $(10.8m) was $(2.7m) higher than F12 due to additional facilities sourced during the year to fund the divestment initiatives in the business.
    - Finance cost on self-liquidating facilities for Rural Services was down due to lower debt balance during the period (Sep 13 $146.9m, Sep 12 $163.8m).
    - Other finance costs relate to interest on overdue debtors $7.8m (F12 $8.9m), facility fees and other interest related items.
  - **Excluded from underlying finance cost** $(9.3m), comprises:
    - Interest expense related to divestment of Forestry and Automotive assets $(6.3m) [F12 $(14.0m)].
    - Finance costs related to Automotive's self-liquidating facilities $(3.8m).
    - F12 Interest income from the ATO as a result of the successful objection to an amended tax assessment $19.2m.

Underlying Financial Performance

Rural Services

Rural Services Results

$m 12 months ended 30 September:	F13	F12
Sales - continuing operations	**1,657.1**	1,813.2
- Underlying	**1,657.1**	1,802.7
- Excluded from underlying sales	**-**	10.5
Depreciation & amortisation	**6.5**	6.4
Gross margin	**253.4**	309.0
- Australian Network	**233.3**	257.7
- New Zealand	**19.1**	16.9
- Trading	**1.0**	34.4
Costs	**(302.0)**	(304.9)
- Australian Network	**(224.3)**	(220.6)
- New Zealand	**(18.4)**	(18.4)
- Trading	**(23.2)**	(22.0)
- Support centres & other	**(36.1)**	(43.9)
Equity accounted earnings	**12.3**	14.1
Underlying EBIT	**(36.3)**	18.2
Items excluded from underlying EBIT	**(159.3)**	0.4
Reported EBIT	**(195.6)**	18.6

Rural Services operations recorded an underlying EBIT of $(36.3m) compared to $18.2m in the previous year. The principal factors in the underlying EBIT result were:

- Reduced margin generated by the Australian Network as a result of extensive hot and dry conditions in Australia and depressed livestock values;
- Higher margin generated by the New Zealand Network by increasing market share in the wool business;
- Reduced margin from International Trading operations as a result of the deterioration in short haul livestock export markets that followed the curtailing of cattle import permits by the Indonesian government;
- Financial impact of the International Trading balance sheet adjustment; and
- Successful initiatives to control overall costs, specifically including reducing the costs in Support Centres (down $7.8m).

Australian Network

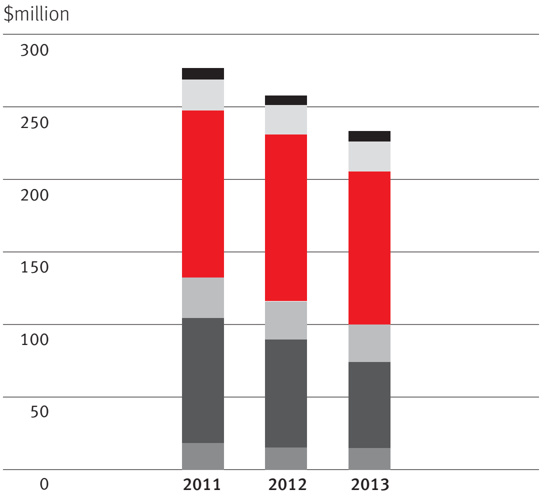
Results from Australian Network operations in F13 were affected by unfavourable seasonal conditions Australia-wide in the first half-year and specifically in Eastern Australia in the second half, including the second-warmest spring and hottest summer on record. These high temperatures, coupled with below average spring and summer rainfalls across Eastern Australia, resulted in lower crop plantings, lower crop disease and pest pressure, decreased demand for agricultural herbicides, reduced feed availability for livestock and continued subdued broadacre property markets.

Network contribution in 2013 of $9.0m compares to $37.1m in 2012.

Sales decreased by 5% to $1,206.0m in comparison with the previous year with the features by service area being:

- Wool agency revenue of $47.9m, 5% lower than 2012 due to lower wool prices. Volumes were constant, however high AUD during the year continued to put downward pressure on wool prices.
- Livestock agency sales revenue and margin fell due to lower prices for sheep and cattle. Elders sold 9.11m sheep and 1.61m cattle in 2013 compared with 8.16m sheep and 1.63m cattle in the previous year. High livestock slaughter rates have reduced the national cattle herd and sheep flock, with much lower re-stocking activity and reduced international demand placing downward pressure on prices. The average cattle price was $637 per head in 2013 ($775 in 2012) while average sheep price was $74 per head in 2013 ($104 in 2012).
- Real estate sales revenue declined by 6% due to subdued activity in the broadacre markets, with adverse seasonal conditions impacting investment confidence levels.
- Farm Supplies sales revenue of $999.9m, is down 4% from $1,045.0m in 2012. Sales were lower due to reduced demand for insecticide, fungicide and herbicide products. Fertiliser sales were relatively stable compared to 2012.
- Banking distribution revenue rose 1% to $20.8m in 2013 ($20.5m in 2012). New lending increased 24% from the previous year, benefiting from training and development of the banking staff, more active and targeted marketing and the increased effectiveness of the Elders-Rural Bank working relationship.
- Other revenue of $8.0m includes income from accumulation of grain and distribution and access fees from the Elders Insurance and Elders Financial Planning joint ventures.

Australian Network gross margin



$million 12 months ended 30 September:	2011	2012	**2013**
Wool	18.7	15.5	**15.1**
Livestock	86.0	74.3	**58.9**
Real Estate	28.0	26.7	**26.2**
Farm Supplies	114.8	114.6	**105.2**
Banking Distribution	21.2	20.3	**20.6**
Other	8.1	6.3	**7.3**
Total	276.8	257.7	**233.3**

New Zealand

New Zealand recorded an underlying profit of $0.7m in 2013, an improvement of $2.2m from the previous year driven by improved market share and higher volumes and margins from wool agency services. Drought conditions in the North and South Islands for the first half of 2013 resulted in slightly poorer performances in livestock and farm supplies.

Trading

Trading operations include Elders' cattle export operations, New Zealand wool trading, feedlot operations and Elders Fine Food in China which imports and distributes premium Australian agricultural produce.

Underlying EBIT loss of $(20.5m) from Trading in 2013 included $(24.2m) arising from a balance sheet adjustment made as a result of the company identifying that trading results had not been recorded in line with accounting policies for the global cattle trading operations. This matter was announced to the ASX on 1 and 4 October 2013. The company has engaged PPB Advisory as independent forensic accountants to investigate the discrepancies further. As at balance date, adjustments were made to livestock valuations, creditors, debtors and provisions to bring the Trading balance sheet in line with accounting policies.

Excluding this item, Trading generated an underlying EBIT profit of $3.7m in 2013 compared to $14.1m in 2012. This reduction can be attributed to the lower margins in both short haul and long haul livestock trading arising from a combination of global commercial and regulatory market events. This includes the Indonesian Government's reduction to its cattle import quota and uncertainties created by government and regulatory changes in China during 2013.

The Indonesian feedlot operation lifted its margin contribution from $2.9m to $5.9m as a result of strong demand for beef in a very tight supply environment.

Financial year 2014 has seen increased demand for slaughter and feeder cattle in Indonesia with additional import quotas released by the government. Breeder cattle demand from China is strong, having responded to the improved trading confidence that has emerged following the change of government in that country.

Equity Earnings

Equity earnings are recognised for Elders' joint ventures, which include the financial services joint ventures (Elders Insurance and Elders Financial Planning), the wool handling and logistics operation (AWH) and other equity positions including Kilcoy abattoir and Auctions Plus. These operations contributed equity accounted income of $12.3m, compared with $14.1m for the twelve months to 30 September 2012.

Contributions from the individual operations are as follows:

Equity Accounted Earnings

$m 12 months ended 30 September:	2013	2012
AWH	**4.5**	5.3
Elders Insurance	**5.6**	6.5
Elders Financial Planning	**-**	(0.2)
Auctions Plus	**0.5**	0.8
KIlcoy Pastoral Co	**1.7**	1.7
Equity accounted earnings	**12.3**	14.1

Corporate

Corporate Results

$m 12 months ended 30 September:	F13	F12
Costs	**(5.7)**	(10.0)
Underlying EBIT	**(5.7)**	(10.0)
Items excluded from underlying EBIT	**(18.5)**	(21.1)
Reported EBIT	**(24.2)**	(31.1)

Corporate represents Elders' corporate operations, including Elders directors, Chief Executive Officer, Company Secretary, Legal, Risk and associated compliance costs. Underlying EBIT results improved by $4.3m as a result of reduced costs.

Financial Position

Balance Sheet: key items

$m as at end:	Sept 13	Sept 12
Assets and Liabilities: key items		
Inventory and livestock	**153.0**	234.4
Trade and other receivables	**340.2**	498.0
Trade and other payables	**(254.5)**	(386.6)
Other assets	**3.9**	17.7
Working Capital	**242.6**	363.5
Assets (Liabilities) held for sale - net	**6.1**	71.5
Property, plant and equipment	**35.1**	95.7
Investments	**62.7**	80.5
Intangibles	**5.6**	277.3
Provisions	**(81.5)**	(146.0)
Net Debt and Equity		
- Borrowings - current self-liquidating facilities	**146.9**	199.2
- Borrowings - current core debt	**121.2**	103.8
- Borrowings - non current: core debt	**26.6**	82.8
- Debt related financial derivatives	**0.4**	1.5
- Cash and cash equivalents	**(39.9)**	(92.0)
Net debt	**255.2**	295.3
Shareholders' equity	**46.2**	551.8

Assets and liabilities

Significant movements during the 12 months to 30 September 2013 include:

- A reduction to working capital of $120.9m as a result of:
  - Sale of Automotive, which held $38.4m working capital at 30 September 2012.
  - Reduced working capital in Rural Services in which:
    - Inventory and livestock were $44.1m lower as a result of the International Trading balance sheet adjustment of $18.6m and a reduction in Farm Supplies Inventory of $16.1m through improved business disciplines.
    - Receivables were $62.1m lower from reduced livestock turnover due to lower sheep and cattle prices, lower farm input sales due to hot and dry conditions and improved debtor management.
    - Payables were $50.5m lower from reduced trade payables due to lower turnover in livestock and reduction in year end farm supplies creditors compared to 30 September 2012.
- Assets held for sale (net of liabilities) comprised $4.9m related to Forestry and $1.2m investments held for sale as at 30 September 2013.
- Intangibles reduced by $271.7m as a result of impairments to goodwill and brandname in Rural Services and Automotive.
- Provisions reduced by $64.5m mainly due to the utilisation and reassessment of Forestry onerous contract provisions and divestment of Automotive business $(23.6m).

Indebtedness

Net debt was $40.1m lower than at September 2012 with repayment of term debt with asset disposal proceeds.

Gross borrowings of $294.7m at 30 September 2013 comprise a combination of core debt of $147.8m and self-liquidating finance facilities of $146.9m. Self-liquidating finance facilities are securitised by farm supplies receivables.

The Group has reset its financing facilities to December 2014. There has been no change to the membership of the financing syndicate.

Cash Flow

Cash Flow

$m 12 months ended 30 September:	F13	F12
Operating cash flow	**(81.5)**	2.5
Investing cash flow	**84.6**	51.8
Financing cash flow	**(55.1)**	(44.0)
Total cash flow	**(52.0)**	10.3

Operating cash flow

Positive cash generation from Rural Services and Automotive in F13 were more than offset by cash outflow from Corporate and Forestry.

Rural Services and Corporate generated net operating cash outflow of $(33.2m). Features of operating cash flow include:

- Rural Services' recorded cash inflow from operating activities of $9.6m, which reflects lower turnover together with the active management of debtors and Farm Supplies inventory.
- Corporate recorded an operating cash outflow of $(42.8m) mainly due to borrowing costs $(32.3m), head office costs $(5.7m), costs relating to initiatives to divest of Automotive and Rural Services $(6.8m) and refinance costs $(3.2m).

Automotive operations generated an operating cash inflow of $30.8m before working capital movements of $(27.2m), which reflected requirements of new programs in USA and Thailand.

Forestry operations recorded cash outflow of $(19.3m) before working capital movements. Working capital movements $(32.6m) comprises payments associated with maintaining assets held for sale, including lease obligations prior to sale.

Investing cash flow

Investing cash flow of $84.6m includes receipts of net $16.1m for sale of Automotive (gross receipts $43.5m less cash disposed $27.4m), $27.4m for 15% sale of Insurance JV, $63.8m from Forestry asset sales, partially offset by capital expenditure of $(25.4m) by Automotive on design and development for new contracts, together with expenditure on new facilities related to expansion of operations overseas.

Financing cash flow

Financing cash flow of $(55.1m) in F13 includes the net repayment of term debt of $(37.4m) and a reduction in the balance of the self-liquidating facilities $(16.8m).

Strategy

Elders recognises the Australian and New Zealand agribusiness industries are consolidating, with farming and pastoral businesses declining in number but increasing their requirements for both products and services.

Elders implemented Project Horizon during 2013 which allowed it to reset its operational strategy accordingly, now wholly focusing on operating a pure-play agribusiness and also aligning itself to a changing market environment. Project Horizon sets out to optimise financial performance through:

- Simplification of Support Centres;
- Transition to hub and spoke organisational structure;
- Gradual decentralisation of Farm Supplies management; and
- Consolidation of under-performing branches.

This strategy is expected to reduce the total ongoing annual running cost of Elders by approximately $25m, whilst enabling the business to concentrate on growing its customer base and broaden its range of products and services. The strategy of operating with tighter control over Farm Supplies inventory and debtor management allows Elders to optimise its return on available capital.

Initiatives in 2014 will be focussed on continuing to deliver benefits from the new structure and driving stronger sales performance in the Network and Trading business units.

Outlook

As a pure-play agribusiness, Elders' future financial results will be highly dependent on the outlook and prospects of the Australian and New Zealand farm sector, and the values and volume growth in internationally traded livestock and fibre.

Financial performance for the Rural Services operations is heavily reliant on, but not limited to, the following factors:

- Weather and rainfall conditions;
- Commodity prices; and
- International trade relations.

It is not possible to forecast these drivers with accuracy. However the company's 2013 results were significantly affected by abnormally dry and hot weather conditions, substantially reduced livestock prices and reduced international livestock trade. Elders anticipates that a return to more normal seasonal conditions could be expected to drive improvement in demand for farm supplies and increase prices for livestock. Elders also anticipates a return to more cooperative trading relationships with Indonesia and other importing countries will improve throughput and margins in Trading.

Elders' capacity to generate sales and margin is expected to be enhanced by the initiatives undertaken in Project Horizon, including the cost savings outlined above.

Material Business Risks

There are a number of material business risks, both specific to Elders and to the general business community which could affect the operating and financial performance of Elders. The Board Audit, Risk and Compliance Committee maintains oversight of the Group Risk Committee which regularly reviews these risks. Set out below are some of the key risks identified by the business. The risks below should not be taken to be a complete list of the risks associated with Elders.

Seasonal weather conditions and biosecurity

Elders' business is directly impacted by seasonal weather conditions. Uncharacteristically high or low rainfall and temperatures can affect our business. Natural events, caused or affected by weather, such as drought, flood and fire can also have impacts. Such conditions can influence the demand for rural products and services, resulting in varied revenue levels.

An outbreak of a systemic animal or plant disease can lead to quarantine conditions in rural Australia and reduce producers' needs for goods and services or affect their ability to operate.

To limit the impact of the above risks Elders maintains both a geographical spread of operations and a diverse product and service range, along with effective staff training and disease management protocols. Elders also has a Business Continuity program in place to respond to the risk of disruption.

Australian rural production

The financial performance of Elders depends on the performance of Australia's rural sector. A decrease in volume or quality of production or a lack of any significant increase in either quantity or quality over a season can affect our operations. Elders has specifically measured risks related to this:

Credit Risk – exposures to losses associated with a major client's inability to repay debt. This risk is mitigated by maintaining an active Credit Committee, stringent debtor monitoring and reporting, and high level reviews of significant credit issues by the Chief Executive Officer and Chief Financial Officer.

Trading Risk – adverse market conditions created by the quantity and/or quality of inventory available impacting forward bought or sold position thus creating a price exposure. Government intervention can also influence the Trading business. Mitigants for this risk include effective supply chain relationships, regular contract reviews with suppliers and customers, and maintaining ongoing relationships with regulators.

Farm Supplies – a reduced need for our products and services can affect Elders. To reduce any potential negative impact of this, Elders maintains effective relationships with our suppliers and ensures inventory levels in our branches are actively monitored and are a measurable target for management.

Market risk

The performance of Elders is influenced by the business' ability to respond to changes in financial market conditions. This includes movements in financial markets, including foreign exchange, commodity prices and interest rates.

Prices of agricultural commodities fluctuate and are affected by a variety of regional and global factors that are beyond the control of Elders.

These factors include: regional and international supply and demand for specific commodities, production cost levels, governmental regulation and initiatives, trade subsidies, sanctions and barriers. Moreover, commodity prices are also affected by macroeconomic factors such as expectations regarding inflation, interest rates and general global economic conditions. Accordingly, movements in commodity prices could have an impact on Elders' financial condition and results of operations.

Elders manages Market Risk through its Treasury Department, Financial Risk Management Policy, monitoring of agribusiness indicators and establishment of governance committees.

Capital

Elders has recently secured an extension and renewal of its finance facilities to December 2014. As part of the renewal, Elders has agreed to a staged debt amortisation programme to be conducted throughout the year to 30 September 2014. Elders' ability to operate its business and effectively implement its strategic plan over time will depend in part on its ability to amortise or refinance its facilities as they fall due (under the staged debt amortisation programme) and maintain ongoing securitisation arrangements.

Workforce capability

Revenue is generated through transactions generated by its employees utilising their relationships with rural and regional clients or international customers. Accordingly Elders needs to attract and retain skilled and engaged staff to reduce the threat of lost business through employee departure. Through its distribution system, offering and sales management systems, Elders has measures in place to guard against this, as well as legal protection such as certain post-employment contractual obligations in certain instances. Elders also has a number of staff engagement initiatives in place including Branch Manager Leadership Development Program, Trainee program, One Elders approach and short term incentive plans.

On 1 October 2013, Elders reported to the ASX the resignation of seven senior members of its Trading management and sales team. Immediate action has been taken to rebuild its Trading executive capability and Elders is continuing liaison and dialogue with our Trading customers.

Ongoing review

The likelihood, consequence and impacts of key risks identified are monitored and managed by Elders on a continuous basis, to not only mitigate the adverse impacts to the business but to also improve business operations. The business is also required to report new or emerging risks as part of monthly reporting processes.

Board of Directors

Mr Mark Charles Allison, BAgrSc, BEcon, GDM, FAICD – Age 52 – Non-executive director since November 2009 and appointed Chairman of the Board on 27 June 2013. He is a member of the Audit, Risk and Compliance Committee, the Nomination and Prudential Committee, the Occupational Health and Safety Committee and Chair of the Remuneration and Human Resources Committee. He has extensive experience spanning over 28 years in the agribusiness sector and is currently CEO of Graingrowers Limited and a director of Grain & Legumes Nutrition Council. He is a former Managing Director of Wesfarmers Landmark Limited and Wesfarmers CSBP Limited and former chairman of Australian Pesticides and Veterinary Medicines Authority. Prior to his appointment at Wesfarmers in 2001, Mr Allison held senior positions with Orica Limited as General Manager of Crop Care Australasia and with Incitec Limited as General Manager – Fertilisers. Between 1982 and 1996 Mr Allison performed a series of senior sales, marketing and technical roles in the Crop Protection, Animal Health and Fertiliser industries. Mr Allison was the Managing Director of Makhteshim Agan Australasia Pty Ltd from 2005 to 2007 and Managing Director and Chief Executive Officer of Jeminex Limited from 2007 to 2008. Mr Allison is a resident of New South Wales.

Mr Malcolm Geoffrey Jackman BSc BCom FAICD – Age 61 – Executive Director of the Board since October 2008. He is the Chief Executive and Managing Director of the Elders Group. Prior to joining the Company Mr Jackman was Chief Executive Officer and Managing Director of Coates Hire Limited, an ASX 200 company, from 2003 until its sale in January 2008. Prior to Coates, Mr Jackman was Chief Executive Officer of Manpower Australia/New Zealand from 1996 until 2003. Mr Jackman was also a non-executive director of Rubicor Group Ltd from 2005 until 2008. Prior to entering commerce Malcolm served as an Officer in the Royal New Zealand Navy. He is currently the Chairman and director of SubZero Group Limited. Mr Jackman is a resident of New South Wales.

Mr James Hutchison (Hutch) Ranck, BS Econ, FAICD – Age 65 – Non-executive director of the Board since June 2008. He is Chairman of the Occupational Health and Safety Committee and a member of the Nomination and Prudential Committee, Remuneration and Human Resources Committee, and Audit, Risk and Compliance Committee. Mr Ranck had a long and distinguished career with DuPont where he held senior management positions in Australia and overseas in finance, chemicals, pharmaceuticals and agricultural products. He retired as Managing Director of DuPont Australia & New Zealand and Group Managing Director for DuPont operations in ASEAN on 31 May 2010. He is currently a director of the CSIRO and Iluka Resources Limited. Mr Ranck is a resident of New South Wales.

Ms Josephine Mary Rozman, BEc, CA, FAICD – Age 54 – Non-executive director of the Board since November 2011. She is Chairman of the Audit, Risk and Compliance Committee and a member of the Occupational Health and Safety Committee, the Nomination and Prudential Committee and the Remuneration and Human Resources Committee. Ms Rozman has over 20 years sales, marketing, management and CEO experience across a diverse range of industries globally including working in the USA and Asia. After working for PriceWaterhouse in Sydney and San Francisco, she worked in the successful establishment of several businesses in the USA including a wine import and distribution company and a biotechnology company servicing the beverage and food industries. She has previously worked as Asia Pacific Marketing Director for a multinational FMCG company, as Financial Controller of a commodity trading company and CEO of a Victorian wine company. She is a Chartered Accountant, holding a Bachelor of Economics from the University of Sydney, and a graduate of the Australian Institute of Company Directors. She is currently a director of Wine Australia Corporation where she chairs both the Audit and Finance Committee and the Wine Sector Intelligence Advisory Committee. Ms Rozman is a resident of New South Wales.

Company Secretary

Mr Peter Gordon Hastings BA LLB GDLP – Mr Hastings was appointed Company Secretary in February 2010. He held the position of Group Solicitor with the Elders Group between 1995 and 1999 and again between 2003 and 2010, and has held the position of General Counsel since February 2010.

Corporate Governance Statement

This corporate governance statement summarises the key elements of the Company's governance framework and practices.

We are dedicated to maintaining a high standard of effective corporate governance. We recognise that quality governance, through its key principles of fairness, accountability, responsibility, and transparency, is vital for the long term performance and sustainability of the Company. The Board and management regularly review the Company's governance arrangements to ensure they are compliant with legislative standards and commonly adopted industry practice. In this statement, we specify some of our key governance policies and practices that enable the Board, executive management, and the organisation to discharge their duties that serve to protect the best interests of the Company's shareholders, customers, business partners and other stakeholders.

In FY13, the Company has complied with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (ASX Recommendations). A table comparing the Company's governance practices with the ASX Recommendations appears on the Company's website (www.elderslimited.com). Additional information complementing the governance arrangements summarised in this report, including copies of the Board and Board Committee Charters and key policies, can also be found in the corporate governance section of our website.

1. Board Structure and Operation

Relevant policies and charters:
– Board Charter
– Company Constitution
– Prudential Criteria
– Director Independence Policy
– Board Performance Assessment
– Director Induction and Ongoing Education

The Board

The Board is ultimately responsible for the governance of the Company. The key responsibilities of the Board include:

- provide input into, and adopt, the strategic plan and budget of the Company as prepared by management;
- monitor performance against the business plan and budget;
- approve and monitor the progress of all material acquisitions, divestments, contracts and capital expenditure;
- approve debt or equity raisings by the Company;
- oversee the audit, compliance and financial and operational risk management functions of the Company;
- oversee the Company's financial reporting and communication to the Company's shareholders and the investment community and shareholder-relations generally;
- appoint and remove the CEO and determine that person's remuneration (including termination benefits);
- review the performance of the Board as a whole and of individual directors; and
- monitor and assess the performance of the CEO and the Company's senior executive team.

The Board has adopted a Board Charter that, in addition to the above main responsibilities, defines those duties reserved for the Board and its Committees and those that are delegated to the Chief Executive Officer (CEO).

The Board delegates responsibility for the day-to-day operation and administration of the Company to the CEO, Mr Malcolm Jackman. The Board monitors the CEO's performance on an ongoing basis through regular management reporting and through the reporting of the various Board Committees. The Company has in place comprehensive delegations of authority under which the CEO and executive management operate. The Board regularly reviews the obligations set out in the Board Charter and the delegations of authority.

The Chairman

The Board Charter prescribes that the Chairman of the Board should be an independent director and details his responsibilities. Mark Allison was elected Chairman on 27 June 2013 upon the retirement of John Ballard. Mr Allison is a non-executive and has been determined by the Board to be independent.

The Chairman's role includes:

- providing effective leadership to the Board in all Board matters;
- publicly representing the Board's views to stakeholders;
- promoting effective relations between the Board and management;
- leading the process of review of the performance of the Board, Committees and individual directors;
- guiding the setting of agenda items and conduct of Board and shareholder meetings; and
- overseeing succession of non-executive directors and the CEO.

Board Composition

The composition of the Board is determined by the Company's Constitution and by Board policy, which includes the following requirements:

- the number of directors may not be less than 3 and not more than 12;
- the majority of directors must be independent non-executive directors;
- the Chairman should be an independent director; and
- the Board be comprised of directors who are financially literate and who together have an appropriate mix and depth of skills, experience and knowledge.

There are currently four directors on the Board, comprising three non-executive directors and the CEO. The qualifications, experience, special responsibilities and period of office of each director can be found on page 20 of this report. John Ballard retired as a non-executive director and Chairman on 27 June 2013. Ian MacDonald retired as a non-executive director on 30 November 2012. There were no new directors appointed to the Board during financial year 2013.

Appointment of Directors and re-election

The composition of the Board is reviewed on an annual basis coinciding with the Annual General Meeting (AGM) cycle to ensure that the Board has the appropriate mix of expertise and experience.

At each AGM of the Company, one third of directors (other than the managing director and directors who have been appointed since the previous AGM) and any other director who will at the conclusion of the meeting have been in office for 3 or more years and AGMs since they were last elected to office are required to retire and may stand for re-election. The director obliged to retire under this rule in 2013 is Mr J Hutch Ranck who has advised the Chairman that he will offer himself for re-election at the forthcoming AGM. The resolution to re-elect Mr Ranck has the support of the Board.

When a vacancy exists, or when it is considered that the Board would benefit from the services of a new director with particular skills, the Nomination and Prudential Committee selects candidates with appropriate expertise and experience for consideration by the full Board. The Committee also takes into account the prudential criteria and may seek advice from external consultants if necessary in selecting candidates for board positions. The Board then appoints the most suitable candidate who must stand for election at the next general meeting of shareholders and re-election at three yearly intervals.

Formal letters of appointment setting out key terms and conditions of appointment are in place for all directors.

Fit and Proper Person Policy

The Company continues to adopt and comply with its fitness and propriety regime given its distribution arrangements with Rural Bank Limited (a prudentially regulated Authorised Deposit Taking Institution) and its several Australian Financial Services Licences, which ensures a robust selection process for directors generally consistent with the standards set by APRA. The criteria set down in the Company's Fit and Proper Policy are available on the Company's website at www.elderslimited.com.

The Company's Fit and Proper Person Policy and process provide the Company with assurance that existing and potential directors and persons appointed to senior executive positions within the Group are able to satisfy appropriate fitness and propriety standards that will enable them to discharge their governance responsibilities throughout the term of their appointment.

Director Induction and Training

All new directors are given a detailed briefing on key board issues, including appropriate background documentation coordinated by the Company Secretary and by the CEO on the nature of the Company's business and its key drivers.

Directors undertake training and development on an "as needs" basis. Directors are also regularly briefed on the Group's businesses and on industry, technical and legislative issues impacting the Group. Directors aim to have at least one meeting a year in conjunction with a tour of one of the Company's operations. At all other times, non-executive directors are encouraged to visit the Company's operations.

Director Independence

The Company has adopted an Independence Policy that is published on the Company's website. The Policy states that the majority of the Board must comprise independent directors.

In determining whether or not a director is to be considered independent, the Board will have regard to whether the director:

- is a substantial shareholder in the Company;
- within the last 3 years, has been an employee of the Company, a material adviser to the Company or a principal or employee of any material adviser to the Company;
- is a material supplier to, or a material customer of, the Company;
- is directly or indirectly associated with any of the above persons;
- is otherwise free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company; and
- is of independent character and judgment.

Materiality is assessed on a case-by-case basis, taking a qualitative approach rather than setting strict quantitative thresholds from the perspective of both the Company and the relevant director.

Each of the current non-executive directors is considered by the Board to be independent.

Access to Management and Independent Professional Advice

All directors have complete access to senior management through the Chairman, CEO and Company Secretary at all times and may seek information from the Company's External and Internal Auditors provided that all such enquiries are first advised to the Chairman and the CEO.

Directors may obtain independent, professional advice, at the Company's expense, on matters relevant to the Company's affairs to assist them in carrying out their duties as directors, subject to providing prior notice to the Chairman.

Board Performance Assessment

The Board reviews its own performance and that of its Committees on an ongoing basis. The Chairman also holds individual discussions with each director to discuss their performance on a needs basis. The non-executive directors are responsible for evaluating the performance of the CEO, who in turn evaluates the performance of all other senior executives. The evaluations are based on specific criteria, including the Company's business performance, whether long-term strategic objectives are being achieved and the attainment of individual performance objectives.

In FY13 the Board was subject to internal performance review.

The Board Charter prescribes that before a director is recommended for re-election, the Chairman consults with the other directors regarding the director's effectiveness. Based upon the outcome of these consultations, the Board then determines whether or not to recommend the director for re-election.

The Nomination and Prudential Committee assists in this review process.

Company Secretary

The Company Secretary is accountable to, and reports directly to, the Board (through the Chairman where appropriate) on all governance matters. All Directors have unfettered access to the Company Secretary.

The Board is supported in governance and administration matters by the Company Secretary.

Board meetings

During the financial year, Directors held 25 Board meetings. The attendance of Directors at Board meetings is set out in the table on page 24.

Where directors are unable to attend meetings either in person or by telephone (e.g. if they are overseas) the Chairman or the CEO endeavours to canvass their views on key matters prior to the meeting in order to represent their views at the meeting.

The CFO, the Group General Manager, Australian Network, Elders Rural Services, and Group General Manager Trading have a standing invitation to attend all Board meetings with relevant senior executives and management invited on occasion to give presentations and inform the Board of important issues and developments within their area of responsibility.

The Chairman sets the agenda for each meeting, in conjunction with the Company Secretary and CEO. All directors are welcome to suggest to the Chairman that particular items of business be included in the agenda. Standing items at all full scheduled Board meetings include Non-Executive Director only and Non-Executive Director and CEO only sessions. Papers are distributed to all Directors in advance of the meetings.

2. Board Committees

Relevant policies and charters:

– Nomination and Prudential Committee Charter

– Remuneration and Human Resources Committee Charter

– Audit, Risk and Compliance Committee Charter

– Occupational Health and Safety Committee Charter

Purpose

To increase the effectiveness of the Board's functioning and to allow the Board to spend additional and more focused time on specific issues, the Board has four principal standing committees, being the Nomination and Prudential Committee, the Remuneration and Human Resources Committee, the Audit, Risk and Compliance Committee and the Occupational Health and Safety Committee.

Membership and attendance

Each of the Board Committees, other than the Nomination and Prudential Committee (which includes the CEO as a member), is comprised solely of independent Non-Executive Directors. The CEO has a standing invitation to attend all Board Committee meetings – except where the relevant Committee is discussing the CEO's employment arrangements – and may participate in discussions on matters concerning the main Board but has no voting rights with respect to such matters. Other senior executives are regularly invited to attend Board Committee meetings where the Committee Chairman believes that person's attendance would be useful and relevant.

The members of each Board Committee during the financial year are set out below.

Committee membership

	Audit, Risk and Compliance Committee	Remuneration and Human Resources Committee	Nomination and Prudential Committee	OH&S Committee
M Allison	Member	Chairman	Chairman	Member
M Jackman[1]	-	-	Member	-
J H Ranck	Member	Member	Member	Chairman
J Rozman	Chairman	Member	Member	Member
J Ballard[2]	-	-	-	-
I MacDonald[3]	-	-	-	-

1 Non-voting on Board matters.

2 Mr Ballard retired during FY13. He was Chairman of the Nomination and Prudential Committee, and a member of the Remuneration and Human Resources Committee.

3 Mr MacDonald retired during FY13. He was Chairman of the Remuneration and Human Resources Committee and a member of the Nomination and Prudential Committee and the Audit, Risk and Compliance Committee.

Each Board Committee has a formal Charter which details the Committee's role and responsibilities.

The main responsibilities of each Board Committee are detailed further in this report, commencing on page 25.

Board Committee meetings

Board Committee meetings are held at scheduled intervals during the year, with additional meetings convened as required. The number of meetings and attendance at those meetings is set out below.

Following each Committee meeting, the Board receives a report from that Committee Chairman on its deliberations, conclusions and recommendations.

Minutes of each Board Committee meeting are included in the papers provided to the subsequent Board meeting.

Other ad hoc committees are convened as and when required to consider matters of special importance or to aid the efficient functioning of the Board.

Attendance at meetings by Directors

Attendance by directors at Board and Committee meetings held during FY13 is detailed below. Attendance in the table is only recorded where a director is a member.

	Board of Directors		Audit, Risk and Compliance Committee		Nomination and Prudential Committee[2]	
	Attended	No. of meetings held during relevant period	Attended	No. of meetings held during relevant period	Attended	No. of meetings held during relevant period
M Allison	25	25	7	7		
J H Ranck	25	25	7	7		
J Rozman	25	25	7	7		
M Jackman	24	25	-	-		
J Ballard[1]	16	16	-	-		
I MacDonald[1]	3	3	1	1		

	Remuneration and Human Resources Committee		OH&S Committee	
	Attended	No. of meetings held during relevant period	Attended	No. of meetings held during relevant period
M Allison	6	6	3	3
J H Ranck	6	6	3	3
J Rozman	6	6	3	3
M Jackman	-	-	-	-
J Ballard[1]	4	4	-	-
I MacDonald[1]	1	1	-	-

1 Messrs Ballard and MacDonald retired during FY13.

2 No meetings were held in FY13

Nomination and Prudential Committee

Objective

The Board's objective in relation to Board nomination and review is to ensure that:

- the Company has adopted selection, appointment and review practices that result in a board:
  - › with an effective composition, size, mix of skills and experience and commitment to adequately discharge its responsibilities and duties and add value to the Company and its shareholders;
  - › that has a proper understanding of, and competence to deal with, the current and emerging issues of the businesses of the Company; and
  - › that can effectively review and challenge the performance of management and exercise independent judgement.
- shareholders and other stakeholders understand and have confidence in the Company's selection, appointment and review practices.

Responsibilities

The Committee's principal responsibilities are to regularly review and make recommendations to the Board on:

- the necessary and desirable competencies of members of the Board of the Company and its committees;
- appropriate processes for the review of the performance of the Board of the Company and its committees;

- appropriate policies with respect to the maximum period of service and retirement age for directors;
- appropriate succession plans for directors and the CEO;
- the appropriate size of the Board so as to encourage efficient decision-making;
- recommendations for the appointment (including re-appointment in the case of directors retiring by rotation) and removal of directors of the Company;
- the scope and content of letters of appointment of non-executive directors; skills development and continuing education programs for directors of the Company; and
- appropriate induction procedures designed to allow new directors to participate fully and actively in board decision-making at the earliest opportunity and the effectiveness of those procedures.

Remuneration and Human Resources Committee

Objective

The Board's objective is to ensure that the Company has adopted remuneration and human resources policies that meet the needs of the Company and encourage a performance oriented culture.

A summary of the Company's remuneration policies and practices is set out in the Remuneration Report on pages 37 to 44.

The CEO has a standing invitation to attend Committee meetings but must leave the meeting during those periods in which consideration is being given to his employment arrangements.

The Company notes that the composition of the Remuneration and Human Resources Committee meets the requirements of Recommendation 8.2 of the amended 2nd edition of the ASX Recommendations.

Role

The objectives of the Committee are to:

- ensure the appropriate policies and procedures are in place to assess the remuneration levels of the CEO, executive management, the Company's employees generally and the Board;
- ensure the appropriate policies and procedures are in place to attract and retain the Chairman, Non-Executive Directors, Executive Directors, CEO and executive management;
- ensure the Company (which includes all subsidiaries and, as appropriate, associated companies) adopts, monitors and applies appropriate remuneration policies and procedures that align with the creation of shareholder value;
- engage and motivate directors and senior executives to pursue the long-term growth and success of the Company;
- ensure a clear relationship between business performance and the key performance indicators and remuneration of the CEO and executive management;
- align executive incentive awards with the creation of shareholder value;
- ensure that the Company's human resources strategy, policies and procedures are appropriate to the Company's needs and clearly designed and executed; and
- to achieve diversity in the Company's workplaces and on the Board and to achieve equal treatment of employees and Directors regardless of sex, race, age, disability, religion, sexual orientation or family responsibilities.

The Committee meets its objectives by reviewing and making recommendations to the Board on:

- appropriate policies for compensation arrangements for the CEO, executive management, the Company's employees generally and the Board itself;
- the remuneration package for the CEO;
- KPIs relevant to the remuneration of the CEO and the performance of the CEO against those KPIs;
- the CEO's recommendations with respect to the remuneration of executive management;
- the CEO's plans for the remuneration of employees in general;
- the annual remuneration review applying generally across the Company;
- the competitiveness and appropriateness of the Company's remuneration policies and practices;
- remuneration of Company employees by gender;
- human resources policies and procedures to ensure alignment between remuneration and shareholder value creation;
- remuneration of directors;
- employee share, option and rights schemes and other performance incentive programs;
- recruitment, retention, retirement and termination policies and benefits;
- Company superannuation arrangements;
- human resources strategy, policies and procedures (but not occupational health and safety);

- employment contracts for all directors, the CEO and those executive management contracts which are outside normal parameters;
- organisational development, including training and education;
- succession planning for executive management;
- policies regarding diversity, including measurable objectives for achieving diversity;
- policies regarding equal treatment of employees;
- policies regarding workplace behaviour expected of employees; and
- disclosures in the Company's annual report on remuneration matters.

Key Activities During the Year

The Committee oversaw the following significant activities during the reporting period:

- performance against measurable diversity objectives; and
- ongoing review of the remuneration arrangements, policy and structure for the Group.

Audit, Risk and Compliance Committee

Objective

The Board is concerned to ensure the integrity of the Company's financial reporting, its management of risk and its regulatory and policy compliance. The Audit, Risk and Compliance Committee assists the Board in achieving this objective.

At least one member of the Committee is required by the Committee Charter to be a qualified accountant or other financial professional with experience of accounting and financial matters. Ms J Rozman is highly qualified in accounting and financial matters having both domestic and international experience as a chartered accountant and is currently Chairman of the Audit and Finance Committee at Wine Australia Corporation.

Details of the members' qualifications can be found on page 20 of this report.

The CEO, Chief Financial Officer and the Head of Risk and Compliance all have standing invitations to attend (and are expected to attend) meetings of the Committee. In addition, the audit engagement partner from the Company's auditors also has a standing invitation to attend the meetings of the Committee.

Responsibilities

The Audit, Risk and Compliance Committee assists the Board to meet its oversight responsibilities in relation to:

- the Company's financial statements and financial reporting;
- the Company's financial risk management processes, accounting and control systems;
- the Company's internal and external audit arrangements;
- the Company's compliance with legal, regulatory and internal policy requirements; and
- the Company's risk management programmes.

The Committee does this by discharging its responsibilities set out in its charter, namely:

- monitoring the effectiveness of the Company's financial reporting and internal control policies and its procedures for the identification, assessment, reporting and management of financial risks;
- approving the appointment of the head of internal audit;
- approving the terms of reference of the internal audit department, requiring advice of the planned programme of audits and the reason for any change or delay in the programme;
- reviewing the management of financial matters and the freedom allowed to the internal auditors;
- reviewing reports on the Company from the internal auditors;
- considering and making recommendations to the Board about the appointment and retirement of the Company's external auditors, and ensuring that the audit partner from the firm providing audit services is rotated from time to time in accordance with all applicable regulation and Company policy;
- meeting with the external auditors (including in the absence of management);
- reviewing any auditor's letters addressed to management and management's responses;
- approving the scope of the audit, the terms of the annual audit engagement letter and audit fees;
- monitoring the independence, objectivity and performance of the External Auditors;
- monitoring the nature and quantum of non-audit services provided by the External Auditor, including the amount of fees paid for such services;
- reviewing any recommendations made by the External Auditor;
- co-ordinating internal and External Auditors and reviewing and approving any integrated audit plans;
- monitoring the consistency and application of accounting policies;
- reviewing the Company's statutory half and full year financial statements;
- monitoring the effectiveness of the Company's compliance programme;
- reviewing specific policies, systems and processes for addressing compliance with applicable laws and Company policy;
- reviewing the Company's material corporate governance policies including the Delegations of Authority and the Financial Risk Management Policy;
- receiving reports from management regarding compliance with laws;
- receiving recommendations from management on compliance policies, systems and processes relating to significant legal, compliance or regulatory matters;
- overseeing the Company's process for dealing with the reporting of unacceptable conduct;
- overseeing the Company's policies, processes and frameworks for identifying, analysing and addressing complaints and reviewing material complaints;
- assessing the adequacy of the Company's internal risk control systems;
- reviewing and approving the Company's Risk Management Framework, including risk appetite, and processes for identifying and monitoring significant areas of risk for the Company;

- reviewing and assessing management information systems and internal control systems;
- regularly reviewing the Company's risk profile; and
- reviewing the corporate insurance program and risk coverage.

Key Activities During the Year

The Committee oversaw the following significant activities during the reporting period:

- review of the statutory and periodic financial statements of the Company; and
- ongoing monitoring of significant risks and the Group's compliance framework and oversight of the internal audit function in light of the changing business mix of the Group.

Occupational Health and Safety Committee

The Board is committed to the Company's vision that nothing is so important it cannot be done safely. The Occupational Health and Safety Committee (OH&S Committee) exists to assist the Board in meeting this vision.

Role

The Committee's objectives are to:

- ensure the appropriate policies and procedures are in place to assist the Company to meet its statutory obligations and the Board's commitment to health and safety;
- ensure appropriate policies, procedures and systems are in place to effectively manage, measure and improve OH&S activities; and
- oversee the provision by management of a healthy and safe working environment and culture for all employees, contractors, clients and other visitors to the Company's work premises.

The Committee meets its objectives by discharging the responsibilities set out in its charter, namely reviewing and making recommendations to the Board on:

- the plans and targets for OH&S management;
- cultural initiatives designed to build and foster OH&S leadership and demonstration of appropriate OH&S behaviours consistently at all levels;
- Company performance in relation to OH&S matters;
- the adequacy, integrity and effectiveness of management processes and procedures used to manage OH&S as well as the performance of the Company's OH&S function and management;
- the adequacy, integrity and effectiveness of Company management's processes for ensuring and monitoring compliance with OH&S statutory and reporting obligations;
- the internal process for determining and managing key OH&S risk areas, particularly compliance with laws, regulations, standards and best practice guidelines;
- the impact of changes and emerging issues in OH&S legislation, community expectations, research findings and technology;
- reports by Company management on OH&S performance and issues including reports on material OH&S issues associated with the Company's operations; and
- OH&S issues associated with the operations on Company controlled sites (including, if feasible, visits to those sites).

Key Activities During the Year

The Committee oversaw the following significant activities during the reporting period:

- development and implementation of Safety Strategy FY14
- analysis of the Company's obligations under harmonised OH&S laws; and
- continued focus on high risk activities undertaken throughout the Group.

3. External Audit Independence Policy

Relevant policies and charters:
– Non-Audit Services Policy

The Company has in place a policy that:

- details the Group's position in respect of the key issues which may impair, or appear to impair, external audit independence;
- details the internal procedures implemented to ensure the independence of auditors; and
- establishes a framework that enables the Audit, Risk and Compliance Committee to evaluate compliance with the policy and report to the Board on compliance.

The key principles of the policy are:

- An auditor is not independent if:
  - › an employment relationship exists or could be deemed to exist, between the Company and the auditor, its officers or former officers, employees or former employees or certain relatives;
  - › a financial relationship exits between the auditor and the Company; and
  - › specific non-audit services (including information technology and human resources services) are provided to the Company by the auditor.
- In relation to the provision of other non-audit services the following guidelines must be followed:
  - › management must consider the actual, perceived and potential impact upon the independence of external audit prior to engaging external audit to undertake any non-audit service;
  - › the outsourcing of any internal audit project to the external auditors or the undertaking of any joint internal/external audit review will require prior Audit, Risk and Compliance Committee approval;
  - › the Audit, Risk and Compliance Committee must consider whether the provision of such non-audit services is compatible with maintaining the external auditor's independence, by obtaining assurance and confirmation that the additional services provided by the external auditor are not in conflict with the audit process. In order to assist with this assessment, management will provide the Audit, Risk and Compliance Committee with details of the amount of non-audit services undertaken by the external auditors as a proportion of all audit and non-audit engagements entered into by the Group for the period; and
  - › as a general rule, the Company does not utilise external auditors for internal audit purposes or consulting matters, other than services which are in the nature of audit, such as review of tax compliance and acting as independent accountants in connection with prospectuses.

The Audit, Risk and Compliance Committee is responsible for ongoing review of the External Audit Independence Policy and reports to the Board on the continuing suitability of the policy and recommended changes to the existing policy as and when required.

4. Risk Management

Relevant policies and charters:
– Risk Management Policy and Framework
– Group Risk Committee Charter
– Financial Risk Management Policy
– Tax Risk Management Policy

The Board reviews its Risk Management Policy and Framework annually to assist the Company in achieving its risk management objectives. These include ensuring the Group's assets are protected against financial loss, business risks are identified and properly managed, legal and regulatory obligations are satisfied, and business risks are appropriately monitored by the Board.

Under the Risk Management Policy the Board is responsible for oversight of the risk management process and framework. Senior executive management has primary responsibility for identification and management of material risks within the Group's businesses and is accountable to the Board for designing, implementing and monitoring the process of risk management and integrating it into the day to day activities of the Group's businesses. Business Unit Managers are responsible for monitoring and managing key business risks for their respective businesses. All personnel are responsible for managing risks in their areas.

The Audit, Risk and Compliance Committee is responsible for assessing the effectiveness of internal processes for determining and managing key risks and compliance obligations while the OH&S Committee is responsible for assessing the effectiveness of internal process for determining and managing key OH&S risks.

Group Risk Committee

The Group Risk Committee (GRC) meets quarterly and assists the Audit, Risk and Compliance Committee and the Board in the application of the Company's Risk Management Policy and monitoring of compliance with the Policy.

Membership

The GRC comprises the CEO, the Company's senior executives, Company Secretary and senior risk personnel. Specialist support to the committee is provided by internal experts as required, including the General Counsel and General Manager Credit.

The GRC reports to the Board through the Audit, Risk and Compliance Committee. Minutes of each GRC meeting are also included in the papers to the Audit, Risk and Compliance Committee.

Responsibilities

The Committee operates under the Risk Management Policy and is responsible for:

- oversight of the risk management process;
- reviewing and monitoring the Company's risk profile;
- considering and where appropriate making recommendations to the Board with respect to risk appetite, risk framework and policy;
- establishing, approving and reviewing corporate risk management strategy in line with the Risk Management Policy;
- reviewing and monitoring adherence to the Company's risk management framework;
- receiving, considering and endorsing business trading charters for submission to the Company's Board for approval;
- reviewing credit committee functions of Elders and its subsidiaries;
- monitoring the risk management activities of business divisions and subsidiaries through receipt and consideration of risk reports from the Company;
- overseeing compliance by the Company with applicable regulatory obligations and significant related internal policies;
- providing regular advice to the Audit, Risk and Compliance Committee about GRC activities and making appropriate recommendations;
- approving the corporate insurance program; and
- providing an escalation point for identification of matters (material business risks) to be drawn to the attention of the CEO, Board Audit, Risk and Compliance Committee or Board.

During 2013 the GRC reviewed the Group's top 20 material business risks and reported to the Audit, Risk and Compliance Committee and the Board on the effectiveness of the Company's management of those material business risks.

Management Certificates

In connection with the financial reports of the Company for the financial year ended 30 September 2013, the Board received from the CEO and the CFO a certificate stating that:

- the declaration provided under section 295A of the Corporations Act is based on a sound system of risk management and internal control; and
- that the system is operating effectively in all material respects in relation to financial reporting risks.

Financial Risk Management Policy

The Company has a formal Financial Risk Management Policy for management of liquidity and funding, commodity, currency, interest rate and basis risks.

The primary objective of this Policy is to manage the risk of financial loss to Elders measured in terms of impact on earnings arising from unfavourable movements in the financial and commodity markets.

The Board is provided with regular reports on compliance with the Policy, including on an immediate basis in the case of material breaches.

5. Conduct and Ethics

Relevant policies:
– Code of Conduct
– Securities Dealing Policy
– External Disclosure and Market Communications Policy
– Fraud Policy
– Whistleblower Policy
– Diversity Policy
– Discrimination, Bullying and Harassment Policy
– Workplace Health & Safety Policy

Copies of each of these documents may be found on the Company's website, www.elderslimited.com

Code of Conduct

The Board has adopted a code of conduct that details standards for acceptable practices by Elders and Elders People, and the behaviour and responsibilities expected of them.

The Code exists to ensure that all Elders People act in the best interests of Elders, manage any potential conflicting interests, act in the best interests of their customers and colleagues (absent any conflict with their duties to Elders), ensure all business is undertaken safely, fairly, honestly, and ethically, maintain confidentiality, comply with company policy and behave in accordance with the underpinning values of Elders.

The Board is committed to promoting conduct and behaviour that is honest, fair, legal and ethical and respects the rights of the Company's shareholders and other stakeholders, including clients and customers, suppliers, creditors and employees.

The Board has also adopted a Whistleblower Policy to encourage and facilitate disclosure of unacceptable conduct, including fraud or illegal activity, occurring in the Company. The Policy and the associated reporting process address the issues associated with alleged improper conduct including reporting, responsibility, confidentiality and effective investigation.

Securities Dealing Policy

The Board encourages non-executive directors and employees to own the Company's securities to further align their interests with the interests of other shareholders. Details of directors' shareholdings in the Company can be found on page 47 of this Report.

The Company's Securities Dealing Policy prescribes trading windows during which directors and employees may trade in the Company's securities. Trading windows run for 6 weeks from announcement of the Company's full year results and half year results and 6 weeks from the Company's AGM.

Directors or staff must not deal in the Company's securities during any periods other than a trading window or at any time when that staff member or director is in possession of unpublished information that, if generally available, might materially affect the price of the Company's securities. Prior to dealing in a window, a director or senior executive must seek clearance from the Company Secretary, or if the Company Secretary wishes to trade, the Chairman.

The Securities Dealing Policy also prohibits contractors from trading in the Company's securities if they are in possession of price-sensitive information.

Continuous Disclosure and Communication with Shareholders

The Board is committed to timely disclosure of information and communicating effectively with its shareholders. The External Disclosure and Market Communications Policy is designed to implement effective communication strategies to enable timely disclosure of both market sensitive information and other information enabling both shareholders and prospective new investors to make informed investment decisions. The policy includes processes to ensure that Directors and management are aware of, and fulfil, their obligations.

The Company communicates with its shareholders and the investment markets through a number of channels, including the ASX announcements platform and its website. The website in particular is useful in assisting shareholders to easily access information relating to:

- briefings on Company developments and events;
- information released to the ASX by way of an announcement;
- historical market announcements, annual reports and briefings of half and full year results for a limited number of years; and
- electing to receive ASX and media announcements electronically as they are posted on the Company's website.

Further engagement with the investment community occurs by way of:

- interaction by senior management with members of the investment community and financial and business media through a variety of forums including results briefings, 'one on one' meetings and discussions; and
- provision of background and technical information to institutional investors, market analysts and the financial and business media to support announcements made to the ASX and announcements made about the Company's on-going business activities.

Each of the above means of engagement takes place in the context of the Company's External Disclosure and Market Communications Policy described below.

External Disclosure and Market Communications Policy

Under this Policy the Company has instituted (and monitors) procedures designed to ensure:

- the Company's compliance with continuous disclosure obligations contained in applicable ASX Listing Rules and the *Corporations Act 2001*. Procedures followed to achieve this include the maintenance of a Disclosure Committee comprised of senior management to consider disclosure issues (where circumstances permit, in conjunction with the Chairman of the Board), the communication of disclosure requirements and procedures to senior management together with procedures to facilitate the timely flow of relevant information to the Disclosure Committee;

- the timely release and dissemination of information (within the requirements of continuous disclosure obligations) necessary for the formation of an informed and balanced view of the Company;
- information disclosed in investor or media briefings is not "market sensitive". If market sensitive information is inadvertently disclosed during a briefing it will immediately be released to the market at large through the ASX; and
- that stakeholders have equal opportunity, subject to reasonable means, to access information issued externally by the Company. This is addressed through a broad range of media including the Company's website, audio, audio-visual or slide webcasts of the Company's AGM and full year and half year results briefings (which are announced in advance to the market and also archived and available for viewing or listening on the Company's website).

Significant investor briefings (other than the AGM and the half and full year result briefings which are webcast and stored as video or audio on the Company's website) are generally held by recorded telephone conference which requires registration so that attendees' details can be recorded.

The Company generally allows investors to access the recorded facility by telephone for a short period after the event (usually 7 days) and thereafter to obtain a copy of the transcript or digital audio recording.

The Board is also concerned to ensure that share-holders participate effectively in general meetings and to this end:

- the Company has adopted in all substantial respects the ASX Corporate Governance Council guidelines for communication with shareholders and improving shareholder participation at general meetings; and
- it is a term of engagement of the Company's external auditors that they attend the Company's AGM and are available to answer questions about the conduct of the audit of the Company and the preparation and content of the auditor's report in respect of the relevant reporting period.

Diversity

Our Diversity Policy sets out the key elements of what makes a diverse organisation as well as the values and benefits that stem from incorporating diversity into business practices. The Board endorsed measurable diversity objectives in FY12, and our progress in achieving them is detailed below.

Emphasis continues to be on building the pipeline of female managers in the 'manager' and 'middle manager' categories, which is where the greatest opportunity for improvement lies.

Objective 2:
Strengthen the talent pipeline by increasing women's participation in development and mentoring programs and target 50/50 gender balance in the trainee intake.

In 2013 Elders continued its successful Agricultural Traineeship program, with a further 28 participants, of whom 32% were female.

Recruitment of women to trainee roles will remain a focus in the coming year with the aim of 50/50 gender balance in future intakes.

Objective 3:
Maintain the number of female non-executive Board directors at a minimum 25% through to 2016.

The current non-executive board composition is 2 males (67%) and one female (33%) following an overall reduction in the number of board members in 2013.

Discrimination, Bullying and Harassment

Elders is committed to providing an environment that is free from discrimination, harassment, workplace bullying and victimisation and will not tolerate such behaviour under any circumstance. This commitment extends to a workplace that promotes equal opportunity and fair treatment of staff, contractors, visitors and customers.

The policy defines procedures for investigating and dealing with complaints, including the use of impartial contact officers to receive and advise on complaints.

Occupational Health and Safety

Elders maintains a workplace health and safety management system, inclusive of corporate standards, policies and procedures. This system reflects the requirements of workplace health and safety legislation and is monitored and evaluated to ensure its integrity and effectiveness.

We strongly believe that nothing done in the course of employment is so important that it cannot be done safely. The Board and officers of Elders are committed to running an integrated workplace health and management system based on best practice and continuous improvement to provide a safe and healthy environment for employees, contractors, clients and visitors.

Objective 1:
Increase the representation of women in management positions as follows:

	Actual Sept 12[1]	Actual Sept 13	FY14 Target	FY15 Target	FY16 Target
Senior Executives	9%	14%	11%	14%	15%
Senior Managers	15%	25%	15%	15%	17%
Middle Managers	7%	9%	10%	12%	15%
Managers	7%	10%	12%	13%	15%

1 Actual September 12 numbers include Futuris Automotive.

Directors' Report

The directors present their report for the year ended 30 September 2013.

Directors and Company Secretary

Current Directors

The directors of the Company in office during the financial year and until the date of this report were:

Non-Executive Directors:

Mark Charles Allison
(elected Chairman on 27 June 2013)

James Hutchison Ranck

Josephine Mary Rozman

Executive Director:

Malcolm Geoffrey Jackman
(Chief Executive Officer and Managing Director)

Ceased Directors:

The following Non-Executive directors ceased to be a director during the financial year:

John Charles Ballard, Chairman and director since 20 September 2010, retired on 27 June 2013.

Ian Graham MacDonald, a director since 28 November 2006, retired on 30 November 2012.

Company Secretary:

Peter Gordon Hastings

A summary of the experience, qualifications and special responsibilities of each Director and the Company Secretary is provided on page 20 of this annual report.

Principal Activities

The principal activities of the Elders Group during the year were:

(a) the provision of services and inputs to the rural sector;
(b) the provision of financial and real estate services to rural and regional customers;
(c) real estate franchisor;
(d) trading operations, principally in live cattle and wool;
(e) feedlotting of cattle; and
(f) manufacture and supply of automotive components.

On 31 July 2013 the Company sold its automotive components business to Clearlake Capital Group.

Results and Review of Operations

The Group recorded a loss for the year, after tax and non-controlling interest, of $505.2m (2012: loss of $60.6m). A review of the operations and results of the consolidated entity and its principal businesses during the year is contained in pages 13 to 19 of this report.

Significant Changes in the State of Affairs

There were a number of significant changes in the state of affairs of the consolidated entity during the year which are referred to on pages 13 to 19 of this report.

Events Subsequent to Balance Date

On or about 25 October 2013 members of the Group entered into agreements with major landlords in the Esperance region which have leased land to members of the Group in connection with the Group's Forestry business, including the Agricultural Land Trust (ALT). If implemented, those agreements will result in members of the Group being released from significant ongoing forestry lease liabilities in consideration for members of the Group transferring land, paying surrender fees, agreeing to cancellation of ALT units and forgiving debt owed by ALT to Elders. This financial report assumes that these transactions will be implemented. At the signing date of this report, the transactions remain subject to certain conditions precedent, including ALT unit holder consent, which may or may not be satisfied.

There is no other matter or circumstance that has arisen since 30 September 2013 which is not otherwise dealt with in this report or in the consolidated financial statements, that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial periods.

Likely Developments and Future Results

Discussion of likely developments in the operations of the consolidated entity and the expected results for those operations in future financial years is included in the information on page 18 of this report. Further information about the likely developments in the operations of the consolidated entity and the expected results for those operations in subsequent financial years has not been included in this report because, in the opinion of the directors, their inclusion would prejudice the interests of the consolidated entity.

Share and Other Equity Issues During the Year

- No employee options were exercised during the year.
- A total of 6,414,849 fully paid ordinary shares were issued under the Company's Employee Retention Plan during the year. The shares are restricted from trading until after 31 July 2014. They rank equally with other ordinary shares in all other respects.
- No ordinary shares were issued to any other person during the year.

Dividends and Other Equity Distributions

As announced by the Company to the ASX on 30 November 2012, the Company's finance facilities do not allow the payment of dividends or hybrid distributions until the repayment of all syndicated debt. Accordingly, no dividends or hybrid distributions were declared or paid during the 12 months to 30 September 2013.

Share Options

1) Options on Issue:

All remaining options that were on issue at the end of the previous financial year have lapsed. Details are set out below in item 4.

2) Options issued since the end of the previous financial year

No options have been issued since the end of the previous financial year.

3) Options exercised since the end of the previous financial year

No options have been exercised since the end of the previous financial year.

4) Options lapsed since the end of the previous financial year

Date Options Granted	Number of Lapsed Options	Issue Price	Option Expiry Date
01/07/2003	100,000	$13.70	01/07/2013
Total	**100,000**		

Directors' Interests

At the date of this report, the relevant interests of the directors in shares and other equity securities of the Group are:

	No. of ordinary shares	No. of hybrids	No. of performance rights
Non-Executive Directors			
M C Allison	100,000	-	-
J H Ranck	430,000	-	-
J M Rozman	20,000	-	-
Executive Directors			
M G Jackman	221,755	1,000	1,706,270

At the date of this report, there are no options on issue to directors.

Directors' Meetings

Details of the number of meetings held by the Board of Directors and Board committees and the attendance at those meetings is provided in the Corporate Governance section of this report on page 24.

Indemnification of Officers and Auditors

Insurance arrangements established in previous years concerning officers of the consolidated entity were renewed during the period.

The consolidated entity paid an insurance premium in respect of a contract insuring each of the directors of the Company named earlier in this report and each full time executive officer, director and secretary of Australian Group entities against all liabilities and expenses arising as a result of work performed in their respective capacities, to the extent permitted by law. The terms of the policy prohibit the disclosure of the premiums paid.

Each director and other officer has entered into a Deed of Access, Insurance and Indemnity which provides:

- that the Company will maintain an insurance policy insuring the officer against any liability incurred by the officer in the officer's capacity as an officer of the Company to the maximum extent allowed by law;
- for indemnity against liability as an officer, except to the extent of indemnity under the insurance policy or where prohibited by law; and
- for access to company documents and records, subject to undertakings as to confidentiality.

The consolidated entity has provided a limited indemnity to its auditor, Ernst & Young, for loss suffered by Ernst & Young from claims by a third party related to the audit service provided by Ernst & Young, excluding losses resulting from the proven negligent, wrongful or wilful acts or omissions of Ernst & Young.

Remuneration of Directors and Senior Executives

Details of the remuneration arrangements in place for directors and senior executives of the Group are set out in the Remuneration Report commencing on page 35. In compiling this report the Group has met the disclosure requirements prescribed in the Australian Accounting Standards and the *Corporations Act 2001*.

Environmental Performance Regulation

The Elders Group is subject to a range of environmental legislation in the places that it operates. Detail of the Group's environmental regulation performance follows.

Feedlots

Elders' feedlots, Charlton (Victoria) and Killara (New South Wales), are subject to local and state government environmental and animal welfare legislation. Operations at both feedlots are subject to quality assurance under the National Feedlot Accreditation Scheme (NFAS). The NFAS is independently administered and audited annually by Aus-Meat. In addition, the operations are conducted under the provisions of the Australian Model Code of Practice for the Welfare of Animals – Cattle (2004).

No breaches of any relevant Act, code of practice or accreditation scheme under which Killara or Charlton feedlots are approved and operate were reported during the year ended 30 September 2013 or to the date of this Report.

Saleyards

State, territory and local government regulations apply to saleyards owned and/or operated by Elders, in particular, in relation to effluent run-off, dust and noise. These regulations vary from state to state and generally only apply to saleyards above a prescribed size.

No breaches of these environmental regulations were reported during the year ended 30 September 2013 or to the date of this Report.

Farm supplies

The majority of Elders' farm supplies operations are accredited under the Agsafe co-regulatory accreditation program. The program provides accreditation for premises and training and accreditation for individuals in the safe transport, handling and storage of agricultural and veterinary chemicals. Elders' farm supplies operations are subject to state environmental regulations governing the storage, handling and transportation of dangerous goods such as agricultural and veterinary chemicals and fertilisers.

The regulatory environment for the transporting, handling, storage, sale and use of dangerous goods and chemicals is complex and subject to the legislation and regulatory oversight separately applied in each state or territory. Agsafe provides assistance through the provision of accredited training and safety programs. No material incidents were reported in relation to the handling and storage of dangerous goods during the year or to the date of this Report.

The Environment Protection Authority (EPA) actively assists organisations and also investigates matters relating to environmental issues and on occasions contacts Elders.

Three minor incidents occurred in the year to 30 September 2013. Smithton (Tas) suffered a minor insecticide spill which was reported to the EPA and resolved. Koo Wee Rup (Vic) was investigated for the release of storm water from holding ponds but was advised by the EPA that the activity was appropriate in the conditions. Barmera (SA) was contacted by the EPA in connection with water overflow which was resolved by the installation of additional rainwater tanks and additional bunding.

Live Export

Elders is engaged in the export of cattle to international markets, namely the supply of 'feeder' stock for slaughter in Indonesia and 'long-haul' live export of dairy and breeding cattle to markets seeking to supplement their local herd. All live export operations are subject to Australian Government regulation and standards including the Australian Standards on the Export of Livestock (ASEL version 2.3) which provides comprehensive and detailed standards on the sourcing, preparation, management and transportation of livestock through the supply chain to the point of disembarkation.

Elders' livestock export operations are also subject to the Exporter Supply Chain Assurance System (ESCAS) which requires exporters to demonstrate they have control of and traceability throughout the supply chain to the point of slaughter in the destination country.

No breaches of regulatory or legislative requirements were recorded by Elders' live export operations in the year to 30 September 2013 or to the date of this report.

Rounding of Amounts

The parent entity is a Group of the kind specified in Australian Securities and Investments Commission class order 98/0100. In accordance with that class order, amounts in the financial report and Directors' report have been rounded to the nearest thousand dollars unless specifically stated to be otherwise.

Non-Audit Services

Non-audit services provided by the Group's auditor, Ernst & Young to the Group during the course of the financial year are disclosed below. Based on advice received from the Audit, Risk and Compliance Committee the Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed under the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit, Risk and Compliance Committee to ensure they do not impact on the impartiality or objectivity of the auditor; and
- the nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Ernst & Young received or are due to receive the following amounts for the provision of non-audit services:

Tax services (primarily compliance)	$361,413
Other compliance and assurance services	$657,356

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out below.

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

M C Allison
Chairman
18 November 2013

M G Jackman
Director

Auditor's Independence Declaration to the Directors of Elders Limited

In relation to our audit of the financial report of Elders Limited for the financial period ended 30 September 2013, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Mark Phelps
Partner
Adelaide
18 November 2013

Elders Limited
Remuneration Report 2013

The Directors of Elders Limited present the Remuneration Report for the consolidated entity for the year ended 30 September 2013. The information provided in this report has been audited, unless otherwise indicated, as required by the *Corporations Act 2001 (Cth)* and forms part of the Directors' Report.

Chief Executive Officer and Senior Executive remuneration outcomes for 2013

Figure 1 below sets out certain items of remuneration paid or payable to the Group's Chief Executive Officer (CEO) and Senior Executives in respect of the 2013 financial year. The information in Figure 1 is unaudited and is different from and additional to that required by Accounting Standards and statutory requirements.

Table 6 on page 46 provides the audited remuneration disclosures as required under Accounting Standards and statutory requirements. Elders however believes that the information provided in Figure 1 is useful to investors, and is consistent with the Productivity Commission's recommendation in its Report on Executive Remuneration in Australia.

Figure 1 includes information on base salary, STI, superannuation, other monetary benefits, other non-monetary benefits and termination benefits identical to that contained in Table 6, but omits the information on the issue of shares, share rights and options and long-term payments contained in Table 6. Additionally, Figure 1 provides information on LTIs based on rights vesting or options exercised during the financial year, which is not provided in Table 6.

Figure 1. Remuneration outcomes for 2013 (unaudited and non-IFRS)

	Base Salary	STI[2]	LTI[3]	Superannuation	Other (monetary)	Other (non-monetary)[5]	Termination benefits[6]	Total
Malcolm Jackman	1,146,536	0	0	16,796	0	2,640	0	1,165,972
Hamish Browning[1]	42,031	0	25,484	2,437	0	362	0	70,314
Tony Dage[1]	572,061	0	106,866	16,796	0	1,927	669,456	1,367,106
Richard Davey[1]	237,127	0	0	11,306	100,000[8]	1,760	0	350,193
Mark De Wit[1]	610,964	0	353,419[7]	23,467	0	0	0	987,850
David Goodfellow	615,511	23,500	0	16,796	30,000[4]	0	0	685,807
Mark Hosking[1]	227,366	0	182,563	5,490	0	880	715,000	1,131,299

1 Figures relate to part-year service (see Section 1 below).

2 STI that will be paid for performance in the 2013 financial year.

3 Value of any performance or service rights that vested during the 2013 financial year based on the closing share price on the date of vesting. Service rights held by Hamish Browning, Tony Dage and Mark Hosking vested on 1 August 2013 the closing share price on this date was $0.088.

4 Travel allowance.

5 Provision of leased car parking.

6 These benefits comply with Part 2D.2 of the *Corporations Act 2001 (Cth)*.

7 Payment made under the Futuris Automotive Incentive Plan (see page 45).

8 Completion bonus paid upon finalisation of extension and renewal of the Group's finance facilities on 23 September 2013.

Section 1. Key Management Personnel

The disclosure in this Remuneration Report relates to the remuneration of Key Management Personnel (KMP) of both the Company and the consolidated entity (being those persons with authority and responsibility for planning, directing and controlling the activities of the Company during the financial year).

Key Management Personnel for the purposes of this report include the following persons who were Non-executive Directors and Senior Executives during the financial year:

Name	Position held	Period held in 2013 (if not full year)
Non-executive Directors		
M C Allison	Chairman	Non-executive Director from 1 October 2012 to 26 June 2013 Chairman from 27 June 2013
J C Ballard	Chairman	1 October 2012 to 27 June 2013
I G MacDonald	Director	1 October 2012 to 30 November 2012
J H Ranck	Director	
J M Rozman	Director	
Executive Director and Senior Executives		
M G Jackman	Chief Executive and Managing Director	
H S Browning[1]	General Manager Trading	From 12 August 2013
A T Dage	Group General Manager Trading	1 October 2012 to 9 August 2013
R I Davey	Chief Financial Officer	From 1 February 2013
M G De Wit	Managing Director Futuris Automotive	1 October 2012 to 30 August 2013
D W Goodfellow	Group General Manager Australian Network	
M G Hosking	Chief Financial Officer	1 October 2012 to 31 January 2013

1 H S Browning resignation effective 27 December 2013

Section 2. Remuneration governance and strategy

A. Role of Remuneration and Human Resources Committee

The Remuneration and Human Resources Committee assists the Board in ensuring that the Company establishes and maintains remuneration strategies and policies aligned with the Company's overall objectives and in accordance with the practice set out in the ASX Corporate Governance Council Principles and Recommendations. The role and responsibilities of the Remuneration and Human Resources Committee are set out in the Corporate Governance Statement on page 25 of this Annual Report and the Committee's Charter is published on the Company's website at www.elderslimited.com.

The Committee is entirely comprised of Non-executive Directors.

B. Independent remuneration advice

The Remuneration and Human Resources Committee is briefed by management, but makes all decisions free of the influence of management. To assist in its decision-making, the Committee may, from time to time, seek independent advice from remuneration consultants, and in so doing will directly engage with the consultant without management involvement.

In the year ending 30 September 2013, the Committee did not seek or receive remuneration recommendations from any external party, and consequently no fees were paid during the year for such advice.

C. Group remuneration strategy

The Elders Group remuneration strategy seeks to encourage a performance-orientated culture that will:

- provide competitive reward opportunities to attract and retain high calibre executives and to motivate them to pursue sustainable long-term growth and success for the Company, its employees and shareholders;
- align the rewards and interests of Directors and Senior Executives with the long-term growth and success of the Group within an appropriate control framework;
- demonstrate a clear relationship between Senior Executive performance and remuneration; and
- be consistent and responsive to the needs of each operating business and the Group as a whole.

Section 3. Non-executive Director remuneration

A. Board policy

Non-executive Directors are remunerated by way of fees in the form of cash and superannuation, and generally in accordance with Recommendation 8.2 of the ASX Corporate Governance Council Principles and Recommendations.

Executive Directors do not receive director's fees.

Non-executive Directors do not participate in the Company's cash or equity incentive plans and do not receive retirement benefits other than superannuation contributions disclosed in this report.

Non-executive Directors have formal letters of appointment with the Company. Length of tenure is governed by the Company's Constitution and the ASX Limited Listing Rules, which provides that all Non-executive Directors are subject to re-election by shareholders in the manner set out in the Corporate Governance Statement on pages 22 and 23 of this Annual Report.

Non-executive Director fees are reviewed by the Board on an annual basis, taking into consideration the accountability and time commitment of each director, supported, where appropriate and necessary, by advice from external remuneration consultants.

The Board encourages Elders Non-executive Directors to own securities in the Group to further align their interests with the interests of other shareholders. Details of Non-executive Directors' shareholdings in the Group can be found in Table 7a(i) of this Report. All shares held by Non-executive Directors were acquired on market.

B. Non-executive Director remuneration in 2013

Total fees for the financial year ended 30 September 2013 remain well within the aggregate fee limit of $1,800,000 per annum approved by shareholders at the Company's 2006 Annual General Meeting. Statutory superannuation guarantee contributions are included in the aggregate fee limit.

Each Non-executive Director was entitled to an annual base fee of $100,000, except the Chairman who was entitled to an annual composite base fee of $300,000.

During the financial year ended 30 September 2013, as compensation for time spent on committee business, the following fees applied:

- Each member of the Audit, Risk and Compliance Committee was entitled to $16,000 per annum; except for the Committee Chair who was entitled to $30,000 per annum to reflect the significant workload associated with this position.
- Each member of the Occupational Health and Safety Committee was entitled to $10,000 per annum.
- Each member of the Remuneration and Human Resources Committee was entitled to $10,000 per annum.

Actual Committee fees paid are provided as "Board Committee Fees" in Table 3 below.

Table 3: Non-executive Director remuneration details

		Short Term Payments			Post Employment		Total
		Base Board Fee	Board Committee Fees	Subsidiary Fees and Other Fees	Superannuation	Other	
M C Allison	**2013**	**151,667**	**25,071**	**0**	**13,477**	**0**	**190,215**
	2012	**100,000**	12,028	0	10,083	0	122,111
J C Ballard	**2013**	**225,000**	**0**	**0**	**12,421**	**0**	**237,421**
	2012	**300,000**	0	0	15,949	0	315,949
A Buduls	**2013**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**
	2012	**71,410**	7,141	0	7,070	0	85,621
R G Grigg	**2013**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**
	2012	**83,333**	21,667	20,833	11,325	0	137,158
I G MacDonald	**2013**	**16,667**	**4,333**	**-**	**1,890**	**0**	**22,890**
	2012	**100,000**	26,000	10,192	12,449	0	148,641
J H Ranck	**2013**	**100,000**	**33,394**	**0**	**12,090**	**0**	**145,484**
	2012	**100,000**	20,000	0	10,800	0	130,800
J M Rozman	**2013**	**100,000**	**48,371**	**0**	**13,447**	**0**	**161,818**
	2012	**88,077**	24,675	0	10,148	0	122,900
R H Wylie	**2013**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**
	2012	**87,500**	26,250	0	10,725	0	124,475
Total	**2013**	**593,334**	**111,169**	**0**	**53,325**	**0**	**757,828**
	2012	**930,320**	137,761	31,025	88,549	0	1,187,655

Section 4. Executive Director and Senior Executive remuneration

A. Board policy

The Board seeks to align employee remuneration with the commercial needs and performance of each operating business and the objectives of the consolidated entity as a whole.

The Board has delegated oversight of the Company's remuneration policies and practices to the Remuneration and Human Resources Committee. Remuneration polices and practices are benchmarked to the market by independent external consultants to ensure that remuneration for executives meets a range of criteria, including:

- that executives are appropriately rewarded having regard to their roles and responsibilities;
- an appropriate balance between fixed and at-risk remuneration components is maintained; and in relation to the at-risk component, that there is an appropriate balance between short and long-term incentives;
- that performance measures reflect long-term drivers of shareholder value;
- paying for performance, where superior or upper quartile remuneration is only paid for demonstrable superior performance; and
- that remuneration is competitive when compared to both internal and external relativities.

On an annual basis the Board reviews and approves the performance and remuneration plans and outcomes for the CEO on the recommendation of the Chairman and the Remuneration and Human Resources Committee. The plans and outcomes for the CEO's direct reports are reviewed and approved annually by the Committee on the recommendation of the CEO, and the CEO approves the plans and outcomes for positions reporting to his direct reports. The Committee reviews the key elements of Senior Executive employment contracts as well as the CEO's recommendations for equity incentives to Senior Executives and other senior managers in the Company. The Committee also reviews major remuneration policies and programs applying to the wider group.

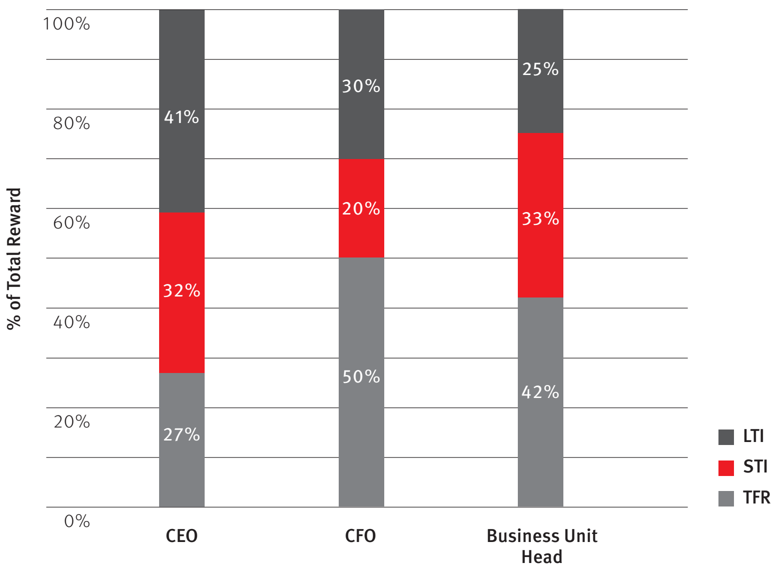
B. Remuneration structure

The remuneration structure has been designed to support the Board's remuneration policy. Executive remuneration is made up of three elements:

- Total Fixed Remuneration (TFR);
- Short-term incentives (STI); and
- Long-term incentives (LTI).

A description of each component is set out below. Remuneration packages are structured to ensure a portion of an executive's reward depends on meeting individual, business unit or group targets and objectives, including maximising returns for shareholders.

Remuneration structure



The above assumes the at-risk remuneration components are at their maximum, and represents the Company's intended policy in respect of remuneration structure. In the 2013 financial year, however, no awards under any of the Company's long-term incentive programs were made (see section E5(a)). Hence the actual remuneration structure for 2013 was as follows:

	TFR	STI	LTI
CEO	45%	55%	0%
CFO (R I Davey)	71%	29%	0%
CFO (M G Hosking)	50%	50%	0%
Business Unit Head (D W Goodfellow, A T Dage, M G De Wit)	56%	44%	0%
Business Unit Head (H S Browning)	62%	38%	0%

C. Total Fixed Remuneration

Total Fixed Remuneration (TFR) is made up of base salary, superannuation and any other benefits (including Fringe Benefits Tax) that the executive has nominated to receive as part of his or her package. These benefits may include motor vehicle leases, car parking and any additional superannuation contributions beyond the statutory maximum.

The level of TFR is set by reference to market activity for like positions and is determined by the level of knowledge required to perform the position, the problem solving complexities of the position, level of autonomy to make decisions and the particular capabilities, talents and experience the individual brings to the position.

TFR is reviewed annually and is adjusted according to market relativity, company performance and the executive's performance over the previous year, as assessed through the Company's Performance Development Program (PDP). The PDP assesses employee performance against a number of agreed key performance indicators[1].

1 Key performance indicators include measures for cash management, sales, people management, safety and demonstration of Company values.

D. Short-term incentive

All executives participate in either an Elders' Group or a business unit Short-term Incentive (STI) plan. The key features of the STI plans applying to KMP during the year are set out in the table below:

	Plan			
	Corporate	**Australian Network**	**Trading**	**Futuris Automotive**
KMP participants and maximum STI opportunity as % of TFR	M G Jackman (120%) R I Davey (40%) M G Hosking (80%)	D W Goodfellow (80%)	A T Dage (80%) H S Browning (60%)	M G De Wit (80%)
Performance measure(s)	Underlying profit Return on Funds Employed Net debt/EBITDA Gross Margin	CODI (Total Contribution[1] /Debtors + Inventory) Direct Contribution[2]	EBT	EBIT Operating cash flow
Summary	The Company's performance against the above measures generates an STI pool which is distributed among participants according to their performance against individual Key Performance Indicators (KPI)[3].	If a branch meets its CODI and/or Direct Contribution targets, a percentage of the branch's Direct Contribution is set aside for national network management. The sum of all these amounts generated by individual branches forms the national network management pool, which is distributed to participants according to their performance against individual KPIs[3].	A percentage of any overperformance against the Trading business's budgeted EBT is set aside to form an STI pool which is distributed among participants according to performance against individual KPIs[3]. (Note: H S Browning's STI 2013 arrangements were in respect of his capacity as General Manager Live Export, the role he held for most of the year. The structure of his STI was the same as that described above, but applying to the Live Export division instead of the whole of Trading.)	An STI pool is generated when Futuris Automotive meets at least 90% of its EBIT budget. The pool is distributed among participants according to EBIT, cash, safety and personal KPIs[3].
Exercise of discretion	The CEO, in conjunction with the Chairman, may recommend discretionary bonus payments to executives (except himself) for approval by the Remuneration and Human Resources Committee.			
Service condition	Any STI payable to executives who become eligible to participate in STI during the course of the year, either through joining the Group or being promoted within the Group, will be pro-rated accordingly.			
Payment	Payments are made in cash which participants may elect to sacrifice to acquire the Company's shares via the Deferred Employee Share Plan.			

1 Total Contribution = Direct Earnings + Indirect Earnings – Direct Costs – Net Interest

2 Direct Contribution = Direct Earnings + Indirect Earnings – Direct Costs

3 Key performance indicators include measures for cash management, sales, people management, safety and demonstration of Company values.

STI outcomes for 2013

All STI payments for 2013 performance were according to plan.

Of the KMP participating in the business unit STI plans in 2013:

- D W Goodfellow received an STI payment of 4% of maximum for the Australian Network business unit's performance;
- A T Dage, H S Browning and M G De Wit did not receive an STI payment.

The STI outcome was nil for KMP who participated in the Corporate STI plan in 2013.

E. Long-term incentive

The Company has a number of Long-term Incentive (LTI) and equity participation plans in place. These plans are summarised below.

E1. Current Equity Schemes

Name of Plan	Description	Eligibility Criteria	Number of participants as at 30 September 2012	Number of participants as at 30 September 2013	Number of shares / options / rights outstanding as at 30 September 2012	Number of shares / options / rights outstanding as at 30 September 2013
Elders Long Term Incentive Rights Plan (ELTIRP)	Rights to Elders shares are granted to selected eligible executives at the 10-day Volume Weighted Average Price (VWAP) subject to a minimum of 12 months' service and performance conditions (see below) determined by the Board at the time of grant. This plan replaced the EESOP and the ELSP described below.	CEO	1	1	2,284,822	1,706,270
		Senior Executives by invitation.	19	12	7,409,031	3,111,412

E2. Discontinued Equity Schemes in which one or more past or present KMP participates

Name of Plan	Description	Eligibility Criteria	Number of participants as at 30 September 2012	Number of participants as at 30 September 2013	Number of shares / options / rights outstanding as at 30 September 2012	Number of shares / options / rights outstanding as at 30 September 2013
Elders Employee Share Option Plan (EESOP)	EESOP is an employee option scheme. Options to acquire Elders shares were granted to selected eligible executives at market (or premium) price, subject to a minimum of three years' service.	By invitation. The EESOP was suspended in 2009 and will be discontinued once all options lapse.	2	0	115,000	0
Elders Loan Share Plan (ELSP)	The ELSP was designed to provide an equity participation opportunity for all selected eligible group employees. Shares were provided and paid for by way of a non-recourse, interest-free loan. Dividends are used to repay the loan. Shares vest three years after issue. There are no performance conditions once issued. No shares were issued under the ELSP during the financial year.	By invitation. The ELSP was suspended in 2009 and will be discontinued.	1,262	986	791,535	630,394
Elders 'Save as You Earn' Plan (SAYE)	The SAYE plan is a deferred benefit employee share scheme, designed to enable employees to sacrifice remuneration on a pre-tax basis and receive Elders shares in lieu. Elders makes no contribution to this plan other than funding the costs of administration. No shares were issued under the SAYE Plan during the financial year.	All permanent employees. Operation of the SAYE plan was suspended in February 2009.	46	24	19,308	9,821

E3. Current equity saving schemes in which one or more KMP participates

Name of Plan	Description	Eligibility Criteria	Number of participants as at 30 September 2012	Number of participants as at 30 September 2013	Number of shares / options / rights outstanding as at 30 September 2012	Number of shares / options / rights outstanding as at 30 September 2013
Deferred Employee Share Plan (DESP)	This plan enables participants to salary sacrifice remuneration to acquire restricted shares.	All permanent employees.	57	48	332,844	1,082,410

E4. Retention schemes

Name of Plan	Description	Eligibility Criteria	Number of participants as at 30 September 2012	Number of participants as at 30 September 2013	Number of shares / options / rights or dollar amount outstanding as at 30 September 2012	Number of shares / options / rights or dollar amount outstanding as at 30 September 2013
Retention Plan (general)	To retain the services of key employees during the period of Company "turn-around". This scheme provides for the issue of service rights to selected executives in three tranches in August 2010, August 2011 and August 2012, for vesting on 1 August 2013. Shares will issue on the vesting date assuming continued employment (or earlier termination of employment for a reason other than resignation or dismissal for poor performance or misconduct) and may vest earlier in the case of takeover.	By invitation.	13	Nil	6,572,589	Nil Note: 6,414,849 shares have been issued against all service rights under the plan and are currently subject to a trading restriction until 1 August 2014.
Retention Plan (Forestry Scheme 2)	Retention cash incentives for key Forestry employees who remain employed at 15 October 2012 or who cease employment before that date for a reason other than resignation or dismissal for poor performance or misconduct.	By invitation.	9	Nil	$473,747	Nil

E5. Discussion of long-term incentive plans

(a) General

The ELTIRP is the Company's principal long-term incentive plan. The ELTIRP is based on the performance rights scheme for the CEO approved by shareholders at the AGM of the Company on 18 December 2009.

A number of Senior Executives (including all KMP) have a contractual right to participate in ELTIRP up to certain percentages of TFR (which differ by employee). However, notwithstanding the right to participate in the ELTIRP, all awards remain at the Board's discretion. During the 2013 financial year, no award under the ELTIRP was made due to poor business results and uncertainty caused by the Rural Services and Futuris Automotive sale processes.

(b) Dealing in securities

Further, KMP are not permitted to deal in the Company's securities without prior permission from the Company and only during trading windows and are required to disclose all dealings on an annual basis. The measures are designed principally to manage insider trading risk, but also go some way to aligning the interests of KMP with the Company's security holders generally.

(c) Performance Hurdles

The Company has adopted a relative Total Shareholder Return (TSR) performance hurdle to align the interests of the CEO and senior management with those of shareholders. This performance measure was selected following consultation with external remuneration experts as being the most appropriate and widely used measure of shareholder value.

Summaries of LTIP grants are provided below.

Issue Date	Number of performance rights granted	Denominator	Hurdle description
CEO grants			
10 November 2009	856,808	$1.776	Pursuant to the approval granted by the Shareholders at the 2009 AGM, the CEO was granted performance rights issuing as at 10 November 2009, as at 10 November 2010 and on or about 10 November 2011. Each performance right, which is issued at no cost to Mr. Jackman, will, if it vests, constitute the right to acquire 1 ordinary share in the Company. The issue as at 10 November 2009 resulted in 856,808 performance rights being issued. These rights will be tested as set out below. **Tranche 1 (2009 Allocation)** TSR performance is measured over the two years from 10 November 2009 to 10 November 2011. This tranche has been tested and resulted in nil vesting. **Tranche 2 (2009 Allocation)** TSR performance is measured over the three years from 10 November 2009 to 10 November 2012. This tranche has been tested (see below). **Tranche 3 (2009 Allocation)** TSR performance is measured over the four years from 10 November 2009 to 10 November 2013. The vesting of these performance rights depend on the Company's Total Shareholder Return (TSR) performance relative to the ASX/S&P 200 Accumulation Index, as determined by the following schedule: **Relative TSR** — **% of Tranche that vests** Below 50th percentile — Nil At 50th percentile — 50% 50th to 74th percentile — Pro-rata 75th percentile and above — 100%
10 November 2010	878,852	$1.776	These rights will be tested as set out below. **Tranche 1 (2010 Allocation)** TSR performance is measured over the two years from 10 November 2010 to 10 November 2012. This tranche has been tested (see below). **Tranche 2 (2010 Allocation)** TSR performance is measured over the three years from 10 November 2010 to 10 November 2013. **Tranche 3 (2010 Allocation)** TSR performance is measured over the four years from 10 November 2010 to 10 November 2014. These performance rights vest according to the same schedule applying to the 2009 allocation.
10 November 2011	834,765	$1.776	These rights will be tested as set out below: **Tranche 1 (2011 Allocation)** TSR performance is measured over the two years from 10 November 2011 to 10 November 2013. **Tranche 2 (2011 Allocation)** TSR performance is measured over the three years from 10 November 2011 to 10 November 2014. **Tranche 3 (2011 Allocation)** TSR performance is measured over the four years from 10 November 2011 to 10 November 2015. These performance rights will vest according to the same schedule applying to the 2009 and 2010 allocations.

(c) Performance Hurdles (continued)

Issue Date	Number of performance rights granted	Denominator	Hurdle description
Senior Executive grants			
10 November 2010	5,546,587	$0.646	Performance rights granted to Senior Executives as at 10 November 2010 operate the same way as the CEO's 2010 Allocation.
10 November 2011	4,525,000	$0.269	Performance rights granted to Senior Executives as at 10 November 2011 operate the same way as the CEO's 2011 Allocation.

Performance testing of Tranche 2 of CEO's 2009 Allocation, Tranche 1 of CEO's 2010 Allocation and Tranche 1 of 2010 Senior Executive grant

Following completion of their measurement periods, Tranche 2 of the CEO's 2009 Allocation, Tranche 1 of the CEO's 2010 Allocation, and Tranche 1 of the 2010 Senior Executive grant were tested against their performance hurdles, resulting in nil vesting and lapsing of 1,970,004 performance rights valued at $305,351 (number of rights multiplied by closing share price of $0.155 as at 12 November 2012).

E6. Relationship between Elders' financial performance and executive reward

(a) Short-term incentive

STI payments are awarded to executives on achievement of a range of financial and non-financial performance targets. The following table shows the Company's performance in relation to a number of financial and operational performance measures over a five-year period.

Performance measure ($ millions)	2013	2012	2011	2010	2009 (to 30/9/09)	2009 (to 30/6/09)
Sales revenue	1,657.1	2,157.9	2,358.7	2,154.4	3,540.1	2,902.0
Underlying EBIT	(42.0)	38.8	33.7	34.0	40.3	16.8
Statutory profit	(505.3)	(60.6)	(395.3)	(217.6)	(466.4)	(415.4)
Cashflow from operating activities	(81.6)	2.5	(23.8)	(110.5)	(523.3)	(370.8)

Details of KMP STI outcomes for 2013 are provided on page 41.

(b) Long-term incentive

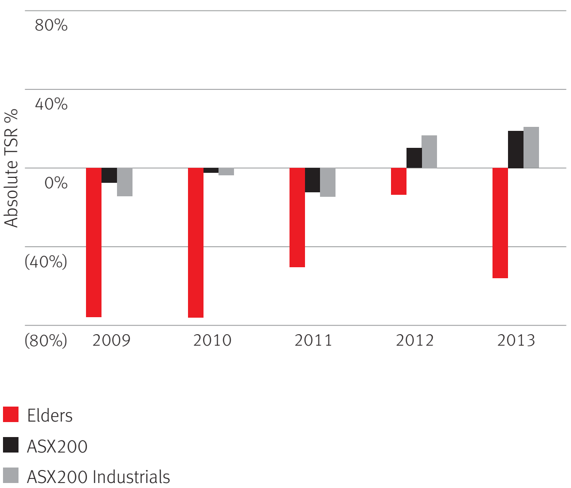
LTIs only vest when the Company achieves superior returns for shareholders as measured by relative TSR.

Relative Total Shareholder Return (TSR)

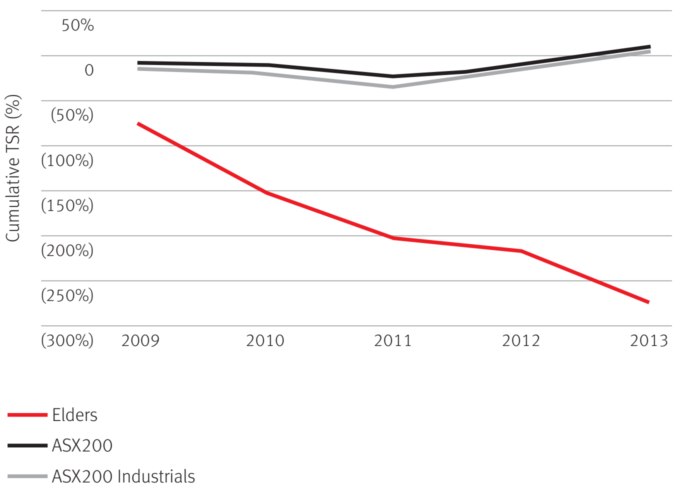
Elders' TSR has underperformed the ASX/S&P 200 Accumulation Index (All and Industrials) over the 2013 financial year and on a cumulative basis over the period from 2009 to 2013.

Elders' relative TSR performance against these two comparator groups is as follows:

Absolute TSR %



Cumulative TSR %



Source: Capital IQ, Bloomberg

Note: TSR was calculated for the following periods:

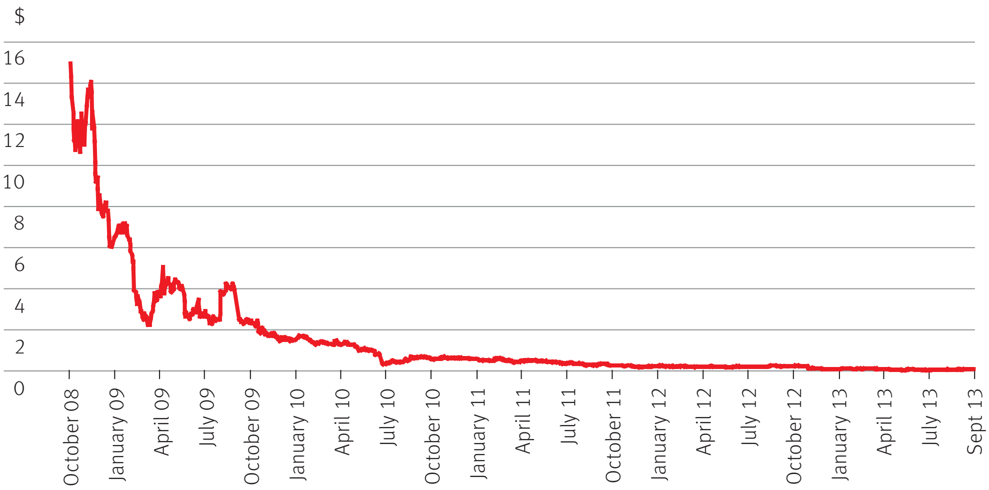
2009	1 July 2008 to 30 September 2009 (due to the change in Elders' financial year end in that year)
2010 onwards	1 October to 30 September

Factors contributing to the calculation of TSR include dividends and share price. The history of both for the last five years is set out below:

Dividend history

Dividend	2013	2013	2012	2012	2011	2011	2010	2010	2009	2009
Type	Ordinary - final	Ordinary - interim	Ordinary - final	Ordinary - interim	Ordinary - final	Ordinary - interim	Ordinary - final	Ordinary - interim	Ordinary - final	Ordinary - interim
Payment date	-	-	-	-	-	-	-	-	-	-
Amount per share	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Franking rate	-	-	-	-	-	-	-	-	-	-

Elders Share price history 2008-2013



Futuris Automotive Exit Incentive Plan

The Company had in place a cash-based long-term incentive plan for Futuris Automotive Interiors (FAI) to retain key employees critical to the sale of the business, as well as to provide an incentive for increasing the market value of the business over the period to 30 September 2013. The cash payments under this plan were initiated either at the end of the plan period or the sale of the business. Consequently, when the sale of FAI was finalised on 30 August 2013, cash payments to eight participants totaling $1,499,095 were triggered. This amount represents the minimum entitlement under the plan.

Section 5. Senior Executive contract terms

In 2013, the Company had employment agreements with the Senior Executives. The agreements are ongoing until terminated by either party.

In a Company-initiated termination:

- the Company is required to give the Senior Executive 12 months' notice, except for Messrs De Wit, Davey and Browning who are entitled to receive six months' notice;
- the Company may make a payment in lieu of notice equivalent to the remuneration the Senior Executive would have received over the notice period;
- for serious misconduct, the Company may terminate immediately whereupon no payment in lieu of notice or other termination payments are payable under the employment agreement;
- due to genuine redundancy, as defined by the Fair Work Act 2010, the Senior Executive is entitled to a retrenchment payment in accordance with Company policy. This payment is also subject to the rules and limitations specified in the *Corporations Act 2001* and Corporations Regulations;
- the Senior Executive may be entitled to a payment under a short-term or long-term incentive plan in accordance with plan rules.

If the Senior Executive initiates the termination, he is required to give the company six months' notice, except for Mr. Jackman (twelve months) and Messrs Davey and Browning (three months).

In the event of a Change of Control or Disposal of Business (i.e. a shareholder gains voting power greater than 50% or a sale of substantially all of the Company occurs) resulting in a material diminution in the roles and responsibility of the Senior Executive, the Senior Executive may terminate his contact on three months' notice. If the Senior Executive exercises that right of termination, the Company will pay the equivalent of 12 months' base salary.

Section 6. Senior Executive remuneration details

Table 6. Details of Executive Director and Senior Executive remuneration for the 2012 and 2013 financial years

		Short-term payments			Post employment	Share-based payments	Long-term payments					
		Base salary	STI	Other[2]	Super-annuation	Options	Share Rights	Long Service Leave	Other[3]	Termination benefits[4]	Total	% performance - related[6]
M G Jackman	**2013**	**1,146,536**	**0**	**2,640**	**16,796**	**0**	**43,475**	**41,120**	**0**	**0**	**1,250,567**	**3%**
	2012	1,129,609	0	2,520	15,949	0	65,017	22,975	0	0	1,236,070	5%
H S Browning	**2013[1]**	**42,031**	**0**	**362**	**2,437**	**0**	**73,830**	**7,729**	**0**	**0**	**126,389**	**58%**
	2012	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
A T Dage	**2013[1]**	**572,061**	**0**	**1,927**	**16,796**	**0**	**127,447**	**(4,827)**	**0**	**669,456**	**1,382,860**	**9%**
	2012	644,051	141,000	2,226	15,949	0	394,144	3,130	0	0	1,200,500	45%
R I Davey	**2013[1]**	**237,127**	**0**	**101,760**	**11,306**	**0**	**9,804**	**37,300**	**0**	**0**	**397,297**	**2%**
	2012	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	**n/a**	n/a	n/a
M G De Wit	**2013**	**610,964**	**0**	**0**	**23,467**	**0**	**0**	**22,458**	**115,038**	**0**	**771,927**	**0%**
	2012	644,344	0	0	25,360	0	0	26,764	238,381	0	934,849	0%
V Erasmus	**2013**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**
	2012[1]	367,078	0	327,013	11,831	0	0	(46,630)	0	376,910[5]	1,036,202	0%
D W Goodfellow	**2013**	**615,511**	**23,500**	**30,000**	**16,796**	**0**	**0**	**2,271**	**0**	**0**	**688,078**	**3%**
	2012[1]	417,768	44,000	22,055	12,005	0	0	0	0	0	495,828	9%
M G Hosking	**2013[1]**	**227,366**	**0**	**880**	**5,490**	**0**	**259,883**	**(16,714)**	**0**	**715,000**	**1,191,905**	**22%**
	2012	688,880	0	2,520	18,701	0	633,471	8,559	0	0	1,352,131	47%
S C Hughes	**2013**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**
	2012[1]	372,857	0	36,143	22,867	0	301,910	(11,744)	0	457,130	1,179,163	26%
S J D McClure	**2013**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**
	2012[1]	262,925	0	2,100	11,831	0	(137,752)	(28,865)	0	192,115	302,354	(46%)
Total	**2013**	**3,451,596**	**23,500**	**137,569**	**93,088**	**0**	**514,439**	**89,337**	**115,038**	**1,384,456**	**5,809,023**	
	2012	4,527,512	185,000	394,577	134,493	0	1,256,790	(25,811)	238,381	1,026,155	7,737,097	

1 Figures relate to part-year service (see Section 1).

2 Comprising the provision of leased car parking (Jackman, Browning, Dage, Davey, Erasmus, Goodfellow, Hosking, Hughes and McClure), retention payment (Erasmus), completion bonus (Davey), travel allowance (Goodfellow) and higher duties allowance (Hughes).

3 Expense relating to participation in the Futuris Automotive Exit Incentive Plan (see page 45).

4 These benefits, which comprise redundancy payments under the Company's redundancy policy and payments in lieu of notice, comply with Part 2D.2 of the *Corporations Act 2001 (Cth)*.

5 The combined termination benefits disclosed in the 2011 and 2012 financial years were paid as a lump sum to Mr. Erasmus on termination in May 2012.

6 Performance related remuneration consists of STI and Share Rights as a percentage of total remuneration. Share Rights includes Performance Rights disclosed in Table 7c(i) and Service Rights disclosed in Table 7c(ii).

Section 7. Equity instruments in relation to directors and executives

Table 7a(i). Non-executive Director share movements

		Shares held at start of year	Other shares acquired (disposed of) during the year	Other changes during the year	Balance of shares held at end of financial period	Balance of shares held at date of signing Remuneration Report (see Note)
M C Allison	**2013**	**100,000**	**0**	**0**	**100,000**	**100,000**
	2012	**0**	100,000	0	100,000	100,000
J C Ballard	**2013**	**1,000,000**	**0**	**0**	**1,000,000**	**1,000,000**
	2012	**250,000**	750,000	0	1,000,000	1,000,000
A Buduls	**2013**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**
	2012	**0**	0	0	0	0
R G Grigg	**2013**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**
	2012	**16,490**	45,200	0	61,690	61,690
I G MacDonald	**2013**	**52,668**	**0**	**0**	**52,668**	**52,668**
	2012	**52,668**	0	0	52,668	52,668
J H Ranck	**2013**	**430,000**	**0**	**0**	**430,000**	**430,000**
	2012	**128,334**	301,666	0	430,000	430,000
J M Rozman	**2013**	**20,000**	**0**	**0**	**20,000**	**20,000**
	2012	**0**	20,000	0	20,000	20,000
R H Wylie	**2013**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**
	2012	**6,000**	0	0	6,000	6,000
Total	**2013**	**1,602,668**	**0**	**0**	**1,602,688**	**1,602,688**
	2012	**453,492**	1,216,866	0	1,670,358	1,670,358

Note:

Cessation dates were used for Non-executive Directors who retired or resigned before the date the Remuneration Report was signed, as follows:

J C Ballard	27 June 2013
A Buduls	30 July 2012
R G Grigg	30 July 2012
I G MacDonald	30 November 2012
R H Wylie	15 August 2012

Table 7a(ii). Senior Executive share movements

		Shares held at start of year	Shares acquired during the year as part of remuneration	Shares acquired during the year through the vesting of LTIP	Other shares acquired (disposed of) during the year	Other changes during the year	Balance of shares held at end of financial period	Balance of shares held at date of signing Remuneration Report
M G Jackman	**2013**	**188,676**	**0**	**0**	**33,079**	**0**	**221,755**	**221,755**
	2012	83,834[1]	0	0	104,842	0	188,676	190,220
H S Browning	**2013**	**506,632**	**0**	**289,586**	**0**	**0**	**796,218**	**796,218**
	2012	n/a	n/a	n/a	n/a	n/a	n/a	n/a
A T Dage	**2013**	**90,000**	**0**	**1,214,391**	**0**	**0**	**1,304,391**	**1,304,391**
	2012	90,000	0	0	0	0	90,000	90,000
R I Davey	**2013**	**200,160**	**0**	**0**	**0**	**0**	**200,160**	**200,160**
	2012	n/a	n/a	n/a	n/a	n/a	n/a	n/a
M G De Wit	**2013**	**18,537**	**0**	**0**	**0**	**0**	**18,537**	**18,537**
	2012	18,537	0	0	0	0	18,537	18,537
V Erasmus	**2013**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**
	2012	1,998	0	0	0	0	1,998	1,998
D W Goodfellow	**2013**	**173,356**	**0**	**0**	**0**	**0**	**173,356**	**173,356**
	2012	173,356	0	0	0	0	173,356	173,356
M G Hosking	**2013**	**0**	**0**	**n/a**	**0**	**0**	**0**	**0**
	2012	0	0	0	0	0	0	0
S C Hughes	**2013**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**
	2012	17,087	0	0	0	0	17,087	17,087
S J D McClure	**2013**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**	**n/a**
	2012	7,697	0	0	0	0	7,697	7,697
Total	**2013**	**1,177,361**	**0**	**1,503,977**	**33,079**	**0**	**2,714,417**	**2,714,417**
	2012	392,509	0	0	104,842	0	497,351	498,895

1 This number of shares differs from the 2011 number as it only reflects the shares in which Mr. Jackman holds a relevant interest.

Notes:

- No shares were issued on exercise of options or performance rights during the 2013 financial year.
- Cessation dates were used for Senior Executives who ceased employment with Elders before the date the Remuneration Report was signed, as follows:

A T Dage	9 August 2013
V Erasmus	18 May 2012
M G Hosking	31 January 2013
S C Hughes	2 August 2012
S J D McClure	15 June 2012

Table 7b. CEO and Senior Executive LTI movements – EESOP

2013	Balance at beginning of period	Options granted	Options lapsed, surrendered or foregone to 30 September 2013	Balance at 30 September 2013	Exercisable
M G Jackman	0	0	0	0	0
H S Browning	0	0	0	0	0
A T Dage	0	0	0	0	0
R I Davey	0	0	0	0	0
M G De Wit	0	0	0	0	0
D W Goodfellow	0	0	0	0	0
M G Hosking	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**

2012	Balance at beginning of period	Options granted	Options lapsed, surrendered or foregone to 30 September 2012	Balance at 30 September 2012	Exercisable
M G Jackman	0	0	0	0	0
A T Dage	0	0	0	0	0
M G De Wit	30,000	0	(30,000)	0	0
V Erasmus	150,000	0	(150,000)	0	0
D W Goodfellow	0	0	0	0	0
M G Hosking	0	0	0	0	0
S C Hughes	15,000	0	(15,000)	0	0
S J D McClure	22,500	0	(22,500)	0	0
Total	**217,500**	**0**	**(217,500)**	**0**	**0**

Table 7c(i). Current long-term Incentive plan opportunities (by offer) – Performance Rights

2013	Granted Performance Rights (number)	Vested Performance Rights (number)	Grant date	Tranche(s)	Value per right at grant date ($)	Total value at grant date ($)	Vesting, last exercise and expiry date	Expensed at 30 September 2013 ($)	Performance Rights % of remuneration
M G Jackman	285,603	0	10 November 2009	3	0.12	34,130	10 November 2013		
	292,951	0	10 November 2009	2	0.12	33,836	10 November 2013		
	292,951	0	10 November 2009	3	0.12	35,008	10 November 2014	43,475	3%
	278,255	0	10 November 2009	1	0.11	30,052	10 November 2013		
	278,255	0	10 November 2009	2	0.12	32,138	10 November 2014		
	278,255	0	10 November 2009	3	0.12	33,251	10 November 2015		
H S Browning	200,000	0	23 December 2011	1,2,3	0.15 to 0.16	30,267	9 November 2013 to 9 November 2015	25,145	20%
	305,551	0	29 June 2011	2,3	0. 21 to 0.24	45,833	10 November 2013 to 10 November 2014		
A T Dage	600,000	0	23 December 2011	1,2,3	0.15 to 0.16	90,800	(see note)	(76,713)	0%
	603,482	0	29 June 2011	2,3	0.21 to 0.24	124,720			
R I Davey	75,000	0	23 December 2011	1,2,3	0.15 to 0.16	11,350	9 November 2013 to 9 November 2015	9,804	2%
	122,630	0	29 June 2011	2,3	0.21 to 0.24	18,395	10 November 2013 to 10 November 2014		
M G De Wit	0	0	0	0	0		0	0	0%
D W Goodfellow	0	0	0	0	0		0	0	0%
M G Hosking	700,000	0	23 December 2011	1,2,3	0.15 to 0.16	105,933	(see note)	(88,890)	0%
	696,325	0	29 June 2011	2,3	0.21 to 0.24	143,907			

Table 7c(i). Current long-term Incentive plan opportunities (by offer) – Performance Rights (continued)

2012	Granted Performance Rights (number)	Vested Performance Rights (number)	Grant date	Tranche(s)	Value per right at grant date ($)	Total value at grant date ($)	Vesting, last exercise and expiry date	Expensed at 30 September 2012 ($)	Performance Rights % of remuneration
M G Jackman	285,603	0	10 November 2009	2	0.12	32,987	10 November 2012		
	285,603	0	10 November 2009	3	0.12	34,130	10 November 2013		
	292,951	0	10 November 2009	1	0.11	31,639	10 November 2012		
	292,951	0	10 November 2009	2	0.12	33,836	10 November 2013	65,017	5%
	292,951	0	10 November 2009	3	0.12	35,008	10 November 2014		
	278,255	0	10 November 2009	1	0.11	30,052	10 November 2013		
	278,255	0	10 November 2009	2	0.12	32,138	10 November 2014		
	278,255	0	10 November 2009	3	0.12	33,251	10 November 2015		
A T Dage	600,000	0	23 December 2011	1,2,3	0.15 to 0.16	90,800	9 November 2013 to 9 November 2015	72,559	6%
	603,482	0	29 June 2011	1,2,3	0.17 to 0.24	124,720	10 November 2012 to 10 November 2014		
M G De Wit	0	0	0	0	0	0	0	0	0%
V Erasmus	0	0	0	0	0	0	0	0	0%
D W Goodfellow	0	0	0	0	0	0	0	0	0%
M G Hosking	700,000	0	23 December 2011	1,2,3	0.15 to 0.16	105,933	9 November 2013 to 9 November 2015	84,096	6%
	696,325	0	29 June 2011	1,2,3	0.17 to 0.24	143,907	10 November 2012 to 10 November 2014		
S C Hughes	450,000	0	23 December 2011	1,2,3	0.15 to 0.16	68,100	(see note)	(29,714)	0%
	467,559	0	29 June 2011	1,2,3	0.17 to 0.24	96,629			
S J D McClure	350,000	0	23 December 2011	1,2,3	0.15 to 0.16	52,967	(see note)	(22,421)	0%
	352,809	0	29 June 2011	1,2,3	0.17 to 0.24	72,914			

Notes:

- Details of the performance rights in Tranche 2 of the CEO's 2009 Allocation, Tranche 1 of the CEO's 2010 Allocation and Tranche 1 of the 2010 Senior Executive grant that lapsed are provided in Section 4.E5(c). No other performance rights lapsed and no performance rights were exercised during the 2013 financial year.
- All unvested Performance Rights held by Mr. Dage, Mr. Hosking, Mr Hughes and Mr McClure lapsed when they ceased employment with Elders.

Table 7c(ii). Current Long-term Incentive plan opportunities (by offer) – Service Rights

2013	Number granted	Number forfeited	Closing number	Number vested	Vesting and expiry date	Value at grant date ($ per right)	Expensed at 30 September 2013 ($)	Service Rights % of remuneration
H S Browning	0	0	0	289,586	1 August 2013	0.61	48,684	39%
A T Dage	0	0	0	1,214,391	1 August 2013	0.61	204,160	15%
M G Hosking	0	0	0	2,074,585	1 August 2013	0.61	348,773	29%
Total	**0**	**0**	**0**	**3,578,562**	-	-	**601,617**	

2012	Number granted	Number forfeited	Closing number	Number vested	Vesting and expiry date	Value at grant date ($ per right)	Expensed at 30 September 2012 ($)	Service Rights % of remuneration
A T Dage	325,314	0	1,214,391	0	1 August 2013	0.61	321,586	27%
M G Hosking	555,746	0	2,074,585	0	1 August 2013	0.61	549,375	41%
S C Hughes	205,199	0	766,001	0	1 August 2013	0.61	331,624	28%
S J D McClure	179,549	(670,251)	0	0	1 August 2013	0.61	(115,331)	(38%)
Total	**1,265,808**	**(670,251)**	**4,054,977**	**0**	-	-	**1,087,254**	

10 Year Summary Financial Results

$ million year ended unless otherwise indicated	Sept 2013	Sept 2012	Sept 2011	Sept 2010	June 2009	June 2008	June 2007	June 2006	June 2005	June 2004
Profitability										
Sales revenue	**1,962.7**	2,172.6	2,358.7	2,154.4	2,902.0	3,312.1	3,228.5	3,355.8	3,174.7	2,707.3
Total revenue	**1,983.4**	2,247.3	2,421.0	2,251.0	3,049.3	3,496.1	3,366.9	3,422.6	3,232.0	2,791.0
Reported EBIT* by Segment										
Rural Services	**(195.6)**	18.7	4.2	13.7	(221.4)	20.9	56.3	65.8	26.8	19.0
Financial Services	**-**	-	-	-	22.3	22.4	27.2	26.9	-	-
Forestry	**(17.2)**	(74.1)	(390.6)	(158.6)	(63.4)	61.4	61.6	39.9	32.2	10.9
Automotive	**(199.5)**	4.4	15.3	15.9	(59.8)	26.2	9.5	16.3	99.3	19.5
Property	**-**	-	-	-	-	-	30.4	16.3	(3.3)	7.5
Other	**(24.1)**	(30.7)	(17.9)	(50.8)	(61.7)	(36.9)	(16.2)	(8.4)	(11.8)	(5.0)
Total EBIT	**(436.5)**	(81.7)	(389.0)	(179.8)	(384.0)	94.0	168.8	156.8	143.2	51.9
Underlying** EBIT	**(42.0)**	38.8	32.4	2.6	16.8	171.7	169.4	157.1	131.3	96.1
Underlying** profit before tax	**(58.2)**	18.1	13.8	(13.7)	(35.0)	114.8	129.4	118.2	106.4	86.1
Tax (expense)/benefit	**(1.7)**	(1.7)	(1.6)	3.7	(6.2)	21.0	20.2	(21.4)	(47.9)	(12.2)
Abnormal & non-recurring items after tax	**(442.2)**	(73.8)	(404.4)	(202.5)	(388.5)	(47.8)	(1.0)	(0.9)	(13.2)	(44.2)
Non-controlling interests	**(3.1)**	(3.2)	(3.2)	(5.1)	(1.9)	9.6	(2.8)	(9.0)	(11.8)	(5.9)
Statutory profit	**(505.2)**	(60.6)	(395.4)	(217.6)	(415.4)	36.4	105.4	87.4	58.6	23.8
Underlying profit after tax	**(63.0)**	13.2	9.0	(15.1)	(26.9)	84.2	106.4	88.3	71.8	62.8
Cash flow from operating activities	**(81.5)**	2.5	(23.8)	(110.5)	(370.8)	(14.1)	85.0	127.4	(9.3)	121.1
Shareholders' equity	**46.2**	551.8	604.7	1,006.1	747.8	1,296.2	1,196.6	1,227.9	970.3	961.2
Share information^										
Dividend per share (cents)										
Interim	**-**	-	-	-	-	4.0	4.0	4.0	4.0	4.0
Final	**-**	-	-	-	-	5.5	5.5	5.0	5.0	4.0
Total	**-**	-	-	-	-	9.5	9.5	9.0	9.0	8.0
Dividend provided for or paid#	**-**	-	-	-	-	73.4	65.4	59.9	53.7	52.3
Hybrid distribution	**-**	-	-	-	8.2	8.9	8.9	1.8	-	-
Share price^ ($ per share)	**0.11**	0.25	0.29	0.39^	0.28^	1.10^	2.78^	2.10^	1.82^	1.58^
Market capitalisation^	**50.1**	112.1	130.1	175.0	233.5	858.4	2,045	1,514	1,207	1,041
Number of shareholders^	**31,854**	32,741	34,954	40,075	33,361	32,187	31,956	33,337	35,394	40,028
Ordinary shares on issue^	**455,013,329**	448,598,480	448,598,480	448,598,480	819,165,045	780,545,644	735,640,128	720,911,089	663,243,696	659,138,427
Share issues	**-**	-	-	Share placement Share purchase plan, 10:1 share consolidation	Dividend reinvestment plan, (fully underwritten)	Dividend reinvestment plan, (fully underwritten), conversion of options and convertible notes	Dividend reinvestment plan, conversion of options and convertible notes	Dividend reinvestment plan, conversion of options institutional placement	Dividend reinvestment plan, conversion of options	Dividend reinvestment plan, conversion of options
Ratios and statistics										
Reported earnings per share^ (cents)	**(112.4)**	(13.5)	(88.1)	(51.1)	(51.5)	4.8	14.5	13.1	8.9	3.6
Return on shareholders' equity										
- Underlying profit	**(136.3)**	2.4	0.8	(1.5)	2.2	6.5	8.9	7.2	7.4	6.5
- Reported profit	**(1,093.5)**	(11.0)	(65.4)	(21.6)	(55.6)	2.8	8.8	7.1	6.0	2.5
Net tangible assets per share ($)^	**0.07**	0.40	0.55	1.50	0.37	1.14	1.22	1.17	0.82	0.94
Gearing†	**552**	54	57	43	104	40	31	16	32	0
Dividend payout ratio	**-**	-	-	-	-	197	68	69	65	222

* Reported earnings before interest and tax (inclusive of items excluded from underlying profit).

** Underlying profit and earnings results exclude items unrelated to ongoing operating performance or relating to discontinued operations.

\# In respect of dividends declared for the financial year.

^ As at period end. Comparison to 2010 and preceding years should take into account 10:1 share consolidation completed January 2010.

† As measured by ratio of net interest-bearing debt/shareholders equity.

Elders Limited
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Consolidated Statement of Comprehensive Income
For the Year ended 30 September 2013

	Note	2013 $000	2012 $000
Continuing operations			
Sales revenue	4	**1,657,112**	1,813,205
Cost of sales		**(1,332,713)**	(1,426,921)
Other revenues	4	**2,415**	13,929
Expenses	4	**(568,777)**	(457,593)
Share of profit of associates and joint ventures	11	**11,475**	14,097
Profit/(loss) on sale of non current assets	4	**25,939**	179
Interest revenue	4	**8,792**	30,753
Finance costs	4	**(31,032)**	(38,626)
Profit/(loss) from continuing operations before income tax expense		**(226,789)**	(50,977)
Income tax (expense)/benefit	5	**(65,966)**	38,313
Profit/(loss) from continuing operations after income tax expense		**(292,755)**	(12,664)
Net profit/(loss) of discontinued operations, net of tax	37	**(209,115)**	(44,709)
Net profit/(loss) for the period		**(501,870)**	(57,373)
Items that may be reclassified to profit and loss			
Foreign currency translation		**2,869**	4,398
Cash flow hedge and fair value of derivatives		**1,423**	(1,755)
Income tax on items of other comprehensive income		**(53)**	283
Other comprehensive income/(loss) for the period, net of tax		**4,239**	2,926
Total comprehensive income/(loss) for the period		**(497,631)**	(54,447)
Profit/(loss) for the period is attributable to:			
Non-controlling interest		**3,385**	3,227
Owners of the parent	22	**(505,255)**	(60,600)
		(501,870)	(57,373)
Total comprehensive income/(loss) for the period is attributable to:			
Non-controlling interest		**4,225**	3,076
Owners of the parent		**(501,856)**	(57,523)
		(497,631)	(54,447)
Reported operations			
Basic earnings per share (cents per share)	34	**(112.4)¢**	(13.5)¢
Diluted earnings per share (cents per share)	34	**(112.4)¢**	(13.5)¢
Continuing operations			
Basic earnings per share (cents per share)	34	**(65.8)¢**	(3.5)¢
Diluted earnings per share (cents per share)	34	**(65.8)¢**	(3.5)¢
Discontinued operations			
Basic earnings per share (cents per share)	34	**(46.6)¢**	(10.0)¢
Diluted earnings per share (cents per share)	34	**(46.6)¢**	(10.0)¢

The accompanying notes form an integral part of this consolidated statement of comprehensive income.

Consolidated Statement of Financial Position
As at 30 September 2013

	Note	2013 $000	2012 $000
Current assets			
Cash and cash equivalents	24(b)	**39,927**	91,969
Trade and other receivables	6	**340,186**	498,015
Livestock	7	**36,671**	67,382
Inventory	8	**116,311**	166,975
Derivative financial instruments	9	**1,220**	1,593
Non current assets classified as held for sale	37	**6,100**	71,474
Other	15	**3,947**	17,704
Current tax assets	5	**1,363**	-
Total current assets		**545,725**	915,112
Non current assets			
Receivables	6	**4,175**	18,522
Other financial assets	10	**19,538**	1,330
Investments in associates and joint ventures	11	**62,700**	80,539
Property, plant and equipment	12	**35,096**	95,684
Intangibles	14	**5,615**	277,257
Deferred tax assets	5	**8,068**	89,575
Other	15	**-**	31,883
Total non current assets		**135,192**	594,790
Total assets		**680,917**	1,509,902
Current liabilities			
Trade and other payables	16	**254,530**	386,606
Derivative financial instruments	9	**493**	2,010
Interest bearing loans and borrowings	17	**268,116**	302,987
Current tax payable	5	**-**	1,566
Provisions	18	**73,630**	121,065
Total current liabilities		**596,769**	814,234
Non current liabilities			
Payables	16	**-**	1,413
Interest bearing loans and borrowings	17	**26,569**	82,842
Deferred tax liabilities	5	**3,468**	34,722
Provisions	18	**7,911**	24,909
Total non current liabilities		**37,948**	143,886
Total liabilities		**634,717**	958,120
Net assets		**46,200**	551,782
Equity			
Contributed equity	19	**1,269,153**	1,270,323
Hybrid equity	20	**145,151**	145,151
Reserves	21	**(21,825)**	(27,310)
Retained earnings	22	**(1,350,520)**	(844,029)
Total parent entity equity interest		**41,959**	544,135
Non-controlling interests		**4,241**	7,647
Total equity		**46,200**	551,782

The accompanying notes form an integral part of this consolidated statement of financial position.

Consolidated Statement of Cash Flows
For the Year ended 30 September 2013

	Note	2013 $000	2012 $000
Cash flow from operating activities			
Receipts from customers		**5,526,735**	6,148,572
Payments to suppliers and employees		**(5,570,544)**	(6,157,859)
Dividends received		**16,344**	9,069
Interest received		**10,263**	32,053
Interest and other costs of finance paid		**(35,293)**	(36,631)
GST (paid)/refunded		**(27,588)**	(16,531)
Income taxes (paid)/refunded		**(1,503)**	23,855
Net operating cash flows	24(a)	**(81,586)**	2,528
Cash flow from investing activities			
Payment for property, plant and equipment		**(13,622)**	(19,611)
Purchase of equity accounted investments		**(280)**	-
Payment for intangibles		**-**	(18,314)
Payment for controlled entities, net of cash acquired		**(1,261)**	219
Payment for design and development capitalised		**(14,994)**	(15,862)
Proceeds from sale of non current assets held for sale		**63,298**	73,240
Proceeds from sale of equity accounted investments		**27,390**	925
Proceeds from sale of property, plant and equipment		**413**	684
Proceeds from sale of investment properties		**-**	2,730
Proceeds from sale of intangibles		**566**	-
Proceeds from disposal of controlled entity		**15,597**	28,168
Payment for acquisition of non-controlling interest		**(189)**	(3,232)
Repayment of loans by associated entities		**2,917**	-
Loans repaid by growers		**4,813**	2,875
Net investing cash flows		**84,648**	51,822
Cash flow from financing activities			
Proceeds from sale of reserved shares		**10**	36
Proceeds from borrowings		**62,333**	101,665
Repayment of borrowings		**(113,847)**	(142,420)
Principal repayments of lease liabilities		**(430)**	(480)
Partnership profit distributions/dividends paid		**(3,170)**	(2,796)
Net financing cash flows		**(55,104)**	(43,995)
Net increase/(decrease) in cash held		**(52,042)**	10,355
Cash at the beginning of the financial year		**91,969**	81,614
Cash at the end of the financial year	24(b)	**39,927**	91,969

The accompanying notes form an integral part of this consolidated statement of cash flows.

Consolidated Statement of Changes in Equity
For the Year ended 30 September 2013

$000	Issued capital	Hybrid equity	Reserves	Retained earnings	Non-controlling interest	Total equity
As at 1 October 2012	**1,270,323**	**145,151**	**(27,310)**	**(844,029)**	**7,647**	**551,782**
Profit/(loss) for the period	**-**	**-**	**-**	**(505,255)**	**3,385**	**(501,870)**
Other comprehensive income/(loss):						
Foreign currency translation	**-**	**-**	**2,029**	**-**	**840**	**2,869**
Net gains/(losses) on cash flow hedges	**-**	**-**	**1,423**	**-**	**-**	**1,423**
Income tax on items of other comprehensive income	**-**	**-**	**(53)**	**-**	**-**	**(53)**
Total comprehensive income/(loss) for the period	**-**	**-**	**3,399**	**(505,255)**	**4,225**	**(497,631)**
Transactions with owners in their capacity as owners:						
Tax effect on share issue costs	**(1,170)**	**-**	**-**	**-**	**-**	**(1,170)**
Proceeds from sale of reserved shares	**-**	**-**	**10**	**-**	**-**	**10**
Partnership profit distributions/dividends paid	**-**	**-**	**-**	**-**	**(3,170)**	**(3,170)**
Derecognition of subsidiary	**-**	**-**	**-**	**-**	**(4,461)**	**(4,461)**
Excess paid for purchase of non-controlling interest	**-**	**-**	**12**	**-**	**-**	**12**
Cost of share based payments	**-**	**-**	**818**	**-**	**-**	**818**
Reallocation of equity	**-**	**-**	**1,246**	**(1,236)**	**-**	**10**
As at 30 September 2013	**1,269,153**	**145,151**	**(21,825)**	**(1,350,520)**	**4,241**	**46,200**

$000	Issued capital	Hybrid equity	Reserves	Retained earnings	Non-controlling interest	Total equity
As at 1 October 2011	1,271,493	145,151	(33,592)	(781,322)	2,953	604,683
Profit/(loss) for the period	-	-	-	(60,600)	3,227	(57,373)
Other comprehensive income/(loss):						
Foreign currency translation	-	-	4,549	-	(151)	4,398
Net gains/(losses) on cash flow hedges	-	-	(1,755)	-	-	(1,755)
Income tax on items of other comprehensive income	-	-	283	-	-	283
Total comprehensive income/(loss) for the period	-	-	3,077	(60,600)	3,076	(54,447)
Transactions with owners in their capacity as owners:						
Tax effect on share issue costs	(1,170)	-	-	-	-	(1,170)
Proceeds from sale of reserved shares	-	-	36	-	-	36
Partnership profit distributions/dividends paid	-	-	-	-	(2,796)	(2,796)
Acquisition of non-controlling interest	-	-	-	-	2,198	2,198
Acquisition of subsidiary	-	-	-	-	2,216	2,216
Excess paid for purchase of non-controlling interest	-	-	(1,077)	-	-	(1,077)
Cost of share based payments	-	-	2,139	-	-	2,139
Reallocation of equity	-	-	2,107	(2,107)	-	-
As at 30 September 2012	1,270,323	145,151	(27,310)	(844,029)	7,647	551,782

The accompanying notes form an integral part of this consolidated statement of changes in equity.

Notes to the Consolidated Financial Statements
For the Year ended 30 September 2013

Note 1. Corporate Information

The consolidated financial report of Elders Limited for the year ended 30 September 2013 was authorised for issue in accordance with a resolution of the Directors on 18 November 2013.

Elders Limited (the Parent) is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Group are described in the Directors' Report and note 27.

Note 2. Summary of Significant Accounting Policies

(a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB). The financial report has also been prepared on a historical cost basis, except for investment properties and derivative financial instruments which have been measured at fair value, and biological assets that are measured at fair value less costs to sell.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($000) unless otherwise stated. The Group is a for-profit entity.

In preparing the financial report, the Directors have made an assessment of the ability of the Group to continue as a going concern. In doing so, the Directors have considered the cash flow requirements of business operations, availability of funding, realisation of assets and expected settlement of liabilities.

In order for the Group to achieve its operational and debt obligations the Group will be required to meet forecast trading results and cash flows, and to complete the sale of certain assets or to otherwise obtain additional funding. The Group uses best estimate assumptions in the development of trading and cash flow forecasts. These assumptions are subject to influences and events outside the control of the Group. The current domestic and international trading environment presents challenges in terms of forecasting sales prices, volumes, margins and operating cash flows. Whilst the Directors have instituted measures to minimise the cash demands of the business, this environment creates material uncertainties over the future trading results and cash flows.

The most recent facilities agreement between the Group and its banking syndicate requires the Group to amortise its facilities in a staged fashion. In order to meet these amortisation obligations, the Group will be required to realise certain investments and assets, for which the Directors have instituted an orderly divestment process, or to otherwise obtain additional or replacement debt or equity funding.

At the date of this report, the following material uncertainties arise in relation to the preparation of this financial report: a) whether the Group will continue to trade within expectations; b) whether asset realisation program initiatives will be achieved in respect of quantum and timing of sales; c) whether debt amortisation milestones will be met or be supplanted in whole or in part by alternative capital or funding proposals. Resolution of these material uncertainties is fundamental to the ability of the Group to pay its debts as and when they become due and payable and to continue as a going concern.

Subject to resolution of the material uncertainties set out above in a manner favourable to the Group, the Directors believe at the date of the signing of the financial report there are reasonable grounds to believe that the Group will meet its debts as and when they become due and payable.

Should the Group not achieve anticipated trading or asset realisation outcomes, otherwise continue to receive the ongoing support of its financiers or obtain additional or replacement debt or equity funding, there is material uncertainty whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at amounts stated in the financial report.

(b) Compliance with IFRS

The financial report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(c) New accounting standards and interpretations

(i) New and Revised Accounting Standards
A number of new amendments to standards and interpretations became operative for the financial year ended 30 September 2013 and have been applied in preparing these consolidated financial statements. None of these have materially impacted the Group and its policies. The Group has not elected to early adopt any new standard, interpretation or amendments that has been issued but is not yet effective.

(ii) Accounting Standards and Interpretations issued but not yet effective
Certain new accounting standards and interpretations have been published that are not mandatory for the financial year ended 30 September 2013 but are available for early adoption and have not been applied in preparing this report. None of the following are expected to have a significant effect on the Group and its policies:

Note 2. Summary of Significant Accounting Policies (continued)

(c) New accounting standards and interpretations (continued)

- AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards Arising from AASB 9. These standards address the classification, measurement and derecognition of financial assets and financial liabilities.
- AASB 10 Consolidated Financial Statements introduces a new definition of control and addresses whether an entity should be included in the consolidated financial statements of the parent company.
- AASB 12 Disclosure of Interests in Other Entities relates to disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities.
- AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 introduce new guidance on fair value measurement and disclosure requirements when fair value is permitted by accounting standards.
- The amendments to AASB 119 Employee Benefits and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 introduces changes to the presentation of employee benefits.

The standards above become mandatory for the September 2014 financial year, with the exception of AASB 9, which becomes mandatory for the September 2016 financial year.

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of Elders Limited and its subsidiaries and special purpose entities (as outlined in note 30) as at and for the period ended 30 September each year (the Group). Interests in associates and joint ventures are equity accounted and are not part of the consolidated group (see note 11).

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Special purpose entities are those entities over which the Group has no ownership interest but in effect the substance of the relationship is such that the Group controls the entity so as to obtain the majority of benefits from its operation.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends have been eliminated in full.

Subsidiaries and special purpose entities are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Investments in subsidiaries held by the Group are accounted for at cost in the separate accounting records of the parent entity less any impairment charges. Dividends received from subsidiaries are recorded as a component of other revenues in the separate income statement of the parent, and do not impact the recorded cost of the investment. Upon receipt of dividend payments from subsidiaries, the parent will assess whether any indicators of impairment of the carrying value of the investment in the subsidiary exist. Where such indicators exist, to the extent that the carrying value of the investment exceeds its recoverable amount, an impairment loss is recognised.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values (see note 2(e)).

The difference between the above items and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a discount on acquisition.

Non-controlling interests are allocated their share of net profit after tax in the statement of comprehensive income and are presented within equity in the consolidated statement of financial position, separately from the equity of the owners of the parent. Total comprehensive income within a subsidiary is attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary that does not result in a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary.
- Derecognises the carrying amount of any non-controlling interest.
- Derecognises the cumulative translation differences, recorded in equity.
- Recognises the fair value of the consideration received.
- Recognises the fair value of any investment retained.
- Recognises any surplus or deficit in profit or loss.
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

Note 2. Summary of Significant Accounting Policies (continued)

(e) Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 139 either in profit or loss or as a charge to other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity. In instances where the contingent consideration does not fall within the scope of AASB 139, it is measured in accordance with the appropriate AASB standard.

(f) Operating segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues or incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments, such as the existence of a line manager and the level of segment information presented to the Board of Directors. The Group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:
- Nature of product and services
- Nature of production processes
- Type or class of customer for the products and services
- Method used to distribute the products or provide the services, and if applicable
- Nature of regulatory environment

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

(g) Foreign currency translation

(i) Functional and presentation currency
Both the functional and presentation currency of Elders Limited and its Australian subsidiaries is Australian dollars (AUD). Subsidiaries incorporated in countries other than Australia (see note 30), which have a functional currency other than Australian Dollars, are translated to the presentation currency.

(ii) Transactions and balances
Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit and loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed, at which time, the cumulative amount is reclassified to profit and loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on the retranslation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

(iii) Translation of Group Companies' functional currency to presentation currency
The results of subsidiaries incorporated in countries other than Australia, are translated into Australian Dollars (presentation currency) as at the date of each transaction. Assets and liabilities are translated at exchange rates prevailing at reporting date. Exchange variations resulting from the translation are recognised in the foreign currency translation reserve in equity.

Note 2. Summary of Significant Accounting Policies (continued)

(g) Foreign currency translation (continued)

On consolidation, exchange differences arising from the translation of net investments in overseas subsidiaries are taken to the foreign currency translation reserve. If such a subsidiary was sold, the proportionate share of exchange differences would be transferred out of equity and recognised in profit or loss.

(h) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less. For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash deposits as defined above, net of outstanding bank overdrafts.

(i) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less an allowance for impairment.

Collectability of trade receivables are reviewed on an ongoing basis at an operating unit level. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor, default payment or debts greater than 60 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

(j) Inventory

Inventories are valued 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 of completion and the estimated costs necessary to make the sale.

Costs incurred in bringing each product to its present location are accounted for as follows:

Raw materials – purchase cost is on the first in, first out basis. The cost of purchase comprises the purchase price, import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities), transport, handling and other costs directly attributable to the acquisition of raw materials. Volume discounts and rebates are included in determining the cost of purchase.

Finished goods and work in progress – costs of direct materials and labour and a proportion of variable and fixed manufacturing overheads based on normal operating capacity. Costs are assigned on the basis of weighted average costs.

(k) Livestock

The Group holds biological assets in the form of livestock. These assets are measured at fair value, which has been determined based upon various assumptions, including livestock prices, less costs to sell. These assumptions reflect the different categories of livestock held. The market value increments or decrements are recorded in profit and loss.

(l) Derivative financial instruments and hedging

The Group uses derivative financial instruments (including forward currency contracts and interest rate swaps) to hedge its risks associated with foreign currency and interest rate fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value. Derivatives are carried as financial assets when their fair value is positive and as financial liabilities when their fair value is negative. Derivative assets and liabilities are classified as non-current in the statement of financial position when the remaining maturity is more than 12 months, or current when the remaining maturity is less than 12 months.

The fair values of forward currency contracts are calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swaps are determined using a valuation technique based on cash flows discounted to present value using current market interest rates. Any gains or losses arising from changes in fair value of derivatives are taken directly to profit and loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income.

For the purposes of hedge accounting, hedges are classified as cash flow hedges where they hedge the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecasted transaction or the foreign currency risk in an unrecognised firm commitment. The Group has cash flow hedges attributable to future foreign currency purchases and future foreign currency sales.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the

Note 2. Summary of Significant Accounting Policies (continued)

(l) Derivative financial instruments and hedging (continued)

hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the net unrealised gains reserve, while any ineffective portion is recognised immediately in profit and loss. Amounts recognised as other comprehensive income are transferred to profit and loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction is no longer expected to occur, the cumulative gain or loss previously recognised in equity is transferred to profit and loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remains in other comprehensive income until the forecast transaction or firm commitment affects profit and loss.

(m) Non current assets and disposal groups held for sale and discontinued operations

Non current assets and disposal groups are classified as held for sale and measured at the lower of their carrying amount and fair value less costs to sell. Non current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction instead of use. This condition is regarded as met when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

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

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of comprehensive income and the assets and liabilities are presented separately on the face of the statement of financial position.

(n) Investments and other financial assets

Investments and financial assets in the scope of AASB 139 are categorised as either financial assets at fair value through the profit or loss, loans and receivables, held to maturity investments, or available for sale assets. The classification depends on the purpose for which the assets were acquired or originated. Designation is re-evaluated at each reporting date, but there are restrictions on reclassifying to other categories. When financial assets are recognised initially, they are measured at fair value, plus, in the case of assets not at fair value through profit and loss, directly attributable transaction costs.

Recognition and derecognition
All regular way purchases and sales of financial assets are recognised on the trade date i.e., the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place. Financial assets are derecognised when the right to receive cash flows from the financial assets has expired or when the entity transfers substantially all the risks and rewards of the financial assets. If the entity neither retains nor transfers substantially all of the risks and rewards, it derecognises the asset if it has transferred control of the assets.

Subsequent measurement
(i) Financial assets at fair value through profit or loss
Financial assets classified as held for trading are included in the category "financial assets at fair value through profit or loss". Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term with the intention of making a profit. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on financial assets held for trading are recognised in profit or loss and the related assets are classified as current assets in the statement of financial position.

(ii) Loans and receivables
Loans and receivables including loan notes and loans to key management personnel are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit and loss when the loans and receivables are derecognised or impaired. These are included in current assets, except for those with maturities greater than 12 months after balance date, which are classified as non-current.

The fair value of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the reporting date. For investments with no active market, fair values are determined using valuation techniques.

Note 2. Summary of Significant Accounting Policies (continued)

(n) Investments and other financial assets (continued)

Such techniques include using recent arms length market transactions, reference to the current market value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models, making as much use of available and supportable market data as possible and keeping judgemental inputs to a minimum.

(o) Investments in associates and joint ventures

The Group's investments in its associates and joint ventures (equity accounted investments) are accounted for using the equity method of accounting in the consolidated financial statements and at cost in the parent. Associates are entities over which the Group has significant influence and that are neither subsidiaries nor joint ventures. The Group generally deems they have significant influence if they have over 20% of the voting rights. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control.

Under the equity method, equity accounted investments are carried in the consolidated financial statements at cost plus post acquisition changes in the Group's share of net assets of the investment. Goodwill relating to the investment is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The income statement reflects the Group's share of the results of operations of the associate. When there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate. The Group's share of profit of an associate is shown on the face of the income statement. This is the profit attributable to equity holders of the associate and, therefore, is profit after tax and non-controlling interests in the subsidiaries of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to an additional impairment loss on its net investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the "share of profit of an associate" in the income statement.

Upon loss of significant influence over the associate, the Group measures and recognises any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit and loss.

The reporting dates of the equity accounted investments are disclosed in note 11 and the equity accounted investment accounting policies conform to those used by the Group for like transactions and events on similar circumstances.

(p) Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such costs include the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in profit or loss as incurred.

Property, plant and equipment, excluding freehold land and assets under construction, are depreciated over the estimated useful economic life of specific assets as follows:

	Life	Method
Buildings	50 years	Straight line
Leasehold improvements	Lease term	Straight line
Plant and equipment – owned	3 to 10 years	Straight line and units of production
Plant and equipment – leased	Lease term	Straight line
Network infrastructure	5 to 25 years	Straight line

The useful lives are consistent with those of the prior period. The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate at each financial year end.

Derecognition
An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposal are determined by comparing the proceeds with the carrying amount. These are included in the statement of comprehensive income.

Note 2. Summary of Significant Accounting Policies (continued)

(q) Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value, which is based on active market prices, adjusted if necessary, for the difference in the nature, location or condition of the specific asset at reporting date. Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the period in which they arise.

Investment properties are derecognised either when they have been disposed of or, when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit and loss in the period of retirement or disposal.

(r) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in the arrangement.

(i) Group as a lessee
Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

(ii) Group as a lessor
Leases in which the Group retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(s) Impairment of non financial assets other than goodwill and indefinite life intangibles

Non financial assets other than goodwill and indefinite life intangibles are tested for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable.

At each reporting date, the Group conducts an internal review of asset values, which is used as a source of information to assess for any indicators of impairment. External factors, such as changes in expected future processes, technology and economic conditions, are also monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non financial assets other than goodwill that suffered impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that impairment may be reversed.

(t) Goodwill and intangibles

Goodwill
Goodwill acquired in a business combination is initially measured at cost, being the excess of the consideration transferred over the fair value of the Group's net identifiable assets acquired and liabilities assumed. If this consideration transferred is lower than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purposes of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units, or groups of cash generating units, that are expected to benefit from the synergies of the combination, irrespective of whether the other assets and liabilities of the Group are assigned to those units or group of units. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes, and is not larger than an operating segment determined in accordance with AASB 8.

Note 2. Summary of Significant Accounting Policies (continued)

(t) Goodwill and intangibles (continued)

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which goodwill relates. The Group performs its impairment testing every reporting date using discounted cash flows under the fair value less costs to sell methodology and the value in use methodology, and independent valuations. Further details on methodology and assumptions used are outlined in note 14.

When the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a cash-generating unit (group of cash-generating units) and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained. Impairment losses recognised for goodwill are not subsequently reversed.

Intangibles
Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in profit or loss in the year in which the expenditure is incurred.

The useful lives of these intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over their useful lives and tested for impairment whenever there is an indication that the intangible asset may be impaired (see note 2(s) for methodology). The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit and loss in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are tested for impairment at each reporting date either individually or at the cash-generating unit level consistent with the methodology outlined for goodwill above. Such intangibles (brand names) are not amortised.

The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in accounting estimate and is thus accounted for on a prospective basis.

Design and Development
Research costs are expensed as incurred. An intangible asset arising from design and development expenditure on an internal project is recognised only when the Group can demonstrate the technical feasibility of completing the asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the asset during its development. Following the initial recognition of development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure so capitalised is amortised over the period of expected benefit from the related project.

The carrying value of an intangible asset arising from development expenditure is tested for impairment at each reporting date.

Gains and losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit and loss when the asset is derecognised. Expenditures on advertising and promotional expenses are recognised as a component of marketing expense in the statement of comprehensive income when the Group has either the right to access the goods or has received the services.

(u) Trade and other payables

Trade and other payables are carried at amortised cost and due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that remain unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within supplier terms.

Financial guarantees
Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specific debtor fails to make a payment when due in accordance with the terms of the debt instrument. Financial Guarantee contracts are recognised initially at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

(v) Interest bearing loans and borrowings

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.

Note 2. Summary of Significant Accounting Policies (continued)

(v) Interest bearing loans and borrowings (continued)

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(w) Provisions and employee benefits

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of the provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

Warranty provisions
Provisions for warranty-related costs are recognised when the product is sold or service provided. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised at each reporting date.

Restructuring
Restructuring provisions are only recognised when general recognition criteria provisions are fulfilled. Additionally, the Group needs to follow a detailed formal plan about the business or part of the business concerned, the location and the number of employees affected, a detailed estimate of the associated costs, and appropriate time line. The people affected have a valid expectation that the restructuring is being carried out or the implementation has been initiated already.

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

(ii) Long service leave
The liability for long service leave is recognised in the provision for employee benefits and measured as 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 method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. 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.

Make Good (Restoration)
Where the Group has entered leasing arrangements that require the leased asset to be returned at the end of the lease term in its original condition, an estimate is made of the costs of restoration or dismantling of any improvements and a provision is raised.

Onerous contracts
A provision for onerous contracts is recognised when the expected benefits to be derived from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of complying with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

(x) Share based payments

Equity settled transactions
The Group provides benefits to employees (including key management personnel) in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions). The cost of equity-settled transactions with employees is measured by reference to the fair value at grant date. In valuing equity settled transactions, no account is taken of any of the vesting conditions, other than:

- Non vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment in equity, and
- Conditions that are linked to the price of the shares of Elders Limited (market conditions).

Note 2. Summary of Significant Accounting Policies (continued)

(x) Share based payments (continued)

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (vesting date). At each subsequent reporting date until vesting, the cumulative charge to the statement of comprehensive income is the product of:

- The grant date fair value of the award.
- The current best estimate of the number of awards that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met.
- The expired portion of the vesting period.

The charge to the statement of comprehensive income for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding entry to equity.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition or non-vesting condition is considered to vest irrespective of whether or not that market condition or non-vesting is fulfilled, provided that all other conditions are satisfied. If a non-vesting condition is within the control of the Group, Company or the employee, the failure to satisfy the condition is treated as a cancellation. If a non-vesting condition within the control of neither the Group, Company nor employee is not satisfied during the vesting period, any expense for the award not previously recognised is recognised over the remaining vesting period, unless the award is forfeited.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share. Shares in the Group reacquired on market and held at the reporting date are classified as reserved shares held within a separate component of equity – reserved shares reserve (refer note 21).

(y) Hybrid notes

Hybrid notes are classified as equity. Incremental costs directly attributable to the issue of the hybrid notes are included in equity as a deduction, net of tax, from the proceeds.

(z) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are included in equity as a deduction, net of tax, from the proceeds.

Reserved shares
The Group's own equity instruments, which are reacquired for later use in employee share-based payment arrangements (reserved shares), are held as a separate component of equity (reserved shares reserve – refer note 21). No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

(aa) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit or loss for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share are calculated by dividing the net profit attributable to ordinary equity holders of the parent by the weighted average of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares.

(ab) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of goods
Revenue from the sale of goods is recognised when there has been a transfer of risks and rewards to the customer (through the execution of a sales agreement at the time of delivery of the goods to the customer), no further work or processing is required, the quantity and quality of the goods has been determined, the price is fixed and generally title has passed (for shipped goods this is the bill of lading).

Note 2. Summary of Significant Accounting Policies (continued)

(ab) Revenue recognition (continued)

(ii) Rendering of services
Revenue from the rendering of services is recognised by reference to the stage of completion of a contract or contracts in progress at reporting date or at time of completion of the contract and billing by the customer. Stage of completion is measured by reference to the labour hours incurred to date as a percentage of total estimated labour hours for each contract. Where the contract outcome cannot be reliably measured, revenue is recognised only to the extent of the expenses recognised that are recoverable.

(iii) Interest income
Revenue is recognised as it accrues using the effective interest rate method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(iv) Dividend income
Revenue is recognised when the Group's right to receive the payment is established.

(v) Forestry revenue
Revenue from the provision of forestry services is recognised by reference to the financial period during which the relevant services are provided. Any unearned portion of these fees at financial year end is brought to account in the statement of financial position as a liability and recognised in subsequent periods.

(ac) Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When a grant relates to an expense item, it is recognised as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. When the grant relates to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset.

(ad) Income tax and other taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period'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. Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which the applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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 liabilities are recognised for all taxable temporary differences except:
- where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- when the taxable temporary difference is associated with investments in subsidiaries, associates and interests in joint ventures 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 are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax assets and unused tax losses can be utilised except:
- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- when the deductible temporary difference is associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 future taxable profit will allow the deferred tax asset to be recovered.

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 set off 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.

Note 2. Summary of Significant Accounting Policies (continued)

(ad) Income tax and other taxes (continued)

Other taxes

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

- where 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 are stated with the amount of GST included.

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

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

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

Note 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 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 forms the basis of the carrying value of assets and liabilities that are not readily apparent from other sources.

Management have identified the following critical accounting policies for which significant judgement, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect the financial result or the financial position reported in future periods. Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable the future taxable profit will be available to utilise those temporary differences. Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and the level of future taxable profits together with future tax planning strategies.

Impairment of non-financial assets other than goodwill and indefinite life intangibles

The Group assesses impairment of 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, climate, economic and political environments and future product expectations. If an impairment trigger exists the recoverable amount of the asset is determined. It is the Group's policy to conduct bi-annual internal reviews of asset values, which is used as a source of information to assess for any indicators of impairment. Assets have been tested for impairment in accordance with the accounting policies described in note 14, including the determination of recoverable amounts of assets using the higher of value in use and fair value less cost to sell.

Classification of assets and liabilities as held for sale

The Group classifies assets and liabilities as held for sale when the carrying amount will be recovered through a sale transaction. The assets and liabilities must be available for immediate sale and the Group must be committed to selling the asset either through entering into a contractual sale agreement or the activation and commitment to a program to locate a buyer and dispose of the assets and liabilities.

Impairment of goodwill and intangibles with indefinite useful lives

The group determines whether goodwill and intangibles with indefinite useful lives are impaired on a bi-annual basis. This requires an estimation of the recoverable amount of the cash-generating units, using a value in use discounted cash flow methodology, to which goodwill and intangibles with indefinite useful lives are allocated. The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill and intangibles with indefinite useful lives including a sensitivity analysis are discussed in note 14.

Make good provision

Provisions have been made for the present value of anticipated costs of future restoration of leased property. The provision includes the future cost estimates associated with the required restorations. The calculation of this provision requires assumptions, and in those assumptions there are uncertainties which may result in future actual expenditure differing from the amounts currently provided. The provisions are periodically reviewed and updated on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting both the expense and provision. The related carrying amount is disclosed in note 18.

Estimation of useful lives of assets

The estimation of useful lives of assets has been based on historical experience as well as lease terms (for leased assets). In addition, the condition of the assets is assessed bi-annually and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Notes to the Consolidated Financial Statements
For the Year ended 30 September 2013

Note 4. Revenue and Expenses

	Note	2013 $000	2012 $000
Sales revenue:			
Sale of goods and biological assets		**1,458,292**	1,593,518
Commission and other selling charges		**168,138**	190,540
Other sales related income		**30,682**	29,147
		1,657,112	1,813,205
Discontinued operations:	37	**305,542**	359,353
		1,962,654	2,172,558
Other revenues:			
Change in fair value of financial and other assets		**-**	11,344
Dividends		**106**	41
Other		**2,309**	2,544
		2,415	13,929
Discontinued operations:	37	**13,566**	20,692
		15,981	34,621
Interest revenue:			
Associated entities		**649**	1,500
Other persons		**8,143**	29,253
		8,792	30,753
Discontinued operations:	37	**1,471**	1,300
		10,263	32,053
Expenses:			
Distribution expenses		**260,856**	263,138
Marketing expenses		**7,253**	9,359
Occupancy expenses		**31,610**	33,759
Administrative expenses		**78,357**	97,567
Forestry fair value adjustments and impairments		**(7,422)**	36,025
Impairment of assets retained		**137,302**	18,634
Restructuring, redundancy and other write offs		**57,861**	(889)
Change in fair value of financial and other assets		**2,960**	-
		568,777	457,593
Discontinued operations:	37	**238,111**	121,946
		806,888	579,539
Profit/(loss) on sale of non current assets:			
Investments in associates and joint ventures		**25,988**	-
Property, plant and equipment		**(49)**	179
		25,939	179
Discontinued operations:	37	**(40,278)**	26,956
		(14,339)	27,135
Finance costs:			
Interest expense		**26,318**	31,291
Finance lease charges		**38**	36
Other finance costs		**4,676**	7,299
		31,032	38,626
Discontinued operations:	37	**4,808**	1,916
		35,840	40,542

Note 4. Revenue and Expenses (continued)

	Note	2013 $000	2012 $000
Specific expenses			
Depreciation and amortisation:			
Property, plant and equipment		**5,694**	5,719
Leased assets		**171**	212
Patents, trademarks and other		**665**	515
		6,530	6,446
Discontinued operations:		**12,654**	14,571
		19,184	21,017
Employee benefit expense:			
Wages and salaries		**169,949**	184,844
Post employment benefits including superannuation		**13,323**	12,536
Workers compensation		**1,967**	1,644
Share based payments		**818**	2,139
		186,057	201,163
Discontinued operations:		**60,966**	78,131
		247,023	279,294
Operating lease expenditure		**74,207**	97,693
Foreign exchange net gains/(losses)		**1,160**	(9,627)
Provision for doubtful debts expense - trade debtors		**13,028**	3,415
Provision for doubtful debts expense - associate entities and other receivables		**11,711**	(72)

Notes to the Consolidated Financial Statements
For the Year ended 30 September 2013

Note 5. Income Tax

(a) Major components of income tax expense are:

	2013 $000	2012 $000
Income statement		
Current income tax		
Current income tax charge/(benefit)	**3,099**	10,414
Adjustments in respect of current income tax of previous years	**(3,414)**	(60,321)
Deferred income tax		
Origination and reversal of temporary differences	**40,131**	17,057
Income tax expense/(benefit) reported in the statement of comprehensive income	**39,816**	(32,850)
Statement of changes in equity		
Deferred income tax		
Income tax expense/(benefit) reported in equity	**1,223**	887

(b) Reconciliation of income tax expense applicable to accounting profit/(loss) before income tax at the statutory income tax rate to income tax expense at the Group's effective income tax rate is as follows:

	2013 $000	2012 $000
Accounting profit/(loss) before tax from:		
- Continuing operations	**(226,789)**	(50,977)
- Discontinued operations	**(235,265)**	(39,246)
Total Accounting profit/(loss) before tax	**(462,054)**	(90,223)
Income tax expense/(benefit) at 30% (2012: 30%)	**(138,616)**	(27,067)
Adjustments in respect of current income tax of previous years	**(3,415)**	(61,001)
Share of associate (profits)/losses	**(2,081)**	(1,692)
Non assessable (profits)/losses	**19,376**	(5,187)
Non deductible other expenses	**5,606**	1,404
Impairment expense	**48,826**	19,728
Non assessable dividends	**(325)**	(11)
Capitalised research and development	**(1,702)**	4,537
Losses available to offset against future taxable income	**35,807**	17,914
(Recognition)/derecognition of deferred tax assets	**74,150**	18,000
Other	**2,190**	525
Income tax expense/(benefit) as reported in the statement of comprehensive income	**39,816**	(32,850)
Aggregate Income tax expense/(benefit) is attributable to:		
- Continuing operations	**65,966**	(38,313)
- Discontinued operations	**(26,150)**	5,463
	39,816	(32,850)
Current tax payable/(receivable)	**(1,363)**	1,566

Note 5. Income Tax (continued)

	Statement of Financial Position		Statement of Comprehensive Income	
	2013 $000	2012 $000	**2013 $000**	2012 $000
Deferred income tax liabilities				
Revaluations of investment properties to fair value	**(1,074)**	(1,256)	**(182)**	1,256
Shares in associated entities	**(1,259)**	(829)	**430**	407
Exchange rates to fair value	**(355)**	(444)	**(89)**	444
Non assessable accrued income	**-**	(14,042)	**(14,042)**	(3,628)
Forestry assets (standing timber)	**-**	(580)	**(580)**	580
Plant and equipment temporary differences	**-**	(1,463)	**(1,463)**	(1,300)
Research and development	**-**	(8,597)	**(8,597)**	2,314
Other debtors	**-**	(5,658)	**(5,658)**	1,275
Other	**(780)**	(1,853)	**(1,073)**	(2,184)
Gross deferred income tax liabilities	**(3,468)**	(34,722)	**(31,254)**	(836)
Deferred income tax assets				
Losses available to offset against future taxable income	**-**	52,000	**52,000**	18,000
Provision for employee entitlements	**10,759**	15,652	**4,893**	(3,156)
Other provisions	**8,038**	12,088	**4,050**	(656)
Accrued expenditure	**2,027**	1,835	**(192)**	1,384
Deferred borrowing costs	**2,584**	4,995	**2,411**	3,657
Other capitalised expenses	**4,398**	2,512	**(1,886)**	3,859
Plant and equipment temporary differences	**2,330**	-	**(2,330)**	-
Derecognition of deferred tax assets	**(22,150)**	-	**22,150**	-
Other	**82**	493	**411**	6,820
Gross deferred income tax assets	**8,068**	89,575	**81,507**	29,908
Deferred income tax charge			**50,253**	29,072

As previously disclosed the Group had received amended income tax assessments from the Australian Taxation Office in connection with an alleged capital gain arising on the disposal of the Group's interest in its Building Products division in October 1997. The Group appealed the amended assessments increasing the capital gain, while also paying 50% of the tax, penalties and interest claimed by the ATO on a without prejudice basis. On 19 March 2012 the Full Federal Court dismissed the appeal of the ATO. The effect of the Full Federal Court judgement is that the objections of Elders against the amended taxation assessments were upheld.

As a result of the Full Federal Court decision, in the 2012 financial year, the Group received cash of $46.8 million, comprising of a refund of pre-paid tax, penalties and interest of $27.6 million, and interest on that pre-payment of $19.2 million. The Group recognised a profit of $71.5 million after tax in relation to this matter, through the reversal of provisions and the reimbursements.

Tax losses
The Group has tax losses for which no deferred tax assets is recognised in the statement of financial position of $232.1 million (2012: $145.1 million) which are available indefinitely for offset against future taxable profits subject to continuing to meet relevant statutory tests.

Unrecognised temporary differences
At 30 September 2013, there are no unrecognised temporary differences associated with the Group's investment in subsidiaries, associates or joint ventures, as the Group would have no additional tax liability.

Tax Consolidation
Elders and its 100% owned Australian resident subsidiaries are in a tax consolidated group. Elders Limited is the head entity of the tax consolidated group. Members of the Group have entered into a tax sharing agreement that provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement on the basis that the possibility of default is remote.

Notes to the Consolidated Financial Statements
For the Year ended 30 September 2013

Note 5. Income Tax (continued)

Wholly owned Australian subsidiaries are required to make contributions to the head entity for tax liabilities and deferred tax balances arising from external transactions occurring after the implementation of tax consolidations. The contributions are calculated as a percentage of taxable income as if each subsidiary is a stand alone entity. Contributions are payable following payment of the liabilities by Elders. The assets and liabilities arising under the tax funding agreement are recognised as intercompany assets and liabilities with a consequential adjustment to income tax expense or benefit.

Note 6. Receivables

	2013 $000	2012 $000
Current		
Trade debtors (i)	**328,712**	456,301
Allowance for doubtful debts	**(9,214)**	(12,710)
	319,498	443,591
Amounts receivable from associated entities	**5,261**	11,353
	5,261	11,353
Other receivables	**15,840**	44,981
Allowance for non-recovery	**(413)**	(1,910)
	15,427	43,071
	340,186	498,015
Non current		
Amounts receivable from associated entities	**-**	7,109
	-	7,109
Other receivables	**4,175**	11,413
	4,175	11,413
	4,175	18,522
Movements in the allowance for doubtful debts – trade debtors		
Opening balance of allowance for doubtful debts	**12,710**	13,774
Trade debts written off	**(14,924)**	(4,479)
Amounts derecognised as part of sale of business	**(1,600)**	-
Trade debts provided for during the year	**13,028**	3,415
Closing balance of allowance for doubtful debts	**9,214**	12,710
Movements in allowance for non-recovery – amounts receivable from associated entities and other receivables		
Opening balance of allowance for non-recovery	**1,910**	9,348
Amounts written off	**(13,208)**	(7,366)
Amounts provided for during the year	**11,711**	(72)
Closing balance of allowance for non-recovery	**413**	1,910

(i) Included in trade debtors is $38.9 million (2012: $92.7 million) which is subject to credit insurance with various terms and conditions.

Trade receivables are non interest bearing and are generally on 30 to 90 day terms with the exception of livestock receivables which are on 10 day terms. A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. An impairment loss of $13 million (2012: $3.4 million) has been recognised by the Group. Other than one individual impairment loss related to Mondello Farms of $5.9 million, no other individual amount within the impairment allowance is material.

Note 6. Receivables (continued)

	2013 $000	2012 $000
The ageing analysis of trade debtors is as follows:		
0-30 days	**298,901**	393,422
Trade debtors past due but not considered impaired		
31-60 days	**4,392**	20,829
61-90 days	**1,223**	6,107
+91 days	**14,982**	23,233
	20,597	50,169
Trade debtors past due and considered impaired		
31-60 days	**337**	1,348
61-90 days	**61**	56
+91 days	**8,816**	11,306
	9,214	12,710
Total trade debtors	**328,712**	456,301

The ageing analysis of other current receivables is as follows:		
0-30 days	**20,688**	49,258
Other current receivables past due but not considered impaired		
+91 days	**-**	5,166
	-	5,166
Other current receivables past due and considered impaired		
+91 days	**413**	1,910
	413	1,910
Total other current receivables	**21,101**	56,334

Related party receivables
For terms and conditions of related party receivables refer to notes 31 and 33.

Fair value and credit risk
Due to the short term nature of trade and other current receivables, their carrying value is assumed to approximate their fair value. For other receivables the carrying amount is not materially different to their fair values. The maximum exposure to credit risk is the fair value of each class of receivables. Details regarding credit risk exposure are disclosed in note 35.

Foreign exchange and interest rate risk
Details regarding the foreign exchange and interest rate risk exposure are disclosed in note 35.

Note 7. Livestock

Current		
Fair value at the end of the period	**36,671**	67,382

At balance date 44,440 head of beef cattle (2012: 62,706) are included in livestock. The fair value methodology for livestock assets is detailed in note 2(k). The group is exposed to a number of risks related to its livestock:

Regulatory and environmental risks
The Group is subject to laws and regulations and has established environmental policies and procedures aimed at compliance with local environmental and other laws. Management performs regular reviews to identify environmental risks and ensure systems in place are adequate to manage those risks.

Note 7. Livestock (continued)

Financial/supply and demand risk

The Group is exposed to financial risk in respect of livestock activity. The primary financial risk associated with this activity occurs due to the length of time between expending cash on the purchase and ultimately receiving cash from the sale to third parties. The Group's strategy to manage this financial risk is to actively review and manage its working capital requirements. The Group is exposed to risks arising from fluctuations in price and sales volumes. Where possible, the Group manages these risks by aligning volumes with market supply and demand.

Other risks

The Group's livestock are exposed to the risk of damage from diseases and other natural forces. The Group has extensive processes in place aimed at monitoring and mitigating those risks, including regular health inspections and industry pest and disease surveys.

Note 8. Inventory

	2013 $000	2012 $000
Current		
Raw materials and bulk stores – at net realisable value	**5,624**	38,982
Work in progress – at cost	**-**	240
Finished goods – at net realisable value	**110,687**	127,753
	116,311	166,975

Inventories recognised as an expense for the year ended 30 September 2013 totalled $1,259.6 million (2012: $1,297.7 million). This expense has been included in the cost of sales line item as a cost of inventories. In addition inventory write-downs recognised as an expense totalled $6.6 million (2012: $2.7 million) for the Group.

Note 9. Derivative Financial Instruments

Current		
Asset	**1,220**	1,593
Liability	**493**	2,010

(a) Instruments used by the group

The Group holds a number of forward exchange contracts designated as hedges of contracted future sales to customers and contracted future purchases from suppliers for which the Group has firm commitments. The foreign currency contracts are being used to hedge the foreign currency risk of the firm commitments.

(b) Interest rate and credit risk

For financial risk management policies of the Group, refer to note 35.

Note 10. Other Financial Assets

Non current		
Unlisted investments	**19,538**	1,330

On 23 September 2013, the Group sold 15% of its 25% shareholding in Elders Insurance (Underwriting Agency). The 10% shareholding retained in Elders Insurance (Underwriting Agency) has been transferred to other financial assets, and upon transfer a fair value adjustment was recorded which resulted in an upward revaluation of $17.3 million. Other impairment losses of $nil (2012: $16.5 million) relating to these investments have been recorded in the profit and loss.

Note 11. Investments in Associates and Joint Ventures

Name of Investment	Balance date	Ownership interest 2013 %	Ownership interest 2012 %	Consolidated entity investment 2013 $000	Consolidated entity investment 2012 $000	Contribution to net profit/(loss) 2013 $000	Contribution to net profit/(loss) 2012 $000
AWH Pty Ltd	30 Jun	**50**	50	**49,671**	49,731	**4,278**	5,341
Kilcoy Pastoral Company Limited	30 Jun	**20**	20	**7,120**	5,685	**1,435**	1,749
Elders Financial Planning Pty Ltd	30 Sep	**49**	49	**5,278**	5,343	**(65)**	(224)
Elders Insurance (Underwriting Agency) Pty Limited	31 Dec	**10**	25	**-**	3,693	**5,517**	6,504
Agricultural Land Trust	30 Jun	**52**	49.7	**-**	12,185	**(2,968)**	(5,263)
Other investments				**631**	3,902	**173**	(335)
				62,700	80,539	**8,370**	7,772
Share of profit of associates and joint ventures is attributable to:							
Continuing operations						**11,475**	14,097
Discontinued operations						**(3,105)**	(6,325)
						8,370	7,772

All associates and joint ventures are Australian resident companies. On 23 September 2013, the Group sold 15% of its 25% shareholding in Elders Insurance (Underwriting Agency) for $27.4 million. The Group recorded a profit on sale of $26.0 million. The 10% shareholding retained in Elders Insurance Underwriting Agency has been transferred to other financial assets (note 10), and upon transfer a fair value adjustment was recorded which resulted in an upward revaluation of $17.3 million.

Although Elders' ownership interest in Agricultural Land Trust is 52% the Directors are of the view they do not have sufficient power over the operating and financing policies of the entity such that control exists. Therefore the investment in Agricultural Land Trust continues to be treated as an equity accounted investment, which has been classified as held for sale. Before the investment was classified as held for sale impairment losses of $2.6 million were recognised. Post classification as held for sale, a further $4.5 million impairment was recognised.

(a) Share of Associates and Joint Ventures

	2013 $000	2012 $000
Share of associates' and joint ventures' statement of financial position		
Current assets	**50,628**	78,148
Non current assets	**31,689**	36,921
	82,317	115,069
Current liabilities	**37,758**	58,764
Non current liabilities	**4,618**	8,491
	42,376	67,255
Share of net assets of associates	**39,941**	47,814
Share of associates' and joint ventures' profit or loss		
Revenue	**183,861**	166,496
Profit before income tax	**12,810**	12,467
Income tax (expense)/benefit	**(4,440)**	(4,695)
Profit after income tax	**8,370**	7,772
Share of net results of associates	**8,370**	7,772
Share of associates' and joint ventures' commitments and contingent liabilities		
Capital expenditure commitments (contracted)	**10,028**	1,411
Operating lease commitments	**27,415**	57,686

Note 12. Property, Plant and Equipment

Reconciliation of carrying amounts at beginning and end of period:

Non current	Freehold land $000	Buildings $000	Leasehold improve-ments $000	Plant and equipment (owned) $000	Plant and equipment (leased) $000	Assets under construct-ion $000	Total $000
2013							
Carrying amount at beginning of period	**6,669**	**14,722**	**10,928**	**50,227**	**1,412**	**11,726**	**95,684**
Additions	**-**	**83**	**852**	**1,698**	**387**	**10,602**	**13,622**
Disposals	**(113)**	**(44)**	**(67)**	**(238)**	**-**	**-**	**(462)**
Disposals through entities sold	**-**	**(2,883)**	**(475)**	**(25,777)**	**(443)**	**(6,362)**	**(35,940)**
Depreciation expense	**-**	**(950)**	**(2,029)**	**(10,696)**	**(197)**	**-**	**(13,872)**
Impairment	**(18)**	**(103)**	**(3,975)**	**(17,833)**	**-**	**(1,208)**	**(23,137)**
Exchange fluctuations	**(25)**	**30**	**18**	**32**	**-**	**101**	**156**
Transfers from assets under construction	**-**	**486**	**224**	**12,993**	**-**	**(13,703)**	**-**
Other	**(88)**	**93**	**(5)**	**325**	**(325)**	**(955)**	**(955)**
Carrying amount at end of period	**6,425**	**11,434**	**5,471**	**10,731**	**834**	**201**	**35,096**
Cost	**6,443**	**20,315**	**11,411**	**39,149**	**1,009**	**201**	**78,528**
Accumulated depreciation and impairment	**(18)**	**(8,881)**	**(5,940)**	**(28,418)**	**(175)**	**-**	**(43,432)**
	6,425	**11,434**	**5,471**	**10,731**	**834**	**201**	**35,096**
2012							
Carrying amount at beginning of period	6,137	12,966	8,745	50,932	852	11,705	91,337
Additions	-	196	1,035	1,926	728	15,726	19,611
Additions through entities acquired	-	2,764	-	3,840	-	129	6,733
Disposals	(3)	(173)	(26)	(280)	(23)	-	(505)
Depreciation expense	-	(834)	(1,794)	(11,423)	(248)	-	(14,299)
Impairment	572	(30)	(157)	(2,397)	-	-	(2,012)
Exchange fluctuations	(37)	(238)	-	(546)	-	137	(684)
Transfers from assets under construction	-	71	208	7,978	286	(8,543)	-
Other	-	-	2,917	197	(183)	(7,428)	(4,497)
Carrying amount at end of period	6,669	14,722	10,928	50,227	1,412	11,726	95,684
Cost	6,669	29,333	27,281	223,714	2,273	11,726	300,996
Accumulated depreciation and impairment	-	(14,611)	(16,353)	(173,487)	(861)	-	(205,312)
	6,669	14,722	10,928	50,227	1,412	11,726	95,684

Property, plant and equipment pledged as security for liabilities
Refer to note 17 for interest bearing loans and borrowings secured by property, plant and equipment.

Note 13. Investment Properties

	2013 $000	2012 $000
Non current		
Carrying amount at beginning of period	-	2,975
Disposal of investment properties	-	(2,730)
Foreign exchange variation	-	(245)
Carrying amount at end of period (at fair value)	-	-

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For the Year ended 30 September 2013

Note 14. Intangibles

Reconciliation of carrying amounts at beginning and end of period:

Non current	IT development and software $000	Patents, trademarks and licences $000	Goodwill $000	Brand Names $000	Development costs, rent rolls and other $000	Total $000
2013						
Carrying amount at beginning of period	**25,484**	**3,210**	**171,907**	**60,400**	**16,256**	**277,257**
Additions	**100**	**-**	**150**	**-**	**188**	**438**
Disposal of controlled entity	**-**	**(635)**	**-**	**-**	**(406)**	**(1,041)**
Disposals	**-**	**(342)**	**-**	**-**	**-**	**(342)**
Transfers	**955**	**(468)**	**-**	**-**	**468**	**955**
Amortisation	**(151)**	**(246)**	**-**	**-**	**(1,606)**	**(2,003)**
Impairment	**(26,388)**	**(1,601)**	**(172,057)**	**(54,785)**	**(14,961)**	**(269,792)**
Exchange fluctuations	**-**	**82**	**-**	**-**	**61**	**143**
Carrying amount at end of period	**-**	**-**	**-**	**5,615**	**-**	**5,615**
Cost	**26,537**	**4,750**	**79,397**	**60,400**	**2,561**	**173,645**
Accumulated amortisation and impairment	**(26,537)**	**(4,750)**	**(79,397)**	**(54,785)**	**(2,561)**	**(168,030)**
	-	**-**	**-**	**5,615**	**-**	**5,615**
2012						
Carrying amount at beginning of period	-	2,739	165,228	60,400	21,865	250,232
Additions	18,070	744	-	-	100	18,914
Acquisition of controlled entity	-	938	10,814	-	-	11,752
Transfers	7,414	163	-	-	(163)	7,414
Amortisation	-	(248)	-	-	(2,602)	(2,850)
Impairment	-	(1,090)	(4,318)	-	(2,950)	(8,358)
Exchange fluctuations	-	(36)	183	-	6	153
Carrying amount at end of period	25,484	3,210	171,907	60,400	16,256	277,257
Cost	25,484	6,425	185,925	60,400	26,266	304,500
Accumulated amortisation and impairment	-	(3,215)	(14,018)	-	(10,010)	(27,243)
	25,484	3,210	171,907	60,400	16,256	277,257

A description of each intangible asset is included below. Refer note 2(t) for the accounting policy in relation to goodwill and other intangible assets.

(a) Description of the Group's intangible assets and goodwill

(i) IT Development and software
Costs incurred in developing products or systems and costs incurred in acquiring software that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to IT development and software. Costs capitalised include external direct costs of materials and service and direct payroll and payroll related cost of employees time spent on the project. These intangible assets have been determined to have finite useful lives and are amortised over their useful lives and tested for impairment whenever there is an indicator of impairment (refer section (b) of this note).

During the period the IT platform modernisation project was cancelled, and as a result an impairment charge of $25.5 million was recognised to impair the project to nil value.

(ii) Patents, trade marks and licences
Patents and licences have been acquired through business combinations and are carried at cost less accumulated impairment losses. These intangible assets have been determined to have finite useful lives and are amortised over their useful lives and tested for impairment whenever there is an indicator of impairment (refer section (b) of this note).

(iii) Goodwill
After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised but is subject to impairment testing on an annual basis or whenever there is an indication of impairment (refer section (b) of this note).

Note 14. Intangibles (continued)

(iv) Brand Names
The Brand Name value represents the value attributed to the Elders Brand when acquired through business combinations and are carried at cost less accumulated impairment losses. Brand Names have been determined to have indefinite useful life due to there being no foreseeable limit to the period over which they are expected to generate net cash inflows, given the strength and durability of our Brand and the level of marketing support. The Brand has been in the rural and regional Australian market for many years, and the nature of the industry we operate in is such that Brand obsolescence is not common, if appropriately supported by advertising and marketing spend. Brand Names are not amortised but are subject to impairment testing on an annual basis or whenever there is an indication of impairment (refer section (b) of this note).

Expenditure incurred in developing, maintaining or enhancing Brand Names is expensed in the year that it occurred.

(v) Development costs, rent rolls and other
Development costs and rent rolls have been acquired through business combinations and are carried at cost less accumulated impairment losses. These intangible assets have been determined to have finite useful lives and are amortised over their useful lives and tested for impairment whenever there is an indicator of impairment (refer section (b) of this note).

(b) Impairment tests for goodwill and intangibles with indefinite useful lives

For the purposes of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units, or groups of cash generating units, that are expected to benefit from the synergies of the combination, irrespective of whether the other assets and liabilities of the Group are assigned to those units or group of units. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes, and is not larger than an operating segment determined in accordance with AASB 8.

The carrying amount of goodwill and brand names attributed to each of these cash generating units is as follows:

	Goodwill		Brand Names	
	2013 $000	2012 $000	**2013 $000**	2012 $000
Rural Services Network	**-**	65,681	**5,615**	60,400
MCK Holdings	**-**	87,499	**-**	-
Other CGU's	**-**	18,727	**-**	-
	-	171,907	**5,615**	60,400

(i) Rural Services Network CGU
During the period the value in use of the Rural Services Network has been assessed, resulting in an impairment charge of $120.5 million against goodwill and Brand Names being brought to account. The recoverable amount of Goodwill and Brand Names for Rural Services Network CGU has been determined based on a value in use calculation using cash flow projections approved by management that covers a period of 5 years. Future cash flows are based on budgets and forecasts taking into account current market conditions and known future business events that will impact cash flows. The discount rate applied to the cash flow projections is 13.7% pre-tax (2012: 13.9% pre-tax) which has been determined based on a weighted average cost of capital calculation which incorporates the specific risks relating to the Rural Services Network.

The impairment loss is largely a result of a reduction in future cash flows following the sale of Elders Insurance (Underwriting Agency) and an increased allocation of corporate costs to the CGU as a result of the reorganisation of Elders as a pure agribusiness.

The calculation of value in use for the Rural Services Network CGU was based on the following key assumptions:

Gross margins
Gross margins are expected to increase as a result of:
- Recovery in livestock prices from current levels to historic averages as seasons normalise.
- A return to normal spring and summer rainfall patterns improving sales of agricultural chemicals, seed and fertiliser, and likely restoration of margins to historic levels as demand increases.
- An increase in animal health sales as the national sheep flock and cattle herd rebuilds.

Selling, general and administrative expenses
Substantial cost savings are expected to be achieved as a result of the reorganisation plan and new business model focused on the core rural services and trading businesses. The reorganisation will be implemented before the end of calendar year and the new business model is expected to reduce annualised operating costs by more than $25 million.

Profit from associates and joint ventures
Profit from associates and joint ventures are expected to decrease as a result of the Groups divestment of Elders Insurance (Underwriting Agency).

Note 14. Intangibles (continued)

Growth rate estimates
Year 1 cash flows are based on a forecast model. The EBIT growth rate for years 2 to 5 are based on a 3% nominal growth factor.

Discount rates
Discount rates reflect management's estimate of the time value of money and the risk specific to each unit that are not already reflected in the cash flows.

Any increase in the discount rate or decrease in the cash flows will result in further impairment.

(ii) MCK Holdings
On 15 August 2012, the Group announced the intended sale of Futuris Automotive. As at 31 March 2013, the Board of Directors resolved that the Automotive divestment had progressed to a stage where it was appropriate to classify the Automotive segment, including the MCK Holdings CGU, as held for sale and as a discontinued operation. On transfer to held for sale, $103.8 million of goodwill impairments have been recognised to revalue the segment to the lower of carrying amount or fair value less costs to sell. The $103.8 million impairment charge consisted of an impairment charge of $87.5 million against the MCK Holdings CGU and a further $16.3 million against other Automotive CGU's.

Note 15. Other Assets

	2013 $000	2012 $000
Current		
Deferred expenses	**501**	667
Prepayments	**3,446**	17,037
	3,947	17,704
Non current		
Deferred design and development expenditure	**-**	31,883
As at beginning of period	**31,883**	22,854
Additions through entity acquired	**-**	1,297
Design and development expenditure capitalised	**14,994**	15,862
Impairment	**(27,813)**	(4,224)
Amortisation	**(3,309)**	(3,868)
Amounts disposed through sale of controlled entity	**(17,423)**	-
Foreign exchange fluctuations	**1,668**	(38)
As at period end	**-**	31,883

Note 16. Trade and Other Payables

	2013 $000	2012 $000
Current		
Trade creditors	**220,398**	346,422
Other creditors and accruals	**31,251**	35,883
Payables to associated companies	**2,881**	4,301
	254,530	386,606
Non current		
Payables	**-**	1,413
	-	1,413

Fair Value
Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

Financial guarantees
Information regarding financial guarantees is set out in note 26 and 35.

Related party payables
For terms and conditions of related party payables refer to note 33.

Interest rate, foreign risk and liquidity risk
Information regarding interest rate, foreign exchange and liquidity risk exposure is set out in note 35.

Note 17. Interest Bearing Loans and Borrowings

	2013 $000	2012 $000
Current		
Secured loans	**119,547**	103,354
Trade receivables funding	**148,282**	199,196
Lease liabilities	**287**	437
	268,116	302,987
Non current		
Secured loans	**24,720**	80,983
Unsecured loans	**1,733**	1,555
Lease liabilities	**116**	304
	26,569	82,842
Total current and non current	**294,685**	385,829

(a) Financing arrangements

The Group has access to the following financing facilities with a number of financial institutions:

	Accessible $000	Drawn $000	Unused $000
2013			
Secured loans	**157,785**	**144,267**	**13,518**
Trade receivables funding	**192,600**	**148,282**	**44,318**
	350,385	**292,549**	**57,836**
Unsecured loans and lease liabilities	**2,136**	**2,136**	**-**
Total	**352,521**	**294,685**	**57,836**
2012			
Secured loans	199,261	184,337	14,924
Trade receivables funding	227,600	199,196	28,404
	426,861	383,533	43,328
Unsecured loans and lease liabilities	2,296	2,296	-
Total	429,157	385,829	43,328

The Group also has an ancillary facility in relation to off balance sheet funding, such as bank guarantees, of $61.3 million. As at 30 September 2013, $39.6 million had been drawn.

The parent entity and certain controlled entities have potential financial liabilities which may arise from certain contingencies disclosed in note 26. However the Directors do not expect those potential financial liabilities to crystallise into obligations and therefore financial liabilities disclosed in the above table are the Directors estimate of amounts that will be payable by the Group. No material losses are expected and as such, the fair values disclosed are the Directors estimate of amounts that will be payable by the Group.

Note 17. Interest Bearing Loans and Borrowings (continued)

(b) Assets pledged as security

Secured loans are secured by various fixed and floating charges over the assets of the controlled entities concerned. Lease liabilities are secured by a charge over the leased assets. The carrying amount of assets pledged as security for current and non-current interest bearing liabilities are:

	2013 $000	2012 $000
Current assets		
Floating charge		
Cash and cash equivalents	**26,277**	38,659
Trade and other receivables	**291,790**	296,571
Livestock	**33,769**	54,679
Inventory	**101,722**	144,224
Other	**10,603**	67,045
	464,161	601,178
Non current assets		
Floating charge		
Receivables	**4,175**	17,962
Other financial assets	**19,528**	-
Investments in associates and joint ventures	**62,700**	79,586
Property, plant and equipment	**26,895**	94,580
Intangibles	**5,615**	143,157
Other	**5,480**	113,127
	124,393	448,412
Total current and non current	**588,554**	1,049,590

Note 18. Provisions

Reconciliation of carrying amounts at beginning and end of period:

	Employee entitlements	Restructuring and redundancy	Make good	Onerous contracts	Other	Total
	$000	$000	$000	$000	$000	$000
2013						
As at beginning of period	**52,838**	**17,702**	**13,100**	**59,212**	**3,122**	**145,974**
Arising during year	**25,031**	**26,607**	**707**	**6,641**	**1,613**	**60,599**
Utilised	**(23,704)**	**(23,147)**	**(3,861)**	**(24,053)**	**(954)**	**(75,719)**
Unused amounts reversed	**(214)**	**(563)**	**(5,246)**	**(22,026)**	**(384)**	**(28,433)**
Discount rate adjustment	**(350)**	**-**	**376**	**521**	**-**	**547**
Provisions allocated to other assets	**-**	**(400)**	**-**	**-**	**-**	**(400)**
Disposals of controlled entities	**(14,038)**	**(1,218)**	**(547)**	**(2,796)**	**(2,428)**	**(21,027)**
Other	**-**	**11,028**	**(60)**	**(10,968)**	**-**	**-**
	39,563	**30,009**	**4,469**	**6,531**	**969**	**81,541**
Disclosed as:						
Current	**36,712**	**30,009**	**2,088**	**3,852**	**969**	**73,630**
Non current	**2,851**	**-**	**2,381**	**2,679**	**-**	**7,911**
Total	**39,563**	**30,009**	**4,469**	**6,531**	**969**	**81,541**
2012						
As at beginning of period	47,283	10,486	15,566	61,923	3,164	138,422
Arising during year	35,919	25,228	3,311	24,937	1,254	90,649
Utilised	(31,862)	(15,133)	(4,975)	(29,668)	(1,101)	(82,739)
Unused amounts reversed	(174)	(651)	(2,800)	(279)	(582)	(4,486)
Discount rate adjustment	1,747	-	684	1,480	-	3,911
Provisions arising from entities acquired	-	-	-	-	260	260
Disposals of controlled entities	-	-	-	(117)	-	(117)
Other	(75)	(2,228)	1,314	936	127	74
	52,838	17,702	13,100	59,212	3,122	145,974
Disclosed as:						
Current	49,142	17,702	9,620	42,620	1,981	121,065
Non current	3,696	-	3,480	16,592	1,141	24,909
Total	52,838	17,702	13,100	59,212	3,122	145,974

Nature and timing of provisions

(i) Employee entitlements
Refer to note 2(w) for the relevant accounting policy and a discussion of the significant estimations and assumptions applied in the measurement of this provision.

(ii) Restructure and redundancy
The restructuring provision relates to provisions arising upon classification of the Forestry division being held for sale, and redundancies communicated to staff during the year.

(iii) Make Good
A make good provision is recorded at the commencement of a lease or operation being the present value of restoration obligations, while the cost of future restoration is capitalised as part of the asset. The capitalised cost is depreciated over the life of the lease or project and the provision is increased as the discounting of the liability unwinds.

(iv) Onerous leases
The onerous lease provision relates to leases for which the expected benefits are lower than the unavoidable cost of meeting obligations under the lease.

Note 19. Contributed Equity

	2013 $000	2012 $000
Issued and paid up capital		
455,013,329 ordinary shares (September 2012: 448,598,480)	**1,269,153**	1,270,323

The movement in the dollar balance of share capital is a result of the unwinding of the tax effect of the equity raising costs incurred in the 2010 financial year. On 1 August 2013, 6,414,849 shares were issued to participants in the employee retention plan who met the vesting conditions under that plan (refer to note 32).

Effective 1 July 1998, the Corporations legislation abolished the concepts of authorised capital and par value shares. Accordingly the Company does not have authorised capital nor par value in respect of its issued capital.

Capital management

The Group considers both capital and net debt as relevant components of funding, hence, part of its capital management. When managing capital and net debt, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

Elders financing package prohibits the payment of ordinary dividends until repayment of all syndicated debt. Refer to note 23 for dividend disclosure.

Note 20. Hybrid Equity

Issued and fully paid up	**145,151**	145,151

1,500,000 perpetual, subordinated, convertible unsecured notes ("Hybrids") were issued in April 2006 at $100 each. If the Board resolves to pay them, distributions will be paid quarterly in arrears on 31 March, 30 June, 30 September and 31 December each year. Distributions are frankable. Until 30 June 2011 (the first remarketing date) the distribution rate was the 3 month bank bill swap rate plus a margin of 2.20% pa. On 30 June 2011, Elders accepted a one-off step up of 250bps in margin.

Elders financing package prohibits the payment of distributions to the hybrid holders until repayment of all syndicated debt. No distributions were declared or paid during the year.

The Hybrids may, on the occurrence of certain events, be converted or resold by the Company at its election or pursuant to a request of holders. The terms of such conversion or resale can be found in the Futuris Hybrids Prospectus dated 28 February 2006, which is available on the Company's website.

Hybrid holders rank after all creditors but before ordinary shareholders on a winding up to the face value of the Hybrids plus unpaid Hybrid distributions for the prior 12 months.

Note 21. Reserves

Reconciliation of carrying amounts at beginning and end of period:

2013	Business combination reserve $000	Employee equity benefits reserve $000	Foreign currency translation reserve $000	Net unrealised gains reserve $000	Reserved shares reserve $000	Total $000
Carrying amount at beginning of period	(16,169)	397	(7,707)	(1,641)	(2,190)	(27,310)
Foreign currency translation	-	-	2,869	-	-	2,869
Non-controlling interest share of movement	-	-	(840)	-	-	(840)
Net gains/losses in cash flow hedges	-	-	-	1,423	-	1,423
Income tax on items taken directly or transferred to equity	-	-	-	(53)	-	(53)
Sale of reserved shares	-	-	-	-	10	10
Excess paid for purchase of non-controlling interest	12	-	-	-	-	12
Cost of share based payments	-	818	-	-	-	818
Transfer to retained earnings	(346)	(985)	-	-	2,577	1,246
Transfers to reserved shares reserve	-	397	-	-	(397)	-
Carrying amount at end of period	(16,503)	627	(5,678)	(271)	-	(21,825)

Note 21. Reserves (continued)

2012	Business combination reserve $000	Employee equity benefits reserve $000	Foreign currency translation reserve $000	Net unrealised gains reserve $000	Reserved shares reserve $000	Total $000
Carrying amount at beginning of period	(15,092)	(3,081)	(12,256)	(169)	(2,994)	(33,592)
Foreign currency translation	-	-	4,398	-	-	4,398
Non-controlling interest share of movement	-	-	151	-	-	151
Transfer to statement of comprehensive income	-	-	-	(477)	-	(477)
Net gains/losses in cash flow hedges	-	-	-	(1,278)	-	(1,278)
Income tax on items taken directly or transferred to equity	-	-	-	283	-	283
Sale of reserved shares	-	-	-	-	36	36
Excess paid for purchase of non-controlling interest	(1,077)	-	-	-	-	(1,077)
Cost of share based payments	-	2,139	-	-	-	2,139
Transfer to retained earnings	-	(1,978)	-	-	4,085	2,107
Transfers to reserved shares reserve	-	3,317	-	-	(3,317)	-
Carrying amount at end of period	(16,169)	397	(7,707)	(1,641)	(2,190)	(27,310)

Nature and purpose of reserves

(i) Business combination reserve
The reserve is used to record the differences between the carrying value of non-controlling interests and the consideration paid/received, where there has been a transaction involving non-controlling interests that do not result in a loss of control.

(ii) Employee equity benefits reserve
This reserve is used to record the value of equity benefits provided to employees, including key management personnel as part of their remuneration.

(iii) Foreign currency translation reserve
The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

(iv) Net unrealised gains reserve
This reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge.

(v) Reserved Shares Reserve
This reserve represents shares that have been forfeited by employees that were issued under the employee share loan plan.

Note 22. Retained Earnings

	2013 $000	2012 $000
Retained earnings at the beginning of the financial year	**(844,029)**	(781,322)
Net profit/(loss) attributable to owners of the parent	**(505,255)**	(60,600)
Transfer from business combinations reserve	**346**	-
Transfer from employee equity benefits reserve	**985**	1,978
Transfer from reserved shares reserve	**(2,577)**	(4,085)
Other	**10**	-
Retained earnings at the end of the financial year	**(1,350,520)**	(844,029)

Note 23. Dividends

(a) Dividends proposed

	2013 $000	2012 $000
No final dividend will be paid (2012: Nil)	-	-

(b) Dividends paid during the year

Current year interim		
- No interim dividend will be paid (2012: Nil)	-	-
Previous year final		
- No final dividend paid (2012: Nil)	-	-
Subsidiary equity dividends on ordinary shares:		
Dividends paid to external parties during the year	**3,170**	2,796

Elders financing package prohibits the payment of ordinary dividends until repayment of all syndicated debt.

(c) Franking credit balance

Franking credits available to the parent for subsequent financial years based on tax rate of 30% (2012: 30%)	**16,570**	9,410

The above amounts represent the balance of the franking account as at the end of the financial period, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax;
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date;
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date; and
- franking credits that may be prevented from being distributed in subsequent financial years.

Note 24. Cash Flow Statement Reconciliation

(a) Reconciliation of net profit/(loss) after tax to net cash flows from operations

	2013 $000	2012 $000
Profit/(loss) after income tax expense	**(501,870)**	(57,373)
Adjustments for non cash items:		
Depreciation and amortisation	**19,184**	21,017
Share of associates and joint venture (equity accounted earnings)	**(8,370)**	(7,772)
Dividends from associates	**15,237**	9,028
Fair value adjustments to financial assets	**2,923**	(6,192)
Other fair value adjustments	**-**	(5,266)
Fair value adjustments and impairments	**309,576**	75,663
Movement in provision for:		
- doubtful debts	**24,739**	3,343
- employee entitlements	**24,467**	37,492
- other provisions	**8,246**	52,582
Other write downs	**6,638**	2,659
Net (profit)/loss on sale of non-current assets	**(23,569)**	(16,506)
Net (profit)/loss on sale of controlled entity	**37,908**	(10,629)
Cost of share based payments	**818**	2,139
Deferred tax asset	**72,140**	29,874
Deferred income tax	**(30,425)**	208
Provision for tax	**(2,731)**	(39,268)
Other non cash items	**(2,383)**	3,955
	(47,472)	94,954
- (Increase)/decrease in receivables and other assets	**89,944**	39,480
- (Increase)/decrease in inventories	**(612)**	20,181
- Increase/(decrease) in payables and accruals	**(123,446)**	(152,087)
Net cash flows from operating activities	**(81,586)**	2,528

Note 24. Cash Flow Statement Reconciliation (continued)

(b) Cash and cash equivalents

	2013 $000	2012 $000
Cash at bank and in hand	**39,927**	91,969

Cash includes $4.3 million (2012: $3.9 million) of cash held in trust on behalf of certain controlled entities.

(c) Non cash financing and investing activities

During the financial year, and the previous financial year, there were no non cash financing and investing transactions.

Note 25. Expenditure Commitments

Finance lease commitments – Group as a lessee
The Group has finance leases and hire purchase contracts for various items of plant and machinery with a carrying amount of $0.8 million (2012: $1.4 million). These lease contracts expire within five years. The leases have terms of renewal but no purchase options and escalation clauses. Renewals are at the option of the specific entity that holds the lease.

Finance leases commitments:		
- Within one year	**317**	495
- After one year but not after five years	**130**	345
Total minimum lease payments	**447**	840
Less amounts representing finance charges	**(44)**	(99)
Present value of minimum lease payments	**403**	741
Disclosed in the financial statements as:		
- current (note 17)	**287**	437
- non current (note 17)	**116**	304
	403	741
Operating leases commitments:		
- Within one year	**59,417**	81,524
- After one year but not later than five years	**117,255**	193,974
- After more than five years	**57,530**	92,634
Total minimum lease payments	**234,202**	368,132

Operating leases commitments – Group as a lessee
The Group leases the majority of its branch network and capital city properties under operating leases. The lease commitments comprise base amounts adjusted where necessary for escalation clauses primarily based on inflation rates. Leases generally provide the Group with a right of renewal at the end of the lease term. The extent of lease commitments is a factor that is considered in the calculation of certain borrowing covenants.

Property, plant and equipment commitments

Capital expenditure contracted for but not otherwise provided for in these accounts:		
- Within one year	**-**	11,213
- After one year but not later than five years	**-**	7,230
Total property, plant and equipment commitments	**-**	18,443

Note 26. Contingent Liabilities

	2013 $000	2012 $000
Contingent liabilities at balance date, not otherwise provided for in the financial statements, are as follows:		
Claims lodged for damages resulting from the use of products or services	-	525
Guarantees issued to third parties arising in the normal course of business	39,638	35,520
	39,638	36,045

Unquantifiable contingent liabilities

- The Group has contingent obligations in respect of real property let or sub-let by entities within the Group.
- Benefits are payable under service agreements with executive Directors and officers of the Group under certain circumstances such as termination or achievement of prescribed performance hurdles.
- The Group has provided a guarantee to a third party in relation to certain obligations of Caversham Property Developments Pty Limited, a former subsidiary of Elders Limited. The Directors are of the view that the Group's liability under the guarantee is unquantifiable and remote.
- A member of the Group is party to a put option, exercisable from August 2013, in connection with a third party's holding in B&W Rural Pty Ltd, an incorporated joint venture in which the Group is the 75% shareholder. If exercised, the Group will own all the issued capital in B&W Rural Pty Ltd. It is not known whether the third party will exercise its rights pursuant to that put option, nor is it presently ascertainable what the consideration for the option shares might be.
- Members of the Group have, from time to time and in the ordinary course, provided parent company guarantees in respect of certain contractual obligations of their subsidiaries.
- Members of the Group have from time to time provided warranties and indemnities in connection with the disposal of assets. The Directors are not aware at the present time of any material expenses under the warranties or indemnities.
- There have been various legal claims lodged for damages resulting from the use of products or services of the Group for which no provision has been raised as it is not currently probable that these claims will succeed or it is not practical to estimate the potential effect of these claims. The Directors are of the view that none of these claims based on the net exposure are likely to be material.

Other guarantees

As disclosed in note 30, the parent entity has entered into a Deed of Cross Guarantee with certain controlled entities. The effect of this Deed is that Elders Limited and each of these controlled entities has guaranteed to pay any deficiency of any of the company's party to the Deed in the event of any of those companies being wound up.

The parent entity and certain entities in the Group are parties to various guarantees and indemnities pursuant to bank facilities and operating lease facilities extended to the Group.

Note 27. Segment Information

Identification of reportable segments

The Group has identified its operating segments to be the four segments of Rural Services, Forestry, Automotive Components and Investment & Other. This is the basis on which internal reports are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and in determining allocation of resources. Discrete financial information about each of these operating businesses is reported to the executive management team on at least a monthly basis. The Group operates predominantly within Australia. All other geographical operations are not material to the financial statements.

Type of product and service

- Rural Services include the provision of a range of agricultural products and services through a common distribution channel.
- Forestry includes the Group's interests in forestry plantations and forestry related investments.
- Automotive Components include the manufacturing and sales of automotive components of which the key components are seating, interior trim, and insulation packages. The Automotive segment was disposed of on 31 July 2013.
- The Investment & Other segment includes the general investment activities not associated with the other business segments and the administrative corporate office activities.

Accounting policies and intersegment transactions

The accounting policies used by the group in reporting segments internally are the same as those contained in note 2 to the accounts. Segment results have been determined on a consolidated basis and represent the earnings before corporate net financing costs and income tax expense.

Note 27. Segment Information (continued)

2013	Rural Services $000	Forestry $000	Automotive Components $000	Investment & Other $000	Total $000
External sales	1,657,112	1,412	304,130	-	1,962,654
Other revenues	2,415	1,476	12,090	497	16,478
Share of profit of associates and joint ventures	11,475	(2,968)	(137)	-	8,370
Profit/(loss) on sale of non current assets	25,939	(2,594)	(37,684)	-	(14,339)
Interest revenue	8,532	553	153	1,025	10,263
Total revenue	1,705,473	(2,121)	278,552	1,522	1,983,426
Earnings before interest, tax, depreciation & amortisation	(189,067)	(17,213)	(186,883)	(24,130)	(417,293)
Depreciation & amortisation	(6,527)	-	(12,654)	(3)	(19,184)
Segment result	(195,594)	(17,213)	(199,537)	(24,133)	(436,477)
Corporate net interest expense					(25,577)
Profit from ordinary activities before tax					(462,054)
Segment result	(195,594)	(17,213)	(199,537)	(24,133)	(436,477)
Less discontinued operations results	-	(24,635)	(199,537)	(7,756)	(231,928)
Continuing profit/(loss) before net borrowing costs and tax expense	(195,594)	7,422	-	(16,377)	(204,549)
Corporate net interest expense					(22,240)
Continuing profit/(loss) before tax expense					(226,789)
Segment assets	623,040	6,196	-	2,323	631,559
Unallocated assets (including tax assets)	-	-	-	-	49,358
Total assets	623,040	6,196	-	2,323	680,917
Segment liabilities	306,347	22,509	-	7,708	336,564
Unallocated liabilities (including tax liabilities)	-	-	-	-	298,153
Total liabilities	306,347	22,509	-	7,708	634,717
Net assets	316,693	(16,313)	-	(5,385)	46,200
Carrying value of equity investments	62,700	-	-	-	62,700
Acquisition of non current assets	(4,481)	-	(25,676)	-	(30,157)
Non cash income/(expense) other than depreciation and amortisation	(197,138)	11,457	(180,189)	(9,278)	(375,148)
Profit/(loss) on sale of non current assets and controlled entities	25,939	(2,594)	(37,684)	-	(14,339)

Notes to the Consolidated Financial Statements
For the Year ended 30 September 2013

Note 27. Segment Information (continued)

2012	Rural Services $000	Forestry $000	Automotive Components $000	Investment & Other $000	Total $000
External sales	1,813,205	14,611	344,742	-	2,172,558
Other revenues	13,338	1,127	19,565	1,130	35,160
Share of profit of associate and joint ventures	13,603	(5,263)	(568)	-	7,772
Profit/(loss) on sale of non current assets	(114)	27,249	-	-	27,135
Interest revenue	10,038	286	188	21,541	32,053
Total revenue	1,850,070	38,010	363,927	22,671	2,274,678
Earnings before interest, tax, depreciation & amortisation	25,095	(73,619)	18,915	(31,108)	(60,717)
Depreciation & amortisation	(6,439)	-	(14,571)	(7)	(21,017)
Segment result	18,656	(73,619)	4,344	(31,115)	(81,734)
Corporate net interest expense					(8,489)
Profit from ordinary activities before tax					(90,223)
Segment result	18,656	(73,619)	4,344	(31,115)	(81,734)
Less discontinued operations results	(2,220)	(37,594)	4,344	(3,160)	(38,630)
Continuing profit/(loss) before net borrowing costs and tax expense	20,876	(36,025)	-	(27,955)	(43,104)
Corporate net interest expense					(7,873)
Continuing profit/(loss) before tax expense					(50,977)
Segment assets	894,088	99,516	327,736	7,018	1,328,358
Unallocated assets (including tax assets)	-	-	-	-	181,544
Total assets	894,088	99,516	327,736	7,018	1,509,902
Segment liabilities	345,481	81,130	101,394	7,998	536,003
Unallocated liabilities (including tax liabilities)	-	-	-	-	422,117
Total liabilities	345,481	81,130	101,394	7,998	958,120
Net assets	548,607	18,386	226,342	(980)	551,782
Carrying value of equity investments	65,542	12,185	438	2,374	80,539
Acquisition of non current assets	(23,099)	-	(30,469)	-	(53,568)
Non cash income/(expense) other than depreciation and amortisation	(14,382)	(86,309)	(29,154)	(24,656)	(154,501)
Profit/(loss) on sale of non current assets and controlled entities	(114)	27,249	-	-	27,135

Note 28. Supplementary Statement of Net Debt

(a) Statement of Net Debt

This Supplementary Statement of Net Debt has been prepared to provide additional disclosure of segmental cash flows and the resultant impact on net debt for the period. This non-IFRS disclosure is provided as a supplementary disclosure to IFRS reporting contained in the Consolidated Statement of Cash Flows to provide illumination of cash performance of individual segments within the Consolidated Statement. The Directors consider this to be particularly useful given the diverse nature of the Group's operating segments. The Supplementary Statement of Net Debt should not be used as replacement for the Consolidated Statement of Cash Flows which appears in this report but should be read in conjunction with.

2013	Rural Services $000	Forestry $000	Automotive Components $000	Investment & Other $000	Total $000
Earnings before interest & tax	(195,594)	(17,213)	(199,537)	(24,133)	(436,477)
Depreciation and amortisation	6,527	-	12,654	3	19,184
Share of associates and joint venture (profit)	(11,475)	2,968	137	-	(8,370)
Dividends received from associates	11,981	3,256	-	-	15,237
Fair value adjustments on financial assets	2,960	(37)	-	-	2,923
Impairment of assets	141,765	473	161,692	5,646	309,576
Movement in provision for:					
- doubtful debts	20,987	-	1,334	2,418	24,739
- employee entitlements	16,722	157	6,124	1,464	24,467
- other provisions	13,521	(12,050)	6,180	595	8,246
Other writedowns	2,660	-	3,978	-	6,638
(Profit)/loss on sale of non-current assets	(25,939)	2,594	(224)	-	(23,569)
(Profit)/loss on sale of controlled entity	-	-	37,908	-	37,908
Cost of share based payments	-	-	-	818	818
Interest received	8,532	553	153	1,025	10,263
Interest and other costs of finance paid	(1,564)	(15)	(374)	(33,340)	(35,293)
Tax (paid)/refund	(2,800)	-	(137)	1,434	(1,503)
Other non cash items	(1,477)	-	881	(1,663)	(2,259)
	(13,194)	(19,314)	30,769	(45,733)	(47,472)
Movement in working capital	22,760	(32,620)	(27,203)	2,949	(34,114)
Operating cash flow	9,566	(51,934)	3,566	(42,784)	(81,586)
Payment for property, plant and equipment	(3,220)	-	(10,402)	-	(13,622)
Purchase of equity accounted investments	-	-	(280)	-	(280)
Payment for controlled entities, net of cash acquired	(1,261)	-	-	-	(1,261)
Payment for design and development capitalised	-	-	(14,994)	-	(14,994)
Proceeds from sale of non current assets held for sale	-	63,298	-	-	63,298
Proceeds from sale of equity accounted investments	27,390	-	-	-	27,390
Proceeds from sale of property, plant and equipment	413	-	-	-	413
Proceeds from sale of intangibles	-	-	566	-	566
Proceeds from disposal of controlled entity	-	-	(455)	16,052	15,597
Payment for acquisition of non-controlling interest	(189)	-	-	-	(189)
Repayment of loans by associated entities	2,167	750	-	-	2,917
Loans repaid by growers	-	4,813	-	-	4,813
Investing cash flow	25,300	68,861	(25,565)	16,052	84,648
Proceeds from sale of reserved shares	-	-	-	10	10
Intercompany movement	(42,912)	(17,352)	26,057	34,207	-
Partnership profit distributions/dividends paid	(3,170)	-	-	-	(3,170)
Other flows	(46,082)	(17,352)	26,057	34,217	(3,160)
Total Flows	(11,216)	(425)	4,058	7,485	(98)
Opening net debt					(295,365)
Total flows					(98)
Derivatives recognised in relation to net debt					1,079
Debt derecognised as part of sale of controlled entity					39,200
Closing net debt					(255,184)

Note 28. Supplementary Statement of Net Debt (continued)

2012	Rural Services $000	Forestry $000	Automotive Components $000	Investment & Other $000	Total $000
Earnings before interest & tax	18,656	(74,014)	4,344	(30,720)	(81,734)
Depreciation and amortisation	6,439	-	14,571	7	21,017
Share of associates and joint venture (profit)	(13,603)	5,263	568	-	(7,772)
Dividends received from associates	9,028	-	-	-	9,028
Fair value adjustments on financial assets	(6,078)	(114)	-	-	(6,192)
Other fair value adjustments	(5,266)	-	-	-	(5,266)
Impairment of assets	3,704	43,758	9,360	18,841	75,663
Movement in provision for:					
- doubtful debts	2,311	1,177	(145)	-	3,343
- employee entitlements	21,961	559	13,669	1,303	37,492
- other provisions	2,894	36,854	10,036	2,798	52,582
Other writedowns	2,771	-	(112)	-	2,659
(Profit)/loss on sale of non-current assets	114	(16,620)	-	-	(16,506)
(Profit)/loss on sale of controlled entity	-	(10,629)	-	-	(10,629)
Cost of share based payments	-	-	-	2,139	2,139
Interest received	10,038	286	188	21,541	32,053
Interest and other costs of finance paid	(2,002)	(101)	(139)	(34,389)	(36,631)
Tax (paid)/refund	(4,188)	44	252	27,747	23,855
Other non cash items	6,083	(793)	(4,222)	(1,215)	(147)
	52,862	(14,330)	48,370	8,052	94,954
Movement in working capital	(31,546)	(41,212)	(24,073)	4,405	(92,426)
Operating cash flow	21,316	(55,542)	24,297	12,457	2,528
Payment for property, plant and equipment	(3,213)	-	(16,398)	-	(19,611)
Payment for intangibles	(18,314)	-	-	-	(18,314)
Payment for controlled entities, net of cash acquired	(1,572)	-	1,791	-	219
Payment for design and development capitalised	-	-	(15,862)	-	(15,862)
Proceeds from sale of non current assets held for sale	-	73,240	-	-	73,240
Proceeds from sale of equity accounted investments	925	-	-	-	925
Proceeds from sale of property, plant and equipment	684	-	-	-	684
Proceeds from sale of investment properties	2,730	-	-	-	2,730
Proceeds from disposal of controlled entity	-	28,168	-	-	28,168
Payment for acquisition of non-controlling interest	(3,232)	-	-	-	(3,232)
Loans repaid by growers	-	2,875	-	-	2,875
Investing cash flow	(21,992)	104,283	(30,469)	-	51,822
Proceeds from sale of reserved shares	-	-	-	36	36
Intercompany movement	(26,662)	(44,783)	11,764	59,681	-
Partnership profit distributions/dividends paid	(2,796)	-	-	-	(2,796)
Other flows	(29,458)	(44,783)	11,764	59,717	(2,760)
Total Flows	(30,134)	3,958	5,592	72,174	51,590
Opening net debt					(345,450)
Total flows					51,590
Derivatives recognised in relation to net debt					(1,505)
Closing net debt					(295,365)

Note 28. Supplementary Statement of Net Debt (continued)

(b) Reconciliation of net debt balance to balance sheet

	2013 $000	2012 $000
Cash and cash equivalents	**39,927**	91,969
Interest bearing loans and borrowings	**(294,685)**	(385,829)
Derivatives on interest bearing loans and borrowings	**(426)**	(1,505)
	(255,184)	(295,365)

Note 29. Auditors Remuneration

The auditor of Elders Limited is Ernst & Young.

	2013 $	2012 $
Amounts received or due and receivable by Ernst & Young (Australia) for:		
- auditing or review of financial statements	**1,222,176**	1,494,063
- tax services (primarily compliance)	**361,413**	213,407
- other compliance and assurance services	**631,824**	432,492
	2,215,413	2,139,962
Amounts received or due and receivable by related practices of Ernst & Young (Australia) for:		
- auditing or review of financial statements	**140,015**	298,600
- other services	**25,532**	29,675
	165,547	328,275
Amounts received or due and receivable by non Ernst & Young audit firms for:		
- auditing or review of financial statements	**-**	-
- tax services	**-**	-
- internal audit	**-**	-
- other services	**-**	-
	-	-

Notes to the Consolidated Financial Statements
For the Year ended 30 September 2013

Note 30. Investment in Controlled Entities

(a) Schedule of controlled entities

	Country of Incorporation		% Held by Group 2013	2012
Acehill Investments Pty Ltd	Australia	(f)	**100**	100
Agricultural Land Management Limited	Australia		**100**	100
Agsure Pty Ltd	Australia	(a)	**100**	100
AI Asia Pacific Operations Holding Limited	Hong Kong SAR		**100**	100
Air International Asia Pacific Operations Pty Ltd	Australia	(f)	**100**	100
Air International Vehicle Air Conditioning (Shanghai) Co Ltd	China		**100**	100
Albany Woolstores Pty Ltd	Australia	(f)	**66**	66
Aldetec Unit Trust	Australia	(e)	**100**	100
APO Administration Limited	Hong Kong SAR		**100**	100
APT Finance Pty Ltd	Australia	(a)	**100**	100
APT Forestry Pty Ltd	Australia	(a)	**100**	100
APT Land Pty Ltd	Australia	(a)	**100**	100
APT Nurseries Pty Ltd	Australia	(a)	**100**	100
APT Projects Ltd	Australia	(f)	**100**	100
Argo Trust No. 2	Australia	(h)	**100**	100
Ashwick (Vic) No 102 Pty Ltd	Australia	(f)	**100**	100
Australian Plantation Timber Pty Ltd	Australia	(a)	**100**	100
Australian Retirement Managers Pty Ltd	Australia	(f)	**100**	100
Australian Topmaking Services Pty Ltd	Australia	(f)	**100**	100
B & W Rural Pty Ltd	Australia		**75.5**	75.5
BWK Australia Pty Ltd	Australia	(f)	**100**	100
BWK Holdings Pty Ltd	Australia	(a)	**100**	100
Carbon Bid Co Pty Ltd	Australia	(f)	**100**	100
Charlton Feedlot Pty Ltd	Australia	(a)	**100**	100
E Globulus Pty Ltd	Australia	(f)	**100**	100
Elders Australia Aktien Holding GmbH & Co KG	Germany	(i)	**-**	100
Elders Australia Beteiligungs GmbH	Germany	(i)	**-**	90
Elders Automotive Group Limited	Australia	(a)	**100**	100
Elders Burnett Moore WA Pty Ltd	Australia	(f)	**100**	100
Elders Card Ltd	New Zealand	(g)	**50**	50
Elders China Trading Company	China		**100**	100
Elders Communications Pty Ltd	Australia	(f)	**100**	100
Elders Direct Ltd	New Zealand	(g)	**50**	50
Elders Esperance Woodchip Terminal Pty Ltd	Australia	(f)	**100**	100
Elders Finance Pty Ltd	Australia	(a)	**100**	100
Elders Financial Services Group Pty Ltd	Australia	(f)	**100**	100
Elders Fine Foods (Shanghai) Company	China		**100**	100
Elders Forestry Finance Pty Ltd	Australia	(a)	**100**	100
Elders Forestry Holdings Pty Ltd	Australia	(a)	**100**	100
Elders Forestry Land Holdings	Australia	(f)	**100**	100
Elders Forestry Management Ltd	Australia		**100**	100
Elders Forestry Pty Ltd	Australia	(a)	**100**	100
Elders Global Wool Holdings Pty Ltd	Australia	(a)	**100**	100
Elders Insurance Limited	New Zealand	(g)	**50**	50
Elders International Australia Pty Ltd	Australia	(a)	**100**	100
Elders Management Services Pty Ltd	Australia	(f)	**100**	100
Elders Meat Processing Pty Ltd	Australia	(f)	**100**	100
Elders Merchandise Limited	New Zealand	(g)	**50**	50
Elders Mortgage Brokers Pty Ltd	Australia	(f)	**100**	100
Elders Primary Wool Limited	New Zealand	(g)	**25**	25
Elders PT Indonesia	Indonesia		**100**	100
Elders Real Estate (NSW) Pty Ltd	Australia	(f)	**100**	100
Elders Real Estate (Qld) Pty Ltd	Australia	(f)	**100**	100
Elders Real Estate (Tasmania) Pty Ltd	Australia	(f)	**100**	100
Elders Real Estate (WA) Pty Ltd	Australia	(f)	**100**	100
Elders Real Estate Franchise (Vic) Pty Ltd	Australia	(f)	**100**	100
Elders Real Estate Ltd	New Zealand	(g)	**50**	50

Notes to the Consolidated Financial Statements
For the Year ended 30 September 2013

Note 30. Investment in Controlled Entities (continued)

	Country of Incorporation		% Held by Group 2013	2012
Elders Rural Holdings Limited	New Zealand	(g)	**50**	50
Elders Rural Services Australia Limited	Australia		**100**	100
Elders Rural Services Limited	Australia	(a)	**100**	100
Elders Services Company Pty Ltd	Australia	(f)	**100**	100
Elders Stock (SI) Ltd	New Zealand	(g)	**35**	35
Elders Tasmanian Fibre Pty Ltd	Australia	(a)	**100**	100
Elders Telecommunications Infrastructure Pty Ltd	Australia	(f)	**100**	100
Elders Trustees Pty Ltd	Australia	(f)	**100**	100
Elders Webster Pty Ltd	Australia	(f)	**100**	100
Elders Wool International Pty Ltd	Australia	(a)	**100**	100
Elderstock Limited	New Zealand	(g)	**35**	35
EVIA Rural Finance Ltd	New Zealand	(g)	**50**	50
EWI Pty Ltd	Australia	(i)	**-**	100
Family Hospitals Pty Ltd	Australia	(f)	**100**	100
Fares Exports Management Mexico, S.A. de C.V.	Mexico		**100**	100
Fares Exports Pty Ltd	Australia	(f)	**100**	100
Fares Exports Trading Mexico, S.A. de C.V.	Mexico		**100**	100
Futuris Automotive (CA) LLC	USA	(i)	**-**	100
Futuris Automotive (DE) LLC	USA	(i)	**-**	100
Futuris Automotive Interiors (Australia) Pty Ltd	Australia	(c)(i)	**-**	100
Futuris Automotive Interiors (Barbados) Inc	Barbados	(i)	**-**	100
Futuris Automotive Interiors (Hong Kong) Inc	Hong Kong SAR	(i)	**-**	100
Futuris Automotive Interiors (Mauritius) Inc	Mauritius	(i)	**-**	100
Futuris Automotive Interiors (Shanghai) Co Ltd	China	(i)	**-**	100
Futuris Automotive Interiors (Singapore) Pte Ltd	Singapore	(i)	**-**	100
Futuris Automotive Interiors (US) Inc	USA	(i)	**-**	100
Futuris Automotive Interiors Holdings Pty Ltd	Australia	(c)(i)	**-**	100
Futuris Automotive Thailand Co Ltd	Thailand	(i)	**-**	100
Futuris Feltex (proprietary) Limited	South Africa	(i)	**-**	50
Futuris Pty Ltd	Australia	(c)(i)	**-**	100
Geelong Wool Combing Pty Ltd	Australia	(f)	**100**	100
Gisborne Farmers Ltd	New Zealand	(g)	**50**	50
Hollymont Pty Ltd	Australia	(f)	**100**	100
ITC Portland Woodchip Terminal Pty Ltd	Australia	(f)	**100**	100
ITC Timerlands Pty Ltd	Australia	(a)	**100**	100
JS Brooksbank Pty Ltd	Australia	(f)	**100**	100
JS Brooksbank & Co Australasia Ltd	New Zealand		**100**	100
JSB New Zealand Limited	New Zealand		**100**	100
Keratin Holdings Pty Ltd	Australia	(a)	**100**	100
Killara Feedlot Pty Ltd	Australia	(a)	**100**	100
Manor Hill Pty Ltd	Australia	(f)	**100**	100
Marybrook Development Company Pty Ltd	Australia	(f)	**100**	100
Masterfund (WA) Pty Ltd	Australia	(f)	**100**	100
MCK Group Pty Ltd	Australia	(c)(i)	**-**	100
MCK Holdings (Australia) Pty Ltd	Australia	(c)(i)	**-**	100
MCK Holdings Pty Ltd	Australia	(c)(i)	**-**	100
MCK Pacific Pty Ltd	Australia	(c)(i)	**-**	100
Milltoc Pty Ltd	Australia	(f)	**100**	100
Mutual Benefit Consulting Pty Ltd	Australia	(f)	**100**	100
New Ashwick Pty Ltd	Australia	(f)	**100**	100
North Australian Cattle Company Pty Ltd	Australia	(a)	**100**	100
Pitt Son & Keene Pty Ltd	Australia	(f)	**100**	100
Plexicor Pty Ltd	Australia	(i)	**-**	100
Prestige Property Holdings Pty Ltd	Australia	(a)	**100**	100
Primac Exports Pty Ltd	Australia	(f)	**100**	100
Primac Holdings Pty Ltd	Australia	(f)	**100**	100
Primac Pty Ltd	Australia	(f)	**100**	100
Primac Travel Pty Ltd	Australia	(i)	**-**	100
Rachid Fares Enterprises of Australia Pty Ltd	Australia	(f)	**100**	100

Note 30. Investment in Controlled Entities (continued)

	Country of Incorporation		% Held by Group 2013	2012
Redray Enterprises Pty Ltd	Australia	(f)	**100**	100
SA Bid Co Pty Ltd	Australia	(f)	**100**	100
Seed Production Limited	New Zealand	(g)	**50**	50
Sydney Woolbrokers Limited	Australia	(f)	**53**	53
Torrens Investments Pte Ltd	Singapore	(i)	**-**	100
Treecrop Pty Ltd	Australia	(f)	**100**	100
Ultrasound Australia Pty Ltd	Australia	(a)	**100**	100
Victorian Producers Co-operative Company Pty Ltd	Australia	(f)	**100**	100
Vision Group of Companies Pty Ltd	Australia	(f)	**100**	100
Vockbay Pty Limited	Australia	(f)	**100**	100
WA Bid Co Pty Ltd	Australia	(f)	**100**	100
Wool Exchange (WA) Pty Ltd	Australia	(f)	**67**	67
Wool Marketing Enterprises Pty Ltd	New Zealand	(g)	**25**	25

- The parties that comprise the Closed Group are denoted by (a). Parties added to the Closed Group during the year are denoted by (b). Parties removed from the Closed Group during the year are denoted by (c).
- Entities acquired or registered during the period are denoted by (d).
- Entities exempted from audit requirements due to overseas legislation or non-corporate status are denoted by (e).
- Entities classified by the *Corporations Act 2001* as small proprietary companies relieved from audit requirements are denoted by (f).
- Entities denoted by (g) are controlled entities, as the Group has the capacity to control via a dominance of financial, management and technological control.
- Entity denoted by (h) is a controlled special purpose entity related to trade receivable financing program.
- Entities denoted by (i) are entities that were disposed of, deregistered or liquidated during the year.

(b) Deed of cross guarantee

Pursuant to Australian Securities and Investments Commission Class Order 98/1418 (as amended) dated 13 August 1998, relief has been granted to these controlled entities of Elders Limited from the *Corporations Act 2001* requirements for preparation, audit and lodgement of financial reports, and directors' reports.

As a condition of the Class Order, Elders Limited, and the controlled entities subject to the Class Order, entered into a Deed of Cross Guarantee. The effect of the deed is that Elders Limited has guaranteed to pay any deficiency in the event of the winding up of any member of the Closed Group, and each member of the Closed Group has given a guarantee to pay any deficiency, in the event that Elders Limited or any other member of the closed group is wound up.

Certain members of the Closed Group, in addition to certain controlled entities, are guarantors in connection with the consolidated entity's borrowings facilities disclosed at note 17.

A consolidated statement of comprehensive income and consolidated statement of financial position, comprising the Company and the controlled entities which are a party to the deed, after elimination of all transactions between parties to the Deed of Cross Guarantee, for the year ended 30 September is set out as follows:

Notes to the Consolidated Financial Statements
For the Year ended 30 September 2013

Note 30. Investment in Controlled Entities (continued)

	2013 $000	2012 $000
Statement of comprehensive income and retained earnings of the Closed Group		
Profit/(loss) from continuing operations before income tax	**(1,606,459)**	(279,365)
Income tax benefit/(expense)	**4,672**	36,785
Profit/(loss) after income tax from continuing operations	**(1,601,787)**	(242,580)
Profit/(loss) after tax from discontinued operation (refer note 37)	**399,812**	(10,582)
Net profit for the period	**(1,201,975)**	(253,162)
Other comprehensive income	**645**	(683)
Total comprehensive income for the period	**(1,201,330)**	(253,845)
Retained earnings at the beginning of the period	**(958,147)**	(695,078)
Impact of entities exiting or joining closed group	**792,246**	-
Transfers to and from reserves	**(1,592)**	(9,907)
Retained earnings at the end of the period	**(1,369,468)**	(958,147)

	2013 $000	2012 $000
Consolidated statement of financial position of the Closed Group		
Current assets		
Cash and cash equivalents	**4,894**	14,115
Trade and other receivables	**21,090**	147,614
Livestock	**13,585**	27,268
Inventories	**6,687**	32,255
Derivative financial instruments	**-**	53
Non current asset classified as held for sale	**17,247**	54,927
Other assets	**196**	2,936
Total current assets	**63,699**	279,168
Non current assets		
Receivables	**902**	10,319
Other financial assets	**108,017**	548,607
Investments in associates and joint ventures	**51,973**	79,463
Property, plant and equipment	**13,829**	48,881
Intangibles	**-**	117,995
Deferred tax assets	**-**	99,687
Other assets	**-**	95,880
Total non current assets	**174,721**	1,000,832
Total assets	**238,420**	1,280,000
Current liabilities		
Trade and other payables	**32,656**	546,428
Derivative financial instruments	**67**	2,010
Interest bearing loans and borrowings	**120,448**	129,061
Current tax liabilities	**-**	4,502
Provisions	**14,329**	48,915
Total current liabilities	**167,500**	730,916
Non current liabilities		
Interest bearing loans and borrowings	**24,720**	81,078
Deferred tax liabilities	**-**	9,941
Provisions	**-**	4,788
Total non current liabilities	**24,720**	95,807
Total liabilities	**192,220**	826,723
Net assets	**46,200**	453,277

Note 30. Investment in Controlled Entities (continued)

	2013 $000	2012 $000
Equity		
Contributed equity	**1,269,153**	1,270,323
Hybrid equity	**145,151**	145,151
Reserves	**1,364**	(4,050)
Retained earnings	**(1,369,468)**	(958,147)
Total equity	**46,200**	453,277

Note 31. Key Management Personnel

(a) Details of Key Management Personnel

Directors	
MC Allison	Chairman (elected 27 June 2013)
JC Ballard	Chairman (resigned 27 June 2013)
MG Jackman	Managing Director and Chief Executive Officer
IG MacDonald	Non Executive Director (resigned 30 November 2012)
JH Ranck	Non Executive Director
JM Rozman	Non Executive Director
Other Key Management Personnel	
D Goodfellow	Group General Manager Australian Network
R Davey	Chief Financial Officer (appointed 31 January 2013)
M De Wit	Managing Director – Futuris Automotive Group Ltd (ceased employment 31 July 2013)
M Hosking	Chief Financial Officer (ceased employment 31 January 2013)
A Dage	Group General Manager Trading (ceased employment 9 August 2013)
H Browning	General Manager Trading (appointed 9 August 2013, resigned with effect 28 December 2013)

(b) Remuneration of specified Directors and other Key Management Personnel

For information on Group Remuneration Policy, Structure and the relationship between remuneration payment and performance please refer to the Remuneration Report.

	2013 $	2012 $
Short term	**4,317,168**	6,206,195
Long term	**204,375**	212,570
Post employment	**146,413**	223,042
Termination benefits	**1,384,456**	1,026,155
Share based payments	**514,439**	1,256,790
	6,566,851	8,924,752

Note 31. Key Management Personnel (continued)

(c) Retention Rights of Directors and other Key Management Personnel

(Number) 2013	Balance at beginning of period	Rights exercised	Rights granted	Rights lapsed / forfeited	Balance at end of period	Vested at end of period
M Hosking	**2,074,585**	**(2,074,585)**	-	-	-	-
S Hughes	**766,001**	**(766,001)**	-	-	-	-
A Dage	**1,214,391**	**(1,214,391)**	-	-	-	-
H Browning	**289,586**	**(289,586)**	-	-	-	-
Total	**4,344,563**	**(4,344,563)**	-	-	-	-
2012						
M Hosking	1,518,839	-	555,746	-	2,074,585	-
S McClure	490,702	-	179,549	(670,251)	-	-
S Hughes	560,802	-	205,199	-	766,001	-
A Dage	889,077	-	325,314	-	1,214,391	-
Total	3,459,420	-	1,265,808	(670,251)	4,054,977	-

(d) Long Term Incentive Rights held by Directors and other Key Management Personnel

(Number) 2013	Balance at beginning of period	Rights exercised	Rights granted	Rights lapsed / forfeited	Balance at end of period	Vested at end of period
MG Jackman	**2,284,822**	-	-	**(578,552)**	**1,706,270**	-
H Browning	**505,551**	-	-	**(101,851)**	**403,700**	-
M Hosking	**1,396,325**	-	-	**(1,396,325)**	-	-
A Dage	**1,203,482**	-	-	**(1,203,482)**	-	-
R Davey	**197,630**	-	-	**(40,876)**	**156,754**	-
Total	**5,587,810**	-	-	**(3,321,086)**	**2,266,724**	-
2012						
MG Jackman	2,570,425	-	-	(285,603)	2,284,822	-
M Hosking	696,325	-	700,000	-	1,396,325	-
S McClure	352,809	-	350,000	(702,809)	-	-
S Hughes	467,559	-	450,000	(917,559)	-	-
A Dage	603,482	-	600,000	-	1,203,482	-
Total	4,690,600	-	2,100,000	(1,905,971)	4,884,629	-

Note 31. Key Management Personnel (continued)

(e) Shareholdings of Directors and other Key Management Personnel

(Ordinary shares) 2013	Balance at beginning of period	On exercise of options	Granted as remuneration	Net change other	Balance at end of period *
JC Ballard*	**1,000,000**	-	-	-	**1,000,000**
MC Allison	**100,000**	-	-	-	**100,000**
IG MacDonald*	**52,668**	-	-	-	**52,668**
JH Ranck	**430,000**	-	-	-	**430,000**
JM Rozman	**20,000**	-	-	-	**20,000**
MG Jackman	**188,676**	-	**33,079**	-	**221,755**
H Browning	**506,632**	**289,586**	-	-	**796,218**
A Dage*	**90,000**	**1,214,391**	-	-	**1,304,391**
R Davey	**200,160**	-	-	-	**200,160**
M De Wit*	**18,537**	-	-	-	**18,537**
D Goodfellow	**173,356**	-	-	-	**173,356**
Total	**2,780,029**	**1,503,977**	**33,079**	-	**4,317,085**
2012					
JC Ballard	250,000	-	-	750,000	1,000,000
MC Allison	-	-	-	100,000	100,000
RG Grigg*	16,490	-	-	45,200	61,690
IG MacDonald	52,668	-	-	-	52,668
JH Ranck	128,334	-	-	301,666	430,000
JM Rozman	-	-	-	20,000	20,000
RH Wylie*	6,000	-	-	-	6,000
MG Jackman	107,168	-	-	81,508	188,676
M De Wit	18,537	-	-	-	18,537
V Erasmus*	1,998	-	-	-	1,998
S McClure*	7,697	-	-	-	7,697
S Hughes*	17,087	-	-	-	17,087
A Dage	90,000	-	-	-	90,000
D Goodfellow	173,356	-	-	-	173,356
Total	869,335	-	-	1,298,374	2,167,709
(Hybrid equity)					
2013					
MG Jackman	**1,000**	-	-	-	**1,000**
2012					
MG Jackman	1,000	-	-	-	1,000

* Balance at period end represents balance at date of cessation of services.

All equity transactions with directors and key executives other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arms length.

(f) Loans to and transactions with Directors and other Key Management Personnel

During the 2013 financial year, JC Ballard and D Goodfellow purchased immaterial amounts of product from the Group. All transactions were made at arm's length terms. No other loans were granted to, and no other transactions were entered into, with Directors and other Key Management Personnel in either the 2012 or 2013 financial years.

Note 32. Share Based Payment Plans

(a) Retention Plan (General)

During the period 6,414,849 shares were issued to participants in the employee retention plan who met the vesting conditions under the plan. The Plan was designed to retain the services of certain key employees. The Plan recognises that Australian economic conditions are generally good and quality employees have alternative employment options. It is important for Elders to preserve its senior management team to ensure successful execution of its business strategies.

An expense of $0.8 million was recognised in profit and loss during the year in relation to the issue of service rights.

(b) Elders Long Term Incentive Rights Plans

The parent entity issues from time to time rights over ordinary shares to senior employees of the Group. The rights are issued at the sole discretion of the Directors as part of the employee's remuneration packages. Each right will convert to one ordinary share automatically on the vesting date assuming satisfaction of certain performance conditions as determined by the Board at the time of grant, continued employment (or earlier termination of employment for reason other than resignation or dismissal for poor performance or misconduct), and may vest earlier in the event of a takeover.

(i) CEO Long Term Incentive Plan
As at 30 September 2013 1,706,270 CEO rights were outstanding, with maturity dates between 10 November 2013 and 10 November 2015.

(ii) Executive Long Term Incentive Plan
As at 30 September 2013 3,111,412 executive rights were outstanding, with maturity dates between 10 November 2013 and 10 November 2015.

The fair value of the equity settled share rights was measured using the Monte Carlo simulation model, taking into account the terms and conditions upon which the instruments were granted.

Note 33. Related Party Disclosures

(a) Ultimate controlling entity

The ultimate controlling entity of the Group is Elders Limited.

(b) Transactions between Elders Limited (Parent Entity) and related parties in the wholly owned group

	2013 $000	2012 $000
Transactions with related parties in the wholly owned group:		
Intercompany loan movements	-	104,230
Interest recharged	-	1,357
Recharges – other	**1,500**	3,000
Impairment of intercompany loans	**283,987**	(532,674)
Balances with related parties in the wholly owned group:		
Owing to the Parent Entity	-	401,379
Owing from the Parent Entity	-	(686,866)
	-	(285,487)

Transactions with related parties in the wholly owned group are made in arms length transactions both at normal market prices and on normal commercial terms.

Note 33. Related Party Disclosures (continued)

(c) Transactions between controlled entities wholly owned and controlled entities not wholly owned

Details of entities not wholly owned are set out in note 30.

	2013 $000	2012 $000
Transactions with controlled entities not wholly owned:		
Intercompany loan movements	**10,802**	(14,067)
Dividends received	**4,683**	4,836
Amounts relating to loan balances to entities which were disposed of during the period	**(2,033)**	-
Amounts converted to loan balances upon consolidation	**-**	760
Balances with controlled entities not wholly owned:		
Owing to the Group	**4,989**	2,779
Owing from the Group	**(567)**	(11,809)
	4,422	(9,030)

Transactions with controlled entities not wholly owned are made in arms length transactions both at normal market prices and on normal commercial terms.

(d) Transactions between controlled entities and partly owned entities (associates and joint ventures)

Details of associates and joint ventures are set out in note 11.

	2013 $000	2012 $000
Transactions with partly owned entities:		
Loan movements	**(2,898)**	(1,468)
Interest charged	**1,414**	1,524
Dividends received	**13,561**	9,028
Entity no longer partly owned	**(213)**	(4,502)
Impairment of loans	**(10,084)**	-
Balances with partly owned entities:		
Owing to the Group	**5,261**	18,462
Owing from the Group	**(2,881)**	(4,301)
	2,380	14,161

Loans made to partly owned entities are priced on an arms length basis. None of the balances are secured.

Transactions with partly owned entities are made in arms length transactions both at normal market prices and normal commercial terms.

Note 34. Earnings Per Share

	2013	2012
Weighted average number of ordinary shares ('000) used in calculating basic EPS	**449,671**	448,598
Dilutive share options ('000)	**1,425,161**	628,343
Adjusted weighted average number of ordinary shares used in calculating dilutive EPS ('000)	**1,874,832**	1,076,941

The following reflects the net profit/(loss) and share data used in the calculations of earnings per share (EPS):

	2013 $000	2012 $000
Reported operations		
Basic		
Net profit/(loss) attributable to members (after tax)	**(505,255)**	(60,600)
Dilutive		
Net profit/(loss) attributable to members (after tax)	**(505,255)**	(60,600)
Reported operations earnings per share:		
Basic earnings per share (cents per share)	**(112.4)¢**	(13.5)¢
Diluted earnings per share (cents per share)	**(112.4)¢**	(13.5)¢
Continuing operations		
Basic		
Net profit/(loss) attributable to members (after tax)	**(505,255)**	(60,600)
Less: Net loss/(profit) of discontinued operations (net of tax)	**209,443**	44,742
Net profit/(loss) of continuing operations (net of tax)	**(295,812)**	(15,858)
Dilutive		
Net profit/(loss) of continuing operations (net of tax)	**(295,812)**	(15,858)
Continuing operations earnings per share:		
Basic earnings per share (cents per share)	**(65.8)¢**	(3.5)¢
Diluted earnings per share (cents per share)	**(65.8)¢**	(3.5)¢
Discontinued operations		
Net profit/(loss) of discontinued operations (net of tax)	**(209,443)**	(44,742)
Discontinued operations earnings per share:		
Basic earnings per share (cents per share)	**(46.6)¢**	(10.0)¢
Diluted earnings per share (cents per share)	**(46.6)¢**	(10.0)¢

Note 35. Financial Instruments

The Group's principal financial instruments comprise receivables, payables, loans, finance leases, cash and other short term deposits and derivatives.

Risk exposures and responses
The Group manages its exposure to key financial risks, including interest rate and currency risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets while protecting future financial security.

The Group enters into derivative transactions, principally interest rate swap and forward currency contracts. The purpose is to manage the interest rate and currency risks arising from the Group's operations and its sources of finance. The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rate and foreign exchange prices. Ageing analysis and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board reviews and agrees policies for managing each of these risks as summarised below.

(a) Interest rate risk

The Group's exposure to market interest rates relates primarily to the Groups short term and long term debt obligations. The level of debt is disclosed in note 17.

At balance date, the Group had the following mix of financial assets and liabilities exposed to Australian variable interest rate risk that are not designated in cash flow hedges:

	2013 $000	2012 $000
Financial assets		
Cash and cash equivalents	**39,927**	91,969
Amounts receivable from associated entities	**-**	9,510
	39,927	101,479
Financial liabilities		
Secured loans	**(172,549)**	(263,533)
Unsecured loans	**(1,733)**	(1,555)
	(174,282)	(265,088)
Net exposure	**(134,355)**	(163,609)

The Group's policy is to manage its finance costs using a mix of fixed and variable rate debt. The Group constantly analyses its interest rate exposure so as to manage its cash flow volatility arising from interest rate changes. Within this analysis consideration is given to potential renewals of existing positions, alternative financing, alternative hedging positions and the mix of fixed and variable interest rates.

To manage this, the Group enters into interest rate swaps, in which the group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount. These swaps are designated to hedge underlying debt obligations.

The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance sheet date. At 30 September 2013, if interest rates had moved as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

	Post Tax Profit/equity Higher/(Lower)	
	2013 $000	2012 $000
+ 100 basis points	**(1,344)**	(1,636)
- 100 basis points	**1,344**	1,636

Note 35. Financial Instruments (continued)

(b) Liquidity risk

Liquidity risk arises from the financial liabilities of the group and the group's subsequent ability to meet their obligations to repay their financial liabilities as and when they fall due.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and committed available lines of credit. The Group manages its liquidity risk by monitoring the total cash inflows and outflows expected on a weekly basis. Elders Limited has established comprehensive risk reporting covering its business units that reflect expectations of management of the expected settlement of financial assets and liabilities.

A. Non derivative financial liabilities
The following liquidity risk disclosures reflect all contractually fixed pay-offs, repayments and interest resulting from the recognised financial liabilities and financial guarantees as of 30 September 2013. For the other obligations the respective undiscounted cash flows for the respective upcoming fiscal years are presented. The timing of cash flows for liabilities is based on the contractual terms of the underlying contract.

However, where the counterparty has a choice of when the amount is paid, the liability is allocated to the earliest period in which the Group can be required to pay. When the Group is committed to make amounts available in instalments, each instalment is allocated to the earliest period in which the Group is required to pay. For financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee can be called.

The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and outflows of non-derivative financial instruments.

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-5 years	> 5 years
	$000	$000	$000	$000	$000	$000
2013						
Non derivative financial assets:						
Cash and cash equivalents	**39,927**	**39,927**	**39,927**	**-**	**-**	**-**
Trade and other receivables	**353,988**	**353,988**	**343,223**	**6,590**	**4,175**	**-**
	393,915	**393,915**	**383,150**	**6,590**	**4,175**	**-**
Non derivative financial liabilities:						
Secured loans	**(292,549)**	**(301,906)**	**(199,828)**	**(76,954)**	**(25,124)**	**-**
Unsecured loans	**(1,733)**	**(2,080)**	**(87)**	**(87)**	**(1,906)**	**-**
Finance leases	**(403)**	**(447)**	**(159)**	**(158)**	**(130)**	**-**
Trade and other payables	**(254,530)**	**(255,943)**	**(254,530)**	**-**	**(1,413)**	**-**
Financial guarantees	**-**	**(39,638)**	**(39,638)**	**-**	**-**	**-**
	(549,215)	**(600,014)**	**(494,242)**	**(77,199)**	**(28,573)**	**-**
Net inflow/(outflow)	**(155,300)**	**(206,099)**	**(111,092)**	**(70,609)**	**(24,398)**	**-**
2012						
Non derivative financial assets:						
Cash and cash equivalents	91,969	91,969	91,969	-	-	-
Trade and other receivables	531,157	533,362	506,965	6,751	19,646	-
	623,126	625,331	598,934	6,751	19,646	-
Non derivative financial liabilities:						
Secured loans	(383,533)	(402,239)	(312,691)	(3,582)	(85,966)	-
Unsecured loans	(1,555)	(1,867)	(78)	(78)	(1,711)	-
Finance leases	(741)	(840)	(247)	(248)	(345)	-
Trade and other payables	(388,019)	(388,019)	(386,606)	-	(1,413)	-
Financial guarantees	-	(35,520)	(35,520)	-	-	-
	(773,848)	(828,485)	(735,142)	(3,908)	(89,435)	-
Net inflow/(outflow)	(150,722)	(203,154)	(136,208)	2,843	(69,789)	-

Note 35. Financial Instruments (continued)

B. Derivative financial instruments

Due to the unique characteristics and inherent risks to derivative instruments, the Group (through the Group Treasury Function) separately monitors liquidity risk arising from transacting in derivative instruments.

The table below details the liquidity risk arising from derivative financial liabilities held by the group at balance date. Net settled derivative liabilities comprise forward exchange and interest rate hedges.

	Carrying amount $000	Contractual cash flows $000	6 months or less $000	6-12 months $000	1-5 years $000	> 5 years $000
2013						
Derivative assets – net settled	**1,220**	**1,220**	**1,220**	**-**	**-**	**-**
Derivative liabilities – net settled	**(493)**	**(493)**	**(493)**	**-**	**-**	**-**
Total inflow/(outflow)	**727**	**727**	**727**	**-**	**-**	**-**
2012						
Derivative assets – net settled	1,593	1,593	1,593	-	-	-
Derivative liabilities – net settled	(2,010)	(2,010)	(2,010)	-	-	-
Total inflow/(outflow)	(417)	(417)	(417)	-	-	-

(c) Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables, and derivative instruments. The Group's exposures to credit risk arise from potential default of the counterparty, with the maximum exposure equal to the carrying amount of the financial assets.

The ageing of the Groups' trade and other receivables at balance date is reported at note 6. The credit risk associated with cash and derivatives is located primarily in Australia.

The Group minimises concentrations of credit risk by undertaking transactions with a large number of debtors in various locations and industries. The credit risk amounts do not take into account the value of any collateral or security. The creditworthiness of counterparties is regularly monitored and subject to defined credit policies, procedures and limits. The amounts disclosed do not reflect expected losses and are shown gross of provisions. The Group's maximum exposure to credit risk at the reporting date was:

	2013 $000	2012 $000
Cash and cash equivalents	**39,927**	91,969
Trade and other receivables	**353,988**	531,157
Derivative financial assets	**1,220**	1,593
	395,135	624,719
Location of credit risk		
Australia	**323,198**	459,436
New Zealand	**25,357**	43,096
Asia	**5,433**	24,457
Other	**-**	4,168
Total gross receivables	**353,988**	531,157
Industry classification		
Rural	**353,056**	416,692
Forestry	**84**	13,401
Automotive	**-**	87,139
Investment and other	**848**	13,925
Total gross receivables	**353,988**	531,157

Note 35. Financial Instruments (continued)

(d) Foreign currency risk

The Group is exposed to movements in the exchange rates of a number of currencies, in the ordinary course of business operations. The predominant exposure is to movements in the AUD/USD, AUD/NZD, and AUD/CNY exchange rates. These are primarily generated from the following activities:

- Purchase and sale contracts written in foreign currency, or priced in AUD but determined from a foreign currency value at a future date;
- Receivables and payables denominated in foreign currencies;
- Commodity cash prices that are partially determined by movements in exchange rates;
- Costs of sale such as transportation and commission denominated in foreign currency; and
- Funding raised in foreign currency.

Foreign exchange risk is managed within Board approved limits using forward foreign exchange and foreign currency option contracts. Where possible, exposures are netted off against each other to minimise the cost of hedging.

In managing foreign exchange risk, hedge accounting will be applied for financial reporting purposes for selected exposures based upon the size and duration of the exposure. Where hedge accounting is not applied, foreign currency contracts are fair valued at balance date with gains and losses recognised immediately through the statement of comprehensive income.

At 30 September 2013, the Group had the following AUD exposures to foreign currencies that were not designated in cash flow hedges:

	2013 $000	2012 $000
Financial assets		
Cash and cash equivalents – USD	**297**	17,185
Cash and cash equivalents – NZD	**9,377**	9,361
Cash and cash equivalents – CNY	**981**	9,943
Cash and cash equivalents – other	**437**	17,332
Receivables – USD	**2,621**	6,156
Receivables – NZD	**25,357**	39,239
Receivables – CNY	**1,453**	11,454
Receivables – other	**1,360**	14,312
	41,883	124,982
Financial liabilities		
Payables – USD	**(7,790)**	(8,657)
Payables – NZD	**(20,560)**	(18,867)
Payables – CNY	**-**	(24,428)
Payables – other	**(718)**	(25,640)
Interest bearing loans and borrowings – USD	**(1,342)**	-
Interest bearing loans and borrowings – NZD	**(2,831)**	(4,172)
Interest bearing loans and borrowings – other	**-**	(451)
	(33,241)	(82,215)
Net exposure	**8,642**	42,767

Given the foreign currency balances included in the Statement of Financial Position at balance date, if the Australian dollar at that date strengthened by 10% with all other variables held constant, then the impact on post tax profit/(loss) arising on the balance sheet exposure would be as follows:

	Post Tax Profit Higher/(Lower)	
	2013 $000	2012 $000
USD	**621**	(1,468)
NZD	**(1,134)**	(2,456)
CNY	**(230)**	303
Other	**(122)**	(555)

A 10% weakening of the Australian dollar against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables are held constant.

Note 35. Financial Instruments (continued)

(e) Fair value of financial assets and liabilities

The Group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

- 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 included in level 1 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.

The fair value of financial instruments as well as the method used to estimate the fair values are summarised in the table below:

	2013			2012		
	Quoted market price (Level 1)	**Valuation technique - market observable inputs (Level 2)**	**Valuation technique – non market observable inputs (Level 3)**	Quoted market price (Level 1)	Valuation technique - market observable inputs (Level 2)	Valuation technique – non market observable inputs (Level 3)
	$000	**$000**	**$000**	$000	$000	$000
Financial assets						
Derivatives	**-**	**1,220**	**-**	-	1,593	-
Financial liabilities						
Derivatives	**-**	**(493)**	**-**	-	(2,010)	-
	-	**727**	**-**	-	(417)	-

Quoted market prices represent 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 technologies, comparison to similar instruments for which active market observable prices exist and other relevant models used by market participants.

Note 36. Business Combinations – Changes in the Composition of the Entity

(a) Controlled entities acquired

During the period no entities were acquired.

Prior Period acquisitions

The Group holds a 70% interest in Futuris Automotive Interiors (Anhui) Company Ltd, which in prior reporting periods was considered to be a jointly controlled entity due to the control provided in the shareholders' agreement to the minority parties. As at 1 October 2011 it was determined that the relationship between the Group and the minority shareholders had changed to an extent that it was appropriate to account for the investment as a controlled entity rather than as a jointly controlled entity. The business combination resulted in the recognition of $10.8 million of goodwill. During the 2012 financial year the Anhui entity contributed $29.5 million of sales revenue and $1.4 million of profit before tax to the Group's continuing results.

	Date Control Acquired	**2012 $000**
	1 Oct 2011	
Fair value of initial investment		**15,984**
Non-controlling interest - share of fair value of net assets		**2,216**
Total consideration		**18,200**
Fair value of identifiable net assets acquired (see below)		**7,386**
Goodwill on acquisition		**10,814**

Note 36. Business Combinations – Changes in the Composition of the Entity (continued)

The aggregate amounts of assets and liabilities acquired by major class:

	Acquiree's carrying amount $000	**Fair value $000**
Cash and cash equivalents	1,791	**1,791**
Trade and other receivables	7,439	**7,439**
Inventories	1,376	**1,376**
Property, plant and equipment	6,733	**6,733**
Intangibles	938	**938**
Other assets	8,001	**1,297**
Trade and other payables	(11,928)	**(11,928)**
Provisions	(260)	**(260)**
Net identifiable assets acquired	14,090	**7,386**

Outflow of cash to acquire the entities, net of cash acquired:	
Cash balance acquired	**1,791**
Net Inflow/(outflow) of cash	**1,791**

(b) Controlled entities disposed

The Group disposed of the Futuris Automotive group of Companies on 31 July 2013 to affiliates of Clearlake Capital Group, L.P. Futuris Feltex (Proprietary) Limited was also disposed of in the period, for which the assets and liabilities disposed, and the cash proceeds were of an immaterial amount.

	2013 $000	2012 $000
Proceeds received on disposal of assets/shares:		
Cash	**43,633**	28,168
The carrying amounts of assets and liabilities disposed of by major class are:		
Cash	**28,036**	-
Trade and other receivables	**100,633**	-
Inventories	**44,969**	-
Derivatives	**255**	-
Other assets	**19,305**	-
Investment in associates and joint ventures	**674**	-
Property, plant and equipment	**35,940**	18,666
Intangibles	**1,041**	-
Tax assets and liabilities	**8,340**	(1,010)
Trade and other payables	**(89,304)**	-
Provisions	**(21,027)**	(117)
Interest bearing loans and liabilities	**(39,200)**	-
Net assets/(liabilities) of entity sold	**89,662**	17,539
Non-controlling interests	**(4,461)**	-
Reclassification of other comprehensive income	**(3,660)**	-
Total profit/(loss) on disposal of controlled entities	**(37,908)**	10,629

Prior period disposals
The Group disposed of Plantation Pulpwood Terminals Pty Ltd on 18 July 2012 to a fund managed by Global Forest Partners.

Note 37. Discontinued Operations

Financial period 30 September 2013

The Group's investment in the Futuris Automotive segment was disposed of during the period. Additionally the Group's investment in Australian Fine China and Agricultural Land Trust were classified as held for sale.

As required by AASB 5 Non-current Assets Held for Sale and Discontinued Operations the 2012 comparative discontinued operations disclosed below have been re-presented to show the effects of this classification.

Financial period 30 September 2012

Operations within the Group's Forestry division, and the Group's investment in Seed Technology and Marketing Pty Ltd ('Seedmark'), which forms part of the Rural Services segment, were classified as discontinued operations, or were disposed of during the period ended 30 September 2012 and reported as discontinued operations.

The Group's Forestry division continues to be classified as discontinued operations in the current financial year.

	Cont 2013 $000	**Disc 2013 $000**	**Total 2013 $000**	Cont 2012 $000	Disc 2012 $000	Total 2012 $000
Sales revenue	**1,657,112**	**305,542**	**1,962,654**	1,813,205	359,353	2,172,558
Cost of sales	**(1,332,713)**	**(269,542)**	**(1,602,255)**	(1,426,921)	(317,360)	(1,744,281)
Other revenues	**2,415**	**13,566**	**15,981**	13,929	20,692	34,621
Other expenses	**(568,777)**	**(238,111)**	**(806,888)**	(457,593)	(121,946)	(579,539)
Share of profit of associates and joint ventures	**11,475**	**(3,105)**	**8,370**	14,097	(6,325)	7,772
Profit/(loss) on sale of non current assets	**25,939**	**(40,278)**	**(14,339)**	179	26,956	27,135
Profit/(loss) before net borrowing costs and tax expense	**(204,549)**	**(231,928)**	**(436,477)**	(43,104)	(38,630)	(81,734)
Interest revenue	**8,792**	**1,471**	**10,263**	30,753	1,300	32,053
Finance costs	**(31,032)**	**(4,808)**	**(35,840)**	(38,626)	(1,916)	(40,542)
Profit/(loss) before tax expense	**(226,789)**	**(235,265)**	**(462,054)**	(50,977)	(39,246)	(90,223)
Income tax benefit/(expense)	**(65,966)**	**26,150**	**(39,816)**	38,313	(5,463)	32,850
Net profit/(loss) for year	**(292,755)**	**(209,115)**	**(501,870)**	(12,664)	(44,709)	(57,373)
Net profit/(loss) attributable to non-controlling interest	**3,057**	**328**	**3,385**	3,194	33	3,227
Net profit/(loss) attributable to members of the parent entity	**(295,812)**	**(209,443)**	**(505,255)**	(15,858)	(44,742)	(60,600)
Revenue and expenses						
Sales revenue:						
Sale of goods and biological assets	**1,458,292**	**304,441**	**1,762,733**	1,593,518	356,398	1,949,916
Commission and other selling charges	**168,138**	**856**	**168,994**	190,540	1,658	192,198
Other sales related income	**30,682**	**245**	**30,927**	29,147	1,297	30,444
	1,657,112	**305,542**	**1,962,654**	1,813,205	359,353	2,172,558
Other expenses:						
Distribution expenses	**260,856**	**23**	**260,879**	263,138	32	263,170
Marketing expenses	**7,253**	**358**	**7,611**	9,359	475	9,834
Occupancy expenses	**31,610**	**3,108**	**34,718**	33,759	3,583	37,342
Administrative expenses	**78,357**	**49,560**	**127,917**	97,567	53,554	151,121
Forestry fair value adjustments	**(7,422)**	**(6,664)**	**(14,086)**	36,025	44,050	80,075
Write down of assets to be divested or discontinued	**-**	**189,798**	**189,798**	-	4,198	4,198
Impairment of assets retained	**137,302**	**-**	**137,302**	18,634	-	18,634
Restructuring, redundancy and other writeoffs	**57,861**	**1,741**	**59,602**	(889)	14,125	13,236
Change in fair value of financial and other assets	**2,960**	**187**	**3,147**	-	1,929	1,929
	568,777	**238,111**	**806,888**	457,593	121,946	579,539
Profit/(loss) on sale of non current assets						
Non current assets held for sale	**-**	**(2,594)**	**(2,594)**	-	16,620	16,620
Equity accounted investments	**25,988**	**-**	**25,988**	-	(293)	(293)
Property, plant and equipment	**(49)**	**-**	**(49)**	179	-	179
Intangibles	**-**	**224**	**224**	-	-	-
Controlled entities	**-**	**(37,908)**	**(37,908)**	-	10,629	10,629
	25,939	**(40,278)**	**(14,339)**	179	26,956	27,135

Note 37. Discontinued Operations (continued)

The net cash flow of the discontinued operations are as follows:

	2013 $000	2012 $000
Operating activities	**(47,603)**	(30,814)
Investing activities	**59,348**	77,469
Financing activities	**1,894**	(33,019)
Net cash inflow / (outflow)	**13,639**	13,636

(a) Assets and liabilities – held for sale operations

Forestry assets		
Receivables	**-**	12,260
Investments in associates and joint ventures	**500**	1,726
Property, plant and equipment	**-**	340
Investment property	**4,350**	52,637
	4,850	66,963
Australian Fine China Pty Ltd	**1,250**	-
Seafood Delicacies Ltd	**-**	4,511
Fair value less costs to sell at the end of the period	**6,100**	71,474

Forestry assets

As announced by the Company on 3 October 2011, the Board of Directors have resolved that all operations of the Group's Forestry division would be held for sale, effective 30 September 2011. It is considered that shareholder value is better served by withdrawal from the Forestry sector to release and redirect capital to debt reduction and reinvestment in other operations.

The Forestry division comprises a number of separate disposal groups. The remaining disposal groups are Pulpwood Esperance and Red Mahogany. The major classes of assets within the disposal groups are investment properties. There may be factors beyond the Group's control that impact the timing of the ultimate sale of these disposal groups however at present it is expected all disposal groups will be sold within twelve months.

Liabilities have also been recognised as a result of classifying the Forestry division as held for sale. Where it is expected that these liabilities will be settled and not sold to third parties they have been treated as part of continuing operations as they do not meet the accounting standard requirements of held for sale.

All disposal groups are reported in the Forestry segment as detailed in note 27 of the financial report.

During the 12 months ended 30 September 2013, the Group received proceeds of $63.3 million from asset disposals which had a carrying amount of $65.9 million. The Group also recognised fair value decreases of $8.8 million to revalue remaining assets to the lower of their carrying value or fair value less costs to sell. In addition, provisions of $7.4 million have been reversed during the period.

Note 38. Parent Entity

Information relating to the parent entity of the Group, Elders Limited:

	2013 $000	2012 $000
Results:		
Net profit/(loss) for the period after income tax expense	**(530,744)**	(134,181)
Total comprehensive income/(loss)	**(530,744)**	(134,181)
Financial position:		
Current assets	**2,145**	3,414
Non current assets	**48,407**	580,368
Total assets	**50,552**	583,782
Current liabilities	**4,352**	2,285
Non current liabilities	**-**	251
Total liabilities	**4,352**	2,536
Net assets	**46,200**	581,246
Issued capital	**1,269,153**	1,270,323
Hybrid equity	**145,151**	145,151
Retained earnings	**(1,368,731)**	(836,815)
Employee equity reserve	**627**	397
Reserved shares reserve	**-**	2,190
Total equity	**46,200**	581,246

Guarantees
As disclosed in note 30, the parent entity has entered into a Deed of Cross Guarantee with certain controlled entities. The effect of this Deed is that Elders Limited and each of these controlled entities has guaranteed to pay any deficiency of any of the company's party to the Deed in the event of any of those companies being wound up.

The parent entity is a party to various guarantees and indemnities pursuant to bank facilities and operating lease facilities extended to the Group and commitments under unsecured notes.

Note 39. Subsequent Events

On or about 25 October 2013 members of the Group entered into agreements with major landlords in the Esperance region which have leased land to members of the Group in connection with the Group's Forestry business, including the Agricultural Land Trust (ALT). If implemented, those agreements will result in members of the Group being released from significant ongoing forestry lease liabilities in consideration for members of the Group transferring land, paying surrender fees, agreeing to cancellation of ALT units and forgiving debt owed by ALT to Elders. This financial report assumes that these transactions will be implemented. At the signing date of this report, the transactions remain subject to certain conditions precedent, including ALT unit holder consent, which may or may not be satisfied.

There is no other matter or circumstance that has arisen since 30 September 2013 which is not otherwise dealt with in this report or in the consolidated financial statements, that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial periods.

Directors’ Declaration

In accordance with a resolution of the Directors of Elders Limited, I state that:

1. In the opinion of the Directors:

    (a) the financial statements and notes of Elders Limited for the financial year ended 30 September 2013 are in accordance with the *Corporations Act 2001*, including:

    (i) Giving a true and fair view of its financial position as at 30 September 2013 and of its performance for the year ended on that date; and

    (ii) Complying with Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001

    (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2(b)

    (c) subject to the material uncertainty set out in note 2(a), there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the year ended 30 September 2013.

3. In the opinion of the Directors, as at the date of this declaration but subject to the material uncertainty set out in note 2(a), there are reasonable grounds to believe that the members of the Closed Group identified in note 30 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the deed of cross guarantee.

On behalf of the Board

M C Allison
Chairman

M G Jackman
Director

Adelaide
18 November 2013

Building a better working world

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Independent auditor's report to the members of Elders Limited

Report on the financial report

We have audited the accompanying financial report of Elders Limited, which comprises the consolidated statement of financial position as at 30 September 2013, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2b, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Building a better working world

Opinion

In our opinion:

a. the financial report of Elders Limited is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the consolidated entity's financial position as at 30 September 2013 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2b.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualification to the opinion expressed above, attention is drawn to Note 2(a) within the financial report. As set out in Note 2(a), there is material uncertainty over whether Elders Limited will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities at the amounts stated in the financial report is dependent on these matters.

Report on the remuneration report

We have audited the Remuneration Report included in pages 35 to 53 (excluding figure 1) of the directors' report for the year ended 30 September 2013. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Elders Limited for the year ended 30 September 2013 complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Mark Phelps
Partner
Adelaide
18 November 2013

ASX Additional Information

(a) Distribution of Equity Securities as at 31 October 2013

	No of Shares	No. of Holders	No. of Hybrids	No. of Holders
1 – 1,000	4,501,603	17,050	391,863	1,529
1,001 – 5,000	15,483,198	5,843	219,859	113
5,001 – 10,000	19,414,391	2,491	80,233	11
10,001 – 100,000	114,394,796	4,044	469,046	12
100,001 – maximum	301,219,341	464	338,999	2
	455,013,329	**29,892**	**1,500,000**	**1,667**

	Ordinary Shares	Hybrids
The number of holders holding less than a marketable parcel	22,222	55

(b) Voting rights

(i) Ordinary Shares: all ordinary shares carry one vote per share without restriction.

(ii) Elders Hybrids: Hybrids do not carry any voting rights under the Company's Constitution.

(c) Stock Exchange quotation

The Company's ordinary shares and Elders Hybrids are listed on the Australian Securities Exchange. The Home Exchange is Melbourne.

(d) Twenty Largest Shareholders as at 31 October 2013

The twenty largest holders of Elders Ordinary Shares were as follows:	No. of Shares	% of Shares
Citicorp Nominees Pty Limited	55,850,834	12.27
Ruralco Holdings Limited <Ruralco Holdings Limited A/C>	54,029,638	11.87
Bell Securities Pty Limited	14,966,713	3.29
HSBC Custody Nominees (Australia) Limited - A/C 2	11,028,873	2.42
HSBC Custody Nominees (Australia) Limited	4,960,076	1.09
J P Morgan Nominees Australia Limited <Cash Income A/C>	4,368,372	0.96
Pacific Agrifoods Investments Pty Ltd	3,354,557	0.74
National Nominees Limited	3,252,601	0.71
Mr Jin Koo Lee	2,653,314	0.58
Hishenk Pty Ltd	2,500,000	0.55
Pangaea Trade (Aus) Pty Ltd	2,423,330	0.53
J P Morgan Nominees Australia Limited	2,206,327	0.48
Mark Hosking	2,074,586	0.46
Grozier Pty Ltd <LR Farkash Super Fund A/C>	2,000,000	0.44
Netherhill Pty Ltd	2,000,000	0.44
Ms Sarah Jane Botten	1,900,000	0.42
Heytesbury Pty Ltd	1,833,055	0.40
Ms Weiming Jiang	1,713,739	0.38
Clearing & Management Services Pty Ltd	1,600,000	0.35
Mr Kevin David Pfeiffer	1,500,330	0.33
Total	**176,216,345**	**38.73**

Total held by twenty largest ordinary shareholders as a percentage of this class is 38.73%

The twenty largest holders of Elders Hybrids were as follows:	No. of Hybrids	% of Hybrids
J P Morgan Nominees Australia Limited	203,607	13.57
Citicorp Nominees Pty Limited	135,392	9.03
C S Fourth Nominees Pty Ltd	74,602	4.97
HSBC Custody Nominees (Australia) Limited - A/C 2	72,769	4.85
Mr Robert Lee Petersen	72,256	4.82
The Australian National University	50,000	3.33
BNP Paribas Noms Pty Ltd <DRP>	37,416	2.49
HSBC Custody Nominees (Australia) Limited-GSCO ECA	36,530	2.44
J P Morgan Nominees Australia Limited <Cash Income A/C>	35,339	2.36
Brazil Farming Pty Ltd	27,000	1.80
Luton Pty Ltd	19,000	1.27
HSBC Custody Nominees (Australia) Limited	17,300	1.15
National Nominees Limited	16,087	1.07
Mr Giuseppe Pulitano + Mrs Verona Pulitano <Pulitano Family S/F A/C>	10,747	0.72
Di Iulio Homes Pty Limited <Di Iulio Super Fund A/C>	10,000	0.67
Mr Guthrie John Williamson	10,000	0.67
Equitas Nominees Pty Limited <PB MML 2656876 A/C>	9,081	0.61
Sidmouth Pty Limited	8,000	0.53
Mr Kui She Hung	7,171	0.48
ABN Amro Clearing Sydney Nominees Pty Ltd <Custodian A/C>	7,011	0.47
Total	**859,308**	**57.29**

Total held by twenty largest hybrid holders as a percentage of this class is 57.29%

(e) The number of shares held by the substantial shareholders listed on the Company's register of substantial shareholders as at 31 October 2013 were:

Shareholder	Number of shares
Ruralco Holdings Limited	54,029,638
QBE Insurance Group Limited	45,882,132

Shareholder Information

Share Registry

Computershare Investor Services Pty Ltd
Level 5, 115 Grenfell Street,
Adelaide, South Australia, 5000
Telephone: 1300 55 61 61
Facsimile: +61 (0)8 8236 2305
Website: www.computershare.com.au

Enquiries

Shareholders with enquiries about their shareholdings should contact the Company's share registry, Computershare Investor Services on the above contact details.

Online shareholder information

Shareholders can obtain information about their holdings or view their account instructions online, as well as download forms to update their holder details. For identification and security purposes, you will need to know your Holder Identification Number (HIN/SRN), Surname/Company Name and Post/Country Code to access. This service is accessible via the Investor Centre on the Company's website or direct via the Computershare website at www.investorcentre.com

Tax and dividend/interest payments

Elders is obliged to deduct tax from dividend/interest payments (which are not fully franked) to holders registered in Australia who have not quoted their Tax File Number (TFN) to the Company. Shareholders who have not already quoted their TFN can do so by contacting Computershare. A notification form is available from either the Company's or Computershare's website.

Change of address

Shareholders who have changed their address should advise Computershare in writing. Written notification can be mailed or faxed to Computershare at the address given above and must include both old and new addresses and the security holder reference number (SRN) of the holding.

Change of address forms are available for download from either the Company's or Computershare's website. Alternatively, holders can amend their details on-line via Computershare's website. Shareholders who have broker sponsored holdings should contact their broker to update these details.

Annual Report mailing list

Shareholders who wish to vary their annual report mailing arrangements should advise Computershare in writing. Electronic versions of the report are available to all via the Company's website. Annual Reports will be mailed to all shareholders who have elected to be placed on the mailing list for this document. Report election forms can be downloaded from either the Company's or Computershare's website.

Forms for download

All forms relating to amendment of holding details and holder instructions to the Company are available for download from either the Company's or Computershare's website.

Investor information

Information about the Company is available from a number of sources:

- Website: www.elderslimited.com
- Subscribe: Shareholders can nominate to receive company information electronically. This service is hosted by Computershare and holders can register via the Investor Centre on the Company's website or direct via Computershare's website.
- Publications: the annual report is the major printed source of company information. Other publications include the Half-yearly report, company press releases, presentations and Open Briefings. All publications can be obtained either through the Company's website or by contacting the Company.

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Company Directory

Directors
Mr Mark C Allison, BAgrSC, BEcon, GDM, FAICD, Chairman
Mr Malcolm G Jackman BSc Bcom, Managing Director
Mr James H Ranck BS Econ FAICD
Ms Josephine M Rozman BEc, CA, GAICD

Secretary
Mr Peter G Hastings BA LLB GDLP

Registered Office
Level 3, 27 Currie Street
Adelaide, South Australia, 5000
Telephone: (08) 8425 4000
Facsimile: (08) 8410 1597
Email: information@elders.com.au
Website: www.elderslimited.com

Share Registry
Computershare Investor Services Pty Ltd
Level 5, 115 Grenfell Street
Adelaide, South Australia, 5000
Telephone: 1300 55 61 61
Facsimile: +61 (0)8 8236 2305
Website: www.computershare.com.au

Auditors
Ernst & Young

Bankers
Australia & New Zealand Banking Group
Commonwealth Bank of Australia
National Australia Bank
Rural Bank Limited
Coöperative Centrale Raiffeisen – Boerenleenbank (Rabobank Australia)

Stock Exchange Listings
Elders Limited ordinary shares and subordinated convertible unsecured notes (Elders Hybrids) are listed on the Australian Securities Exchange under the ticker codes “ELD” and “ELDPA”

Trustee for Elders Hybrids
The Trust Company (Australia) Limited (formerly known as Permanent Trustee Company Limited)
Level 3, 530 Collins Street
Melbourne, Victoria, 3000