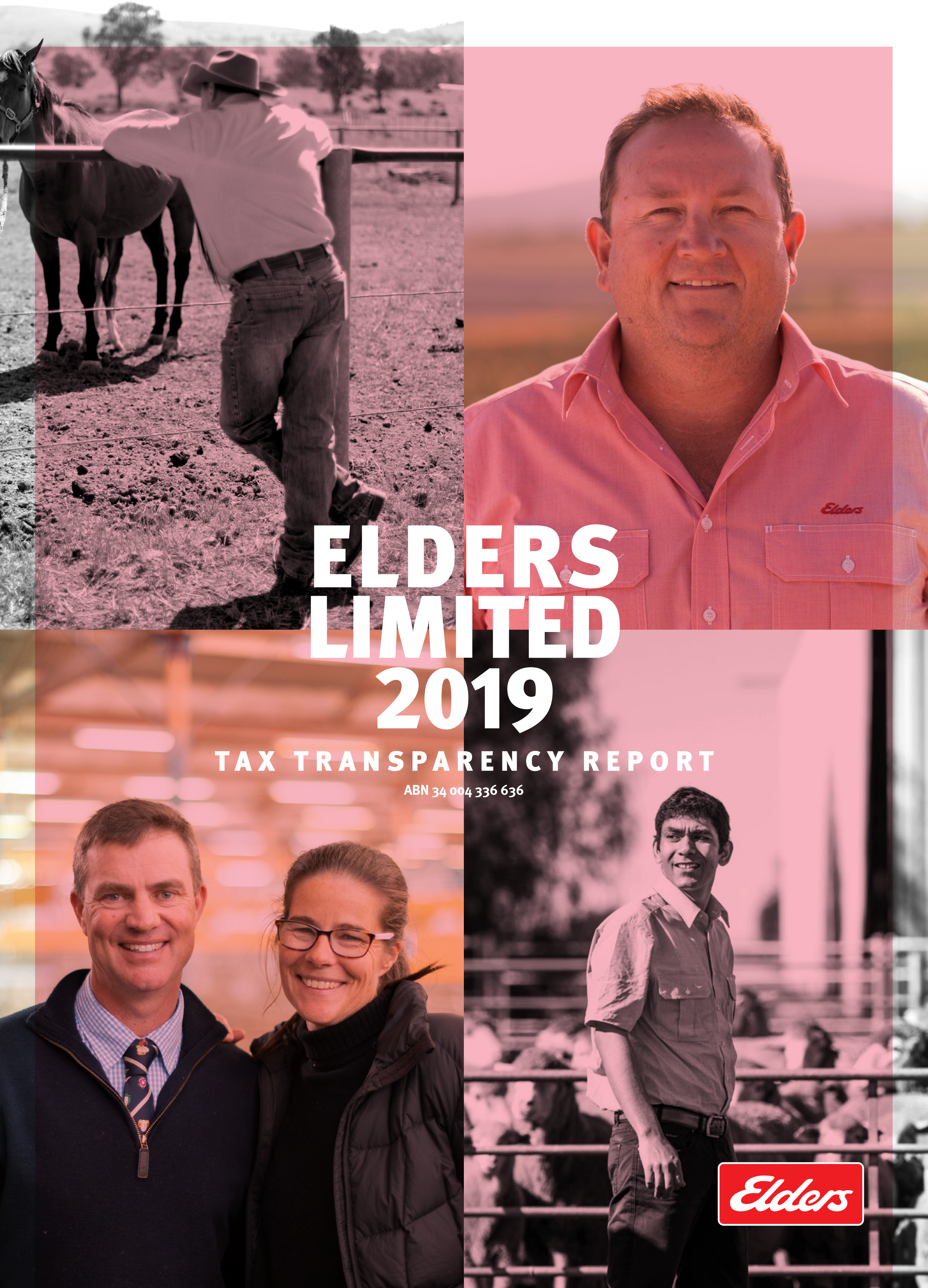

ELDERS LIMITED 2019

TAX TRANSPARENCY REPORT

ABN 34 004 336 636

INTRODUCTION

The Board of Elders Limited strongly believes that a culture of compliance is essential in ensuring the long-term success of our strategic objectives. We continue to uphold high standards of corporate governance, including our continuous disclosure obligations. To this end, Elders is pleased to publish our annual Tax Transparency Report for the year ended 30 September 2019.

Elders has had a tax governance framework which has been approved by the Board for a number of years. Elders believes that the commercial needs of the group are of utmost importance. In addition, Elders' overarching tax management principles are to ensure all tax obligations are met and all taxes that are legally obliged to be paid are paid.

Although Elders posted another strong financial result in the 2019 year, as the Elders tax consolidated group has a significant amount of carried forward tax losses, it was not required to pay any company tax in the current year. Nevertheless, Elders remitted around $90m of taxes to both Federal and State revenue offices.

This document should be read in conjunction with our 2019 Elders Annual Report, which is available at our website, Elders.com.au.

ELDERS TAX STRATEGY AND GOVERNANCE

Elders adopts a conservative approach to tax risk management. Elders' tax governance framework includes a comprehensive tax risk policy which is reviewed and updated in the 2019 year under our policy by our experienced in-house internal team as well as our external auditors. It also has appropriate systems, procedures and controls in place to identify and manage any tax risks. Our Head of Tax presents to the Board Audit, Risk and Compliance Committee at least twice a year on tax matters.

Elders believes that the commercial needs of the group are of utmost importance and all tax advisory will be undertaken in this context. All transactions must have a business purpose or commercial rationale. Elders will not undertake purely tax driven transactions and the requirement to meet commercial needs will in no circumstances override compliance with tax laws.

Elders' overarching tax management principles are to:

- Pay all taxes legally obliged to pay as and when they become payable or on a basis that is agreed with the tax authorities;
- Fully comply with all tax compliance obligations in all jurisdictions that Elders has a business presence;
- Maintain documentary evidence for the defence of all material tax positions in the event of challenge by a tax authority; and
- Operate with the aim of maintaining constructive relationships with tax authorities.

Contribution to Australia

While Elders has only paid a minimal amount of corporate taxes for the 2019 year due to a significant amount of carried forward tax losses, it has contributed to the Australian economy with the payment of other taxes.

In particular, due to the employment of over 2,000 employees around Australia, Elders has paid a significant amount of employment taxes, totalling around $60m, to both Federal and State revenue offices.

Australian taxes paid/collected - Tax contribution summary

	2019	**2018**
	$'000	**$'000**
Australian Taxes		
Paid		
Corporate Tax	706	2,906
Payroll Tax	10,523	10,135
Fringe Benefits Tax	424	483
Collected		
GST (collected and remitted)	170,493	163,525
GST (paid but claimed)	(141,452)	(138,945)
Fuel tax credits claimed	(294)	(190)
Personal Income Tax from employees (remitted)	49,639	48,604
Total Australian Taxes paid	**90,039**	**86,518**

ATO published tax information

As part of the ATO's obligation in publishing the tax information for large entities, the following information will be published in December 2019 for Elders Limited in relation to its lodged 2018 income tax return:

	2018
Total Income	1,526,356,982
Taxable Income	17,063,036
Tax Payable	Nil

Total income comprises of total revenue for the Elders tax consolidated group for the 2018 year. Taxable income is calculated as all assessable income less allowable tax deductions, after offsetting against carried forward losses. Tax payable is then calculated at 30% of taxable income, less franking credits received from investments.

RECONCILIATION OF STATUTORY PROFIT TO INCOME TAX EXPENSE & INCOME TAX PAYABLE

	2019		2018
	$000		$000
Statutory profit before income tax expense	54,518		56,899
Income tax (expense) at 30%	(16,355)		(17,070)
Adjusted for non-temporary differences:			
Adjustment in respect of income tax of previous years	(181)		66
Impairment of assets	(1,555)		(2,403)
Recognition of previously unrecognised losses	35,705		38,957
Share of equity accounted profits	1,894		2,105
Other net (non-deductible)/non-assessable items	(3,299)		(4,627)
Income tax (expense)/benefit	**16,209**		**17,028**
Accounting effective company tax rate	(29.73%)	*	(29.93%)
Adjusted for temporary differences:			
Provision for employee entitlements	1,809		(32)
Other provisions	(1,291)		1,548
Capitalised expenses	(1,313)		2,315
Inventory	599		3
Intangibles	(83)		2,292
Others	(340)		(158)
Recognition of additional previously unrecognised losses	(18,576)		(24,600)
Temporary differences	**(19,195)**		**(18,632)**
Adjustment in respect of income tax of previous years	181		(66)
Utilisation of carried forward tax losses	(17,129)		(14,357)
Other assets & liabilities	770		(1,425)
Associates & others	2,035		3,095
Tax losses utilised @30%	17,129		14,357
Income tax (payable) for Elders tax consolidated group	(0)		(0)
Elders Group Tax Losses at 30%:			
Tax loss brought forward	(213,505)		(228,287)
Overprovision in the year	(55)		425
Current year taxable income/(loss)	17,129		14,357
Tax loss carried forward	**(196,431)**		**(213,505)**

* The major difference between the company tax rate of 30% and Elders' effective tax rate of (29.73%) is due to the recognition of previously unrecognised tax losses - as a result of improved business operations and forecasted taxable income.