Monday 16 November 2020

Appendix 4E and Annual Report for the Financial Period Ended 30 September 2020

Elders Limited (ASX:ELD) today reports its results for the financial year ended 30 September 2020.

Attached is the Appendix 4E (Results for announcement to the market), and Annual Report for the 12 month financial period ended 30 September 2020.

Further Information:
Mark Allison
Chief Executive Officer
0439 030 905

Authorised by:
Peter Hastings
Company Secretary

Elders Limited Appendix 4E (Rule 4.3A) FINAL FINANCIAL REPORT RESULTS FOR ANNOUNCEMENT TO THE MARKET

For the year ended 30 September 2020

Attached is the final report for the year ended 30 September 2020. The consolidated profit after tax and non-controlling interests was $122.9 million (2019: $68.9 million).

Additional Appendix 4E disclosure requirements and further details on the results and operations are included in the Annual Report provided to the Australian Securities Exchange.

	Result			$000
Revenue from continuing operations	up	29%	to	2,092,618
Profit from continuing operations after tax attributable to members	up	62%	to	122,947
Profit after tax for the year attributable to members	up	78%	to	122,947

Dividends	Amount per security	Franked amount per security
2020		
Final dividend	13 cents	13 cents
Interim dividend	9 cents	9 cents
2019		
Final dividend	9 cents	9 cents
Interim dividend	9 cents	9 cents

The record date for the final dividend is 24 November 2020; and payable on 18 December 2020.

Net tangible assets	2020	2019
	$	$
Net tangible assets[1] backing per ordinary security (155,753,725)	1.68	1.61

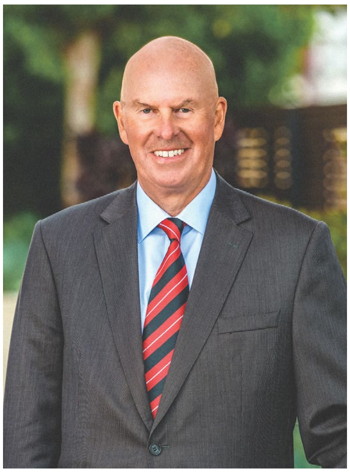
1 Assets for the purpose of net tangible assets include right-of-use assets associated with leases recognised in accordance with AASB 16

2020 Elders
Annual Report

Elders Limited ABN 34 004 336 636

Contents

From the Chair



Agriculture is essential.

The indispensable importance of Australia's farmers, the food and fibre they produce and the broader Agribusiness sector to Australia has been profoundly reinforced in FY20.

The sector has withstood remarkable obstacles in a year full of volatility, from extreme weather and natural disasters to the COVID-19 pandemic.

Yet throughout, agriculture has emerged more resilient and continued to perform strongly. As has Elders.

Financial results

In FY20 Elders achieved its strongest result in a decade, delivering underlying after-tax profit of $107.7 million. Underlying Earnings Before Interest and Tax (EBIT) was $120.6 million, which significantly exceeded the results of FY19.

We are particularly proud of these results given they were achieved despite ongoing drought and bushfires in the first half of the year and without any government assistance in the form of JobKeeper or other COVID-19 support measures.

The Board has declared a final dividend of 13 cents per ordinary share, taking dividends for the year to 22 cents fully franked. This represents an increase of 4 cents (22%) on the 18 cents total dividend paid in FY19.

People and safety

Our number one priority at Elders is safety. This has been even more vital in a year filled with health and safety challenges.

Managing Director Mark Allison addresses this in more detail, but as Chair I must reiterate the Board's strong support of organisational safety initiatives such as the Elders' Safety 7 Plan, our new safety and risk reporting tools, and the way we have committed to ensuring our operations and workplaces remain COVID-safe.

More broadly, Elders has supported staff and customers' health through an array of national programs and sponsorships across the country. Agriculture faces unique environmental, climatic, economic and social challenges and it's important that Elders leads the way with both grassroots activities and formalised national partnerships with charities, community groups, industry bodies and non-governmental organisations.

Sustainability

In FY19's report, I committed Elders to matching the best governance and sustainability standards practised by the top Australian listed businesses. Our ambition is to have in place "governance practices, tailored to Elders' specific needs and circumstances, equal to those demonstrated by Australia's very best companies".

I'm pleased we have taken initial steps to achieving this objective. Within this document we have published Elders' first Sustainability Report, a transparent and accountable measure of Elders' actions and performance on material topics during the year. The report addresses a range of important topics from community impact and investment to climate change, health and safety, animal welfare and corporate governance.

The results show our commitment to farmers and communities, keeping people safe and investing in the industry's future. It also shows how we work with farmers to enhance soil health, water use efficiency, and increasingly, help farmers manage their business through changes in the climate. It also details our policy on how we treat animals, both directly as a business and along our supply chain.

This is just the start and we need and intend to do more.

Governance and culture

Sustainability, along with all our actions, is underpinned by our values, and commitment to good governance and accountability.

The One Elders Values set expectations for everyone at Elders. Behaviour guided by these values permeates Elders' culture, which in turn contributes to our sustainable success and growth.

Our corporate governance framework seeks to inform and guide adherence to our values and our Board maintains regular engagement with senior management, to ensure our values are aligned with what we do.

Our governance commitment is documented in our Corporate Governance Statement. We are committed to compliance, transparency, disclosure, and acting lawfully, ethically and responsibly, and living our values every day.

Looking forward

The next period for Elders will be guided by our third Eight Point Plan which takes us through to 2023.

As with previous iterations, the Eight Point Plan outlines how we will achieve our ambition of delivering consistent and compelling shareholder returns through the agricultural cycles. In this third plan we have also introduced two new stated ambitions – to be the most trusted agribusiness brand in rural and regional Australia, and to deliver authentic and industry leading sustainability outcomes. The strategy will position us to achieve our goals, and I have no doubt that the Elders team will again deliver admirably.

Acknowledgements

First and foremost, on behalf of the Board, thank you to our 2,100 plus people who continue to go above and beyond for our clients and our company. You have adapted admirably to COVID-19, finding new ways of working and keeping each other safe. And in times of crisis you have been there for your clients and your communities. This was evident during the summer of 2019/20 bushfires where Elders people fought fires, mended fences, fed livestock and provided a shoulder to lean on for so many.

I would also like to thank my fellow Directors for their support and input. Welcome also to Matthew Quinn who joined in February 2020. Matthew brings a wealth of experience from other Non-Executive Director positions as well as his time as CEO of Stockland and is already adding tremendous value to the Board on a number of fronts.

And of course, thank you to our shareholders for your continued support.

Your Chair,

Ian Wilton
Chair

CEO's Report

Elders is built on trust. We are central to the success of agricultural communities across Australia and have been so since 1839.

We are proud of this heritage, and our role in developing Australian agriculture. The sector is a resilient, consistent and under-recognised driver of Australian jobs and growth – and we are proud to contribute to its success.

FY20 has been successful for our businesses – despite its challenges. We have faced drought, flooding, catastrophic bushfires and the impact of the COVID-19 pandemic.

Elders continues to prosper because of our solid business foundations, strict financial discipline, and a commitment to keeping the safety and prosperity of clients, communities and staff across Australia always at the forefront, and importantly we are favourably positioned for future growth.

Financial performance

Elders has again achieved strong financial performance despite the unprecedented challenges we have faced. We've continued our commitment to making good money in bad seasons and great money in good.

In FY20 we achieved an underlying after-tax profit of $107.7 million, an increase of 69% on FY19. Underlying Earnings Before Interest and Tax (EBIT) was $120.6 million, a 64% increase on last year. The result highlights the resilience of our business model and represents outperformance against the Eight Point Plan goal of 5-10% EBIT growth through the agricultural cycles.

At 18.7% Underlying Return On Capital (ROC) we fell just shy of the 20% target we set ourselves.

The result was driven by gross margin growth across all state geographies and products, combined with continued cost control and capital allocation discipline. The performance of our Rural Products division was a highlight. The acquisition and integration of leading rural supplies wholesaler Australian Independent Rural Retailers (AIRR) added $44.0 million in wholesale gross margin, well in excess of acquisition business case projections. We also made excellent progress on our backward integration strategy, selling more of our own branded products at higher margins.

Safety and our response to bushfires and COVID-19

Safety is embedded in everything we do. It remains central to our operations and a priority for our staff, from the boardroom to the saleyard.

Our Safety 7 plan outlines this commitment to care for our people and the those who we interact with, each day. This year we reintroduced our successful Stand Up Speak Up safety video series to the business, a new hazard and incident reporting tool for more accurate and efficient reporting, and new capital equipment to ensure the safety of our team at Killara Feedlot.

In FY20 we reported two Lost Time Injuries (LTIs) which represents a significant improvement on the nine LTIs recorded in FY19. Nonetheless, we strive for zero workplace injuries.

Elders was fortunate that none of its branches were affected in the 2019/20 bushfires. Our people remained safe but were nonetheless impacted through losses to personal properties and the huge task of supporting the communities around them to rebuild. Elders donated $100,000 to the Foundation for Rural and Regional Renewal and offered financial support and mental health resources to clients. To this day, our people in fire-affected areas are involved in supporting the rebuild and managing the ongoing implications of these events.

The COVID-19 pandemic heightened our focus on safety even further. Elders acted early and decisively, forming a dedicated COVID-19 Response Committee that oversaw a number of measures including establishing new ways of working as well as contactless service arrangements in our branches and on farm. From an operational perspective, COVID-19 created supply chain disruption and border crossing challenges for us to navigate. I commend our people for the resilience and adaptability they have demonstrated in maintaining our commitment to our clients through COVID-19 and delivering an essential service to Australia's agriculture sector.

Eight Point Plan

Elders' Eight Point Plans have underpinned our strategy since 2014. These map our competitive advantages as a pure play agribusiness and anchor our future growth and development on these advantages.

In FY20, we developed our third Eight Point Plan to take us to 2023, outlining our ambitions for growth and success for the next three years. As in previous years, we are focused on achieving 5-10% growth in EBIT and Earnings Per Share through the agricultural cycles at a compelling ROC of 15%.

To achieve these ambitions, Elders will pursue a range of organic and inorganic growth initiatives across our various business units and geographies. A key driver of growth will be capturing more gross margin in Rural Products through our continued backward integration strategy which sees us sell more of our own brand products obtained through our Titan AG and AIRR acquisitions.

A key enabler that is new to our Eight Point Plan is the Systems Modernisation Program. We have commenced on a multi-year program to upgrade Elders' core operating systems and applications. We will be moving to best of breed new solutions that will help us improve customer experience, drive process and administrative efficiency and more easily accommodate new business acquisitions.

Sustainability

An ambition and key strategic priority in our new Eight Point Plan is developing and delivering an authentic and industry leading sustainability program across health and safety, community, environment and governance.

We believe that an authentic and industry leading approach to sustainability will drive profitability and build a better business for our customers, our people, regional and rural Australia and other stakeholders to associate with, invest in and work in.

This program is underpinned by the following key sustainability principles, which are integrated into our way of doing business:

- we provide our customers and clients with the goods and services they need
- we support our people and the industries and communities in which we operate
- we do our part to look after the environment and the animals in our care
- we operate ethically and to the highest standard

This annual report includes our first Sustainability Report. It demonstrates our commitments to ensure our customers, people, communities, environment, animals, and Elders itself, are sustainable for decades to come.

I look forward to delivering on this in the years ahead.

In closing

It has been a tumultuous year, but we have remained focused on what is important – the heath and prosperity of our people, the communities we serve and our shareholders. We are proud of where we stand as a business – all underpinned by strong ambition to drive us to 2023, and beyond.

Elders continues to prosper because of solid business foundations, strict financial discipline, and a commitment to keeping the safety and prosperity of clients, communities and staff across Australia always at the forefront.

Mark C Allison
Managing Director and CEO

Year in Brief

Year ended 30 September		FY20 Post-AASB 16	FY20 Pre-AASB 16	FY19 Reported
Continuing sales revenue	$m	2,092.6	2,092.6	1,626.0
Underlying EBITDA	$m	162.4	127.9	78.8
Underlying EBIT	$m	120.6	119.4	73.7
Underlying finance costs	$m	9.3	6.8	7.7
Reported profit after tax	$m	122.9	124.2	68.9
Underlying profit after tax	$m	107.7	109.0	63.6
Net debt	$m	237.5	134.1	94.3
Shareholders' equity	$m	672.3	673.6	492.9
Operating cash flow	$m	142.3	110.5	11.2
Reported earnings per share (basic)	cents	79.8	80.6	57.0
Reported earnings per share (diluted)	cents	79.3	80.1	56.1
Underlying earnings per share (basic)	cents	69.9	70.7	52.6
Underlying earnings per share (diluted)	cents	69.4	70.3	51.8
Interim dividend (fully franked)	cents	9.0	9.0	9.0
Final dividend declared (fully franked)	cents	13.0	13.0	9.0
Key Ratios				
EBIT margin (EBIT to sales)	%	5.8	5.7	4.5
Return on capital[1]	%	18.9	18.7	18.2
Leverage (average net debt to underlying EBITDA)	times	2.0	1.6	2.4
Interest cover (EBITDA to net interest)	times	17.8	19.5	11.6
Gearing (average net debt to closing equity)	%	48.2	30.4	38.9
Key Share Data				
ELD share price (30 September)	$	10.85	10.85	6.32
Market capitalisation	$m	1,689.9	1,689.9	895.2
Number of ordinary shareholders		12,826	12,826	12,325
Ordinary shares on issue		155,753,725	155,753,725	141,650,621

1 Capital employed includes right of use assets and lease liabilities

Safety Performance	Two lost time injuries (LTI), compared to nine last year, with target of zero
	LTI frequency rate at 0.5, compared to 2.2 last year
	Continued emphasis on employee and community safety, health and wellbeing in COVID-19 environment
	A COVID-19 Response Committee was formed in March with executive and specialist management representation to guide the business in effectively and safely responding to the impacts caused by the global pandemic
Operational Performance	62% underlying EBIT growth in the past 12 months
	20.2% ROC Elders Rural Services, 18.7% ROC Elders post-AIRR acquisition
	Underlying EPS of 70.7 cents, up 35% from 52.6 cents
	Fully franked interim dividend of 9.0¢ per share
	Fully franked final dividend of 13.0¢ per share declared
Key Relationships	Implemented hardship relief to clients impacted by bushfires
	Worked closely with industry and clients to ensure continuity of operations and agricultural supply chains during COVID-19
	Identified as Australia's most trusted Agribusiness brand
	Positive progress of diversity plans
	Established a Sustainability function to monitor, report and improve our impact within our community
	Continued engagement with Rural RDCs, government and tertiary institutions to enhance our agricultural research, development and extension initiatives through the Thomas Elder Institute
	Provided clients with greater access to market intelligence through the establishment of Thomas Elder Markets
Efficiency and Growth	Acquired 16 new AIRR sites as well as six other stand-alone acquisitions
	Continued integration of AIRR to deliver EBIT growth and acquisition synergies
	Maintained growth of Titan AG business in key geographical areas to deliver on backward integration strategy
	Livestock in Transit delivered well ahead of acquisition business case due to higher opt-ins and continued claims management
	Established new <$100,000 livestock funding offering to fill a gap in the market and complement the existing StockCo offering
	Continued to grow our footprint through acquisition of Rural Products and Agency Services businesses and personnel which, in part, has benefited from industry consolidation

Elders and our community

In FY20, Elders contributed over $1.51 million to sponsorships, charities and community organisations. While we are proud of this figure, it doesn't touch on, or compare to, the countless hours in which our branch staff provided in-kind support to local community causes.

The clearest example of this followed the devastating bushfires of summer 2019/2020, which burnt almost 19 million hectares, ravaging the communities we serve.

Elders immediately donated $100,000 to the Foundation for Rural and Regional Renewal, offered staff paid volunteer leave, and matched donations dollar-for-dollar.

But the real work – the dirty and heartbreaking work – was on the ground in the immediate response and the ongoing rebuild.

Elders Area Manager Colin Lane is responsible for Gippsland, Victoria, and witnessed the devastation of the fires, and also the incredible resilience of his community.

"You have an emotional connection with these people. You see them hurting and struggling and you want to help," Colin says.

"It's a very emotional and overwhelming time, but I've never seen so much generosity."

Once the fires had eased throughout Gippsland, the team at Elders Bairnsdale moved to provide immediate fodder relief and started working with BlazeAid to supply, deliver, build and provide advice on fencing.

They arranged the free loan and running of two new tractors and set up fencing training for helpers and volunteers. They also began raising over $25,000 of relief funds for distressed clients.

The Elders Bairnsdale team spent countless days writing grant applications to minimise the burden of paperwork on clients already dealing with the trauma of fighting fires or caring for properties and stock.

Over the NSW border, the Tumut, Gundagai and Adelong branches were tending to their own communities. "All the local Elders staff were out there, helping one way or another, delivering fodder, urgent supplies and opening the branch no matter when it was needed," says Hannah Speers, an Operations Specialist from Elders' Adelong branch.

"We had support from Elders people who turned out from Wagga Wagga, Cootamundra, St Arnaud and even as far away as Hamilton and Ballarat." Hannah was instrumental in the setup of a BlazeAid camp, which trained and fed up to 100 volunteers a night.

Hannah also helped instigate a donation scheme with the Tumut Community Foundation in conjunction with Bendigo Bank to benefit the Dunns Road bushfire victims. Donations presented to Elders were redirected to this fund and gift vouchers handed out to members of the community affected by the bushfire to be used in local businesses.

Used in the town, the vouchers stimulated local business while helping those affected. The Tumut community raised over $200,000 for the cause and staff from nearby branches pitched in to help.

Although hard, Hannah says, these times prove the strength of rural communities.

"The bushfires have shown us the true meaning and power of the rural network as a whole," she says.

"Everyone is in it together with no ulterior motives other than to help one another get through a difficult time and to fight together."

One of Hannah's Adelong colleagues, David Crooks, embodies this ethos, fighting fires for four weeks during the initial crisis, and then continuing to help, seven days a week for months, to assist clients rebuild.

David describes the trauma of seeing his community in so much pain and watching friends and clients experience extensive losses.

"We've been holding the hands of grown men crying after having to shoot their livestock," David says.

"We would have 130 farmers who have lost pretty much everything, needing to talk and needing some support. It became our job to show compassion at the most traumatic time."

But such pain forges strength.

"There are still scars but it has really created an incredible bond with clients because other people can't understand what you've been through together," David says.

"Our clients are our friends. Their emotional and mental wellbeing is our priority."

"This year has really cemented our shop, and the people in our shop, as being integral to the community."

This sentiment is echoed in north-east Victoria, where nearly half-a-million hectares of forestry, farmland and private estates were destroyed. Elders Albury Branch Manager Tony Killalea says the sheer magnitude of the fires required a comprehensive community effort to get people back on their feet, but that everyone banded together.

"In the end, this tragedy has enhanced friendships and relationships," Tony says. "They (Elders staff) are doing it for their friends, not just their clients."

In the country's south, Kangaroo Island has been affected in a similar way, with more than a third of the island destroyed.

Branch manager Marty Kay says it has been all-hands-on-deck to rebuild, welcoming Elders' livestock agents from across South Australia to the island to assist with the ongoing job of fencing.

"Our biggest focus has been to help people affected get back into production, mainly for their mental health, so they've got a job to focus on each day and a structure that can begin to restore some sense of normality to their lives," Marty says.

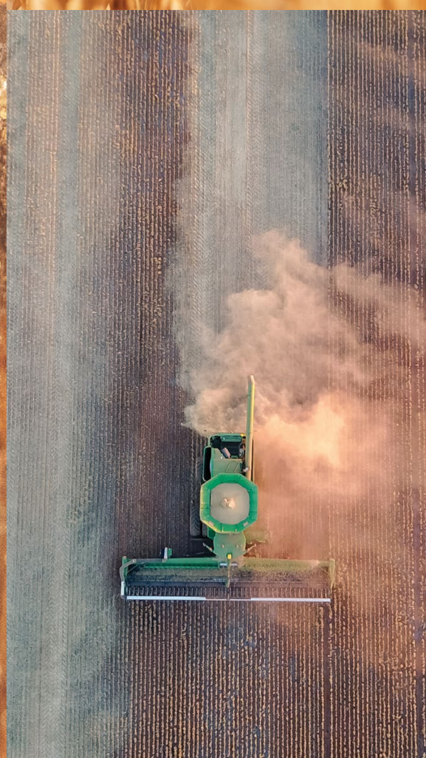
For Elders as a business, and our people on the ground, the focus now is dealing with the aftermath of such trauma with mental health support and counselling for post-traumatic stress. But the feeling is one of optimism – as it often is in rural communities – and a keenness to get on with the job of supporting one another to dust off and get back up.

It's a very emotional and overwhelming time, but I've never seen so much generosity.

Colin Lane
Area Manager Gippsland, Victoria

2020
Operating and Financial Review





Operating and Financial Review[1]

Elders is focused on creating value for all its stakeholders in Australia and internationally. We achieve this through approximately 2,100 employees across Australia and in China.

During the year we acquired wholesale business, Australian Independent Rural Retailers (AIRR) based in Shepparton, Victoria. AIRR is supported by a network of eight warehouses to supply independent retail stores throughout Australia.

In Australia, Elders works closely with primary producers to provide products, marketing options and specialist technical advice across rural, agency and financial product and service categories. Elders is a leading Australian rural and residential property agency and management network. This network includes both company owned and franchise offices operating throughout Australia in both major population centres and regional areas. Our feed and processing business operates a top-tier beef cattle feedlot in New South Wales and a premium meat distribution model in China.

On 11 March 2020, the World Health Organisation officially declared COVID-19 a global pandemic. Elders has considered the impact of COVID-19 when preparing the consolidated financial statements and related note disclosures and continues to monitor the impact of the COVID-19 outbreak on demand for Elders' products and services, customers and supply chains:

- all farm inputs supply chains in which Elders participates are, at present, operating normally
- livestock supply chains experienced a short-term disruption of live export to Vietnam and Indonesia
- wool markets remain soft due to limited Chinese buyer activity and although not material, Elders Fine Foods was significantly impacted by COVID-19 because of shutdown to restaurants and hotels in China
- Real Estate Services sales have been slightly impacted in parts of the country where COVID-19 has impinged on the ability to conduct inspections and auctions
- none of these interruptions has had a material impact on Elders' financial performance for the year ended 30 September 2020
- Elders has recognised pandemic risk on its risk register and has implemented controls in the business to mitigate COVID-19 impacts. Elders proactively formed a COVID-19 Response Committee and held regular meetings to monitor, track and report business and financial reporting matters related to COVID-19
- with Elders' critical role in agriculture and rural and regional Australia, the decision was made not to stand down or reduce employment due to COVID-19
- Elders did not access any government support such as JobKeeper during the year ended 30 September 2020

1 The Operating and Financial Review is presented in Australian dollars and is rounded in millions, unless otherwise stated. Rounding differences may be present due to individual amounts rounded to the nearest thousand dollars in the Financial Report.

Profit and Loss

This section has been prepared to demonstrate the adoption of AASB 16 Leases pre and post-implementation to enable a more meaningful comparison to the prior year. Unless otherwise stated, numbers will be presented pre-AASB 16.

Profit: Reported and Underlying

$ million	FY20 Post-AASB 16	FY20 Adjustments	FY20 Pre-AASB 16	FY19	Change Pre-AASB 16
Sales	**2,092.6**	**-**	**2,092.6**	**1,626.0**	**466.6**
Branch Network	149.1	(0.1)	149.2	109.8	39.4
Wholesale Products	22.0	0.1	21.9	-	21.9
Feed and Processing Services	7.7	-	7.7	7.6	0.1
Corporate Services and Other Costs	(58.2)	1.3	(59.5)	(43.7)	(15.8)
Underlying EBIT	**120.6**	**1.2**	**119.4**	**73.7**	**45.7**
Finance Costs	(9.1)	(2.5)	(6.6)	(6.8)	0.2
Fair Value Adjustments on Interest Rate Swaps	(0.2)	-	(0.2)	(0.9)	0.7
Underlying profit before tax	**111.3**	**(1.3)**	**112.6**	**65.9**	**46.7**
Tax	(1.3)	-	(1.3)	(0.5)	(0.8)
Non-Controlling Interests	(2.3)	-	(2.3)	(1.8)	(0.5)
Underlying profit to shareholders	**107.7**	**(1.3)**	**109.0**	**63.6**	**45.4**
Items excluded from underlying profit	**15.3**	**-**	**15.3**	**5.3**	**10.0**
Reported profit after tax to shareholders	**122.9**	**(1.3)**	**124.2**	**68.9**	**55.3**
Underlying EBITDA	162.4	34.5	127.9	78.8	49.1
Underlying earning per share (cents)	69.9	(0.8)	70.7	52.6	18.2

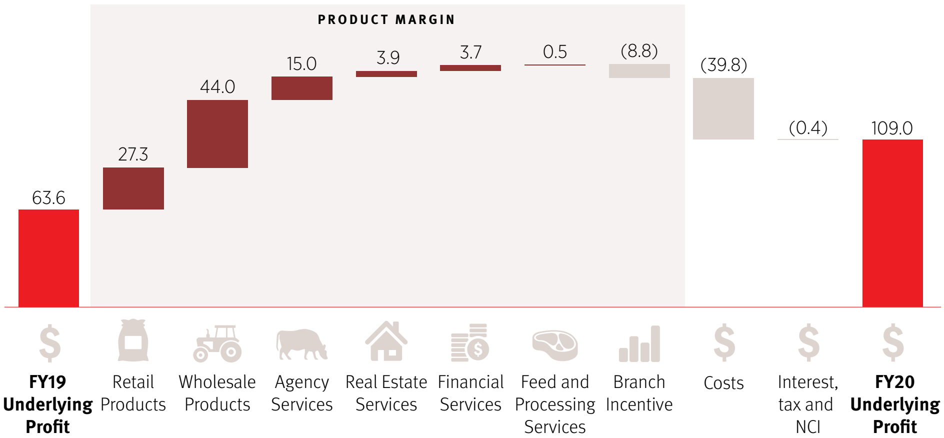
The statutory result included several items that are unrelated to operating financial results. Measurement and analysis of financial results excluding these items is considered to give a meaningful representation of like-for-like performance from ongoing operations (“underlying profit”). Underlying profit is a non-IFRS measure and is not audited or reviewed.

Items excluded from underlying profit are:

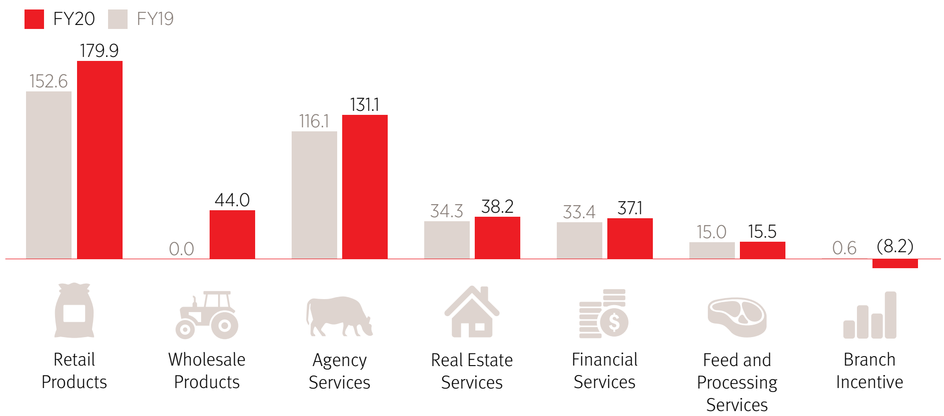
$ million	FY20	Commentary
Acquisition/divestment costs	(3.3)	Primarily relates to costs associated with the acquisition of AIRR
Fair value adjustments on foreign exchange hedges	(2.1)	Non-cash losses recognised on the revaluation of FX hedges
One-off asset costs	(1.1)	Costs associated with the Killara Feedlot silo collapse for which proceeds were recognised in the prior year
Other adjustments to equity accounted investments	(0.8)	Adjustment of equity accounted investment in relation to prior year adoption of AASB 15
Tax asset adjustments	22.5	Recognition of tax losses
	15.3	

Underlying Profit by Product

Change in product margin ($million)



Product margin by year ($million)

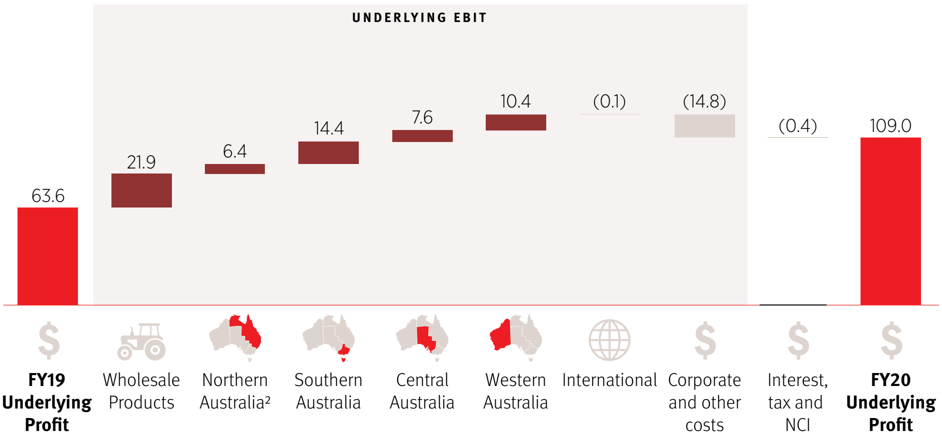


Key movements in profit by product are:

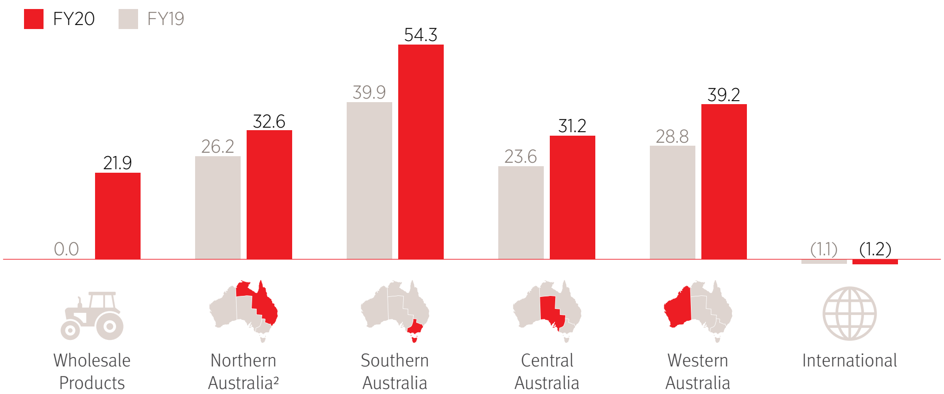
- Retail Products benefitted from a strong winter cropping season and continued backward integration, which offset poor summer crop and dry conditions in the first half
- Addition of Wholesale Products through acquisition of AIRR contributing $44.0 million in gross margin
- Agency Services upside mostly in Livestock, primarily driven by high prices for both cattle and sheep
- Real Estate Services favourable predominantly due to increased broadacre and residential turnover
- Financial Services increase is due to the acquisition and growth of Livestock in Transit delivery warranty products
- Branch Incentive includes the accrual of the new program, which commenced this financial year
- Costs up on last year due to acquisitions, geographical footprint growth and additional corporate initiatives, offset by savings from new Rural Bank distribution agreement

Underlying Profit by Geography

Change in underlying profit by geography ($million)



Underlying profit by geography by year ($million)



Key movements in profit by geography are:

- Addition of Wholesale Products through acquisition of AIRR contributing $21.9 million of EBIT, outperforming expectations and delivering synergies
- Northern Australian increase driven by higher cattle prices, with improved winter cropping conditions leading to higher Retail Products sales
- Southern Australia benefited from a strong Livestock business (high prices and cattle turnover), plus increased Retail Products sales, and margin improvement from continued growth in our backward integration initiative
- Central Australia was favourable across most products and services, with higher Real Estate Services turnover, Livestock profiting from higher prices and volumes, and improved Retail Products sales
- Western Australia positive due to increased Retail Products sales, benefits of backward integration through Titan AG and continued higher Livestock prices and volumes
- Corporate and other costs increased due to investment in strategic areas and performance incentive accruals

2 Northern Australia includes Killara Feedlot

Balance Sheet

This section has been prepared to demonstrate the adoption of AASB 16 Leases pre and post-implementation to enable a more meaningful comparison to the prior year. Unless otherwise stated, numbers will be presented pre-AASB 16.

$ million as at end	FY20 Post-AASB 16	FY20 Adjustments	FY20 Pre-AASB 16	FY19	Change Pre-AASB 16
Inventory	255.9	-	255.9	146.1	109.8
Livestock	44.7	-	44.7	35.3	9.4
Trade and other receivables	601.8	-	601.8	481.2	120.6
Trade and other payables	(524.3)	2.4	(526.7)	(375.5)	(151.2)
Working capital	**378.1**	**2.4**	**375.7**	**287.1**	**88.6**
Property, plant and equipment	32.3	(1.1)	33.4	27.4	6.0
Right of use asset	100.8	100.8	-	-	-
Investments, including assets held for sale	57.7	-	57.7	55.0	2.7
Intangibles	306.2	-	306.2	166.9	139.3
Provisions	(68.2)	-	(68.2)	(46.8)	(21.4)
Capital (net operating assets)	**806.9**	**102.1**	**704.8**	**489.6**	**215.2**
Borrowings: working capital and other facilities	(183.7)	1.1	(184.8)	(101.6)	(83.2)
Lease liabilities	(104.5)	(104.5)	-	-	-
Cash and cash equivalents	50.7	-	50.7	7.3	43.4
Net debt	**(237.5)**	**(103.4)**	**(134.1)**	**(94.3)**	**(39.8)**
Tax assets	**102.7**	**-**	**102.7**	**97.6**	**5.1**
Shareholders' equity	**672.3**	**(1.3)**	**673.6**	**492.9**	**180.7**
Underlying return on capital[3]	18.9%	(0.2)%	18.7%	18.2%	0.5%
Average capital (excluding brand name)	637.0	(1.2)	638.2	405.7	232.5

Total net operating assets have increased by $215.2 million, largely relating to the AIRR acquisition, which contributed $191.6 million of the uplift.

3 Capital employed includes right of use assets and lease liabilities

Working capital

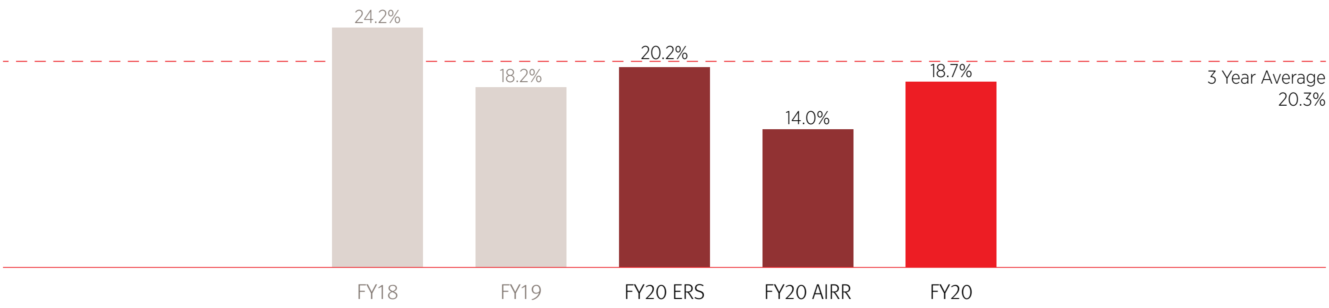
$ million as at end	FY20	FY19	Change
Retail Products	243.5	191.4	52.1
Wholesale Products	64.1	-	64.1
Agency Services	28.5	48.3	(19.8)
Real Estate Services	1.0	0.9	0.1
Financial Services	21.0	30.5	(9.5)
Feed and Processing Services	51.3	48.8	2.5
Other	(33.6)	(32.8)	(0.8)
Working capital (balance date)	**375.7**	**287.1**	**88.6**
Working capital (average)	402.4	288.6	113.8

Working capital as at September 2020 is $375.7 million, $88.6 million higher than last year. Similarly, average working capital increased by $113.8 million to $402.4 million for the year. This largely relates to:

- increases in Retail Products working capital at balance date and average, predominantly due to debtors in line with higher sales activity
- Wholesale Products working capital of $64.1 million (at balance date) and $60.6 million (on average), due to AIRR acquisition
- despite higher Livestock turnover increasing Agency Services average working capital over the year, balance date is lower than last year resulting from collection of Livestock debtors and favourable timing of year end creditors

Return on capital

Underlying return on capital



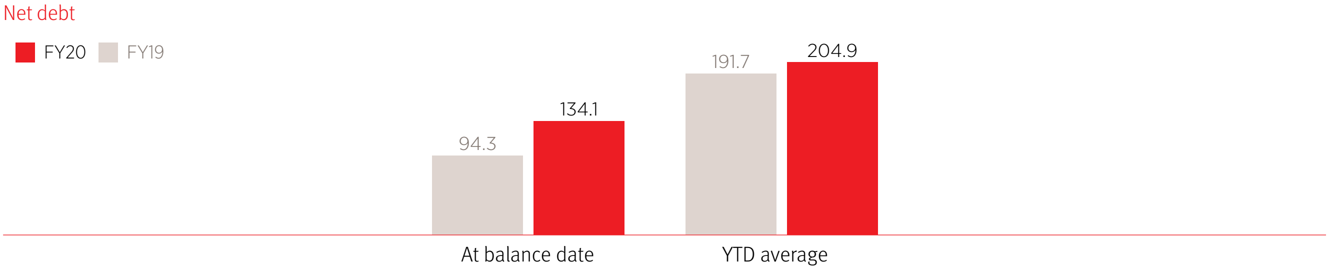
Elders Rural Services' underlying ROC was 20.2% (up 2.0%). This was achieved by:

- higher Retail Products return in part due to expansion of our backward integration initiative and improving stock turns
- improved earnings in Agency Services and Real Estate Services on similar capital; while Feed and Processing Services has consistent earnings on increased inventory

The Wholesale Products acquisition delivered a ROC of 14.0% (15.9% excluding amortisation of intangibles).

We achieved a 3-year average ROC of 20.3%, which is above our 20% target for the completion of the second Eight Point Plan period.

Net debt



Key ratios	FY20	FY19	Change
Leverage (average net debt to EBITDA)	1.6	2.4	(0.8)
Interest cover (EBITDA to net interest)	19.5	11.6	7.9
Gearing (average net debt to closing equity)	30.4%	38.9%	(8.5%)

Net debt is up $39.8 million to $134.1 million at September 2020, mainly due to the acquisition of AIRR for which capital raising proceeds were held at balance date last year.

Average net debt of $204.9 million was up slightly on last year, with increased working capital supporting growth in the business.

All our key ratios have improved on last year.

Undrawn facilities at balance date were $258.0 million with significant headroom in our banking covenants:

- leverage is 0.1 times (covenant ‹ 3.5 times[4])
- interest cover is 27.9 (covenant › 3.5 times)
- net worth is $672.3 million (covenant › $250 million)

Intangibles

Intangibles is up on last year by $139.3 million to $306.2 million, mainly attributable to the AIRR acquisition of $129.7 million.

Provisions

Provisions increased by $21.4 million on last year due to higher employee entitlements, namely the new branch incentive program and short-term performance incentives.

Shareholders' equity

Shareholders' equity increased by $180.7 million to $673.6 million at September, mostly representing FY20 net profit of $124.2 million and $80.4 million for shares issued in relation to the scheme of arrangement to AIRR shareholders. This is offset by $25.2 million of dividend distributions to shareholders.

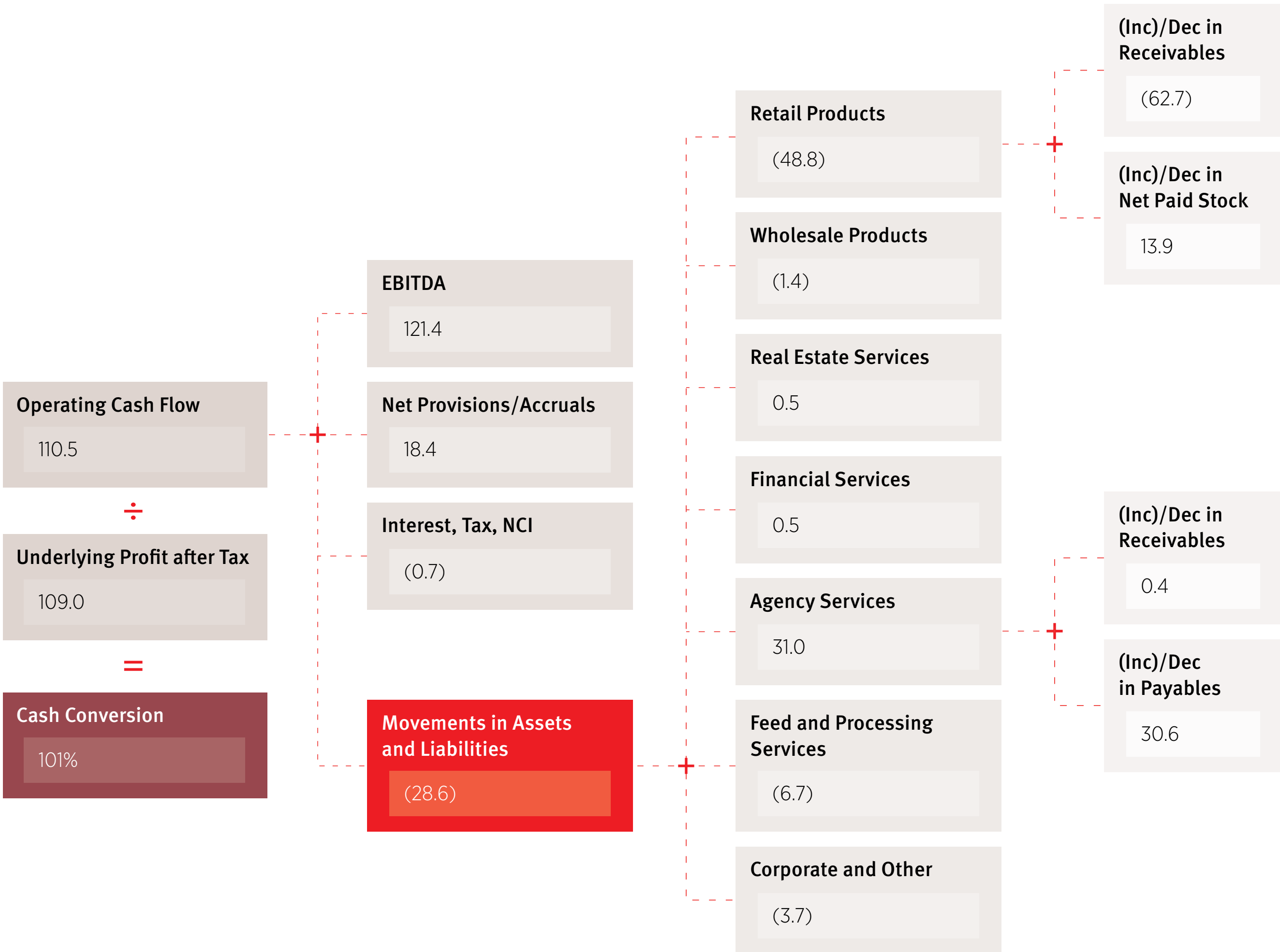
4 *Leverage financial covenant was 3.5 times at September 2020 only. This will revert to 2.5 times in March 2021*

Cash Flow

This section has been prepared to demonstrate the adoption of AASB 16 Leases pre and post-implementation to enable a more meaningful comparison to the prior year. Unless otherwise stated, numbers will be presented pre-AASB 16.

$ million as at end	FY20 Post-AASB 16	FY20 Adjustments	FY20 Pre-AASB 16	FY19	Change Pre-AASB 16
Operating cash flow	142.3	31.8	110.5	11.2	99.3
Investing cash flow	(123.1)	-	(123.1)	(42.5)	(80.6)
Financing cash flow	24.2	(31.8)	56.0	26.9	29.1
Total cash flow	**43.4**	**-**	**43.4**	**(4.4)**	**47.8**

Cash conversion ($million)



Operating cashflow of $110.5 million is comprised of EBITDA of $121.4 million offset by an increase in assets and liabilities $28.6 million. Key drivers include:

- growth related increase of $45.0 million in Retail Products with:
  - debtors up on higher 4th quarter sales
  - increase in Titan AG inventory, offset by higher creditors
- lower Agency Services working capital of $31.0 million from lower receivables from improved year end debtor collection and increased payables, in part due to timing
- higher cattle inventory in Feed and Processing Services due to increase in cattle prices and year end impact of supply chain disruption in China

Material Business Risks

Achievement of our business objectives could be affected by a number of risks that might, individually or collectively, have an impact.

Following is an overview of key risks Elders faces in seeking to achieve its objectives. The risks noted are not exhaustive and are in no particular order. Elders seeks to identify, analyse, evaluate, treat and monitor all risks, to maximize opportunities and prevent or reduce losses.

Elders' risk appetite is set by the Board and recorded in the Elders Resilience Policy and Framework. The Executive Committee maintains a keen focus on those risks that have a higher rating than the desired appetite and continually assesses our operational and strategic environment for new and emerging risks.

Risks are comprehensively reviewed and reported four times a year (or escalated immediately if certain triggers are met) to the Board Audit, Risk and Compliance Committee to ensure the Board is adequately informed of the evolving risk environment.

Additionally, during 2020, Elders introduced a new safety and risk management platform for the organization. This system facilitates a live and integrated approach to risk monitoring, updates and reporting. It also enhances the linkages between safety incidents and risk management.

More detail on Elders' approach to managing risk is contained in our Sustainability Report on page 63 and our Corporate Governance Statement on Elders' website at elders.com.au/corporategovernance.

Material Business Risk	Our strategy
Health and safety	
Safety risk is inherent in Elders' business activities. The safety of our people, clients and the general community with whom we interact is our number one priority. Key safety risks include livestock handling, remote driving, manual handling and chemical handling.	The safety of our people and an effective safety culture within Elders is a critical and non-negotiable corporate objective. Through the implementation of a safety management system based on continuous improvement, we reduce risks which might impact our operations. We recognise and reward safety initiatives and safe behaviours via our monthly One Elders Awards program. This initiative values and promotes safety and ensures our positive safety culture is embedded throughout our operations.
Animal welfare	
The safety and welfare of livestock is of paramount importance to Elders and the company has controls in place to ensure the wellbeing and proper treatment of all animals within our control. Failure to protect the welfare of livestock in our control might result in stakeholder activity, business disruption and reputational damage.	Elders has "zero tolerance" for poor treatment of livestock. Our people are trained in safe livestock handling protocols and methods and we comply with and strive to exceed all government requirements. In addition, we actively engage with the industry and stakeholders to improve animal welfare practices where possible.
Pandemic	
As is the case for many businesses, pandemic conditions have the potential to impact Elders' ability to conduct its business. The safety of our people, clients, the general community and business continuity are at risk during such events.	Throughout COVID-19, Elders has enacted and operated its business continuity processes, establishing a COVID-19 Response Committee which meets weekly and is comprised of business unit representatives and functional experts and is chaired by the Company Secretary and General Counsel. To date, the pandemic has not triggered the activation of the crisis management team for Elders.
Commodity pricing	
Elders has exposure to commodity price fluctuations in its Agency, Retail and Feed and Processing operations where movements in commodity prices, exchange rates and/or a change in the volume of Australian rural production could affect margins in the future.	Exposures are managed through diversification of income streams by product and geography, controlled inventory levels and flexible remuneration models for the Agency business which allow for cost base adjustments in response to fluctuations.
Severe weather events	
Severe weather events and other natural events may reduce the output of relevant agricultural products and affect the operation of Elders' business. Natural events, caused or affected by weather, such as frost, drought, flood and fire can have an impact. Such conditions can influence the supply of and demand for rural products and services provided by Elders, resulting in varied revenue levels.	To limit the impact of natural weather events, Elders maintains both a geographical spread of operations and a diverse product and service range. Maintain robust incident response and business continuity systems.

Material Business Risk	Our strategy
Climate change	
Climate change presents both physical and transitional risks to Elders' business. It has the potential to increase the magnitude and frequency of physical risks to Elders' operations, assets and people, and the scope of other risks, like those relating to the legal and regulatory environment in which Elders operates, and technological, market and reputational risks.	Operational and strategic risks presented by climate change are captured within Elders' existing governance, risk management and resilience frameworks. This year, Elders established a dedicated sustainability team to lead the management and disclosure of climate change-related risks and opportunities. Further information on how climate change is managed by Elders (including specific climate change-related risks and opportunities relating to severe weather events, energy and emissions, water availability and soil health) and Elders' action plan for further development can be found throughout our Sustainability Report on page 32.
Biosecurity threats	
Biosecurity threats to agricultural products and livestock may affect Elders' business. An outbreak of a systemic animal or plant disease can lead to quarantine conditions in rural Australia and reduce producers' need for goods and services or affect their ability to operate.	To manage the impact, Elders has in place employee training and disease management protocols. In addition, Elders also has a business continuity framework in place to respond to and recover from the risk of disruption.
Food safety	
Elders handles livestock and red meat in its Feed and Processing operations which are destined for human consumption. The risk of contamination to these food products exists.	This risk is managed through HACCP accreditation in meat processing plants and strict animal health controls in the feedlot.
Fraud and corruption	
Elders is exposed to fraud, bribery and corruption risks, including in foreign markets in which it operates.	Elders has several controls to counter these risks, including appropriate segregation of duties, the terms of its Code of Conduct, compliance policies, fraud policy, anti-bribery and corruption policy, training throughout the business, financial reconciliation processes, whistleblower policy and reporting hot-line, leave management protocols and an Internal Audit program which is complemented by periodic reviews conducted by the external auditor.
Counterparty Risk	
Elders deals with numerous counterparties of different types. We provide credit to approved counterparties, both domestically and internationally, and may be exposed to losses associated with a client's inability to repay debt as well as exposure to supplier and partner counterparty risks.	This risk is managed by individual counterparty credit risk assessments, maintaining credit policies and procedures, oversight by the Credit Committee, debtor monitoring and reporting, trade credit insurance (major livestock processors debtors) and high level reviews of significant credit issues by the CEO and CFO, and if sufficiently material, the Board. To address counterparty risk through its foreign operations, Elders performs counterparty risk assessments, undertakes due diligence processes and seeks to establish long-term strategic relationships with key customers.
Political Risk	
Elders operates in domestic and foreign jurisdictions where the business may be affected by changes implemented by governments. In addition, subsidies given to foreign rural producers may adversely affect the competitive position of Australian rural outputs.	Elders controls consequential exposure to this risk through contractual means wherever practicable and seeks to cultivate a diverse range of international markets to reduce concentration risk. The Board maintains control and oversight over ventures in new jurisdictions.
Cyber threats	
Elders' operations rely on information technology solutions which expose us to the threat of cyber disruption and loss of data.	Elders maintains a strong focus on our information technology capabilities and we continue to implement and embed stronger security for our IT infrastructure on a continuous improvement basis.
Logistics	
Due to the nature of our operations, we operate with complex supply chain challenges and work with numerous logistics suppliers in a dynamic operational and regulatory environment.	This operational risk continues to be a strong focus in 2021 and work with government regulators and other parties will continue to improve our processes across our supply chain as well as educate and inform the logistics providers we operate with.

Elders has categorised our material business risks as follows:

Economic
The ability to continue operating at a particular level of economic production over the long-term.

Environmental
The ability to continue operating in a manner that does not compromise the health of the ecosystems in which it operates over the long-term.

Social
The ability to continue operating in a manner that meets accepted social norms and needs over the long-term.

2020
Review of Operations

Review of Operations

Key Statistics

Rural Products	
Retail Products	$1.4 billion sales
Fertiliser	809,000 tonnes fertiliser through Retail Products
Wholesale Products	$0.2 billion sales

Agency Services	
Livestock	9.6 million head sheep
	1.8 million head cattle
Wool	145,000 wool bales

Real Estate Services	
Farmland	$1.3 billion farmland sales
Residential	$0.9 billion residential sales
Property Management	9,370 properties under management
Franchise	111 franchisees

Financial Services	
Agri Finance	$3.0 billion loan book
	$1.7 billion deposit book
	$76.2 million StockCo book
Elders Insurance (20%)	$727.6 million gross written premium

Digital and Technical Services	
Fee for service	170+ agronomists
AuctionsPlus (50%)	975,000 head sheep
	119,000 head cattle
Elders Weather	1.2 million active users
Clear Grain Exchange (30%)	51,000 grain tonnes

Feed and Processing Services	
Killara Feedlot	65,000 head cattle
Elders Fine Foods	$14.4 million sales

Rural Products

Elders is one of Australia's leading suppliers of rural farm inputs including seeds, fertilisers, agricultural chemicals, animal health products and general rural merchandise. We provide these rural products via retail channels to corporate farms and primary producers through Elders owned stores.

With the acquisition of Australian Independent Rural Retailers (AIRR) in November 2019, we now operate a Wholesale Products business supplying independently owned member stores, utilising the AIRR branding. AIRR also provides retail services through corporate owned stores and through the Tucker Pet and Produce brand to independently owned member stores.

Formulation of own brand products, and our backward integration strategy, is facilitated through various brands including Titan AG, Apparent, Pastoral AG, IO, and Hunter River.

We also provide professional production and cropping advice with over 170 agronomists nationwide, including 12 specialists operating through Thomas Elder Consulting.

Performance

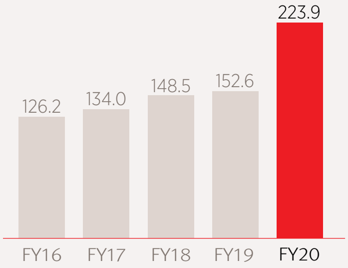
Rural Products margin is up $71.3 million (47%), mainly due to the AIRR acquisition, which has contributed $44.0 million since 13 November 2019. Despite below average rainfall and summer crop down 66% in the first half, improved conditions in the second boosted winter crop demand namely for crop protection and fertiliser products. We continue to see the growth and benefits of our backwards integration strategy through Titan AG, which contributed a margin uplift of $9.3 million this year.

Strategy

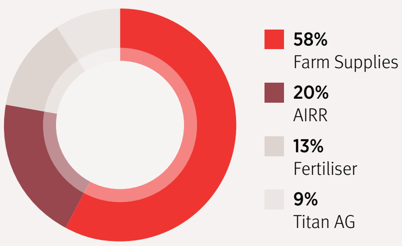
To deliver capital light and profitable growth by executing our backward integration strategy, capturing more gross margin from optimised pricing and supply chain efficiency, and winning market share through customer centricity, sales force effectiveness and strategic acquisitions.

Strategy	Achievement	Plan
Capital light, return on capital driven business model	• Successfully integrated and delivered Year 1 synergies from the AIRR acquisition • Titan AG growth continued, leveraging the benefits of backward integration and exposure to higher value segments • Delivered margin growth and improved inventory management through the execution of business improvement initiatives	• Deliver Year 2 synergies associated with the AIRR acquisition • Through business improvement initiatives, generate additional margin via optimised pricing, backward integration and supply chain efficiency • Continued focus on maintaining financial discipline with capital management
Customer and product focus	• Established a Wholesale Products business via AIRR • Expanded into geographical gap areas through acquisition • Successful implementation of rebate management and trading agreement platform • Implemented performance dashboards across the Network • Launch of Thomas Elder Markets, an independent, data-driven market analysis service that provides premium agricultural market insights and reports	• Win market share through customer centricity and strategic acquisitions • Continue to grow our Wholesale Products business through AIRR

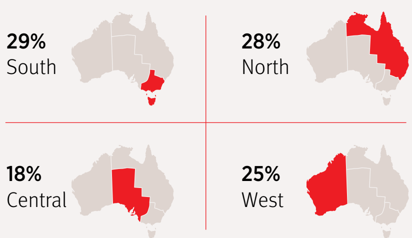
Rural Products margin ($ million)



Margin by product



Margin split by geography



Agency Services

Elders provides a range of marketing options for livestock, wool, and grain. The Elders livestock network comprises livestock agents and employees operating across Australia conducting on-farm sales to third parties, regular physical and online public livestock auctions and direct sales into Elders-owned and third-party feedlots and livestock exporters.

Elders is one of the largest wool agents for the sale of Australian greasy wool and operates a brokering service for wool growers. Our team of dedicated wool specialists assists clients with wool marketing, in-shed wool preparation, ram selection and sheep classing.

Elders also has a 50% interest in AuctionsPlus, an online livestock auction platform, and a 30% interest in Clear Grain Exchange (CGX), which is an online grain trading platform.

Performance

Agency Services margin improved $15.0 million (13%), which is mostly attributable to Livestock (up $18.9 million). This is mainly due to strong livestock prices for both cattle and sheep driven by limited domestic supply.

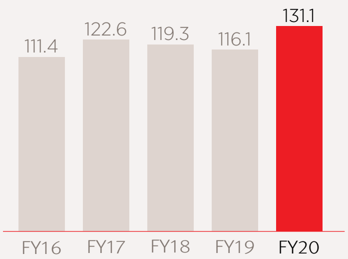
Wool margin declined by $4.8 million (30%) on last year due to lower bales sold. There are significant wool bales held in store, due to lower prices deterring growers from trading. Prolonged dry conditions across most wool-growing regions has impacted production with a reduced number of sheep shorn nationally. Additionally, subdued global demand, particularly in China, has resulted in a decline in the Eastern Market Indicator (EMI) price for wool.

Strategy

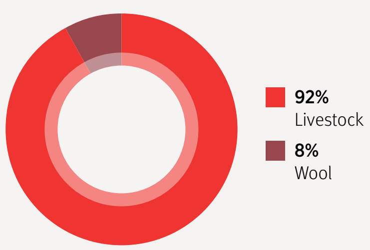
To deliver profitable growth of the Agency Services portfolio through business improvement, recruitment and acquisition for our Livestock and Wool businesses and through focused growth of our investments in AuctionsPlus and CGX.

Strategy	Achievement	Plan
Operating model	• Livestock agency footprint expansion through acquisition of Eastern Rural in Dalby • Implementation of business improvement initiatives to drive business efficiency and growth • Significant growth in online auction listings through AuctionsPlus platform (50% Elders ownership), which provided continuity when traditional sale methods (e.g. saleyards) were impacted by COVID-19 restrictions • Strengthened our CGX value proposition with customers	• Invest in Livestock, Wool and Grain product development to improve and expand offering • Continue footprint expansion through targeted acquisitions • Continue to grow listings through AuctionsPlus • Leverage 30% shareholding in CGX to improve grain value proposition and grow revenue
People	• High retention of trainees in Livestock program	• Selective recruitment of Livestock and Wool personnel • Geographical expansion through recruitment of high performing people

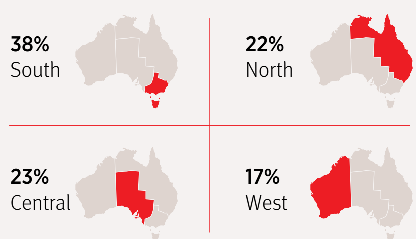
Agency Services margin ($ million)[1]



Margin by product



Margin split by geography



1 Includes equity earnings from investments

Real Estate Services

Elders' Real Estate Services include company owned rural agency services primarily involved in the marketing of farms, stations and lifestyle estates. It also includes a network of residential real estate agencies providing agency and property management services in major population centres and regional areas through company owned and franchise offices. Other services include water and home loan broking.

Performance

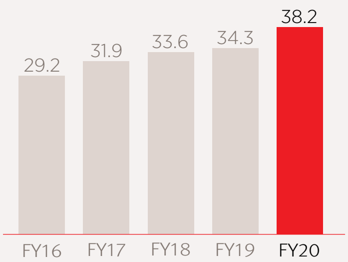
Real Estate Services margin improved by $3.9 million (11%). Margin from farmland agency has contributed most of the uplift (up 15%) and is favourable across most geographies. Despite COVID-19 disruptions, residential agency and property management has also outperformed last year, offset by lower earnings from water broking activities.

Strategy

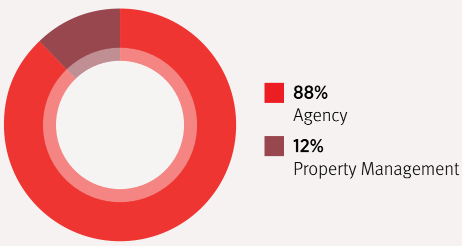
To deliver profitable growth of the Real Estate Services portfolio through driving business improvement, recruitment and acquisition for all real estate services.

Strategy	Achievement	Plan
Operating model	• Implementation of numerous business improvement initiatives, primarily focused at brand enhancement, digital strategy and people development • Grown a significant rent roll asset through organic and acquisitive growth • Facilitated numerous on and off-market investment scale transactions	• Continue to grow company owned farmland agency, residential agency and property management presence in major regional centres • Continue to grow market share in water broking • Enhance productivity and efficiency initiatives in our property management business • Continued enhancement of digital marketing and lead generation activity
People	• Maintained a strong attraction and retention proposition • Retained all high performing sales agents • Significant increase in participation levels in a modern learning and development program	• Ongoing recruitment of high performing real estate sales representatives and water brokers • Recruitment of real estate franchisees • Increased productivity through technology initiatives and training • Ongoing investment in capability in the farmland investment space to provide a whole of investment lifecycle service offering

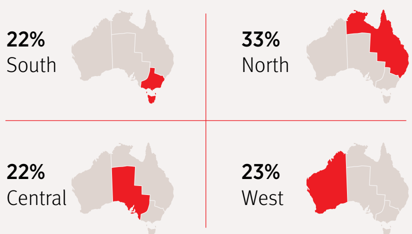
Real Estate Services margin ($ million)



Margin by product



Margin split by geography



Financial Services

Elders distributes a wide range of banking and insurance products and services through its Australian network. We work together with a number of partners to deliver these offerings; Rural Bank and StockCo for banking and livestock funding products and Elders Insurance (a QBE subsidiary) for general insurance. Collectively, these relationships enable us to offer a broad spectrum of products designed that help our customers grow their business and manage cash flow and risk.

Performance

Financial Services margin is up $3.7 million (11%). This is due to additional earnings from Livestock in Transit (LIT) delivery warranty products, offset by lower Agri Finance margin due to new Rural Bank distribution agreement (down $4.4 million). This margin decline is mitigated by lower costs, which is $5.3 million favourable to last year.

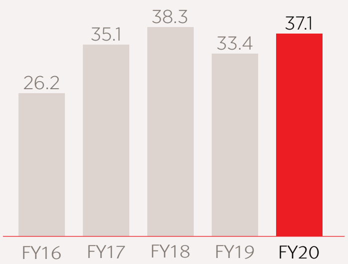
Insurance benefitted from increased gross written premiums and favourable equity earnings from Elders Insurance.

Strategy

To deliver profitable growth of the Financial Services portfolio through business improvement, product development and upstream investment in our services business.

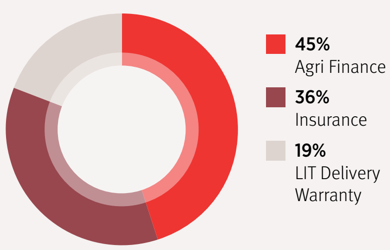
Strategy	Achievement	Plan
Deeper, more productive partnerships	• Embedded Rural Bank distribution agreement and operating model • Worked with StockCo to expand and improve product offering	• Work with Rural Bank to support growth in loan and deposit facilities through cross promotion and referral • Engage in joint marketing and referral campaigns with Elders Insurance to grow gross written premiums
Expand Elders issued product offerings	• Grown Livestock and Wool in Transit delivery warranty associated with Elders' Agency Services • Launched new livestock funding product for ‹ $100,000 facilities	• Develop and enhance new and existing on balance sheet finance products to help growers fund inputs and manage cashflow • Grow Livestock and Wool in Transit revenue through increased uptake • Expand Elders finance footprint and capability through recruitment and training

Financial Services margin ($ million)[1]

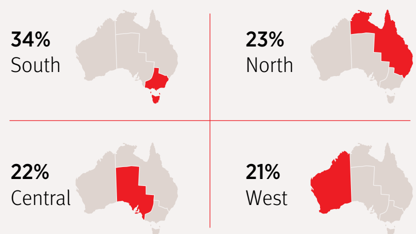


1 Includes equity earnings from investments

Margin by product



Margin split by geography



Feed and Processing Services

In Australia, Elders operates Killara Feedlot, a beef cattle feedlot near Tamworth in New South Wales. Elders imports, processes and distributes premium Australian meat in China.

Performance

Killara gross margin was up by $0.9 million (6%), which resulted mainly from higher utilisation and throughput.

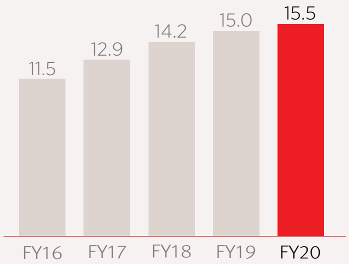
The China business was down $0.4 million (60%) on last year, mainly due to COVID-19 shutdown. This is partially offset by cost savings.

Strategy

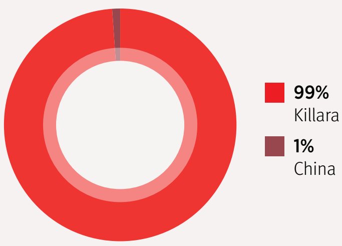
To deliver continuous improvement in EBIT and ROC for all businesses with active portfolio composition management.

Strategy	Achievement	Plan
Grow Killara Feedlot	• Increased utilisation and operational efficiency at Killara through a capital improvement program • Improved supply chain efficiency at Killara through use of backgrounding and external facilities	• Continued focus on procurement strategies and expansion opportunities at Killara
Grow Elders Fine Foods	• Grown sales channel for online and supermarkets in China to increase customer portfolio • Recruitment of high performing management team	• Drive further growth and margin improvement through execution of business improvement initiatives

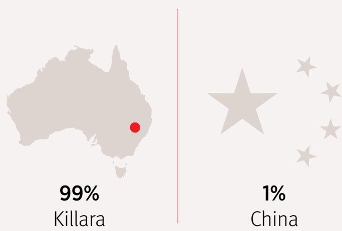
Feed and Processing Services margin ($ million)



Margin by product



Margin split by geography



Outlook

The agricultural sector remains on track for a recovery after successive years of drought-affected seasons in eastern Australia. Production is forecast to grow but the value of production is expected to remain steady due to reduced prices. COVID-19 continues to disrupt the agricultural sector, however the business and broader industry has remained adaptable. Continuing uncertainty also remains in export markets.

Rural Products

- Area planted for summer crop is expected to rebound from historically low levels last year, resulting in recoveries in demand for crop protection and fertiliser
- COVID-19 has had minimal impact overall on key inputs across the industry; Elders continues to adapt to these challenges
- Contribution margin improvement to be achieved through optimised pricing and continued delivery of synergies and backward integration from AIRR and Titan AG
- Continued investment in Rural Product acquisitions and working capital to support business growth and performance

Agency Services

- Cattle prices to ease from record prices, but are expected to remain within a historically high range
- Sheep prices are forecast to fall due to reduced international and domestic demand for sheep meat, and a shift to more affordable cuts
- Reduced consumer demand for apparel and disrupted clothing supply chains has raised the levels of unsold textiles and raw fibres, which will likely constrain demand and keep wool prices under pressure in the near-term

Real Estate Services

- High levels of demand for farmland is expected to continue while potential farmland sellers are deferring selling decisions due to uncertainty created by COVID-19; this is expected to deliver ongoing strong farmland values
- Regional residential property markets continue to outperform city markets and are expected to continue into FY21 as buyers seek better returns

Financial Services

- Livestock financing expected to grow with the launch of new <$100,000 livestock funding product to complement the existing StockCo offer
- Significant room for continued growth in Livestock in Transit product with less than half of livestock clients opted in to the add-on product
- Continued growth in Insurance and Agri Finance offerings through marketing and promotion with partners QBE and Rural Bank

Feed and Processing Services

- A challenging year for Killara Feedlot may see difficulty sourcing animals at reasonable prices and volumes to service major export markets; this however will be partially offset by easing feed costs
- Elders Fine Foods trading profitably under renewed multichannel strategy

Costs and Capital

- Costs are expected to increase in line with footprint growth, continued investment in our Eight Point Plan and the first phases of our System Modernisation program

TEI and the environment

Australia's farmers understand that long-term profitability depends on how they optimise the performance of their land. That means conserving and investing in that asset for the future.

Elders shares this commitment with Australian producers. Our goal across the network is to benefit the whole farming system – from soil health and water conservation to biodiversity and animal welfare.

Head of the Thomas Elder Institute (TEI) and Thomas Elder Consulting (TEC) consultant Dr Michael Wilkes has built a career on the principles of increasing profitability and efficiency on-farm without compromising scarce primary resources – delivering value to clients.

"For me, working with clients starts with managing pastures for year-on-year performance, which leads to high volume and quality output leaving the farmgate – and that is something Elders advisors pride ourselves on," Michael says.

As part of his role with TEI, Michael oversees the implementation of the Struan Best Practice Demonstration farm, part of a strategic partnership between Elders and Primary Industries and Regions South Australia. This project will demonstrate how new technologies can improve production efficiency in a commercial livestock enterprise. A primary focus is on soil health and how it can maximise feed growth and pasture production and manage grazing.

"Healthy soil is key to a more environmentally-conscious farming operation as it improves water-holding capacity, increases organic matter and carbon sequestration, promotes plant health and growth performance," Michael says.

"At Struan, we are working with a range of different soil types to optimise our outputs."

Elders' network of agronomists and Thomas Elder consultants supports more than 6,000 clients across Australia in managing the productivity of their farms, facilitating up to 9,000 soil tests every year.

Understanding the cyclical nature of the environment, and how to optimise pasture growth through the seasons, has played a crucial role throughout south-east South Australia and southwest Victoria, where Michael has been advising for some time.

With winter-dominant rainfall patterns, Michael works with producers to optimise pasture utilisation when feed is at its highest quality and manage stock throughout periods of feed deficit to preserve soil and pasture health for the following growing season.

"Many clients are now confinement-feeding ewes over the summer and early autumn, utilising a centreless auger feeder system to deliver grain and mineral supplements," he says.

"This process gives the greatest control over the animal's body condition, allowing reproductive performance to be optimised whilst conserving the natural environment.

"Over grazing has a lasting negative effect on the land. This program focuses on maintaining a healthy level of ground cover, while not over-compacting the soil – protecting it from the sun, increasing organic matter levels and promoting water infiltration."

While this process has a positive environmental impact, it ultimately increases business success, too. Confinement feeding, and the control it allows, helps livestock's weight and condition to be managed for optimum health, and allows pasture to recover more effectively after the season break, ready for lambing.

Our goal across the network is to benefit the whole farming system – from soil health and water conservation to biodiversity and animal welfare.

2020
Sustainability Report

In this Report

FY20 Highlights

- Over **$1.51m** in donations and sponsorships
- **350+** local community sports teams and events sponsored
- **78%** decrease in Lost Time Injuries
- New Safety 7 work health and safety system launched
- **417** new hires
- **Zero** employees stood down due to COVID-19
- **42,600+** agricultural chemical containers diverted from landfill
- TCFD recommendations adoption commenced

Sustainability at Elders

Our key sustainability principles

We provide our customers and clients with the goods and services they need

We support our people and the industries and communities in which we operate

We do our part to look after the environment and the animals in our care

We operate ethically and to the highest standard

Our ambition is to develop and then deliver an authentic and industry leading sustainability program which acknowledges and builds on the initiatives in which Elders participates and leads throughout rural and regional Australia, for and on behalf of the entire agriculture industry.

This is highlighted in our latest Eight Point Plan, which sets out Elders' key strategic priorities for the next three years up to 30 September 2023. Our Eight Point Plan was developed by our Board and Executive through a series of workshops and strategy sessions over the course of 2020.

Voluntary Alignment

United Nations Sustainable Development Goals

Our approach to sustainability is informed by the following United Nations Sustainable Development Goals, which we believe we can contribute to most as part of our business:

GRI Standards

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards "Core" option. We have elected to report on additional governance disclosures which are not required for the Core option to disclose the significant progress we have made in this reporting year to further our sustainability governance mechanisms.

TCFD Recommendations

We have chosen to align our climate-related disclosures with the TCFD Recommendations. Details on the actions we have undertaken this year and our plan for full alignment are on page 51 of this report.

Reporting on Sustainability

This is our first Sustainability Report and it has been developed to inform our stakeholders of our actions and performance on material topics from 1 October 2019 to 30 September 2020 (referred to herein as 'the reporting period'). To provide some additional context to our business, this report includes some information on programs and initiatives which commenced before the reporting period and which have been integrated into our way of doing business.

The content of this report was determined using the GRI reporting principles for defining report content; namely:

- Stakeholder Inclusiveness
- Sustainability Context
- Materiality
- Completeness

The report reflects the most important topics (Materiality) raised by a wide range of stakeholders (Stakeholder Inclusiveness) in the context of current and emerging domestic and international trends in the agriculture industry and the ASX100 (Sustainability Context). It is based on information available and reported throughout the reporting period (Completeness).

Our Material Topics

The following topics were identified as material to Elders' stakeholders through a Materiality Assessment undertaken with support from Ernst and Young in 2020.

Topic	Description	Stakeholders who raised this topic
Community impact and investment	Supporting local communities and managing community expectations and relations	Staff, customers, investors, industry groups, regulators and financiers
Health and safety	Maintaining our commitment to providing a safe work environment	Staff, customers, investors and financiers
Employee attraction and retention	Investing in the present and the next generation of our workforce and ensuring that our people are enabled to support service delivery and create meaningful work outcomes	Staff, customers, investors, industry groups and regulators
Climate change	Addressing the risks and opportunities presented by climate change mitigation and adaptation	Staff, customers, NGOs, investors, industry groups, regulators and financiers
Water availability	Addressing the issue of water availability to the communities in which Elders operates and its impact on the operation and performance of Elders' business	Staff, customers, investors, industry groups, regulators and financiers
Animal welfare	Ensuring the wellbeing and proper treatment of livestock	Staff, customers, NGOs, investors, industry groups, regulators and financiers
Severe weather events	Addressing the issue of severe weather events and their impact on the operation and performance of Elders' business	Staff, customers, investors, industry groups and regulators
Energy	Managing our energy consumption and greenhouse gas emissions through the responsible use and reliable sourcing of energy	Staff, customers, investors and financiers
Waste management	Responsibly managing waste in our own operations and our role in managing agricultural waste from our customers' operations	Staff, customers, investors and industry groups
Corporate governance	Delivering on our commitment to high quality governance, transparency and ethical business practices	Staff, NGOs, investors and industry groups
Innovation and technology	Demonstrating our investment in innovation and technology in the agriculture industry	Staff, investors, industry groups, regulators and financiers

Our Materiality Assessment involved:

1. Extensive research

- Media analysis
- Peer analysis and benchmarking
- Internal document assessment
- Customer surveys
- Staff surveys

2. Stakeholder engagement

Interviews with a range of stakeholders including:

- Investors
- Superannuation funds
- Analysts
- Federal and State Governments
- Agricultural industry bodies
- Financiers
- NGOs
- Proxy advisors
- Our Executive and other senior management

3. Prioritisation

- Consolidating data from steps one and two for qualitative and quantitative analysis
- Scoring identified topics in order of importance to stakeholders and impact on our business

4. Validation and reporting

- Validating prioritised topics with our Sustainability team, Executive and Board
- Validating prioritised topics through Ernst and Young's proprietary assessment framework

Stakeholder Engagement

Stakeholder engagement is vital to understanding the impact of our operations and is used to inform and support our Board and broader business in identifying, managing and reporting on material sustainability topics and their associated risks and opportunities.

Elders' approach to engaging with stakeholders is set out below.

Stakeholder	Engagement approach
Investment community	Elders' website, AGM, public reporting and announcements, briefings, conferences, regular meetings and discussions
Regulators	Meetings, site visits, through industry associations and responses to enquiries
Customers	Surveys, meetings, industry events, information sessions, Elders' website and media communications
Communities	Participation in community programs and events, industry events, our website and media communications
Employees	Surveys, performance reviews, presentations, training, meetings, social events, email and intranet
NGOs	Meetings and through industry associations
Financiers	Regular meetings and discussions
Industry bodies	Industry conferences, meetings and presentations
Contractors and suppliers	Meetings and supplier conferences

We aim to engage with all members of our investment community, customer, communities and employee stakeholder groups in developing our identification and management of economic, environmental and social topics. In selecting which regulators, NGOs, financiers, contractors and suppliers to engage with, we consider their relationship with Elders, and their knowledge and experience of the markets important to our business.

WHAT OUR STAKEHOLDERS SAID:

"Think ahead and not live in the moment – environment and sustainability is far beyond our monthly P&L's" – Elders employee

"Some of the leaders in sustainability tend to greenwash what they do about sustainability – we don't want companies to do that. We just want to understand: what are your material ESG risks and what are you doing about them? No more, no less" – Investor

"We see ESG management through a "Planet, People then Profit" lens. If you take care of the environment, your people and the community, then profits will follow" – Customer

"There are two critical things for Elders to consider for ESG: one thing is about disclosure; what they report, how they report, how it compares to others, and how accountable they are through reporting. The other is the underlying ESG issues that are relevant to their business" – Financier

"A separate standalone messaging about sustainability goals and initiatives is needed. There is no doubt about how Mark Allison runs the business; they would have best practice. Good governance is there. The need is in the corporate communication area." – Industry body

Community Impact and Investment

Through assisting generations of Australian farmers over the course of more than 180 years in business, we recognise that our long-term sustainability is dependent on us maintaining strong relationships with the communities in which we operate, and connected to their economic prosperity and resilience.

Our rural communities are facing a number of challenges presented by changing agribusiness models, increasing automation and corporatisation of farms, the environmental impacts of drought and more broadly, climate change.

As a key member of the agriculture industry and our rural communities, we recognise that we have a role to play in providing support. We primarily do this through:

- investments in local events and organisations, and by participating in local community programs
- supporting local businesses and employing local workers
- maintaining a physical presence in the communities we serve, through good times and bad
- adapting and providing the goods and services our local customers and clients need at any given time

Over $1.51 million

IN SPONSORSHIPS AND DONATIONS

This year, we gave more than $1.51 million in sponsorships and donations. The majority of our spend was directed to the following areas:

$259,000+

TO LOCAL COMMUNITIES

Supporting the Foundation for Rural and Regional Renewal in their mission to strengthen rural, regional and remote communities and directly supporting a variety of local community organisations and events, including rural schools and clubs.

$624,000+

TO INDUSTRY AND INNOVATION

Sponsoring national organisations and initiatives such as Agrifutures Australia, AdvanceAg and national grower associations, as well as providing funds and in-kind support to several universities and organisations in support of agricultural research and development.

We also supported the agriculture industry at a grass roots level, with approximately $58,000 directed to supporting town agriculture shows and field days in rural and regional communities across Australia.

$124,000+

TO HEALTH AND WELLBEING

Donating funds to major charitable organisations like the Royal Flying Doctor Service (RFDS) and Beyond Blue, as well as supporting local emergency services and events raising awareness and funding for a variety of health issues.

$455,000+

TO SPORTING TEAMS AND EVENTS

Sponsoring the North Queensland Cowboys, the New South Wales Country Eagles and the North Melbourne Football club, as well as more than 350 sporting teams and events in our local communities.

VH-FXW 'WHISKEY' PREPARING FOR COVID-19 SAFE PATIENT TRANSFER

Elders continued to be a major partner of the RFDS in FY20. The RFDS is a key player in the delivery of 24/7 emergency aeromedical and essential primary health care services to people living, working and travelling in rural and remote Australia.

The Elders branded RFDS Pilatus PC-12 aircraft (VH-FXW), 'Whiskey', in 2019/20 (July to June) flew 424,000km throughout South Australia and beyond.

Whiskey airlifted 877 patients from 56 different country hospitals and outback locations for specialist care or life-saving treatment, including:

- **17** patients by primary (remote) evacuations
- **855** patients by inter-hospital transfers from country SA hospitals to Adelaide's major hospitals
- **four** interstate transfers of critically-ill patients, including three infants between Royal Children's Hospitals in Adelaide and Melbourne for life-saving (cardiac) surgery

In addition, Whiskey was used to transport RFDS primary health care teams from the RFDS Port Augusta Base to deliver a 'fly-in' GP primary health clinic to remote communities and stations in outback SA and seven COVID-19 related transfers.

Our investments and participation in local community events, organisations and programs are run independently by our branches and are tailored to local community needs as informed by the people that live and work in them.

Our Board has approved delegations of authority (set out in our internal Delegation of Authority Policy) for making budgeted and unbudgeted sponsorships and donations. Budgets for community investments are reviewed and established in line with our annual budgeting process.

Major sponsorships and donations are evaluated and agreed to by our Marketing and Strategy team to drive support to organisations and programs that have a connection and synergy which resonates with our business and employees, and have a positive impact on the communities we operate in.

This year, our staff directed over $22,100 to the Foundation for Rural and Regional Renewal, the Royal Flying Doctor Service, Beyond Blue and BlazeAid through our matched employee payroll giving program.

Elders staff at a pre-emergent technology site in Roseworthy, South Australia

Supporting local people and business

INDUSTRY AND EDUCATION

A significant portion of our community investment is directed to supporting local industry groups and field days, facilitating the sharing of information on region-specific best practice farming and overall, helping our communities to build productivity and resilience.

Educational workshops are provided to growers across the country through the Thomas Elder Institute, however, our ability to deliver workshops in person this year was impacted due to COVID-19 social distancing restrictions. This provided Elders with an opportunity to explore the delivery of information sessions through webinars, which given their success, are an initiative Elders will continue as social distancing and travel restrictions ease.

Five webinars on technology and innovation in agriculture delivered

450+ webinar attendees and **700+** post-webinar views

ECONOMIC DEVELOPMENT

Given the wide geographic spread of our operations, Elders employs many local people in rural communities, with around 85% of our staff working in rural or regional areas. We also support other local businesses within our communities, with our branches maintaining unique relationships with local suppliers. Through our business, AIRR, we support smaller, independent rural product retailers with marketing, networking and accessing stock at a competitive price.

370 AIRR member stores

Responsible supply chains

Our businesses are supported by a large and diverse supply chain comprising global manufacturers and wholesalers as well as local small businesses.

We source products for resale and for our own internal use, as well as services. The products which we source and sell for resale include agricultural chemicals and veterinary medicines, fertiliser, seeds, agricultural machinery and equipment, livestock and general merchandise.

The products which we use internally include IT equipment used in our operations, office supplies, uniforms, personal protective equipment, materials used to fit out our stores and warehouses, forklifts and vehicles in our fleet. The services we procure include cleaning, IT services, general maintenance services and transport for goods and livestock. We also procure the professional services of contractor livestock agents, real estate agents, agronomists and consultants.

Our businesses source from a range of locations, with our largest spend on direct and indirect procurement being on multi-national suppliers.

We are committed to ensuring decent working conditions within our supply chain and have a zero tolerance for worker exploitation. We manage this commitment internally through our centralised people and culture, payroll and accounts payable teams, and externally through:

- close relationships with our key suppliers (some of which we have worked with for decades)
- contractual obligations, with our standard supplier contracts requiring strict compliance with anti-bribery and corruption and modern slavery laws

This year we began upgrading our risk management controls by:

- developing our Ethical Procurement Framework
- commencing risk assessments of our suppliers operating within our IT, Indirect Procurement and Rural Products supply chains
- hosting workshops with supplier relationship managers on addressing modern slavery
- developing tools to support supplier due diligence

Further details will be provided in our upcoming Modern Slavery Statement (due for publication by 31 March 2021).

Over the coming years, we will continue to work with our suppliers to monitor and manage modern slavery risks. We will also aim to develop our management of other important sustainability topics within our supply chains, including those relating to environmental impacts.

COVID-19 SUPPLY CHAIN IMPACTS

While global and domestic markets experienced volatility through the first half of 2020, at Elders this instability was limited to wool and livestock export markets, real estate sales and chemical supply chains. This did not have a material impact on the demand for Elders' products and services, its customer base or supply chain. Product shortages were mitigated through close inventory management.

Health and Safety

Safety continues to be a critical and non-negotiable objective of Elders as we continue to improve our work health and safety systems to achieve our goal of zero harm in our business.

SAFETY PERFORMANCE

Two LTIs (down from nine last year)

Our employees say:

- My work area is safe: **92%**
- I always prioritise safety when undertaking an activity: **93%**
- We practice what we preach – Nothing is so important that it cannot be done safely: **90%**

In August 2019, we held our inaugural Safety Summit, attended by key leaders and representatives from across our business. The Summit group discussed safety risks, opportunities and challenges from within the company and heard from external presenters, who contributed valuable insights from different perspectives.

The outcome of the Summit was the launch of our new Elders 'Safety 7' plan in 2020, which focuses on the seven most important themes identified at the Summit to achieve a safe and healthy workplace.

Our Safety 7 Plan and FY20 achievements

Objectives	FY20 Achievements
GENUINE LEADERSHIP	
To lead by example. Leadership is key to realise our vision and uphold our genuine effort to keep our people, and those we interact with, safe always.	Executive members, including our CEO, visited several branches to engage with employees about health and safety. During some of these visits, hazards were identified and logged, with subsequent capital expenditure approved to ensure workplace safety. These dedicated safety visits will resume once COVID-19 travel restrictions ease.
PERSONAL DEVELOPMENT PLANS AND KEY PERFORMANCE INDICATORS	
Safety is everyone's responsibility. To link tangible actions and measurable targets to work objectives, to set a clear expectation and inform eligibility for incentives.	New safety related key performance indicators were developed and recommended to ensure that our employees are working towards tangible and relevant goals. These will be communicated to managers through annual performance development plans.
WHS CAPITAL EXPENDITURE AND RESOURCING	
Capital investment is essential to eliminate workplace hazards – from physical infrastructure maintenance to ensuring our Safety Teams are adequately skilled, qualified and resourced to support all locations.	We reinforced the priority of safety-related capital expenditure through management, including by approving the recruitment of an additional Safety, Risk & Environment Business Partner (SREBP).
INCIDENT AND HAZARD REPORTING	
To continuously improve our administration systems, to enable simple and prompt reporting of incidents and hazards.	We launched a new safety reporting platform, which allows easier incident and hazard reporting through a mobile app.
RISK ASSESSMENT AND AUDIT	
To streamline the assessment and review of risks, through the consolidation of various work health and safety audit checklists, to save time and enable staff to focus on core business.	We launched our new risk management platform, enabling more efficient risk identification, management and reporting, as well as the ability to link incidents with risks for improved analysis.
COMMUNICATION AND CONSULTATION	
Safety Action Teams (SATs) to frequently consult with staff to encourage collaborative problem-solving, to identify and resolve work health and safety concerns. To ensure SAT performance adds value to the business.	We developed a new SAT Charter to help SATs facilitate the important work they do. We also introduced an Annual SAT Conference (not held this year due to COVID-19 travel and social distancing restrictions) to enable all SAT members from around the country to get together and share their learnings and ideas about health and safety for the benefit of the branches they represent.
TRAINING	
To develop accessible education and training programs for our high-risk activities.	We introduced a new safe livestock handling training workshop facilitated by expert external handlers and aimed at providing practical on-the-job training for safe handling of livestock. Future workshops will be held in New South Wales and Queensland and will move to other parts of the country thereafter (when safe, subject to COVID-19 restrictions).

SAFETY DURING COVID-19

As a participant in Australia's food supply chain, Elders is considered an essential service provider to the agricultural sector and not subject to any Government mandated shutdowns. Appropriate authorisation documents and permits are in place for Elders' essential service Workers that are required to move across borders.

To support our workforce through the impacts of COVID-19 during this reporting period, we issued directions and resources to all staff in relation to social distancing and proper hygiene. We also introduced contactless point of sale and collection at our branches. Hand sanitiser and masks were distributed throughout our network, and staff in our administrative support offices in Brisbane, Melbourne, Perth and our Head Office in Adelaide were directed to work from home. Staff were equipped with laptops and remote access which ensured continued productivity and engagement, and staff survey results indicated that the majority of our employees felt that our organisation responded to the challenges of COVID-19 swiftly and appropriately.

Assessing performance on safety

One of the objectives of our third Eight Point Plan is to 'provide a safe working environment'.

The key indicators of our performance against our safety objectives at an organisation level are:

- LTIs
- improved safety culture measured through our annual Employee Effectiveness Survey
- dedicated safety visits to branches by our Executive

Further indicators have been developed at both an Executive and local level to align safety-related behavioural expectations with the achievement of our Eight Point Plan. Those additional indicators for Executives include participation in a set number of SAT meetings and 100% completion of online safety training by staff within each Executive's business unit. 'Driving significant progress in achieving a "zero harm" workplace' is one of the conditions of our Executive level Short-Term Incentives, while employees who have not completed safety training are typically precluded from receiving any work-related financial bonuses.

Safety training

Our SREBPs are engaged to deliver induction presentations and safety training to our employees. Elders also provides online training, guidelines and Safe Work Instructions, and partners with AgSafe and other third parties for practical training on driver safety, livestock and dangerous goods handling. Elders ensures nominated First Aid Officers (required at every worksite) are provided with first aid training.

Managers are required to ensure that all employees have completed their required training and are competent to perform their role safely. Training requirements are determined based on the employee's background and experience, the requirements of their role and the level of risk that the employee may be exposed to. Management incentives are dependent on employees completing mandatory training.

Safety Governance

Our commitment to establishing and maintaining a safe and healthy work environment is set out in our Work Health and Safety Policy[1] and implemented through our Work Health and Safety Management System (WHSMS), which responds to our evolving business requirements. The policies and procedures which underpin our WHSMS apply to all our employees and our contractors (Workers), in all our workplaces – whether they are worksites we control (like our branches, warehouses or offices), or sites our Workers work in which we do not control (like customer properties or saleyards).

Our WHSMS reflects the requirements of various State-based work, health and safety legislation and our Safety Manual (currently being updated) draws on the principles of the AS/NZS 4804-2001 occupational health and safety management system. Our WHSMS is monitored periodically and evaluated to ensure its suitability and effectiveness.

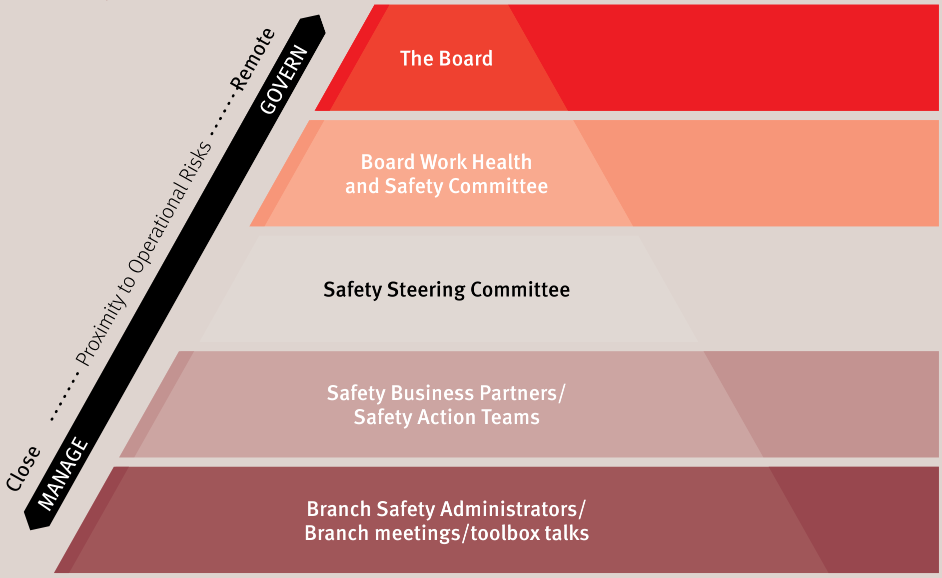
Our Safety Steering Committee, which includes our full Executive team, meets quarterly to consider matters relevant to Elders' safety strategy and to review and consider reports from other management regarding safety matters. Our Board Work Health and Safety Committee (BWHSC) meets twice a year to monitor our WHSMS and performance against the Safety 7 Plan.

1 *Available online at investors.elderslimited.com/investor-centre/?page=corporate-governance*

Workers are regularly engaged on the development, implementation and evaluation of our WHSMS. To support meaningful and effective consultation, Elders has developed 10 SATs, comprising a total of approximately 85 members representing our branches across Australia. Our SATs are responsible for identifying and attending to safety issues for the locations they represent. In FY20, a total of 103 of the scheduled 120 monthly SAT meetings were held.

Workers are encouraged to raise safety-related matters with their relevant SAT member. They are also engaged on local safety-related matters at branch meetings (required to be held monthly, with safety as the first agenda item), by their Branch Safety Administrator and their relevant SREBP. Our SREBPs are members of SATs and report significant safety issues to the Safety Steering Committee for consideration.

Elders' safety governance structure



Safety risk management

Work-related risks and hazards are primarily identified through:

- observations from Workers
- industry research
- incident or hazard reports
- branch safety audits conducted by our SREBPs, AgSafe and regulators

We aim to control work-related risks and hazards (including high-consequence injury risks) in accordance with the following hierarchy of controls set out in our Safety Manual: Eliminate, Substitute, Isolate, Engineering, Administrate and Personal Protective Equipment.

All incidents and near-hits are required to be reported to management immediately and on our reporting platform within 24 hours. The incident escalation and investigation process outlined on page 64 of this report applies to the investigation and escalation of serious safety risks. Information regarding safety incidents (as well as the results of branch audits and work, health and safety related statistics) are reported to the Safety Steering Committee and Board to continuously monitor. Our SREBPs perform risk assessments on identified and reported risks and make recommendations to the business on any corrective actions and improvements required.

Lost time injuries and serious incidents that are notifiable to a regulator are subject to a more formal investigation process, which involves the preparation of an incident report reviewed by the Head of Safety, Risk and Environment, our General Counsel and CEO. These reports are circulated to internal parties involved in the incident. Corrective actions and learnings are implemented to prevent future harm. The report is also provided to the Safety Steering Committee and the Board for discussion.

All Workers have an absolute right to stand down or refuse to carry out work if they reasonably believe that to continue would put their safety or health at risk. Our Whistleblower Policy protects reporters who wish to remain anonymous from being identified and from any victimisation or liability for making a report.

Material safety risks

Our risk register specifically addresses work-related hazards which pose a risk of high-consequence injury – namely handling livestock and driving. These risks are managed in accordance with our Resilience Policy[2] and Framework[3] (described in more detail on page 63).

High-consequence injury risks

Risk	Driving	Livestock handling
Controls	• Bi-annual vehicle servicing • Bi-annual vehicle inspections • Driver safety training • Vehicle selection procedure (safety rating approach) • Personal locator beacons for vehicles	• Livestock handling inductions • Livestock handling procedures • Safe work method statements • Livestock handling booklet • Face-to-face training delivered by expert external providers

Another risk associated with our business is the storage, handling and transport of chemicals and dangerous goods. Several chemicals and fertilisers used in agricultural production pose environmental and safety risks if not handled correctly. Elders has a number of measures in place to manage these risks, including site reviews by our SREBPs and AgSafe, annual site self-assessment processes, the maintenance and monitoring of store manifests, facility designs to ensure appropriate site bunding[4], sumps and product segregation, and the provision of guidance materials and training to our workers.

Storing, handling and transporting chemicals and dangerous goods can also pose health and safety risks to our customers and freight providers. We seek to prevent and mitigate those risks by:

- providing customers with Safety Data Sheets containing instructions on the safe use of dangerous goods
- offering customers tailored agronomic advice on the application of agricultural chemicals
- training our employees on the safe transportation of goods, including their responsibilities to prevent or reduce potential harm or loss to others as required under the Chain of Responsibility Laws

GLYPHOSATE

Following a classification made by the IARC[5] in 2015 that glyphosate is "probably carcinogenic to humans", glyphosate has been the subject of litigation in several countries, with a number of users alleging that glyphosate-based products cause cancer.

Glyphosate is registered for use in Australia by its national regulator, the Australian Pesticides and Veterinary Medicines Authority (APVMA). The APVMA undertakes rigorous scientific assessments before approving agricultural chemicals for sale and has maintained that APVMA-approved products containing glyphosate can continue to be used safely according to label instructions.[6]

The APVMA reviewed glyphosate in 2016 and found that "glyphosate does not pose a carcinogenic risk to humans and that there are no grounds to place it under formal reconsideration". Many international, independent, science-based regulatory agencies like the APVMA have made similar statements.[7]

Elders relies on the research and opinions of the scientific community in stocking and selling agricultural chemicals.

Accordingly, we intend to continue to stock and sell products containing glyphosate, noting that the sale of glyphosate-related products represent an immaterial proportion of Elders' revenue and earnings. As a percentage of Elders' total Rural Products business (which includes our retail and wholesale businesses), glyphosate-related products represent approximately 6.4% of revenue and 4.1% of gross margin.

Promoting good health

We promote health and wellbeing through the following initiatives which we voluntarily provide to all employees:

- free access to counselling (available in person and remotely, and also extended to our employees' immediate family members)
- free flu and Q Fever vaccinations
- company funded sun-safe and wet weather-resistant uniforms
- discounts and rewards for shopping at various chemists, gyms, sporting goods stores, health product retailers and private health insurance

2 *Available online at investors.elderslimited.com/investor-centre/?page=corporate-governance*
3 *This is an internal document.*
4 *Surrounding an area with a retaining wall to contain any unintended escape of material.*
5 *International Agency for Research on Cancer.*
6 *Australian Pesticides and Veterinary Medicines Authority, 2019, 'Glyphosate', viewed 1 September 2019, ‹apvma.gov.au/node/13891›.*
7 *This includes the United States Environmental Protection Agency, the European Chemicals Agency, Health Canada and the New Zealand Environmental Protection Authority.*

Our Workforce

The success of Elders' business is reliant on us attracting, retaining and developing the best people in agriculture. Accordingly, we have made this a priority of our new Eight Point Plan.

This year we continued to develop our people and culture, focusing on:

- enabling community engagement through paid volunteering leave
- attracting and developing young people in our workforce
- engaging with our female staff to further develop our strategy for redressing gender inequality
- developing the skills of our Branch Managers through our Branch Manager Academy
- refreshing and re-launching our One Elders Values
- building greater alignment between performance and reward through revised incentive plans

Workforce snapshot

Our operations are mainly conducted through our employees. We also engage people on fee-for-service contracts to provide consulting, livestock and real estate agency services.

2,117 employees (41% females and 59% males)

190 livestock and real estate agent contractors

417 new hires (197 females and 220 males)

Zero employees stood down as a result of COVID-19

76% of our employees completed our Employee Effectiveness Survey

$839,000 spent on staff professional development

Our workforce profile is reported to our Board monthly, where any issues are discussed and changes to our management approach are agreed for implementation. Attracting and retaining quality people is managed as a business risk, using the procedure outlined on page 63 of this report. Our progress is measured through regular performance reviews, training, assessments and surveys.

Investing in our future

We demonstrate our commitment to the development of our workforce through our investment in learning and development programs, remuneration and reward frameworks and succession and retention models. Career development is a standing item of every employee's personal development plan and performance review.

We support our future workforce through work experience, school based trainee placements and professional development programs, including:

- our Graduate Agronomy Program
- our Livestock Trainee Program
- real estate agent introductory training
- monthly property management training

We also periodically take on candidates for work experience in other roles throughout our business, including corporate roles at our Head Office.

AGRIBUSINESS LEADERSHIP PROGRAM

Each year, Elders supports two employees in completing the Agribusiness Leadership Program; a bespoke leadership development program provided by the Australian Rural Leadership Foundation, designed to challenge and support participants in responding to complex, real-life situations faced in the agribusiness sector and facilitate the creation of new and diverse professional networks.

"The linking of the program to the outward-bound experience provided me with clarity, confidence and areas to focus upon to increase my effectiveness as a leader."
Jamie Brogan — Role on entering the Program: State Farm Supplies Manager — Current role: State General Manager (Queensland and Northern Territory)

"The program expanded my understanding of the Ag sector complexities and opportunities while challenging my thinking and strengthening my ability to adapt to changing situations."
Belinda Kilner — Role on entering the Program: HR Business Partner (Western Australia) — Current role: Senior HR Business Partner (National)

Roger Fris, Territory Sales Manager, and Tahir Rashid, Farm Supplies Sales Representative, attending a client property in Western Australia.

Diversity strategy

We recognise that a diverse and inclusive workforce is critical to achieving our objective of attracting, retaining and leveraging talent, and we are committed to providing a workplace that promotes equal opportunity and an environment that is free from all forms of discrimination, including race, colour, national extraction, social origin, age, marital status, family or carer responsibilities, sex or chosen gender, sexual preference, religion and physical ability. Our Diversity and Inclusion Policy[8] sets out the key elements of a diverse organisation and the value derived from embedding diversity and inclusion throughout our business.

Redressing gender imbalance continues to be the focus for our diversity program given the significant gap of female representation in leadership positions across the agricultural industry.

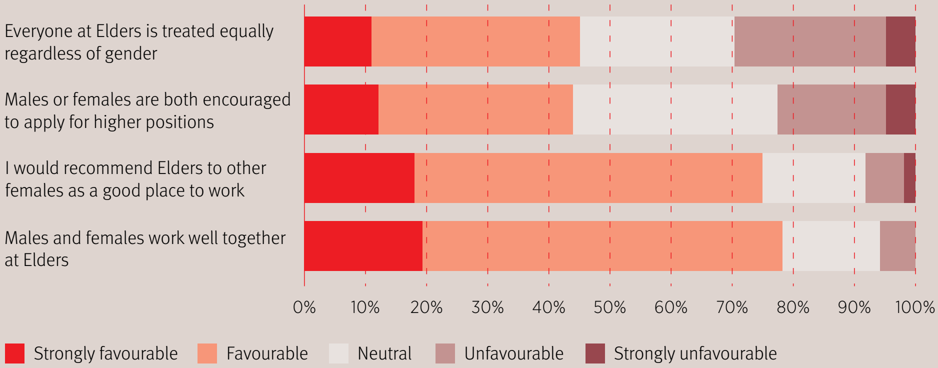
This year, we surveyed our female employees to understand what we could implement to better support gender equality and female career progression. We learnt that our female employees felt that while progress had been made, further work is required. There is a strong interest from women in our workforce to undertake higher level roles and being equally encouraged and supported to apply for roles was highlighted as important.

WOMEN WORKING IN ELDERS SURVEY

337 responses (37% of our female workforce)

1,000 comments

Women Working in Elders survey results



Following the results of our survey, we identified the following programs which will be implemented over the next 12 months:

- delivering a Future Leadership Program, which will comprise 50% women
- unconscious bias training for regional management
- the implementation of a gender de-coder for job advertisements
- an internal pay equity review
- the internal promotion of women in senior leadership roles to inspire other females in our workforce to pursue leadership opportunities

Achievement against our Board approved measurable diversity objectives as at 30 September is detailed in the table below.

Performance against our Board-approved measurable diversity objectives

	Actual Sept-18	Actual Sept-19	**Actual Sept-20**
Increase the representation of women in management positions across the organisation to 25% by 30 September 2021	12%	13%	15%
Maintain the pipeline of female team leaders above 25%	30%	31%	36%
Increase the representation of women in Non-Executive Director roles to 40% or more by 30 September 2021	40%	50%	50%

We report annually to the Workplace Gender Equality Agency outlining our workplace profile in accordance with the *Workplace Gender Equality Act 2012*.

8 *Available online at investors.elderslimited.com/investor-centre/?page=corporate-governance*

Employee benefits and support

We offer the following benefits to our employees:

ACCESS TO THE EMPLOYEE SHARE PLAN

Employees can salary sacrifice to acquire shares in Elders.

SERVICE RECOGNITION

Employees are recognised for reaching service milestones and provided monetary rewards, gift cards and acknowledgements.

EMPLOYEE REFERRAL PROGRAM

Employees referring a candidate who successfully gains employment with Elders are entitled to an incentive payment.

SHORT-TERM INCENTIVES

Eligible employees can share in Elders' success when financial targets are met. Short-Term Incentives are awarded to high-performing employees.

ACCESS TO A RANGE OF CORPORATE DISCOUNTS

Employees can access discounts on clothing retailers, health, motor and home insurance, vehicle rentals and purchases, travel and IT.

FLEXIBLE WORKING POLICY

Eligible employees can negotiate changes to their work hours, patterns and locations to support a healthy balance between personal and professional commitments.

PURCHASED LEAVE

Employees can "purchase" additional periods of paid leave through a salary sacrifice arrangement over 12 months to reduce cost impacts.

STAFF FOUNDATION

Employees can contribute $2.50 per month to the Staff Foundation with Elders matching every dollar. The Foundation uses this money to gift financial assistance to employees during times of hardship. The Foundation has 1042 employee members and paid $31,000 to employees this reporting period.

PAID PARENTAL LEAVE

Both male and female, primary and secondary carers who have worked for Elders for at least 12 continuous months and are permanent employees are entitled to paid parental leave.

Elders Deniliquin Branch Manager Clyde McKenzie, receiving a certificate of recognition for 40 years of service from Lachlan Boyd, Area Manager Albury – NSW

Supporting our leavers

Our focus on culture fosters long-lasting friendships with employees, current and retired. The average length of service for our employees is eight years, and as at 30 September 2020, 188 of our employees have served us for more than 20 years.

The Elders Past Employees Association (EPEA) is a group of 286 past employees whose objectives are to create and promote a spirit of friendship and goodwill amongst members. Elders provides monetary and in-kind support to the EPEA to support their gatherings.

Elders also funds confidential external career support to employees who experience retrenchment, including confidential career coaching and assistance in securing another role.

Environmental Performance and Regulation

Recognising the support that nature provides for our operations and the operations of our agribusiness clients, we are committed to looking after our land and managing our environmental impacts.

This requires us to stay up to date with the environmental legislation and regulations which apply to our businesses (as they vary between states, territories, local authorities and various regulators), and to take responsibility for the waste produced in our operations and supply chains.

Environmental Regulation

Compliance with relevant legislation is managed on the ground by our branches, and is overseen and guided by our SREBPs. Environmental risks and hazards are managed in accordance with our Resilience Framework (outlined in greater detail on page 63 and in our Corporate Governance Statement)[9], with key risks and incidents communicated between key operational personnel, Senior Management, the Executive and the Board.

Our performance in relation to environmental management and the various applicable environmental regulations across our various businesses over the reporting period is as follows.

KILLARA FEEDLOT

Elders operates its beef cattle feedlot, Killara Feedlot in Quirindi, New South Wales. Killara is subject to both state and local government environmental legislation, and its operation is conditional on it maintaining its environment protection and water licences.

In accordance with its environment protection licence (EP Licence), Killara is required to undertake a significant number of environmental management activities to ensure that it is managing its waste, dust and odour emissions to minimise pollution of the surrounding community and to avoid groundwater and soil contamination. Failure to manage these emissions can affect the amenity of the local community and contaminate private and public property.

Emissions are monitored internally by Killara, and externally by the New South Wales Environment Protection Authority (NSW EPA) and the National Pollutant Inventory (NPI). Killara submits NPI reports to the NPI detailing emissions of NPI substances (including ammonia, carbon monoxide and oxides of nitrogen) and activities Killara has participated in to reduce these emissions. Killara also submits annual reports to the New South Wales EPA describing (amongst other things) any pollution complaints received in the reporting year. These reports are prepared by an external consultant. No breaches of environmental regulations or pollution complaints affecting Killara were reported during the reporting period.

Killara's performance on the management of its water consumption and discharge is detailed on page 55 of this report, while its performance on waste management is detailed on page 49.

SALEYARDS

Saleyards are subject to various state, territory and local government environmental legislation and regulations, particularly relating to effluent management, dust and noise. These obligations vary from state to state and generally only apply to saleyards above a prescribed size. Elders expects its saleyard operations, irrespective of their size, to abide by the applicable laws and regulations.

No breaches of environmental regulations affecting Elders' saleyards were reported during the year ended 30 September 2020 or to the date of this report.

RETAIL AND WHOLESALE OPERATIONS

Elders' retail and wholesale operations are subject to state environmental regulations relating to the storage, handling, transport and sale of dangerous goods, which include some of the agricultural chemicals, fertilisers and poisons we supply. Although these regulations are based on nationally recognised standards, the regulatory environment for the transporting, handling, storage, sale and use of such dangerous goods, chemicals and scheduled poisons is complex and subject to regulations imposed by each state and territory. Elders monitors compliance with these regulations through its internal branch audit program. In addition, many of Elders' branches and personnel participate in an accreditation, training and audit program operated by AgSafe. These assurance activities are being progressively rolled out to our wholesale operations as COVID-19 related social distancing and travel restrictions ease.

In August 2020, an Elders vehicle towing a trailer carrying a Class 9 dangerous good was involved in an accident causing the loss of contents of the product to the road and roadside in Innisfail, Queensland. The Department of Environment and Science (Queensland) issued a Clean Up Notice to Elders Rural Services Australia Limited and the third party engaged by Elders to assist with the incident management and clean up. Elders and that third party are working closely together to meet the requirements of the Clean Up Notice, including the development and implementation of a Monitoring Program and an Environmental Management Plan.

Elders is not aware of any other breaches of environmental regulations affecting Elders' retail or wholesale operations that were reported during the year ended 30 September 2020 or to the date of this report.

9 *Available online at investors.elderslimited.com/investorcentre/?page=annual-reports*

Waste Management

Waste is mainly produced in our operations and supply chain from:

- the packaging of the goods we supply in our stores
- livestock, including organic waste produced by cattle at our Killara Feedlot
- paper printing

Over the next reporting period, we will be engaging with our network and suppliers to develop a strategy for measuring the weight and composition of the waste we generate. This will enable us to better monitor waste generation and accurately report on our performance. Given the large geographic spread of our operations, with many of our locations operating in rural and remote areas and engaging with several local waste disposal suppliers, obtaining comprehensive data to enable us and our stakeholders to monitor and track our performance will take some time. In the meantime, we will continue developing initiatives to reduce waste generation.

The initiatives which we currently have in place to manage waste produced from the above streams are as follows.

PACKAGING

Most of the agricultural chemicals produced under our own brands (Titan AG, Apparent, Independents Own, Pastoral AG and Benchmark) are produced in recyclable containers.

Elders' branches also sell recyclable and reusable intermediate bulk containers (IBCs) and chemical drums for packaging and transporting agricultural chemicals manufactured by other suppliers. Many of our branches collect empty IBCs and chemical drums from customers for cleaning and re-distribution. Eligible chemical drums can also be provided directly to drumMUSTER[10] for recycling or safe disposal.

42,600 IBCs and chemical drums collected by branches and diverted from landfill

Elders pays voluntary levies to drumMUSTER to ensure that chemical containers for its own branded products are eligible for recycling. Several Ace Ohlsson sites also facilitate the collection of used chemical drums.

25,000 drums collected for drumMUSTER by Ace Ohlsson[11]

Over $330,000 paid to drumMUSTER

The majority of the pallets used throughout the Elders network for transporting the goods we sell to our customers are reused.

CATTLE AT KILLARA FEEDLOT

Killara maintains records of all manure harvested from pens and applied to nominated utilisation areas, which are selected based on advice from agronomists who conduct regular soil testing before any nutrients are applied.

Organic waste generated is otherwise composted on-site at the feedlot for use in the paddocks, and excess manure is sold to a third party for processing and retail distribution. Up to 24,400 tonnes of manure are sold each year, generating an additional income stream for the business.

PAPER

This year Elders began work on improving its systems and processes to reduce paper waste within its branches, with an aim to eliminate unnecessary printing throughout our operations. A progressive reduction of waste is expected over the next five years as Elders undergoes a major modernisation of its IT and data platforms.

10 drumMUSTER collects and recycles farming chemical containers across rural Australia.

11 Since becoming a drumMUSTER collection site. Yearly collections will be tracked for future reports.

Climate Change

Australia's changing climate presents systemic challenges to the agricultural sector and our clients and farming activities.

Hotter and drier conditions, prolonged droughts and more extreme weather events have profound effects on farmers, associated businesses, the communities in which we operate and Australia's economy more broadly. Our role as a provider of products and services to Australian primary producers places us at risk to both direct and indirect effects of climate change. As a valued partner of the agriculture sector, we have an important role to play in contributing to the sector's resilience and helping develop technologies to assist with emissions mitigation and climate change adaptation.

All Australian states and territories have committed to achieving net zero carbon emissions by 2050. Additionally, Meat and Livestock Australia (MLA) are driving the low carbon transition with their aspirational target of achieving net zero by 2030. As a trusted voice within the agriculture community, we consider it vital to demonstrate leadership by maximising the sustainability of our operations and minimising adverse environmental impacts.

During the reporting period, we took steps to enhance our management of our direct and indirect climate-related risks, including expanding our in-house expertise with the appointment of a dedicated Sustainability Manager and Sustainability Co-ordinator.

To increase transparency with our stakeholders and investors, and to bring a spotlight on what Elders is contributing in this space, the Board has set a target of fully aligning our disclosure of climate-related risks with the TCFD Recommendations by 30 September 2023, in alignment with the completion of our third Eight Point Plan. The TCFD Recommendations form the preferred climate disclosure framework of the Australian Securities and Investments Commission (ASIC) and the Australian Securities Exchange (ASX). They are structured around four core elements (governance, strategy, risk management and metrics and targets) and ultimately demonstrate our Board's consideration and oversight of climate issues and Elders' progress in managing climate-related risks and opportunities.

Climate change risk management

During the reporting period our focus has been on aligning our corporate governance and risk management procedures to fully capture climate-related risks and lay the foundations for undertaking a robust risk assessment process.

Elders considers climate change to be a material business risk with potential impacts on our economic, environmental, and social sustainability. Both the operational and strategic risks posed by climate change are captured under our current governance, risk management and resilience frameworks.

CLIMATE CHANGE RISKS[12]

Some of the material risks impacted by climate change and presently captured within our enterprise risk register are detailed in the table below.

Climate related risks and impacts

Risk	TCFD risk category	Climate related impact	Present strategy
Severe weather events	Physical – Acute	The magnitude and frequency of severe weather events may be increased by climate change. Severe weather events such as frost, drought, flood and fire can influence the supply of and demand for rural products and services provided by Elders in affected areas	Diversification of our geographical operation, product and service range and maintenance of robust incident response and business continuity systems[13]
Water availability for Killara Feedlot	Physical – Chronic	The increased likelihood and length of drought or dry conditions may affect Elders' ability to access enough water to sustain operations at Killara Feedlot	Water consumption monitoring, appropriate water licence maintenance and efficient irrigation practices[14]
Health and safety	Physical – Chronic	Increased frequency and severity of extreme heat days caused by climate change may increase the likelihood of health and safety risks, including those relating to sun exposure and mental health	Maintenance and ongoing review of our Work Health Safety Management System[15]

Full details on how Elders manages risks (including climate related risks) can be found on page 63 of this report, and within our Corporate Governance Statement and Audit, Risk and Compliance Committee Charter.[16]

12 The risks noted are not exhaustive and are in no particular order. Elders is presently undertaking further work to identify climate related risks and opportunities (see page 51 of this report).

13 See page 53 of this report.

14 See page 55 of this report.

15 See page 42 of this report.

16 Available through our Investor Centre at investors.elderslimited.com/investor-centre/.

Next steps

We are currently undertaking stakeholder consultations, an independent review, and internal workshops to identify further specific climate-related risks and opportunities for our business, determine their materiality and conduct qualitative impact assessments, which will be used to inform and evaluate our approach to managing climate change, severe weather and water related risks. We will continue to build upon this work with a view to disclose the outcomes in FY21.

To achieve full alignment with the TCFD Recommendations will require a staged approach. Our current achievements and short to medium-term objectives are detailed in the table below. Our staged action plan is intended to provide a clear structure enabling Elders to attain the highest standard of disclosure for decision-useful climate-related information in as short a timeframe as possible.

Elders' staged action plan for full alignment with the TCFD Recommendations by 30 September 2023

	Governance	Risk Management	Strategy	Metrics & Targets
Achievements in FY20	Comprehensive disclosure of our climate-risk management process, roles and responsibilities.	Initiated internal and independent review of climate-related risks and opportunities.	Detailed the role risk plays in our decision making.	Reported our Scope 1 and 2 emissions from energy use and feedlot cattle.
Ambitions for FY21		Detail our climate-risk assessment methodology. Disclose additional climate-related risks and current mitigation actions. Develop further mitigation strategies if needed.	Identify climate-related opportunities and associated time horizons.	Report our Scope 1 emissions from feedlot waste and fertiliser management.
Ambitions for FY22			Qualitatively assess future climate-related risks and impacts using appropriate climate scenarios.	Develop our Scope 3 emissions profile and set climate related targets and metrics.
Ambitions for FY23			Disclose impacts of, and business resilience to, climate-related risks and opportunities including commentary on financial implications under each scenario.	Report on performance against targets.

Energy and Emissions

Energy is essential to our business and understanding how it is used and the associated greenhouse gas emissions produced is key to reducing our organisation's impact on the environment and ensuring our ability to transition to a low carbon economy.

Energy and greenhouse gas emissions

We emit greenhouse gas emissions both directly and indirectly through the consumption of energy in the form of:

- electricity, which is used to power our worksites
- fuel (primarily petrol and diesel) which is used to power our fleet vehicles and machinery

Our energy consumption is managed locally by our employees, while contracts with our energy retailers are managed centrally by our Indirect Procurement and Fleet teams. These teams monitor overall consumption and costs, and together with our Sustainability team, engage with independent third parties to assist with:

- determining our energy usage
- calculating our carbon footprint

This data is reviewed periodically to identify opportunities for energy and cost savings.

During the reporting period, we consumed 268,103GJ of energy, comprising 42,711GJ of electricity and 225,392GJ of fuel. This resulted in the production of 25,102 tonnes of Scope 1 and 2 carbon dioxide equivalent. Further information on our energy and emissions is contained in the performance tables on page 67.

EMISSIONS FROM LIVESTOCK

Calculating the entire carbon footprint of an agricultural operation is not a simple process. Enteric fermentation by livestock, the practice of applying fertiliser and waste to soil, manure and effluent management all produce greenhouse gas emissions. Conversely, minimum till farming practices (which many Australian operations, including Killara Feedlot, use to better manage available moisture in soil) are understood to increase soil carbon sequestration, reduce N_2O emissions (as a result of a reduction in nutrient run-off) and reduce scope 3 emissions from the manufacture of fertiliser.

Cattle at Killara Feedlot produced approximately 35,951 tonnes of carbon dioxide equivalent through enteric fermentation during the reporting period. Emissions were calculated using the Greenhouse Gas Accounting Framework for Feedlots, produced by the University of Melbourne and based on the Australian National Greenhouse Gas Inventory methodology. They do not account for effluent and fertiliser management practices, or sequestered carbon from minimum till farming practices at the feedlot. We will aim to account for those practices in future reports. In the meantime, we are actively involved in industry research focused on increased productivity with lower emissions through genetic evaluation and feed supplements.

Reducing energy use and emissions

As we continue to develop our sustainability program, we are exploring initiatives to improve on energy efficiency and the calculation and reduction of emissions across our organisation and the agriculture industry.

Within our own operations, we are investigating new technology and opportunities to improve the energy efficiency of our branches and to increase the share of renewable energy into our energy mix. This includes the introduction of sustainable driving tips into our monthly communication to our fleet drivers, the trialling of hybrid vehicles in our fleet, our program to upgrade lighting in our facilities to LED lighting and the installation of solar panel systems at several sites.

Within the agriculture industry, we have been working with Agrimix Pastures in developing more sustainable livestock production systems through supporting research and the commercial extension of the benefits of Desmanthus, a summer growing legume which, when incorporated into beef cattle feed, has been shown to reduce methane emissions from enteric fermentation.

We have also conducted trials on large commercial plots and microplots of Lantern Forage Sorghum – a plant variety with a unique sugar matrix which is capable of being used in bioethanol production. Our latest data shows that Lantern improves the efficiency and productivity of livestock feed systems by 30% due to the higher metaboliseable energy levels, whilst also providing improved carbon capture and store opportunities for producers.

Severe Weather

Severe weather events such as frost, drought, flood and fire can affect the productivity of our agribusiness customers and in turn, increase the variability of Elders' financial performance.

As a result, we manage severe weather events as a material business risk in accordance with our risk management and resilience frameworks.[17] Given Australia's vast and diverse landscape, variability due to severe weather events rarely occurs across multiple regions at the same time. By maintaining a geographical spread of operations across the country and a diverse product and service range, the negative impacts of severe weather events on our organisation are limited and mitigated.

On some occasions, they can generate an impact on Elders' financial performance, as demonstrated over the early months of this reporting period. Drought conditions which continued to impact regions in Queensland and New South Wales in the beginning of 2020 (resulting in a lower demand for agricultural inputs such as fertiliser and seed in those areas) did not materially impact Elders' full year performance given its presence and ability to serve customers in other unaffected agricultural regions in Australia across the financial year.

The impacts of severe weather events on Elders' financial performance are further mitigated due to Elders being a supplier of the inputs, equipment and services our farmers require to operate through, and recover from, severe weather events. To assist our customers with managing their agribusiness through events like drought, excessive rain, flooding, fire and heatwaves, Elders:

- supports clients in managing their productivity through our network of agronomists and livestock agents
- provides access to technology which supports the efficient distribution of water, nutrients and chemicals (see page 58 of this report)
- supplies crop protection products and herbicides to manage weeds and pest infestation
- supplies general merchandise and equipment required on farm, such as fence posts, personal protective equipment, shade cloths, irrigation equipment, tanks, troughs and fire pumps
- facilitates the sale and purchase of water through Elders Water Trading

Our approach to managing severe weather risks will be evaluated and further developed as we continue to investigate and develop our response to climate-related risks and opportunities.

AUSTRALIAN BUSHFIRES: SUMMER 19/20

Australia's last summer was a record year for bushfires in Australia, which saw the devastation of communities and destruction of wildlife as millions of hectares of land across Australia burned.

While none of Elders' branches were directly impacted, several agribusiness customers were.

Elders' network supported those impacted by offering assessments of injured livestock and sourcing feed, transport and agistment options. Elders also introduced its Bushfire Assistance Facility, offering deferred payment and interest free finance terms to existing and eligible customers affected by the fires.

Other actions Elders took included:

- donating $100,000 to the Foundation for Rural and Regional Renewal, supporting its mission of ensuring that fire affected communities can access the support they need in the medium and long-term
- local fundraising efforts, with branches in Victoria and Tasmania collectively raising over $33,000
- launching our Employee Volunteering Program, ensuring employees are eligible for paid volunteering leave to assist where they feel it is needed. Volunteering time this year was unfortunately impacted by social distancing restrictions associated with COVID-19, but several staff were able to volunteer for BlazeAid and contribute to rebuild efforts in the Adelaide Hills and on Kangaroo Island
- working with Beyond the Bricks, raising funds for charities working to assist in bushfire affected regions

17 See page 63 of this report

Sustainable Farming

With our global population expected to grow to 9.7 billion people by 2050[18] and increasing pressure to minimise the environmental impacts of agriculture and improve the climate-related resilience of Australian food production, Elders has an opportunity to tailor its product and service offering to better support farmer productivity and efficiency.

Three major environmental issues the agriculture industry in Australia faces are:

- climate change (discussed on page 50 of this report)
- water availability
- soil health

Water availability

The Australian climate has always involved an element of volatility and hot, dry summers, but climate change is projected to increase the frequency and intensity of extreme heat and periods of drought. With water availability already an issue that many farmers address, finding opportunities to improve water use efficiency and ensuring the sustainability of shared water sources is directly linked to the sustainability of the agriculture industry.

Elders recognises that the availability of water can have a significant impact on its operations and performance in the following ways:

- directly: Killara Feedlot requires water for its paddocks, animals and facilities
- indirectly: Water availability impacts the productivity of Elders' grower customers, which in turn increases the variability of Elders' sales of agricultural inputs

Elders supports research and development into water efficient plant varieties and technology which enables efficient crop irrigation. More information on these initiatives is on page 58 of this report.

Through Elders Water Trading, our water brokers assist clients in buying, selling and leasing water entitlements and allocations, supporting them in the development of strategies to ensure the security of their irrigation practices. Our water brokers have expertise in a number of different Australian water trading schemes and regions and assist customers in sourcing and selling water as permitted by the rules of their relevant water authority and water licence. Different authorities in each State regulate the trade and usage of water through State-based legislation.

Soil health

Healthy soil influences environmental health by improving water quality and protecting biodiversity. Healthy soil is also imperative to supporting agricultural production, the efficient use of agricultural inputs and the sequestration of carbon from the Earth's atmosphere. No-till farming is understood to optimise soil health, and the proportion of Australian grain growers using no-till farming is high,[19] however, further development, innovation and soil monitoring will be vital to sustain production and take action against climate change.

Elders' network of agronomists and Thomas Elder Consultants support more than 6,000 clients across Australia in managing the productivity of their farms, providing advice to clients on crop rotation, pest and disease management and soil health, facilitating up to 9,000 soil tests every year.

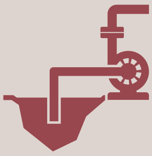
We also provide technical advisory services to clients who are aiming to reduce their carbon footprint and sequester carbon in their soil. Carbon Farming Advisory Services are being piloted to facilitate on farm practice change and registration of carbon farming projects with the Federal Government's Clean Energy Regulator. As always, we are working closely with our clients to ensure this service offering meets their needs and truly benefits their farming enterprise.

18 United Nations Department of Economic and Social Affairs, 2019, Growing at a slower pace, world population is expected to reach 9.7 billion in 2050 and could peak at nearly 11 billion around 2100, United Nations, viewed 23 July 2020, ‹un.org/development/desa/en/news/population/world-population-prospects-2019.html›

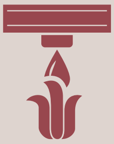
19 Llewellyn R, D'Emden F, 2010, 'Adoption of No-tillage Cropping Practices in Australian Grain Growing Regions', Grains Research and Development Corporation, viewed 3 November 2020 ‹grdc.com.au/__data/assets/pdf_file/0016/125206/grdcadoptionofnotillcroppingpracticesreportpdf.pdf.pdf›.

WATER AND KILLARA FEEDLOT

Killara Feedlot water usage

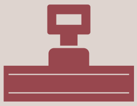


345ML
Withdrawn from groundwater[20]



259ML
Consumed at the feedlot[21]

86ML
Consumed through irrigation[22]



40ML
Discharged to effluent utilisation areas (EUAs)[23]

Overflow events: **Zero**

While Elders itself is not an intensive consumer of water across its operations, we recognise the importance of understanding our own water consumption and managing use and discharge, particularly at our Killara Feedlot. Killara obtains water for use at the feedlot and surrounding paddocks from rainfall and groundwater.

Groundwater consumption

Killara's consumption of groundwater is limited by its water licence (issued by Water NSW), which authorised a withdrawal of 564.2ML from July 2019 to June 2020, and 806ML from July 2020 to June 2021. Killara is prohibited from drawing water in excess of its allocated amount.

This year, north-west New South Wales (where Killara is located) continued to experience drought conditions, requiring Killara to continue to manage its water use efficiently. A review of Killara's approach to managing water use resulted in the investment in the installation of a centre pivot irrigation system, completed in October 2020. This new infrastructure will enable Killara to reduce its water use by up to 40% in future summer cropping seasons through the automation and control of even water dispersal. Killara has historically used flood irrigation techniques to water the crops grown to feed cattle.

Rainwater run-off

Killara's practices and infrastructure have been developed to capture rainwater and prevent it from escaping into the surrounding environment. Given the operations of the feedlot, rainwater falling onto the facilities can be contaminated by the waste produced by cattle, and an overflow of contaminated water into the surrounding environment could adversely impact other water resources and soil quality.

The entire feedlot is bunded and all rainwater run-off is diverted to effluent holding ponds. The ponds are regularly maintained, with effluent mixed with water before being redistributed to Killara's nominated EUAs, providing fertiliser and moisture to support the growth of food fed to the cattle on site. Strip cropping on the farmland surrounding the feedlot is an additional initiative to prevent effluent from reaching nearby water sources in the event of an overflow. Groundwater and soil quality are regularly tested at several monitoring points for nutrient contamination, and effluent quality is monitored at EUAs, discharge points and holding ponds. Elements such as calcium, nitrogen, potassium and sodium are all monitored to ensure nutrient levels are maintained in accordance with the requirements of the NSW EPA.

Elders Killara Feedlot

20 Usage in last water year, being 1 July 2019 to 30 June 2020.

21 Usage in last water year, being 1 July 2019 to 30 June 2020.

22 Usage in last water year, being 1 July 2019 to 30 June 2020.

23 Discharge in NSW EPA reporting period, being 1 June 2019 to 31 May 2020. EUAs are designated areas in Killara's paddocks identified by agronomists through soil testing where appropriate nutrient levels allow for effluent dispersal. Nutrient levels are monitored by the NSW EPA.

Animal Welfare

With 278 staff and contractors directly working with livestock,[24] we recognise our responsibility to ensure we look after the animals in our care.

This is one of our key sustainability principles. The way we treat animals can impact our reputation and the relationships we have with our suppliers and customers.

Our commitment to the humane and considerate treatment of livestock is set out in our Livestock Handling and Animal Welfare Policy.[25] Our staff are also guided by our Livestock Handling Guide and industry standards, and are required to comply with all local laws and regulations relating to handling animals. Employees dealing with livestock as part of their roles receive regular livestock handling training. Elders is not aware of any incidents of non-compliance with laws or regulations relating to animal welfare during the reporting period.

Interaction with animals

Elders mainly interacts with livestock in the following ways:

- at Killara Feedlot, where cattle are unloaded, grown and transported to customers for processing
- through our livestock agency business, where our agents assist clients in buying and selling livestock privately and at saleyards

We also assist clients in managing animal health and production through our livestock production advisors.

The standards set out in our Livestock Handling and Animal Welfare Policy and Livestock Handling Guide apply to all of our interactions with livestock. Workers are required to report any instances where these standards have not been followed or any incidents have occurred.

TRANSPORTING LIVESTOCK

Following the divestment of our Live Export business in 2016, Elders is no longer involved in live export logistics and does not export cattle internationally live from its Killara Feedlot. We do, however, assist our clients to ensure the safe live transport of their own livestock, domestically and internationally.

Our Workers are required to ensure that animals are loaded for transport and unloaded with minimal stress at all times. As part of Elders' effort to minimise stress to livestock, our Workers are directed to:

- use accredited TruckSafe carriers where possible
- inspect livestock prior to transport to ensure their fitness to travel
- supervise the loading and unloading of livestock
- monitor the condition of the livestock and respond as required to any distressed or unfit animals

ZERO TOLERANCE PRACTICES

The following 'zero tolerance' practices (as they relate to animal welfare) are prohibited for all Workers that handle animals as part of their duties:

- castrating livestock
- dehorning cattle
- mouthing or tagging cattle without a fully operational crush
- removing spare teats
- using electric prodders

Our Workers are also prohibited from carrying out the following animal health activities alone; dipping, drenching, vaccinating, fire and freeze branding, shearing, crutching, mulesing, pregnancy testing and implanting. Elders employees are only permitted to assist a qualified person with these activities.

We recognise that animals which are suffering from distress, disease or injury and cannot be reasonably treated must be put down promptly, safely and humanely – the primary consideration being to prevent the animal from suffering further pain or distress. Humane destruction of livestock is the responsibility of the owner of the livestock, or at saleyards, the relevant State Government Inspectors of Stock (for example, PIRSA) or an external authorised contractor.

24 Elders generally only interacts with sheep and cattle as part of its agency, feed and processing businesses.

25 This is currently being updated and will made available on our website in due course.

Animal welfare at Killara Feedlot

During the reporting period, Killara processed 65,148 head of beef cattle comprising approximately 85% Angus/Angus cross, 10% Bos Taurus non Angus and 5% Bos Indicus cross Bos Taurus. Cattle are housed on the feedlot in pens which are constructed with a gravel base and soft topsoil for animal comfort. All pens are cleaned regularly and have shaded areas to mitigate the risk of heat-stress.

Cattle that are destined for the feedlot are screened before transportation to prevent the movement of unwell or pregnant animals. Staff also perform health checks on cattle on arrival. Only reputable and accredited carriers are engaged for transporting livestock.

Veterinarians inspect cattle at the feedlot every month and additional animal health audits are conducted by qualified staff every six months. These audits review Killara's infrastructure and approach to animal treatment, handling and training. Killara also engages with external animal welfare trainers at least four times a year for training on low stress handling techniques.

Any animals found to be sick or injured on the feedlot are treated with the objective of full recovery and a return to the animal's home pen as soon as possible.

Killara Feedlot Animal Welfare Protocol

Sick/injured animal is identified by trained staff and veterinarian

Animal is taken to on-site hospital

Illness/injury and veterinarian-approved treatment plan is implemented

Animal is monitored during recovery

Recovered animal returns home to pen

Killara only provides veterinary medicines (including antibiotics and anti-inflammatory treatments) to cattle when required to maintain their health and welfare. Only medicines which have been approved for use by the APVMA are used. Hormone growth promoters are selectively used on approval by Killara's customers, with a downward trend in use observed over the last five years. Anaesthetics can only be provided by an accredited veterinarian. All cattle processed through Killara Feedlot are tracked through the NLIS system to ensure integrity to the value chain, and animals treated with veterinary medicines are isolated until the medicine withholding period has elapsed to ensure the safety of meat produced from the cattle.

Killara maintains the following accreditations which are conditional on it maintaining strict animal welfare standards:

- **The National Feedlot Accreditation Scheme**, which undertakes independent audits and quality assurance on animal welfare. Requirements of accreditation include having approved Risk Assessment Programs for livestock, Excessive Heat Load Action Plans and Quality Assurance Officers on site
- **Livestock Production Assurance**, which provides assurance of on-farm practices and maintains records of livestock history, location, disease and injuries sustained for each animal on a central database
- **Meat Standards Australia**, which requires feedlots to follow strict feeding and animal welfare practices to enable livestock to achieve a higher MSA grading after processing
- **The European Union Cattle Accreditation Scheme – High Quality Beef**, which requires full traceability and identification of animals

BOVINE RESPIRATORY DISEASE DIAGNOSTICS PROJECT

Bovine Respiratory Disease (BRD) is the most significant animal health issue for feedlot cattle globally and is the most common cause of cattle illness and death.

Killara Feedlot is the host for a world-first research project initiated by Meat and Livestock Australia in conjunction with Quirindi Feedlot Services and supported by Apiam Animal Health, the Australian Lot Feeders Association Research and Development Committee and other national and international researchers and stakeholders. This project has received international recognition as it analyses different methods of early detection for BRD and the commercial application of these methods into feed yards.

The anticipated outcome of this project is the early detection of BRD, which will result in the prompt and cost-effective treatment of cattle, decreased animal mortality and improved animal health and welfare.

Innovation and Technology

Our ability to provide our customers with the goods and services they need is critical to our economic sustainability. In a constantly changing and challenging environment, this requires investment in and the delivery of innovative technology, and a continual assessment of the platforms we provide to ensure that they are delivering value for our customers.

Supporting AgTech

We believe that investing in and supporting AgTech is key to helping our customers unlock sustainable farming practices. A major component of our third Eight Point Plan is the modernisation of our IT and data platforms to drive efficiency, improve customer experience and better accommodate change. This will support us in implementing new ways to support our clients and customers to ensure their continued and long-term productivity and profitability.

Elders was a platinum partner of evokeAg this year, the largest agri-food tech event in the Asia Pacific, which sees national and international speakers highlighting new technologies and markets. Elders was also the platinum sponsor of the inaugural AdvanceAg conference in Adelaide, which gave producers and innovators in South Australia the opportunity to share and highlight AgTech advancements in Australia.

This reporting period we partnered with the following AgTech providers which assist farmers with:

- **farm management:** AgriWebb, AgWorld, Proagrica and Tie Up Farming
- **irrigation and nutrient management:** Swan Systems
- **remote sensing and monitoring:** AgIntel, Hummingbird Technologies
- **on-farm connectivity, sensors and monitoring**: Farmbot, Goanna Ag and Sentek
- **remote livestock weighing:** Opti-Weigh

We will continue to support the development and commercialisation of emerging technologies within the agricultural industry through partnerships with AgTech providers, research and development through the Thomas Elder Institute, product development through Titan AG and Hunter River Company and the delivery of agricultural advisory services through our network of agronomists and Thomas Elder Consulting.

INTRODUCING GENOMICS

This year we partnered with Neogen to commercialise a genomics test for commercial cattle and sheep. This testing involves measuring the actual expression of genes known to be associated with certain production traits. Previously, genomics testing has only ever been able to be performed by stud breeding.

The testing is aimed at identifying optimal production traits in commercial cattle and sheep to enable informed livestock production and maximise overall grower productivity.

MACHINE LEARNING AND CROP MANAGEMENT

Thomas Elder Institute has partnered with several stakeholders on a research project which aims to discover the underlying relationships between climate, crop and soil factors that cause variability in crop growth and yield using machine-learning methods and simulations. Ambitions for this project are the development of a web-based tool that will enable growers to utilise their crop and soil variability mapping to investigate the underlying causes of spatial and temporal variation to better inform in-crop management. This technology will be able to be used to assist clients with more accurate predictions of crop performance and drive cost effective management solutions.

Research and Development

We proudly support agricultural industry research and development, recognising that the long-term sustainability of the agriculture industry in Australia depends on innovation backed by science, trials and the effective extension of findings to farmers.

Darren Pech, Senior Agronomist, with a client in Jamestown, South Australia

Research and development is managed by our Thomas Elder Institute and Elders Plant Genetics, while Titan AG and Hunter River Company invest in research and trial work to support the manufacture and commercialisation of their own agricultural chemicals and animal health products, of which 419 have been registered with the APVMA. We also work with suppliers in researching and evaluating current products and developing new products.

One of the biggest challenges which innovation of the agricultural industry faces is the extension of findings from research and development activities to farmers. With Elders' geographical spread and customer reach, along with its reputation and standing in the industry and local community, we are in a unique position to reach farmers with new practices and technology aimed at improving their productivity and resilience.

Five Elders technology discovery sites demonstrating new crop genetics, chemistry and nutritional products

Some of our current research and development projects are highlighted throughout this report.

MEAT AND LIVESTOCK AUSTRALIA CO-INNOVATION PROJECT

The aim of this project is to increase the adoption of research and development in the livestock industry and improve the information flow from MLA to producers (while at the same time increasing the depth and breadth of Elders' service offering) by surveying producers and regions in need of research and development and running workshops on nutrition and genetics.

This three-year pilot project, which began in May 2018, involves 75 Elders agents and senior managers based in Northern Australia.

Mark Allison, Chief Executive Officer and Managing Director of Elders Limited, and Tim Whetstone, Former Minister for Primary Industries and Regional Development of South Australia, at the Struan Farm launch.

STRUAN BEST PRACTICE FARM

In partnership with Primary Industries and Regions South Australia (PIRSA), Elders is using a research farm based in Struan, South Australia as a "Best Practice Demonstration Farm" to demonstrate the use of new technologies which aim to maximise production efficiency.

The farm is being run as a commercial wool, lamb, beef and cropping enterprise. Productivity and profitability will be closely monitored and measured to demonstrate how investment in innovation and upgrades can sustainably drive business improvement.

Currently, the farm is demonstrating the use of:

- **remote water monitoring of water tanks and troughs:** This technology is proven to contribute to animal welfare by supporting timely trough and tank refills, and savings in time and cost checking on troughs and tanks on farm
- **soil moisture probes:** These probes capture soil moisture levels on farm to support efficient irrigation practices
- **irrigation scheduling:** Timed irrigation has been demonstrated to maximise water use efficiency by crops
- **remote livestock weighing:** Remotely weighing livestock saves time and costs weighing animals and improves animal welfare by minimising the instances of livestock handling
- **farm management software (AgriWebb):** New software can be used to map entire farm enterprises and allow the following to be recorded at an individual paddock level:
  - farm infrastructure (fencing, gates, tanks and troughs)
  - broadacre inputs (machinery work, fertiliser, seed and sprays)
  - livestock inputs (the source of livestock, animal health procedures, supplementary feeding and pasture availability)

  This information can be used to trace animals, monitor agricultural inputs and generate reports on production costs and productivity, which can in turn be used to refine production systems.

Ambitions for the Best Practice Demonstration Farm include the development of an interactive on-site centre where members of the public can overview the farm, and the exploration of opportunities relating to carbon farming.

Governance

Our One Elders Values set the tone of Elders' culture from the top, establishing the behaviours we expect from all our employees and Directors, including our Board.

One Elders Values

Our One Elders Values are integral to the way we do business.

The One Elders Values

INTEGRITY	Doing the right thing
ACCOUNTABILITY	Owning the outcome
TEAMWORK	Using the power of the pink shirt team
INNOVATION	Embracing new ideas
CUSTOMER	Partnering and adding value

These values, together with our Eight Point Plan, our corporate governance and risk management frameworks, underpin our key sustainability principle of operating ethically and to the highest standard. We recognise high-achieving employees and teams whose performance demonstrate our values through monthly awards and our annual One Elders Awards, held each year in December.

This year we worked on completing our alignment of our governance practices with the fourth edition of the ASX Corporate Governance Principles. Matthew Quinn joined Ian Wilton, Robyn Clubb and Diana Eilert as a Non-Executive Director of Elders, who together with our CEO, comprise Elders' Board. Our Board is structured to achieve an appropriate balance of skills, experience and knowledge to support the execution of Elders' strategies and for the last three financial years, we have met and maintained our Board approved measurable diversity objective of increasing the representation of women Non-Executive Director roles to 40% or more.

Director skills, experience and knowledge

The sustainability-related attributes we specifically look for in our Board and executive directors include experience in:

- developing, implementing and monitoring corporate governance
- implementing and monitoring systems that lead to improved organisational safety outcomes and culture
- financial accounting, reporting and budgeting
- building workforce capability
- overseeing risk mitigation strategies
- managing fiduciary, environmental, health, safety and social obligations
- communicating with stakeholders and connections with local communities within which Elders operates
- markets for one or more of our key business units

Full details are available in our director skills matrix, contained in our Corporate Governance Statement.[26]

26 *Available online at investors.elderslimited.com/investor-centre/?page=annual-reports*

Sustainability management

This year we established our strategy, management and communication framework for sustainability, which sees our Board overseeing all matters relating to Elders' economic, environmental and social sustainability. This framework is represented in the figure below.

Management and communication of sustainability topics

Elders Limited Board

- Directs, reviews and approves sustainability strategy and Sustainability Report
- Reviews and approves other sustainability-related disclosures
- Engages with stakeholders on sustainability topics

Managing Director and CEO

- Directs, reviews and approves sustainability strategy and Sustainability Report
- Reviews and approves other sustainability-related disclosures
- Engages with stakeholders on sustainability topics

Board Work Health and Safety Committee

- Oversees management of work health and safety
- Ensures appropriate work health and safety policies, procedures and systems are in place

Board Audit, Risk and Compliance Committee

- Reviews and approves sustainability strategy and Sustainability Report
- Reviews operational and strategic risks and controls

Business Improvement Committee

- Identifies and oversees the implementation of strategies and business improvement initiatives relating to sustainability topics

Executive Committee

- Identifies and considers the implications of material sustainability topics
- Reviews safety, reputational, legal and regulatory, environmental, climate change and financial risks in business development opportunities
- Communicates relevant information to business teams

Safety Steering Committee

- Monitors and reviews the implementation of our WHSMS
- Reviews safety incidents and ensures appropriate processes and resources are implemented

Management Audit, Risk and Compliance Committee

- Oversees Elders' Resilience Policy and Framework
- Reviews, monitors and approves Elders' risk profile, including controls and treatment plans

Sustainability Team

- Develops sustainability strategy and disclosures
- Supports the business and management in sustainable business improvement
- Engages with stakeholders on sustainability topics

Corporate Governance

- Maintains risk register (including climate change, specific safety risks, market and employee risks, social licence risks, severe weather risks and animal welfare risks)
- Updates register based on quarterly risk reviews

Sustainability is a standing item on the Business Improvement Committee agenda and material topics are discussed at other internal Committee meetings periodically. Action items on material topics are identified and agreed in Committee meetings and responsibility is delegated to relevant senior managers and employees. Members of Elders' Executive are ultimately responsible for the management of material sustainability topics as they relate to their business unit. The Executive report directly to Elders' Managing Director and CEO and are supported by Elders' Sustainability Team.

Our Board is primarily informed and engaged through meetings with the Managing Director and CEO, the Company Secretary and its membership on the Audit, Risk & Compliance Committee and Work, Health and Safety Committee. They are briefed regularly on Elders' operations and on the industry, technical and legislative issues which may impact our business, including those relating to economic, environmental and social topics. They provide insights and direction to the business as required. Our Directors also undertake training and development on an "as needs" basis.

Policies relating to our material sustainability topics are developed, reviewed and updated by senior managers and are approved by the Management Audit Risk and Compliance Committee. Significant policies (including our internal Delegation of Authority Policy) are also reviewed and approved by the Board. The Board reviews and approves this Sustainability Report to ensure all material topics have been addressed.

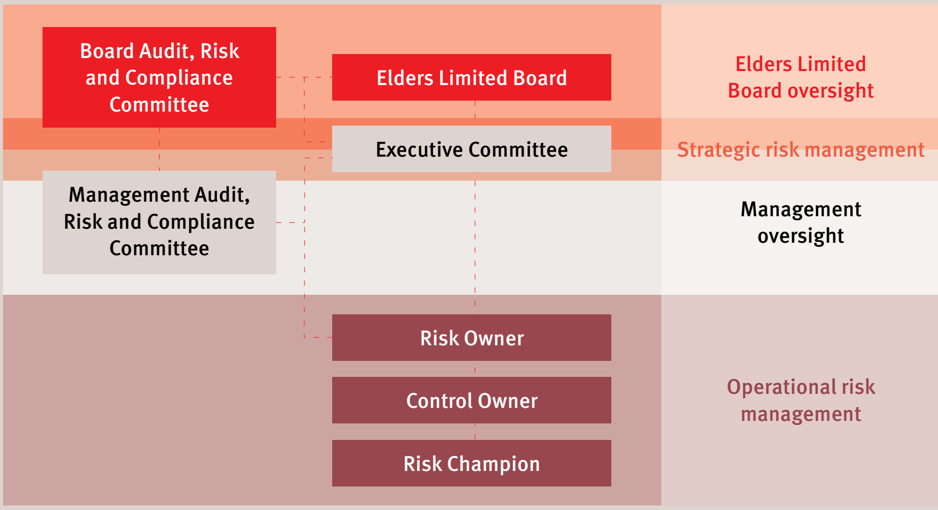
Further information about how Elders is governed, including the structure and operation of our Board and governing committees, is available in our Corporate Governance Statement.[27] Our most important governance policies, including our Work Health and Safety Policy and Diversity and Inclusion Policy, are available online.[28]

Risk management

We recognise that all elements of our business involve a degree of risk and believe that a robust risk management system, integrated into our work culture, is key to ensuring those risks are managed appropriately. Our internal Resilience Framework details the metrics and assessment criteria used to evaluate risk. Our risk appetite is set by the Board and is based upon feedback from our Executive via the Management Audit, Risk and Compliance Committee. We take a conservative view to risk accepting minimal levels of uncertainty and exposure across five key areas: safety, reputation, legal and regulatory, environmental, and financial.

The figure below illustrates the broad oversight of strategic and operational risks and the effective lines of communication between the Board, Executive and Senior Management, and key operational personnel.

Elders' operational and strategic risk oversight, management, communication and action process



The Executive Committee is management's paramount decision-making forum with responsibility for the development, review, implementation, and assessment of all critical business decisions. It considers risk in making all decisions. Our Executive also monitor and review the operational and strategic risk registers regularly in the Management Audit, Risk and Compliance Committee for completeness, continued relevance and effectiveness of risk treatment actions, taking into consideration current business conditions.

27 See investors.elderslimited.com/investor-centre/?page=annual-reports
28 See investors.elderslimited.com/investor-centre/?page=corporate-governance

Operational climate-related risks (such as extreme weather events and heat-related illnesses) and other sustainability-related risks (such as animal welfare, health and safety and attracting and retaining staff) are managed by the identified Risk Owner. Risk Owners are responsible for completing risk assessments, determining the risk treatment strategy including the identification and delegation of controls, and the setting and monitoring of key milestones, risk indicators and review dates.

Fundamentally, our risk management and resilience processes seek to ensure we are prepared and capable of ensuring business continuity. Significant potential disruptions we assess include the loss of key employees or a counterparty, a breakdown in supply-chains, a large-scale bio-security threat, an extreme weather event such as a bushfire, long-term drought, major flood or severe storm, a cyber-attack or loss of access to operational locations.

INCIDENT AND RISK ESCALATION

Where a Serious Risk or Incident is identified or occurs, workers are required to follow our incident escalation process, displayed at all our branches. This involves the following steps:

- a verbal report to a manager within one hour
- a verbal report to a Safety, Risk and Environment Business Partner
- reporting the risk or incident online
- managers escalate the report through to our CEO within one hour

Moderate, major and severe risks must also be reported to the responsible General Manager, our Company Secretary and the Board in accordance with our Resilience Framework.

For a summary of our material economic, environmental and social sustainability-related risks, please see pages 20 to 21 of our Annual Report. Further information about how Elders manages business risks is also available in our Corporate Governance Statement.[29]

COVID-19 RISK RESPONSE

Our response to COVID-19 has been guided by the following key principles:

- keep our people and their families safe
- keep our customers, contractors and other stakeholders safe
- contribute to the national effort to contain the spread of COVID-19 and its impact on the communities we operate in
- maintain the continuity of our business operations

During COVID-19 our COVID-19 Response Committee, comprising Executives and Senior Management across several business units, has met weekly (originally daily) to discuss work health and safety, confirmed or suspected cases in our workforce, IT updates and issues regarding working from home, policy decisions around travel, events and gatherings, human resourcing matters, internal and external communications, financial impacts and modelling and business continuity planning.

Updates and guides have been regularly sent to our staff, who we also continue to engage with directly through Microsoft Teams Live Events. We have also been issuing communications to our clients through email, social media and through posters in our branches outlining our COVID-19 safety measures.

29 Available at investors.elderslimited.com/investor-centre/?page=annual-reports

Ethical dealing

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

Our Workers and managers are held accountable by our One Elders Values and our Code of Conduct, which are reviewed periodically to ensure they remain relevant. Our culture of ethical conduct is further enforced through our key ethical dealing policies, including our Anti-Fraud and Anti-Bribery and Corruption Policies.[30] This year, in line with our commitment to managing conflicts of interest in our Code of Conduct, we plan to strengthen our policy response to gifts from suppliers, prohibiting staff from accepting gifts worth $250 or more.

We encourage all our stakeholders to report any actual or suspected unacceptable conduct, including fraud or illegal activity. Our Board has adopted a Whistleblower Policy[31] to encourage and facilitate disclosure. The policy ensures the protection of the anonymity of anyone who wishes to make a report (regardless of their relationship with Elders). Our Whistleblower telephone hotline number, maintained to facilitate the reporting of unacceptable conduct, is advertised on posters in all of our locations.

Cybersecurity

We take cybersecurity very seriously in an effort to ensure all personal information is kept secure. Our security policies are developed in line with industry standards, prioritising the maintenance of confidentiality and data integrity.

We have implemented a rigorous independent security auditing regime to identify and address any weaknesses in our systems and processes.

During the reporting period, Elders has reported zero security breaches involving customer data. We reported no outages to our internal systems from security incidents, and over 98% of our security incidents have been of medium to low priority.

30 Both available online at investors.elderslimited.com/investor-centre/?page=corporate-governance

31 Available online at investors.elderslimited.com/investor-centre/?page=corporate-governance

Performance Tables

Questions relating to this Sustainability Report can be directed to our Sustainability Manager, Karena Milios, at sustainability@elders.com.au.

PEOPLE (AS AT 30 SEPTEMBER 2020)

Workforce		**Australia**	**China**
Full time employees	female	664	29
	male[32]	1,204	18
Part time employees	female	177	-
	male	24	-
Casual employees	female	197	8
	male	283	15
Permanent employees	female	809	5
	male	1,205	9
Fixed Term Contract employees	female	32	19
	male	23	14

Employees covered by enterprise agreements	
Total (excludes employees based in China)	95%

Gender diversity	**Female**	**Male**	**Total**
Non-Executive Directors	2	2	4
CEO	0	1	1
Key Management Personnel	0	3	3
Other executives/General Managers	3	8	11
Senior Managers	14	60	74
Other Managers	30	189	219

	Under 30		**30-50**		**Over 50**		**Total**
	Female	Male	Female	Male	Female	Male	
New hire – Gender and age ranges							
Australia	16.8%	14.1%	20.1%	24.0%	8.9%	13.7%	407
China	0.2%	0.2%	1.2%	0.5%	0.0%	0.2%	10
Total number	71	60	89	102	37	58	417
Turnover – Gender and age ranges							
Australia	23.1%	11.7%	18.2%	19.8%	7.1%	18.5%	319
China	0%	0%	1.3%	0.8%	0%	0%	5
Total number	75	38	62	66	23	60	324

32 Elders also employs one manager based in Indonesia

HEALTH AND SAFETY

	FY18	FY19	FY20
LTI employees	4	9	2
LTIFR employees	1.0	2.2	0.5
Fatalities	-	-	-
TRI employees	78	63	77
TRIFR	19.5	17.8	19.7
Total hours worked (employees)	3,991,730	4,047,367	4,012,627

ENVIRONMENT

Emissions

	FY18	FY19	FY20
Fuel consumption (GJ)	196,551	216,440	225,392
Scope 1 GHG emissions from fuel consumption (tCO_2e)	13,794	15,205	15,824
Electricity consumption (GJ)	37,585	37,286	42,711
Scope 2 GHG emissions from electricity consumption (tCO_2e)	8,464	8,282	9,278
Total energy consumption (GJ)	234,136	253,726	268,103

ECONOMIC PERFORMANCE

Net Debt ($000)	237,451
Total Equity ($000)	672,326
Total Capitalisation ($000)	**909,777**

OTHER

Industry memberships, accreditations and standards	**Rural Services:** Australian Seed Federation, drumMUSTER, Fertiliser Australia, AgSafe, CropLife, Potatoes SA, Australian Crop Breeders, AuSPICA; **Feed and Processing:** Angus Australia, Aus-Meat, Dairy Beef Alliance, Australian Lot Feeders' Association, National Feedlot Accreditation Scheme, Livestock Production Assurance, European Union Cattle Accreditation Scheme – High Quality Beef, Meat Standards Australia; **Real estate:** State and Territory based Real Estate Institute membership, Australian Livestock & Property Agents Association; **Home loans:** Mortgage and Finance Association of Australia, Australian Financial Complaints Authority (External Dispute Resolution Scheme), Connective (our aggregator), Bank Australia mortgage broking accreditation (Bank Australia is certified by the Responsible Investment Association of Australasia).

GRI Content Index

GRI Standard	GRI Disclosure title	Notes	Page number / URL
General standards			
102-1	Name of the organisation	Elders Limited.	
102-2	Activities, brands, products and services		24-30, see also 2020 presentations[33]
102-3	Location of headquarters	Same as registered office.	171
102-4	Location of operations		See 2020 presentations[33]
102-5	Ownership and legal form		139, 150-151
102-6	Markets served		12
102-7	Scale of the organisation	Elders serves customers through six core business areas described throughout our Annual Report; namely: Rural Products, Agency Services, Real Estate Services, Financial Services, Digital and Technical Services and Feed and Processing Services.	24, 66-67, see also 2020 presentations[33]
102-8	Information on employees and other workers		45, 66
102-9	Supply chain		40
102-10	Significant changes to the organisation and its supply chain		24-30, see also 2020 presentations[33]
102-11	Precautionary Principle or approach	The principles of the precautionary approach are reflected in Elders' Resilience Framework, which guides our workers on the management of risks, specifically including risks to the environment.	
102-12	External initiatives		57, 67
102-13	Membership of associations		67
102-14	Statement from senior decision-maker		2-5
102-15*	Key impacts, risks and opportunities	Key impacts, risks and opportunities related to Elders' material sustainability topics are detailed throughout the Sustainability Report.	20-21, 38-65
102-16	Values, principles, standards and norms of behaviour		61
102-18	Governance structure		62-63
102-19*	Delegating authority		39, 62-63
102-20*	Executive-level responsibility for economic, environmental, and social topics		62-63
102-26*	Role of highest governance body in setting purpose, values and strategy		34, 61
102-27*	Collective knowledge of highest governance body		61-63
102-29*	Identifying and managing economic, environmental and social impacts		37
102-30*	Effectiveness of risk management processes		63
102-32*	Highest governance body's role in sustainability reporting		63
102-40	List of stakeholder groups		37
102-41	Collective bargaining agreements		66
102-42	Identifying and selecting stakeholders		37
102-43	Approach to stakeholder engagement		37
102-44	Key topics and concerns raised		36-37
102-45	Entities included in consolidated financial statements		139, 150-151
102-46	Defining report content and topic Boundaries		35

GRI Standard	GRI Disclosure title	Notes	Page number / URL
102-47	List of material topics		36
102-48	Restatements of information	Not applicable as this is Elders' first Sustainability Report.	
102-50	Reporting period		35
102-51	Date of most recent report	Not applicable as this is Elders' first Sustainability Report.	
102-52	Reporting cycle	Annual.	
102-53	Contact point for questions regarding the report		72
102-54	Claims of reporting in accordance with the GRI Standards		35
102-55	GRI Content Index		68
Economic			
GRI 201: Economic Performance 2016			
103-1	Explanation of the material topic and its Boundary		50, 72
103-2	The management approach and its components		50-51, 62-64
103-3	Evaluation of the management approach		50-51, 62-64
201-2	Financial Implications and other risks and opportunities due to climate change	Elders intends on progressively aligning its disclosures with the TCFD Recommendations. Its staged action plan for full alignment is described on page 51 of this report.	50-51
Environmental			
GRI 302: Energy 2016			
103-1	Explanation of the material topic and its Boundary		52, 72
103-2	The management approach and its components		52
103-3	Evaluation of the management approach		52
302-1	Energy consumption within the organisation	Energy consumption in the form of fuel and electricity has been calculated using the methodology set out in the National Greenhouse and Energy Reporting (Measurement) Determination 2008 (as updated from time to time). Fuel types included in calculation: Diesel, electricity, ethanol, LPG, natural gas and petrol. No reported heating, cooling or steam consumed and no reported heating, cooling, steam or electricity sold. Not reported: Fuel consumption from renewable sources due to unavailability of data.	52, 67
GRI 303: Water and Effluents 2018			
103-1	Explanation of the material topic and its Boundary		54-55, 72
103-2	The management approach and its components		54-55
103-3	Evaluation of the management approach		54-55
303-1	Interactions with water as a shared resource		54-55
303-2	Management of water related discharge impacts		54-55
303-3	Water withdrawal	Water withdrawal is determined having regard to water meters available at Killara Feedlot. Acidity and nutrient levels of water withdrawn from bores are consistent with freshwater.	55

33 2020 Presentations: *investors.elderslimited.com/investor-centre/?page=result-centre*

GRI Standard	GRI Disclosure title	Notes	Page number / URL
303-4	Water discharge	Water discharged to EUAs and paddocks at Killara Feedlot originates from bore water. Amounts discharged have been estimated based on paddock requirements for water and nutrients.	55
303-5	Water consumption	Water consumption is monitored through water meter readings.	55
GRI 305: Emissions 2016			
103-1	Explanation of the material topic and its Boundary		52, 72
103-2	The management approach and its components		52
103-3	Evaluation of the management approach		52
305-1	Direct (Scope 1) GHG emissions	Emissions relating to fuel and electricity use have been calculated using the methodology set out in the National Greenhouse and Energy Reporting (Measurement) Determination 2008 (as updated from time to time). Gases included in the calculation: CO_2, N_2O and CH_4. Elders has accounted for emissions using an "operational control" consolidation approach. Not reported: Base year for calculation. This is not applicable for this reporting period.	52, 67
305-2	Energy indirect (Scope 2) GHG emissions		
GRI 306: Waste 2020			
103-1	Explanation of the material topic and its Boundary		49, 72
103-2	The management approach and its components		49
103-3	Evaluation of the management approach		49
306-1	Waste generation and significant waste-related impacts		49
306-2	Management of significant waste-related impacts		49
306-3	Waste generated	Information is not presently available. Elders is aiming to disclose its strategy for reporting against this standard in its next Sustainability Report.	
Social			
GRI 401: Employment 2016			
103-1	Explanation of the material topic and its Boundary		45, 72
103-2	The management approach and its components		45
103-3	Evaluation of the management approach		45
401-1	New employee hires and employee turnover		66
GRI 403: Occupational Health and Safety 2018			
103-1	Explanation of the material topic and its Boundary		41, 72
103-2	The management approach and its components		41-44, 63-64
103-3	Evaluation of the management approach		41-44, 63-64
403-1	Occupational health and safety system		42
403-2	Hazard identification, risk assessment, and incident investigation		41-44, 63-64
403-3	Occupational health services		42-44
403-4	Worker participation, consultation, and communication on occupational health and safety		42-44
403-5	Worker training on occupational health and safety		42-44
403-6	Promotion of worker health		44
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		44
403-8	Workers covered by an occupational health and safety management system	Elders maintains a single WHSMS, which has been internally audited with the assistance of external consultants. It covers all 2,134 of Elders' employees and all contractors (100%), including 190 contractor real estate and livestock agents. No workers have been excluded from this disclosure. This information has been compiled using data maintained within our internal human resources systems, and by our People & Culture, Real Estate and Agency teams.	

GRI Standard	GRI Disclosure title	Notes	Page number / URL
403-9	Work-related injuries	Information in relation to this disclosure has been compiled having regard to Elders' internal incident and hazard reports, maintained by our Safety, Risk and Environment team. For the purposes of this disclosure, Elders has assumed all incidents and risks have been reported in accordance with our policies and procedures (detailed on pages 43 and 64 of this report). Injury frequency rates for contractors are not available. Elders' new reporting software captures comprehensive information on third party incidents and injuries to support effective response, but does not presently track contractor work hours to enable frequency rate calculation. Data relating to "high-consequence" injuries is also not presently separately available, but is captured within data relating to fatalities and total recordable injuries.	41, 43-44, 67, 73
GRI 413: Local Communities 2016			
103-1	Explanation of the material topic and its Boundary		38-40, 48, 72
103-2	The management approach and its components		38-40, 48
103-3	Evaluation of the management approach		38-40, 48
413-2	Operations with significant actual and potential negative impacts on local communities		48
Animal Welfare			
103-1	Explanation of the material topic and its Boundary		56-57, 72
103-2	The management approach and its components		56-57
103-3	Evaluation of the management approach		56-57
G4-DMA		Animal welfare disclosures are sourced from the GRI G4 Food Processing Sector Disclosure.	
G4-FP9	Percentage and total of animals raised and/or processed, by species and breed type		57
G4-FP10	Policies and procedures by species and breed type, related to physical alterations and the use of anaesthetic		57
G4-FP11	Percentage and total of animals raised and/or processed, by species and breed type, per housing type		57
G4-FP12	Policies and practices on antibiotic, anti-inflammatory, hormone, and/or growth promotion treatments, by species and breed type		57
G4-FP13	Total number of incidents of significant non-compliance with laws and regulations, and adherence with voluntary standards related to transportation, handling, and slaughter practices for live terrestrial animals	Referred to as "incidents of non-compliance with laws or regulations relating to animal welfare" within this report. For the purposes of this disclosure, Elders has assumed all incidents have been reported in accordance with our policies and procedures (detailed on pages 56 and 64 of this report).	56

Definitions and topic boundaries

This report covers the assets and operations of Elders Limited and companies over which Elders Limited or its subsidiaries have control.[34] Activities or entities over which Elders (or a subsidiary) does not have a control, including some saleyard operations, are excluded from the scope of this report unless specifically stated otherwise.

TOPIC BOUNDARIES

An outline of where the impacts for each material topic occur, and Elders' involvement with these impacts, appears below:

Key topic	Impact within the Elders group	Impact outside the Elders group
Community impact and investment	Yes	Yes – communities
Health & Safety	Yes	Yes – contractors, customers, joint venture participants and regulators
Employee attraction and retention	Yes	No
Climate change	Yes	Yes – customers, communities, joint venture participants and contractors
Water availability	Yes	Yes – customers, communities, joint venture participants and contractors
Animal welfare	Yes	Yes – customers, contractors and regulators
Adverse weather events	Yes	Yes – customers, communities, joint venture participants and contractors
Energy	Yes	Yes – landlords and regulators
Waste management	Yes	Yes – customers
Corporate governance	Yes	Yes – contractors, suppliers, joint venture participants, regulators and investors
Innovation and Technology	Yes	Yes – contractors, suppliers and customers

34 As defined by section 50AA of the Corporations Act 2001.

DEFINITIONS

Capitalised terms in this report have the following meaning, unless the context of this Report indicates otherwise.

AgTech: digital technology for use in agriculture and horticulture which aims to improve yield, efficiency and profitability.

APVMA: the Australian Pesticides and Veterinary Medicines Authority.

Chain of Responsibility Laws: the Road Traffic (Vehicles) Act 2012 (WA), the "Heavy Vehicle National Law" set out in the schedule to the Heavy Vehicle National Law Act 2012 (Qld), and laws that are substantively modelled on the "Heavy Vehicle National Law".

Executive: our Executive Management described on pages 76 to 81 of our Annual Report.

LTI *or* **lost time injury:** something that results in a fatality, permanent disability or time lost from work.

LTIFR *or* **lost time injury frequency rate:** the number of LTIs relative to 1,000,000 hours worked.

MLA: Meat and Livestock Australia.

NLIS: National Livestock Identification System.

PIRSA: The Government of South Australia Department of Primary Industries and Regions

Senior Management: managers which report directly, or through one person, to the CEO.

Serious Risk or Incident: any event that has the potential to significantly impact our employees, clients, business or brand, which includes:

- safety-fatality or serious injury
- animal – significant threat to health/safety/welfare or livestock
- environmental – chemical spill, natural disaster, biosecurity threat
- business – significant business disruption, delay, likely to cause serious financial impact
- media – incident likely to result in significant media attention
- criminal – suspected criminal activity or fraud
- regulatory – incident that must be reported to authorities (EPA, WorkCover, WorkSafe etc)
- other serious incidents – terrorism, significant property damage, fire

TCFD Recommendations: the recommendations of the Taskforce on Climate-related Financial Disclosures.

TRI *or* **total recordable injuries:** the total number of work-related fatalities, LTIs and other injuries requiring medical treatment beyond first aid. TRIFR or total recordable injury frequency rate: the number of TRIs relative to 1,000,000 hours worked.

Worker: employees and contractors.

Elders, in your corner

Elders has been central to communities that depend on sustained agricultural success since 1839. In this time, the core purpose of our business has always remained the same – to work alongside our clients to drive profitability and growth.

The value of this commitment, the strength of our people's expertise and their willingness to go above and beyond for their clients is never more apparent than in times of crisis.

North east New South Wales has endured one of these crises with a long and arduous drought that has crippled producers and led to widespread feed shortages and destocking throughout the region. Kevin Mathews, who owns and runs Jiskardale outside of Walcha in the New England region, describes drought as "a most horrible time to be a grazier," saying that "the responsibility of feeding animals through an exceptional time of scarcity is a heavy burden to carry alone."

Kevin tells the story of how a chance meeting at a field day led to a long-term relationship with Elders Livestock Production Advisor, Adam Turnbull and Elders Walcha. He says he recognised immediately the value of the knowledge Adam had to help him get through trying seasons to come.

"After a couple of difficult seasons already the drought was biting hard and it was obvious that feeding my sheep was going to be a huge challenge over the coming months," says Mathew.

"I knew feeding substantial amounts of grain was likely to be the best strategy. Despite forty odd years of experience farming in the New England, I had never had to do this before on such a large scale and it was a steep learning curve on how to do it most effectively.

"Adam was a great source of information and advice. He helped by initially assessing my struggling pastures and determining the nutritional requirements of the ewes that I had to lamb down in the coming spring.

"He provided the information and knowledge and together we formulated a plan with an increasing grain ration suitably buffered with the necessary supplements and minerals to provide them with a safe and effective ration.

"Adam and the Elders merchandise team at Walcha were immensely helpful at assisting me to source all the required grain and supplements. It was a terribly busy and expensive time teaching my sheep how to eat grain, a process not normally required at Walcha. The sheep that learnt to eat, did quite well and produced good lambs considering the season. The shy feeders really struggled."

The severe drought continued through spring and summer and contributed to the savage bushfires in November which were burning all around Jiskardale. Weaning lambs early became a necessary step in negotiating this exceptional season. The next challenge was to set up feed yards to more efficiently feed the lambs directly.

"Adam again was an incredible resource with advice on the correct high protein ration and supplements for the lambs as well as basics like the type of troughing required, and drafting animals by size to prevent bullying," says Mathew.

"Again, he assisted in sourcing this feed and gave practical advice that made all the difference."

Fortunately, rain came at Christmas time and continued through the autumn. The feeding regime implemented meant that Mathews lambs were at an ideal store lamb weight of 35kg in Autumn; not a bad result all things considered.

"The store market was extreme, so I took the money at that time, $190/head, which helped offset my feeding costs," says Mathew.

"Between rain events I managed to sow some country to a rye grass crop in March to help keep the good green feed going into the winter for my remaining stock - a luxury at Walcha.

"You might think that's where the advice stopped too, but no. I was sceptical after spending so much money to get through the dry that Adam wanted me to keep putting a dry lick in front of my ewe lambs now on the good feed.

"His advice to this point had been good so I trusted him and bought the product. We changed to a starch and mineral balancing dry lick to supplement the green feed they were now getting from the grass. I have never seen growth rates like it in my lambs! They were easily growing at 300grams per day through the winter, gaining an average of 27kgs over this time.

"After such an extremely poor start to the season I have managed to get most of my ewe lambs up to joining weight by eight months of age and they have continued to grow rapidly right through joining."

Mathew says that he believes his ewes are some of the best lambs he has ever grown and the property fully restocked. He credits much of this success to the quality advice and commitment from Adam and the team at Walcha.

“Farming these days is becoming an increasingly technical business with many different areas where you need to have good knowledge and a wide set of skills.

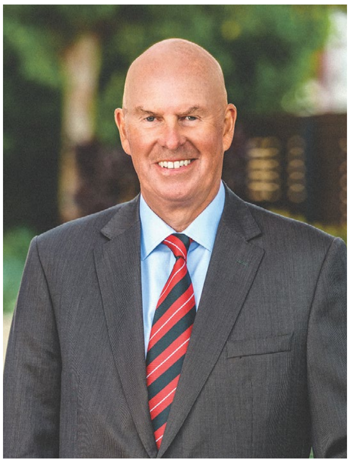
“I am looking forward to the future with new confidence that with the help of the Elders team I can achieve the full potential of my livestock and my land in good seasons or bad. The addition of good people providing such good advice on livestock nutrition as well as agronomy is why I continue to use Elders exclusively for my livestock marketing as well as for most of my rural merchandise needs. Elders provides the whole package.”

Our thanks for this testimonial to Kevin Mathews, Lamb Producer, “Jiskardale”, Walcha. August 2020.

I am looking forward to the future with new confidence that with the help of the Elders team I can achieve the full potential of my livestock and my land in good seasons or bad.

Kevin Mathews
Lamb Producer, “Jiskardale”

Board of Directors



Mr Ian Wilton

MSc, FCCA, FCPA, FAICD, CA

Appointed Chair on 11 September 2019 and Non-Executive Director since April 2014, Mr Wilton is also Chair (appointed 11 September 2019) of the Work Health and Safety Committee and the Nomination and Prudential Committee and a member of the Audit, Risk and Compliance Committee (former Chair) and the Remuneration and Human Resources Committee.

Mr Wilton is an experienced Non-Executive Director and former senior executive with extensive knowledge of the agricultural sector. He has held Chief Financial Officer positions with Ridley Corporation Limited, CSR Sugar and GrainCorp Limited and was President and Chief Executive Officer of GrainCorp Malt.

Mr Wilton is a Non-Executive Director of Namoi Cotton Limited (since 17 June 2020) and Chair of the advisory board of MacKay's Banana Marketing.

Mr Wilton was previously a Non-Executive Director and Chair of the Sheep CRC Ltd (18 November 2015 – 3 September 2020) and a Non-Executive Director of Tivoli Investments Pty Ltd (1 February 2016 – 17 July 2020).

Mr Wilton is a resident of New South Wales.

Mr Mark Charles Allison

BAgrSc, BEcon, GDM, FAICD, AMP (HBS)

Mr Allison joined Elders Limited as a Non-Executive Director in December 2009, served as Chairman and Executive Chairman, before being appointed Managing Director and Chief Executive Officer in May 2014.

Mark's 40-year agribusiness career spans technical, manufacturing, supply and distribution roles and businesses. Previous roles include Managing Director/CEO of GrainGrowers Limited, Jeminex Limited, Farmoz Pty Ltd, Wesfarmers Landmark Limited, Wesfarmers CSBP Limited, CropCare Australasia Pty Ltd and General Manager of Incitec Fertilisers.

Mark is currently Chair of Agribusiness Australia, AuctionsPlus, the Agriculture and Natural Resources End-User Advisory Board of the SmartSat CRC, the Agrifood and Wine Advisory Board of Adelaide University, a Non-Executive Director of GrainGrowers Limited and a member of the Rabobank Food and Agriculture Advisory Board.

Mark oversaw the development and implementation of Elders' Eight Point Plan in 2014, which returned the company to pure play agribusiness and resulted in the first shareholder distribution in nearly a decade. Since 2014 Elders has grown from a market capitalisation of $50 million to $1.7 billion.

Ms Robyn Clubb

BEc, CA, F Fin, MAICD

Non-Executive Director since September 2015, Ms Clubb is Chair of the Audit, Risk and Compliance Committee (appointed on 11 September 2019) and a member of the Remuneration and Human Resources Committee (former Chair), the Work Health and Safety Committee and the Nomination and Prudential Committee.

Ms Clubb is a Chartered Accountant and Fellow of the Finance & Securities Institute of Australia, with senior executive experience of over twenty years in the financial services industry, working for organisations including AMP Limited and Citibank Limited.

Ms Clubb is currently a Director of Craig Mostyn Holdings Pty Limited (since 1 February 2017), Essential Energy (since 15 March 2018), Chair of the Australian Wool Exchange Limited (a director since 24 August 2016), and Chair of ProTen Limited (a director since 30 April 2019.

Ms Clubb is a former Chair of V&V Walsh Limited, Chair and Member of the Rice Marketing Board for the State of NSW, Non-Executive Director of Rural Bank Ltd (19 September 2007 – 3 February 2011), Beef CRC Limited (23 November 2007 – 11 June 2014), UrbanGrowth (a NSW state-owned corporation responsible for urban land development) and Murray Irrigation Limited (20 October 2011 – 19 November 2015).

Ms Clubb is a resident of New South Wales.

Ms Diana Eilert

BSc (Syd), MCom (UNSW), GAICD, member of Chief Executive Women

Non-Executive Director since November 2017, Ms Eilert was appointed Chair of the Remuneration and Human Resources Committee on 11 September 2019. She is also a member of the Audit, Risk and Compliance Committee, the Work Health and Safety Committee and the Nomination and Prudential Committee.

With an executive career of more than 25 years, Ms Eilert brings four main skills to the Elders board – CEO level operational leadership, strategy, technology and digital disruption and customer experience/marketing.

Ms Eilert's career includes roles as Group Executive for Suncorp's entire insurance business and subsequently Group Executive for Technology, People and Marketing. In her 10 years with Citibank, Diana's roles included Head of Credit Risk Policy, running the Mortgage business, and Lending Operations for Australia and New Zealand.

She was also a Partner with IBM. In her final executive role as Head of Strategy and Corporate Development for News Limited, Diana developed a deep understanding of digital trends, disruption and alternate strategies for a large traditional business.

Ms Eilert is currently a Non-Executive Director of ASX listed companies Domain Holdings Australia Limited (since 16 November 2017) and Super Retail Group Limited (since 21 October 2015). She is also a member of the Australian Competition Tribunal. Ms Eilert was previously a director of Navitas Limited (28 July 2014 – 5 July 2019), realestate.com.au (REA Group) (30 June 2010 – 17 February 2012) and Veda (data and analytics) (4 October 2013 – 25 February 2016).

Ms Eilert is a resident of New South Wales, sharing her time between Sydney and the family cattle farm on the NSW South Coast.

Mr Matthew Quinn

BSc, ACA

The Board appointed Mr Quinn as Non-Executive Director in February 2020. He is a member of the Audit, Risk and Compliance Committee, Remuneration and Human Resources Committee, Work Health and Safety Committee and Nomination and Prudential Committee.

Mr Quinn holds a BSc in Chemistry and Management Science and is a Chartered Accountant. He also has senior executive experience having been the Managing Director of Stockland for thirteen years.

Mr Quinn has extensive Non-Executive Director experience in the Australian listed company environment. His current Non-Executive Director positions are at CSR Limited (since 20 August 2013), Class Limited (Chairman, director since 1 July 2015) and Regis Healthcare Limited (since 1 March 2018). He is also Chairman of unlisted TSA Management Holdings Limited (since 11 June 2018).

Mr Quinn is a resident of New South Wales.

Company Secretaries

Mr Peter Gordon Hastings

BA, LLB, GDLP, FGIA, Grad Dip Applied Corporate Governance, GAICD

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. He has also held the position of General Counsel since February 2010.

Ms Shannon Hope Doecke

BAcc, Grad Dip Applied Corporate Governance, MAICD, AGIA

Ms Doecke was appointed as a Company Secretary in July 2020. Ms Doecke has served as the Assistant Company Secretary since April 2019.

Ms Doecke previously worked for AustCham Shanghai, between 2014 and 2019, as Governance Manager, then Company Secretary.

Executive Management

Mr Mark Charles Allison

Managing Director & Chief Executive Officer

BAgrSc, BEcon, GDM, FAICD, AMP (HBS)

Mr Allison joined Elders Limited as a Non-Executive Director in December 2009, served as Chairman and Executive Chairman, before being appointed Managing Director and Chief Executive Officer in May 2014.

Mark's 40-year agribusiness career spans technical, manufacturing, supply and distribution roles and businesses. Previous roles include Managing Director/CEO of GrainGrowers Limited, Jeminex Limited, Farmoz Pty Ltd, Wesfarmers Landmark Limited, Wesfarmers CSBP Limited, CropCare Australasia Pty Ltd and General Manager of Incitec Fertilisers.

Mark is currently Chair of Agribusiness Australia, AuctionsPlus, the Agriculture and Natural Resources End-User Advisory Board of the SmartSat CRC, the Agrifood and Wine Advisory Board of Adelaide University, a Non-Executive Director of GrainGrowers Limited and a member of the Rabobank Food and Agriculture Advisory Board.

Mark oversaw the development and implementation of Elders' Eight Point Plan in 2014, which returned the company to pure play agribusiness and resulted in the first shareholder distribution in nearly a decade. Since 2014 Elders has grown from a market capitalisation of $50 million to $1.7 billion.

Richard Davey

Chief Financial Officer

B.Ec Acc, FCA, AMP (HBS)

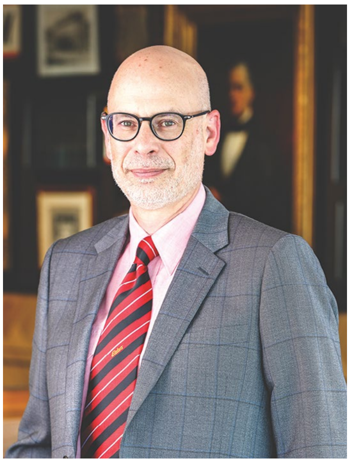
Richard was appointed Chief Financial Officer in 2013.

He has been an integral part of the Elders' executive management, driving growth through Eight Point Plans over the past eight years. Richard has overall responsibility for the finance, tax, treasury, information technology, indirect procurement, accounts payable, credit and property portfolios.

Richard is a Director of AuctionsPlus, StockCo and all Elders' subsidiary boards. Richard also attends quarterly board meetings for all operational units, including China.

Over the past 18 years at Elders, Richard has succeeded in several finance roles whilst becoming acquainted with the intricacies and seasonality of Elders.

Prior to joining Elders in 2002, Richard spent seven years with PwC in both Australia and Canada.



Peter Hastings

Company Secretary & General Counsel

BA, LLB, GDLP, FGIA, Grad Dip Applied Corporate Governance, GAICD

Peter was appointed Elders' Company Secretary and General Counsel in 2010.

He has responsibility for the Company's legal and compliance, company secretarial and risk functions.

Peter was an integral member of the Elders' team that worked hard to protect shareholder interests through many years of financial distress and which, subsequently, has successfully implemented stabilisation, and now growth strategies.

Peter has nearly three decades of experience gained in legal and governance roles with Elders, other in-house legal positions and in private and government legal practice.

Olivia Richardson

General Manager People, Culture & Safety
BMgmt (Hons), GAICD

Olivia was appointed General Manager People and Culture in 2018, with the Safety function included in her portfolio from 1 October 2020.

Olivia's priorities include maintaining an engaged and enabled workforce, investment in learning and development programs, creating a diverse and inclusive workforce, building on the pride in the pink shirt and driving a zero harm workplace.

Having been with Elders for 13 years, she is well acquainted with Elders people, appreciating that they are loyal and committed to doing the best for their communities.

Notable achievements include refreshing the learning and development framework to ensure people are equipped with the relevant skills and technical expertise to do their job; and the refresh of our Employee Value Proposition aimed at promoting Elders as a great place to work to drive retention and attraction of high calibre staff.

Prior to Elders, Olivia has worked across Human Resources in FMCG, Financial Services and Telecommunications throughout Australia, the UK and Europe.

James Cornish

General Manager Network
DipBusM, AMP (HBS)

James was appointed General Manager Network in 2020.

In his current role, James leads the national branch network. In 2020, James implemented a shift from zones to a state network structure to continue to focus on and drive the success of our business by enabling a critical focus on smaller territories and a better understanding of our customers.

With more than 24 years experience in agribusiness, James has worked across a range of locations and products throughout Elders, most recently as Zone General Manager West and General Manager Network and Northern.

James has successfully integrated numerous acquisitions, achieved significant growth and excellent EBIT performance in the West.

Tom Russo

General Manager Real Estate
LLB (Hons), BA, Grad Dip LP, Dip Prop Serv (Agency Mgt)

Tom was appointed General Manager Real Estate in 2016.

Since assuming responsibility for the real estate product, Tom has focused on building the capability of the product team to deliver outstanding support to the real estate business and establish a foundation upon which to grow it.

The team has created a compelling attraction and retention proposition by vastly improving the marketing, digital strategy, training capability and transaction support. Tom has also established himself as a leading transaction adviser in the farmland investment space.

Tom previously played a pivotal role in devising and implementing the turnaround strategy for Elders, including executing a number of large and complex divestment initiatives.

Prior to Elders, Tom was the Chief Executive of a specialist international law firm and practiced as a corporate lawyer with a focus on mergers and acquisitions, corporate finance, complex contractual projects, corporate governance and intellectual property.

David Adamson

General Manager Agency & Financial Services

MBus (Acct), BAgBus, GAICD, Cert Pastoral Production – Longreach Pastoral College

David was appointed General Manager Agency in 2014, with Financial Services included in his portfolio from 2019.

He is responsible for product strategy and implementation across the livestock, wool, grain and financial services product suite.

David sits on the boards of our joint venture partners Elders Insurance and Clear Grain Exchange.

With a background in agricultural production, agri finance and operations, David is well positioned to lead product development across all parts of the agency and financial services businesses.

Liz Ryan

General Manager Strategy, Customer & Digital

BCom/DipArts, MBA (Cambridge), GAICD

Liz was appointed General Manager Strategy, Customer & Digital in 2019.

She is responsible for providing a clear focus on Elders strategy and dedicated attention to the customer experience across all channels integrated with digital solutions, marketing and strategy.

Liz joined Elders in 2016, as General Manager Financial Services, and during her tenure in this role she led the Rural Bank contract renegotiation, StockCo and Elders Insurance equity acquisitions and the Livestock in Transit delivery warranty launch. Financial Services contribution to Elders earnings has grown significantly during this period.

Prior to Elders, Liz worked in the management consulting sector and across strategy and business development roles at General Electric.

Nick Clark

General Manager Business Improvement

BCom, CA, GAICD

Nick was appointed General Manager Business Improvement in 2019.

He is responsible for supporting the organic growth portion of Elders stated 5-10% EBIT growth through the cycles at 15% return on capital.

Nick's current priorities are capturing more gross margin in Rural Products through optimised pricing, backward integration and supply chain efficiency.

He also has responsibility for the Company's sustainability function, both building on the wide range of activities we already do, and developing an industry leading authentic sustainability program and outcomes.

Having been with Elders since 2010 in a variety of Finance roles, Nick's experience ensures that the business maintains unflinching financial discipline and a commitment to cost and capital efficiency.

Kiim Lim

General Manager Business Development

BCom, CPA , GAICD

Kiim was appointed General Manager Business Development in 2018.

She has successfully led the completion and integration of many acquisitions underpinning the growth of Elders, including Australian Independent Rural Retailers (AIRR), Titan AG, Livestock and Wool in Transit delivery warranty and various retail, agency and real estate bolt-ons.

Kiim commenced with Elders in March 2006, and has held various roles with the finance team.

Malcolm Hunt

State General Manager Victoria, Riverina
GCM, SMDP (AGSM), Wool Classer, Licensed RE Agent VIC, NSW, TAS, ACT

Malcolm was appointed State General Manager Victoria, Riverina on 1 October 2020.

Prior to his recent appointment, Malcolm was Zone General Manager South, where he led a key business unit that has played a significant role in Elders' resurgence and has continued to expand the Elders footprint, whilst assisting producers increase the productivity and profitability of their businesses.

Malcom has close to 40 years of agricultural experience under his belt as a wool broker, stock & station agent and network manager.

Nick Fazekas

State General Manager Western Australia
BAppSc – Ag

Nick was appointed State General Manager Western Australia on 1 October 2020.

Prior to his recent appointment, Nick was Zone General Manager West. In the past 12 months Nick has embraced all of the product groups within the WA business. He has overseen double digit growth over most products this season, and our numerous acquisitions over the last two years are performing strongly.

Nick aspires to continue our market share growth within WA and has his eye on a number of geographic areas, including expanding into new areas.

Nick will also continue to focus on spending time in the field, with staff and clients, to gain valuable feedback about increasing our service offering and building on our existing client base.

Nick has almost 30 years of experience in the agricultural services field. Since joining Elders in early 2009, he has held numerous roles including General Manager Key Accounts and General Manager of Retail.

Nick's previous roles have mainly been retail focused, including overseeing the procurement functions for the wider Elders business.

Bernard Seal

State General Manager South Australia
BBus, Registered Land Agent (SA)

Bernard was appointed State General Manager South Australia on 1 October 2020.

Prior to his recent appointment, Bernard was Zone General Manager Central. With experience across multiple products and geographies, he is well positioned to lead the continued growth of Elders in South Australia.

Bernard's career with Elders spans 15 years, having worked at branch, regional, and now Executive levels during his tenure. Prior to that he spent seven years as Operations Manager for the South Zone.

Hailing from a wheat and sheep farm on the Eyre Peninsula, Bernard's career began in the wool industry, before working as an Agribusiness Manager with the NAB in regional Victoria and Regional Manager for the Eastern Zone with Viterra.

2020

Directors' Report


192

Directors' Report

Directors and Secretaries

The Elders' Directors in office during the financial year and until the date of this report were:

Non-Executive Directors

- Ian Wilton, Chair
- Robyn Clubb
- Diana Eilert
- Matthew Quinn (appointed 20 February 2020)

Executive Director

- Mark Charles Allison, Managing Director and Chief Executive Officer

Ceased Director

Michael Carroll was a Non-Executive Director of Elders from the beginning of the financial year until his resignation on 2 July 2020.

Company Secretaries

- Peter Gordon Hastings
- Shannon Hope Doecke

A summary of the experience, qualifications and special responsibilities of each Director and Company Secretary is provided on pages 76 and 77 of this Annual Report.

Principal Activities

The principal activities of Elders during the year were:

- the provision of retail products (farm supplies and fertilisers) and associated services to the rural sector
- the provision of wholesale products to independent rural and regional farm supplies retailers
- the provision of livestock and wool agency services
- the provision of real estate sales agency services (both company-owned and franchised) and property management services
- arrangements for the provision of financial services to rural and regional customers, including a 20% investment in Elders Insurance (Underwriting Agency) Pty Ltd
- the provision of digital and technical services, agricultural market information and investments in the AuctionsPlus and Clear Grain online trading platforms
- feedlotting of cattle

Results and Review of Operations

The consolidated entity recorded a profit for the year, after tax and non-controlling interests, of $122.9 million (2019: profit of $68.9 million). A review of the operations and results of the consolidated entity and its principal businesses during the year is contained in pages 22 to 30 of this Annual Report.

Significant Changes in the State of Affairs

On 13 November 2019 Elders acquired AIRR Holdings Limited (AIRR) and its subsidiaries, pursuant to which 13,050,001 shares were issued to the vendors of shares in AIRR.

Impacts of COVID-19

Elders response to COVID-19 has been a "safety first" programme aimed at keeping our employees, customers, contractors and other stakeholders as protected from COVID-19 infection in the workplace as possible.

While COVID-19 has introduced significant uncertainty, both globally and domestically, its impacts on Elders in FY20 were limited to short term impacts on chemical supply chains, interruptions to wool supply chains, disruption to livestock supply chains caused by lack of live export to Vietnam and Indonesia and impacts on real estate transactions and cross border activities caused by regulation directed at limiting social mobility. In aggregate, these impacts were not material to Elders' financial performance and have meant, amongst other things, that Elders and its controlled entities did not need to apply for JobKeeper assistance.

Given the uncertainty caused by COVID-19, Elders chose in May of this year to secure from its financiers an additional 2 year $50 million working capital facility and a 12 month extension, and an increased committed limit of its debtor securitisation programme. Elders has since chosen to terminate the COVID-19 facility on the date of this report.

Further disclosures relating to the impacts of COVID-19 are included in the notes to the financial statements in this Annual Report.

Events Subsequent to Balance Date

There was no matter or circumstance that has arisen since 30 September 2020 which is not otherwise dealt with in this report or in the consolidated financial statements, that has significantly affected or may affect the operations of Elders, the results of those operations or the state of affairs of Elders and its controlled entities in subsequent financial periods.

Likely Developments and Future Results

Discussion of other likely developments in the operations of the consolidated entity and the expected results for those operations in future financial years is included on page 30 of this report.

Share and Other Equity Issues During the Year

Relevant Date	No. of ordinary shares issued	Reason for issue
12 November 2019	668,192	Shares issued upon vesting of performance rights in accordance with Elders Long-Term Incentive Plan
13 November 2019	13,050,001	Shares issued to the vendors of shares in AIRR
13 December 2019	304,213	Shares issued in accordance with Elders' Dividend Reinvestment Plan for the dividend paid on 13 December 2019
19 June 2020	80,698	Shares issued in accordance with the Elders' Dividend Reinvestment Plan for dividend paid 19 June 2020

The total number of ordinary shares on issue at the date of this report is 155,753,725.

Dividends and Other Equity Distributions

On 13 November 2020, the Directors determined to pay a final dividend of $0.13 per ordinary share, fully franked, bringing dividends for 2020 to $0.22 per share. In accordance with a determination made by the Directors, Elders' Dividend Reinvestment Plan remains in operation.

Dividends paid during the year were:

Dividend	Date Determined	Date Paid	Dividend per Share	Franking Rate	Total Dividend
Final Dividend for Year Ended 30 September 2019	8 November 2019	13 December 2019	$0.09	100%	$13,983,193
Interim Dividend for Half Year Ended 31 March 2020	15 May 2020	19 June 2020	$0.09	100%	$14,010,572

Restricted Securities and Voluntary Escrow

As at the date of this report, Elders has no restricted securities on offer. 3,163,430 securities are held in voluntary escrow by certain vendors of shares in AIRR Holdings Limited pursuant to the scheme implementation deed between Elders and AIRR Holdings Limited released to ASX on 15 July 2019. The voluntary escrow period ends on 13 November 2021, unless Elders consents to early release.

Directors' Interests

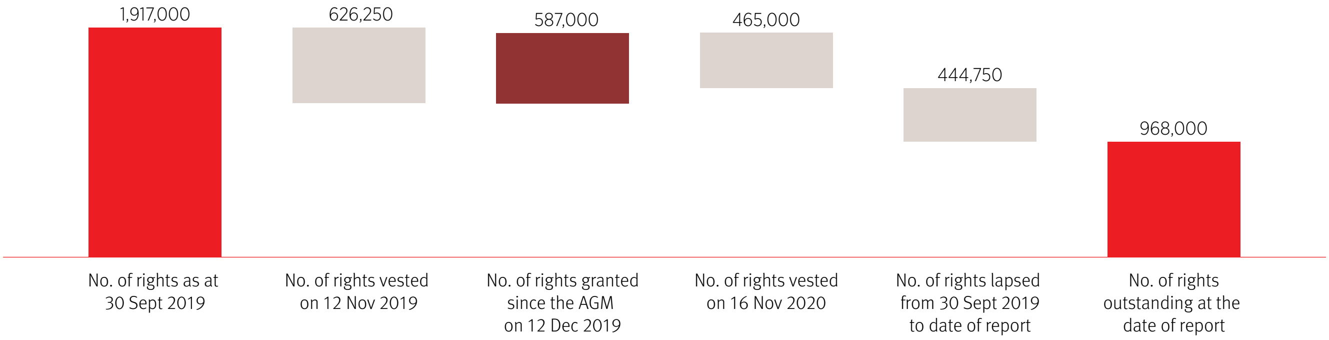
The relevant interests of the Directors in shares and other equity securities of Elders, as at the date of this report, are detailed on page 107 of the Remuneration Report.

Share Options and Performance Rights

Share options and rights may be granted to company executives under the Long-Term Incentive Plan that is part of Elders' remuneration structure. Information about the Long-Term Incentive Plan can be found in the Remuneration Report on pages 96 to 102 of this Annual Report.

The number of performance rights on issue at 30 September 2020, which were held by 15 Long-Term Incentive Plan participants, is disclosed in note 28 to the Financial Statements. If each of these rights vested, this would represent 0.92% of the Company's current issued ordinary shares.

These performance rights are Elders' only unquoted equity securities and represent the number of performance rights outstanding at the date of this report. This representation differs from note 28 in the financial statements which does not take into account performance rights that vested after the reporting date. The closing performance rights per note 28 of the financial statements includes the 465,000 rights that vested on 16 November 2020. The opening number of rights below includes 208,750 rights that lapsed in November 2019, excluded from the opening balance in note 28 of the financial statements.



The performance rights granted to the five most highly remunerated officers as part of their remuneration, between 30 September 2019 and the date of this report, are shown below.

Name of Officer	Number of Rights Granted between 30 September 2019 and 16 November 2020
Mark Charles Allison	166,000
Richard Ian Davey	41,000
Malcolm Leonard Hunt	30,000
James Harold Cornish	41,000
Richard Lawrence Norton*	41,000

** Mr Norton ceased to be employed by Elders, and his performance rights lapsed, effective 31 October 2020.*

Attendance at Meetings by Directors

Director attendance at scheduled meetings in the 12 months to 30 September 2020 is set out below.

Committee attendance is only recorded where a director is a member of the relevant committee. Although Mr Allison is recorded as a non-member for some committees, he attended all meetings held for each of those committees.

	Board of Directors		Work Health and Safety Committee		Audit, Risk and Compliance Committee		Remuneration and Human Resources Committee		Nomination and Prudential Committee	
	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held
Ian Wilton	16	16	2	2	5	5	5	5	6	6
Mark Allison	16	16	-	-	-	-	-	-	6	6
Robyn Clubb	16	16	1*	2	5	5	5	5	5*	6
Diana Eilert	16	16	2	2	5	5	5	5	6	6
Michael Carroll	13	13	2	2	4	4	4	4	4	4
Matthew Quinn	10	10	2	2	4	4	3	3	3	3

** For personal reasons and with the permission of the Chair, Ms Clubb submitted in an apology for these committee meetings. Ms Clubb provided the Chair with commentary on the business being considered at the meeting, which was raised at the meeting by the Chair.*

In addition to the meetings above, the Board held three informal Board briefings to discuss issues related to COVID-19 and its impact or potential impact on Elders' employees and business operations. All directors attended the informal briefings.

Indemnification of Officers and Auditors

The consolidated entity paid an insurance premium in respect of a contract insuring each of the Directors of Elders named earlier in this report and each full time Executive Officer, Director and Secretary of Australian group entities against 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 disclosure of the premiums paid.

Each Director and Officer has entered into a Deed of Access, Insurance and Indemnity which provides:

- that Elders will maintain an insurance policy insuring the Officer against any liability incurred by the Officer in the Officer's capacity as an Officer of Elders or another group entity 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
- for access to company documents and records, subject to undertakings as to confidentiality

Remuneration of Directors and Senior Executives

Details of the remuneration arrangements in place for Elders' Key Management Personnel are set out in the Remuneration Report commencing on page 88. In compiling this report Elders has met the disclosure requirements prescribed in the Accounting Standards and *Corporations Act 2001*.

Environmental Performance Regulation

A number of Elders' operations are subject to environmental legislation. Such legislation is diverse and varies between state, territory and local authorities and various regulators. Detail of Elders' performance in relation to various regulations is outlined on page 48 of the Sustainability Report

Rounding of Amounts

The parent entity is a Group of the kind specified in ASIC Corporations (Rounding in Financial/Directors Report) Instrument 2016/191 issued by the Australian Securities and Investments Commission. In accordance with that class order, amounts in the Financial Report and Directors' Report have been rounded to the nearest thousand dollars unless otherwise stated.

Non-Audit Services

Based on advice received from the Audit, Risk and Compliance Committee, the Directors are satisfied that the provision of non-audit and audit-related services is compatible with the general standard of independence for auditors imposed under the *Corporations Act 2001* for the following reasons:

- all non-audit and audit-related 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
- the nature and scope of the non-audit services provided means that auditor independence was not compromised

The amount received or due to be received for the provision of non-audit services is disclosed in note 29 of the financial report, Auditors' Remuneration.

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 160.

This report, including the Remuneration Report commencing on page 88, is made in accordance with a resolution of Directors.

Ian Wilton
Chair

Mark Allison
Managing Director

Adelaide
16 November 2020

2020

Directors' Report — Remuneration Report

Directors' Report — Remuneration Report

Following is the Remuneration Report for the consolidated entity for the year ended 30 September 2020. The remuneration report provides shareholders with an understanding of Elders' remuneration policies and the link between our remuneration approach and our performance, in particular regarding Elders' Key Management Personnel (KMP).

This year's remuneration outcomes reflect the results of the Financial Year 2020, not only the business performance, but also strong alignment with the outcomes for our shareholders and customers.

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.

Remuneration at a Glance

Our year

Our FY20 underlying EBIT of $119.4 million, is an increase of 62% on FY19 and represents outperformance against the Eight Point Plan goal of 5-10% EBIT growth through the agricultural cycles.

This result highlights the resilience of our business model and people in the face of a challenging year which presented issues related to bushfires in Australia and the global COVID-19 pandemic.

As the COVID-19 pandemic emerged we acted quickly to ensure the health and safety of our employees, contractors, customers and our suppliers. We worked closely with key stakeholders to enable our branches to remain open, so we could continue to service our customers, delivering an essential service to Australia's agriculture sector. With Elders' critical role in agriculture, we had no need to stand down or reduce employment due to COVID-19. We did not access any government support such as JobKeeper during FY20.

First strike in 2019

Elders received a first strike against the Remuneration Report at the 2019 AGM. The feedback received from proxy advisors and major shareholders indicated this was largely due to our calculation and payment of one element of the FY17 Long-Term Incentive grant that vested in FY19, being the Earnings per Share (EPS) measure. Your Board spent significant time in 2020 reflecting on improvements to remuneration arrangements and outcomes so that shareholder concerns could be thoroughly addressed.

The Board completed a comprehensive review of executive remuneration practices with a focus on the remuneration strategy, frameworks, governance and decision-making processes.

As part of the review the Board also consulted with shareholder advisory groups and major shareholders.

As a result, the Board has made several changes to our Executive remuneration framework for FY21. These changes are summarised under the Remuneration Changes for FY21 heading and more detail provided in Section 1 and throughout the report.

KMP Changes

The following changes were made to the Executive team during FY20:

- James Cornish was appointed General Manager Network from 1 October 2019
- Richard Norton was appointed General Manager Rural Supplies from 1 October 2019, however has left Elders effective 31 October 2020
- our previous three zone network structure of North, South and West was split into four zones from 1 October 2019 with the inclusion of Central to enable a greater focus on our growth and delivery targets. Malcolm Hunt, formerly General Manager Southern Zone, now focuses on Victoria/Riverina and was not a KMP in this reporting period given the change effective 1 October 2019 as per Table 1 on page 92

With regard to Non-Executive Director changes during FY20, Michael Carroll resigned as Non-Executive Director effective 2 July 2020 and Matthew Quinn joined Elders as Non-Executive Director effective 20 February 2020.

Overview of FY20 Remuneration outcomes

Total Fixed Remuneration (TFR)

During FY20 the TFR of the MD & CEO and Senior Executive was reviewed as part of our annual remuneration review process. As a result, effective from 1 January 2020, the MD & CEO received a 2.5% fixed remuneration increase and the Chief Financial Officer received a 1.0% increase. Both of these increases where made in consideration of market movements, individual performance outcomes and benchmarking to relevant peers. There was no increase provided to General Manager Rural Supplies.

Mr Cornish's fixed remuneration was adjusted by 25% effective from 1 October 2019 to take into account an increased responsibility in his broader role as General Manager Network in addition to acting as General Manager Northern Zone for majority of FY20.

Post the FY20 year, the Board reviewed Mr Allison's fixed remuneration against relevant external benchmarking. With the AIRR acquisition came a material increase in the MD & CEO role complexity and scope and the Board approved a 5.1% fixed remuneration increase to Mr Allison effective from 1 January 2021.

Variable Remuneration

Short-Term Incentives

Elders Short-Term Incentive (STI) pool is aligned with company performance and requires achievement against budgeted underlying EBIT, targeted Return on Capital and consideration to safety and compliance measures.

The MD & CEO's FY20 STI outcome as a percentage of maximum opportunity was 94%. This outcome reflects Elders' strongest underlying EBIT result in a decade and significantly exceeds the FY19 financial results where due to the financial gateway not being met no STI was paid.

In FY20 the average STI outcome for Senior Executive KMP as a percentage of maximum opportunity was 92%. Each Senior Executive's STI outcome was similarly determined by the MD & CEO and Board taking into account Elders' and individual performance against the key performance indicators. Further detail on the STI outcomes are outlined in section 3.1 on page 95.

Long-Term Incentives vesting in the year

The performance rights granted in the 2018 financial year were tested following the end of the three-year performance period which concluded 30 September 2020. Testing against the three elements – Total Shareholder Return, Earnings per Share growth and Return on Capital, resulted in 75% of the total grant vesting.

Elders delivered:

- a Total Shareholder Return outcome of more than double the stretch target of 15%, resulting in the full 50% of this tranche vesting
- an EPS CAGR outcome of 11.7% exceeded the target of 10% resulting in the full 25% of this tranche vesting
- a Return on Capital outcome of 18.7% was below the target of 20%, thus the 25% of grant applicable to this tranche lapsed

Further details on the vesting outcomes are outlined in table 6 on page 96.

Remuneration Changes for FY21

- Relative TSR replaces the current absolute TSR performance measure for the FY21 Long-Term Incentive grant, with an additional requirement for an absolute TSR greater than or equal to zero in order for this tranche of rights to vest
- A one year "holding lock" will be applied to shares that vest under the FY21 Long-Term Incentive grant
- For FY21 the STI measures and weightings for the MD & CEO have been refined with a higher weighting of financial performance measures increasing to 60% (previously 40%) with the remaining 40% covering people and safety, customer and key strategic performance measures. These weightings will be similarly cascaded to Senior Executives
- From FY21 40% of STI payments will be deferred into equity, with half vesting after one year and half vesting after two years
- The scope of the Minimum Shareholding Policy was reviewed and now extends to NEDs, MD & CEO and Executives from FY21

Contents

Key Management Personnel

In this report, Key Management Personnel (KMP) are determined in accordance with the definition under the Accounting Standard AASB124 Related Party Disclosures as those persons with authority and responsibility for planning, directing, and controlling the activities of Elders during the financial year.

Members of KMP comprise:

- Non-Executive Directors (NED)
- Managing Director and Chief Executive Officer (MD & CEO)
- Chief Financial Officer (CFO)
- General Manager Network
- General Manager Rural Supplies

The MD & CEO and Senior Executives considered KMP are referred to collectively as "Executive KMP" in this report.

Since the last reporting period Malcolm Hunt, Zone General Manager South, is no longer a KMP due to the restructure of our national network from 1 October 2019, which resulted in the split of Zone South into Victoria/Riverina (for which Mr Hunt is responsible) and Zone Central, to enable a greater focus on our growth and delivery of targets. Post the FY20 reporting period, Mr Norton departed Elders effective 31 October 2020, however will remain a KMP for FY21 for the period employed.

Table 1 — Key Management Personnel

Name	Position	Status	Date as KMP (if not a full year)
Non-Executive Directors (NED)			
I Wilton	*Chair*	Full year	
R Clubb	*Director*	Full year	
D Eilert	*Director*	Full year	
M Quinn	*Director*	Part year	Commenced 20 February 2020
M Carroll	*Director*	Part year	Ceased 2 July 2020
MD & CEO and Senior Executives (Executive KMP)			
M C Allison	*Managing Director and CEO*		
R I Davey	*Chief Financial Officer*		
R L Norton[1]	*General Manager Rural Supplies*		
J H Cornish	*General Manager Network*		

1 Effective 31 October 2020 Mr Norton departed Elders.

Section 1 — Response to FY19 strike

At our 2019 AGM, 36.4% of votes cast were against the adoption of the FY19 Remuneration Report, constituting a 'first strike' under the *Corporations Act 2001 (Cth)*. Eligible shareholder participation in the resolution was 55%, resulting in 20% of eligible shareholders against the resolution. The following table summarises the issues raised by our shareholders and proxy advisors in connection with the FY19 Remuneration Report resolution and as part of our review process. Our response to these concerns are outlined below.

Table 2 — Issues raised in FY19 Remuneration Report strike

Issue raised	What it looked like in FY19	What has changed or will change?	Why has it changed?
Clarity and communication around the calculation of the EPS hurdle	For the LTI vesting in FY19, the tranche subject to the EPS measure vested in full upon achievement of target. Shareholders raised concern regarding the adjustments and inconsistency applied for the AIRR acquisition to the calculation on the vesting outcome of the EPS tranche.	Where non-statutory or underlying measures are used, Elders will provide additional disclosures showing the reconciliation with statutory measures and provide greater transparency for any adjustments made.	We acknowledge shareholder concerns that the link between performance and the vesting outcome was not clear. Additional disclosures will strengthen the link between performance and pay outcomes to shareholders.
Use of cliff vesting for rights subject to EPS and ROC hurdles for the LTI	For the LTI award vesting in FY19, the rights subject to the EPS and ROC hurdles vested in full upon achievement of target (i.e. cliff vesting).	Future LTI grants incorporate a sliding scale vesting for either EPS and/or ROC. The FY20 LTI grant, EPS and ROC hurdles vest on a sliding scale, with 50% of rights vest at target, on a sliding scale up to 100% at stretch performance.	We acknowledge concerns with the 'all or nothing' outcome of cliff vesting. We have adopted 'sliding scale' vesting to strengthen linkages between performance and reward.
Use of absolute Total Shareholder Return (aTSR) for the LTI	50% of the FY19 LTI grant was subject to an aTSR performance measure.	For the FY21 LTI grant, 50% of the rights will be subject to a relative Total Shareholder Return (rTSR) performance condition with the remaining 50% subject to an EPS measure. The rTSR tranche will also be subject to an aTSR gateway greater than or equal to zero, which means that even if rTSR performance is above median of the peer group, the tranche will not vest if aTSR is negative.	Although the aTSR measure was an appropriate measure during Elders' turnaround phase the Board recognises that a move to a rTSR is now more aligned to our strategy and will compare our performance to a broader group of companies. It also provides a shareholder perspective of Elders' performance in the market. Elders' rTSR will be measured against the companies in the S&P/ASX 200 index excluding the companies in the S&P/ASX 100 as at the start of the performance period.
Dividend adjustments for performance rights	Executive KMPs received additional ordinary shares equivalent to the value of dividends not received over the performance period for their vested rights.	For the FY21 LTI grant participants will no longer receive additional shares equivalent to the value of dividends not received during the performance period for any vested rights.	The Board acknowledges shareholder feedback on this issue and this change aligns to market practice which is moving away from compensating for dividends not received during the performance period for any vested rights.
STI performance measures should have a heavier weighting towards financial measures	Executive KMPs were eligible for the STI if threshold financial performance hurdles were met, being 90% of approved budgeted underlying EBIT and targeted Return on Capital. Performance was assessed against four KPIs being: 1) Financial and Operational Performance (40%); 2) Efficiency and Growth (35%); 3) People and Key Relationships (15%); and 4) Safety (10%).	Following Elders' review of the executive remuneration framework, the following changes have been implemented for the FY21 STI: • greater weighting on financial measures • introduction of partial deferral into equity Additional disclosure of the link between the performance measure and the Company's business strategy has been provided.	The changes to the FY21 STI have been made to ensure the STI structure is fit for purpose, and aligned with Elders' business strategy and shareholder expectations.
Actual STI targets are not disclosed	Individual STI performance targets were not disclosed. However details of each Executive KMP's performance outcome, maximum STI opportunity and actual STI is provided.	To increase transparency of STI performance targets greater disclosure will be provided retrospectively and how performance is calculated for each measure will be provided.	This increase in transparency will provide further clarity for shareholders.

Section 2 — Overview of FY20 Executive Remuneration

2.1 Remuneration Principles

Elders' remuneration framework is designed to attract, retain and motivate those people who can drive Elders' culture and deliver our business strategy and supports alignment to long-term overall company performance and creation of shareholder value.

To drive and support delivery of Elders' strategy and create long-term shareholder value.	Drive outcomes and provide a balance between motivation, risk and reward.	Market competitive to attract and retain key talent.	Reward is commensurate with performance. Decisions are objective and consistent.	Simple and flexible – allowing for business growth.	Reinforces Elders' culture, vision and values.

2.2 Remuneration Structure and Mix

Remuneration packages are structured so a portion of an Executive KMP's reward depends on meeting individual, business unit and Elders' targets and objectives, including maximising returns for shareholders.

Chart 1 sets out the remuneration structure and timing delivery for Executive KMP.

Chart 1 — Executive KMP FY20 remuneration elements and structure

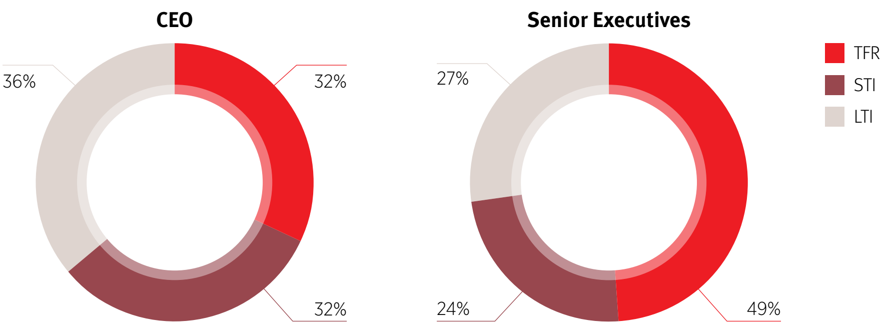
		Year 1	Year 2	Year 3	
Fixed Remuneration Attracts and retains executives with the capability and experience to deliver our strategy.	100% paid in cash	Base salary, superannuation and other benefits			Individual remuneration is reviewed annually and set with regard to: • market position compared to similar roles in comparable companies • Executive's role and responsibilities and individual experience and performance The Board monitors the CEO's performance on an ongoing basis throughout the year through regular management reporting and reporting of the various Board Committees.
Short-Term Incentive Motivates and rewards for achievement of annual performance against Elders' overall results and individual key performance indicators (KPIs).	Paid in cash or deferred into shares at the Executive KMP's election	Subject to performance targets across the performance year*			Assessment of Executive KMP performance against the relevant KPIs is determined by the MD & CEO (except for himself which is determined by the Remuneration and Human Resources Committee) with recommendations referred by the Committee to the Board for approval. Table 3 summaries the key components of the STI Plan.
Long-Term Incentive Supports alignment to long-term overall company performance rewarding for delivery of longer term strategy and creating shareholder value.	100% delivered in performance rights	50% subject to absolute TSR performance 25% subject to EPS growth 25% subject to ROC performance Additional minimum share price vesting condition is gateway to any rights vesting.			LTI grants are made to the MD & CEO and selected senior management. These offers are made under the Elders Executive Incentive Plan (Plan), adopted in December 2014. Participation is at the Board's discretion. Table 10 summaries the current LTI grants.

* *Any Short-Term Incentive (STI) payable to Senior Executives who become eligible to participate in the STI Plan during the course of the year, either through joining Elders or being promoted, will be pro-rated accordingly.*

Remuneration mix

Chart 2 assumes the at-risk remuneration components are at their maximum, and represents Elders' intended policy in respect of remuneration structure.

Chart 2 — Executive KMP FY20 Remuneration mix at maximum



Section 3 — Link Between Elders' Financial Performance and Remuneration

Table 8 (on page 98) shows Elders' performance in relation to a number of financial and operational performance measures over a five-year period. STI payments are awarded to our Executive KMP on achievement of a range of financial and non-financial performance targets (see Tables 3 & 4 below).

3.1 Overview of FY20 STI Outcomes

Table 3 — Executive KMP FY20 STI performance measures

Category	Performance measure	Weighting	Why was it chosen?	How is it measured?
Gateway	Achievement of threshold performance for underlying EBIT and ROC	-	Ensures Executive KMP will only be awarded where threshold financial performance has been achieved.	Threshold is based on achievement of 90% of the Board approved underlying EBIT budget and targeted ROC. Below this gateway no STI is payable to Executive KMP.
Financial measures	Financial and operational performance	40%	Key indicators of Elders' financial performance and aligns to Elders' Eight Point Plan objectives.	Achievement of Board approved budget financial outcomes, including underlying EBIT and ROC targets and EBITDA, Underlying NPAT, Operating Cash Flow and Leverage targets.
Strategic measures	Efficiency and growth	35%	The Board believes efficiency and growth strategic measures directly demonstrate the delivery of critical components of Elders' Eight Point Plan and are fundamental key drivers of long-term value creation.	The MD & CEO is measured by the overall key milestones of the Eight Point Plan which is translated into an Annual Operating Plan. For Senior Executive KMP it is measured on achievement of their Business Unit's key milestones in this Plan.
	People and key relationships	15%	Focusing on our people through diversity and employee engagement is critical to continue to attract and retain the talent needed to deliver our strategy. Key relationships is about driving business success through our ability to differentiate in an increasingly competitive market.	People and key relationships is measured through achievement of Employee Effectiveness Survey results, positive movement in the representation of women in management positions across the organisation and improvement in our net promoter score. In addition the MD & CEO is also measured on outcomes in strengthening leadership capability.
	Safety	10%	Driving significant progress in achieving a "zero harm" workplace.	Measured through reduction in total lost time injuries and maintenance or improvement in Employee Effectiveness Survey safety questions.

The FY20 STI awards reflect Elders' strongest financial results in a decade and which significantly exceeded the FY19 financial results where due to the financial gateway not being met no STI was paid. The following tables provide a summary of the Executive KMP performance targets and outcomes for FY20:

Table 4 — MD & CEO FY20 STI outcomes

Key Priority	Measures	Outcome		FY20 Performance Commentary
Safety (10%)	Lost time injuries	2	●	Reduction from nine lost time injuries in FY19 to two in FY20 and consistent positive Employee Effectiveness Survey results, therefore 100% of this KPI was awarded.
	Employee Effectiveness outcomes for safety:			
	My work area is safe	92%	●	
	Nothing so important as safety	90%	●	
Financial (40%)[1]	Underlying EBIT	119.4m	●	FY20 EBIT was 62% higher than FY19 and substantially exceeded budget and prevailing market expectations at the start of the year, due to higher revenue and improved margin, and therefore 100% of this KPI was awarded.
	Underlying EBITDA	127.9m	●	
	Underlying NPAT	109.0m	●	
	Return on capital	18.7%	●	
	Operating Cash Flow	110.5m	●	
	Leverage for FY20	1.6	●	
People and Key Relationships (15%)	Employee Effectiveness outcomes for:			Consistently strong Employee Effectiveness Survey results with FY20 remaining above global high performing benchmark and net promoter score exceeded stretch target. Progress towards development of the Executive team and female representation in management positions has occurred. Therefore 60% of this KPI was awarded.
	Engagement	76%	●	
	Enablement	76%	●	
	Net promoter score	46	●	
	Senior Executive succession planning		▲	
	Positive trend from previous year for the Board endorsed measurable diversity objective 1; 25% of women in management positions across the organisation by 30 September 2021	15%	▲	
Efficiency and Growth (35%)	Deliver all FY20 key milestones in the Eight Point Plan (including AIRR)	Delivered on all aspects of Eight Point Plan	●	AIRR, acquired in November 2019, was successfully integrated into Elders and outperformed the financial metrics assumed at the time of acquisition. Substantial synergies have been achieved through backward integration into the new wholesale business. Therefore 100% of this KPI was awarded.
	Deliver AIRR synergies	Exceeded Target	●	

● Maximum performance achieved ▲ Threshold/Minimum performance achieved ■ Threshold/Minimum performance not met

1 Based on Pre-AASB 16 Leases

Table 5 — Executive KMP FY20 STI outcomes and performance against targets

KMP	Safety (10%)		Financial and Operational Performance (40%)		People and Key Relationships (15%)		Efficiency and Growth (35%)	Maximum STI Opportunity	Awarded STI as % of Maximum	Forfeited STI as % of Maximum
Name Position Title	Company	Business Unit	Company	Business Unit	Company	Business Unit		$	%	%
M C Allison *MD & CEO*	●	-	●	-	▲	-	●	951,349	94	6
R I Davey *CFO*	●	●	●	●	●	●	●	269,205	100	0
R L Norton *GM Rural Supplies*	●	●	●	●	●	▲	●	260,265	96	4
J H Cornish *GM Network*	●	●	●	▲	●	●	●	237,500	85	15

● Maximum performance achieved ▲ Threshold/Minimum performance achieved ■ Threshold/Minimum performance not met

3.2 Overview of FY20 LTI Outcomes

The FY18 Long-Term Incentive grant, with a performance period of 3 years, concluded 30 September 2020.

This grant was provided to help drive Elders' Eight Point Plan and was underpinned by three performance measures of aTSR, EPS and ROC with challenging performance targets. The testing resulted in 75% vesting of total rights with the outcomes as follows:

Table 6 — Finalised Long-Term Incentive – 2018 grant

<table>
<tr><th>% of total grant</th><th>Performance measures</th><th>Outcome of testing</th></tr>
<tr><td colspan="3">Tranche 1 – Total Shareholder Return (TSR)</td></tr>
<tr><td>50%</td><td>Based on Elders' average annual compound TSR over the three year performance period 1 October 2017 ending on 30 September 2020.
TSR rights were subject to a target goal and a stretch goal.
The % of TSR performance rights that vest were determined as follows:
<table>
<tr><th>Absolute TSR over the performance period</th><th>% of Rights that vest</th></tr>
<tr><td>Less than 12%</td><td>Nil</td></tr>
<tr><td>Equals 12%</td><td>50%</td></tr>
<tr><td>Greater than 12% but less than 15%</td><td>50-100%, on a straight-line sliding scale</td></tr>
<tr><td>Equal to or greater than 15%</td><td>100%</td></tr>
</table>
Absolute TSR was measured using opening and closing share prices determined as follows:
• the opening share price value of $4.8286
• the closing share price value based on the 5 trading day Volume Weighted Average Price (VWAP) up to and including the last day of the performance period
• dividends paid</td><td>Elders' TSR Compound Average Growth Rate over the performance period was 34.6% being higher than the stretch hurdle of 15%.
Resulting in 100% vesting of this tranche.
Notes regarding calculation:
The starting price to calculate the Compound Average Growth Rate was Elders 5 trading day VWAP up to and including 30 September 2017 of $4.8286 and the closing share price of Elders 5 trading day VWAP as at 30 September 2020 of $10.8412.
Dividends paid over the performance period were $0.60 per share.
An external consultant was engaged to calculate the TSR outcome.</td></tr>
</table>

% of total grant	Performance measures	Outcome of testing
Tranche 2 – Earnings per Share Growth (EPS)		
25%	EPS rights vest in full if the EPS Compound Annual Growth Rate (CAGR) over the performance period was greater than or equal to 10%.	Based on feedback received from Shareholders in connection with the 2019 Remuneration Report the Board has reviewed the calculation methodology for EPS. For this 2018 LTI grant and those other grants on foot, EPS will be calculated using the weighted average shares as the denominator and underlying NPAT as numerator to determine the EPS measure. Underlying NPAT is consistent with the LTI grant terms and conditions however, the grant was silent on the methodology for the share denominator calculation for EPS. The use of weighted average shares is a change to prior year calculations for EPS. This revised calculation methodology aligns to market practice. The EPS outcome for FY20 was determined as follows:

	FY17	FY18	FY19	FY20
Weighted avg. no. of shares[1]	113,859	115,523	121,006	154,094
Underlying NPAT ($ million)	57.7[2]	63.7	63.6	109.0*
EPS (cents)	50.7	55.1	52.6	70.7
CAGR				**11.7%**

1 shares exclude dilutive performance rights which haven't yet vested
2 As per FY17 Annual Report
** Pre-AASB 16 Leases*

Reconciliation of statutory profit to underlying profit used to calculate EPS for this LTI grant	**FY20**
Statutory Profit ($ million)	**122.9**
Adjustment for non-underlying profit ($ million)	(15.2)
Underlying profit ($ million)	**107.7**
Adjustment for impact of AASB 16 Leases ($ million)	1.3
Underlying profit pre-AASB 16 Leases ($ million)	**109.0**
Weighted average shares (millions of shares)	**154.1**
EPS used for LTIP (cents) – Underlying Profit pre-AASB 16 Leases	**70.7**
Basic EPS (cents) – Statutory Profit	*79.8*

Note: The FY20 EPS outcome applying AASB 16 Leases is 69.9¢, with a CAGR over the performance period of 11.3%, which is above the vesting target of 10%.

For a reconciliation between underlying and reported NPAT please see the Operating and Financial Review section of the Annual Report on page 13.

The weighted average shares are displayed in note 5 of the Financial Statements.

This EPS outcome of 11.7% exceeded the Target of 10%.

Resulting in 100% vesting of this tranche.

% of total grant	Performance measures	Outcome of testing
Tranche 3 – Return on Capital (ROC)		
25%	ROC rights vest in full if ROC was greater than or equal to 20% for the financial year ending 30 September 2020.	Elders' return on capital as at 30 September 2020 was 18.7% being less than the 20% target. ROC = Underlying EBIT/Average Net Operating Assets Average Net Operating Assets = Working Capital, PP&E, Investments, Intangibles, Tax Balances Recognised on Acquisitions and Provisions (Excludes Elders Brand Name) **Resulting in 0% vesting of this tranche.**
Additional Vesting Condition In addition to the performance conditions above, the performance rights will only vest if the share price on the vesting date is greater than or equal to the 5 trading day VWAP up to and including 30 September 2017, being a day prior to the start of the performance period.		The Share Price as at 30 September 2017 was $4.8286 therefore it is expected based on the share price as at the date of this Report, the vesting condition will be met.

One fully paid share in Elders will be allocated for each vested performance right. The total number of vested performance rights under the 2018 grant is 465,000. In addition, 25,732 additional shares will be allocated at time of vesting for the value of dividends not received on the vested rights during the performance period. Individual vesting outcomes are outlined in Table 15.

3.3 Summary of FY20 Executive KMP Outcomes

Table 7 below presents the remuneration paid or payable, or vested for, the MD & CEO and Senior Executive KMP in respect of the 2020 financial year. The information in Table 7 is unaudited and is different from and additional to that required by Accounting Standards and statutory requirements which is provided in Table 14 on page 105.

Table 7 — Executive KMP Remuneration outcomes for FY20 (unaudited and non-IFRS)

	$	Base salary	STI[1]	LTI[2]	Super-annuation	Other (monetary)[3]	Other (non-monetary)[4]	Total
M C Allison	*MD & CEO*	924,373	894,268	1,404,266	21,176			3,244,083
R I Davey	*CFO*	515,901	269,205	300,913	21,176			1,107,195
R L Norton	*GM Rural Supplies*	499,356	249,419	-	21,176		6,306	776,257
J H Cornish	*GM Network*	453,825	201,875	300,913	21,176	20,738	1,212	999,739

1 STI that will be paid for performance in FY20.

2 Value of any performance rights that vested in the 2020 financial year based on the 5 day VWAP as at the date of vesting (performance period ended 30 September 2019 and vested 12 November 2019). This figure does not represent the value of rights granted during the 2020 financial year.

3 Living Away from home allowance paid to GM Network for the period 1 October 2019 – 31 March 2020 to cover the actual cost of accommodation incurred while residing in Brisbane to undertake his role as General Manager Network and Northern Zone.

4 Provision of leased car parking.

3.4 Historical Five Year Performance

Table 8 below provides a summary of Elders' key financial results over the past five financial years and a summary of how those results have been reflected in the STI and LTI remuneration outcomes. In addition, Chart 3 shows Elders' TSR performance over the last five years against the ASX/S&P 200 Accumulation Index.

Table 8 — Elders' Performance and Remuneration Outcomes

Performance measure ($ millions)	2016	2017	2018	2019	2020[1]
Earnings					
Sales revenue	1,519.3	1,582.5	1,599.4	1,626.0	2,092.6
Underlying EBIT	56.1	71.0	74.5	73.7	119.4
Reported NPAT	51.6	116.0	71.6	68.9	124.2
Underlying NPAT	41.2	58.4	63.6	63.6	109.0
Return on Capital based on underlying earnings	28.1%	28.6%	24.2%	18.2%	18.7%
Cashflow from operating activities	48.7	81.6	(12.1)	11.2	110.5
Shareholder value					
Share Price ($)[2]	3.77	4.73	7.00	6.32	10.85
Total Dividend Paid Per Share (cents)[3]	-	-	24.0	18.0	18.0
Remuneration outcomes					
STI – average % received of maximum opportunity	54%	88%	81%	-	94%
LTI – vesting %	n/a[4]	100%	100%	75%	75%

1 Figures for 2020 are pre-AASB 16 Leases except reported EPS basic which is post-AASB 16.

2 Share prices are as at 30 September for the respective year.

3 Dividends are currently paid twice a year, an interim and final dividend. The amounts included in the table relates to dividends paid during the financial year. Therefore, for each respective year, the amount includes the dividend paid for the previous year final dividend, the current year interim dividend and any special dividends paid in that year.

4 No Long-Term Incentive grants were due to vest in the 2016 financial year hence the reason of nil vesting in 2016.

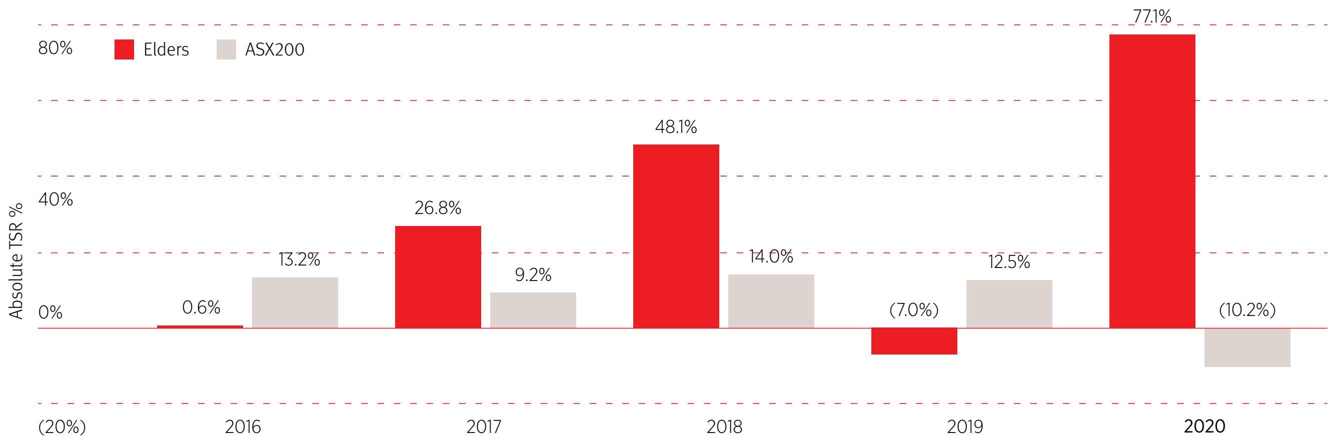
Note: The 2019 Sales revenue figure in the table above is restated to reflect current year comparative Financial Statements.

Chart 3 — Absolute TSR %

The following chart shows Elders' annual TSR performance over the last five years against the ASX/S&P 200 Accumulation Index. Elders' LTI Plans on foot include an absolute TSR performance condition.

In the FY21 LTI grant a relative TSR replaces absolute TSR performance.

Full vesting of the TSR tranche (50% of total grant) was achieved for grants vesting 2017-20.

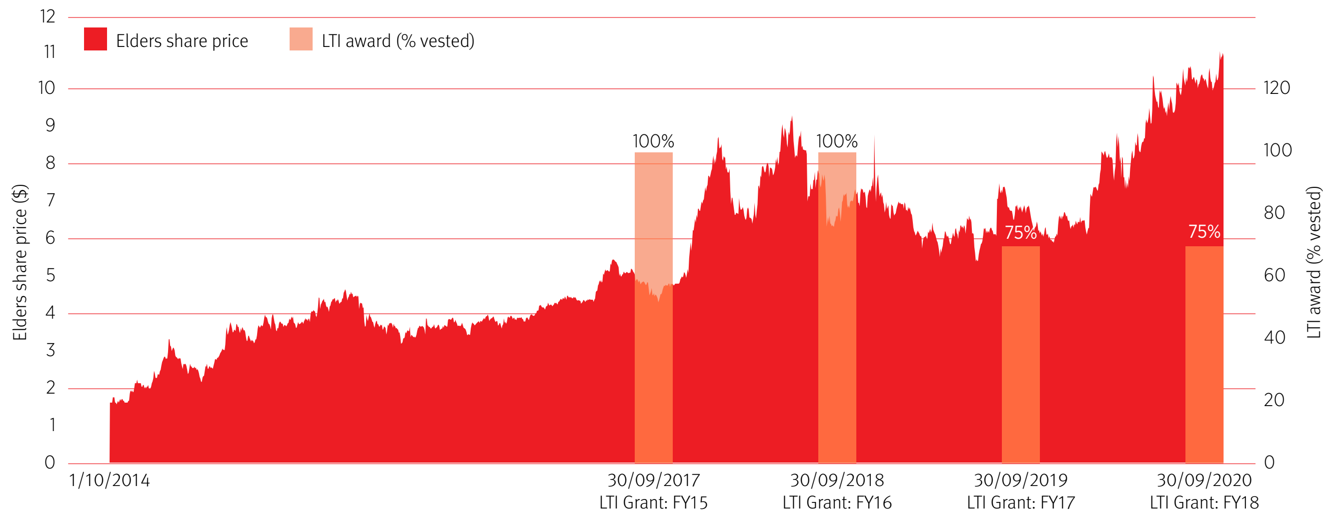


Source: Thomson Reuters

Note: TSR in the graph has been calculated using the 5 day trading VWAP.

Chart 4 — LTI Plan performance outcomes relative to Elders' share price

The following chart compares Elders' total LTI vesting results (as a percentage of grant maximum opportunity) for grants in FY15-18 with a 3-year performance period to Elders' share price during the same period:



Section 4 — Details of the Executive Remuneration Framework

4.1 Current Short-Term and Long-Term Incentive Plan Structures

The key features of the Short-Term and Long-Term Incentive Plan structures applying to Executive KMP during the year are set out in the tables below:

Table 9 — Short-Term Incentive Plan

	MD & CEO	Senior Executives
Performance period	Annual aligned with financial year – 1 October 2019 to 30 September 2020	
Maximum STI opportunity as % of TFR	100% of TFR	50% of TFR
Performance measure(s)	**Gateway:** Underlying EBIT and ROC hurdles (90% of Target) are achieved. Once the gateway has been achieved, individual STI for the MD & CEO and Senior Executives is awarded based on achievement of individual KPIs which contain a balance of challenging financial and operational targets and are aligned to business strategy. Refer to Table 3 in Section 3.1 for further details on Executive KMP FY20 STI performance measures.	
Exercise of discretion	The MD & CEO may recommend discretionary incentive payments to Senior Executives for approval by the Committee. The Board has overriding discretion in determining an Executive KMP's individual STI outcome and may take into account factors such as any material risk events identified and the impact and accountability of the Executive in those events, any other special circumstances (e.g. acquisitions and divestments) and any breach of Elders' Code of Conduct or One Elders values.	
Service condition	Any STI payable to Executive KMP who become eligible to participate in the STI Plan during the course of the year, either through joining Elders or being promoted within Elders, will be pro-rated accordingly.	
Clawback	Elders may recover amounts made, where the STI was calculated on financial results due to: • a material non-compliance with any financial reporting requirement; or • misconduct of any employees, contractors or advisers; and as a result of which the actual metrics and outcomes used to determine the STI were incorrect, and as such a lower payment would have been made based on the restated results.	

Table 10 — Long-Term Incentive Plan

	FY19		FY20	
Performance period (3 years)	1 October 2018 to 30 September 2021		1 October 2019 to 30 September 2022	
Maximum LTI Opportunity % of TFR	MD & CEO – 110% Senior Executives – 55%			
Grant date	13-Dec-18	MD & CEO	12-Dec-19	MD & CEO
	15-Feb-19	other participants	21-Feb-20	other participants
As at 30 September 2020	146,000 Rights	MD & CEO	166,000 Rights	MD & CEO
No. of rights outstanding and no. of participants	276,000 Rights	10 other participants	380,000 Rights	13 other participants
Grant methodology	Performance rights allocated under this plan are determined using "face value methodology" being the 5 trading day VWAP at the day prior to the start of the performance period (i.e. 30 September).			
Performance conditions	The performance rights will be split into three tranches, each carrying a different performance condition and weighting.			
	Tranche 1	Absolute Total Shareholder Return (TSR)		50% weighting
	Tranche 2	Earnings per Share (EPS) growth		25% weighting
	Tranche 3	Return on Capital (ROC)		25% weighting

Performance measures and vesting	**Tranche 1 – Absolute TSR Performance Rights** 50% of rights vest subject to an absolute TSR performance condition. The absolute TSR performance condition is tested based on Elders' average annual compound TSR over the three-year performance period. The % of TSR rights that will vest is determined as follows:

	Absolute TSR over performance period	% of rights in tranche that vest
Target	10%	50%
Stretch	14%	100%

- *less than Target no rights vest*
- *if greater than Target but less than Stretch is achieved, 50-100% of rights vest on a straight line sliding scale*

Absolute TSR will be measured using opening and closing share prices (including dividends paid in the performance period) determined as follows:

- the opening share price value, being the 5 trading day VWAP up to and including 30 September the day prior to the first day of the performance period
- the closing share price value will be based on the 5 trading day VWAP up to and including the last day of the performance period

Tranche 2 – EPS Growth Performance Rights
25% of rights vest in full if Earnings Per Share Compound Annual Growth Rate (EPS CAGR) is greater than or equal to Target for the performance period. The starting EPS value is EPS as at 30 September prior to the commencement of the performance period. The % of EPS rights that will vest is determined as follows:

	EPS CAGR over performance period	% of rights in tranche that vest
Target	7%	50%
Stretch	10%	100%

- *less than Target no rights vest*
- *if greater than Target but less than Stretch is achieved, 50-100% of rights vest on a straight line sliding scale*

Tranche 3 – ROC Performance Rights
25% of rights vest in full if ROC is greater than or equal to Target as follows:

	ROC		% of rights in tranche that vest
	FY19	FY20	
Target	n/a	15% average ROC over the performance period	50%
Stretch	20% ROC for the financial year ending on the last day of performance period.	18% average ROC over the performance period	100%

- *less than Target no rights vest*
- *if greater than Target but less than Stretch is achieved, 50-100% of rights vest on a straight line sliding scale*

Additional vesting condition	In addition to the performance conditions above, performance rights will only vest if the share price on the vesting date is greater than or equal to the 5 trading day VWAP up to and including 30 September in the financial year prior to the start of the performance period. Upon vesting of performance rights one fully paid share in Elders will be allocated for each performance right.
Performance testing	Testing of the performance conditions will occur once the results for the relevant performance period have been audited and approved by the Board. There will be no re-testing of performance.

Other

Clawback	The Board may determine that any unvested rights will lapse or be forfeited, and/or the participant must pay or repay as a debt, proceeds from shares allocated in certain circumstances such as, but not limited to, fraud, gross misconduct, breach of duties or obligations.
Dividends	For each fully paid ordinary share allocated on vesting, participants will receive additional ordinary shares equivalent to the value of the dividends paid (but not received) over the performance period. No dividend equivalent shares are provided on rights which do not vest.
Treatment of unvested rights on cessation of employment	The Board has overriding discretion over the treatment of unvested performance rights when an Executive KMP ceases employment. On cessation of employment, the Board may at its discretion allow the Executive KMP to retain a pro-rated number of rights based on the portion of the performance period the participant has worked and the rights to remain "on foot" until the end of the performance period. All other performance rights will lapse on cessation.
Dealing in Securities	KMP are not permitted to deal in Elders' securities without prior permission from Elders and are only permitted to trade during open periods and are required to disclose all dealings. The measures are designed principally to manage insider trading risk and align the interests of KMP with Elders' security holders.

Corporate actions/reconstructions	Prior to the allocation of shares to a participant upon vesting of performance rights or exercise of options (as the case may be), the Board may make any adjustments it considers appropriate to the terms of a performance right and/ or option granted to a participant in order to minimise or eliminate any material advantage or disadvantage to a participant resulting from a corporate action or capital reconstruction.
Board discretion	The Board may exercise its discretion to make adjustments it considers appropriate in light of the purpose and intent of the Plan and the performance conditions. This may include making adjustments to ensure that the interests of the relevant Participant are not, in the opinion of the Board, materially prejudiced or advantaged relative to the position reasonably anticipated at the time of the grant. The Board uses a number of principles to assess whether to make an adjustment, including: • maintaining the desired level of stretch for targets • maintaining the integrity and intention of the reward • aligning outcomes with general market and shareholder expectations • consistent treatment across remuneration elements and performance period • preserving the success and intent of transactions or other actions that have materially benefited the company If discretion is to be exercised, it may be a result of events such as: • acquisitions • divestments • legislative or accounting standard changes • capital reconstructions or corporate actions • internal reorganisation of the business and/or group assets • events affecting comparator companies including, but not limited to, takeovers, mergers or de-mergers that might occur during the Performance Period • events, circumstances or significant items outside of the control of management or which are not reflective of management performance

4.2 Changes for FY21

A review of Elders' Reward framework was conducted during FY20 and the review identified several opportunities to strengthen the alignment of Executives' remuneration outcomes and shareholders experience and further drive a performance culture which will be implemented for FY21 including the following:

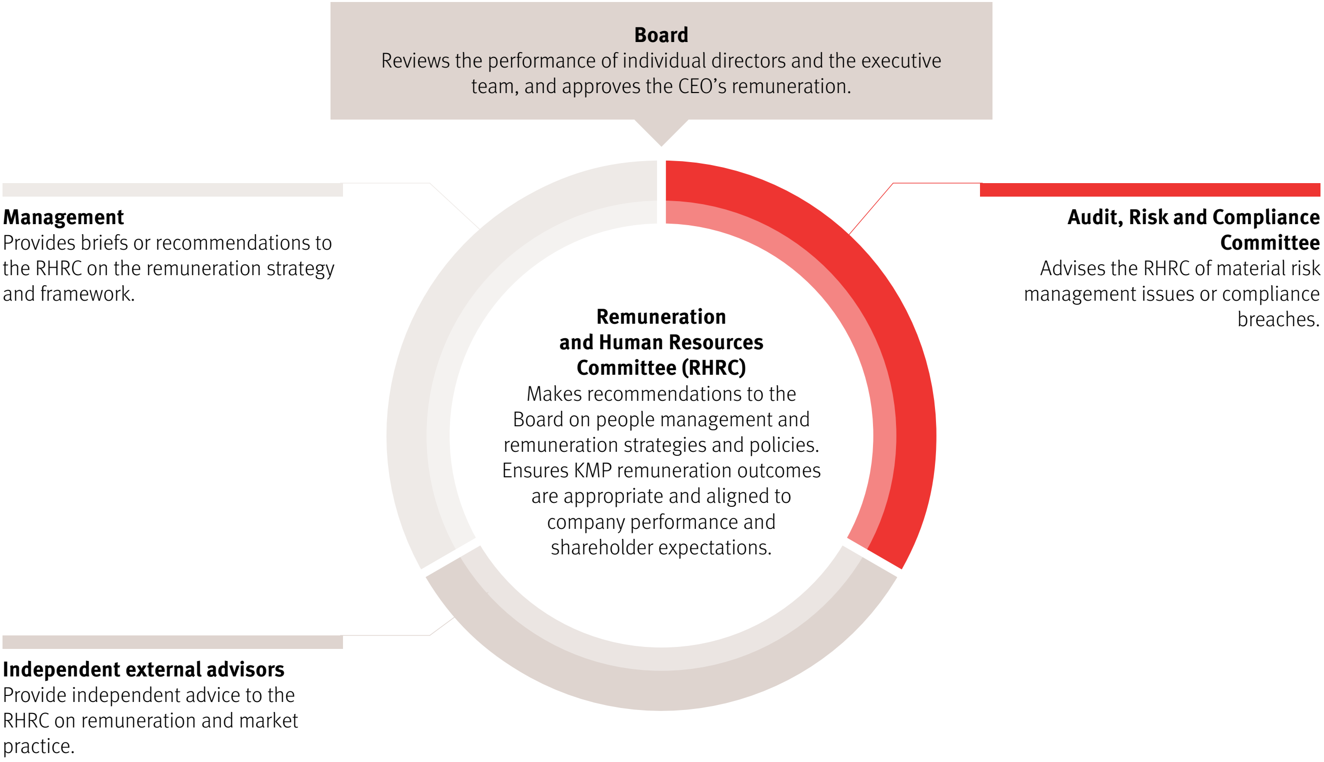
- a Minimum Shareholding requirement has been introduced which will require the MD & CEO and Senior Executive to build, over a five-year period and then maintain, a minimum shareholding of Elders' shares. The minimum shareholding is set as a percentage of Total Fixed Remuneration (TFR) which for the MD & CEO is 100% and for Executive is 50%. A policy already existed for NEDs, being 50% of their annual aggregate fee, however from FY21 the minimum shareholding requirement will increase to 100% of NED base fees. These levels of minimum shareholdings are in accordance with market practice
- for FY21 the STI measures and weightings for the MD & CEO and Senior Executives have been refined with a higher weighting of financial performance measures increasing to 60% (previously 40%) with the remaining 40% covering people and safety, customer and key strategic performance measures
- from FY21 STI awards are delivered 60% as cash and 40% deferred into equity for two years (50% vesting after year one and 50% after year two). This 40% deferred component supports increased share ownership and is a risk management lever to facilitate any clawback during the deferral period
- for FY21 the LTI performance measures will be reduced to two measures being relative TSR and EPS, with Return on Capital (ROC) remaining as a STI measure only. The move to a relative TSR performance condition instead of the current absolute TSR aligns to Elders' strategy and will compare our performance to a broader group of companies and provides a shareholder perspective of Elders' performance in the market
- the comparator peer group used to calculate relative TSR comprises companies in the S&P/ASX 200 index excluding companies in the S&P/ASX 100 as at the start of the performance period. Any companies that are delisted from the ASX during the performance period or suspended from trading at the end of the performance period will be removed from the vesting assessment
- a gateway of an absolute TSR over the Performance Period, is greater than or equal to zero will apply for the FY21 LTI grant. If absolute TSR is negative over the performance period no rights will vest in this tranche, meaning even if rTSR performance is above median of the peer group, the tranche will not vest if an aTSR is negative
- any rights that vest under the FY21 LTI grant will be subject to a 12 month holding lock to support share ownership and act as a risk management lever. Participants will also no longer be compensated for the value of dividends not received over the performance period

Section 5 — Remuneration Governance

The Board Remuneration and Human Resources Committee operates in accordance with the guidance set out in the 4th Edition ASX Corporate Governance Council Principles and Recommendations.

Further information on the role and responsibilities of the Committee are set out in the Corporate Governance Statement, which along with the Committee's Charter is published on Elders' website at elders.com.au.

The Committee is comprised entirely of independent Non-Executive Directors.



5.1 Independent remuneration advice

The Committee is briefed by management, however, the Committee makes all decisions free of the influence of management.

Further to the management briefings, to assist in its decision-making, the Committee may, from time to time, seek independent advice from remuneration advisors, and in so doing will directly engage with the consultant without management involvement.

In the year ending 30 September 2020, the Committee engaged remuneration advisors EY to assist with the remuneration framework review. However, no remuneration recommendations, as defined by the *Corporations Act 2001* (Cth), were made by remuneration advisors.

Section 6 — Non-Executive Director Remuneration and Statutory Remuneration

6.1 Remuneration Framework and Policy

Non-Executive Directors are remunerated by way of fees in the form of cash and superannuation. Elders' Non-Executive Director remuneration practices are in accordance with Recommendation 8.2 of the ASX Corporate Governance Council Principles and Recommendations.

Non-Executive Directors do not participate in Elders' 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 Elders. Length of tenure is governed by Elders' 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 published at elders.com.au.

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 advisors.

The Board believes Elders' Non-Executive Directors should own securities in Elders to further align their interests with the interests of other shareholders. Elders' Minimum Shareholding Policy was reviewed and updated effective 1 October 2020 and now requires NEDs to hold at least 100% of NED Base fees (including superannuation), within three years from appointment. Details of Non-Executive Directors' shareholdings in Elders can be found in Table 17 on page 107 of this Report.

6.2 Non-Executive Director Fees in FY20

Total fees for the financial year ended 30 September 2020 remain well within the aggregate fee limit of $1,200,000 per annum, approved by the Board following Elders' 2013 Annual General Meeting. From FY20 statutory superannuation guarantee contributions are included in the aggregate fee limit.

The following changes occurred to NED fees during FY20:

- effective 1 October 2019 the base Board fee increased to $112,000, which had remained unchanged since 2014. This increase reflected a 2% market adjustment as well as rolling the Work Health and Safety Committee fee of $10,000 into the base Board fee
- effective 1 October 2019 the Chair of the Remuneration and Human Resources Committee received an increase in fees of $5,000, from $15,000 to $20,000, in recognition of responsibilities

Table 11 — Non-Executive Director fee details

	FY20 fee excluding superannuation	
	Chair	Member
Board	$240,000[1]	$112,000
Audit, Risk and Compliance Committee	$30,000	$16,000
Work Health and Safety Committee	Nil	Nil
Remuneration and Human Resources Committee	$20,000	$10,000
Nomination and Prudential Committee	Nil	Nil

1 The Chair of the Board does not receive additional committee fees.

Actual Committee fees paid are provided as "Board Committee Fees" in Table 12 below.

The table below sets out the remuneration for the Non-Executive Directors for the financial years 2019 and 2020.

Table 12 — Non-Executive Director remuneration details

		Short-term payments		**Post-employment**	**Total**
		Base Board fee	Board Committee Fees	Superannuation	
I Wilton	2020	240,000	-	21,176	261,176
	2019	107,222	47,421	14,691	169,334
R Clubb	2020	112,000	40,000	14,440	166,440
	2019	100,000	41,464	13,439	154,903
D Eilert	2020	112,000	36,000	14,060	162,060
	2019	100,000	36,258	12,945	149,203
M Quinn[1]	2020	68,600	15,925	8,030	92,555
	2019	n/a	n/a	n/a	n/a
M Carroll[2]	2020	84,907	19,688	9,991	114,586
	2019	205,000	9,000	18,686	232,686
J H Ranck[3]	2020	n/a	n/a	n/a	n/a
	2019	48,571	-	4,614	53,185
Total	2020	617,507	111,613	67,697	796,817
	2019	560,793	134,143	64,375	759,311

1 M Quinn commenced as Non-Executive Director on 20 February 2020.
2 M Carroll ceased as Non-Executive Director on 2 July 2020.
3 J H Ranck ceased as Non-Executive Director on 13 December 2018.

Section 7 — Key Terms of Executive KMP Employment Contracts and Statutory Remuneration

7.1 Contractual Arrangements of Executive KMP

In FY20 Elders had employment contracts with Executive KMP. Details of the employment contracts are set out in Table 13.

Table 13 — Contractual arrangements

Component	MD & CEO	Senior Executives
Contract Duration	Ongoing until terminated by either party	
Notice (without cause) initiated by:		
Elders	12 months	6 months
Individual	6 months	3 months
	Payment in lieu of notice may be made equivalent to the remuneration the MD & CEO and Senior Executive would have received over the notice period. Payment may be awarded under a Short-Term or Long-Term Incentive Plan in accordance with plan rules.	
Notice for Serious Misconduct	Elders may terminate immediately. No payment in lieu of notice or other termination payments are payable under the employment agreement.	
Redundancy	Not applicable	Due to genuine redundancy, as defined by the *Fair Work Act 2010*, the Senior Executive is entitled to a retrenchment payment in accordance with Elders' policy. This payment is also subject to the rules and limitations specified in the *Corporations Act 2001 (Cth)* and Corporations Regulations.
Change of Control	Not specifically referenced in contract	In the event of a Change of Control or Disposal of Business resulting in a material diminution in the roles and responsibility of the Senior Executive, the Senior Executive may terminate their contact on three months' notice.

7.2 Executive KMP Statutory Remuneration

Table 14 — Details of MD & CEO and Senior Executive remuneration for the 2019 and 2020 financial years

		Short-term payments			Post-employment	Share-based payments		Long-term payments	Termination benefits[2]	Total	% performance-related[3]
		Base salary	STI	Other[1]	Superannuation	Options	Share rights	Long service leave			
M C Allison	2020	924,373	894,268	-	21,176	-	630,829	47,188	-	2,517,834	61%
	2019	896,447	-	-	20,649	-	708,037	41,896	-	1,667,029	42%
R I Davey	2020	515,901	269,205	-	21,176	-	171,568	26,371	-	1,004,221	44%
	2019	511,109	-	-	20,649	-	169,553	40,919	-	742,230	23%
R L Norton[4]	2020	499,356	249,419	6,306	21,176	-	(37,800)	-	-	738,457	29%
	2019	367,636	-	54,730	15,516	-	37,800	-	-	475,682	8%
J H Cornish	2020	453,825	201,875	21,950	21,176	-	152,568	67,350	-	918,744	39%
	2019	357,387	-	1,200	20,649	-	126,715	26,952	-	532,903	24%
M L Hunt[5]	2020	n/a	n/a	n/a	n/a	-	n/a	n/a	n/a	n/a	n/a
	2019	387,912	-	33,474	20,649	-	126,715	28,250	-	597,000	21%
Total	2020	2,393,455	1,614,767	28,256	84,704	-	917,165	140,909	-	5,179,256	
	2019	2,520,491	-	89,404	98,112	-	1,168,820	138,017	-	4,014,844	

1 Comprising the provision of leased car parking (Cornish, Hunt, Norton), living Away from home allowance paid to Mr Cornish for the period 1 October 19 – 31 March 2020 to cover the actual cost of accommodation incurred while residing in Brisbane to undertake his role as General Manager Network and Northern Zone, company leased vehicle (Hunt) and once-off sign on bonus of $50,000 (2019 - Norton).

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

3 Performance related remuneration consists of STI and share rights and options as a percentage of total remuneration. Share rights includes performance rights disclosed in Table 15.

4 Mr Norton's final day was 31 October 2020 and he received $249,419 as his termination payment, paid November 2020.

5 M L Hunt ceased as KMP effective 30 September 2019.

Section 8 — Additional Required Disclosures

Table 15 — Details of MD & CEO and Senior Executive current Long-Term Incentive grants

Grant Date	Balance at Start of Period	Granted	Vesting date	Vested		Lapsed		Balance[1]	Expensed at End of Period[1]	Fair Value at grant date[2]	Rights maximum value yet to vest[3]
	No.	No.		No.	%	No.	%	No.	$	$	$
M C Allison											
14-Dec-17	200,000		Nov-20	150,000	75	50,000	25	-	101,833	1,381,000	-
13-Dec-18	146,000		Nov-21	-	-	-	-	146,000	264,503	793,510	264,503
12-Dec-19	-	166,000	Nov-22	-	-	-	-	166,000	264,493	793,480	528,987
	346,000	166,000		150,000		50,000		312,000	630,829	2,967,990	793,490
R I Davey											
16-Feb-18	60,000		Nov-20	45,000	75	15,000	25	-	25,600	369,300	-
15-Feb-19	39,000		Nov-21	-	-	-	-	39,000	49,140	147,420	49,140
21-Feb-20	-	41,000	Nov-22	-	-	-	-	41,000	96,828	290,485	193,657
	99,000	41,000		45,000		15,000		80,000	171,568	807,205	242,797
R L Norton											
15-Feb-19	30,000		Nov-21	-	-	30,000	100	-	(37,800)	113,400	-
21-Feb-20	-	41,000	Nov-22	-	-	41,000	100	-	-	290,485	-
	30,000	41,000		-		71,000		-	(37,800)	403,885	-
J H Cornish											
16-Feb-18	45,000		Nov-20	33,750	75	11,250	25	-	-	276,975	19,200
15-Feb-19	29,000		Nov-21	-	-	-	-	29,000	36,540	109,620	36,540
21-Feb-20	-	41,000	Nov-22	-	-	-	-	41,000	96,828	290,485	193,657
	74,000	41,000		33,750		11,250		70,000	133,368	677,080	249,397
G J Dunne[4]											
16-Feb-18	15,000	-	Nov-20	11,250	75	3,750	25	-	(24,375)	276,975	-
	15,000	-		11,250		3,750		-	(24,375)	276,975	-

1 Balance is as at the date of this report and includes November 2020 vesting.

2 Fair value is used to calculate the value of performance rights when granted. The fair value at Grant Date is independently determined using Monte Carlo simulation techniques which take into account the exercise price, the term of the rights, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the options.

3 The maximum value of the performance rights yet to vest has been determined as the fair value amount at grant date that is yet to be expensed. The minimum value of deferred shares yet to vest is nil, as the shares will be forfeited if the vesting conditions are not met.

4 G J Dunne ceased employment on 30 September 2018 however as per the LTI Plan Rules a portion of G J Dunne's rights has continued on foot, based on the percentage of performance period completed for each grant as at termination date.

Note: The grant dates are aligned to the requirements under the Accounting Standards. For the LTI grant expected to vest Nov-20, additional shares of 13,282 will be allocated to the Executive KMP in this table at the time of vesting for the value of dividends not received during the performance period on the vested rights.

Note: The fair value per performance right at grant date is as follows, with the grant date under the Accounting Standards differing for the MD & CEO and Senior Executive grants, resulting in a different fair value.

	MD & CEO Grant		Senior Executive Grant	
Performance Rights 14 December 2017	Tranche 1	$ 6.64	Tranche 1	$ 5.81
	Tranche 2 & 3	$ 7.17	Tranche 2 & 3	$ 6.50
Performance Rights 13 December 2018	Tranche 1	$ 4.92	Tranche 1	$ 3.23
	Tranche 2 & 3	$ 5.95	Tranche 2 & 3	$ 4.33
Performance Rights 12 December 2019	Tranche 1	$ 4.47	Tranche 1	$ 6.76
	Tranche 2 & 3	$ 5.09	Tranche 2 & 3	$ 7.41

Table 16 — Executive KMP shareholding

		Shares held at start of year	Shares acquired during the year as part of remuneration	Shares acquired during the year through the vesting of LTI	Other shares acquired (disposed of) during the year	Balance of shares held at end of financial period
M C Allison	2020	1,050,814	-	224,066	-	1,274,880
	2019	654,344	-	260,000	136,470	1,050,814
R I Davey	2020	109,768	-	60,017	(79,785)	90,000
	2019	51,750	-	75,000	(16,982)	109,768
R L Norton	2020	-	-	-	-	-
	2019	-	-	-	-	-
J H Cornish	2020	63,209	-	48,014	(111,223)	-
	2019	-		55,000	8,209	63,209
M L Hunt[1]	2020	n/a	n/a	n/a	n/a	n/a
	2019	-	-	60,000	8,956	68,956
Total	2020	1,223,791	-	332,097	(191,008)	1,364,880
	2019	706,094	-	450,000	136,653	1,292,747

1 M L Hunt ceased as KMP on 30 September 2019, therefore no balances provided for FY20.

Table 17 — Non-Executive Directors shareholding

		Shares held at start of year	Shares acquired during the year as part of remuneration	Other shares acquired (disposed of) during the year	Balance of shares held at end of financial period
I Wilton	2020	128,254	-	2,939	131,193
	2019	108,486	-	19,768	128,254
R Clubb	2020	10,400	-	-	10,400
	2019	3,400	-	7,000	10,400
D Eilert	2020	9,769	-	4,000	13,769
	2019	-	-	9,769	9,769
M Quinn[1]	2020	15,000	-	135	15,135
	2019	n/a	n/a	n/a	n/a
M Carroll[2]	2020	25,027	-	573	25,600
	2019	-	-	25,027	25,027
J H Ranck[3]	2020	n/a	n/a	n/a	n/a
	2019	134,317	-	-	134,317
Total	2020	188,450	-	7,647	196,097
	2019	246,203	-	61,564	307,767

1 M Quinn commenced as Non-Executive Director on 20 February 2020 balance at start of year is date of commencement.
2 M Carroll ceased as Non-Executive Director 2 July 2020, 2020 balance at end of financial period is at date of cessation.
3 J H Ranck ceased as a Non-Executive Director on 13 December 2018, 2019 balance at end of financial period is at date of cessation.

Note: No other changes occurred during the year. None of the shares in tables 16 and 17 are held nominally by the Non-Executive Directors or MD & CEO and Senior Executives. Elders takes its obligations to prevent insider trading very seriously. In conformity with that approach, Directors take a conservative view of when they can deal in Elders shares (even when trading windows are open), seeking to avoid both real and perceived trading on inside information. This approach has, in recent times, limited the opportunities for Non-Executive Directors to acquire Elders' shares.

8.1 Other transactions with KMP

There are no loans to KMP outstanding in the current or prior year.

From time to time, sales and purchases occur during the year between subsidiaries of the Group and entities that certain directors of Elders have direct or indirect control over. These transactions are conducted on the same terms and conditions as those entered into by other Elders' employees or customers on an arm's length basis and are trivial or domestic in nature.

AuctionsPlus success in FY20

The AuctionsPlus online livestock marketing platform (Elders has a 50% ownership interest) played a vital role in helping maintain the livestock supply chain through COVID-19 disruptions in FY20.

Border closures and social distancing restricted many traditional on-property sales and affected the ability of buyers and vendors to attend regional saleyards, driving many new users to the AuctionsPlus online platform.

Elders' livestock agents supported clients through the year to run innovative forms of hybrid online and on-property auctions whilst helping prepare registrations, extended inspection periods, photography and videos.

The result was a significant rise in Elders' sales through AuctionsPlus, including 98% growth in the number of stud sales.

The COVID-19 boost to AuctionsPlus has come off the back of strong year-on-year growth in online sales.

Elders Longreach Livestock Agent Tim Salter, who was the top AuctionsPlus sheep assessor nation-wide, points out that for agents and clients in more remote parts of the country, the platform was already integral to business-as-usual operations.

"It's always been a big part of our business because of our location and the distances involved," Tim says.

"Years ago, you would have had people driving long distances to look at the stock but now you don't, you can do it all remotely."

AuctionsPlus Chief Executive Angus Street says the boom recorded calendar year to date is yet to be fully realised.

"We expect to run well over 400 stud sales before the end of the Spring selling season. We are seeing some wonderful results for both first time vendors along with returning vendors," he says.

The nature of the bidding at ram sales has changed, too.

"It is now very rare that we do not have multiple bidders who end up purchasing a few lots in each sale," Angus says.

"In many cases, primarily for returning vendors, we will end up bidding on at least 40 per cent of the lots and we have even had some sales as high as 85 per cent of the lots bid on. We have also seen an increase in the number of lots purchased online. We see the improvement in pre-sale videos as being one of the factors driving this."

The growing use of the platform meant there was a greater pool of genetics available this year to a much wider range of buyers.

"Looking deeper at the numbers we can also see the dramatic impact of drought, with NSW selling a huge volume in 2019, of which a vast majority went to Victoria, South Australia and Queensland, as they had a slightly better season in some regions," Angus says.

"With the increase from Victoria, SA and Queensland it is now likely those sheep are being resold back into areas that have had rain.

"Finally, whilst seasonality does play a role, the national flock has been depleted and there is simply a lower number of sheep on the market to be sold. We have heard that Victoria and SA have had a great lambing season and so will be expecting to see numbers increase to the level of 2019, just later in the season."

Elders' commercial livestock sales via AuctionsPlus

# head sold		FY19	FY20	% change
Commercial Sales	Cattle	69,087	118,914	72%
	Sheep	650,610	974,455	50%

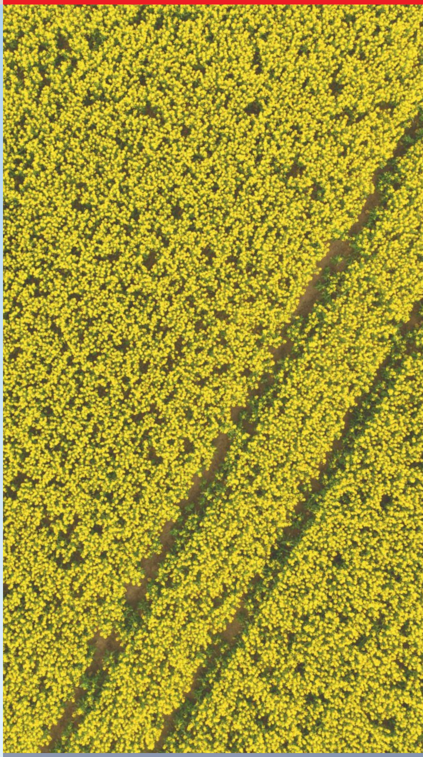
Elders' stud livestock sales via AuctionsPlus

# sales		FY19	FY20	% change
Stud Sales	Cattle	64	90	41%
	Sheep	36	108	200%

We expect to run well over 400 stud sales before the end of the Spring selling season. We are seeing some wonderful results for both first time vendors along with returning vendors.

Angus Street,
AuctionsPlus Chief Executive

2020
Elders Ltd Annual Financial Report


Elders Ltd Annual Financial Report

30 September 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 September 2020

	Note	2020 $000	2019 $000
Continuing operations			
Sales revenue	3	2,092,618	1,626,032
Cost of sales		(1,662,371)	(1,280,242)
Gross profit from continuing operations		430,247	345,790
Equity accounted profits	13	7,281	6,313
Distribution expenses		(258,241)	(234,105)
Administrative expenses		(58,658)	(44,344)
Finance costs	3	(9,325)	(10,771)
Other items of income/(expense)	3	(7,239)	(2,468)
Profit from continuing operations before income tax benefit		104,065	60,415
Income tax benefit	4	21,221	17,336
Profit from continuing operations after income tax benefit		125,286	77,751
Net loss of discontinued operations, net of tax	2	-	(7,024)
Net profit for the period		125,286	70,727
Items that may be reclassified to profit and loss			
Exchange differences on translation of foreign operations		(742)	1,151
Other comprehensive profit/(loss) for the period, net of tax		(742)	1,151
Total comprehensive income for the period		124,544	71,878
Profit for the period is attributable to:			
Non-controlling interest		2,339	1,792
Owners of the parent	20	122,947	68,935
		125,286	70,727
Total comprehensive income for the period is attributable to:			
Non-controlling interest		2,339	1,792
Owners of the parent		122,205	70,086
		124,544	71,878
Reported operations			
Basic earnings per share (cents per share)	5	79.8¢	57.0¢
Diluted earnings per share (cents per share)	5	79.3¢	56.1¢
Continuing operations			
Basic earnings per share (cents per share)	5	79.8¢	62.8¢
Diluted earnings per share (cents per share)	5	79.3¢	61.9¢
Discontinued operations			
Basic earnings per share (cents per share)	5	-	(5.8)¢
Diluted earnings per share (cents per share)	5	-	(5.8)¢

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2020

	Note	2020 $000	2019 $000
Current assets			
Cash and cash equivalents	15(b)	50,741	7,313
Trade and other receivables	6	601,834	481,131
Livestock	7	44,734	35,309
Inventory	8	255,930	146,121
Current tax receivable	4	-	398
Total current assets		953,239	670,272
Non current assets			
Other financial assets		1,269	1,269
Equity accounted investments	13	56,473	53,746
Property, plant and equipment	10	32,268	27,405
Right-of-use assets	11	100,802	-
Intangibles	12	306,247	166,854
Deferred tax assets	4	103,767	97,184
Total non current assets		600,826	346,458
Total assets		1,554,065	1,016,730
Current liabilities			
Trade and other payables	9	517,120	359,224
Interest bearing loans and borrowings	16	158,691	100,695
Lease liabilities	11	28,500	-
Current tax payable	4	1,034	-
Provisions	14	65,485	44,228
Total current liabilities		770,830	504,147
Non current liabilities			
Other payables	9	7,177	16,287
Interest bearing loans and borrowings	16	25,000	870
Lease liabilities	11	76,001	-
Provisions	14	2,731	2,543
Total non current liabilities		110,909	19,700
Total liabilities		881,739	523,847
Net assets		672,326	492,883
Equity			
Contributed equity	18	1,645,561	1,562,377
Reserves	19	(27,670)	(27,230)
Retained earnings	20	(946,890)	(1,043,490)
Total parent entity equity interest		671,001	491,657
Non-controlling interests		1,325	1,226
Total equity		672,326	492,883

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 2020

	Note	2020 $000	2019 $000
Cash flow from operating activities			
Receipts from customers		8,566,990	7,284,277
Payments to suppliers and employees		(8,424,483)	(7,269,545)
Dividends received		7,097	6,725
Interest and other costs of finance paid		(7,820)	(6,791)
Income taxes refunded/(paid)		557	(3,430)
Net operating cash flows	15(a)	142,341	11,236
Cash flow from investing activities			
Payments for property, plant and equipment		(7,378)	(3,718)
Payments for equity accounted investments		(3,300)	(400)
Payments for intangibles		(1,511)	(26,667)
Payments for acquisitions through business combinations, net of cash acquired	24	(111,883)	(13,727)
Proceeds from sale of property, plant and equipment		924	275
Payments associated with sale of controlled entity		-	(951)
Proceeds from sale of feedlot assets		-	2,700
Net investing cash flows		(123,148)	(42,488)
Cash flow from financing activities			
Proceeds from issue of shares, net of costs		-	132,476
Proceeds/(repayment) of borrowings		83,504	(83,944)
Payments of lease liabilities		(31,835)	-
Dividends paid		(25,194)	(19,267)
Partnership profit distributions/dividends paid		(2,240)	(2,341)
Net financing cash flows		24,235	26,924
Net increase/(decrease) in cash held		43,428	(4,328)
Cash at the beginning of the financial year		7,313	11,641
Cash at the end of the financial year	15(b)	50,741	7,313

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 2020

	Issued capital	Reserves	Retained earnings	Non-controlling interest	Total equity
	$000	$000	$000	$000	$000
As at 1 October 2019	1,562,377	(27,230)	(1,043,490)	1,226	492,883
Profit for the period	-	-	122,947	2,339	125,286
Other comprehensive income/(loss):					
Exchange differences on translation of foreign operations	-	(742)	-	-	(742)
Total comprehensive income/(loss) for the period	-	(742)	122,947	2,339	124,544
Transactions with owners in their capacity as owners:					
Issued capital	80,388	-	-	-	80,388
Dividends paid	-	-	(25,194)	-	(25,194)
Dividend reinvestment plan	2,796	-	(2,796)	-	-
Partnership profit distributions/dividends paid	-	-	-	(2,240)	(2,240)
Cost of share based payments	-	1,945	-	-	1,945
Reallocation of equity	-	(1,643)	1,643	-	-
As at 30 September 2020	1,645,561	(27,670)	(946,890)	1,325	672,326
As at 1 October 2018	1,426,835	(26,034)	(1,094,027)	1,775	308,549
Profit for the period	-	-	68,935	1,792	70,727
Other comprehensive income/(loss):					
Exchange differences on translation of foreign operations	-	1,151	-	-	1,151
Total comprehensive income/(loss) for the period	-	1,151	68,935	1,792	71,878
Transactions with owners in their capacity as owners:					
Issued capital	137,000	-	-	-	137,000
Transaction costs incurred on share issue, net of tax	(3,198)	-	-	-	(3,198)
Dividends paid	-	-	(19,267)	-	(19,267)
Dividend reinvestment plan	1,740	-	(1,740)	-	-
Partnership profit distributions/dividends paid	-	-	-	(2,341)	(2,341)
Cost of share based payments	-	1,812	-	-	1,812
Recognition of put options	-	(1,550)	-	-	(1,550)
Reallocation of equity	-	(2,609)	2,609	-	-
As at 30 September 2019	1,562,377	(27,230)	(1,043,490)	1,226	492,883

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 2020

ABOUT THIS REPORT

Corporate information

The consolidated financial report of Elders Limited for the year ended 30 September 2020 was authorised for issue in accordance with a resolution of the Directors on 16 November 2020. Elders Limited (the Parent) is a for profit company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Company are described in the Directors' Report and note 1. References in this consolidated financial report to 'Elders' are to Elders Limited and each of its controlled entities unless the context requires otherwise.

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) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The financial report has also been prepared on a historical cost basis, except for 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 under the ASIC Corporations (Rounding in Financial/Director's Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, all values are rounded to the nearest thousand dollars ($000) unless otherwise stated.

Both the functional and presentation currency of Elders and its Australian subsidiaries is Australian Dollars (AUD). Subsidiaries incorporated in countries other than Australia (see note 22), which have a functional currency other than Australian Dollars, are translated to the presentation currency.

Transactions in foreign currencies are initially recorded by subsidiaries at their respective functional currency 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 the statement of 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.

The financial report has been prepared on a going concern basis.

Comparative information which relates to prior periods is restated to be comparable with current year disclosures.

Basis of consolidation

The consolidated financial statements comprise the financial statements of Elders Limited and its subsidiaries as at 30 September 2020. Control is achieved when Elders is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. When Elders has less than a majority of the voting or similar rights of an investee, it considers all relevant facts and circumstances in assessing whether it has power over an investee.

Elders re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date Elders gains control until the date Elders ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of Elders and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with Elders' accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of Elders are eliminated in full on consolidation.

Significant accounting judgements, estimates and assumptions

The preparation of Elders' 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.

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. Judgements, estimates and assumptions which are material to the financial report are found in the following notes:

Note 4	Recovery of deferred tax assets
Note 8	Accounting for rebates
Note 10	Impairment of non-financial assets other than brand names and goodwill
Note 11	Accounting for leases
Note 12	Impairment of brand names and goodwill

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2020

ABOUT THIS REPORT

Impact of COVID-19

On 11 March 2020, the World Health Organisation officially declared COVID-19 a global pandemic. Elders has considered the impact of COVID-19 when preparing the consolidated financial statements and related note disclosures and continues to monitor the impact of the COVID-19 outbreak on demand for Elders' products and services, customers and supply chains. All farm inputs supply chains in which Elders participates are, at present, operating normally. Livestock supply chains experienced a short-term disruption of live export to Vietnam and Indonesia. Wool markets remain soft due to limited Chinese buyer activity and although not material, Elders Fine Foods, was significantly impacted by COVID-19 because of shutdown to restaurants and hotels in China. Real Estate Services sales have been slightly impacted in parts of the country where COVID-19 has impinged on the ability to conduct inspections and auctions. None of these interruptions has had a material impact on Elders' financial performance for the year ended 30 September 2020. Elders has recognised pandemic risk on its risk register and has implemented controls in the business to mitigate COVID-19 impacts. Elders proactively formed a COVID-19 Response Committee and held regular meetings to monitor, track and report business and financial reporting matters relating to COVID-19. With Elders' critical role in agriculture and rural and regional Australia, the decision was made to not stand down or reduce employment due to COVID-19. Elders did not access any government support such as JobKeeper during the year ended 30 September 2020.

While the effects of COVID-19 do not change the significant estimates, judgments and assumptions in the preparation of consolidated financial statements, it has increased the uncertainty of accounting estimations and resulted in application of further judgment within those identified areas. Elders has used accounting estimates based on forecasts developed on market information available at balance date. Given the uncertainty of the impact of COVID-19 on local and global trade markets, Elders exercised considerable judgement when developing assumptions for assessing the carrying values of assets and liabilities.

Elders has reviewed the following material accounting judgements, estimates and assumptions within the accounting policies that have potential to be impacted by the COVID-19 outbreak:

- Impairment of financial assets, specifically trade receivables: Elders assessed its trade receivables expected credit losses, given COVID-19 uncertainties. This assessment did not indicate a material change to trade receivables and loss allowances.
- Impairment of non-financial assets, including brand names and goodwill: Elders has evaluated the conditions specific to the company and the assets subject to impairment to assess whether any impairment triggers that may lead to impairment have been identified. Refer to note 12 for further detail.
- Valuation of inventory: Elders has performed an assessment of inventory on hand at balance date to assess whether inventories are valued at the lower of cost and net realisable value. Refer to note 8 for further detail.

Elders will continue to monitor and manage the impact of COVID-19 on its financial position and performance as new information becomes available.

New Accounting Standards and Interpretations

(i) New and Revised Accounting Standards

The new accounting standard AASB 16 Leases, became operative for the financial year ended 30 September 2020 and has been applied in preparing these consolidated financial statements. The impact of the new Leases standard is summarised below.

AASB 16 Leases

From 1 October 2019, Elders has adopted, for the first time, the accounting standard AASB 16 Leases, in preparing its consolidated financial statements. AASB 16 which replaced all existing lease requirements under AASB 117, removed the distinction between operating and finance leases for lessees and as a result leases will now be accounted for under a single, on-balance sheet model. Leases that were classified as finance leases under AASB 117 will continue to be recognised in the statement of financial position under AASB 16. For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application.

Elders has applied AASB 16 using the modified retrospective approach where the right-of-use asset is measured as equal to the lease liability on the date of adoption, and as such prior year balances have not been restated – i.e. it is presented as previously reported under AASB 117. Elders has applied the following transition practical expedients as permitted by the standard:

- exclusion of initial direct costs in measurement of the right of use asset
- a single discount rate applied to a portfolio of leases with similar characteristics
- the use of hindsight with regards to determination of the lease term where the contract contains options to extend or terminate the lease

Additionally, Elders applied a general practical expedient for leases for which the underlying asset is of low value (less than USD 5,000) are exempt and recognised on a straight-line basis through profit or loss.

Elders has also elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, Elders relied on its assessment made applying AASB 117 and Interpretation 4 Determining whether an Arrangement contains a Lease.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2020

ABOUT THIS REPORT

Impact on transition

Prior to 1 October 2019, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease. On transition to AASB 16, Elders as a lessee, has recognised a lease liability representing its obligation to make future lease payments and a right-of-use asset representing its right to use the underlying asset for the lease term. The interest expense on the lease liability and depreciation expense on the asset are separately recognised in profit or loss. The impact on transition is summarised below.

Consolidated statement of financial position	1 October 2019
	$000
Right-of-use assets	117,892
Lease liabilities	(117,892)
Net impact on retained earnings, after tax	-

In addition, existing lease incentives of $2.4 million were reclassified to right-of-use assets.

When measuring lease liabilities for leases that were previously classified as operating leases, Elders discount lease payments using the incremental borrowing rate at 1 October 2019. The weighted-average rate applied is 2.1%.

The recognised right-of-use assets relates to the following asset classes:	1 October 2019
	$000
Right-of-use assets – Properties	96,655
Right-of-use assets – Motor vehicles	20,172
Right-of-use assets – Other	1,065
Total right-of-use assets	117,892

There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

Lease liabilities reconciliation on transition

Operating lease commitments disclosure as at 30 September 2019	65,621
Less: Low-value leases recognised on a straight-line basis as expense	(2,094)
Less: Discounting effect using incremental borrowing rate	(2,304)
Add: Extension options which are reasonably certain to be exercised	55,264
Add: Finance leases recognised at 30 September 2019	1,405
Lease liabilities recognised on transition as at 1 October 2019	117,892
Lease liabilities of which are:	
• Current lease liabilities	33,038
• Non current lease liabilities	84,854
	117,892

Impact on segment disclosures and earnings per share

Segment assets and segment liabilities increased as a result of the change in accounting policy. On transition to AASB 16, the following segments were impacted by the change in policy:

	Segment Assets	Segment Liabilities
	$000	$000
Branch Network	93,647	93,647
Feed and Processing Services	2,674	2,674
Corporate Services and Other Costs	21,571	21,571
	117,892	117,892

There was no material impact on earnings per share for the year ended 30 September 2020, as a result of the adoption of AASB 16.

(ii) Accounting Standards and Interpretations issued but not yet effective

Elders has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Elders has assessed the upcoming standards, interpretations or amendments and concluded there is no material impact expected from the adoption of these new standards, interpretations or amendments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2020

ABOUT THIS REPORT

The notes to the financial statements

The notes include information which is required to understand the financial statements and is material and relevant to the operations, financial position and performance of Elders. They include the applicable accounting policies applied and significant estimates and judgements made. Specific accounting policies are disclosed in their respective notes to the financial statements.

The notes are organised into the following sections:

Group performance	Provides additional information regarding financial statement lines that are most relevant to explaining Elders' performance during the period.
Working capital	Provides additional information regarding financial statement lines that are most relevant to explaining the assets used to generate Elders' trading performance during the period and liabilities incurred as a result.
Capital employed	Provides additional information regarding financial statement lines that are most relevant to explaining the capital investment made that allows Elders to generate its operating result during the period and liabilities incurred as a result.
Net debt	Provides additional information regarding financial statement lines that are most relevant to explaining Elders' net debt position and borrowings for the period.
Risk management	Provides information relating to Elders' exposure to various financial risks, its impact on the financial position and performance of Elders and how these risks are managed.
Equity	Provides additional information regarding financial statement lines that are most relevant to explaining the equity position of Elders at the end of the period, including the dividends declared and/or paid during the period.
Group structure	Summarises how the group structure affects the financial position and performance of Elders as a whole.
Other information	Includes other information that must be disclosed to comply with the accounting standards and other pronouncements, but that is not immediately related to individual line items in the financial statements.

GROUP PERFORMANCE — NOTE 1: SEGMENT INFORMATION

Identification of reportable segments

Elders has identified its operating segments to be Branch Network, Wholesale Products, Feed and Processing Services and Corporate Services and Other Costs. These segments were disclosed as Network, Feed and Processing and Other respectively in the 30 September 2019 financial statements. In the current period, a new segment has been identified, Wholesale Products, which represents the AIRR business acquired in November 2019. These operating segments are the basis on which internal reports are reviewed and used by the Chief Executive Officer (the chief operating decision maker) in assessing performance and in determining allocation of resources. Discrete financial information about each of these operating businesses is reported to the Chief Executive Officer on at least a monthly basis. Elders operates predominantly within Australia. All other geographical operations are not material to the financial statements.

Type of product and service

- Branch Network includes the provision of a range of products and services through a common distribution channel, including agricultural retail products, agency services and financial services.
- Wholesale Products includes the AIRR business based in Shepparton, Victoria, supported by a network of eight warehouses to supply independent retail stores throughout Australia.
- Feed and Processing Services includes Killara feedlot, a beef cattle feedlot near Tamworth in New South Wales. In China, Elders imports, processes and distributes premium Australian meat. Elders has sold the Indonesian Feedlot and Abattoir assets and decided to close the remaining Retail business in the prior period.
- Corporate Services and Other Costs segment includes the general investment activities not associated with the other business segments and the administrative corporate office activities, including centrally held costs not allocated to the other segments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2020

GROUP PERFORMANCE — NOTE 1: SEGMENT INFORMATION

Accounting policies and intersegment transactions

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

	Branch Network	Wholesale Products	Feed and Processing Services	Corporate Services and Other Costs	Total
	$000	$000	$000	$000	$000
2020					
Sale of goods and biological assets	1,383,560	245,619	149,645	478	1,779,302
Debtor interest associated with sales	7,412	-	-	-	7,412
Interest revenue from related party advances	4,226	-	-	-	4,226
Commission revenue	301,678	-	-	-	301,678
Sales revenue	1,696,876	245,619	149,645	478	2,092,618
Equity accounted profits	7,281	-	-	-	7,281
Earnings before interest, tax, depreciation and amortisation	179,499	28,392	8,150	(60,859)	155,182
Depreciation and amortisation	(2,903)	(3,729)	(1,127)	(855)	(8,614)
Depreciation on right-of-use assets	(28,254)	(2,660)	(416)	(1,848)	(33,178)
Segment result	148,342	22,003	6,607	(63,562)	113,390
Interest expense					(5,197)
Unwinding discount expense in regards to liabilities					(1,289)
Fair value adjustments of financial instruments					(216)
Interest on lease liability					(2,623)
Finance costs					(9,325)
Profit from ordinary activities before tax					104,065
Segment result	148,342	22,003	6,607	(63,562)	113,390
Continuing profit/(loss) before net borrowing costs and tax expense	148,342	22,003	6,607	(63,562)	113,390
Interest expense					(5,197)
Unwinding discount expense in regards to liabilities					(1,289)
Fair value adjustments of financial instruments					(216)
Interest on lease liability					(2,623)
Finance costs					(9,325)
Continuing profit before tax expense					104,065
Segment assets	969,071	265,616	79,805	239,573	1,554,065
Segment liabilities	485,566	74,297	13,511	308,365	881,739
Net assets	483,505	191,319	66,294	(68,792)	672,326
Carrying value of equity accounted investments	56,473	-	-	-	56,473
Acquisition of non current assets (cash outflow)	120,147	-	2,197	1,728	124,072
Non cash income/(expense) other than depreciation and amortisation	(7,270)	-	(440)	(13,472)	(21,182)
Profit/(loss) on sale of non current assets	524	-	-	-	524

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2020

GROUP PERFORMANCE — NOTE 1: SEGMENT INFORMATION

	Branch Network	Wholesale Products	Feed and Processing Services	Corporate Services and Other Costs	Total
	$000	$000	$000	$000	$000
2019					
Sale of goods and biological assets	1,189,514	-	158,300	591	1,348,405
Debtor interest associated with sales	6,343	-	-	-	6,343
Interest revenue from related party advances	2,763	-	-	-	2,763
Commission revenue	276,892	-	-	-	276,892
Sales revenue	1,475,512	-	158,300	591	1,634,403
Equity accounted profits	6,313	-	-	-	6,313
Earnings before interest, tax, depreciation and amortisation	109,124	-	7,707	(46,412)	70,419
Depreciation and amortisation	(3,098)	-	(1,024)	(1,008)	(5,130)
Segment result	106,026	-	6,683	(47,420)	65,289
Interest expense					(6,791)
Fair value adjustments of financial instruments					(934)
Unwinding discount expense in regards to liabilities					(3,046)
Finance costs					(10,771)
Profit from ordinary activities before tax					54,518
Segment result	106,026	-	6,683	(47,420)	65,289
Discontinued operations results	1,479	-	4,418	-	5,897
Continuing profit/(loss) before net borrowing costs and tax expense	107,505	-	11,101	(47,420)	71,186
Interest expense					(6,791)
Fair value adjustments of financial instruments					(934)
Unwinding discount expense in regards to liabilities					(3,046)
Finance costs					(10,771)
Continuing profit before tax expense					60,415
Segment assets	772,423	-	69,646	174,661	1,016,730
Segment liabilities	327,379	-	9,214	187,254	523,847
Net assets	445,044	-	60,432	(12,593)	492,883
Carrying value of equity accounted investments	53,746	-	-	-	53,746
Acquisition of non current assets (cash outflow)	40,587	-	2,197	1,728	44,512
Non cash income/(expense) other than depreciation and amortisation	(4,862)	-	(80)	5,421	479
Profit on sale of non current assets	166	-	-	-	166

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2020

GROUP PERFORMANCE — NOTE 2: DISCONTINUED OPERATIONS

There were no discontinued operations in the current period. In the prior period, Elders sold the Indonesian Feedlot and Abattoir assets and closed the remaining Retail business. Additionally, Elders impaired its investment in Elders Financial Planning Pty Ltd (49% share) as a consequence of Elders Financial Planning exiting its business. As required by AASB 5 Non-current Assets Held for Sale and Discontinued Operations, the 2019 comparative discontinued operations disclosed below has been represented to show the effects of this classification.

	Cont 2020	Disc 2020	Total 2020	Cont 2019	Disc 2019	Total 2019
	$000	$000	$000	$000	$000	$000
Sales revenue	2,092,618	-	2,092,618	1,626,032	8,371	1,634,403
Cost of sales	(1,662,371)	-	(1,662,371)	(1,280,242)	(8,756)	(1,288,998)
Gross profit	430,247	-	430,247	345,790	(385)	345,405
Equity accounted profits	7,281	-	7,281	6,313	-	6,313
Distribution expenses	(258,241)	-	(258,241)	(234,105)	-	(234,105)
Administration expenses	(58,658)	-	(58,658)	(44,344)	(1,136)	(45,480)
Other items of income/(expense)	(7,239)	-	(7,239)	(2,468)	(4,376)	(6,844)
Profit/(loss) before finance costs and tax expense	113,390	-	113,390	71,186	(5,897)	65,289
Finance costs	(9,325)	-	(9,325)	(10,771)	-	(10,771)
Profit/(loss) before tax expense	104,065	-	104,065	60,415	(5,897)	54,518
Income tax benefit/(expense)	21,221	-	21,221	17,336	(1,127)	16,209
Net profit/(loss) for year	125,286	-	125,286	77,751	(7,024)	70,727
Net profit attributable to non-controlling interest	(2,339)	-	(2,339)	(1,792)	-	(1,792)
Net profit/(loss) attributable to members of the parent entity	122,947	-	122,947	75,959	(7,024)	68,935

Revenue and expenses						
Sales revenue:						
Sale of goods and biological assets	1,779,302	-	1,779,302	1,340,034	8,371	1,348,405
Debtor interest associated with sales	7,412	-	7,412	6,343	-	6,343
Interest revenue from related party advances	4,226	-	4,226	2,763	-	2,763
Commission revenue	301,678	-	301,678	276,892	-	276,892
	2,092,618	-	2,092,618	1,626,032	8,371	1,634,403
Other income/(expense):						
Acquisition/divestment costs	(3,283)	-	(3,283)	(983)	-	(983)
Insurance related proceeds/(expenditure)	(1,114)	-	(1,114)	3,486	-	3,486
Fair value adjustments on foreign exchange contracts	(2,085)	-	(2,085)	-	-	-
Other adjustments to equity accounted investments	(757)	-	(757)	-	-	-
IT infrastructure transition	-	-	-	(1,064)	-	(1,064)
Restructure and redundancy costs	-	-	-	(2,265)	-	(2,265)
Additional costs associated with previously acquired businesses	-	-	-	(1,642)	-	(1,642)
Exit of Elders Financial Planning network	-	-	-	-	(1,479)	(1,479)
Sale and closure of Indonesian business	-	-	-	-	(2,897)	(2,897)
	(7,239)	-	(7,239)	(2,468)	(4,376)	(6,844)

The net cash flow of the discontinued operations is as follows:

	2020	2019
	$000	$000
Operating activities	-	(1,983)
Investing activities	-	2,700
Financing activities	-	(1,133)
Net cash inflow/(outflow)	-	(416)

Accounting Policy

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale, 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2020

GROUP PERFORMANCE — NOTE 3: REVENUE AND EXPENSES

	Note	2020 $000	2019 $000
Sales revenue			
Sale of goods and biological assets		1,779,302	1,340,034
Debtor interest associated with sales		7,412	6,343
Interest revenue from related party advances	27	4,226	2,763
Commission revenue		301,678	276,892
		2,092,618	1,626,032
Discontinued operations	2	-	8,371
		2,092,618	1,634,403
Other items of income/(expense)			
Acquisition/divestment costs		(3,283)	(983)
Insurance related proceeds/(expenditure)		(1,114)	3,486
Fair value adjustments on foreign exchange contracts		(2,085)	-
Other adjustments to equity accounted investments		(757)	-
IT infrastructure transition		-	(1,064)
Restructure and redundancy costs		-	(2,265)
Additional costs associated with previously acquired businesses		-	(1,642)
		(7,239)	(2,468)
Discontinued operations	2	-	(4,376)
		(7,239)	(6,844)
Finance costs			
Interest expense		5,197	6,791
Unwinding discount expense in regards to liabilities		1,289	3,046
Fair value adjustments of financial instruments		216	934
Interest on lease liability		2,623	-
		9,325	10,771
Specific expenses: depreciation and amortisation			
Depreciation and amortisation		8,614	5,130
Depreciation on right-of-use assets		33,178	-
		41,792	5,130
Specific expenses: employee benefit expense			
Salaries, wages and incentives		166,309	146,454
Superannuation and other employee costs		32,188	28,897
Share based payments		1,945	1,812
		200,442	177,163
Discontinued operations		-	986
		200,442	178,149
Operating lease expenditure		1,569	34,856

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2020

GROUP PERFORMANCE — NOTE 3: REVENUE AND EXPENSES

Accounting Policy

Elders recognises revenue as or when each performance obligation from contracts with customers are satisfied and considers whether there are separate elements of each transaction to which a portion of the transaction price needs to be allocated. The majority of Elders' revenue is recognised at a point in time and attributable to the sale of retail products, wholesale products, provision of agency services and real estate services, with the exception being certain financial services revenue which is recognised over a period of time. There were no significant judgements in revenue recognition. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of goods and biological assets

Revenue from the sale of goods predominantly relates to sale of agricultural retail products and wholesale products, and is recognised at the point in time when control has been transferred to the customer, generally through the execution of a sales agreement at point of sale or when the delivery of goods has occurred.

(ii) Commission revenue

Commission revenue is derived from the rendering of agency services, real estate services and financial services and is generally recognised at the point in time when the service is provided. In some cases, Elders will enter into contracts with customers that contain multiple performance obligations and revenue will be recognised as each of these is satisfied. The transaction price is allocated to each performance obligation accordingly.

(iii) Interest revenue

Interest income predominantly relates to revenue derived from trade receivables related to the sale of agricultural retail products and is recognised as it accrues using the effective interest rate method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2020

GROUP PERFORMANCE — NOTE 4: INCOME TAX

Significant Accounting Judgements, Estimates and Assumptions

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.

(a) Major components of income tax expense are:

	2020	2019
	$000	$000
Income statement		
Current income tax expense	(1,337)	(1,895)
Adjustments in respect of current income tax of previous years	(103)	(181)
Deferred income tax benefit	22,661	18,285
Income tax benefit reported in the statement of comprehensive income	21,221	16,209

(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 Elders' effective income tax rate is as follows:

	2020	2019
Accounting profit/(loss) before tax from:		
• Continuing operations	104,065	60,415
• Discontinued operations	-	(5,897)
Total accounting profit before tax	104,065	54,518
Income tax expense at 30% (2019: 30%)	(31,220)	(16,355)
Adjustments in respect of current income tax of previous years	(103)	(181)
Share of equity accounted profits	1,957	1,894
Non-assessable losses	(944)	(955)
Recognition of previously unrecognised losses	53,324	35,705
Other	(1,793)	(3,899)
Income tax benefit as reported in the statement of comprehensive income	21,221	16,209
Aggregate income tax benefit/(expense) is attributable to:		
• Continuing operations	21,221	17,336
• Discontinued operations	-	(1,127)
	21,221	16,209
Current tax payable/(receivable)	1,034	(398)

Tax losses not recognised as an asset

Elders has tax losses for which no deferred tax asset is recognised in the statement of financial position of $42.7 million (2019: $95.8 million) which are available indefinitely for offset against future taxable profits subject to continuing to meet relevant statutory tests.

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 2020

GROUP PERFORMANCE — NOTE 4: INCOME TAX

(c) Major components of deferred income tax:

	Statement of Financial Position		Movement	
	2020	2019	**2020**	2019
	$000	$000	$000	$000
Deferred income tax assets				
Losses available to offset against future taxable income	116,113	100,613	15,500	18,576
Provision for employee entitlements	19,189	13,066	6,123	(1,809)
Other provisions	3,498	2,947	551	1,290
Capitalised expenses	3,563	3,830	(267)	1,314
Lease liabilities	31,334	-	31,334	-
Other	636	1,233	(597)	81
Gross deferred income tax assets	174,333	121,689	52,644	19,452
Deferred income tax liabilities				
Inventory	(1,695)	(1,471)	(224)	(599)
Intangibles	(38,080)	(22,513)	(15,567)	83
Right-of-use assets	(30,254)	-	(30,254)	-
Other	(537)	(521)	(16)	234
Gross deferred income tax liabilities	(70,566)	(24,505)	(46,061)	(282)
Movement in net deferred tax asset			6,583	19,170
Deferred income tax benefit recognised in the statement of comprehensive income			22,661	18,285
Deferred income tax assets/(liabilities) recognised for acquisitions of businesses (principally related to acquired intangibles)			(16,078)	(486)
Deferred income tax benefit recognised in equity			-	1,371
			6,583	19,170
Net deferred tax asset	103,767	97,184		

Accounting Policy

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.

Deferred income tax is recognised on temporary differences. Deferred income tax assets are recognised for taxable temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences.

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.

Other taxes

Revenues, expenses and assets are recognised net of the amount of GST. Receivables and payables are stated inclusive of the amount of GST receivable or payable. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2020

GROUP PERFORMANCE — NOTE 5: EARNINGS PER SHARE

	2020	2019
Weighted average number of ordinary shares ('000) used in calculating basic EPS	154,094	121,006
Dilutive performance rights ('000)	975	1,785
Adjusted weighted average number of ordinary shares used in calculating dilutive EPS ('000)	155,069	122,791

The following reflects the net profit/(loss) and share data used in the calculations of earnings per share (EPS):

	2020	2019
	$000	$000
Reported operations		
Basic and dilutive		
Net profit attributable to members (after tax)	122,947	68,935
Reported operations:		
Basic earnings per share (cents per share)	79.8 ¢	57.0 ¢
Diluted earnings per share (cents per share)	79.3 ¢	56.1 ¢
Continuing operations		
Basic		
Net profit attributable to members (after tax)	122,947	68,935
Less: Net loss/(profit) of discontinued operations (net of tax)	-	7,024
Net profit of continuing operations (net of tax)	122,947	75,959
Continuing operations earnings per share:		
Basic earnings per share (cents per share)	79.8 ¢	62.8 ¢
Diluted earnings per share (cents per share)	79.3 ¢	61.9 ¢
Discontinued operations		
Net (loss)/profit of discontinued operations (net of tax)	-	(7,024)
Discontinued operations earnings per share:		
Basic earnings per share (cents per share)	- ¢	(5.8)¢
Diluted earnings per share (cents per share)	- ¢	(5.8)¢

Accounting Policy

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2020

WORKING CAPITAL — NOTE 6: RECEIVABLES

	2020	2019
	$000	$000
Current		
Trade debtors	571,620	439,480
Loss allowance	(8,245)	(4,641)
	563,375	434,839
Amounts receivable from equity accounted investments	21,185	34,341
Livestock deferred receivables	6,523	-
Prepayments	2,375	2,419
Other receivables	8,376	9,532
Total current receivables	601,834	481,131

Included in trade debtors is $74.1 million (2019: $85.5 million) which is subject to credit insurance with various terms and conditions.

Trade debtors are generally on 30 to 90 day terms with the exception of Livestock debtors which are on 10 day terms. In some instances, deferred terms in excess of 90 days are offered, where Elders also receives extended creditor terms.

In line with AASB 9, trade debtors are reviewed in accordance with the simplified approach to measuring expected credit losses based on the payment profile of sales over a period of five years and the corresponding historical credit losses experienced within this period, which is reassessed annually. The historical loss rates are adjusted to reflect current and forward-looking information (including agricultural specific macroeconomic factors) affecting the ability of the customers to settle the debtors. An additional loss allowance of $1.6 million has been recognised to reflect forward-looking macroeconomic factors. On that basis, the loss allowance for trade debtors was determined as follows:

	Current	1-30 days past due	31-60 days past due	61-90 days past due	+91 days past due	Total
	$000	$000	$000	$000	$000	$000
2020						
Expected loss rate	< 1%	< 1%	< 1%	< 1%	45%	
Gross carrying amount	472,309	65,611	8,052	8,732	16,916	571,620
Loss allowance	309	156	78	76	7,626	8,245
2019						
Expected loss rate	< 1%	< 1%	< 1%	< 1%	25%	
Gross carrying amount	327,005	83,887	7,937	4,028	16,623	439,480
Loss allowance	109	235	79	56	4,162	4,641

Reconciliation of loss allowances for trade debtors at beginning and end of period:

	2020
	$000
Opening loss allowance	4,641
Increase in loss allowance recognised in profit or loss	3,741
Trade debtors written off	(727)
Increase in loss allowance through acquisitions	590
Closing loss allowance	8,245

Related party receivables

For terms and conditions of related party receivables, including from equity accounted investments, refer to note 27.

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 17.

Foreign exchange and interest rate risk

Details regarding the foreign exchange and interest rate risk exposure are disclosed in note 17, including those relating to derivative related balances.

Accounting Policy

Trade receivables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest rate method, less expected credit losses. To measure the expected credit losses, trade receivables have been grouped on days past due. The expected credit loss rates are based on payment profile over a historical period and the credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Livestock deferred receivables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest rate method. All balances hold a maturity of less than 12 months. Interest on livestock deferred receivables is recognised as it accrues using the effective interest rate method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2020

WORKING CAPITAL — NOTE 7: BIOLOGICAL ASSETS

Livestock	2020	2019
	$000	$000
Current		
Fair value at the end of the period	44,734	35,309

At balance date 20,178 head of cattle (2019: 21,273) are included in livestock. This represents cattle held in Australia for feedlotting purposes.

Elders is exposed to a number of risks related to its livestock:

Regulatory and environmental risks

Elders 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.

Supply and demand risk

Elders 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. Elders is exposed to risks arising from fluctuations in price and sales volumes, and product substitution. Where possible, Elders manages these risks by aligning volumes with market supply and demand, and through the sale of livestock on forward contracts.

Other risks

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

Accounting Policy

Elders holds biological assets in the form of livestock. Livestock is measured at fair value internally as there is no observable market for them. Where there are unobservable inputs for an asset or liability, these are classified as Level 3 Price Inputs. The value is based on the estimated exit price per kilogram and the value changes for the weight of each animal as it progresses through the feedlot program. The key factors affecting the value of each animal are price/kg, days on feed and the feed conversion ratio. The market value increments or decrements are recorded in profit and loss.

Significant changes in any of the significant unobservable valuation inputs for feedlot cattle in isolation would result in significantly higher or lower fair value measurement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2020

WORKING CAPITAL — NOTE 8: INVENTORY

Significant Accounting Judgements, Estimates and Assumptions

Accounting for rebates

Elders receives rebates associated with the purchase of retail goods from suppliers. These vary in nature and include price and volume rebates. Rebates received, in line with the relevant contractual arrangements, are recognised as a reduction to cost of sales when the sale of the particular product occurs. Inventory on hand is recognised net of rebates.

Elders pays rebates associated with the sales of wholesale goods to suppliers. These vary in nature and include price and volume rebates. Rebates paid, in line with the relevant contractual arrangements, are recognised as a reduction to sales revenue when the sale of the particular product occurs.

	2020	**2019**
	$000	$000
Current		
Retail and Wholesale	244,322	138,323
Other	11,608	7,798
Total inventory	255,930	146,121

Inventory write-downs recognised as an expense totalled $3.0 million (2019: $1.1 million). There were no additional write-downs recognised to the carrying values of inventories from the impact of COVID-19 at 30 September 2020.

Accounting Policy

Inventories are valued at the lower of cost and net realisable value. Costs are assigned to individual items of inventory predominately on the basis of weighted average cost. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Supplier rebates received are recognised as a reduction in the cost of inventory and are recorded as a reduction in cost of sales when the inventory is sold.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2020

WORKING CAPITAL — NOTE 9: TRADE AND OTHER PAYABLES

	2020	2019
	$000	$000
Current		
Trade creditors	452,775	314,605
Payables associated with supplier financing arrangements	8,257	-
Other creditors and accruals	54,539	42,974
Payables to associated companies	1,549	1,645
	517,120	359,224
Non current		
Other creditors and accruals	7,177	16,287
Total trade and other payables	524,297	375,511

Interest rate, foreign exchange and liquidity risk

Information regarding interest rate, foreign exchange and liquidity risk exposure is set out in note 17, including those relating to derivative forward contracts.

Accounting Policy

Trade and other payables are carried at amortised cost and due to their short term nature they are not discounted. The carrying amount of trade and other payables are assumed to be the same as their fair values. They represent liabilities for goods and services provided to Elders prior to the end of the financial year that remain unpaid and arise when Elders 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 Elders 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. Information regarding financial guarantees is set out in note 16.

Payables associated with supplier financing arrangements

To manage the cash flow conversion cycle on some products procured and to ensure that suppliers receive payment in a time period that suits their business model, Elders offers some suppliers the opportunity to use supplier financing arrangements. Elders evaluates supplier financing arrangements against a number of indicators to assess if the balance continues to hold the characteristics of a payable or is required to be reclassified as borrowings. These indicators include whether the payment terms exceed customary payment terms within the industry of typically less than 90 days. During the course of the year and as at 30 September 2020, none of the balances subject to supplier financing arrangements met the characteristics to be reclassified as borrowings and the balances remained in other payables. Balances associated with supplier financing arrangements are unsecured. In the statement of cash flows supplier financing is classified within cash flows from operating activities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2020

CAPITAL EMPLOYED — NOTE 10: PROPERTY, PLANT AND EQUIPMENT

Significant Accounting Judgements, Estimates and Assumptions

Impairment of non-financial assets other than brand names and goodwill

Elders assesses impairment of all assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. These include product 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 Elders' policy to conduct bi-annual internal reviews of asset values, which are used as sources of information to assess for indicators of impairment. Assets have been tested for impairment in accordance with the accounting policies, including the determination of recoverable amounts of assets using the higher of value in use and fair value less cost to sell.

Reconciliation of carrying amounts at beginning and end of period:

	Freehold land	Buildings	Leasehold improvements	Plant and equipment (owned)	Plant and equipment (leased)	Assets under construction	Total
	$000	$000	$000	$000	$000	$000	$000
2020							
Carrying amount at beginning of period	3,418	7,860	5,207	8,780	1,378	762	27,405
Transfers to right-of-use assets	-	-	-	-	(1,378)	-	(1,378)
Additions	-	3,623	161	3,352	-	242	7,378
Additions through business combinations	102	-	-	2,876	-	-	2,978
Disposals	(4)	(105)	(15)	(276)	-	-	(400)
Depreciation expense	-	(605)	(853)	(2,338)	-	-	(3,796)
Exchange fluctuations	-	-	-	81	-	-	81
Transfers from assets under construction	-	646	-	-	-	(646)	-
Other	-	-	2	(2)	-	-	-
Carrying amount at end of period	3,516	11,419	4,502	12,473	-	358	32,268
Cost	3,516	19,222	12,817	30,541	-	358	66,454
Accumulated depreciation and impairment	-	(7,803)	(8,315)	(18,068)	-	-	(34,186)
	3,516	11,419	4,502	12,473	-	358	32,268
2019							
Carrying amount at beginning of period	3,418	6,842	5,671	9,475	1,641	271	27,318
Additions	-	1,396	408	1,163	434	751	4,152
Additions through business combinations	-	-	-	196	-	-	196
Disposals	-	(24)	(40)	(45)	-	-	(109)
Depreciation expense	-	(578)	(832)	(1,802)	(697)	-	(3,909)
Impairment	-	-	-	(214)	-	-	(214)
Exchange fluctuations	-	-	-	7	-	-	7
Transfers from assets under construction	-	224	-	-	-	(260)	(36)
Carrying amount at end of period	3,418	7,860	5,207	8,780	1,378	762	27,405
Cost	3,418	15,849	12,958	26,448	2,825	762	62,260
Accumulated depreciation and impairment	-	(7,989)	(7,751)	(17,668)	(1,447)	-	(34,855)
	3,418	7,860	5,207	8,780	1,378	762	27,405

All property, plant and equipment is pledged as security, refer to note 16 for interest bearing loans and borrowings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2020

CAPITAL EMPLOYED — NOTE 10: PROPERTY, PLANT AND EQUIPMENT

Accounting Policy

Property, plant and equipment are 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, Elders recognises such parts as individual assets with specific useful lives and depreciates them accordingly. 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
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 depreciation 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2020

CAPITAL EMPLOYED — NOTE 11: LEASES

Significant Accounting Judgements, Estimates and Assumptions

Accounting for leases

In determining the lease term, Elders considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Elders holds leases of operational importance (e.g. rural cornerstone property leases) which are expected to be extended for the maximum available lease term. Leases of this nature have been assessed using the extended lease term. For all other leases, the lease term excluding extension and termination options has been applied. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of Elders.

Where Elders is a lessee:

(a) Amounts recognised in the balance sheet

Reconciliation of carrying amounts of right-of-use assets at beginning and end of period:

	Properties	Motor vehicles	Other	Total
	$000	$000	$000	$000
2020				
Right-of-use assets recognised on transition at 1 October 2019	96,655	20,172	1,065	117,892
Reclassification of lease incentives on transition	(2,356)	-	-	(2,356)
Additions	-	4,819	-	4,819
Additions through entities acquired	14,761	-	-	14,761
Depreciation expense	(21,262)	(11,648)	(268)	(33,178)
Lease modifications	(1,076)	-	(60)	(1,136)
Carrying amount at end of period	86,722	13,343	737	100,802

Reconciliation of carrying amounts of lease liabilities at beginning and end of period:

	2020
	$000
Lease liabilities recognised on transition at 1 October 2019	117,892
Additions	4,819
Additions through entities acquired	14,761
Interest expense	2,623
Lease modifications	(1,136)
Repayments of principal	(34,458)
Carrying amount at end of period	104,501
Lease liabilities of which are:	
• Current lease liabilities	28,500
• Non current lease liabilities	76,001
	104,501

(b) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

Depreciation expense of right-of-use assets which relates to:	
• Properties	(21,262)
• Motor vehicles	(11,648)
• Other	(268)
Low value leases	(1,569)
Interest expense on lease liabilities	(2,623)
Total amount recognised in profit or loss	(37,370)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2020

CAPITAL EMPLOYED — NOTE 11: LEASES

(c) Amounts recognised in segment disclosures

Segment Information in note 1 includes the following amounts related to leases:

	Segment Result	Segment Assets	Segment Liabilities
	$000	$000	$000
2020			
Branch Network	1,234	70,254	70,874
Wholesale Products	97	11,637	11,873
Feed and Processing Services	35	1,544	1,561
Corporate Services and Other Costs	(31)	17,367	20,193
	1,335	100,802	104,501

Accounting Policy

Elders leases various offices, warehouses, retail stores and motor vehicles. Rental contracts are typically made for an average period of three years but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, however leased assets may not be used as security for borrowing purposes.

From 1 October 2020, leases are recognised as a right-of-use asset with a corresponding liability at the date at which the leased asset is available for use. Each lease payment is allocated between the liability and interest expense. The interest expense is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option

Lease payments are discounted using Elders incremental borrowing rate, being the rate Elders would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Elders is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received

Payments associated with leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Low-value assets comprise of IT equipment and office equipment. Elders does not have any short term leases with a lease term of 12 months or less.

Extension and termination options

Extension and termination options are included in Elders' property leases. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of the extension and termination options held are exercisable only by Elders and not by the respective lessor.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2020

CAPITAL EMPLOYED — NOTE 12: INTANGIBLES

Significant Accounting Judgements, Estimates and Assumptions

Impairment of brand names and goodwill

Elders assesses impairment of assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. These include product 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 Elders' policy to conduct bi-annual internal reviews for indicators of impairment. If indicators exist, assets are tested for impairment through determination of recoverable amounts of assets using the higher of value in use and fair value less cost to sell.

Elders determines whether the brand names and goodwill are impaired or whether it is appropriate to reverse any previous impairments on an annual basis. This requires an estimation of the recoverable amount of the associated cash-generating units, using a value in use discounted cash flow methodology, to which the brand names or goodwill is allocated.

Reconciliation of carrying amounts at beginning and end of period:

	Goodwill	Rent rolls & loan books	Brand names	Distribution rights	Customer Intangibles	Other	Total
	$000	$000	$000	$000	$000	$000	$000
Non current							
2020							
Carrying amount at beginning of period	59,977	8,576	71,360	23,000	-	3,941	166,854
Additions	-	491	-	-	-	1,220	1,711
Additions through business combinations	86,975	278	7,802	-	47,621	142	142,818
Amortisation	-	(1,131)	-	-	(3,145)	(542)	(4,818)
Impairment	-	-	-	-	-	(318)	(318)
Carrying amount at end of period	146,952	8,214	79,162	23,000	44,476	4,443	306,247
Cost	146,952	11,693	79,162	23,000	47,621	5,574	314,002
Accumulated amortisation and impairment	-	(3,479)	-	-	(3,145)	(1,131)	(7,755)
	146,952	8,214	79,162	23,000	44,476	4,443	306,247
2019							
Carrying amount at beginning of period	47,918	7,563	71,148	-	-	2,362	128,991
Additions	-	-	-	23,000	-	1,797	24,797
Additions through business combinations	12,059	1,980	212	-	-	-	14,251
Transfers from assets under construction	-	-	-	-	-	36	36
Amortisation	-	(967)	-	-	-	(254)	(1,221)
Carrying amount at end of period	59,977	8,576	71,360	23,000	-	3,941	166,854
Cost	59,977	10,924	71,360	23,000	-	4,212	169,473
Accumulated amortisation and impairment	-	(2,348)	-	-	-	(271)	(2,619)
	59,977	8,576	71,360	23,000	-	3,941	166,854

For impairment testing purposes, all intangibles except for the Elders' Brand Name have been allocated to the Branch Network and Wholesale Products cash generating units as applicable. For Branch Network, $72.6 million of goodwill, $11.2 million of brand names and $23.0 million of distribution rights were allocated for impairment testing. For Wholesale Products, $74.3 million of goodwill and $7.6 million of brand names were allocated for impairment testing. The Elders Brand Name has not been allocated to individual cash generating units but rather assessed against all cash generating units expected to benefit from it.

The recoverable amount of cash generating units 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 10.0% pre-tax (2019: 9.7% pre-tax) which has been determined based on a weighted average cost of capital calculation which incorporates the specific risks relating to the cash generating units identified.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2020

CAPITAL EMPLOYED — NOTE 12: INTANGIBLES

The calculation of value in use for cash generating units was based on the following key assumptions:

Gross margin

Gross margin is expected to increase in financial year 2021 due to:

- increased earnings from geographical expansion through acquisitions and footprint growth
- higher earnings from continued organic growth focus across our product and service portfolio
- full year impact of AIRR and other acquisition earnings
- additional growth through the continued expansion of the backward integration strategy

Selling, general and administrative expenses

Ongoing emphasis on cost control will be offset by investment directly linked to margin improvement and control enhancement, including implementation of remuneration models which drive performance and growth.

Growth rate estimates

Cash flows are based on the 2021 budget. No growth rate for years 2 to 5 or perpetuity has been incorporated in the discounted cash flow.

Discount rates

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

Elders has reviewed the key assumptions in its impairment assessment to assess whether any changes to the assumptions, including in relation to the COVID-19 outbreak, would result in an impairment loss at 30 September 2020. Elders concluded that there were no reasonably possible changes to assumptions which would result in an impairment loss at 30 September 2020.

Accounting Policy

(i) Brand names

The brand name intangibles are deemed to have an indefinite useful life and are not amortised. The brand name value represents the value attributed to brands when acquired through business combinations and is carried at cost less accumulated impairment losses. The brand names have been determined to have an 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 the brands and the level of marketing support. The brands have been in the rural and regional Australian market for many years, and the nature of the industry Elders operates in is such that brand obsolescence is not common, if appropriately supported by advertising and marketing spend.

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

(ii) 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 indicator of impairment.

(iii) Rent rolls and loan books

Rent rolls and loan books have been acquired and are carried at cost less accumulated amortisation and impairment losses. These intangible assets have been determined to have finite useful lives and are amortised over their useful lives of 10 years and tested for impairment whenever there is an indicator of impairment.

(iv) Distribution rights

Amount relates to a livestock and wool delivery guarantee distribution right. After initial recognition, distribution rights are measured at cost less any accumulated impairment losses. These intangible assets have been assigned an indefinite life and are subject to impairment testing on an annual basis or whenever there is an indicator of impairment.

(v) Customer intangibles

Customer intangibles relates to wholesale and member relationships recognised as part of the AIRR acquisition and are carried at cost less accumulated amortisation and impairment losses. These intangible assets have been determined to have finite useful lives and are amortised over their useful lives of 10 to 15 years and tested for impairment whenever there is an indicator present.

(vi) Other

Other intangibles mainly relate to software and development of IT infrastructure and are carried at cost less accumulated amortisation and impairment losses. Software and IT intangible assets have been determined to have finite useful lives and are amortised over their useful lives of 5 years and tested for impairment whenever there is an indicator of impairment. Other intangibles also include indefinite life assets.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2020

CAPITAL EMPLOYED — NOTE 13: EQUITY ACCOUNTED INVESTMENTS

	Balance date	Ownership interest	
		2020	2019
		%	%
Auctions Plus Pty Ltd	30-Jun	50	50
Elders Financial Planning Pty Ltd	30-Sep	49	49
Elders Insurance (Underwriting Agency) Pty Ltd	31-Dec	20	20
StockCo Holdings Pty Ltd	30-Jun	30	30
Clear Grain Pty Ltd	30-Jun	30	30

	Consolidated entity investment		Contribution to net profit		Dividends received	
	2020	2019	2020	2019	2020	2019
	$000	$000	$000	$000	$000	$000
Auctions Plus Pty Ltd	2,176	1,297	1,699	849	821	913
Elders Insurance (Underwriting Agency) Pty Ltd	42,116	42,361	6,012	6,038	6,258	5,812
StockCo Holdings Pty Ltd	10,826	8,866	(1,339)	(614)	-	-
Clear Grain Pty Ltd	1,355	1,222	152	40	18	-
Equity accounted investments	56,473	53,746	6,524	6,313	7,097	6,725

All equity accounted investments are Australian resident companies. On 30 June 2020, Elders made a further capital injection of $3.3 million in StockCo Holdings Pty Ltd. In the prior period, Elders impaired its investment in Elders Financial Planning Pty Ltd (49% share) as a consequence of Elders Financial Planning exiting its business.

Elders Insurance (Underwriting Agency) Pty Ltd contribution to net profit for period ending 30 September 2020 includes an adjustment to the prior period related to the adoption of AASB 15. Excluding this item, which is included in other items of income and expense in note 3, the contribution to net profit from equity accounted investments is $7.3 million.

In addition to the contribution to Elders' net profit from its investment in StockCo Holdings Pty Ltd, Elders also receives income from other revenue streams. Further details are provided in note 27.

Summary financial information for equity accounted investees is as follows:

	Profit/(loss) after income tax	Assets	Liabilities
	$000	$000	$000
2020			
Auctions Plus Pty Ltd	3,399	6,835	2,484
Elders Insurance (Underwriting Agency) Pty Ltd	30,058	75,753	66,425
StockCo Holdings Pty Ltd	(4,465)	224,855	223,357
Clear Grain Pty Ltd	506	1,614	1,118
Total	29,498	309,057	293,384
2019			
Auctions Plus Pty Ltd	1,698	4,992	2,397
Elders Financial Planning Pty Ltd	(186)	1,991	960
Elders Insurance (Underwriting Agency) Pty Ltd	30,190	72,762	62,208
StockCo Holdings Pty Ltd	(2,050)	222,858	226,809
Clear Grain Pty Ltd	133	2,179	2,061
Total	29,785	304,782	294,435

Accounting Policy

Elders' equity accounted investments are accounted for using the equity method of accounting in the consolidated financial statements and at cost in the parent. Equity accounted investments are entities over which Elders has significant influence and that are neither subsidiaries nor joint ventures.

Under the equity method, equity accounted investments are carried in the consolidated financial statements at cost plus post acquisition changes in Elders' 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 statement of comprehensive income reflects Elders' share of the results of operations of the equity accounted investments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2020

CAPITAL EMPLOYED — NOTE 14: PROVISIONS

Reconciliation of carrying amounts at beginning and end of period:

	Employee benefits	Restructuring provisions	Make good	Onerous contracts	Other	Total
	$000	$000	$000	$000	$000	$000
2020						
As at beginning of period	43,774	2,535	271	59	132	46,771
Arising during year	25,638	380	570	-	2,181	28,769
Utilised	(7,858)	(1,722)	(47)	(59)	(122)	(9,808)
Unused amounts reversed	-	-	(100)	-	(10)	(110)
Discount rate adjustment	405	-	-	-	-	405
Provisions arising from entities acquired	2,189	-	-	-	-	2,189
	64,148	1,193	694	-	2,181	68,216
Disclosed as:						
Current	61,417	1,193	694	-	2,181	65,485
Non current	2,731	-	-	-	-	2,731
Total	64,148	1,193	694	-	2,181	68,216
2019						
As at beginning of period	49,866	100	196	227	465	50,854
Arising during year	5,064	2,535	121	-	117	7,837
Utilised	(11,958)	(100)	(46)	(168)	(120)	(12,392)
Unused amounts reversed	-	-	-	-	(330)	(330)
Discount rate adjustment	2,083	-	-	-	-	2,083
Provisions arising from entities acquired	67	-	-	-	-	67
Disposals of controlled entities	(1,348)	-	-	-	-	(1,348)
	43,774	2,535	271	59	132	46,771
Disclosed as:						
Current	41,231	2,535	271	59	132	44,228
Non current	2,543	-	-	-	-	2,543
Total	43,774	2,535	271	59	132	46,771

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2020

CAPITAL EMPLOYED — NOTE 14: PROVISIONS

Accounting Policy

Provisions are recognised when Elders 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 Elders 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.

Employee 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 high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(iii) Incentives

Includes corporate, network and other incentives. These are accrued throughout the reporting period, according to performance based measures.

Restructuring provisions

Provisions are only recognised when general recognition criteria provisions are fulfilled. Additionally, Elders 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.

Make Good (Restoration)

Where Elders has entered into 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, Elders recognises any impairment loss on the assets associated with that contract.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2020

NET DEBT — NOTE 15: CASH FLOW STATEMENT RECONCILIATION

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

	2020	2019
	$000	$000
Profit after income tax expense	125,286	70,727
Adjustments for non cash items:		
Depreciation and amortisation	41,792	5,130
Unwinding of discount in regards to payables	1,289	3,046
Equity accounted profits	(6,524)	(6,313)
Dividends from equity accounted investments	7,097	6,725
Fair value adjustments to equity accounted investments	-	(150)
Other fair value adjustments	2,525	(134)
Impairments	318	943
Doubtful debts	3,741	2,245
Employee entitlements	26,043	7,147
Other provisions	3,021	2,443
Other write downs	2,956	1,626
Net profit on sale of non current assets	(524)	(166)
Net tax movements	(21,229)	(21,195)
Other non cash items	1,945	3,138
	187,736	75,212
• (Increase)/decrease in receivables and other assets	(73,654)	(39,208)
• (Increase)/decrease in inventories	(61,905)	1,946
• Increase/(decrease) in payables and provisions	90,164	(26,714)
Net cash flows from operating activities	142,341	11,236

(b) Cash and cash equivalents

Cash at bank and in hand	50,741	7,313

(c) Net debt reconciliation

Cash and cash equivalents	50,741	7,313
Borrowings – repayment within one year	(158,691)	(100,695)
Borrowings – repayment after one year	(25,000)	(870)
Lease liabilities	(104,501)	-
Net debt	(237,451)	(94,252)
Cash and liquid investments	50,741	7,313
Gross debt – fixed interest rates	(164,501)	(61,416)
Gross debt – variable interest rates	(123,691)	(40,149)
Net debt	(237,451)	(94,252)

Non-cash investing and financing activities disclosed in other notes are:

- acquisition of right-of-use assets – note 11(b)
- shares issued a part of purchase consideration of a business combination – note 24
- dividend distributions through the issue of shares under the dividend reinvestment plan – note 21
- shares issued to eligible executives under Elders Long-Term Incentive Plan – note 28

At balance date, Elders held $29.8 million (2019: $23.5 million) of client monies in trust which are off balance sheet. The funds are held on behalf of clients in the Real Estate business and Elders is bound by the relevant legislation in each state in relation to controls and governance over the funds.

Accounting Policy

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2020

NET DEBT — NOTE 16: INTEREST BEARING LOANS AND BORROWINGS

	2020	2019
	$000	$000
Current		
Unsecured loans	3,467	-
Trade receivables and other working capital funding	155,224	100,149
Finance lease liabilities	-	546
	158,691	100,695
Non current		
Secured loans	25,000	-
Finance lease liabilities	-	870
	25,000	870
Total current and non current	183,691	101,565

Elders has complied with all applicable bank covenants throughout the reporting period.

Elders also has an ancillary facility in relation to contingent funding, such as bank guarantees. As at 30 September 2020, $6.5 million had been issued (2019: $6.6 million).

Assets pledged as security

Secured loans are secured by various fixed and floating charges over all the assets of Elders Limited (either directly or indirectly).

Trade receivables and other working capital funding is secured over the underlying debtors. This facility expires in December 2021.

Fair value

The carrying value of interest bearing liabilities approximates fair value.

As at 30 September 2019, Elders leased various properties and motor vehicles with a carrying amount of $1.4 million under finance leases expiring within 1 to 3 years. Finance lease liabilities were included in borrowings until 30 September 2019 and reclassified to lease liabilities on 1 October 2019 as a result of Elders adopting AASB 16 leases. Further details are provided in the note ‘about this report’.

Accounting Policy

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2020

RISK MANAGEMENT — NOTE 17: FINANCIAL INSTRUMENTS

Elders' principal financial instruments comprise cash, receivables, payables, interest bearing loans and borrowings, and derivatives.

Risk exposures and responses

Elders manages its exposure to key financial risks, including interest rate and currency risk in accordance with its financial risk management policy. The objective of the policy is to support the delivery of financial targets while protecting future financial security. The main risks arising from Elders' financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. Elders 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

Elders' exposure to market interest rates relates primarily to short-term debt obligations. The level of debt is disclosed in note 16. At 30 September 2020 interest on $60.0 million (2019: $60.0 million) of secured loans was hedged under a floating to fixed arrangement, meaning at balance date, Elders had the following mix of financial assets and liabilities exposed to Australian variable interest rate risk:

	2020	**2019**
	$000	$000
Financial assets		
Cash and cash equivalents	50,741	7,313
	50,741	7,313
Financial liabilities		
Interest bearing loans and liabilities	(123,691)	(40,149)
Net exposure	(72,950)	(32,836)

Elders 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.

The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance sheet date. At balance dates, 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)	
+ 100 basis points	(730)	(328)
– 100 basis points	730	328

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2020

RISK MANAGEMENT — NOTE 17: FINANCIAL INSTRUMENTS

(b) Liquidity risk

Liquidity risk arises from Elders' financial liabilities and the subsequent ability to meet our obligations to repay their financial liabilities as and when they fall due. Elders' objective is to maintain a balance between continuity of funding and flexibility through the use of committed available lines of credit. Elders manages its liquidity risk by monitoring the total cash inflows and outflows expected on a daily basis. Elders has established comprehensive risk reporting covering its business units that reflect expectations of management of the expected settlement of financial assets and liabilities. Elders has not identified or experienced additional liquidity risk as a result of COVID-19. As at 30 September 2020, Elders has $258.0 million of undrawn facilities.

(i) 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 2020. 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 Elders can be required to pay. When Elders is committed to make amounts available in instalments, each instalment is allocated to the earliest period in which we are 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 year
	$000	$000	$000	$000	$000
2020					
Non derivative financial assets:					
Cash and cash equivalents	50,741	50,741	50,741	-	-
Trade and other receivables	610,079	610,079	610,079	-	-
	660,820	660,820	660,820	-	-
Non derivative financial liabilities:					
Interest bearing loans and borrowings	(183,691)	(183,691)	(158,691)	-	(25,000)
Lease liabilities	(104,501)	(110,330)	(14,442)	(14,442)	(81,446)
Trade and other payables	(524,297)	(524,297)	(513,473)	(3,647)	(7,177)
Financial guarantees	-	(6,526)	(6,526)	-	-
	(812,489)	(824,844)	(693,132)	(18,089)	(113,623)
Net inflow/(outflow)	(151,669)	(164,024)	(32,313)	(18,089)	(113,623)
2019					
Non derivative financial assets:					
Cash and cash equivalents	7,313	7,313	7,313	-	-
Trade and other receivables	485,772	485,772	485,772	-	-
	493,085	493,085	493,085	-	-
Non derivative financial liabilities:					
Interest bearing loans and borrowings	(101,717)	(101,717)	(100,149)	(616)	(952)
Trade and other payables	(375,511)	(375,511)	(359,201)	(849)	(16,287)
Financial guarantees	-	(6,572)	(6,572)	-	-
	(477,228)	(483,800)	(465,922)	(1,465)	(17,239)
Net inflow/(outflow)	15,857	9,285	27,163	(1,465)	(17,239)

(ii) Derivative financial instruments

Due to the unique characteristics and inherent risks to derivative instruments, Elders separately monitors liquidity risk arising from transacting in derivative instruments. The following table details the liquidity risk arising from derivative financial assets and liabilities held by Elders at balance date. Net settled derivatives comprise interest rate hedges, which are recognised within receivables on the statement of financial position.

2020					
Derivative liabilities – net settled	(262)	(262)	(262)	-	-
Total outflow	(262)	(262)	(262)	-	-
2019					
Derivative liabilities – net settled	(803)	(803)	(803)	-	-
Total outflow	(803)	(803)	(803)	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2020

RISK MANAGEMENT — NOTE 17: FINANCIAL INSTRUMENTS

(c) Credit risk

Credit risk arises from Elders' financial assets, which comprise cash and cash equivalents, trade and other receivables, and derivative instruments. Elders' 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 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.

Trade receivables are reviewed in accordance with the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance. To measure expected losses, trade receivables have been grouped on days past due. Expected credit losses are based on the payment profile of sales over a period of 5 years and the historical default experience within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. Elders assessment of additional credit risk, given COVID-19 uncertainties, indicated an immaterial change, therefore no changes were made to loss allowances.

Elders minimises concentrations of credit risk by undertaking transactions with a large number of debtors in various locations. 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, limits and insurance positions. The amounts disclosed do not reflect expected losses and are shown gross of provisions. The maximum exposure to credit risk at the reporting date was:

	2020	2019
	$000	$000
Cash and cash equivalents	50,741	7,313
Trade and other receivables	610,079	485,772
	660,820	493,085
Location of credit risk		
Australia	653,672	486,424
Asia	6,956	6,661
Other	192	-
Total	660,820	493,085

(d) Foreign currency risk

Elders is exposed to movements in the exchange rates of a number of currencies. These are primarily generated from the following activities:

- purchase and sale contracts written in foreign currency
- receivables and payables denominated in foreign currencies
- commodity cash prices that are partially determined by movements in exchange rates

Foreign exchange risk is managed within Board approved limits using forward foreign exchange and foreign currency contracts. Where possible, exposures are netted off against each other to minimise the cost of hedging. Hedge accounting was not applied for the year ended 30 September 2020, with foreign currency contracts fair valued at balance date with gains and losses recognised immediately through the statement of comprehensive income. As at 30 September 2020, the amount outstanding on foreign currency contracts was a liability of $1.2 million (2019: $0.6 million asset).

As at 30 September 2020, Elders had the following AUD exposures to foreign currencies that were not designated in cash flow hedges:

Financial assets		
Cash and cash equivalents – CNY	1,949	515
Cash and cash equivalents – IDR	815	885
Cash and cash equivalents – other	192	151
Receivables – CNY	3,300	3,017
Receivables – IDR	893	2,092
	7,149	6,660
Financial liabilities		
Payables – CNY	(1,187)	(1,083)
Payables – IDR	(240)	(1,098)
Interest bearing loans and borrowings – CNY	(3,467)	-
	(4,894)	(2,181)
Net exposure	2,255	4,479

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2020

RISK MANAGEMENT — NOTE 17: FINANCIAL INSTRUMENTS

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)	
CNY	(60)	(245)
IDR	(147)	(188)
Other	(19)	(15)

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.

Accounting Policy

Elders uses forward currency contracts to hedge risks associated with foreign currency 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. Any gains or losses arising from changes in fair value of derivatives are taken directly to profit and loss.

From 1 October 2020, Elders will adopt the hedge accounting principles contained within AASB 9 Financial Instruments. As a result, the way Elders accounts for the movements in fair values for derivative financial instruments will change. To the extent hedges are effective, Elders will no longer recognise the movements in fair value of derivative financial instruments in profit and loss. For all hedges entered into from 1 October 2020, Elders will recognise the movements in fair value of the derivative financial instruments in reserves and only recognise the cumulative difference in the statement of comprehensive income when the hedged item is recognised.

(e) Fair value of financial assets and liabilities

Elders use 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

All forward exchange derivative contracts were measured at fair value using the level 2 method. Fair value of derivative instruments approximates the carrying value. The fair values of forward currency contracts are calculated by reference to current forward exchange rates for contracts with similar maturity profiles. Any gains or losses arising from changes in fair value of derivatives are taken directly to profit and loss.

The fair value of financial instruments as well as the method used to estimate the fair values are summarised in the table below:

	2020			2019		
	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 and liabilities						
Interest rate derivatives	-	(262)	-	-	(803)	-
Foreign currency derivatives	-	(1,201)	-	-	594	-
	-	(1,463)	-	-	(209)	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2020

EQUITY — NOTE 18: CONTRIBUTED EQUITY

	2020	2019
	$000	$000
Issued and paid up capital		
155,753,725 ordinary shares (September 2019: 141,650,621)	1,645,561	1,562,377

The movement in the dollar balance of share capital is a result of:

- $2.8 million of dividends where the shareholders have participated in the dividend reinvestment plan
- $80.4 million increase due to shares issued in relation to the scheme of arrangement to AIRR shareholders

The following ordinary shares were issued during the year:

- 668,192 shares issued upon vesting of performance rights in accordance with Elders' Long-Term Incentive Plan, including additional shares of 41,492 representing the value of dividends forgone during the performance period
- 384,911 shares issued in accordance with Elders' dividend reinvestment plan
- 13,050,001 shares issued in relation to the scheme of arrangement to AIRR shareholders

Elders 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.

Accounting Policy

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.

EQUITY — NOTE 19: RESERVES

Reconciliation of carrying amounts at beginning and end of period:

	Business combination reserve	Employee equity benefits reserve	Foreign currency translation reserve	Total
	$000	$000	$000	$000
2020				
Carrying amount at beginning of period	(27,495)	5,009	(4,744)	(27,230)
Exchange differences on translation of foreign operations	-	-	(742)	(742)
Cost of share based payments	-	1,945	-	1,945
Transfer to retained earnings	-	(1,643)	-	(1,643)
Carrying amount at end of period	(27,495)	5,311	(5,486)	(27,670)
2019				
Carrying amount at beginning of period	(25,945)	5,806	(5,895)	(26,034)
Exchange differences on translation of foreign operations	-	-	(108)	(108)
Transfer to statement of comprehensive income from sale or closure of controlled entity	-	-	1,259	1,259
Cost of share based payments	-	1,812	-	1,812
Transfer to retained earnings	-	(2,609)	-	(2,609)
Recognition of put options	(1,550)	-	-	(1,550)
Carrying amount at end of period	(27,495)	5,009	(4,744)	(27,230)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2020

EQUITY — NOTE 19: RESERVES

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.

Under agreements entered into with a number of non-controlling interests, the non-controlling shareholders have put options over their interests. These options are exercisable in accordance with the terms of each agreement. The potential liability for Elders under the put options is based on expectations of the exercise price and timing, discounted to present value using Elders' incremental borrowing rate. The recognition of the put options is reflected in the business combination reserve and as a financial liability within current liabilities.

(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, including exchange differences arising from loans which are deemed to be net investments in a foreign operation.

Accounting Policy

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.

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 disposed of, the proportionate share of exchange differences would be transferred out of equity and recognised in profit or loss.

EQUITY — NOTE 20: RETAINED EARNINGS

	2020	2019
	$000	$000
Retained earnings at the beginning of the financial year	(1,043,490)	(1,094,027)
Net profit attributable to owners of the parent	122,947	68,935
Dividends paid	(25,194)	(19,267)
Transfer from employee equity benefits reserve	1,643	2,609
Reallocation of equity	(2,796)	(1,740)
Retained earnings at the end of the financial year	(946,890)	(1,043,490)

EQUITY — NOTE 21: DIVIDENDS

On 13 December 2019, Elders paid a fully franked final dividend of 9 cents per share. This distribution totalled $14.0 million (2018: $10.5 million). The cash outflow was $12.0 million, with the difference reinvested by shareholders.

On 19 June 2020, Elders paid a fully franked interim dividend of 9 cents per share. This distribution totalled $14.0 million (2019: $10.5 million). The cash outflow was $13.2 million, with the difference reinvested by shareholders.

Subsidiary equity dividends on ordinary shares:		
Dividends paid to non-controlling interests during the year	2,240	2,341
Franking credits available to the parent for subsequent financial years based on tax rate of 30% (2019: 30%)	12,800	15,500

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2020

GROUP STRUCTURE — NOTE 22: INVESTMENTS IN CONTROLLED ENTITIES

(a) Schedule of controlled entities

	Country of Incorporation		% Held by Group	
			2020	2019
Ace Ohlsson Pty Limited	Australia	(a)	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	(e)	100	100
AIRR Apparent Pty Ltd	Australia	(a) (b) (c)	100	-
AIRR Belmark Pty Ltd	Australia	(a) (b) (c)	100	-
AIRR Holdings Limited	Australia	(a) (b) (c)	100	-
AIRR iO Pty Ltd	Australia	(a) (b) (c)	100	-
APO Administration Limited	Hong Kong SAR	(d)	100	100
APT Projects Pty Ltd	Australia	(e)	100	100
Aqa Oysters Pty Ltd	Australia	(e)	77	77
Argo Trust No. 2	Australia	(f)	100	100
Ashwick (Vic) No 102 Pty Ltd	Australia	(e)	100	100
Australian Independent Rural Retailers Pty Ltd	Australia	(a) (b) (c)	100	-
B & W Rural Pty Ltd	Australia		75.5	75.5
BWK Holdings Pty Ltd	Australia	(e)	100	100
Chemseed Australia Pty Ltd	Australia	(e)	100	100
Eastern Rural Pty Ltd	Australia	(c) (e)	100	-
Elders Automotive Group Pty Ltd	Australia	(e)	100	100
Elders Burnett Moore WA Pty Ltd	Australia	(e)	100	100
Elders China Trading Company	China		100	100
Elders Communications Pty Ltd	Australia	(e)	100	100
Elders Finance Pty Ltd	Australia	(a)	100	100
Elders Fine Foods (Shanghai) Company	China		100	100
Elders Fine Foods Vietnam Company Limited	Vietnam		100	100
Elders Forestry Finance Pty Ltd	Australia	(e)	100	100
Elders Forestry Management Pty Ltd	Australia	(e)	100	100
Elders Forestry Pty Ltd	Australia	(e)	100	100
Elders Global Wool Holdings Pty Ltd	Australia	(e)	100	100
Elders Home Loans Pty Ltd	Australia	(e)	100	100
Elders Management Services Pty Ltd	Australia	(e)	100	100
Elders PT Indonesia	Indonesia		100	100
Elders Real Estate (Tasmania) Pty Ltd	Australia	(e)	100	100
Elders Real Estate (WA) Pty Ltd	Australia	(e)	100	100
Elders Rural Services Australia Limited	Australia		100	100
Elders Rural Services Limited	Australia	(a)	100	100
Elders Telecommunications Infrastructure Pty Ltd	Australia	(e)	100	100
Family Hospitals Pty Ltd	Australia	(e)	100	100
Fares Exports Pty Ltd	Australia	(g)	-	100
ITC Timberlands Pty Ltd	Australia	(e)	100	100
JS Brooksbank & Co Australasia Ltd	New Zealand		100	100
JSB New Zealand Limited	New Zealand		100	100
Keratin Holdings Pty Ltd	Australia	(e)	100	100
Killara Feedlot Pty Ltd	Australia	(a)	100	100
Manor Hill Pty Ltd	Australia	(e)	100	100
New Ashwick Pty Ltd	Australia	(e)	100	100
Northern Rural Supplies Pty Ltd	Australia	(c) (e)	100	-
Prels Pty Ltd	Australia	(c) (e)	100	-
Prestige Property Holdings Pty Ltd	Australia	(e)	100	100
Primac Exports Pty Ltd	Australia	(e)	100	100
Primac Pty Ltd	Australia	(e)	100	100

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2020

GROUP STRUCTURE — NOTE 22: INVESTMENTS IN CONTROLLED ENTITIES

	Country of Incorporation		% Held by Group	
			2020	2019
PT Agri Integrasi Mandiri	Indonesia		100	100
Redray Enterprises Pty Ltd	Australia	(e)	100	100
SDEA Nominees Pty Ltd	Australia	(a)	100	100
The Hunter River Company Pty Ltd	Australia	(a) (b) (c)	100	-
Titan Ag Pty Ltd	Australia	(a)	100	100
Ultrasound Australia Pty Ltd	Australia	(a)	100	100
Victorian Producers Co-operative Company Pty Ltd	Australia	(e)	100	100
YP Agricultural Services Pty Ltd (Formerly Elders Victorian Feedlot Pty Ltd)	Australia	(e)	100	100

- The parties that comprise the Closed Group are denoted by (a). Parties added to the closed group by assumption deed dated 28 July 2020 are denoted by (b)
- Entities acquired or registered during the period are denoted by (c)
- Entities exempted from audit requirements due to overseas legislation or non-corporate status are denoted by (d)
- Entities classified by the Corporations Act as small proprietary companies relieved from audit requirements are denoted by (e)
- The entity denoted by (f) is a controlled special purpose entity related to trade receivable financing program
- Entities denoted by (g) were disposed of, deregistered or liquidated during the year

Accounting Policy

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.

(b) Deed of Cross Guarantee

Pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 dated 29 September 2016, 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.

AIRR Holdings Limited has become party to the deed of cross guarantee, has joined the closed group and has been granted relief similar to that afforded by ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 after obtaining ASIC approval under s340 of the Corporations Act 2001. Prior to acquisition AIRR Holdings Limited was an unlisted public company with more than 100 shareholders, meaning it was otherwise ineligible to rely on ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 because it was a disclosing entity for part of the financial year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2020

GROUP STRUCTURE — NOTE 22: INVESTMENTS IN CONTROLLED ENTITIES

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 16. A consolidated statement of comprehensive income and consolidated statement of financial position, comprising Elders Limited 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 2020 is set out as follows:

	2020	2019
	$000	$000
Consolidated statement of comprehensive income of the Closed Group		
Sales revenue	837,803	247,374
Cost of sales	(745,167)	(211,463)
Gross profit	92,636	35,911
Other revenue	15,000	25,000
Distribution expenses	(19,498)	(17,670)
Administrative expenses	(100,484)	(38,778)
Other items of income/(expense)	114,036	78,383
Finance costs	(2,445)	(2,275)
Profit/(loss) before income tax benefit/(expense)	99,245	80,571
Income tax benefit/(expense)	15,068	16,028
Profit/(loss) after income tax benefit/(expense)	114,313	96,599
Consolidated statement of financial position of the Closed Group		
Current assets		
Cash and cash equivalents	10,786	6,399
Trade and other receivables	102,520	17,719
Livestock	44,929	36,320
Inventory	78,230	11,215
Total current assets	236,465	71,653
Non current assets		
Other financial assets	293,111	318,784
Property, plant and equipment	18,098	11,360
Right-of-use assets	13,181	-
Intangibles	132,936	1,301
Deferred tax assets	113,500	97,621
Total non current assets	570,826	429,066
Total assets	807,291	500,719
Current liabilities		
Trade and other payables	89,133	6,354
Lease liabilities	3,349	-
Current tax payable	790	-
Provisions	6,608	1,482
Total current liabilities	99,880	7,836
Non current liabilities		
Interest bearing loans and borrowings	25,000	-
Lease liabilities	10,085	-
Total non current liabilities	35,085	-
Total liabilities	134,965	7,836
Net assets	672,326	492,883
Equity		
Contributed equity	1,645,561	1,562,377
Reserves	5,312	5,009
Retained earnings	(978,547)	(1,074,503)
Total equity	672,326	492,883

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2020

GROUP STRUCTURE — NOTE 23: PARENT EQUITY

Information relating to the parent entity of the Group, Elders Limited:

	2020	2019
	$000	$000
Results:		
Net profit for the period after income tax expense	122,305	67,986
Total comprehensive income	122,305	67,986
Financial position:		
Current assets	221	546
Non current assets	674,742	493,403
Total assets	674,963	493,949
Current liabilities	2,637	1,066
Total liabilities	2,637	1,066
Net assets	672,326	492,883
Issued capital	1,645,561	1,562,377
Retained earnings	(1,006,801)	(1,115,749)
Profit reserve	28,254	41,246
Employee equity reserve	5,312	5,009
Total equity	672,326	492,883

Guarantees

As disclosed in note 22, 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 companies 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 as disclosed in notes 25 and 26.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2020

GROUP STRUCTURE — NOTE 24: BUSINESS COMBINATIONS – CHANGES IN THE COMPOSITION OF THE ENTITY

(a) Acquisitions

(i) Current period acquisitions

Acquisition of AIRR Holdings Limited

On 13 November 2019, Elders acquired AIRR Holdings Limited, a wholesale business based in Shepparton, Victoria, supported by a network of eight warehouses to supply independent retail stores throughout Australia.

Other acquisitions during the period

During the current period, Elders acquired a number of small retail and agency businesses for a total consideration of $18.3 million, including $6.5 million of deferred consideration. These transactions resulted in the recognition of $12.6 million of goodwill.

Details of the purchase consideration, net assets acquired and goodwill are:

	AIRR Holdings Limited	Other acquisitions	Total
	$000	$000	$000
Purchase consideration			
Cash paid	75,037	11,807	86,844
Deferred consideration	-	6,446	6,446
Shares issued (13,050,001 shares at $6.16)	80,388	-	80,388
	155,425	18,253	173,678
Cash advance for repayment of debt facility	21,689	-	21,689
Total purchase consideration	177,114	18,253	195,367
The assets and liabilities recognised as a result of acquisitions are:			
Cash and cash equivalents	25	2,076	2,101
Trade and other receivables	59,631	4,597	64,228
Inventories	47,726	2,834	50,560
Property, plant and equipment	2,195	783	2,978
Rent roll	-	278	278
Brand name	7,631	171	7,802
Customer intangibles	47,621	-	47,621
Other intangibles	142	-	142
Trade and other payables	(44,441)	(4,610)	(49,051)
Provisions	(1,646)	(543)	(2,189)
Deferred tax asset/(liability)	(16,111)	33	(16,078)
Net identifiable assets acquired	102,773	5,619	108,392
Goodwill on acquisition	74,341	12,634	86,975
	177,114	18,253	195,367

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2020

GROUP STRUCTURE — NOTE 24: BUSINESS COMBINATIONS – CHANGES IN THE COMPOSITION OF THE ENTITY

AIRR Holdings Limited

The goodwill is attributable to the value inherent in AIRR Holdings Limited's geographical footprint and national distribution channel, the workforce of the business and synergies arising from the acquisition which are specific to Elders. Goodwill has been allocated to the Wholesale Products segment. None of the goodwill is expected to be deductible for tax purposes.

The fair value of trade and other receivables is $59.6 million and includes trade receivables with a fair value of $58.4 million. The gross contractual amount for trade receivables due is $59.0 million, of which $0.6 million is expected to be uncollectible.

The results of the acquired business, referred to as Wholesale Products, for the period from date of acquisition to 30 September 2020 are detailed in note 1.

Payments for acquisitions through business combinations, net of cash acquired

The cash outflow for payments for acquisitions through business combinations, net of cash acquired of $111.9 million represents cash paid in respect of AIRR Holdings Limited and other businesses acquired during the period of $108.5 million and repayment of deferred consideration relating to acquisitions from prior periods of $3.4 million.

At 30 September 2020, Elders has $20.5 million of deferred consideration amounts related to acquisitions which are included in current and non current other creditors and accruals in note 9.

(ii) Prior period acquisitions

In the prior period, Elders acquired a number of small retail and agency businesses for a total consideration of $14.3 million, including $6.9 million of deferred consideration. These transactions resulted in the recognition of $12.3 million of goodwill and associated brand names.

(b) Disposals

(i) Current period disposals

There were no disposals during the period.

(ii) Prior period disposals

In the prior period, Elders disposed of the Indonesian Feedlot and Abattoir assets and the Elders Services Company. Proceeds from disposals were equal to the carrying amounts of assets held.

Accounting Policy

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, Elders 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 Elders 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.

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 9 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 9, it is measured in accordance with the appropriate AASB standard.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2020

OTHER INFORMATION — NOTE 25: EXPENDITURE COMMITMENTS

Operating lease commitments – Elders as a lessee

As a result of the application of AASB 16 on 1 October 2019, Elders expenditure commitments relating to leases have been recognised as lease liabilities, with an associated right-of-use asset and are presented in note 11 for the year ended 30 September 2020, except for low value leases. Elders operating lease commitments for low value leases are presented below.

	2020	2019
	$000	$000
Operating lease commitments:		
• Within one year	948	27,042
• After one year but not later than five years	865	36,136
• After more than five years	-	2,443
Total minimum lease payments	1,813	65,621

OTHER INFORMATION — NOTE 26: CONTINGENT LIABILITIES

There are potential legal matters that occur in the ordinary course of business that are being considered by Elders' legal advisors. Based on the current information available, the following applies:

Unquantifiable contingent liabilities

- Elders has contingent obligations in respect of real property let or sub-let by subsidiaries of Elders.
- Elders has contingent obligations in respect of real property sub-let to the purchaser of Elders' former Sandalwood estate.
- Elders has contingent obligations in respect of an agency agreement which carries a minimum fulfillment clause. This agreement expires December 2022.
- Benefits are payable under service agreements with employees of Elders under certain circumstances such as achievement of prescribed performance hurdles, occurrence of certain events or termination of employment for reasons other than serious misconduct.
- Subsidiaries of Elders have, from time to time in the ordinary course, provided parent company guarantees in respect of certain contractual obligations of their subsidiaries. The contingent exposure under those guarantees on a consolidated basis is no greater than the exposure of the subsidiary having the principal contractual obligation.
- Subsidiaries of Elders 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 exposures under the warranties of indemnities.
- Various legal claims for damages resulting from the use of products or services of Elders, and from the contracts entered into or alleged to have been entered into by Elders, are in existence 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 is likely to be material.
- As announced to the Australian Securities Exchange on 14 May 2018, Elders has been informed by its subsidiary, PT Elders Indonesia (PTEI), that the regional police in Bengkulu were investigating allegations of corruption in respect of the licensing body in Indonesia which was responsible for issuing licences to a small palm oil planation previously operated by PTEI. Elders does not know if that investigation is proceeding. This matter has been reported by Elders to both the Komisi Pemberantasan Korupsi in Indonesia (which appears to have advised the matter does not fall within its terms of reference) and the Australian Federal Police in Australia (which is evaluating the matter). Elders currently considers that this matter is unlikely to have a material impact on Elders.

Other guarantees

As disclosed in note 22, 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 companies party to the Deed in the event of any of those companies being wound up.

The parent entity and certain subsidiaries of Elders are parties to various guarantees and indemnities pursuant to bank facilities and operating lease facilities extended to Elders.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2020

OTHER INFORMATION — NOTE 27: RELATED PARTY DISCLOSURES

The ultimate controlling entity of the Group is Elders Limited.

From time to time, Directors of Elders, or third parties of which a Director of Elders is also a Director, engage in transactions with Elders or entities in which Elders has an investment. These transactions are immaterial and generally in the nature of the acquisition of goods or services from Elders or an entity in which Elders has an investment or the supply of services to Elders or an entity in which Elders has an investment. Such transactions are on arm's length commercial terms and procedures are in place to manage any actual or potential conflicts of interest.

As part of sharing office space with branches within the Branch Network segment, Elders incurred costs on behalf of Elders Insurance (Underwriting Agency) Pty Ltd and recharged these at arm's length.

During the year, Elders received a net repayment of $9.0 million on its advance to StockCo Holdings Pty Ltd (2019: loan of $15.0 million). Elders advances to StockCo Holdings Pty Ltd are made out on a 12 month term rolling basis with an effective interest rate of 15% per annum. As at balance date, Elders has a total receivable from StockCo Holdings Pty Ltd of $20.2 million (2019: $31.9 million) and recognised interest revenue of $4.2 million (2019: $2.8 million) during the period. Elders also received trail and exclusivity fees of $2.3 million (2019: $2.5 million).

As part of the acquisition of AIRR Holdings Limited, Elders assumed property lease contracts and made lease payments (comprising principal and interest) totalling $2.1 million to related entities of the Managing Director of AIRR Holdings Limited during the period from 13 November 2019 to 30 September 2020. As at balance date, there is a right-of-use asset of $9.6 million and lease liability of $9.6 million associated with these property lease contracts. Such transactions are on arm's length commercial terms and procedures are in place to manage any actual or potential conflicts of interest.

OTHER INFORMATION — NOTE 28: SHARE BASED PAYMENT PLANS

Long-Term Incentive Performance Rights

Performance rights were granted to eligible executives with a three year performance period and split into three tranches. Each tranche carries a different performance condition being Absolute TSR, EPS Growth and Return on Capital. Upon vesting of performance rights one fully paid share in Elders will be allocated for each performance right.

Set out below are a summary of rights granted under the plans:

	Grant date	Vesting date	Balance at start of period	Granted	Vested	Lapsed	Balance at end of period
CEO Plan	16-Dec-16	Nov-19	210,000	-	210,000	-	-
Executive Plan	17-Feb-17	Nov-19	416,250	-	416,250	-	-
CEO Plan	14-Dec-17	Nov-20	200,000	-	-	50,000	150,000
Executive Plan	16-Feb-18	Nov-20	430,000	-	-	115,000	315,000
CEO Plan	13-Dec-18	Nov-21	146,000	-	-	-	146,000
Executive Plan	15-Feb-19	Nov-21	306,000	-	-	30,000	276,000
CEO Plan	12-Dec-19	Nov-22	-	166,000	-	-	166,000
Executive Plan	21-Feb-20	Nov-22	-	421,000	-	41,000	380,000
			1,708,250	587,000	626,250	236,000	1,433,000

Current year vested rights and future years' Absolute TSR tranche one rights are considered dilutive.

During the period, long-term incentive performance rights expense of $1,945,615 (2019: $1,811,676) was recognised.

For long-term incentive performance rights vesting in November 2020, additional shares of 25,732 (November 2019: 41,942) will be allocated under the CEO and Executive plans at the time of vesting for the value of dividends forgone on the vested rights during the performance period.

The fair value at grant date of the long-term incentive performance rights issued during the year was:

	CEO Plan		Executive Plan	
	2020	2019	2020	2019
Absolute TSR	$4.47	$4.92	$6.76	$3.23
EPS Growth	$5.09	$5.95	$7.41	$4.33
Return on Capital	$5.09	$5.95	$7.41	$4.33

In calculating the fair value of the long-term incentive performance rights issued the share price at valuation date was $6.34 for the CEO plan and $8.14 for the Executive plan (2019: $6.99 for the CEO plan and $5.79 for the Executive plan).

The weighted average remaining life of the long-term incentive performance rights outstanding at the end of the financial year was 1.2 years. (2019: 1.0 year).

Performance rights associated with the 2017 Long-Term Incentive Plan vested during the period. As a result, a total of 626,250 shares were issued to relevant participants.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 September 2020

OTHER INFORMATION — NOTE 29: AUDITORS REMUNERATION

	2020	2019
	$	$
Amounts received or due and receivable by the auditor PricewaterhouseCoopers for:		
• auditing or review of financial statements	774,000	540,000
• other compliance and assurance services	32,000	8,000
• other non-audit services	19,500	29,566
	825,500	577,566

OTHER INFORMATION — NOTE 30: KEY MANAGEMENT PERSONNEL

Remuneration of Directors and other Key Management Personnel

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

Short-Term	4,765,598	3,304,831
Long-Term	140,909	138,017
Post employment	152,401	162,487
Termination benefits	249,419	-
Share based payments	917,165	1,168,820
	6,225,492	4,774,155

OTHER INFORMATION — NOTE 31: SUBSEQUENT EVENTS

There are no matters or circumstances that have arisen since 30 September 2020 which are not otherwise dealt with in this report or in the consolidated financial statements, that have significantly affected or may significantly affect the operations of Elders, the results of those operations or the state of affairs of Elders in subsequent financial periods.

Directors' Declaration

In accordance with a resolution of the Directors of Elders Limited, the Directors declare:

1. In the opinion of the Directors:
   (a) the financial statements and notes of Elders Limited for the financial year ended 30 September 2020 are in accordance with the Corporations Act 2001, including:
      (i) Giving a true and fair view of its financial position as at 30 September 2020 and of its performance for the year ended on that date; and
      (ii) Complying with Australian Accounting Standards (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 the basis of preparation
   (c) 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 2020.
3. In the opinion of the Directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in note 22 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,

Ian Wilton
Chair

Mark C Allison
Managing Director and CEO

Adelaide
16 November 2020

Auditor's Independence Declaration

As lead auditor for the audit of Elders Limited for the year ended 30 September 2020, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

Andrew Forman
Partner
PricewaterhouseCoopers

Adelaide
16 November 2020

PricewaterhouseCoopers, ABN 52 780 433 757
Level 11, 70 Franklin Street, ADELAIDE SA 5000, GPO Box 418, ADELAIDE SA 5001
T: +61 8 8218 7000, F: +61 8 8218 7999, www.pwc.com.au

Independent auditor's report

To the members of Elders Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Elders Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 September 2020 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 30 September 2020
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the consolidated financial statements, which include significant accounting policies
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

PricewaterhouseCoopers, ABN 52 780 433 757
Level 11, 70 Franklin Street, ADELAIDE SA 5000, GPO Box 418, ADELAIDE SA 5001
T: +61 8 8218 7000, F: +61 8 8218 7999, www.pwc.com.au

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

Elders operates branches throughout Australia and works with primary producers to provide:

- Rural products: Rural farm inputs from branch and wholesale networks including seeds, fertilisers, agricultural chemicals, animal health products and general rural merchandise.
- Agency services: A range of marketing options for livestock, wool and grain.
- Real estate services: Agency services primarily involved in the marketing of farms, stations and lifestyle estates and includes a network of residential real estate agencies providing agency and property management services.
- Financial services: Elders distributes a wide range of banking and insurance products and services.

Elders provides feed and processing services in Australia and operates the Killara feedlot, which is a beef cattle feedlot near Tamworth in New South Wales. Elders has a business in China which imports, processes and distributes premium Australian meat in China.

Materiality

- For the purpose of our audit we used overall Group materiality of $5.3 million, which represents approximately 5% of the Group's profit before tax excluding acquisition related expenses.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose Group profit before tax because, in our view, it is the benchmark against which the performance of the Group is most commonly measured. We adjusted the Group's profit before tax for acquisition related expenses as they are unusual or infrequently occurring items which are not expected to recur from year to year or otherwise significantly affect the underlying trend of performance of the Group.
- We utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

Audit Scope

- Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- Our audit work focused on the Australian operations' financial information given their financial significance to the Group.
- We performed further audit procedures at a Group level, including procedures over the consolidation of the Group's businesses and the preparation of the financial and remuneration reports.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Board, Audit, Risk and Compliance Committee.

Key audit matter	*How our audit addressed the key audit matter*

Business combinations - Australian Independent Rural Retailers ('AIRR')
(Refer to note 24)
 	
On 13 November 2019, Elders acquired 100% of the shares of AIRR for $177.1 million. The consideration included $75.0 million in cash, $80.4 million in Elders Limited shares and a $21.7 million cash advance for repayment of AIRR's debt facility, as described in note 24 of the financial report.
 	
The accounting for the acquisition was a key audit matter because it was a significant transaction for the year given the financial and operational impacts on the Group. In addition, the Group made complex judgements when accounting for the acquisition in identifying all assets and liabilities of the newly acquired business and estimating the fair value of each asset and liability for initial recognition by the Group, particularly brand names and customer intangible assets.
	Assisted by PwC valuation experts in aspects of our work, our procedures included the following, amongst others:
	
	• Evaluated the Group's accounting against the requirements of Australian Accounting Standards, key transaction agreements, our understanding of the business acquired and its industry and selected minutes of Elders Limited board of directors meetings.
	
	• Checked the consideration to bank statements and to the market value of shares issued.
	
	• Assessed the fair values of the acquired assets and liabilities recognised, including:
	  ○ considered the key assumptions used in the valuation models (the models) that estimated fair value in light of historical performance and industry forecasts;
	  ○ considered the discount rate assumptions used in the models in light of other market participants' average cost of capital;
	  ○ considered the valuation methodology in the models in light of the requirements of Australian Accounting Standards; and
	  ○ assessed the competence and capability of those involved in estimating fair values.
	
	• Evaluated the adequacy of the disclosures made in light of the requirements of Australian Accounting Standards.

Key audit matter	*How our audit addressed the key audit matter*
Recoverability of deferred tax assets *(Refer to note 4)* Elders disclosed unused tax losses of $42.7 million available for use in future periods. Elders recognised net deferred tax assets of $103.8 million at 30 September 2020 in the consolidated statement of financial position, of which $116.1 million arises from tax losses carried forward. Australian Accounting Standards require deferred tax assets to be recognised only to the extent that it is probable that sufficient future taxable profits will be generated in order for the benefits of the deferred tax assets to be realised. These benefits are realised by reducing tax payable on future taxable profits. This was a key audit matter due to the quantum of the accumulated losses available as well as the judgement involved by the Group in preparing forecasts to demonstrate the future utilisation of these losses.	We performed the following procedures, amongst others: • Assessed the forecast profits over the relevant utilisation period and evaluated whether the forecasts were consistent with Board approved budgets and had been appropriately adjusted for the differences between accounting and taxable profits. • With assistance from PwC tax specialists, examined the ability to carry forward the tax losses for future use and considered the appropriateness of the deductions in the forecasts. • Tested the mathematical accuracy of the forecasts. • Reperformed the reconciliation of tax losses recognised and utilised in the current year, as detailed in note 4. • Recalculated deferred tax asset balances which comprise temporary differences between tax and accounting values and tax losses. • Evaluated the adequacy of the disclosures made in light of the requirements of Australian Accounting Standards.

Accounting for rebates
(Refer to note 8)
 	
Elders receives rebates in connection with the purchase of retail goods for resale from suppliers. These rebates are varied in nature and include price and volume rebates.
 	
Elders recognises rebates as a reduction to the cost of purchased inventory and a reduction in cost of sales when the inventory is sold.
 	
In accordance with Australian Accounting Standards, rebates should only be recognised as a reduction in cost of sales when the associated performance conditions have been met. This requires a
	We performed the following procedures, amongst others:
	
	• For a sample of rebates recognised as a reduction to cost of sales, we:
	    ○ agreed terms and conditions to supplier credit notes or individual supplier agreements and recalculated the amount of the rebate; and
	
	    ○ checked if the rebate amount was only recognised as a reduction in cost of sales when a sale of the relevant product had occurred.
	
	• For a sample of rebates receivable at balance date, we:
	    ○ agreed the Group's calculation of the rebate receivable to the terms in the relevant supplier agreement; and
	
	    ○ agreed the key components of rebates receivable, including rebate accruals and amounts received

Key audit matter	*How our audit addressed the key audit matter*
detailed understanding by the Group of the various contractual arrangements. We considered rebates to be a key audit matter because: • Supplier rebates recognised during the year are financially significant; • Supplier arrangements are complex in nature and vary between suppliers; and • Judgement is involved by the Group to determine the amount of rebates that should be recognised in the consolidated statement of comprehensive income and the amount that should be deferred to inventory.	○ over the course of the year, to relevant underlying evidence. • To assess the completeness of rebates being recorded against inventory on hand at balance date we: ○ obtained a listing of retail stock on hand at balance date and for a sample of stock items, traced the rebate percentage back to supplier agreements and recalculated the rebate amount offset against inventory; and ○ checked for a sample of rebates receivable, that when the related inventory was still on hand at balance date, the rebate amount had been appropriately deducted from inventory. • Evaluated the adequacy of the disclosures made in light of the requirements of Australian Accounting Standards.
Lease accounting and adoption of new accounting standard AASB 16 – Leases *(refer note 11)* Elders has adopted Australian Accounting Standard AASB 16 *Leases* ('AASB 16') on 1 October 2019. The new policy and its transition impact are disclosed in the financial statements within the "About this report" section and note 11. This is considered a key audit matter due to: • The financial significance of the impact on transition to the financial report; and • The judgement involved by the Group when applying AASB 16 requirements to determine whether lease extension options are reasonably certain to be extended.	We performed the following procedures, amongst others: • Assessed whether the Group's new accounting policies are in accordance with the requirements of AASB 16. • Evaluated the methodology adopted by the Group to identify lease arrangements. • Evaluated the adequacy of the disclosures made in light of the requirements of Australian Accounting Standards. For a sample of lease agreements, we: • Evaluated the lease calculation against the terms of the relevant lease agreement and the requirements of Australian Accounting Standards. • Tested the mathematical accuracy of the lease calculations. • Assessed the incremental borrowing rates applied to the lease calculations. • Assessed the reasonableness of management's assessment as to whether lease terms are reasonably certain to be extended.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 September 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors 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 control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

pwc

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 88 to 107 of the directors' report for the year ended 30 September 2020.

In our opinion, the remuneration report of Elders Limited for the year ended 30 September 2020 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

PricewaterhouseCoopers

PricewaterhouseCoopers

Andrew Forman
Partner

Adelaide
16 November 2020

ASX Additional Information

a) Distribution of Ordinary Shares as at 1 November 2020

Holdings Ranges	Total Units	Percentage FPO	Holders
1-1,000	2,922,318	1.880%	7,422
1,001-5,000	9,636,676	6.190%	4,116
5,001-10,000	5,376,050	3.450%	742
10,001-100,000	17,419,022	11.180%	664
100,001-9,999,999,999	120,399,659	77.300%	68
Totals	155,753,725	100.000%	13,012
The number of holders holding less than a marketable parcel			834

Distribution of Unvested Performance Rights as at 1 November 2020

Holdings Ranges	Total Units	Percentage Unvested Performance Rights	Holders
1-1,000	0	0.000%	0
1,001-5,000	0	0.000%	0
5,001-10,000	8,000	0.500%	1
10,001-100,000	603,000	37.970%	9
100,001-9,999,999,999	977,000	61.520%	5
Totals	1,588,000	100.000%	15

All unvested performance rights on issue were acquired under an employee incentive plan.

b) Voting Rights

All ordinary shares carry one vote per share without restriction.

Unvested performance rights carry no voting rights.

c) Stock Exchange Quotation

Elders has one class of quoted securities, being the ordinary shares (ELD) which is listed on the Australia Securities Exchange.
The Home Exchange is Sydney.

d) Twenty Largest Shareholders as at 1 November 2020

The twenty largest holders of Elders Ordinary Shares were as follows:	No. of shares	%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	43,507,448	27.965%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	25,244,406	16.226%
CITICORP NOMINEES PTY LIMITED	15,118,186	9.717%
NATIONAL NOMINEES LIMITED	11,516,067	7.402%
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	3,349,689	2.153%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	2,997,532	1.927%
PODMONT PTY LTD	2,250,000	1.446%
BNP PARIBAS NOMS PTY LTD <DRP>	1,741,163	1.119%
MR MARK CHARLES ALLISON	1,274,880	0.819%
RCW RURAL PTY LTD	908,153	0.584%
CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	850,056	0.546%
VENN MILNER SUPERANNUATION PTY LTD	800,000	0.514%
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	683,845	0.440%
DARTON PTY LTD <DARTON PTY LTD SUPER FUND AC>	526,500	0.338%
WARBONT NOMINEES PTY LTD <SETTLEMENT ENTREPOT A/C>	397,000	0.255%
ROSS JAMES HUGHES	379,547	0.244%
NATIONAL NOMINEES LIMITED <DB A/C>	348,259	0.224%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – A/C 2	347,793	0.224%
PACIFIC AGRIFOODS INVESTMENTS PTY LTD	335,456	0.216%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	311,669	0.200%
Total Securities of Top 20 Holdings	112,887,649	72.561%

The number of shares held by substantial shareholders in the Company, as disclosed in substantial holding notices given to the Company as at 1 November 2020.

Shareholder	No. of shares	Percentage of shares held at date of notice	Date of notice
The Vanguard Group, Inc. and its controlled entities.	7,821,881	5.025%	20 February 2020
Yarra Funds Management Ltd	8,161,206	5.2398%	8 October 2020
Yarra Capital Management Holdings Pty Ltd			
Yarra Management Nominees Pty Ltd			
AA Australia Finco Pty Ltd			
TA SP Australia Topco Pty Ltd			
TA Universal Investment Holdings Ltd			

e) Corporate Governance Statement

Elders' 2020 Corporate Governance Statement can be found online at https://investors.elderslimited.com/investor-centre/?page=annual-reports

Shareholder Information

Share Registry

Boardroom Pty Limited
Level 12, 225 George Street,
Sydney, NSW, 2001

1300 737 760

+61 (0)2 9279 0664

enquiries@boardroomlimited.com.au

boardroomlimited.com.au

Enquiries

Shareholders with enquiries about their shareholdings should contact the Company's share registry, Boardroom, on the above contact details.

Online shareholder information

Shareholders can obtain information about their holdings or view their account instructions online.

For identification and security purposes, you will need to know your Reference 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 Boardroom website at investorserve.com.au.

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 Boardroom.

Change of address

Issuer Sponsored Shareholders who have changed their address should advise Boardroom in writing. Written notification can be emailed, posted or faxed to Boardroom at the address shown adjacent and must include both old and new addresses and the Securityholder Reference Number (SRN) of the holding.

Alternatively, holders can amend their details on-line via Boardroom'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 Boardroom online or 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.

Investor information

Information about the Company is available from a number of sources:

Website:
elders.com.au

Subscribe:
Shareholders can nominate to receive company information electronically via the Investor Centre on the Company's website.

Additionally, shareholders may elect to receive official company information through InvestorServe on Boardroom'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 Investor Presentations.

All publications can be obtained either through the Company's website or by contacting the Company.

Company Directory

Directors	Mr Ian Wilton — *MSc, FCCA, FCPA, FAICD, CA*
	Mr Mark C Allison — *BAgrSc, BEcon, GDM, FAICD, AMP (HBS)*
	Ms Robyn Clubb — *BEc, CA, F Fin, MAICD*
	Ms Diana Eilert — *BSc (Syd), MCom (UNSW), GAICD*
	Mr Matthew Quinn — *BSc, ACA*
Secretaries	Mr Peter G Hastings — *BA, LLB, GDLP, FGIA, Grad Dip Applied Corporate Governance, GAICD*
	Ms Shannon Doecke — *BAcc, Grad Dip Applied Corporate Governance, MAICD, AGIA*
Registered Office	Level 10, 80 Grenfell Street, Adelaide, South Australia, 5000
	P (08) 8425 4000
	F (08) 7131 0118
	CompanySecretary@elders.com.au
	elders.com.au
Share Registry	Boardroom Pty Limited, Level 12, 225 George Street, Sydney, NSW, 2001
	P 1300 737 760
	F +61 (0)2 9279 0664
	boardroomlimited.com.au
Auditor	PricewaterhouseCoopers
Bankers	Australia & New Zealand Banking Group
	National Australia Bank
	Coöperative Centrale Raiffeisen - Boerenleenbank (Rabobank Australia)
Stock Exchange Listing	Elders Limited ordinary shares are listed on the Australian Securities Exchange under the ticker code “ELD”.